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Germany must make it easier for women to work

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A vital part of the debate about the [eurozone's future](#) centres on whether [Germany](#), as Europe's largest economy, should - or could - expand its domestic demand. What has been overlooked amid all the discussions is that there is a triple play at hand - something that policymakers dream about, calling it a "win-win-win" scenario, but rarely have within their reach.

The three factors that are in play - and should be aligned - are, first, the strictures of the German services sector, second, the suboptimal presence of women in the workplace and, third, our European Union neighbours' and global partners' wishes about boosting domestic demand in Germany.

To see how all this fits together, one needs to look no further than an analysis by economists at Goldman Sachs. They examined women's employment rates on a country-by-country basis and, in the case of Germany, found that the country's gross domestic product could be 9 per cent higher if women participated more fully in the labour market.

On the surface, the overall labour force participation ratio for women in Germany - at 69.7 per cent (as of 2008, according to the Organisation for Economic Co-operation and Development) - looks quite impressive. But what is hidden behind this seemingly impressive number is that more women in Germany in the 25-49 age group work on a part-time basis (39 per cent) than work full-time (34 per cent).

In contrast, in neighbouring France, just 23 per cent of women in that age group work part-time, while 52 per cent work full-time. This one comparison alone provides a clear indication that the German economy's growth potential could be improved by enabling more women to work longer hours, if they so choose.

Whatever the reasons for not acting on this critical issue in the past, it is high time to change that, not least because a reform now would strengthen the still-underdeveloped German services economy, and hence also the critical dimension of domestic demand.

Given that services jobs account for almost three-quarters of the German labour market, and women predominantly work in services - more than 80 per cent of women's jobs are

in that sector, many of which are focused on the domestic economy - the rise in female employment would clearly result in more local services than exports.

Ending the bias towards single-income earners at the family level actually also fits smartly into the current German debate about [tax reform](#).

A further reason why it is important to make it easier for women in Germany to work more is that the country, by comparison especially with its Scandinavian neighbours, underperforms significantly in the percentage of the population that graduates from university.

Considering that women represent 51.1 per cent of university graduates in Germany, and that - at least in the past - quite a few women did not join the labour force, this pool represents a valuable resource that is ready to be deployed in the labour market.

There has been a long debate inside Germany about whether government should focus its policymaking activities on making it easier for women to work. Broadly speaking, conservatives tend to take the other side of that argument, preferring that women focus on their families. That, however, seems not so much an outmoded conviction as an implausible one. Once again, the evidence in neighbouring France is clear. There, women tend to outperform German women on both accounts: they work more, and have larger families.

In conclusion, there is a policymakers' dream scenario at hand, a win-win-win. Updating German labour market regulations to enable more women to join the workforce (and/or work longer hours) has the potential to improve the performance of the German services economy.

It helps diversify Germany's sources of economic growth, and hence improves economic stability over the long term. That, in turn, is bound to stimulate domestic demand, something that Germany's economic critics abroad have long demanded.

Enabling more women to work is a goal worth pursuing in and by itself. If such a reform ultimately serves three purposes empowering women, strengthening the economy and pleasing our neighbours - who could complain?