



The Economist

Germany's labour market Across the Oder

This weekend a nervous Germany must let in workers from the east

Apr 28th 2011 | BERLIN | from the print edition

0 Like 106

POLES driving across the Oder into Germany seem less scary than Tunisians coming to Italy by sea. Yet Germans are edgy about May 1st, when their labour market opens to citizens of eight east European countries that joined the European Union in 2004. Germany (and Austria) put the day off as long as possible. Seven years ago the economy was weak and unemployment was high. Letting newcomers in would have brought benefits (it did to Britain) but Germany dared not grasp them. Now its economy is the envy of Europe and employment is near a record. The eastward opening should be less alarming.

"There are big fears in the low-wage sector," says Günter Baaske, the labour minister of Brandenburg, on the Polish border. Trade unions fret about "wage dumping" in tourism and gastronomy. The government has fixed a minimum wage for temporary work, to stop eastern undercutting. On May 1st Germany must also open up to eastern construction firms and industrial-cleaning companies. Builders, who pay higher social-security contributions than their competitors, are nervous.

The authorities expect a trickle of eastern workers, not a flood. Germany has already eased restrictions for some. The government guesses that 100,000 more a year will come from the eight countries (Romania and Bulgaria must wait until 2014). The IAB, the research arm of the Federal Employment Agency, thinks 140,000 a year is possible. That is hardly enough to make up for the shrinkage of Germany's ageing labour force, which is expected to shed 5m workers over the next 15 years.

Employers facing shortages hope for relief. The number of school-leavers has fallen by half in east Brandenburg since 2004, says Ulrich Lehmann, head of training at the local chamber of industry and commerce. He hopes to lure young Poles to apply for German apprenticeships, which pay a stipend and combine school work with on-the-job training. Yet he is not optimistic. Poles now learn English, not German (partly because Britain was more welcoming). Those who come may bypass Brandenburg on their way to the richer south and west. German hospitals and old-age homes need 400,000 extra carers over the next decade. But easterners who want this sort of work have already moved to other countries. May 1st could be,



disappointingly, a non-event.

Yet Hans-Werner Sinn, of the University of Munich, argues that it will be a bigger deal than most Germans think. The ten east European EU members have a total population of more than 100m, he pointed out recently. Popular destinations for migrants, like Britain and Spain, are in crisis; some will now go to Germany. New migration will boost growth and solve the looming labour shortages “on its own”, Mr Sinn says. More ominously, idlers will exploit the generous welfare system. If that happens, they will be as unwelcome in Germany as Tunisians are in Italy.

from the print edition | Europe