

YOUR BUSINESS

Can German youth employment model be applied in the U.S.?

In the United States, it is usually a given in working life that the road to success leads through a four-year college. Given the profound cost of attending a university these days, some parents begin saving for a child's tuition while he or she is still in diapers. The impulse is understandable. Doing better than one's parents has long been a way of defining the American dream.

But is this really the best path to success for the most people? Recent data paint a questionable picture. While about 70 percent of U.S. high school graduates go on to study at a four-year college, the sad reality is that only about 60 percent of them actually complete a bachelor's degree (or its equivalent) in any field even within six years of enrollment.

That means a surprisingly high percentage of America's young people is entering the labor force armed with only a high school diploma — and little or no work experience. Not surprisingly, America's youth unemployment is more than double the rate for the overall population.

Meanwhile, in European countries like Germany, Austria and Sweden, youth unemployment is about half the U.S. rate. That is surprising since these countries, like the United States, were hit hard by the global financial crisis.

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Americans have traditionally viewed college as a must on the road to good jobs and financial security. Contrast that with Germany, where roughly two-thirds of people under the age of 22 choose to enter into apprenticeships, typically a three-year period of training at a firm. Along with related technical instruction at a vocational school, a young worker learns the skills required for a given occupation.

What the low youth unemployment numbers and the good income prospects of skilled workers in Germany tell us is that the best guarantee to ensure future employability may well lie in obtaining real job skills.

I am aware that there are those, especially American economists, who claim that German-style apprenticeships are an insufficient form of preparation given the complex

business forum

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demands of the contemporary economy. I beg to differ.

What has happened in the intervening years really speaks for itself. Unlike the United States, Germany has not de-industrialized. Manufacturing remains a backbone of the economy. And apprenticeships often involve a fairly complex course of training, both in trade schools as well as at the company level.

Along the way, apprentices learn key concepts of technology, business management, applied analysis and an ever higher degree of analytical reasoning. Apprenticeships are therefore far more than on-the-job training and a transition to a young person's first job. They also provide a solid basis for the lifelong updating of one's professional skills.

At a time when public and private budgets are very stretched, a determined focus on providing real, future-oriented job training can pay huge dividends. It is not expensive and does not require young people and their families to take on a lot of debt.

However, one thing is true: Whoever way one turns, executing any job training strategy will take time for it to bear real fruit in the workplace and in the broader national economy. It could well be a decade or two before the real impact is felt.

With such long timelines, three things are deadly: The first is to hope for miracles; the second, to refuse to decide on any strategy; and the third is to change the chosen strategy impatiently, often onto its very head, because the hoped-for results haven't yet materialized.

At least for now, the record would indicate that the German strategy, which mixes academic excellence with plenty of well-thought out training options that do not require attending a university, would have the upper hand over the approach of the United States.

What the German model also underscores is that the key to a successful jobs strategy lies in aligning the longer-term interests of citizens, companies and communities alike to create a prosperous future for individuals and the nation as a whole.

Working jointly and conscientiously, not haphazardly or at cross purposes, these forces can greatly facilitate the school-to-work transition by focusing on attaining practical skills. In the world of today, those can be extremely complex — and mastering them extremely rewarding.

Klaus F. Zimmermann is director, IZA (Institute for the Study of Labor), and professor of economics, University of Bonn, Germany.

Fees alter many free checking accounts

By Patricia Sabatini
Pittsburgh Post-Gazette

Free checking accounts — once as easy to get as sniffles in a kindergarten class — are drying up.

The percentage of banks nationwide offering checking accounts that don't require a minimum balance fell dramatically this year to 45 percent, according to an annual survey by Bankrate.com. That's down from 65 percent last year and a peak of 76 percent in 2009.

Free checking offers are likely to fall further as banks try to make up for major chunks of revenue lost due to new federal regulations. About a year ago, banks were barred from charging overdraft fees for debit card and ATM transactions unless a customer expressly signs up for overdraft protection. And on Oct. 1, caps took effect limiting debit card swipe fees that banks collect from merchants.

Bankrate.com's survey polled

the five largest banks and five largest thrifts in 25 of the nation's biggest markets in August, including Pittsburgh.

"The decline in free checking is in full swing," Bankrate senior financial analyst Greg McBride said.

At the same time free checking was on the decline, fees and penalties were rising, the survey found.

Overdraft fees hit a new high for the 13th straight year — rising to an average of \$30.83, up from \$30.47 last year, Bankrate said.

The average fee banks charged noncustomers to use their ATMs, known as a surcharge, rose to \$2.40, up from \$2.33 last year. The most common surcharge was \$3. The fee banks charged their own customers for using another bank's ATM, often called a foreign fee, was flat at \$1.41.

For debit card users, new fees could be on the way.

"I think we will see an increase in debit card fees, whether it's

a fee to carry the card or it's a transaction-based fee," Mr. McBride said.

For now, only 4 percent of accounts charged a debit card fee at the register, and less than 2 percent charged a monthly or annual fee for carrying a debit card, Bankrate found.

But the situation could change following the announcement last week that Bank of America, the nation's largest bank, planned to charge customers \$5 a month to use their debit cards beginning next year.

A spokesman for PNC, Pittsburgh's biggest bank, has declined to comment on whether the bank might impose a debit card fee.

Consumers who don't want to pay a debit card fee should shop around for another bank or credit union, or switch to using credit cards, as long as they faithfully pay off their balance each month, Mr. McBride said.

On the plus side, while free checking was on the decline,

more accounts were offering waivers to avoid monthly fees, Bankrate said. The most common waiver was a requirement for direct deposit, although consumers should keep in mind that money deposited into these accounts won't be earning interest.

On interest-bearing checking accounts, monthly balance requirements were up while annual yields have plummeted. Banks increased the minimum balance to avoid a service charge on interest checking accounts to an average of \$5,587, up steeply from \$3,883 last year. Meanwhile, annual yields skidded for the fifth straight year to an all-time low of 0.08 percent.

With the fee environment in flux, consumers should be vigilant about reviewing their statements and any notices from their bank for changes in account terms, Mr. McBride said.

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Hiring the 'Moneyball' way

By Jane M. Von Bergen
Philadelphia Inquirer

In "Moneyball," the well-received baseball film, Oakland Athletics general manager Billy Beane walks into the locker room, sits next to a player strapping braces on his legs and delivers the news:

"You can't have 26 players in the clubhouse," Mr. Beane, played by Brad Pitt, says.

All emotions fly across the player's face: a sliver of hope that the visit is merely social, then panic, sadness, fear and, finally, resigned stoicism — he hasn't made the 25-man roster that Major League teams are limited to for the bulk of the season.

"I'm sorry," Mr. Beane says. Richard Gardner knows all about sorry.

"I know how it hurts," said Mr. Gardner, of Marlton, a man in his early 60s who heard a similar speech in May 2009, when he lost his main job. He is still unemployed — one of 14 million Americans without a job.

"It is a hurt," said Mr. Gardner, who supervised more than 100 people as a plant manager at Helvoet Pharma Inc., formerly Owens-Illinois Inc., in Pennsauken and Burlington. After he was laid off from Helvoet in May 2009, he landed a contract job. That ended in May 2010.

"You spend 33 years with an organization and you help build it up and then you are let go," he



Philip Seymour Hoffman, who plays the manager in "Moneyball," often butts heads with Billy Beane on personnel decisions.

said. "I thought I was immortal, that I was going to survive until I retired."

Mr. Gardner is different from many people who have been laid off, because he, like Mr. Beane, has also laid people off.

Michael Lewis' book "Moneyball" tells how the Oakland A's Beane, with a minuscule budget for signing players, in 2002 overruled his scouts and adopted a new and controversial way of choosing players by using exotic statistical evidence called sabermetrics.

Those statistics led Mr. Beane and the A's to sign undervalued

players and stretch the club's limited budget. In 2002, the A's payroll totaled \$41 million; the New York Yankees' totaled \$125 million.

After a rough start that nearly caused Mr. Beane to lose faith in his approach, the A's started to win.

Maybe, Mr. Gardner says, hiring managers can take a leaf from "Moneyball," and not always focus on the obvious.

"If you know the guy has skills, but he's shy or gets nervous in interviews, take a chance," he said. "Maybe he's the diamond in the rough who will pull you through."

Office plan draws Rooney wrath

By Mark Belko
Pittsburgh Post-Gazette

A Pittsburgh parking operator is pushing ahead with his bid to develop a "signature office tower" on the North Shore, a proposal Steelers president Art Rooney II Friday described as "a farce."

Merrill Stabile, president of Alco Parking Corp., said he was teaming with Cincinnati-based Al. Neyer Inc., a commercial real estate development firm, to design and recruit tenants for the project.

"These are guys that, in my opinion, are a terrific fit to work with to get this site developed," he said.

Mr. Stabile is seeking to build the office tower on a 3.3-acre plot of land next to Stage AE. He has offered the city Stadium Authority, which owns the property, \$10 million for it.

The land is now controlled by the Steelers, the Pirates and Continental Real Estate Cos. as part of a decade-old option agreement reached with the authority to develop the property between Heinz Field and PNC Park.

Under that agreement, the Steelers and their partners are obligated to pay \$1.3 million for the land.

Mr. Stabile is making his pitch

and has worked with Sara Lee and Coca-Cola. In all, it has done more than \$750 million in development involving some 10 million square feet of space in the past decade.

Nonetheless, Mr. Rooney was unimpressed. The team and its partners have developed two office buildings, Stage AE, a hotel, and restaurants and bars on the North Shore in the same period.

"We are in the middle of a very successful development. I don't see why a change in the developer makes any sense, particularly if you consider that Mr. Stabile has no real track record as a developer. He has no real plan or tenants and only now is showing up with a developer that nobody knows. The whole thing is a farce," he said.

While Mr. Stabile acknowledged that he didn't have a tenant, he said he believed he would be able to land some in the next two or three years.

As for Mr. Rooney's skepticism: "I can't ask for a better validation of my choice. If the Steelers are making comments like that, I know for sure that I've made the right decision," he said.

The team has threatened to sue Mr. Stabile for interfering with its business, but he and his lawyers say they have found the threat to be without legal merit.

In Cincinnati, it built a reservations center for Delta Air Lines

business feedback

THIS WEEK'S QUESTION: Saks Fifth Avenue is closing its Downtown store. How important is this to Pittsburgh's retail scene?

- A city without Saks is a second-rate retail destination.
- No problem. We've got Nordstrom.
- Who can afford Saks?

LAST WEEK'S RESULTS: The National Retail Federation says Halloween spending is expected to increase this year. What do you plan to spend this year? (382 votes)

- It's a fun celebration. I will spend more and go all out. (6%)
- I need a few new things. I will spend the same as last year. (29%)
- Time to recycle an old costume. My spending will go down. (64%)

business by the numbers

DOW JONES 11,103.12 (-20.21)	↓
S&P 500 1,155.46 (-9.51)	↓
NASDAQ 2,479.35 (-27.47)	↓
PG/BLOOMBERG 242.28 (-4.67)	↓
Tracks stock prices of local publicly traded companies	
CRUDE OIL \$77.96 (+\$2.29)	↑

GASOLINE PRICES (AVERAGE \$/GALLON YESTERDAY IN METRO PGH.)	
\$3.488 (-\$0.008)	
↓	
FOREIGN EXCHANGE	
CURRENCY IN \$	\$ IN CURRENCY
EURO	1.3388 0.7470
CANADIAN DOLLAR	0.9621 1.0394
KEY RATES	
PRIME RATE: 3.25	DISCOUNT RATE: 0.75
CPI 12 MONTHS THROUGH AUGUST 2011: +3.8%	
TREASURY BILL RATES: 3-MONTH: 0.01	6-MONTH: 0.04
10-YEAR NOTE: 2.06	30-YEAR BOND: 3.01
U.S. 10-BOND: 0.00	U.S. E.E. BOND: 1.10

STOCK	CLOSE	CHANGE
AK STEEL	6.67	-0.30
ALCOA	9.71	-1.17
ALLEGIH	37.23	-0.95
AEAGLEOUT	12.05	-1.11
AMRSVFIN	1.78	-0.02
AMPCO	20.33	-1.20
ANSYS	47.98	-0.65
ARIBA INC	29.71	-1.14
BAKERM	18.83	-0.89
BANWML	17.83	-0.51
BELDEN	26.11	-1.16
BLACKBOX	23.26	-2.24
CBS B	21.51	-1.18
CALGON	14.54	-0.77
CONSOLGY	36.02	-0.89
CONSOLCO	17.49	-1.16
DICKSSPIG	34.19	-0.56
DOMESTCS	50.27	+2.27
DYNAVOX	3.18	-0.14
EDAPTMS	1.54	+0.01

STOCK	CLOSE	CHANGE
EQT CORP	55.80	-0.82
ESB FNCL S	11.76	-0.27
EATON S	38.63	-0.36
EDUCMGMT	15.78	-0.85
ERIEHD	74.58	-1.87
FNBCP PA	8.70	-0.39
FEDEXOR	71.06	-1.14
FEDINWST	17.56	-0.67
FSTCWLTH	3.66	-0.30
FSTNAGARA	9.06	-0.35
FIRSTENGY	44.29	+0.60
FOSTER	22.26	-0.61
GNC N	21.27	-0.48
GLAXOSKLN	42.88	+0.51
HFF INC	9.01	-0.20
HEINZ	50.36	-0.07
HUNTRONK	4.96	-0.30
IGATECORP	11.93	-0.34
IVH S	17.80	-0.66
KEVANMTL	34.80	-1.72
KOPPERS	27.49	-1.72
MACYS	26.95	+0.51

STOCK	CLOSE	CHANGE
MATTHINT	31.26	-0.78
MINESAF	27.54	-1.15
MYLAN	17.32	-0.22
NYSEURCE	21.55	-1.16
NWSTBCHS	11.93	-0.40
PNC	47.75	-1.52
PGG	73.48	-0.23
PARKVFN	18.67	-0.58
RTI INTLM	22.97	-1.08
RANGERS	59.98	-0.73
RUE21	23.95	-0.38
SAT BCP	16.67	-1.01
SHANGRP	21.35	-0.54
TMS INTL N	7.85	-0.19
THERMOFIS	50.49	-3.18
UNVSTL	21.94	-1.16
UNVSTAINLS	28.70	-1.56
VERIZONCM	36.16	+0.25
VIACOMB	40.14	-1.28
WABTEC	55.73	-0.45
WEBBANC	17.42	-0.77
WESCO INTL	35.59	-0.31

METALS	CLOSE	CHANGE
GOLD (troy oz)	\$1634.50	↓
SILVER (troy oz)	\$30.958	↓
COPPER (pound)	\$3.2665	↑
ALUMINUM (pound)	\$0.9840	↑
TITANIUM (troy oz)	\$1489.00	↓

WIDELY STOCKS	STOCK	CLOSE	CHANGE
AT&T INC	28.44	+0.03	
AMAZON	224.74	+3.23	
APPLE INC	369.80	-7.57	
CHEVRON	94.40	-0.21	
COCACOLA	65.90	+0.51	
EXXONMBL	73.56	-0.33	
GENELEC	15.50	-0.03	
GOOGLE	515.12	+4.1	
INTEL	22.29	+0.26	
IBM	162.39	+0.70	
JPMORGCH	30.70	+1.68	
JOHNN	63.13	+0.32	
MICROSOFT	26.25	-0.09	
ORACLE	29.91	-0.10	
PFIZER	18.44	+0.21	
PHILIPMOR	65.13	+0.55	
PROCTGAM	63.91	+0.30	
VERIZONCM	36.16	+0.25	
WALMART	53.70	+0.95	
WELLSFARGO	24.54	-0.83	