What Explains the German Labor Market Miracle in the Great Recession?

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Reasons for lower-than-expected employment cuts

- Lack of hirings before the crisis due to 41%
  - negative expectations 23%
- Drop in hours per worker due to
  - short-time work,
  - working-time accounts and large part
  - uncompensated hours reductions via opening clauses
- Reduced labor costs due to
  - wage moderation before the crisis and 20%
  - wage reductions via opening clauses
- Higher labor market efficiency due to Hartz reforms:
  - lower reservation wages and wages
  - less frictional unemployment
  - more temporary agency work

Not mentioned explicitly: shortage of skilled workers and labor hoarding