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The Transatlantic Agenda for Labor Market Reform: Increasing Adaptability Through Continuing Training

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The current global economic crisis presents an opportunity to rethink economic policy priorities in both the United States and Germany. The crisis is just too severe to go back to politics as usual. Beyond developing solutions to proper regulation of the financial markets, a broader debate needs to take place on which public policies can best help countries deal with this deep recession and put their economies on sustainable growth paths in the context of a fundamentally transformed global competitive landscape. After all, while the wealthy OECD countries were booking the profits associated with the financial bubble during the last decade, the levers for generating sustainable economic growth have fundamentally shifted.

This evolving broader debate needs to define a set of policies for the twenty-first century that effectively addresses two challenges, one political and one economic in nature: *Politically*, the set of policies needs to contain impulses towards protectionism and, *economically*, it needs to empower companies to successfully maneuver in the international marketplace. This essay argues that continuing education and training programs will be an important part of such a policy package on either side of the Atlantic. Invoking the Danish experience, this essay will reason that continuing education and training programs simultaneously help countries meet both the political and the economic challenge.¹

Historically, economic recessions have often prompted protectionism. Calls for protectionism are grounded in workers' fears about being made worse off by competition from abroad as well as by the introduction of new production techniques at home. These are reasonable concerns. The international reorganization of economic activity over the last few decades has been associated with American and German companies off-shoring and outsourcing many activities that they previously provided in-house domestically. Particularly in the United States, off-shoring activities have started to affect even well-educated middle-class workers (e.g., software programmers), which is a strong qualitative change from the lay-offs among many blue-collar workers that resulted from earlier rounds of off-shoring in manufacturing.² Large parts of the U.S. population face increasing uncertainty and far higher income volatility than was common for previous generations.

Inducing workers to view market-led adjustment as legitimate requires the provision of mechanisms that help the population to deal with its negative consequences. Here, continuing education programs can be an important part of an extended social safety net that can help workers adapt to economic changes. Representing a "social investment" rather than consumption-oriented forms of social protection, continuing training is a particularly future-oriented form of providing social security. Importantly, it can support both unemployed workers and those in employment. By helping unemployed workers update their skill profiles, such programs can play an important role in allowing these workers to find suitable re-employment; as lifelong learning programs, they sustain continuous capacity-building for current employees.

Continuing education programs can also strongly benefit companies, because they enable firms to better align their internal work organization with the competitive requirements of the highly uncertain marketplace of the today's knowledge-intensive and service-heavy economy. A flatter, more learning-oriented, "high performance" type of work organization

How will the economic crisis affect higher education and vocational training in the U.S. and Germany?

What characteristics do the German and American education models share? How do they differ?

can facilitate effective knowledge management, allow for the recasting of work processes in order to realize productivity increases made possible by technological innovation, and thus enable firms to move further up the value chain. As truly “collaborative communities” in which workers and groups/units rise beyond old routines, they can continuously assess both the processes and outcomes of their activities.³ By embracing the principles of “learning through monitoring,”⁴ organizations can “learn to learn”⁵ and sustain their “dynamic capabilities.”⁶

Of course, beyond the more specific positive effects for particular companies, continuing training also comes with more general benefits for the economy. Skills are arguably a country’s scarcest resources in today’s global and digital era.⁷ With the advanced economies’ turn towards services away from the manufacturing sector, new skill needs have opened up.⁸ Moreover, accelerating technological changes require the frequent updating of skills. Strengthening the continuing education elements in countries’ strategies for creating human capital can satisfy both of these demands. Finally, continuing training is the basis for more effectively harnessing workers’ productive potential over their entire life course, a change that will be crucial as the wealthy countries are undergoing demographic transformations. In short, continuing training will be central to increasing countries’ labor market adaptability.

Looking Abroad for Inspiration

What is the state of continuing education and training in the United States and Germany? In both countries, policymakers are actively preaching the “education gospel”⁹ and talking about the importance of lifelong learning. In both countries, experts have defined the national education systems’ shortcomings,¹⁰ so it is clear that there is ample room for the two countries’ institutions to do better. Nevertheless, there is little systematic discussion about what can and should be done to improve continuing education and training. In this situation, a look abroad might act as an inspiration for policymakers that can spark a new productive vision for reforms in both Germany and the United States.

History is full of instances of cross-national inspiration and mutual learning in German and American education policy.¹¹ For instance, in the mid-1990s, Germany’s industrial apprenticeship system inspired the American School-to-Work Opportunities Act.¹² In the twenty-first century, the American university system acted as a role model for reforms of Germany’s higher education and research institutions.¹³ However, today, policymakers in Germany and the United States should not merely look across the fence to greener pastures in the respective other country. Instead, the challenges in designing better continuing education and training policies should prompt them to study the world’s leader in lifelong learning provision: Denmark. A small Scandinavian country, Denmark has successfully leveraged lifelong learning programs to promote the continuous upgrading of the population’s skills, create competitive advantage, generate social cohesion, and encourage the population to be open to change.

If Germany and the U.S. do not get distracted by the many obstacles that beset national comparisons of continuing training efforts—including the divides between a) public and private sponsorship, b) a focus on vocational or higher education, and c) programs for the unemployed versus those for employed workers—then both countries can start a productive conversation about how countries can use continuing education programs to increase labor market adaptability. Instead of feeling constrained by labels and getting boxed in into rather technocratic discussions, policymakers could for now ignore national differences in institutional nomenclatures and focus on the underlying policy challenges and social needs. On that basis, the Danish experience might provide some pointers on how the two largest countries in Europe and North America could pragmatically use vocational and higher education over people’s life-courses to empower the population to take on and adapt to structural changes.

Over the last few years, Denmark’s institutional arrangements have received both increasing journalistic and scholarly attention abroad.¹⁴ The Danish institutional system has become known as one of providing “*flexi-curity*,” i.e., combining the promotion of labor market *flexi*-bility with the guarantee of social *se-curity*. The country offers a unique system of “protected mobility,” where job mobility levels match those of the United States and the social safety net is one of Europe’s most effective.

So far, however, with the discussion focused on Denmark's low levels of statutory employment protection, the continuing training system's role in the country's institutional mix has remained underappreciated abroad.

Denmark is the leader in the provision of continuing worker training among the OECD countries, with the country featuring participation rates in continuing training activities at about twice the average of the EU 25.¹⁵ While Denmark has relatively high participation rates in lifelong learning activities across all skill-levels, the high degree of accessibility for people with low levels of educational attainment, i.e., those people who will always be at the highest risk of being negatively affected by economic changes, is most striking. In all countries, the initial level of education and the participation rate in continuing education are positively correlated. However, in Denmark, the inequalities among participation rates in lifelong learning activities among different social groups are far lower than in other countries. Annually, about 60 percent of the highly educated, 40 percent of the skilled workers, and 30 percent of formally unskilled workers participate in further training in Denmark, the latter of which is significantly higher than in most other countries and far higher than the United States at 13 percent.¹⁶ The continuing education and training system thus plays its part in sustaining a skill distribution in Danish society that is the most compressed of all OECD countries.¹⁷

The market success of Danish companies indicates how much they have benefited from this system. Be it as independent operators in niche markets or as valuable subsidiaries of multinational corporations, they have proven very adept at playing "global games" by using domestic institutions to their competitive advantage.¹⁸ In comparison to their competitors, Danish firms can grant workers more autonomy, leaving them with more discretion for decision-making unconstrained by hierarchical supervision systems.¹⁹ This provides the basis for effective decentralized knowledge management and organizational flexibility within firms.²⁰ By facilitating close collaborations between companies' customers, production workers, and engineers, Danish company organization has made possible continuous experimentation in support of incremental product and process innovations.

Of course, this system does not come cheap. Direct funding of further training programs recently amounted to 0.85 percent of GNP, roughly two-thirds of which flowed into the programs offered for the unemployed.²¹ If one includes the state's generous income replacement grants to companies whose workers are in training, Denmark spends public resources of more than 4 percent of its GDP on labor market programs, which is the most of any country in the OECD (and more than twenty times what the United States spends in terms of public money on its worker-training programs).

The invested resources have positive effects.²² Most importantly for the argument advanced here, research suggests that the Danish training system has helped encourage the population to be open to change, with 77 percent of the population seeing globalization as an opportunity and only 16 percent perceiving it as a threat, figures that mark the Danish society as the most open to globalization in Europe.²³

So, what general lessons should U.S. and German policymakers take away? First, policymakers should recognize that it is possible to set up comprehensive continuing education and training systems. Second, they can interpret Danish arrangements as evidence for the importance of public-private cooperation: the Danish state is comparatively good at getting private companies involved in job training, and the companies have a lot of leeway in shaping training programs to meet their local needs.²⁴

Where Does Germany Stand?

Training in Germany has long been strongly front-loaded in workers' careers. Launched on the basis of focused apprenticeships and university degrees, workers' career trajectories have tended to remain very narrow over the life course. According to survey results, German levels of continuing education and training have been falling since 1997 and are stuck at around 26 to 27 percent.²⁵ Usually taking place within firms, these activities have long been targeted at those workers who already have attained a high level of education. Small and medium-sized enterprises offer little continuing training for their workforces. While workers have the right to attend five days of continuing education courses every year in eleven of the sixteen German states (*Länder*), only 1.5 percent of all workers

actually take advantage of this right.²⁶ Finally, under the Hartz IV labor market reforms, job training for the long-term unemployed has been reduced.

While this sounds rather bleak, current reforms of the higher education and vocational training systems offer new opportunities to strengthen lifelong learning.²⁷ In accordance with the EU-level Bologna process, German universities have introduced new degree structures along the Bachelor/Master model, which has resulted in much shorter, consecutive programs.²⁸ Moreover, universities have been granted more autonomy to specialize and compete, which has led some to focus on flexible continuing education as part of an expanded set of product offerings.²⁹ Moreover, in vocational education, the state is assuming more responsibility, which also increases its ability to push for expansion of continuing education. There is no doubt that Germany has far to go, but institutions are undergoing significant reforms, which should lead to more continuing education opportunities.³⁰

These reforms now need to be flanked with real political leadership to convince the population and companies to take up new opportunities. Significant re-framing work remains to be done, in particular, if policymakers want to convince the German society to invest higher shares of private money into continuing education. The arguments for it have been around, but they will have to be more strongly made. Then there is a chance that continuing education can become a strong feature in a progressive recasting of the German welfare state, one that can address the public's predictable but contradictory set of expectations that politicians should reform the country's welfare state and spare them from any benefit cuts.

The United States – Where is the Country Heading?

The post-secondary U.S. education system is far more fluid than either the German or Danish one. It is strongly based in colleges and universities, less embedded in the private sector than Germany's apprenticeship system and less explicitly vocational in orientation. In the United States, questions about continuing education and overall education are strongly linked, because many Americans work between getting degrees as well as during their degree programs. Non-traditional students now make up 73 percent of all enrollment in U.S. colleges and universities, and 40 percent of college students are twenty-five and older.³¹

While the United States was the first country to introduce mass higher education, its system has run into serious challenges. The baby-boomer generation is close to retirement. Having benefited from a system shaped by the GI Bill and expansion in public higher education, this generation enjoys a higher level of education than any generation before. However, now, the United States has problems to replace the baby boomers with equally well-trained workers. The children of immigrants and first-generation college attendees will replace the baby-boomers, but they are populations that remain underserved by the current system, as the increasing cost of higher education squeezes out many of them.³² In turn, the United States is seen as the only advanced country in which the new generation has a lower level of education than the one before.³³

The new Obama administration has rightly made education one of its three highest priorities.³⁴ Importantly, the administration realizes that the United States needs to better link education and labor market policies.³⁵ Current U.S. labor market institutions have been insufficiently upgraded since many of them were set up in the 1930s. For instance, the current unemployment insurance system, which disburses benefits for up to twenty-six weeks, leaves more than 60 percent of workers ineligible for benefits; family-leave provisions remain very rudimentary compared to other advanced countries.³⁶

It seems fair to say that labor market policy has long been ideologically under pressure and structurally neglected in the United States. Neither Republicans nor Democrats think of social protection provisions as part of an effective labor market policy; instead, they have a much narrower focus on the big social insurance spending programs administered on the federal level, prominently Medicare and Social Security. So, it should not surprise that spending on public labor market programs has fallen 50 percent compared to what it was under the Carter administration.

In the late 1990s, efforts were undertaken to streamline a multiplicity of uncoordinated federally-funded programs through the Workforce Investment Act (WIA), which introduced “one-stop” career centers across the country. Featuring support for job searches, career counseling, and some financial support for training at community colleges, these career centers’ offers look good on paper. However, with the funding for WIA amounting to a mere \$3.2 billion in 2008 after having declined 10 percent since 2002, it is far too small to handle its rising caseload effectively. Specifically, public expenditure on training—about 40 percent of WIA’s funds—remains at very low levels.³⁷ As set up currently, few middle-class, skilled white-collar workers would show up at these career centers, and the Obama administration will certainly seek to reform WIA.

There really exists only one “flexicurity”-type program in the United States: The Trade Adjustment Assistance (TAA), originally conceived in 1962 and significantly reformed in 2002, is geared to help workers displaced by trade. While very generous in its income replacement and training provisions, the program’s narrow eligibility criteria restricts the share of trade-displaced workers that can claim benefits to about 10 percent. Moreover, the program—by definition—does not help those people whose jobs are threatened by non-trade related technological change but who experience similar challenges. In 2008, 50,000 workers qualified for TAA benefits, up from 25,000 workers in 2002. A more solid social safety net will be needed to help the thousands of workers being displaced in the current recession and to demonstrate to them a credible commitment on the part of policymakers to ensure that globalization works for a higher share of Americans.

As currently constituted, human capital investment and workforce development policies in the United States are very much “stuck in neutral,”³⁸ displaying little institutional coherence and strategic vision.³⁹ Compared to the 1980s and 1990s, when the Bush-appointed bipartisan Commission on the Skills of the American Workforce issued an influential report (“America’s Choice”) that laid the groundwork for many of the training provisions legislated during the Clinton years, training is a rather neglected issue today. However, this does not mean that a continuing education agenda cannot be pushed again. Indeed, the current crisis might provide an important window of opportunity.

Outlook: Institutional Innovation

We can expect continuing-training initiatives to take quite distinct forms in Germany and the United States, after all processes of institutional innovation will build on the institutional landscape in existence today in both countries. The current institutions have created particular sets of comparative advantages,⁴⁰ and actors in each institutional system have adapted to these. Importantly, rather than merely functioning as constraints, the inherited institutions can function as resources for new innovations.⁴¹ If this innovation agenda were to be embraced, then continuing education and training policies could help to legitimize market-led adjustment and provide competitive advantages, particularly if policymakers take cues from Danish training programs’ strong linkages between the content of training and the needs of companies, as well as the training courses’ accessibility to less educated workers.

NOTES

- ¹ Continuing education and training can come under many labels, including adult education and training or lifelong learning.
- ² On earlier rounds of off-shoring, see William J. Baumol, Alan S. Blinder and Edward N. Wolff, *Downsizing in America* (New York: Russell Sage Foundation, 2003).
- ³ See Charles Heckscher and Paul S. Adler, eds., *The Firm as a Collaborative Community. Reconstructing Trust in the Knowledge Economy* (Oxford: Oxford University Press, 2006); Charles F. Sabel, "A Real-Time Revolution in Routines," in *The Firm as a Collaborative Community. Reconstructing Trust in the Knowledge Economy*, Charles Heckscher and Paul S. Adler, eds. (Oxford: Oxford University Press, 2006), 106-156.
- ⁴ Charles F. Sabel, "Learning by Monitoring: The Institutions of Economic Development," in *Handbook of Economic Sociology*, Neil Smelser and Richard Swedberg, eds. (Princeton: Princeton University Press-Russell Sage Foundation, 1994), 137-165.
- ⁵ Charles Sabel with Sanjay Reddy, "Learning to Learn: Undoing the Gordian Knot of Development Today" (Law and Economics Working Paper No. 308, Columbia University, 2003).
- ⁶ David J. Teece, Gary Pisano, and Amy Shuen, "Dynamic capabilities and strategic management," *Strategic Management Journal* 18, vol. 7, pp. 509-533 (1997).
- ⁷ On the scarcity of skills, see Karl Ulrich Mayer and Heike Solga, eds., *Skill Formation - Interdisciplinary and Cross-National Perspectives* (Cambridge: Cambridge University Press, 2008). On the global and digital era, see Tobias Schulze-Cleven, Bartholomew C. Watson and John Zysman, "How Wealthy Nations Can Stay Wealthy: Innovation and Adaptability in a Digital Era," *New Political Economy* 12, vol. 4, pp. 451-475 (2007).
- ⁸ For a review of the skills required at workplaces in today's service-heavy economy, see Frank Levy and Richard J. Murnane, *The New Division of Labor – How Computers are Creating the Next Job Market* (Princeton: Princeton University Press, 2004): The authors describe the need for the abilities to independently acquire more knowledge, to engage in complex interpersonal communication and to autonomously develop solutions to encountered problems. For a review of how vocational education systems have been adapted in the service-heavy economy, see Cathie Jo Martin and Jette Steen Knudsen, "Varieties of Capitalism and Service Sector Training" (Paper presented at the Council of Europeanists semi-annual meeting, Chicago, 30-31 March 2006).
- ⁹ On the "education gospel," see W. Norton Grubb and Marvin Lazerson, *The Education Gospel: The Economic Power of Schooling* (Cambridge: Harvard University Press, 2004).
- ¹⁰ For recent reports in the United States, see National Commission on Adult Literacy, *Reach Higher, America – Overcoming Crisis in the U.S. Workforce* (New York: Council for Advancement of Adult Literacy: Report of the National Commission, June 2008); National Center on Education and the Economy (NCEE), *Tough Choices or Tough Times – The Report of the New Commission on the Skills of the American Workforce* (San Francisco: John Wiley & Sons, 2007); National Research Council, *Research on Future Skill Demands – A Workshop Summary* (Washington, DC: The National Academies Press, 2008); Ron Haskins, Harry Holzer and Robert Lerman, *Promoting Economic Mobility by Increasing Postsecondary Education* (Washington, DC: Economic Mobility Project – An Initiative of The Pew Charitable Trust, 2009); Hans Johnson and Ria Sengupta, with Patrick Murphy, "Closing the Gap: Meeting California's Need for College Graduates," Public Policy Institute of California (PPIC), 2009; Sara Goldrick-Rab, Douglas N. Harris, Christopher Mazeo and Gregory Kienzl, "Transforming America's Community Colleges: A Federal Policy Proposal To Expand Opportunity and Promote Economic Prosperity," Metropolitan Policy Program, The Brookings Institution, Washington, DC. For a rather different take, see Charles Murray, *Real Education – Four Simple Truths for Bringing America's Schools Back to Reality* (New York: Crown Forum, 2008).
- ¹¹ See, for example, Kirsten S. Wever, "Mutual Learning with Trade-Offs," In *Labor, Business, and Change in Germany and the United States*, Kirsten S. Wever, ed. (Kalamazoo: W.E. Upjohn Institute for Employment Research, 2001). Since its founding in 1983, AICGS has played an active role shaping the discourses that have allowed for mutual policy learning between the United States and Germany. AICGS publication include *Skills for the 21st Century*, Conference Report, American Institute for Contemporary German Studies, Washington, DC: The John Hopkins University, 1997; as well as Pepper D. Culpepper and David Finegold, eds., *The German Skill Machine: Sustaining Comparative Advantage in a Global Economy* (New York: Berghahn Books, 1999). For reflections, see Justin J.W Powell, "Learning from Transatlantic Models in Skill Formation in Europe and the United States," American Institute for Contemporary German Studies, 2009.
- ¹² For a pivotal contribution to the American debate, see Stephen F Hamilton, *Apprenticeship for Adulthood: Preparing Youth for the Future* (New York: Free Press, 1990).
- ¹³ For some reflections, see Tobias Schulze-Cleven and Conny Davidsen, "Gegen den Brain Drain des Wissenschaftlichen Nachwuchses: Reformvorschläge zur Hochschulpolitik in Deutschland," *Forschung und Lehre* 7, pp. 404-405 (2007).
- ¹⁴ For media attention in the United States, see Bruce Stokes, "Jobless, the Danish Way," *National Journal*, 4 March 2006; Jeffrey Stinson, "Denmark: A unique Mix of Welfare, Economic Growth," *USA Today*, 5 March 2006. Denmark featured prominently in cross-national project on low-wage work, see Niels Westergaard-Nielsen, ed., *Low-Wage Work in Denmark* (New York: Russell Sage Foundation, 2008).
- ¹⁵ According to numbers from the EU for 2003, 80 percent of workers aged 25-64 and 42 percent of the unemployed participated, which strongly contrasts with only 41 percent and 14 percent EU-wide. See Eurostat, "Lifelong Learning in Eu-

rope,” *Statistics in Focus* 8 (2005). Using more narrow measures, the OECD uses and reports participation rates in non-formal, job-related continuing education and training activities of 35 percent for the unemployed and 47 percent for the employed. According to OECD calculations, a Danish worker will on average receive 930 hours of training throughout his/her lifetime, way ahead of all other OECD countries and compared to, for instance, 475 hours in the United States and 400 hours in Germany.

¹⁶ Økonomi- og Erhvervsministeriet, *Danmark in den Globale Økonomi. Konkurrenceredegørelsen* (Copenhagen: Schultz, 2006), 169. According to OECD calculations, a Danish worker will on average receive 930 hours of training throughout his/her lifetime, way ahead of all other OECD countries and compared to, for instance, 475 hours in the United States and 400 hours in Germany, see OECD, *Education at a Glance. OECD Indicators 2006* (Paris: OECD, 2006), 334.

¹⁷ OECD calculations, cited in Mogens Lykketoft, “The Danish Model – A European Success Story.” Mimeo, 2006.

¹⁸ Peer Hull Kristensen and Jonathan Zeitlin, *Local Players in Global Games: The Strategic Constitution of a Multinational Corporation* (Oxford: Oxford University Press, 2004).

¹⁹ Frank Dobbin and Terry Boychuk, “National Employment Systems and Job Autonomy: Why Job Autonomy is High in the Nordic Countries and Low in the United States, Canada and Australia,” *Organization Studies* 20, vol. 2, pp. 257-292 (1999).

²⁰ Lorenz, Edward and Antoine Valeyre, “Organisational Innovation, Human Resource Management and Labour Market Structure: A Comparison of the EU-15.” *Journal of Industrial Relations* 47, vol. 4, pp. 424-442 (2005).

²¹ Økonomi- og Erhvervsministeriet, *Danmark in den Globale Økonomi. Konkurrenceredegørelsen* (Copenhagen: Schultz, 2006), 170.

²² Martina Dieckhoff, “Does it Work? The Effect of Continuing Training on Labour Market Outcomes: A Comparative Study of Germany, Denmark, and the United Kingdom,” *European Sociological Review* 23, vol. 3, pp. 295–308 (2007).

²³ Eurobarometer1, *The Future of Europe* (Brussels: The European Commission, 2006).

²⁴ Cathie Jo Martin, “Reinventing Welfare Regimes,” *World Politics* 57, vol. 1, pp. 39-69 (2004). One should really add, third, that Denmark shows how continuing training can be a realm in which the involvement of unions can have highly positive effects: Danish unions have strongly pushed the training agenda.

²⁵ Data by TNS Infratest quoted in Ingo Rollwagen, “Lifelong Learning Boosts Competitiveness and Growth: Trends and Developments required in Continuous Education until 2020,” Talking Point, Deutsche Bank Research, 26 September 2008.

²⁶ These data are taken from the website of State Secretary Klaus Brandner (www.klausbrandner.de).

²⁷ For an overview article about recent changes in German higher education, see Hanna Ostermann, “‘Rotten at the Core?’ The Higher Education Debate in Germany,” *German Politics* 11, vol. 1, pp. 43-60 (2002).

²⁸ Of course, these changes have not been appreciated by everybody; see Anja Kühne, “Enttäuscht vom Bachelor,” *Tagesspiegel*, 5 May 2009.

²⁹ See, for example, the Stifterverband’s involvement with the Leuphana Professional School on continuing education (“*Quartäre Bildung*”).

³⁰ With the country’s apprenticeship system offering a declining number of places, the state has increased the number of specialized schools (*Fachschulen*) to train workers for service-sector activities. In addition, the partial erosion of the apprenticeship system offers new chances for universities, particularly the polytechnics (*Fachhochschulen*), to offer theoretically more advanced substitutes.

³¹ See University Continuing Education Association (UCEA), *The New Face of Higher Education: Lifelong Learning Trends* (Washington, DC: UCEA Publications Office, 2009). “Non-traditional students” are those learners who are in the workforce, financially independent, typically pursuing education part-time, and often responsible for dependents. The University Continuing Education Association has started a campaign on the “New Face of Higher Education” to raise public awareness (see <http://newfaceofhighered.org/>). These very different demographics are behind U.S. colleges’ leadership in offering mid-career, part-time and distance-learning programs. Responding both to worker and business demands, the country also now has a thriving for-profit university sector, see Ingo Rollwagen, “Policies for Profit and Progress? Education Policy Trends in the United States.” AICGS Issue Brief No. 19. American Institute for Contemporary German Studies, Washington, DC, 2007.

³² Education is a personal service that is subject to strong limits in productivity improvements; compare Daniel Fallon, “Die Exzellenzinitiative und das deutsche Universitätswesen” (Speech given at Ruhr University Bochum, 7 July 2008). Compare also Patrick M. Callan, “California Higher Education, the Master Plan, and the Erosion of College Opportunity” (The National Center for Public Policy and Higher Education, National Center Report 09-1, 2009).

³³ Some German analysts would add their own country.

³⁴ Barack Obama, Speech at Georgetown University, 14 April 2009; David Leonhardt, “After the Great Recession,” *The New York Times*, 2 May, 2009.

³⁵ President Obama urged every American to commit to one year of post-High School education or training, a far more re-

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alistic policy stance than the two years of college proposed by Bill Clinton in the 1990s.

³⁶ The unemployment insurance system is administered by the states according to federal guidelines. It regularly provides no protections for part-time and temporary workers. During the current recession, which has brought over 9 percent unemployment in the United States nationally and over 11 percent unemployment in California, the federal government has extended the program's eligibility periods and expanded the eligibility to part-time workers for those states accepting federal money. A paired down family and medical leave act was signed into law in 1993, see Cathie Jo Martin, Cathie Jo, "Inviting Business to the Party: the Corporate Response to Social Policy." In *Social Divide*, Margaret Weir, ed. (New York: Russell Sage Foundation Press and the Brookings Institution, 1998), 230-267.

³⁷ See "Re-training America's Workers: The People Puzzle" and "Unemployment Insurance: A Safety net in Need of Repair," *The Economist*, 30 December 2008, 29-31.

³⁸ Cathie Jo Martin, *Stuck in Neutral: Business and the Politics of Human Capital Investment Policy* (Princeton: Princeton University Press, 2000).

³⁹ According to Margaret Weir, the United States with virtually no active labor market policy of the type found in West European countries, because of the historically narrow interpretation of Keynesian ideas and to the early linkage between training and welfare. See Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton: Princeton University Press, 1992).

⁴⁰ We might even say that the traditional strengths of one country are to some extent mirrored in the weaknesses of the other, see David Finegold and Brent Keltner, "Institutional Effects in Skill Creation and Management Development in the United States and Germany," In *Labor, Business, and Change in Germany and the United States*, Kirsten S. Wever, ed. (Kalamazoo: W.E. Upjohn Institute for Employment Research, 2001).

⁴¹ Compare Hartwig Heine, Michael Schumann and Volker Wittke, eds., *Wer den Ast absägt, auf dem er sitzt, kann deshalb noch längst nicht fliegen. Innovationen zwischen institutionellem Wandel und Pfadkontinuitäten* (Berlin: Edition Sigma, 2006).

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