
Germany wants kids, but makes mothers' lives difficult

By Efrat Neuman, Germany

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A year ago a young Israeli woman went to Germany with her infant son to visit her mother, who was living in Bonn at the time. She planned to travel a round for a few days and asked to borrow a car seat for the baby from one of her mother's acquaintances. The mission turned out to be a lot harder than she'd thought. Friends asked friends who asked neighbors, yet a car seat did not ensue. One man recalled friends in Koln, some 30 km from Bonn, whom he thought might have a child, but he wasn't sure. Ultimately a car seat was ordered from an online company.

Here is another story that drives home the point. On Wednesday, at 17:00, as evening fell – which happens early in November, the neighborhood shopping center was humming. Yet it wasn't like a visit to an Israeli shopping center. There were plenty of buyers but no sounds of "Mommy, buy this for me," "But he started it!" or "If you don't cut it out, we're leaving." There was no yelling or crying, laughing or roughhousing. You didn't need to push your way between baby carriages and sharp elbows. There were hardly any children in sight.

The center was in Frankfurt and no, it wasn't some sort of holiday where small kids stay home while the parents go shopping. With a birthrate of just 1.36 children per woman, about half the families have only one child. Four out of every 10 women aged 25-49 have none.

Israel isn't representative when it comes to birth-rates. Women here have three children on average, the highest rate on the OECD. But even compared with the OECD, the birthrate in Germany is especially low. In fact it's been below 1.5 since 1983, which makes Germany the nation with the longest history of low fertility in Europe.

Economically at least, this is a real problem. The death rate exceeds the birthrate and the population is shrinking. Germany's population is about 82 million but by the year 2050, it is expected to contract to 69 million. As the population ages, there will be less people producing and sharing the burden. Sooner or later the social networks won't be able to take the load and will collapse.

Germany's welfare policy has deep roots. It is based on a conservative model, the principle of which is a broad-based social system with a stress on employment. Germans are famously thrifty, industrious and organized, the antithesis of countries like Spain or Greece. The Germans despise Greek sloth and never took part in the consumption fest that other people did. It is true that German banks are exposed to the crisis, holding bonds issued by the U.S., Greece, Ireland and Iceland. But Germany never suffered a credit bubble. Housing prices did not soar, unemployment stayed relatively low and it has managed to achieve growth.

The goal of Germany's welfare policy is to give all citizens a safety net. Its social benefits are considered generous and include support for people with scanty means,

a public health system, free academic learning, unemployment for 12 months (conditional on the recipient having worked two years), investment in training workers, child allocations, 14-month paid maternity leave and of course, pension payments.

Where does the money come from? Workers. Beyond income tax, Germans pay social security that covers medical and unemployment insurance, and welfare and pension insurance. The outlay can be 40% of the salary and is shared equally by employer and employee.

So if manufacturing power lessens, the German economy will enter a dangerous vortex. The economist Dr. Hilman Schneider, head of research on labor market policy at IZA, an international institute for economic research on the labor market, explains how the vicious cycle can arise. "When the burden on employees and employers increases because there are less workers, labor costs increase," he says. "Since Germany is a leading exporter exposed to global demand, an increase in its labor costs affects the competitive edge of the companies. The result is that companies have to fire workers, and will therefore manufacture less. The burden on each employee and employer will increase and again labor costs will rise, diminishing competitiveness. When that dangerous cycle begins, and I'm not saying it has, but that there overseas a risk, it ends in a big mess."

Germany is well aware of the problem and the government under Angela Merkel (who by the way has no children) is trying to do something about it. In 2006 Merkel appointed Ursula von der Leyen, mother of seven, as federal minister of family affairs. During her term Germany instituted a parental leave scheme, including 14 months of paid parenting leave if both parents share it, or 12 months if only one parent takes maternity leave. During that leave the parent gets two-thirds of base pay up to a ceiling of 1,850 euros a month, following the six-week leave at full pay before the birth and eight weeks afterwards. Unsurprisingly, only one of every four men exploits parenting leave rights and even then, only for two months, to make maximal use of the benefit.

Afraid of turning into Rabenmutter

Despite the efforts, German birthrates haven't been rising. Here another important element enters the picture: employment of mothers. Even though Germany is an advanced western country and the strongest economy in Europe, let alone that it's led by a woman, few German mothers choose to return to full-time work. So few that only 14% of women to a single child return to full-time work. The numbers fall even more among mothers to two children: only 6% return to full-time work.

The main problem, says Schneider, lies in inadequate infrastructure of daycare and preschools. There aren't enough of them and even where there are, in many cases, they only provide a solution until mid-day. Part of the policy changes von der Leyen made was that from August 2013, families can demand that their child up to age 3 receive a place in daycare, which is presently the case for children older than 3. But based on present supply, that goal looks unrealistic.

Daycare is the responsibility of municipalities, explains Schneider from his office with a pastoral view of the Rhine River. But the municipalities aren't motivated to do anything about it and usually don't have the resources anyway. If they have to

choose between investing in housing or in daycare, they'll choose the housing because it would attract new residents, and municipalities get state support based on their population count, he says. But if they built more daycare facilities, mothers would work and pay tax – but not to the city.

Julia Fallak, mother of 2-year old Nico, says she inspected 20 daycares before finding a quality one with a vacancy. "There is a real shortage, especially for children aged less than 3," she says while Nico, a cute blond child, races around the room. "Finally we found a place allowing nine hours a week. For next summer we've signed up to more than 40 daycares."

At this stage, Falk is resuming work for 12 hours a week. She and her husband Mark, who live in Bon, will find a solution for the other three hours. Later, when they find a solution for Nico, she wants to work 20 hours a week. In any case as long as Nico is small, she doesn't plan to resume full-time work. That's the case for a lot of German mothers. "That's what I wanted personally but in any case it would have been difficult otherwise," she says. "As it is we'll have to maneuver. In Germany it isn't usual to live by the parents so one has to do everything alone. There's no help, not from the system and not from the parents."

The problem of daycare arises in every conversation with parents, and even with people who don't have children yet. But that isn't the whole story. To complete the picture one has to understand that German society preserves a conservative ethos in which the father is the main breadwinner and the mother is a housewife. When necessary, she will work, part-time. A mother who works full-time is perceived as selfish. Her image is so bad that there's even an insulting phrase for it – Rabenmutter, a raven mother who leaves her young for others to care for. The result is that even educated women with careers stop working or resume working only part-time, and that's true of lawyers, doctors and university lecturers, says Schneider.

"The entire system does not encourage women to work full time," Schneider says. "It may sound strange, but until a year ago you could complain about the noise a preschool was making and get compensation in court."

Add to that a work environment that is considered male, and wide wage gaps. "The business environment in Germany is still conservative. Because there are very few women in top jobs, other women feel it's a cold, cruel world," says Marlene Helser, 33, a journalist from Munich. She's single and it's clear to her that she will continue with her career even if she has children. "Women know there's a good chance that childbirth will ruin their careers. I have worked too hard so far to throw it away. Maybe I'll become one of those educated German women who choose not to have children at all, though that isn't what I want," she says candidly.

The low proportion of working mothers affects the welfare state also by reducing the contribution they could make by working more and paying tax, and also affects the relationship between the difficulty mothers feel integrating into the labor market and the low birth rate. Some women are choosing not to have children because they know if they do, their careers will be over. Others drag it out as late as possible for their careers. Hence the average age for first birth is 30, which is higher than in the rest of the OECD.

The question is why women, who are widely represented in the political system, do not howl in protest at the situation and demand change. Apparently the conservative image filters through, affecting their self-image. Schneider, who has two children, says his wife stopped working as a teacher 15 years ago, after their first son was born. His wife would get angry every time he gave an interview and talked about the need to improve the daycare infrastructure so women could work. "She'd say I didn't appreciate her investment in the boy," he says.

Another question arising is whether the benefits of the welfare policy incentivizes women not to work. Beyond the fact that they are incentivized to stay at home a year because of the generous support, the employer has to keep their job available for three years, so there's no pressure to return quickly. If meanwhile another child is born, and they wait another three years, their relevance to the workplace lessens. The employer is obliged to the terms predating the birth. But in practice, many places take the women back to work once or twice a week – and that is the choice the women make. Add to that the general backdrop of scarce daycare and a community that wrinkles its nose at working mothers, it becomes clearer why so few women return to full-time work.

"Ninety percent of the women working here come back part-time," says Ina Müller-Mack, human resource manager at Deutsche Ban. Ten years ago, four months after having her first son, she returned on a half-time basis. After the second child she spent a year at home and then returned to work once a week. Later she doubled that to twice a week and now she works in the Deutsche Bank huge, chilly-looking building in Frankfurt two and a half days a week.

"My employer allows me flexibility, but it isn't always so. At Deutsche Bank they keep the position open for an employee who had a child for three and a half years, more than the law requires. There are women who only come back after ten years. By then it's very hard to reintegrate."

Need for brains

Germany was also affected by the crisis in the euro bloc, and its exports can be expected to take a blow. In October its growth forecast for 2012 was lowered from 3% to 0.6%. Yet Germany is still in much better condition than most of its sisters in the bloc. I ask Schneider if that means Germany's model of a welfare state proved itself.

"If I had to answer that ten years ago, I'd have said not. The fiscal burden was enormous and the system was about to collapse. Welfare policy has a structural problem when it uses incentives even if there are alternatives. People had incentives to get welfare benefits. They could live on social security without being required to do anything. All they had to do is state they were needy, go register, fill out forms and get money in the bank. It paid not to work, especially at relatively older ages. People left jobs at 50 and lived off the system. It was very costly and created high unemployment."

Germany reformed the system in 2005, reducing incentives. "Suddenly companies noticed that older workers could be efficient, in just depended on the incentive. It didn't pay for workers to quit any more, either." It also became harder to get benefits, which were limited to 12 months, after which the unemployed is ****. First he has to

realize all his assets, for instance insurance plans or ownership of a home, up to a certain point before being eligible for benefits.

Yet the benefits still incentivize people not to work, if their income is low and they have no savings or assets, asserts Frank Breitenöder, a tax law adviser. "If somebody works as a hairdresser for example and makes 1,000 euros a month, economically speaking, work doesn't pay for him. He'll get unemployment benefits for a whole year, then an allowance of 400 euros a month, plus extra for children and housing support. So he'd reach the same amount he made cutting hair."

Germany has powerful unions. It's hard to fire people. The Germans also work relatively little, by international comparisons. If the OECD average is 1,749 hours a year, and in Israel it's 1,889, in Germany the figure is 1,419. The law mandates 20 vacation days a year but most companies allow five to six weeks. The question is whether the result is a labor market that is not efficient or productive enough.

The statistics show that the German labor market held out during the financial crisis. Unemployment, at 6.9%, is low among the OECD nations, and even lower than before the crisis. The government plan that came into force in 2008 helped, ruling that companies could cut back workers' hours without firing them. The workers got to keep their social benefits and the government subsidized labor for a short time. The concept was that once the hard times were over, the employees could be taken back full-time immediately. "One reason Germany weathered the crisis is that when the rally came, its labor market was prepared," says Schneider. Companies didn't need to start hiring again. The idea was that it would be better for the government to spend money on workers working less, than on people not working at all, though it was clear the plan couldn't be long-term.

Ostensibly the fact that firing is difficult, even if the employer is dissatisfied, should create a problem, difficulty in streamlining and in achieving an atmosphere of excellence at the company. To understand more, I met with Breitenöder and his partner Dr. William Panagiotides at their spacious law office in the Frankfurt business district.

Under German law, workers are not obligated to succeed, just to work, Panagiotides explains. Workers can only be fired under extreme circumstances, of theft for instance. If the company is in trouble and needs to cut back, it has to prove so. The question of who to fire depends on social criteria: who has been working there the longest, who has family to support, who would find it easier to find work. It creates an absurdity in which a company may have to let go its best people. It's rare for the employer to win in court, Panagiotides adds.

Hanjoerg Beger, human resources manager at Software AG, which has 2,000 employees, says that even though it's hard to fire, German workers are considered productive.

"We have workers everywhere in the world and have discovered that their performance doesn't depend on the contractual relationship and the freedom to fire, with or without cause," he says. It has more to do with the character of German employees, who are considered devoted and efficient, and to the fact that sometimes the restrictions can be circumvented and bad workers can be fired after all.

Another explanation has to do with the German labor market being highly professionalized. Vocational training starts in high school. Industry and business work hand in glove with the education system and can hire right out of high school. Few countries have training programs like Germany, Schneider avers. Germany can only survive on brain-power, he says: it has no natural resources to speak of.

Like Beger, Panagiotides feels the system has proven itself. "You can criticize a lot about Germany's welfare policy, but I think that even if it's hard to fire workers and even if a lot of people live on welfare, the system works. We'd be happy to pay less tax, but that's a price we're willing to pay. The system here is reliable and productivity is high."

Problem with immigration policy

In September 2010, Thilo Sarrazin, former member of the Executive Board of the Deutsche Bundesbank, triggered an uproar with his controversial bestseller book, *Deutschland schafft sich ab*—freely translated as "Germany Does Away With Itself," or in the vernacular, it's killing itself. He claimed the welfare state was attracting Moslem immigrants who would bring the country down. Some are involved in crime, he claimed; their formal education is poor, they don't learn German and don't integrate into the labor force. Nor do they have any motive to do so as long as they get social benefits.

Leaving aside claims of inaccuracies in the book, Sarrazin had hit a nerve.

"To put it simply, Sarrazin claims Germans are naïve idiots and that when times get tough, everybody comes to live at their expense," says Avi Primor, former ambassador to Germany and head of European Studies at the Interdisciplinary Center in Herzliya. "They get unemployment benefits and child allowances and the Germans pay because they'd be embarrassed not to. The government doesn't do a thing because the Germans are terrified of being called racist. The issue receded as the debt crisis broke out. Greece's problems are more urgent and threatening. But it remains a central social issue and even if it isn't publicly talked about, it preoccupies a lot of people."

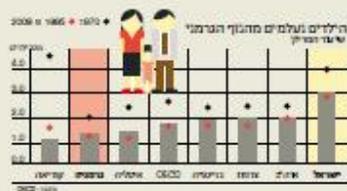
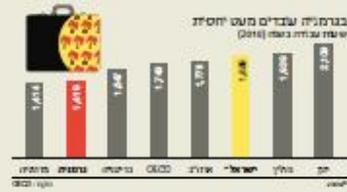
Panagiotides, himself an immigrant to Germany from Greece, thinks Germans are making a mistake by pretending the problem isn't there. "The Germans have a problem with history because of the Holocaust, and they're very cautious when dealing with problems related to foreigners. That is bad because clearly, there is a problem and it has to be addressed and handled," Panagiotides says.

A better immigration policy that prevents immigrants from isolation in communities of their own, and integrates them into society and the workforce, could help alleviate the problem of the aging population and the threat it casts on the future of the German welfare state. But Schneider doesn't think that likely to happen.

Another conceivable solution is to get women to work more. Again Schneider isn't optimistic because of the state of daycare. Where does he see succor coming from? More working hours. "The claim is that if there are less people, they have to work more," he says, and implementing it could be simple. "If the number of work hours a year rises from 1,490 to 1,700 by the year 2060, we could resolve much of the problem. All that's needed is for everybody to work one more hour a day."

Things change, Beger adds. It may be hard to foresee what will bring change, but apocalyptic forecasts tend not to pan out. Before 1989, nobody foresaw that the Wall would fall, he points out. Then one night, everything changed.

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ויליה פלק: "יש מחסור אמיתי במעונות יום, במיוחד לילדים מחסור לגיל 3. אחרי שברקט 20 מקומות נרשמו למעון שמאפשר תשע שעות בשבוע, לקיץ האב נרשמו ליותר מ-40 מקומות"



ויליה פלק עם בתה, אחת מן הילדות שיש להן מקומות במעונות יום

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