

Cassel, Dieter

Article — Digitized Version

Youth unemployment in the Federal Republic of Germany: Facts, causes, cures

Intereconomics

Suggested Citation: Cassel, Dieter (1979) : Youth unemployment in the Federal Republic of Germany: Facts, causes, cures, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 14, Iss. 1, pp. 37-43,
<https://doi.org/10.1007/BF02924505>

This Version is available at:

<https://hdl.handle.net/10419/139589>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

Youth Unemployment in the Federal Republic of Germany

Facts, Causes, Cures

Dieter Cassel, Duisburg *

Although the youth unemployment ratio in Germany may appear low compared to other countries, it is regarded a severe economic and social problem. There is no doubt that it is an especially gross form of waste of resources and "disinvestment" of human capital. In the long run no country can afford to keep a considerable part of its population unemployed if future prosperity is to be maximized.

After the western industrialized countries had overcome the immediate consequences of World War II, they experienced a long period of full employment until the beginning of the seventies. During this time, the average unemployment ratio of all OECD-countries never exceeded a level of 2–3 %. On the other hand, however, the high and even rising inflation rates were not only typical for boom situations but also persisted over recession periods.

Meanwhile, however, a fundamental change of economic conditions has taken place: the anti-inflation policies following the transition to floating exchange rates in 1973 did not only succeed in preventing a further acceleration of inflation but brought about a substantial reduction of inflation rates, too. The cost of this unexpected success in fighting inflation was the deepest recession after the war, leading to a number of 5.5 million unemployed in the EC-countries alone. Although there have been signs of a world-wide recovery since 1976, the desired reduction in unemployment has not yet been reached. The aver-

age unemployment ratio in the OECD-countries remains at about 5 % without showing a tendency to decline.

The recent developments have aggravated the problem of unemployment especially for certain social groups. In general, persons with a relatively weak position on the labour market are affected more than average by unemployment in times of deep and lasting recessions. This problem group consists above all of handicapped persons, women, elder workers and last not least young people. It would be inadequate, however, to speak of "random groups" since the total number of these persons amounts to about one third of the whole labour potential¹.

In June 1977, THE ECONOMIST alarmed the public with the statement that "Some 7m of the rich world's young people cannot find jobs"². Some months earlier, the OECD Labour Ministers figured the number of unemployed young people in the OECD-countries at 6.905 million and the youth unemployment ratio at 10.7 % in 1976. This means

* Fachhochschule Duisburg. — Revised and condensed version of a paper presented on the Conference on Youth Employment, London, July 1–3, 1978. — I wish to thank Mrs Anja Caspers for her valuable comments and assistance.

¹ See U. Engelen-Kefer, Problemgruppen des Arbeitsmarktes (Problem groups of the labour market), in: WSI-Mitteilungen, 31 (1978), p. 271.

² See Young on the Dole, The Economist, 263 (1977), p. 87.

that the youth unemployment ratio according to these estimates was three times higher than the adult unemployment ratio (3.6 %) ³. In the United Kingdom, Belgium, the Netherlands, and France, the share of young people in all unemployed persons amounted in midyear 1978 to 44–48 %. In these countries as well as in Italy, in the United States, Spain and Canada, the youth unemployment came up to a level which only can be called a tragedy.

In the Federal Republic of Germany, unemployment was not considered a major economic problem until 1974. Except in 1967, the German labour market situation could rather be called "over-employment": the number of unemployed persons was by far lower than the number of vacancies, the West German economy employed up to 2.5 million foreign workers, and the average unemployment ratio was below the 1 %-level (see Table 1, columns 3–5).

The years after 1974 brought a significant change: in 1975, for the first time, the number of unemployed people surpassed the level of one million persons. This has to be regarded as a delayed consequence of the rigorous monetary and fiscal anti-inflation policies introduced by the German authorities in 1973 which were enhanced by the effects of the oil shock, the appreciation of the

German Mark (DM) after the collapse of the Bretton Woods system and the following world-wide recession.

Meanwhile, the recession has been overcome and the real GNP has shown positive growth rates again since 1976, but unemployment has not diminished significantly.

At a first glance, youth unemployment seems to have developed according to this general pattern, too (see Table 1, columns 4, 9 and 13). Particularly in the boom years 1968–72, it represented just a "hard core" consisting of special problem cases (e.g. physically and mentally handicapped persons, criminals, drug addicts, etc.). But in 1974, the number of jobless young people increased and today it still remains at about 230,000 persons, only slightly below the high level of 1975.

A closer sight of the statistics reveals a more differentiated view. Until the early seventies, the specific youth unemployment ratios were up to 50 % lower than total unemployment ratios. Then in 1974, a reversal of this relation took place: the group of young people was affected harder by unemployment than the average. Since that time, especially the unemployment ratios for the subgroup of youths aged 20–24 years have been at least two percentage points above the overall unemployment ratio, even throughout the year.

Contrary to this, the unemployment ratio of youths less than 20 years of age exceeds the average

³ See OECD Ministerial Conference, Youth Unemployment. OECD Ministers Discuss Possible Solutions, Communiqué of the Ministerial Conference December 15–16, 1977, in: OECD-Observer, 90 (1978), p. 3.

Table 1
Unemployed (UN) and Unemployment Ratios (UNR), Total and of Different Age Groups
in Western Germany 1967–1978

Year *	Total					Under 20				20–24 years			
	UN		UNR (%)			UN		UNR (%)		UN		UNR (%)	
	May	Sept.	May	Sept.	+	May	Sept.	May	Sept.	May	Sept.	May	Sept.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1967	—	341,078	2.1	1.6	2.1	—	19,212	—	0.8	—	24,322	—	1.0
1968	—	174,467	1.3	0.8	1.5	—	8,318	—	0.4	—	12,334	—	0.5
1969	—	100,477	0.6	0.5	0.9	—	5,791	—	0.3	—	8,700	—	0.3
1970	—	97,338	0.5	0.5	0.7	—	7,522	—	0.4	—	10,653	—	0.4
1971	—	146,740	0.7	0.7	0.8	—	11,729	—	0.6	—	17,272	—	0.6
1972	—	194,660	0.9	0.9	1.1	—	15,501	—	0.7	—	23,072	—	0.8
1973	—	219,105	0.9	1.0	1.2	—	20,960	—	1.1	—	30,041	—	1.1
1974	456,603	556,876	2.0	2.4	2.3	38,706	69,793	2.0	3.6	66,753	88,258	2.5	3.3
1975	1,017,903	1,006,554	4.4	4.4	4.7	86,052	115,753	4.6	6.2	167,659	171,620	6.4	6.5
1976	954,150	898,314	4.2	3.9	4.6	84,963	102,649	3.8	4.6	159,694	154,456	6.2	6.0
1977	946,491	911,257	4.2	4.0	4.5	87,342	105,949	4.1	5.0	164,077	161,873	6.3	6.2
1978	913,034	864,000	4.0	3.8	—	76,980	—	3.7	—	157,120	—	5.9	—

+) indicates annual averages; — indicates no data available; * indicates at the end of May respectively September.

Source: UN: Bundesanstalt für Arbeit: BfA (1978, 1), p. 62, Amtliche Nachrichten der Bundesanstalt für Arbeit, Arbeitsstatistik 1977 – Jahreszahlen, Vol. 26, Nürnberg 1978; UNR: R. Leupoldt, K. Ermann, Arbeitsmarktstatistische Zahlen in Zeitreihenform, Jahreszahlen für die Bundesrepublik Deutschland – Ausgabe 1975, Beiträge zur Arbeitsmarkt- und Berufsforschung 3.1, Nürnberg 1975, p. 159; BfA (1978, 1) op. cit., p. 44–45; SCR (1977), Table 12; Last data: BfA (1978, 2), Erste Ergebnisse der Sonderuntersuchung über Arbeitslose Ende Mai 1978, Nürnberg 1978, Tables 1 and 6.

ratio only in autumn. The unemployment ratios recorded for this subgroup in May remained distinctly below the respective September ratios and, since 1975, even below the level of the overall unemployment ratio. This is due to the fact that in Germany the school-year ends in summer and a large number of school-leavers are still looking for a job, apprenticeship or opportunity to study when the unemployment data are collected for the September sample. In addition, the statistics show a clear downward tendency of unemployment ratios for this age group since 1976.

A quite similar view emerges from comparing the development of the relative shares of different age groups in the labour force and in unemployment to the respective total numbers during the past ten years: although the share of those persons who are 20–24 years old in the labour force has been stabilized at the 1967/68-level at present, their share in total unemployment has continuously increased. So, every year, relatively more young persons of this age group become unemployed. On the other side, the unemployment share of young people aged less than 20 years has remained relatively constant at a level which is only slightly above their labour force share – and in May, even below it. In September 1978, the percentage of unemployed youths amounted to 25.6 %, compared to their labour force share of about 21 %.

Statistics from the Federal Labour Office (BfA, Nürnberg) provide detailed information about the structure of the current youth unemployment in Germany. The data are based on a structural analysis undertaken twice a year, on May 30 and September 30. The most recent data from May 30, 1978 show that nearly 60 % of the approximately 230,000 unemployed young people less than 25 years of age are women (see Table 2). A relatively large number of them (24 %) is looking for part-time occupation. This demonstrates that the weak position of women on the labour market is not limited to older women who are bound to their families but is already apparent in the first years of professional activities.

The number of about 24,000 (10.5 %) unemployed school-leavers is alarming enough, especially since it is likely that there is an additional number of unregistered school-leavers⁴. But compared with the data of September 1977, the number of unemployed school-leavers has diminished by more than 7 percentage points because of reasons already mentioned in connection with search unemployment.

⁴ See R. Soltwedel, D. Spinanger, Beschäftigungsprobleme in Industriestaaten, Endbericht des Instituts für Weltwirtschaft an der Universität Kiel zum Forschungsauftrag der Bundesanstalt für Arbeit (Employment problems in industrialized states, final report of the Institut für Weltwirtschaft an der Universität Kiel on the research project on behalf of the Bundesanstalt für Arbeit), in: Beiträge zur Arbeitsmarkt- und Berufsforschung 10, Nürnberg 1976, pp. 123-124.

Table 2
Unemployed Persons Less than 25 Years of Age by Selected Structural Criteria
in Western Germany, May 1978

	Unemployed persons less than 25 years of age				Among them persons less than 20 years of age			
	total		males	females	total		males	females
	number	%	number	number	number	%	number	number
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Unemployed total among them:	234,100	100	98,603	135,497	76,980	100	32,490	44,490
2. Germans	211,441	90.3	87,020	124,421	68,942	89.6	28,440	40,502
3. Aliens	22,659	9.7	11,583	11,076	8,038	10.4	4,050	3,988
4. Unemployed for 12 months or more	27,593	11.8	10,548	17,045	6,972	9.1	2,708	4,264
5. Handicapped persons	32,712	14.0	16,405	16,313	9,102	11.8	3,977	5,125
6. Unskilled persons	133,994	57.2	60,355	73,639	58,274	75.7	24,946	33,328
7. Participation in training courses	1,711	0.7	881	830	1,365	1.8	704	661
8. Aspiring to further training	15,233	6.5	7,832	7,401	8,441	11.0	3,786	4,655
9. School-leavers without previous working experience	24,655	10.5	10,423	14,232	14,634	19.0	5,507	9,127
10. Searching fulltime occupation	201,065	85.9	98,334	102,731	73,278	95.2	32,435	40,843
11. Searching part-time occupation	33,035	14.1	269	32,766	3,702	4.8	55	3,647

Source: BfA (1978, 3), Jüngere Arbeitslose, Zahlenübersicht der Bundesanstalt für Arbeit für den Personenkreis der Arbeitslosen unter 25 Jahren aus der Sondererhebung über Arbeitslose Ende Mai 1978, Nürnberg 1978; Table 1.

The statistics also show an interesting distribution of the unemployed without previous working experience over the different age-groups. They make up about 31 % of the unemployed less than 18 years of age, but only about 6 % of those of 20–24 years of age. This is certainly due to the fact that the majority of young Germans leave school at an age of 14–16 years. About half of the 10,000 unemployed in the 20–24 years of age group without working experience are likely to be university graduates. Of course, their unemployment figure must also be estimated much higher. Many graduates who do not find an adequate position immediately remain at university and thus partly prevent younger people from getting an opportunity to study (problem of "waiting loops").

One would assume that at least the unemployed without previous working experience have a keen interest in on-the-job training and/or continued school education. But the statistics reveal exactly the contrary: only about 15,000 unemployed young persons are looking for a training course, that is about 6 % of all unemployed juveniles. The interest seems to decrease with increasing age, but even in the group of those less than 18 years of age only 16 % are interested in such courses. So, the problem of youth unemployment is mainly concentrated on young people who have not completed any vocational training course at all. Altogether 134,000 (57.2 %) of the unemployed juveniles are unskilled. After subtracting the 24,700 school-leavers, there still remains a hard core of at least 109,300 young unemployed persons who have already had work experience without completing a training course. This makes up 52.2 % of all unemployed juveniles with working experience. Nevertheless, at the end of May 1978 only about 2,000 (0.7 %) of the young unemployed had participated in training courses offered free of charge by the labour authorities (see Table 2).

This statement is even more depressing because there is a correlation between the qualifications of young people and the duration of their unemployment. According to the end of May 1978 data, most of the young unemployed had been jobless only for a short time: 45.1 % of them had not been unemployed for longer than two months, and 70.3 % of them for not longer than half a year. The respective ratios for young people without completed compulsory education are somewhat lower: 41.7 % and 68.6 %, and the ones for juveniles without completed vocational training: 43.7 % and 69.4 %.

In order to solve the problem of youth unemployment it is necessary to evaluate its causes. At first sight there are reasons to believe that the abrupt

increase in youth unemployment can be attributed to the general deterioration of the labour market situation coming along with the 1974/75 recession. If this were the only explanation the high and lasting youth unemployment had to be traced back to the same "cyclical", "structural", and "frictional" factors that are generally blamed for the present unemployment situation in Germany. A part of youth unemployment can surely be explained in this way, particularly for those juveniles who have practical experience. If unemployment were distributed equally over all age groups, youth unemployment should only have amounted to 190,000 in May 1978. In fact, however, there have been about 234,000 jobless young persons at this time, so that a number of 44,000 has to be explained by other reasons.

The causes of this overproportional unemployment of youths should be sought in personal characteristics as well as in different employment conditions agreed upon by legal or contractual arrangements for employees in different age groups. It is well known, for example, that in slump periods, juveniles – with the exception of apprentices – belong to the first dismissed persons. In Germany, the older employees are legally much better protected against dismissals than the young ones who for this reason often are regarded as a "buffer stock" of the firms' manpower.

The Role of Trade Unions

As the trade unions have succeeded in excluding the risk of dismissal for more than 25 % of the adult employees by collective bargaining, the maintenance of this kind of flexibility reserve of young people has become more and more important for firms facing fluctuating demand.

Furthermore, the institution of codetermination enables the work councils to oppose dismissals of older employees. If there is no possibility to avoid the dismissal, the younger ones thus will be released. They are, it is argued, less tied to family and region. Neither are they unionized to the same extent as adults. This "seniority protection" embodied in law and negotiated agreements must necessarily lead to a higher risk of losing job for the less protected group of young people.

In retrospect, the trade unions' strategy of absolute wage increases regardless of productivity differences seems to have harmed rather than benefited those people who should have been favoured. The intention to improve the situation of lower wage groups by raising their wage rates not as a percentage, but in absolute terms has not been realized, at least not for those who now are unemployed because of higher wage rates.

As an example we can refer to the contractual earnings of metal workers in North-Rhine Westphalia, which have been increased by 11.5 % on annual average in the period 1970–1976 for the lowest wage groups but only by 9.5 % for the highest wage group. This relative increase in the cost of unskilled labour has accelerated the introduction of labour-saving technologies and/or led to the employment of more qualified persons whose labour has become relatively cheaper. So the seeming success of realizing higher contractual (minimum-) wage rates has turned out as a catapult mechanism for unskilled workers: they always become the first victims of their trade unions' excessive wage claims in periods of prolonged recessions. This relationship is expressed by the modern term "minimum wage unemployment".

Personal Characteristics of the Young People

The employment of young people is connected with some specific risks for the employer, so that the hiring of certain juveniles seems to him to be rather unattractive. This applies, for instance, to young men who have not yet served in the army. The employer of draftees has to keep a job free for a longer time. According to legal regulations he is obliged to re-employ these youths when they return from military service.

A similarly unattractive group of potential employees consists of those youths to whom the youth labour protection act applies or who have not yet completed vocational training. These juveniles cannot be assigned to all kinds of work by the employer. Moreover, specific regulations apply to them concerning breaks, overwork and Sunday-work. They are excluded from very dangerous work and possibly for days are not at the employers disposal.

Another negative aspect is that younger employees quit their job more frequently than older ones. Considering the short supply of jobs they often accept a job which they give up in exchange for a better one later on⁵. The willingness to change job voluntarily is increased by unrealistic expectations of young people concerning income and working conditions, by the moral hazard of receiving a relatively high income "earned" by temporary unemployment, and by the comparatively high mobility of young people without family, house and fixed social status. A frequent job change makes it difficult to get special qualifications. Therefore, in the case of sales decline, employers prefer to release primarily young people

hired only recently, instead of dismissing the more productive permanent personnel.

In general, young women and unskilled workers are more affected by unemployment than other groups of employees. Women are often expected to drop out of the labour market upon marriage or child birth. According to legal regulations, the employer is obliged to grant the young women a full-pay leave up to 14 weeks in the case of pregnancy. He must do this without knowing whether the young mother will return to work later on or not.

Moreover, many young women are searching only part-time jobs for family reasons. For the employer, however, two half-day workers mean higher cost than one full-time worker. Another rise of relative costs of female employment is due to successful attempts by trade unions to abolish the so-called "low wage groups" which primarily apply to women and therefore are regarded as discriminatory. The maintenance of lower wages would allow a compensation for the higher risks attached to female employment, but it is economically rational that employers react by a reduction in the number of female employees if trade unions further raise the price of employing women. Even if employers are willing to recognize the important contribution of women to the economic welfare, there remains the fact that in this case higher wage rates simply mean a higher risk of unemployment for women in general, and especially for younger women.

Duration of Unemployment

At a first glance it seems to be a good sign that according to unemployment statistics, the dismissed young people find a new job after a relatively short period on an average. However, this fact partially reflects the enterprises' strategy of keeping a sufficient flexibility reserve ("buffer stock") of easily removable employees. Juveniles are regarded as best suited for this purpose because they are not legally protected against dismissal as broadly as older employees who form the "skeleton staff"

Furthermore, every new appointment offers the employer a chance to make the best choice out of a number of applicants. In this way he may succeed in raising the average qualification level of his staff in periods of high unemployment without having to pay higher wages. This substitution process within the group of younger workers by means of dismissals and new appointments has, of course, severe "crowding-out-effects" for various problem groups of juveniles. Thus, most of the group-specific reasons which increase the risk of dismissal are also opposing to reemployment.

⁵ See Sachverständigenrat, Jahresgutachten 1977/78 des Sachverständigenrats zur Begutachtung der gesamtwirtschaftlichen Entwicklung (Annual report 1977/78 of the Board of Experts for Assessment of Overall Economic Trends), Bundestagsdrucksache 8/1221, Bonn 1977, p. 71.

The competition among the job applicants has intensified significantly. As the job applicants, even if they wanted, are not allowed to offer their labour services at lower wage rates than the contractually agreed minimum wage rates, this competition has mainly shifted to the level of quality rivalry. The longer the high unemployment will persist the more all those people with only minor qualification will be crowded out from the labour market. Therefore, an increasing number of juveniles will become unemployed for longer periods even if the overall employment situation should not continue to worsen.

The Importance of Education

The underlying forces of the competition mechanism on the labour market will lead to basic changes in the employment structure in the longer run. It has to be feared that the number of unemployed who must be regarded as true "problem cases" due to their inferior qualifications and/or restricted mobility, will continue to tend upward relatively and in absolute terms. The share of those persons in the total number of unemployed which had risen already from 49% in September 1975 to 54% in September 1976 has further increased to 57% in September 1977, i.e. 520,000 persons out of a total number of 911,000 unemployed persons⁶.

This situation has made it difficult especially for school-leavers to find apprenticeships or occupations as unskilled workers. According to the expected development in the coming years, the share of the young unemployed persons with no professional experience at all — at present about 10% of total youth unemployment — will continue to increase. This is mainly due to the demographic fact of an "age bulge" with which the employment system is confronted: The annual number of births rose from 800,000 in 1955 to 1.05 million in 1966 and then began to fall rapidly to the present number of 600,000.

This development is reflected on the labour market with a lag of about 15 years. While in 1975 the number of school-leavers with 8–10 years of school education was 681,000, it has risen to 765,000 in 1978 and is expected to reach a peak of 775,000 by 1981/82. Therefore, the demand for apprenticeships will still increase and reach an expected maximum of 665,000 in 1981/82 and then decline rather rapidly again⁷.

⁶ See Deutsche Bundesbank, Geschäftsbericht für das Jahr 1977 (Annual Report of Deutsche Bundesbank for 1977), Frankfurt/M. 1977, p. 5.

⁷ See D. Mertens, Beziehungen zwischen Qualifikation und Arbeitsmarkt (Relations between qualification and labour market), in: W. Schlaffke (ed.), Jugendarbeitslosigkeit, Unlösbare Aufgabe für das Bildungs- und Beschäftigungssystem?, Köln 1976, pp. 81–84.

Whereas at the end of the sixties up to 50% of the vacant apprenticeships could not be filled up — even in some highly preferred or "fashionable" professions — the excess supply has vanished for most professions today. In 1976, there were 28,000 school-leavers without an apprenticeship but at the same time there were some 18,000 unfilled apprenticeship vacancies, too. Meanwhile, a serious "allocation problem" has arisen: the apprenticeship demand of about 70% of the school-leavers is concentrated on the 20 fashionable professions among the more than 400 acknowledged training professions. In order to meet the professional preferences of the young people, it would be necessary to provide a certain excess supply of apprenticeships.

On the supply side, however, a frightening fall in the number of apprentice positions has taken place during the first years of the seventies. This was related to a drastic decrease in the number of those enterprises which are training juveniles. In 1974 alone, the number of training enterprises decreased by about 30,000. As the number of apprentice positions in the remaining enterprises has partly increased, one can speak of a concentration of professional training on fewer and larger enterprises. So, for instance, in the chemical industry the number of training enterprises has decreased from 762 to 419 in the period 1962–1974, whereas in the same period, the number of apprentices has increased from 17,300 to 19,000⁸.

This development is not only due to the recession and the structural changes in the recent years but also to diminished incentives because of legal regulations. In the face of increased regulations and thereby rising training costs many employers have given up to train juveniles. Above all the higher qualitative requirements on instructors and enterprises as well as the relatively high training compensations are to be mentioned. In 1973/74 alone, the contractually agreed pay for apprentices was raised by 23%, and the monthly sum of DM 473 currently paid in the metal industry during the first year of training represents more than 30% of the monthly net wage of an average industrial worker.

For the employer, the increased training compensations and the higher qualitative requirements of training represent costs which cannot be covered by the productive work of the apprentices during the training. As an illustrative example, it may be mentioned that Robert Bosch GmbH, Stutt-

⁸ See P. G. v. Beckerath, Jugendarbeitslosigkeit und berufliche Bildung — konkrete Erfahrungen aus einem Großunternehmen (Youth unemployment and vocational education — concrete experiences of a large-scale enterprise), in: W. Schlaffke (ed.), Jugendarbeitslosigkeit, Unlösbare Aufgabe für das Bildungs- und Beschäftigungssystem?, Köln 1976, p. 202.

gart, can cover only 20 % of the training costs by productive work done by the apprentices⁹.

For larger enterprises which can employ their apprentices in the production process later on, it may still pay out to accept such cost-benefit relations, but most of the smaller enterprises are simply not able to afford the high expenses of human capital investment. Especially the small handicraft enterprises which have been training about 48 % of all apprentices can employ only 19 % of the trained persons later on (compared to the respective figures of 30/45 % for the industrial sector and 22/36 % for the service rendering sector).

In this connection it should also be mentioned that primary and secondary schools as well as vocational training courses are more and more failing to provide the school-leavers with the minimum qualifications required for learning a solid profession. In 1975, there have been already 29.3 % of pupils leaving their school without a qualifying certificate, and this percentage is expected to surpass a frightening level of 30 % before 1985¹⁰. Thus, the training enterprises are partially forced to make up for the neglected task of general education by schools.

The coincidence of a generally diminished propensity to invest as a consequence of rising uncertainty about economic and political developments on the one hand and the rise in the training costs on the other is one of the main reasons for the decline in investment outlays for human capital formation of young people. The fact that the enterprises nevertheless increased the number of supplied apprenticeships by 70,000 in 1977 and intended to raise it again by 45,000 in 1978 can be explained by the fear that government regulations will be strengthened in the case of an insufficient (voluntary) supply and that even a "training tax" may be imposed on those enterprises which do not train enough juveniles according to the opinion of the legislator. The unavoidable result of such a vocational training policy will be a further concentration of training in the hands of fewer and larger enterprises.

From this point of view, it has to be feared that a growing share of school-leavers will not find an opportunity of vocational training if the present trend continues. It has been estimated that the

percentage of school-leavers without a chance to find an apprenticeship may amount to about 20–25 % in the early eighties, two-thirds thereof consisting of female juveniles¹¹.

Thus, the improvement in the quality of vocational training intended by the legislator for all young people will be limited only to the "cream" of young people selected for an apprenticeship whereas all those excluded from vocational training will have to pay the "price" for it¹². However, these are just the ones who deserve a special promotion, because otherwise they will stay forever as problem groups on the labour market¹³.

Outlook

Although the youth unemployment ratio in Germany may appear low compared to other countries, it is regarded a severe economic and social problem. One reason is that youth unemployment shows quite a lot of "diseconomies" which, however, cannot be listed here nor proved in detail. There is no doubt that it is an especially gross form of waste of resources. Instead of enlarging the potential and the abilities of the juveniles by practical training on the job and at school, society gives rise to a "disinvestment" of its "human capital" with each unemployed juvenile. Thus, youth unemployment does not only mean a production deficit today, but also a deficit in growth and welfare in the future — much more than in the case of unemployment of adults who have completed their vocational development. Therefore, in the long run no country can afford to keep a considerable part of its population unemployed, if future prosperity is to be maximized.

To get rid of the youth unemployment problem in the Federal Republic of Germany is therefore an important task. Steps already made by the German Government as well as solutions suggested by economists can reduce youth unemployment to a tolerable minimum. It is in no way impossible to solve the problem within the framework of the contemporary German market economy. Moreover, it would not be easy to accept that an economy which has been able to integrate 9 million refugees after World War II and 2.5 million foreign workers and their families during the last ten years as well as to create jobs for 3 million people who have come from agricultural backgrounds should not be able now to train a comparatively small number of unemployed juveniles and to employ them adequately.

⁹ See H. Griesinger, *Jugendarbeitslosigkeit und berufliche Bildung — konkrete Erfahrungen aus einem Großunternehmen der elektro-technischen Industrie* (Youth unemployment and vocational education — concrete experiences of a large-scale enterprise of the electro-technical industry), in: W. Schlaffke (ed.), op. cit., p. 184.

¹⁰ See K. Schöber-Gottwald, *Jugendliche ohne Berufsausbildung. Eine Literaturstudie unter besonderer Berücksichtigung bestehender und neu zu konzipierender Lösungsansätze und Maßnahmen* (Youths without vocational training. A study in literature under special consideration of existing and new approaches still to be conceived), in: *Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*, 9 (1976), pp. 176, 182-184.

¹¹ See K. Schöber-Gottwald, op. cit., p. 175.

¹² See R. Soltwedel, D. Spinanger, op. cit., pp. 126 to 128, B. Molitor, *Lohnpolitik und Arbeitsmarkt* (Wage policies and labour market), Hamburg 1977, p. 21.

¹³ See J. Kühn, *Jugendarbeitslosigkeit, Bildungs- und Beschäftigungssystem — Eine empirische Analyse* (Youth unemployment, education and employment system — an empirical analysis), in: *Gewerkschaftliche Monatshefte*, 26 (1975), pp. 534-537.