

What a waste

Germany scandalously underuses immigrants and women

Heinz Buschkowsky, the mayor of the Berlin district of Neukölln, is famous for being blunt. He is in charge of an ethnic goulash: 140,000 of his 305,000 constituents are Turks, Arabs, Yugoslavs or other migrants. The local unemployment rate is 26%, and probably twice that among the immigrants. Work disappeared when subsidies to industry were withdrawn after the fall of the Berlin Wall. But Neuköllners are all too willing to live off Hartz IV social-security benefits, which provide a family with children with enough to get by. "Long-term welfare paralyzes people," Mr Buschkowsky observes, sounding more like an American Republican of the 1980s than a leading member of Berlin's Social Democratic Party. Children grow up thinking "money comes from the state," drop out of school and then raise children who repeat the cycle. (...)

Neukölln may be untypical, but it raises questions that preoccupy the whole country. How much welfare is too much? When should the state assume responsibility for looking after children? How can an ageing society make the most of underemployed immigrants and women? Should immigrants become Germans, and if so, what sort? These questions are interconnected. (...)

Germany as a whole is underemployed. Germans in work put in an average of 1,430 hours in 2006, the third-lowest rate in the OECD. Even after the labour-market reforms, long-term unemployment remains well above the OECD average. More than half a million immigrants cannot do the jobs for which they trained because Germany does not recognise their qualifications, a case of credentialism gone wild. A country in demographic decline cannot afford such waste. By 2035 Germany's GDP per person will fall by 8-15% relative to that in other rich European countries and in America, calculates Axel Börsch-Supan of the Mannheim Research Institute for the Economics of Ageing.

To head off such relative decline, Germany needs to re-engineer not only the welfare state but its attitudes towards immigrants, women and people over 60. (...)

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