IZA COVID-19 Crisis Response Monitoring

**Germany (June 2020)**

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ABSTRACT

The main labor market impact of COVID-19 on Germany’s labor market has so far been a massive increase in short-time workers (currently more than 20 percent of all workers subject to social insurance). While this instrument has been successfully applied in previous recessions, various factors could make the use of short-time work in the current crisis more difficult and potentially also less effective. Besides, Germany’s fiscal measures – including the latest stimulus package and together with liquidity aid and loan guarantees – equal more than 30 percent of the country’s annual GDP.
Labor market impact of COVID-19

Data on the labor market impact of COVID-19 in Germany are still scarce; they become available only with a substantial time lag. While earlier forecasts released in March had been rather optimistic, especially concerning the labor market impact (e.g., Michelsen et al. 2020, Sachverständigenrat 2020a), more recent assessments are significantly more negative. For example, Weber et al. (2020) estimate GDP to decrease by 8.4 percent in 2020, and unemployment to increase to more than 3 million persons at peak. The federal government and the German Council of Economic Experts share rather similar expectations: They expect GDP to fall by 6.3 or 6.5 percent in 2020, respectively, and unemployment to rise to an average number of more than 2.6 million or 2.7 million persons during 2020, respectively (Bundesregierung 2020; Sachverständigenrat 2020b).

Table 1 displays selected statistics for the actual labor market impact of COVID-19 in May 2020 (currently the most recent available data). In that month, the number of registered unemployed stood at 2,813,000 persons, an increase by about 26 percent compared to May 2019 (BA 2020a). Taking into account the increase in April 2020, and also the previous year’s development, the overall COVID-19 impact on unemployment corresponds to an increase of 578,000 persons so far. A decomposition exercise shows that about one third of this increase is due to relatively fewer underemployed persons (e.g., as active labor market policy measures have been substantially reduced, individuals who would have otherwise been excluded from official statistics are now counted as registered unemployed), and that in each case about one additional quarter of this increase can be attributed to reduced hiring activities and increased layoffs, respectively (BA 2020a). Employment, however, has not declined significantly yet.

Table 1: Labor Market Impact of COVID-19 in Germany (as of May 2020).

<table>
<thead>
<tr>
<th></th>
<th>April 2020</th>
<th>YoY*</th>
<th>May 2020</th>
<th>YoY*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment (Stock)</td>
<td>2,643,700</td>
<td>+18.6%</td>
<td>2,813,000</td>
<td>+25.8%</td>
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<tr>
<td>Unemployment (Inflow)</td>
<td>667,500</td>
<td>+13.8%</td>
<td>484,300</td>
<td>−18.3%</td>
</tr>
<tr>
<td>Unemployment (Outflow)</td>
<td>359,200</td>
<td>−45.5%</td>
<td>315,100</td>
<td>−46.2%</td>
</tr>
<tr>
<td>Underemployment (Stock; excl. STW)</td>
<td>3,466,300</td>
<td>+8.5%</td>
<td>3,572,900</td>
<td>+12.0%</td>
</tr>
<tr>
<td>Employment (Stock)</td>
<td>45,040,000</td>
<td>+0.2%</td>
<td>44,900,000</td>
<td>−0.5%</td>
</tr>
<tr>
<td>Posted Vacancies (Stock)</td>
<td>626,400</td>
<td>−21.3%</td>
<td>583,600</td>
<td>−26.3%</td>
</tr>
<tr>
<td>Posted Vacancies (Inflow)</td>
<td>76,200</td>
<td>−58.9%</td>
<td>101,900</td>
<td>−39.6%</td>
</tr>
<tr>
<td>Active Labor Market Policy Measures (Stock)</td>
<td>818,700</td>
<td>−8.2%</td>
<td>742,400</td>
<td>−17.4%</td>
</tr>
</tbody>
</table>

Notes: STW: Short-time work. YoY: Percentage change compared to one year before.

The current rise in official unemployment statistics may only provide a first snapshot of the imminent COVID-19 impacts on the German labor market. For example, about 38 percent of all firms in Germany submitted notifications for short-time work (STW) to the Federal Employment Agency, potentially resulting in a maximum number of 11.7 million short-time workers (BA 2020a). While it is clear that not all of these workers included in notifications will actually be in STW later on (and not all short-time workers will experience a full reduction in working hours), STW in the current crisis has already reached a significantly higher level than during the Great Recession (where the peak was at about 1.5 million short-time workers; Brenke et al. 2013). Despite a significant time lag in reporting, Figure 1 shows that the latest projection for March 2020 by the Federal

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1 This number is the sum of persons included in submitted notifications for STW by firms in March, April and May 2020 (BA 2020a).
Employment Agency assumes more than 2 million short-time workers in that month. At its potential peak in May 2020, available estimates suggest that this number could have reached 7.3 million short-time workers, corresponding to more than 20 percent of all workers subject to social insurance (ifo 2020a). The Council of Economic Experts, in its latest forecast, expects about 1.5 million short-time workers in full-time equivalents in 2020 (Sachverständigenrat 2020b).

Figure 1: Short-time work (STW) in Germany (2019-2020).

This number is the sum of persons included in submitted notifications for STW by firms in March, April and May 2020 (BA 2020a).

Business confidence stood at a historical low in April 2020, but slightly increased in May 2020 (ifo 2020b), and further increased in June 2020 (ifo 2020c). Nonetheless, quite a few firms, besides submitting notifications for STW, are eating up working time account surpluses and are also starting to dismiss workers. Yet, at least in this early phase of the recession, unemployment figures not only increase because of increased layoffs, but to a similar extent also because of firms’ reduced hiring activities, resulting in fewer exits from unemployment (Bauer and Weber 2020). The demand for new workers has literally collapsed as the number of vacancies declined sharply (BA 2020a; Bossler et al. 2020). Compared to one year before, the inflow of posted vacancies was almost 60 percent lower in April 2020, and almost 40 percent lower in May 2020 (Table 1).

Unemployment risks are currently particularly high in some sectors, including temporary agency work, the metal industry and automotive industry, hotels and restaurants, retail, various other service sectors, and to some extent even logistics (BA 2020a). These sectors have been either directly affected by restrictions on economic activities and social contacts, or indirectly via disrupted value chains, or simply by a sharp drop in demand. However, quite a few sectors in the German economy remain relatively unaffected (e.g., the public sector, the finance sector, education, health, and agriculture; BA 2020a). In terms of most vulnerable groups, employment losses can be expected to be particularly concentrated among workers with fixed-term contracts, temporary agency workers, marginal part-time workers, self-employed and freelancers. For example, one in four solo self-employed workers considers it very likely they will have to give up their own solo self-employment within the next twelve months (Bertschek and Erdsiek 2020). The crisis also poses an
additional challenge for the labor market integration of the recent cohort of humanitarian migrants that arrived in Germany after 2015.

Firms with liquidity problems already before the current crisis are at a high risk of bankruptcy. This risk may be particularly concentrated among SMEs with severely restricted economic activities, such as restaurants, small retail shops, and travel agencies. But it appears too early for an assessment: Due to changes in insolvency law, the precise extent to which these firms will ultimately go out of business will probably only become apparent in autumn 2020.²

Orientation and targeting of adopted measures

Germany was relatively quick to adopt and, at a later stage, to adjust larger policy packages to mitigate the employment and social impact of the crisis (see KPMG Global 2020 for an overview about government and institution measures in response to COVID-19). While the extension of the long-standing short-time work (STW) scheme can be viewed as a standard response to economic recessions in Germany, STW is in the current situation also being used by firms that were not using it during the Great Recession in 2008–09 or in previous recessions. Preliminary data indicate that, for example, STW is again widely used in export-oriented sectors such as the metal industry, but they also point to an intensive use in service sectors (especially by hotels and restaurants where more than 90 percent of all workers had been included in notifications for STW; BA 2020a).

Next to the increased generosity of STW, there has also been a remarkable (temporary) extension of the contribution-based unemployment insurance benefit duration as part of a social protection package (Deutscher Bundestag 2020a). At the same time, job search requirements have been reduced and activation principles have come to a halt, both for the contribution-based unemployment insurance benefits and the tax-based basic income support.

Including the latest stimulus package, which has been agreed upon in June 2020, Germany’s measures – together with liquidity aid and loan guarantees – equal more than 30 percent of the country’s annual GDP (BMF 2020a; BMF 2020b). The latest stimulus package (worth EUR 130 billion) has moreover shifted the focus towards boosting consumption. Important elements are a temporary VAT reduction (from 19 percent to 16 percent and from 7 percent to 5 percent, respectively, from July 1, 2020 to December 31, 2020) and a one-time EUR 300 lump-sum payment per child.

Nonetheless, the particular emphasis on direct ad hoc support measures for small businesses and self-employed – especially in earlier measures – by way of lump sum payment, credits and guarantees appears remarkable (DB Research 2020). This novel feature of the current crisis response (when compared to previous recessions) could be due to the increased visibility of freelance work in Germany, but it could also relate to the larger extent to which SMEs and self-employed workers are affected by the contact ban and the shutdown (e.g., creative jobs, restaurants).

Women could be one of the “blind spots” receiving less attention in policy responses so far (OECD 2020). For instance, they are overrepresented in the workforce of crisis-related or essential sectors (most notably in the health sector, but also in the food retail sector), and they typically take a major part of the burden resulting from school and

² The obligation to file for insolvency has been suspended until September 30, 2020 for firms which are suffering economic difficulties or have become illiquid because of COVID-19 (under specific conditions, see KPMG Global 2020 for details).
child care facility closures. A related issue is that also less attention has been paid to the flexible workforce of marginal part-time workers who are, for example, not included in unemployment insurance and will probably not register as unemployed.

**Immediate liquidity support to businesses**

To stabilize businesses, the federal and some regional governments in Germany promptly established different emergency measures (see KPMG Global 2020 for details). On the one hand, these programs provide support to larger firms that are directly affected by the shutdown by way of loans and credit guarantees: The state-owned development bank KfW is supporting firms by taking over credit risks from commercial banks as to make cheaper loans feasible; in addition, the federal government has set up an economic stabilization fund for the direct recapitalization of firms under certain conditions. On the other hand, these programs provide liquidity and income support to freelance workers and SMEs with up to 10 employees through timely lump-sum payments (PwC 2020).

Federal programs grant an operating subsidy for three months (provided as a lump-sum payment), ranging from EUR 9,000 for firms with up to 5 full-time equivalent workers to EUR 15,000 for firms with up to 10 full-time equivalent workers. State-level programs come on top, implying regional variation in these emergency measures within Germany. These payments are supposed to allow for the continuation of the business at least for three months and can be combined with short-time work for dependent employees. At the same time, access to basic income support without strict means testing was opened up for the target group of freelance workers as they often do not have access to contribution-based unemployment insurance benefits.

However, observers point to the fact that some funds were exhausted relatively quickly and that some target groups were not reached at all. Despite the quick and significant policy response, it is also not yet clear to what extent these measures can effectively stabilize the economic situation of those affected. In addition, there are some concerns that no appropriate screening of applications took place in the early days of implementing the support programs and that information was lacking on the proper use of funds provided. Finally, also cases of fraud behavior were reported (Tagesschau 2020).

**Support of dependent workers**

Although still only preliminary data are available, it is already clear that there has been a massive inflow into short-time work (STW) schemes during the initial phase of the COVID-19 crisis in Germany. The well-established instrument of STW was one of the main factors contributing to Germany’s resilience to the 2008–09 crisis (Rinne and Zimmermann 2012; Balleer et al. 2016). During the Great Recession, STW helped preserve permanent employment to a particularly large extent in Germany, while it had essentially no impact on temporary employment (Hijzen and Venn 2011; Cahuc 2019).

However, since the 2008–09 crisis was characterized by a temporary external demand shock that almost exclusively affected predominantly larger, export-oriented manufacturing firms, and economic activity picked up again relatively soon, the situation appears entirely different this time. In the current crisis, a broad range of sectors is affected by the demand slump, also many SMEs are at risk, and uncertainty about the speed of economic recovery is large and widespread. In addition, the current recession
is accompanied by a structural transformation due to ongoing technological change and digitalization – not limited to, but also in manufacturing and in the automotive industry.

These factors could make the use of STW in the current crisis more difficult and potentially also less effective. For example, the management and implementation of STW is probably easier within larger firms and with works councils that have already acquired experience in using this instrument. In the current situation, firms in the service sector and many smaller firms that are affected may be confronted with unfamiliar bureaucratic obstacles and practical challenges when implementing STW. Furthermore, the temporal scope of using STW appears limited if the crisis interacts with structural change, e.g., in retail (online vs. offline) or in the automotive industry, as a return from STW to “regular” work may not be taken for granted. Skepticism also seems to be justified to what extent the existing subsidies for training and qualification measures during STW are actually used, to what extent they can accommodate workplace mobility, and to what extent they are ultimately effective (Eichhorst and Rinne 2019).

Easing the conditions governing the use of STW was among the first policy responses to the COVID-19 crisis in Germany (Deutscher Bundestag 2020b). The new rules, which came into force retroactively as of March 1, 2020, made the instrument more accessible for firms as only 10 percent (previously: one-third) of workers need to be affected by a minimum reduction in working hours of 10 percent. In response to trade union complaints about insufficient STW allowances, especially during longer periods of STW, the generosity of these allowances has been temporarily increased (until December 31, 2020; BA 2020c): While the compensation still amounts to 60 percent of the missing net remuneration (67 percent for parents) in the first 3 months, it increases to 70 percent (77 percent for parents) from month 4 onwards and to 80 percent (87 percent for parents) from month 7 onwards. Next to that, some firms decided to voluntarily top up STW allowances for their workers. Although the maximum duration of short–time working allowances is still 12 months, an intensive debate on a discretionary expansion of this benefit duration can be expected if economic recovery will not yet be in sight in autumn 2020.

Unemployment insurance benefits are most accessible for workers with longer employment spells. Despite some relaxation of benefit requirements over the last years, coverage by unemployment insurance benefits will likely be lower for workers with interrupted careers and fixed-term contracts. Unemployment benefit levels are low in absolute terms for those with low hourly wage rates or part-time workers. As a response to the crisis, the duration of unemployment insurance benefits has been extended temporarily for those unemployed whose benefits would expire soon.

At the same time, participation in active labor market policy measures and the activation of jobseekers has been substantially reduced. The reduction of active labor market policy measures, in combination with substantially lower hiring rates by employers, will most likely lead to prolonged unemployment spells. This issue might become more severe if some providers of active labor market policy would ultimately have to terminate their business and if the capacity of active labor market policy measures cannot accommodate potentially large and more heterogeneous target groups after the initial crisis phase.

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3 Only under specific circumstances the maximum duration of STW allowances is 21 months – namely, that STW had been already in place before December 31, 2020 and it must end before December 31, 2020 (BA 2020c).

4 Unemployment insurance benefit duration has been temporarily extended by 3 months for those workers whose benefits would otherwise expire between May 1, 2020 and December 31, 2020 (BA, 2020d).
Working conditions and work organization

The shutdown period led to an expansion of work from home in Germany. This concerns both the share of workers who started practicing work from home, at least partially, and the intensity of work from home of those who already had experiences before. During March and April 2020, about one in four German employees worked from home, with substantially larger shares among workers with higher education and higher earnings (Möhring et al. 2020).

Germany used to be a relative laggard in terms of remote and mobile work. This has quite suddenly changed during this crisis as immediate health concerns as well as contact bans put pressure on both employers and employees to encourage and accommodate working from home. Quite often, it has also been the only option to ensure continued business activity in occupations and jobs where (regular) physical presence was not needed. Besides the positive aspects of reduced risks of infection and the ability to continue operations, work from home tends to create stressful situations and entirely new challenges regarding the reconciliation of work, care obligations (especially during school and child care facility closures) and private life in general.

In the current situation, the latent policy debate about which rules should apply to work from home has re-emerged. In particular, the discussion circles around the question if there is need for a binding legal framework, or if this can be left to negotiations between employers and employees (or within teams at the workplace). Moreover, a new divide in the labor market could emerge between those workers that are able to work from home (with differences between workers with or without care obligations) and those working in the service sector, i.e., frontline workers (with higher risk of infection) and those at a high risk of losing their jobs (e.g., in restaurants). In this regard, low-skilled workers could suffer the most in the current crisis as they spend less time working from home and are simultaneously more likely to work reduced hours or lose their jobs (von Gaudecker et al. 2020).

Some observers also fear that working from home might reactivate more traditional gender roles regarding care responsibilities, thereby creating obstacles for women and especially mothers to focus on paid work (OECD 2020). However, there is no consistent evidence on a return to more traditional gender roles in Germany (FAZ 2020). In some cases, bonus payments in (female-dominated) occupations such as retail trade and nursing have been announced as a compensation for extraordinary workload during the crisis. But regular wages in these occupations continue to be rather low. At the same time, working time regulation in sectors that are regarded as essential, such as logistics, the health sector, energy supply and administration, has been relaxed from April 2020 to June 2020 to ensure business continuity in critical situations (BMAS 2020).

New labor market entrants

It can be expected that new labor market entrants in Germany will face particular difficulties, at least during this summer. Firms’ hiring activities will be reduced, either because of direct demand effects or general economic uncertainty (Klös and Schäfer 2020). However, given persistent skill shortages and continued demographic change with an ageing population, reduced hiring could only be temporary – at least in the German context. This is particularly the case if product demand recovers relatively quickly or expectations become more optimistic soon. But a scenario of a deep and long-lasting recession could result in persistently weak labor demand and hiring, with long-term disadvantages for current graduates (Kahn 2010; Oreopoulos et al. 2012).

Beyond these average effects, the crisis impacts are likely to be quite heterogeneous across sectors and firms. First, it is possible that some sectors will be more substantially
affected and will thus shrink in the medium or long run (e.g., hotels and restaurants, tourism, local retail). This would also result in very limited hiring in these sectors. Second, other sectors could experience a structural and thus permanent increase in labor demand (e.g., health care). Third, firms that entered the crisis in relatively good shape or that follow a longer-term strategic approach might take advantage of the reduced competition for talents. These companies could even increase their hiring activities, especially focusing on younger workers with sought-after skills. To avoid time-consuming and costly staffing in the near future, it could be a rational approach, at least for some firms, to hire employees even when product demand is weak (Sachverständigenrat 2020a). Finally, implementing actual hiring does not appear to be a bottleneck in the current situation. Many firms relatively quickly adapt to new standards, for example, by using digital hiring tools more intensively.

The potential problems of current graduates might be amplified in the German labor market because of the crucial role of the dual apprenticeship system. This core mechanism and structural strength of the German employment model not only effectively provides the labor market with skills and qualifications in demand, but it also acts as an important counterbalance to hiring barriers in school-to-work transitions (Schneider and Rinne 2019). According to recent data, a slowdown of the matching process between applicants and apprenticeship positions can already be observed (BA 2020a). Displaying selected statistics for May 2020 (currently the latest available data), Table 2 shows that both supply and demand decreased by about 9 percent compared to May 2019.

**Table 1:** The Apprenticeship Market in Germany (as of May 2020).

<table>
<thead>
<tr>
<th></th>
<th>May 2020</th>
<th>YoY*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of Apprenticeships (Positions, total)</td>
<td>465,678</td>
<td>– 9.1%</td>
</tr>
<tr>
<td>Demand for Apprenticeships (Applicants, total)</td>
<td>399,821</td>
<td>– 8.9%</td>
</tr>
<tr>
<td>Open Apprenticeship Positions</td>
<td>250,292</td>
<td>– 5.8%</td>
</tr>
<tr>
<td>Applicants Not Yet Placed</td>
<td>195,789</td>
<td>– 2.2%</td>
</tr>
</tbody>
</table>

*Source: Federal Employment Agency.*
*Notes: YoY: Percentage change compared to one year before.*

In addition, there is a substantial risk that a low willingness or capacity of firms to hire apprentices (and new workers in general) – given economic uncertainty, lack of business activity and high pressure to cut costs could result in a further decline of apprenticeship training, especially in some sectors and occupations. As the majority of apprenticeship training only commences in August in September, figures for the next months should be closely monitored and will provide the basis for a more detailed assessment.

But stakeholders such as trade unions and employer associations asked for governmental support to firms providing training during the crisis via the highly institutionalized German dual apprenticeship system (e.g., DIHK 2020). In cooperation with some Federal Ministries, a larger number of stakeholders published a joint declaration in which they support needs-based and targeted support measures (Allianz für Aus- und Weiterbildung 2020). This has led to the adoption of a joint federal support initiative to make apprenticeship capacities more resilient in times of crisis. Small- and medium sized firms that provide apprenticeships, despite being currently in economic difficulties, can receive EUR 2,000 per new apprenticeship contract as a subsidy if they keep the number of their apprentices constant, or EUR 3,000 per new apprenticeship contract if the firm raises the overall number of apprentices. The same applies if a current apprentice is taken over from a firm that has gone bankrupt during the crisis. The program also provides for support to avoid short-time work among apprentices, and for training in facilities outside individual firms.
Policy innovations and labor market trends

In Germany, the COVID-19 recession may not only result in a departure from the long and rather stable path of employment growth (Schneider and Rinne 2020), but the crisis may also accelerate structural change and digitalization. At the worker level, remote work may become more frequently at least a realistic option. In Germany, about one in six jobs may be permanently suitable for working from home (Pestel 2020). At the firm level, digital tools may be increasingly viewed as a hedge and reinsurance against external shocks. In this respect, the crisis is also an endurance test of firms’ past digital achievements, and their past omissions become very visible (Engels 2020).

In terms of disruptions or structural breaks at the sector level, it is very likely that the crisis will accelerate the long-term decline of local retail, often delivered through smaller shops, while all forms of online retail will experience an extra boost. As digitalization also continues in the health sector and in education, the skill needs of workers in these sectors will change accordingly. The ongoing transformation of manufacturing, in particular of car manufacturers and their suppliers, may proceed more rapidly than expected before the crisis.

At the same time, however, and contrary to widespread beliefs, significantly shorter or less complex global value chains in industrial production are unlikely to occur. Firms in the post–crisis situation may even rely to a larger extent on cost–saving initiatives, which typically include outsourcing and offshoring. The crisis will by no means reverse this development and it will not trigger a trend to bring production back to Germany – for a simple reason: the level of automation in German manufacturing is already very high (Krzywdzinski 2020). This assessment may, however, differ from “essential” sectors: Here, too, there are discussions about reshoring production back to Germany, but mainly because of security concerns and to guarantee the supply of the German population even in emergency situations (e.g., in the areas of infrastructure, energy supply, and in the medical sector).

Last, but not least, restrictions to migration and to EU mobility may have lasting effect on the functioning of the German labor market. Beyond its often controversially discussed labor market impacts, immigration from EU member states has certainly increased labor supply in Germany and, in comparison to many years ago, has led to more employees, but also to more unemployed and benefit recipients from these countries (BA 2020b). Nonetheless, it helped cushion the imminent problem of labor shortages in the German labor market. The country’s demographic challenge could thus intensify in the future.

Next steps and fiscal viability

The longer the COVID-19 crisis lasts, the more obvious the trade–off between COVID–19 containment and reviving economic activities becomes. This concerns, for example, the re–opening of shops, restaurants and hotels, the re–opening of schools and child care facilities, and allowing for cross–border mobility. For example, the economic costs of a 3–month shutdown in Germany had been estimated to be as large as 20 percent of the country’s annual GDP (ifo 2020d). Such a scenario would create a heavy fiscal burden for Germany, despite its relatively favorable initial position allowing for a larger fiscal stimulus.

Currently, many restrictions have been removed (after slightly less than two months of a rather strict lockdown). This approach follows the general strategy of a careful and, depending on the local COVID–19 situation, potentially regionally differentiated revival of economic activities, in combination with close monitoring efforts, continued social distancing and widespread testing. The open question in this context is whether Germany will – sooner or later – be confronted with a “second wave” of infections, potentially
resulting in an even larger number of COVID-19 cases than in spring 2020. Also the nature of economic recovery could crucially depend on this, as well as on the situation in important German export markets (e.g., automotive industry). At the time of writing, local lockdowns in two German districts have been re-introduced due to a larger COVID-19 outbreak involving one meat processing plant.

More generally, a controversial debate about the costs of forgone economic activities and governmental spending to mitigate the immediate effects of containment has emerged. In this context, it also seems advisable to avoid too broadly targeted and too generous governmental subsidies. These financial resources might be more effectively and efficiently spend in the future when an additional fiscal stimulus would be needed and when target groups could be more precisely identified and reached. Similar arguments have been put forward in the context of the latest stimulus package, which has been agreed upon in June 2020 (Handelsblatt 2020). However, in the current situation most economic observers view the fiscal stimulus package as largely appropriate both in size and timing; they rather warn against a too early return to austerity.

Finally, the German situation also depends on the ability to stabilize the European and global economy. The German economy relies to a large extent on foreign demand for goods and services, on reliable and efficient global value chains as well as on free labor mobility. However, with regard to the European stabilization efforts, the German position looks more accommodating or solidaristic than perceived at first glance.
References


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