

## Joint statement

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# Fostering Employment and Total Hours Worked: Perspectives for France and Germany

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**F**rance and Germany are both confronted with labour market bottlenecks that limit the total volume of work in the economy. While they face similar challenges – such as boosting labour force participation and improving job quality – their labour markets differ in key structural dimensions, leading to divergent policy priorities. To achieve higher employment of better quality, each country will need to implement a tailored mix of policies, targeting its specific weaknesses. In some cases, the policy levers required are similar; in others, they differ significantly due to institutional and demographic differences. This policy brief rests on a systematic comparison of labour market participation between France and Germany to identify the most relevant margins for reform and the levers that could support convergence towards stronger employment outcomes in both countries.

This policy brief presents the key stylized facts and policy recommendations that can be drawn for France and Germany.

### Key take-aways

- France exhibits 100 hours of work per adult inhabitant less than Germany. This is entirely due to lower employment rate of both young and old. Germany instead has lower hours per worker, which is mostly due to low hours worked by women with high prevalence of part-time jobs.
- Priority should be directed towards fostering better and quicker integration of younger individuals into the labour market, by strengthening vocational training but also all levels of the education and training system. This would guarantee an integration in the labour market while still within the education system.
- Fostering employment of older workers has been a relative success, notably in Germany, with recent increases in employment. But there is still substantial room for improvement, notably for allowing more workers who are healthy to continue labour market participation. Continuous efforts in reforming pension systems into improving incentives for longer working life and adapting rules of Unemployment Insurance to avoid any incentives towards premature retirement are called for.
- Fostering employment of women into full-time jobs is an imperative for both providing increased

skilled labour and reducing gender inequality. Provision of adequate childcare and high-quality early education is a public investment yielding high returns.

- Finally, we recommend additional efforts to foster employment and productivity of lower skilled individuals, notably for the still too large group of NEETs, which exhibit low labour market participation even after age 30.

Our analyses build on extensive work by [Bozio et al. \(2025\)](#),\* who updated previous work by [Blundell et al. \(2011, 2013\)](#). Using harmonized survey data, the authors examine employment and hours worked over the past 55 years in France, Germany, the United Kingdom, and the United States. They provide detailed analyses of employment patterns and working hours across sub-groups of workers – by gender, age, and education level – over time. Their work identifies room to increase hours worked in both countries, along with relevant policies to achieve this, and contributes to the reflection on the gradual harmonisation of labour markets in both countries.

*This policy paper is one of a series of five short action-oriented policy memos that have been prepared to inform the Franco-German Council of Ministers on 29 August 2025 at the request of the French and German leaders, by independent economists of both countries, under the auspices of the Franco-German Council of Economic Experts (FGCEE). The memos were coordinated by Xavier Jaravel, (LSE, Co-Chair FGCEE), Jean Pisani-Ferry (Bruegel, Co-Initiator), Monika Schnitzer (LMU Munich, Co-Chair FGCEE) and Jakob von Weizsäcker (Saarland, Co-Initiator).*

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## 1. Motivation: Why should we care about employment and hours worked?

The objective to raise employment and hours worked is often grounded in the overall aim to increase national income and reach full employment for the potentially active population. Nonetheless, aiming to increase the overall amount of work is by no means straightforward. Work is a personal choice and people approach this choice differently, based on highly diverse capabilities, preferences, and needs. Leisure time, as well as income, contribute to individual welfare. Why, then, should we question the total amount of work being done in France and Germany? There are two main reasons for this.

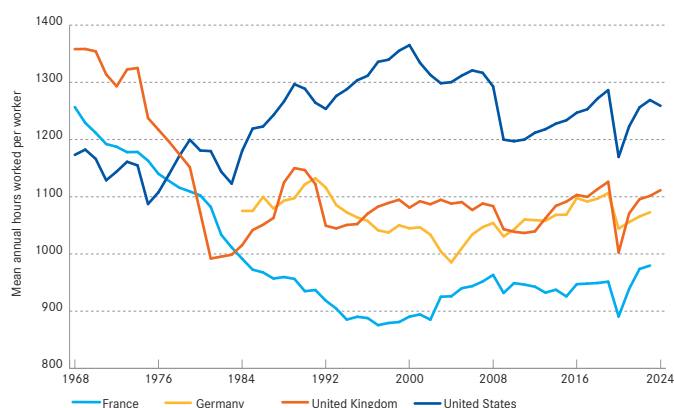
First, labour supply choices can generate externalities—that is, effects on other actors that are not taken into account by individuals when making decisions. These externalities can take many forms, but fiscal externalities are among the most important due to the crucial role of labour taxes in funding state expenditures and social protection. Through their labour supply choices, individuals indirectly affect the total revenues used to finance public services and social transfers. Additionally, total revenues will be affected by limited potential economic growth resulting from demographic change, characterized by population ageing and a shrinking share of working-age individuals.

Second, there may be frictions, barriers, or other inefficiencies in the labour market that prevent certain individuals or groups – such as women or low-skilled youth – from working, or from working as much as they would like to. These barriers may include disincentives in the tax- or transfer system or a lack of public childcare. In such cases, the overall level of employment does not reflect individuals' true preferences, which underscores the need to examine how to alleviate these obstacles. Moreover, preferences expressed for example in surveys may be affected by restrictive conditions, if they adjust, e.g. to social desirability, lack of childcare or financial disincentives.

## 2. Hours worked: the extensive and intensive margins

In order to disentangle the effects that could potentially influence the number of total hours worked in different countries, it is useful to start by looking at the hours worked per person (aged 16-74 years old). In the early 1970s, France had similar levels of total hours worked per person as the United States, while data for Germany – available from 1984 – show an intermediate position between the two. Since then, trends have diverged, with the US maintaining high levels of total hours worked per person. In 2023, the average number of total hours worked per person was 990 in France and 1,070 in Germany. For comparison, the United Kingdom records a similar level to Germany, at 1,100 hours, while the United States stands out with an average of 1,270 hours per person.

Figure 1. Total hours worked per person (1968-2023)



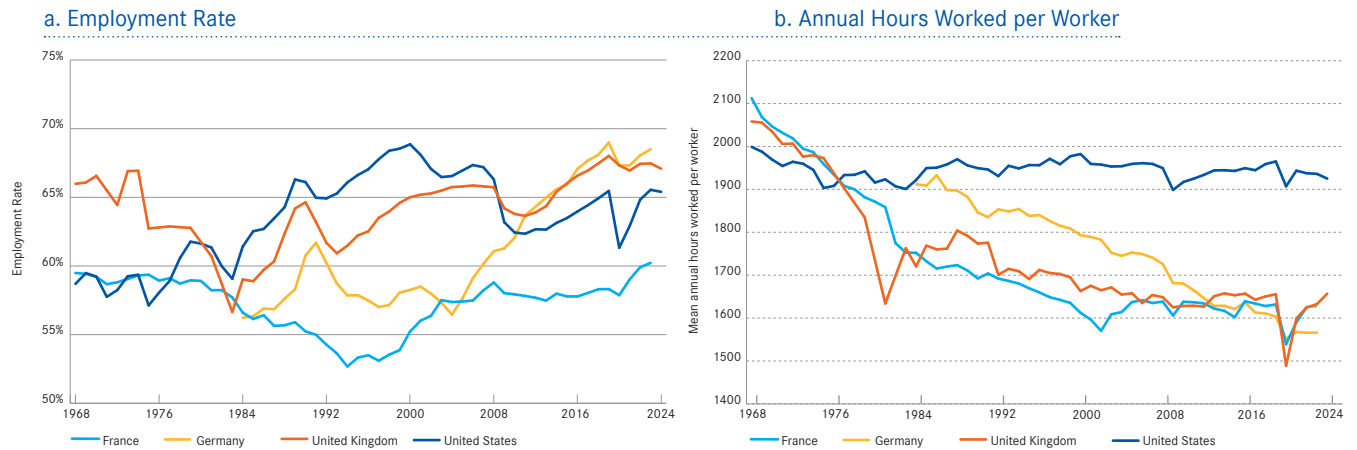
Note: Average number of hours per year, estimated for the population aged 16-74.

Source: Labour surveys (France, UK, Germany), population survey (US), author's calculations.

The 80-hour gap between France and Germany is entirely attributable to a lower employment rate in France (the extensive margin, see Figure 2.a), rather than to differences in hours worked among those employed (the intensive margin, see Figure 2.b). Both in Germany and in France, hours worked per worker have declined continuously, leading to a decline of total hours worked.

However, this latter observation hides large heterogeneity across groups, with more part-time work in Germany, notably for women, and a lower number of hours worked for full-time workers in France. Even within sectors, there is significant heterogeneity at the intensive margin. In Germany, average working hours are lower in the tertiary sector, reflecting the widespread incidence of part-time employment. However, the overall impact on aggregate working hours is limited, as the tertiary sector accounts for a smaller share of employment in Germany than in France.

Figure 2. Employment Rate and Annual Hours Worked per Worker (1968-2023)



Source: Labour surveys (France, UK, Germany), population survey (US), author's calculations.

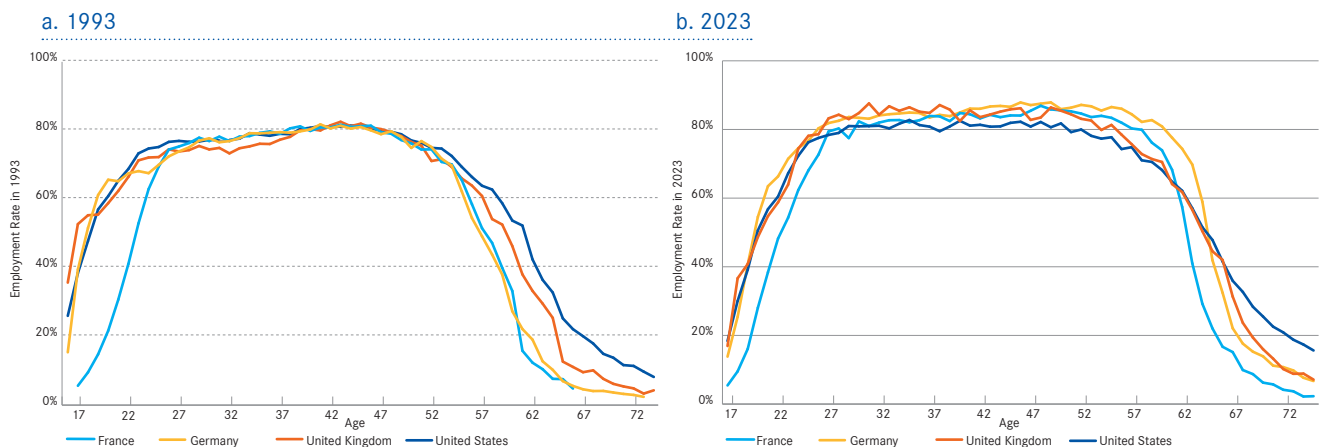
### 3. France: low overall employment rate is entirely driven by low employment rates of young and older workers

Among individuals aged 30 to 54, employment rates in France and Germany were broadly similar in 1993 and 2023 (see Figure 3). In 2023, France consistently exhibited lower employment rates for both younger (16-29) and older (55-74) individuals. The latter was not always the case, as employment rates of older individuals in France were similar to those in Germany in 1993.

#### Seniors (55-74)

In 1993, both France and Germany had lower employment rates among people aged 55 and over compared to the United Kingdom and the United States. However, successive labour market and pension reforms have likely contributed to the increase in the employment rate of individuals aged 55 to 60 in both countries – with Germany now surpassing the UK and the US. For those above 65, however, the US still has a higher employment rate. France still lags significantly behind when it comes to the employment rate of those aged 60 and over. In the future, the employment rate among French seniors aged 60–64 is set to increase with the gradual phase-in of recent pension reforms (Bozio et al. 2025).

Figure 3. Employment Rate, by Age (1993 and 2023)



Source: Labour surveys (France, UK, Germany), population survey (US), author's calculations.

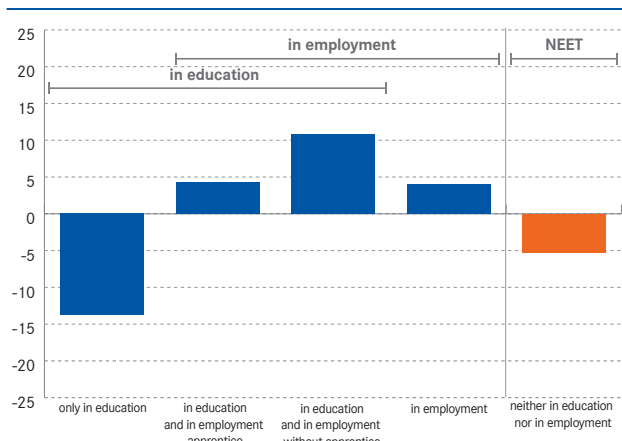
## Young people (16-29)

In Germany, young people participate more actively in the labour market than in France, whether through employment alone or by combining work with education (see [Figure 4](#)). Indeed, the strong increase of labour market participation of young people in Germany over the last ten years is mainly due to students also engaging in paid work ([Hellwagner and Weber 2025](#)). In contrast, France has a significantly larger share of young people exclusively in education – 14 percentage points higher than in Germany. More concerning is the higher proportion of NEETs – young people who are not in education, employment, or training – (in orange), which in France is around 5 percentage points above the German level.

Young people in France exhibit an employment rate 15 percentage points lower than their German peers two years after completing their education at age 18 (see [Figure 5.a](#)). Even among those with higher levels of education, the transition into employment typically takes one to two years longer (see [Figure 5.b](#)).

The faster integration of young graduates into the labour market in Germany may be attributed to its distinct vocational training system, which combines theoretical education with hands-on work experience and integrates young people into firms already during their education. A potential explanation for the comparatively smoother transition of graduates with academic degrees into employment is the high proportion of students engaged in part-time work during their studies (see [Figure 4](#)). Acquiring practical experience alongside academic education and developing professional networks are factors that can positively influence subsequent labour market entry ([Demir et al. 2024](#)). The growing prevalence of dual study programs

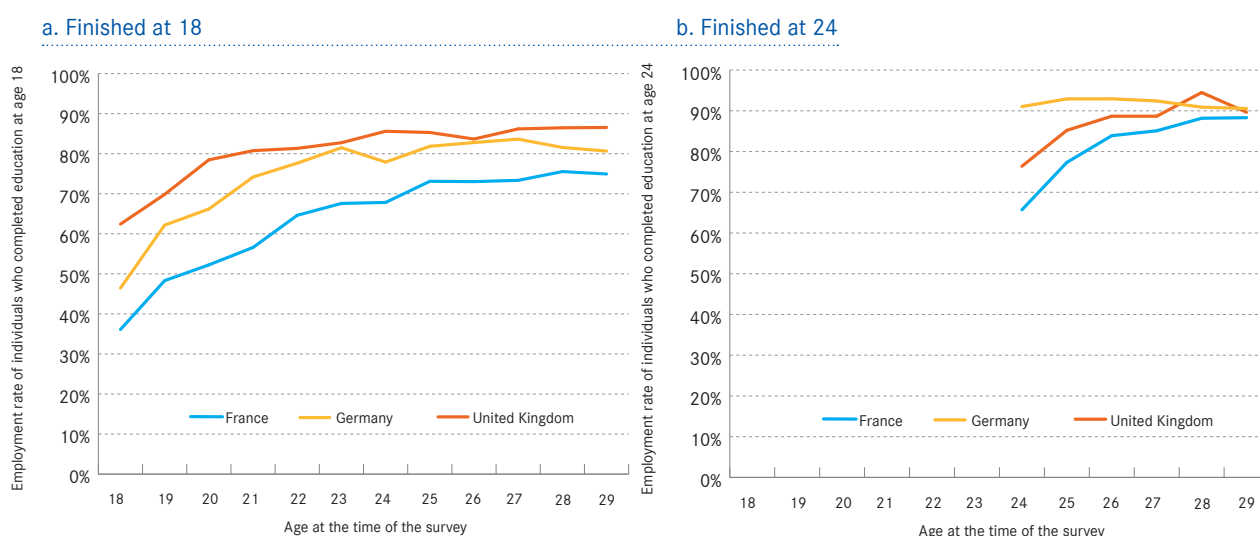
Figure 4. Difference in the Share of Young People in Employment and/or Education between Germany and France in 2023 (pp)



Source: Labour surveys (France, Germany), author's calculations.

may also contribute to this development in Germany ([Ostermann and Patzina 2019](#)). While the number of students in Germany has increased significantly over the years, the relative importance of vocational training has declined. At the same time, the share of individuals without formal vocational qualifications has grown. Nearly 75% of this increase can be attributed to compositional effects stemming from high levels of immigration. However, younger cohorts of German citizens have also contributed to this development ([Hellwagner et al., 2025](#)).

Figure 5. Youth Labour Market Integration by Age of School Leaving



Source: Labour surveys (France, UK, Germany), author's calculations.

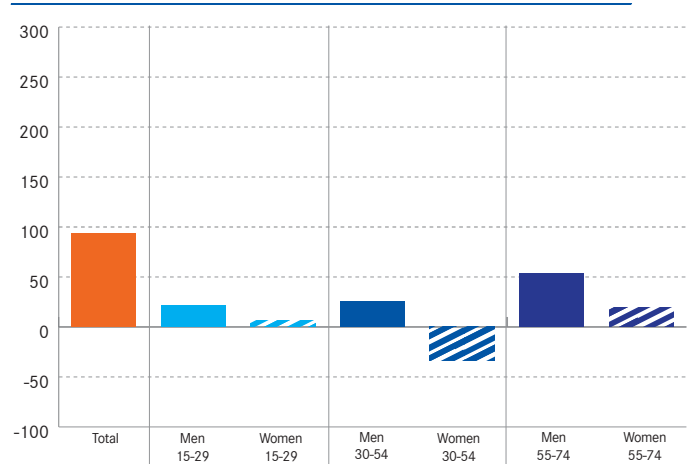
#### 4. Germany: low working hours are mainly due to part-time working women

Over the past 20 years, the rise in hours worked per person in both France and Germany has been largely driven by women. This trend reflects a long-term increase in female labour market participation, particularly between 1970 and 1990 in France and between 1980 and 1990 in West-Germany as well as between 1991 and 2020 in Germany after German reunification. This overall increase in hours worked per woman is mostly explained by rising educational attainment. Women with tertiary education work significantly more hours than those with less than upper secondary education—around three times as much in France and twice as much in Germany. When controlling for education, the number of hours worked per woman has remained stable over time.

In 2023, French women aged 16–29 and 55–74 work slightly fewer hours than their German counterparts, mainly due to lower employment rates (see [Figure 6](#)). In contrast, women aged 30–54 in France work more hours than those in Germany – primarily because they work longer hours when employed (intensive margin). The fewer hours worked by German women aged 30 to 54 are a well-documented fact. While their participation rate has increased considerably, they find it difficult or unattractive to work long hours. Possible explanations are the limited availability of childcare, mostly for children under the age of three, and disincentives created by the tax and transfer system ([Bick & Fuchs-Schündeln, 2018](#); [Bick, 2016](#)).

Despite the progress made, substantial gender disparities remain. Women still participate less in the labour market,

Figure 6. Decomposition of the Difference in Hours Worked per Capita between Germany and France in 2023, by Age and Gender Groups

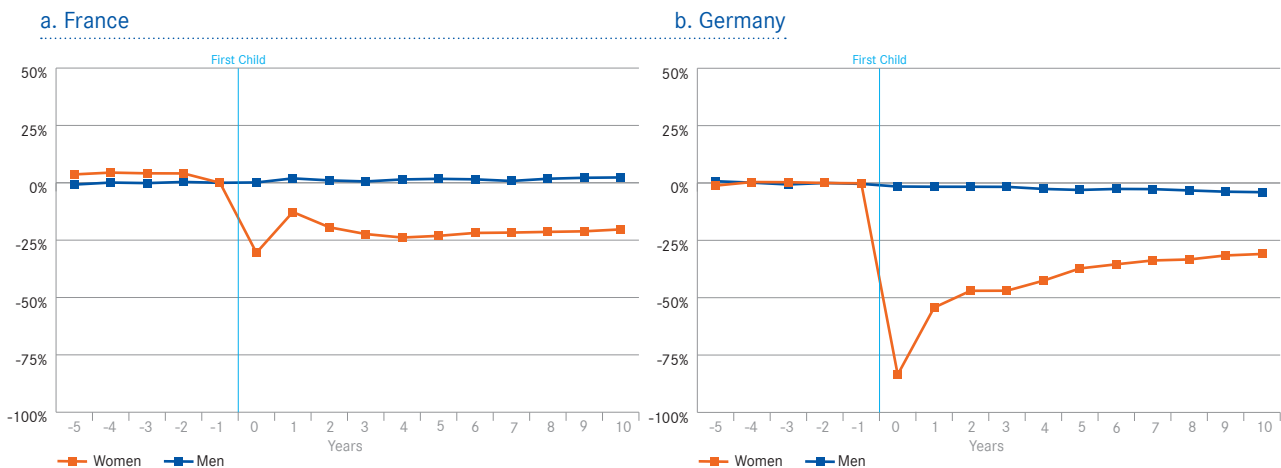


**Note:** The Figure breaks down the difference in the number of hours worked between Germany and France, according to the relative contributions of sub-groups of population. The sub-groups are defined by gender and age category (16–29, 30–54, 55–74).

**Source:** Labour surveys (France, Germany), author's calculations.

interrupt their careers more often, and are significantly more likely to work part-time – especially among the least qualified. These gaps often emerge and widen after childbirth. There exists a substantial “child penalty”: the arrival of a child leads to a decline in women’s participation and a reduction in hours worked, whereas fathers’ employment patterns remain largely unchanged (see [Figure 7](#)). In France, women’s employment rate falls 25% behind men’s employment rate after having children. The penalty is even larger in Germany, reaching 41%. The child penalty accounts for 89% of the gender gap in employment rate in France, and 97% in Germany. The gender pay gap behaves similarly, being initially low for young people but rising sharply in their thirties.

Figure 7. Change in Employment Rate of Men and Women Relative to Two Years Before the Birth of their First Child



**Note:** The Figure illustrates the percentage impact of child birth on employment rates over time for each gender. These impacts are measured relative to event time  $t = -2$ , which represents the year before pregnancy.

**Source:** Luxembourg Income Study (LIS), calculations of Kleven et al.(2023).



## 5. France: negative contribution to working hours from low-skilled workers

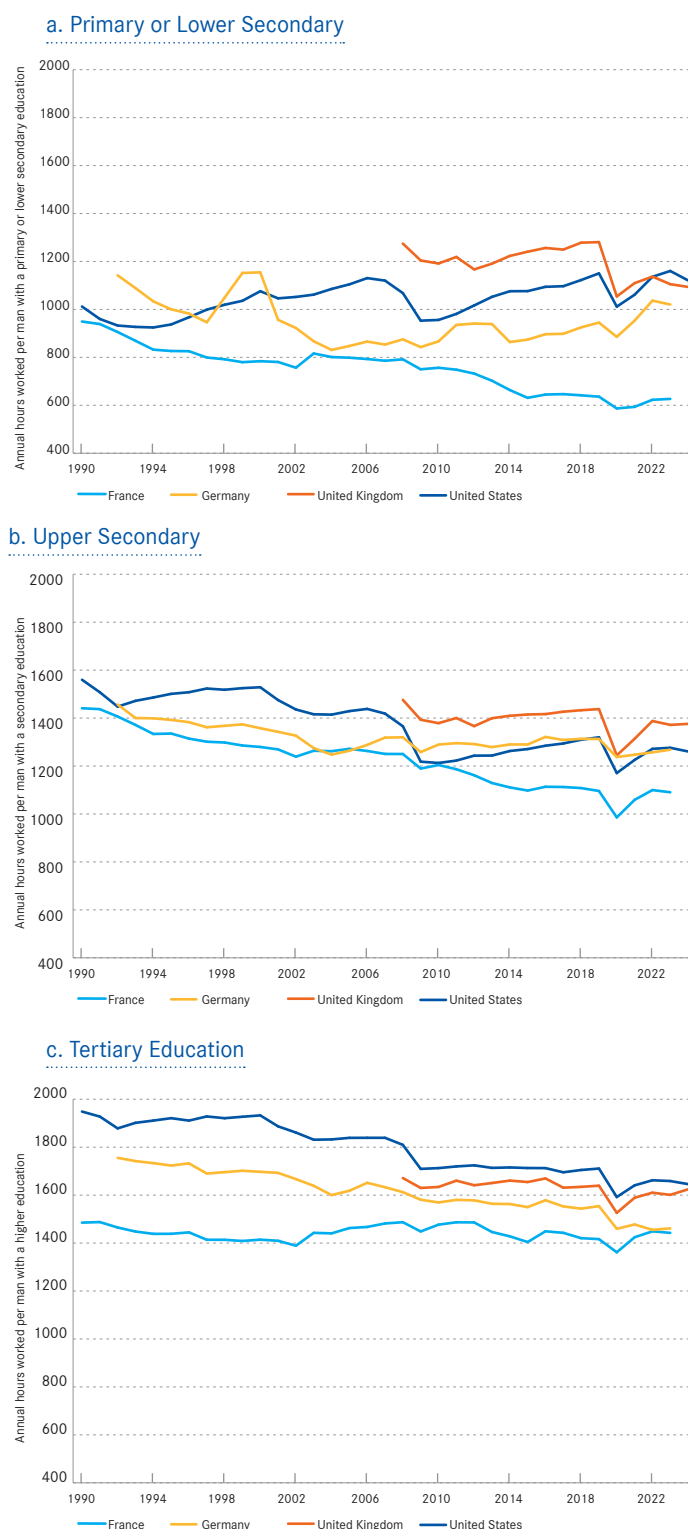


Another important dimension worth examining is the different evolution of working hours among low- and high-skilled workers in France and Germany.

In France, the increase in total hours worked over the last 30 years has been driven mainly by the most educated workers. In contrast, the total number of hours worked by low-skilled individuals has plummeted, particularly among men. Over the past 30 years, total hours worked by low-skilled individuals have fallen by 27% (see [Figure 8.a](#)). Today, individuals with only primary or lower secondary education average fewer than 500 hours of work annually (see [Figure 8.a](#)), compared to over 1,300 hours for tertiary-educated individuals (see [Figure 8.c](#)). This collapse cannot be attributed solely to demographic shifts – with older workers comprising a growing share of the low-skilled category. Even after accounting for age, the decline persists and is largely driven by falling labour market participation, not shorter working hours among those employed. These findings point to a structural detachment of low-skilled individuals from the labour market in France, affecting both men and women and raising important questions for labour market and social policy.

In Germany, total hours worked among low-skilled individuals have increased since the late 2000s – a clear contrast to the decline observed in France (see [Figure 8.a](#)). However, in terms of levels, total hours worked by low-skilled individuals in Germany still fall short compared to countries like the United Kingdom and the United States. Despite similar current levels, France and Germany have taken contrasting paths in the evolution of working hours among tertiary educated individuals (see [Figure 8.c](#)). In Germany, hours worked for highly qualified individuals have steadily declined. This effect is particularly pronounced in the 30–54 age group, whose contribution to total working hours is strongly negative in Germany – unlike in the UK and US, where it remains stable, or in France, where it is positive ([Bozio et al. 2025](#)). A likely explanation is the rise in part-time work, which is most pronounced in Germany.

Figure 8. Hours Worked per Person, by Level of Education



Source: Labour surveys (France, UK, Germany), population survey (US), author's calculations.

## 6. Recommendations to strengthen labour supply in France and Germany

Germany and France face comparable labour market challenges – including the integration of young and low-skilled workers, increasing female and older workers' participation, and boosting productivity through training and mobility. However, structural conditions and reform needs differ in key respects and call for country-specific approaches. The following section discusses both shared and divergent policy options for addressing these challenges in Germany and France.

### Recommendation 1. Improving labour market integration of young people through qualification

Facilitating a timely and effective school-to-work transition remains a major structural challenge in France, particularly for young people with limited qualifications (see Figure 5). Here, Germany can offer an example to follow with strong vocational training integrated into firms, which facilitates entry in the labour market. But even in Germany a key concern is the growing share of young people in the labour force without vocational training – a group that, on average, faces slower integration into the labour market (see Figure 5). While both countries face critical challenges related to youth labour market entry, the nature of these challenges differs, calling for tailored policy responses in each context.

In Germany, tailored career guidance and stronger company outreach via local partnerships and social media can help to counter the growing share of young people without vocational qualifications. In addition, modular and low-threshold training can ease access to qualifications. For migrants, key measures include accelerated recognition of vocational qualifications, targeted upskilling, and language support.

In France, apprenticeship enrolment increased sharply from 448,000 in 2013 to 1,043,000 in 2024, following the 2018 reform (Dares 2025). However, this growth mainly benefited young individuals with higher levels of education, as the share of apprentices without higher education qualifications increased from 15% to 36% between 2012 and 2024, despite low-skilled individuals being those who may benefit the most from (pre-)apprenticeships in terms of employability (Holtmann et al. 2021). We recommend focusing public resources on apprenticeships and pre-apprenticeships to support the labour market integration of low-qualified youth (Cahuc et al. 2013). We also recommend fostering training outside basic skills, training younger workers into using recently developed technologies,

like AI, or digital tools, likely to increase productivity in the future.

However, public resources can only be used effectively if training outcomes are systematically monitored. A key prerequisite is the systematic tracking of graduates as they enter the workforce, to assess which training pathways lead to successful integration and quality jobs. Publishing simple metrics – such as employment rate and prospective earnings – would help young people make more informed choices about their education and training, while also enabling policymakers to identify which programmes deliver the best outcomes. Beyond data collection, the challenge lies in producing a clear assessment and in ensuring it translates into effective policy change. Building on this evidence, a more performance-based approach could be considered. For example, in the case of apprenticeships, one lever could be to adjust subsidies and employer contributions based on the apprentice's education level and labour market outcomes (Cahuc and Ferracci 2014), illustrating a broader strategy of aligning training provision with employment performance.

### Recommendation 2. Increase labour supply of older people by reducing incentives for early retirement and gradually adjusting retirement ages

France and Germany, like most European countries, have experienced increasing life expectancies. In order to deal with ageing in an adequate way, labour markets need to adapt to longer working lives. In France, employment among older individuals remains limited and lags behind that of other developed countries, despite an increase in the last decade. Therefore we strongly recommend encouraging and enabling the continued employment of individuals close and after retirement age who are willing and able to work. However, boosting employment of these individuals differs from raising employment among younger workers, as health tends to deteriorate more rapidly with age. The feasibility and efficiency of extending working lives vary widely across individuals, depending on health, job type, and personal circumstances (Danesh et al. 2025). One-size-fits all policies are unlikely to be effective given the heterogeneity of individual circumstances of this population. This calls for targeted reforms that focus on those most likely to continue working and least vulnerable (Giupponi and Seibold 2024). For instance, one can maintain early retirement for individuals with disability and health issues, while increasing the normal age for most workers. Policies that make it easier to work while claiming partial pensions can also foster increased labour market participation at older age.

For Germany, a step forward would be to further reduce incentives for early retirement in the pension system. For



instance, access to early retirement without any deductions for people with at least 45 years of contributions to the pension system should be abolished or limited to low-income earners ([GCEE 2023](#); [Kolsrud et al. 2024](#)). Instead of relying on early retirement, policies should promote job transitions even at older ages (see recommendation 4). Given the demographic challenges, severance payments and early retirement schemes should not be used as tools to reduce employment, but rather reallocation within or between firms should be facilitated. If policy-makers want to maintain this policy, supplements could be paid if work continues and the early pension is not claimed ([Kindermann and Weber 2025](#)).

A key element for keeping up labour force participation at older ages are continued increases in the statutory retirement age. The statutory retirement age acts as an important reference point for the socially accepted timing of retirement ([Seibold, 2021](#); [Reck and Seibold, 2022](#)). Raising this threshold can therefore have a direct impact on the actual retirement age, encouraging longer labour force participation. One way to achieve this is to link the statutory retirement age to further gains in life expectancy. In Germany, this adjustment could be implemented from 2031 onwards, once the current gradual increase of the retirement age to 67 has been completed. This should be complemented by a strategy to ensure that people in physically demanding jobs are in due time developed into related activities where longer employment is possible ([Weber 2025](#)). At the same time, strong reference points can also discourage employment beyond the statutory age. These hurdles should be removed. For example, employment contracts should not automatically terminate at the statutory retirement age, but instead continue unless explicitly ended by either party ([Weber 2025](#)).

Furthermore, deductions applied to early retirement in all other cases should be calculated based on actuarial principles. In Germany, current deductions do not adequately reflect the longer duration of pension payments, and make early retirement relatively attractive. In France, the pension system provides a premium/discount system under the general scheme, which explicitly links the amount of the pension to the retirement age, in order to approach actuarial neutrality more closely. These mechanisms have contributed to increasing employment after age 60 ([Cahuc et al., 2016](#)) but remain poorly known: they should be more visible and understandable to individuals.

Unemployment insurance also plays a key role in shaping incentives around retirement. Specific provisions, such as longer benefit durations for workers aged 55+ and schemes extending benefits until full-rate retirement, can influence the timing of labour force exit ([Daudey and](#)

[Rasia, 2024](#)). To reduce the risk that unemployment benefits act as a bridge to retirement, one option would be to align the maximum benefit duration for those aged 55+ with that of other workers, and to abolish the extension of benefit payments from the statutory retirement age until the age of full pension entitlement ([Cahuc et al., 2016](#)). More broadly, pension and unemployment insurance systems should be designed together to avoid disincentives and promote continued participation in the labour market among older workers.

### Recommendation 3. Increasing female labour supply through childcare expansion and structural reforms

Increasing female labour force participation represents a considerable reservoir for total employment. This is especially true for Germany, which can take the example of France in promoting full-time work of women. The economic and social gains from a better allocation of talent within the economy are of the highest order. Recent work by the CAE estimated that gender inequalities in the labour market amounts to economic costs of around 10 percentage points of GDP ([Auriol et al. 2024](#)).<sup>1</sup>

Therefore, we recommend for both countries the introduction of a fully-fledged public childcare service for children under the age of three, combined with information campaigns on long-term costs of the child penalty. To promote a more equal sharing of parental responsibilities from the earliest months of a child's life and reduce the career penalties associated with motherhood, the duration of compulsory paternity leave should be extended ([Auriol et al. 2024](#)). With regard to education, to strengthen the teaching of mathematics and science to girls, we recommend implementing an ambitious plan to increase the representation of girls in scientific fields (teacher training, role models) This would likely increase not only labour participation of women in general, but also have a positive effect on labor productivity (see Policy Brief on Productivity and Growth by [Aghion et al. 2025](#)). In addition, we advocate more transparency regarding salaries and the share of women in executive and managerial positions.<sup>1</sup>

German specific barriers need to be addressed to increase women's participation in the labour market. To enable more women with children to fully participate in the labour market, work disincentives for secondary earners created by the tax and transfer system should be abolished. This includes a reform of the current system of joint income taxation. In the social insurance system, dependent coverage for non-working spouses without childcare obligations

<sup>1</sup> Information asymmetries between men and women are at the heart of the observed differences in negotiations. Through an experiment on an online recruitment platform, [Roussille \(2024\)](#) shows that informing women about the level of salary demands made by similar men reduces the salary gap to zero.

who are granted free access to public health insurance and long-term care insurance through their partner's contributions should be abolished. A first step would be a reform of the marginal employment in “minijobs”, which are largely exempted from social insurance contributions and the wage tax and prevent women from extending their work hours beyond the mini job limit. Work incentives for secondary earners could be strengthened further through a reform of widows' pensions, with a shift from traditional survivor benefits to a pension splitting that equalizes entitlements between spouses. Foreign women are among those with the lowest labour force participation. Stronger integration efforts, family-based language support and the right to full-time kindergarten care could improve the situation. While we recognize that social norms may play an important role in framing the labour market attachment of mothers of young children, we stress that both the availability and quality of early education are important to improve conditions for women considering to pursue a full-time career along with caring for young children.

#### **Recommendation 4. Strengthen labour supply and productivity among low-skilled workers**

In the early 2000s, France and Germany had similar levels of hours worked per person among low-skilled workers – albeit slightly higher in France, at 632 and 598 hours respectively in 2003. However, the labour supply of low-skilled workers in both countries has diverged over time. By 2023, low-skilled workers in Germany worked around 300 more hours annually than those in France with 488 hours in France compared to 785 in Germany. This divergence was particularly pronounced among low-skilled men, where the gap widened to 400 hours (see [Figure 8](#)). In Germany, the increase in working hours of low-skilled workers was likely driven by comprehensive labour market reforms, favourable economic conditions and immigration. However, there is still room for improvement relative to the United Kingdom and the United States, where the 2023 averages were 1,106 and 1,160 hours, respectively.

In France, the sharp decline in employment among low-skilled individuals – beyond its impact on total employment – raises serious concerns for social cohesion and should rank high on the policy agenda. Despite its magnitude, the underlying causes remain insufficiently understood, underscoring the need for more research on the topic. That said, several findings already point to areas for action. First, the timing of the decline suggests that it is unlikely to be driven by labour costs or minimum wage levels. The drop has occurred largely over the past 15 years, during which differences in the cost of low-skilled labour have narrowed considerably relative to Germany or the UK – owing to reductions in employer contributions in France ([L'Horty et al. 2019](#)) and rising minimum wages in

Germany and the UK. Nor does the trend appear to stem from the generosity of unemployment benefits, as differences in employment outcomes are largely due to lower labour force participation among the low-skilled, rather than higher unemployment rate ([Bozio et al. 2025](#)). More plausibly, the root causes lie in the high share of NEETs, their limited integration into the labour market, and persistent discrimination that continues to exclude them from employment.

As a result, we recommend tackling the issues of NEETs as a priority agenda, in both countries, with an added emphasis here for France. This relates to the specific issues of young non employment (see Recommendation 1) with a more specific focus on low-skilled individuals. There is robust evidence showing that early education interventions (high quality pre-school, primary school education) have lasting effects in particular for children with low socio-economic background. There is hence a strong case for strengthening investment in early education to reduce the onset of young children and youths lacking minimal sets of qualifications, likely leading to NEETs. Participation in continuing education should be raised, especially for low-skilled workers who face higher barriers to learning ([GCEE, 2022, 2025](#)). Job-related training remains unevenly distributed across education levels. In 2022, high-skilled workers were significantly more likely to receive training than low-skilled workers, highlighting persistent disparities in training opportunities across occupational groups ([INSEE, 2024](#)). Low-threshold advisory services can address uncertainty about the benefits of training, combined with improvements in the financial accessibility of training programmes.

At the regional level, establishing qualification networks and labour market hubs can facilitate transitions between companies. In such hubs, companies that are reducing their workforce connect with those actively seeking employees. For example, in Germany, the hub “Rheinisches Revier” was established to accompany the regional structural change resulting from the phase-out of coal-fired power generation in Western Germany. Ideally, this allows workers to move directly into new employment without an interim period of unemployment, enabling job-to-job transfers and preventing labour market detachment. In addition to social factors like family ties, the interregional mobility of workers is limited by the availability of housing and rising living costs in urban areas ([GCEE, 2024, Pole Emploi, 2019](#)).

In addition, to further increase labour market participation and working hours among low-skilled individuals, work incentives in the German as well as the French transfer system could be strengthened. In the current transfer systems, low-income households receiving transfer payments are often locked in a low-income trap, where taking up work or increasing working hours offers little or no financial gain. A key reform priority should be to simplify the

benefit systems by consolidating existing transfer payments into a single transfer payment and reducing withdrawal rates. This would reduce administrative complexity and could increase job acceptance and working hours among low-skilled individuals ([Bargain et al. 2017](#), [GCEE 2023](#), [Bruckmeier and Weber 2025](#))

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