

Lessons from German Dual Education

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Last January, in a letter to the Davos Forum, Pope Francisco asked world leaders “not to forget the poor”. How to translate it to our reality? One of the promises of President Mauricio Macri in the electoral campaign was the future implementation of the plan *Primer Trabajo*. This plan would facilitate the labor insertion of thousands of young people. During the first five years the new employees would not pay payroll taxes, and employers would not pay employer contributions.

It is clear that lowering labor costs would increase job opportunities for those entering the labor market; however, this would not increase the likelihood of the young workers success. This column proposes an educational strategy that is a logical complement to the plan, since it would facilitate the employment of young people having acquired the specific human capital required to grow successfully in the labor world: the German dual education system.

In the so-called dual system of education, originally from Germany, many students spend a significant amount of time in their workplace, even before they graduate from high school. Although based on older traditions, it formally dates from 1969. Two thirds of the German youths, not interested in, or qualified for, university sign up for a program in which they work for a firm that teaches relevant skills while spending the rest of their time in a school. There are currently some 350 recognized professions.

Through the learning process, a student increases the training time in the company and reduces the time in the school. Usually, the young workers perceive during this period near a third of the salary received by an employee at the start of his working live. Of course, the participating companies obtain financial incentives from the German government.

Moreover, companies often provide training at their own expense because they believe that this is the best way to meet their need for skilled staff, saving on recruitment costs and avoiding the risk of hiring the wrong employee for the job. At present, they bear nearly two-thirds of the total costs spent every year on vocational training. The main benefit for trainees is receiving market-relevant training that improves their chances in the labor market.

As mentioned in a note to *The Economist*, in June 2013, Ursula Von Der Leyen, at that time Germany’s Labor Minister: “The two European Union countries with the lowest unemployment, especially among the young, have dual-education systems: Austria and Germany. Like Switzerland, they have a tradition of combining apprenticeships with formal schooling for the young, so that education is always tied to demand”.

In the European Union more than 5,000,000 people under 25 are unemployed, with their unemployment rate reaching 50% in Spain and Greece. Both countries, as well as Italy, Portugal, Latvia and Slovakia have sought to improve the transition from high school to the professional world, focusing their attention on the dual system.

Interest has spread beyond Europe; examples of this are China, India, Russia and Vietnam, who have signed cooperation agreements with the government of Germany, and the State of Minnesota in the US. In that State a legislation was sanctioned in 2014, usually known as Minnesota PIPELINE (Private Investment, Public Education, Labor and Industry Experience), from which employers create apprentice positions in their companies and pay for on-the-job training while the state funds tuition grants for

classroom instruction. In this case, the participants enter the program after finishing high school.

Last November 22nd, *Forbes Magazine* published an article entitled: “Why German-style education is coming to America?” It is based on the testimony of Terri Bonoff, a member of the Minnesota Senate, who proposed the legislation to help to solve the disconnection between the skills of young people in Minnesota and the needs of businesses.

Senator Bonoff says that: “The PIPELINE allows students to participate in high demand pathways where they are supported by industry clamoring for talent with stipends that both pay for their hard work and invest in their academic training. This is a recipe for the future that will deliver dividends to all. The interest is huge. After one of our public meetings, I was approached by a custodian who wanted to know how he could register his son into the program,” she added that “previously employers and higher education providers were not talking. Each needed to understand the other’s perspective”.

It is clear, as is well emphasized by Dieter Euler in a paper published by the Bertelsmann Foundation in 2013, that “it is not the idea to transfer in detail the German education system. The experience shows that the dual training in Germany can be a model, but not a pattern. Anyone wishing to transfer to their country an education system from abroad should take into account the existing conditions and establish a dual system according to their own educational, social and economic objectives”.

With this caveat, the German dual system is recognized worldwide as a highly effective model for vocational training. Why not think of an appropriate adaptation to our reality to help thousands of young people, not only to find a job, which could be achieved through the Plan Primer Trabajo, but also to acquire specific human capital enabling them to grow with success in the labor world? It would be fully consistent with the message of Francisco’s letter.