

Schulze-Cleven, Tobias

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German labor relations in international perspective: a model reconsidered

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Tobias Schulze-Cleven

**German labor relations in
international perspective:
A model reconsidered**

As scholars and policymakers debate how to combine social inclusion with competitiveness under 21st-century economic conditions, the German model of labor relations is again attracting significant attention. Yet assessments of its health and economic consequences diverge greatly. For some, characterizations of “high-road” cooperation between German unions and employers not only remain valid, but social partnership in such areas as workers’ skill acquisition and the allocation of human resources has remained a key source of Germany’s recent economic successes, from growing export surpluses to falling unemployment.¹ In this positive reading, German practices remain a role model worthy of emulation abroad. For others, cracks in the foundation of social partnership have deepened, with the continued erosion of old practices leaving inherited labor relations institutions functionally exhausted.² According to these skeptics, this reorientation has played an important role in creating economic imbalances across Europe. Moreover, reforms in other countries based on templates inspired by German experiences now threaten the well-being of populations in the continent’s periphery.³

This review article clarifies ongoing debates about German labor relations and illuminates their significance for theorizing the political economy of wealthy democracies. It demonstrates how four different narratives about German practices from the late-20th century continue to shape contemporary disagreements about these practices’ evolution. While these older interpretations of the German model have been updated, their original assumptions about particular structural effects remain at the heart of current disputes, frequently hiding as much as they reveal. This article argues that it is time to move beyond inherited abstractions and focus more on the contemporary agency of labor relations actors. Such an approach reveals new insights about how actors adapt as they seek to manage growing tensions between economic development and social citizenship.

1 David B. Audretsch and Erik E. Lehmann, *The Seven Secrets of Germany: Economic Resilience in an Era of Global Turbulence* (Oxford, 2016); Alexander Reisenbichler and Kimberly J. Morgan, “From ‘Sick Man’ to ‘Miracle’: Explaining the Robustness of the German Labor Market During and After the Financial Crisis 2008-09,” *Politics & Society* 40, no. 4 (2012): 549–579

2 Christopher S. Allen, “Ideas, Institutions and the Exhaustion of Modell Deutschland?” *German Law Journal* 5, no. 9 (2004): 1133–1154; Anke Hassel, “The Erosion of the German System of Industrial Relations,” *British Journal of Industrial Relations* 37, no. 3 (1999): 483–505; Herbert Kitschelt and Wolfgang Streeck, “From Stability to Stagnation: Germany at the Beginning of the Twenty-First Century,” *West European Politics* 26, no. 4 (2003): 1–34; Jeremy Leaman, *The Political Economy of Germany under Chancellors Kohl and Schröder: Decline of the German Model?* (New York, 2009); Wolfgang Streeck and Anke Hassel, “The Crumbling Pillars of Social Partnership,” *West European Politics* 26, no. 4 (2003): 101–124; Lowell Turner, ed., *Negotiating the New Germany: Can Social Partnership Survive?* (Ithaca, 1997)

3 Klaus Dörre, *The German Job Miracle: A Model for Europe?* (Brussels, 2014); Bob Jessop, “Variegated Capitalism, das Modell Deutschland, and the Eurozone Crisis,” *Journal of Contemporary European Studies* 22, no. 3: 248–260; Steffen Lehndorff, “Model or Liability? The New Career of the ‘German Model’?” *Divisive Integration: The Triumph of Failed Ideas in Europe – Revisited* ed. Steffen Lehndorff (Brussels, 2015), 149–178

The analysis proceeds in four steps. The first section presents a typology outlining four common ways of thinking about the “German model” of labor relations at the end of 20th century. The typology illustrates how the content, dynamics and lessons of the German model have long been contested in academic circles and in political debates. The second section discusses changes in German labor relations over the past two decades, showing how the moving context of labor relations – technological progress, neoliberal deregulation and global market integration – has shifted the distribution of power among the different labor relations actors. Public authorities, employers and workers still collectively regulate labor markets and labor processes in the workplace, but their changing patterns of mutual engagement are actively reconstructing labor relations and have produced new distributional outcomes. In Germany, the “social question” – of how to safeguard social standards in the face of changing market realities – has forcefully returned.

Section three critically evaluates how the four late-20th-century narratives about the German model have been updated to account for and explain these changes. As the analysis shows, the adjusted perspectives provide important insights on Germany and beyond, yet they are also limited by their original conceptualizations of German practices. The fourth section concludes with a call to move beyond these four narratives by more actively engaging with actors’ strategic reorientations and attempts to reimagine labor relations in Germany. Only an agential perspective is dynamic and fine-grained enough to track emerging answers to new challenges and to explain how actors arrive at these answers as they build the country’s new world of work.

Conceptualizing the German Model of Labor Relations: A Typology

Debates about German labor relations have long turned on disagreements about the particular content and dynamics of the country’s labor relations. Diverging conceptions of the “German model” have highlighted distinct features and posited different causal relationships, challenging the building of consensus on the evolution and wider relevance of German labor relations. A typology of four ways to think about the German model at the last century’s end captures these disagreements (see Table 1), contrasting analytical lenses from sociology, political science, as well as progressive and conservative political discourses. The typology draws equally from academic narratives and policy debates, because both have shaped understandings of labor relations in Germany, including their role in the country’s broader political economy and their significance for other countries. All four lenses abstract from the actual mixes of conflict and cooperation in German workplaces as they provide accounts of German institutions’ functional performance.

Table 1: Four lenses on Germany's cooperative labor relations at the end of the 20th century

Account	Motivating Concern	Analytical Focus	Causal Argument	Representative Sources
Sociological	Explore possibilities for limiting workers' exploitation under capitalism	Economically productive constraints of non-liberal institutions	Institutionalized labor power forces employers into corporate strategies based on cross-class cooperation	Streeck (1992)
Political Science	Explain national differences in economic organization	Institutions of employer-coordinated market economy with focus on specific assets	Employers' economic self-interest commits them to coordinating with each other	Hall and Soskice (2001), Soskice (1990)
Progressive	Legitimate policies seeking to achieve socio-economic equality and stability	Easing of class conflict under successful economy with high social standards	Managed social consensus and public infrastructure support win-win solutions	Albert (1993)
Conservative	Rationalize limits on government interference in the economy	Social and economic rigidities stemming from government-backed status rights	Status rights empower special interests	Siebert (1997, 2005)

Throughout the second half of the 20th century, academic analysts explored German labor relations as part of debates about the differential evolution of countries' economic affairs. Focusing on the institutional determinants of national dynamics, scholars examined particular realms of countries' broader regulatory infrastructures in detail and theorized linkages between different parts of national arrangements. This essay focuses on two academic accounts of German labor relations that have strongly influenced scholarship: one grounded in sociology and dedicated to rationalizing how West Germany was able to combine competitiveness with a high degree of social inclusion, and another one from comparative political science that leaned heavily on German experiences to define ideal-typical national varieties of economic organization. While insights from the two approaches have been productively combined, their contrasting core propositions about institutional effects and the sources of social partnership continue to sustain central fault lines in contemporary scholarship on comparative political economy.⁴

4 See, for instance, Chris Howell, Pepper D. Culpepper and David Rueda, "Review Symposium on Kathleen Thelen, *Varieties of Liberalization and the New Politics of Social Solidarity*, New York, Cambridge University Press, 2014," *Socio-Economic Review* 13, no. 2 (2015): 399–409

Politicians do not share scholars' focus on attaining a deeper understanding of social systems' causal dynamics. Instead they refer to national models to generate political advantage. Partisan comparisons of conditions at home with experiences abroad are part of the stories that policymakers formulate to appeal to electorates, sketch their visions for a better world and legitimate their plans for public strategies. Progressives have referred to German experiences to show that cooperation among companies and workers could create win-win solutions and ease class conflict. In contrast, conservatives have claimed that strong statutory social rights in Germany produced economic rigidities, which have stymied economic growth and increased unemployment. The four lenses are elaborated below.

The Sociological Lens

Grounded in classical works, the sociological perspective has long explored possibilities for limiting workers' exploitation under capitalism. In the late 20th century, it emphasized how Germany's non-liberal institutions and the power of organized labor forced the country's employers into embracing cooperation across the class divide. Associated particularly with Wolfgang Streeck's work, the account broke with conceptions of industrial relations that had either focused primarily on contractual relations (like the Oxford school in Britain) or treated industrial relations as a quasi-autonomous sub-system of the economy (as institutional economists had done in the US). Instead, this approach portrayed industrial relations as a multi-dimensional realm located at the center of national politics, where business-labor interactions revolved around employment status and produced sequential settlements of conflicts that became embedded in and sustained by changing institutions.⁵ Labor power and institutions were framed as co-constitutive. While labor turned its ability to halt production through strikes into expanded mechanisms for worker voice and social protection, the deepening institutional context strengthened labor's political clout.⁶ This institution-building not only shaped societies' capacity to enlist macro-corporatist concertation (*Konzertierung*) for Keynesian demand management, it also deeply conditioned the economy's supply side and relationships within companies.⁷

5 Wolfgang Streeck, "Revisiting Status and Contract: Pluralism, Corporatism and Flexibility," *Social Institutions and Economic Performance* (London, 1992), 41–75

6 On the institutionalization of class conflict and working-class power, see Ralf Dahrendorf, *Class and Class Conflict in Industrial Society* (Stanford, 1959)

7 In emphasizing the supply-side, the sociological narrative addressed a tension between Germany's economic success and scholarship's emphasis on the country's relatively low ability for successful Keynesian demand-side management, see Fritz W. Scharpf, *Crisis and Choice in European Social Democracy* (Ithaca, 1991)

By the 1980s, West Germany's social market economy (Soziale Marktwirtschaft) provided a remarkable institutional infrastructure for worker voice and protection, which effectively ruled out "low-road" corporate strategies that might have sought to gain competitive advantage through low costs and labor sweating. Great majorities of West German workers and even a majority of companies were covered by collective wage bargaining, far exceeding the unionization rate, which had never made it above 36 percent during the 1970s and had declined afterwards. Co-determination laws required German companies with five or more employees to hold elections and provide resources for a works council (Betriebsrat) if at least three employees demanded it, and it prescribed employee representation on supervisory boards for larger corporations. Generous social insurance for old age, health and unemployment – eldercare was added in 1994 – were co-financed by employers and administered by corporatist boards. The result was widely portrayed as "conflict partnership" (Konfliktpartnerschaft) between employers and workers, cooperative relations between two parties of significant strength that had both conflicting and shared interests.⁸

According to the sociological perspective, the institutional restrictions on employers' freedom to manage "their" human resources also proved "beneficial" for many German companies, particularly in the automobile and machine tools sectors: Managers were pushed to invest in competitive strategies built around high product quality, so-called "diversified quality production," which they use to escape the price competition typical of commodities.⁹ The country's division of responsibilities between company-level co-determination and sectoral wage-bargaining was seen to play an important role in sustaining these "productive constraints."¹⁰ With conflicts over wages externalized to negotiations between industrial unions and employer associations (and issues of poaching minimized), managers could call on loyal workers and their elected works councilors to maneuver contested terrain such as work reorganization.¹¹ The country's vocational education and training system – administered cooperatively by employers, unions and public authorities – also seemed to facilitate the production of goods that commanded a significant mark-up. Combining company-provided training on the shop floor with instruction in state-sponsored schools, the system effectively diffused standardized qualifications throughout much of the workforce.¹²

8 Müller-Jentsch, Walther, ed. 1999. *Konfliktpartnerschaft: Akteure und Institutionen der industriellen Beziehungen*. Munich: Hampp

9 Wolfgang Streeck, "Beneficial Constraints: On the Economic Limits of Rational Voluntarism," *Contemporary Capitalism: The Embeddedness of Institutions* ed. Rodgers Hollingsworth and Robert Boyer (Cambridge, 1997), 197–214

10 Wolfgang Streeck, "Productive Constraints: On the Institutional Conditions of Diversified Quality Production," *Social Institutions and Economic Performance* (London, 1992), 1–40

11 Kathleen Thelen, *Union of Parts: Labor Politics in Postwar Germany* (Ithaca, 1991); Lowell Turner, *Democracy at Work: Changing World Markets and the Future of Labor Unions* (Ithaca, 1993)

12 J. Nicholas Ziegler, *Governing Ideas: Strategies for Innovation in France and Germany* (Ithaca, 1997)

Moreover, with the system's standard of training to high and multivalent skills exceeding the needs in many workplace roles, a degree of "over-training" provided managers with flexibility in the deployment of workforces to different roles in production and facilitated workers' constructive engagement in work process innovations.

The Political Science Lens

The reading of German labor relations offered by analysts of comparative politics at the turn of the century built on the sociological account's findings, yet it focused on explaining national differences and interpreted countries' experiences through the theoretical prism of institutional economics. In the process, it theorized German employers' own interests in strong collective institutions and explored how employers used labor relations and skill formation institutions to coordinate amongst themselves. As a "firm-centric" conception of comparative political economy, the approach came to see Germany's cooperative labor relations as flowing from employers' interests in maintaining (and taking advantage of) national arrangements' comparative institutional advantage in the provision of specific assets, including labor with skills specific to companies and sectors.¹³ In contrast to the sociological lens' conception of institutions as constitutive and sustaining a particular vision for society, which Streeck has likened to a "Durkheimian" understanding, political scientists adopted a "Williamsonian" view of institutions that concentrated on their regulative functions.¹⁴

While political scientist Peter Hall and economist David Soskice characterized their reinterpretation as a theory of "varieties of capitalism" (VoC), their economic approach to markets analytically sidestepped the systemic properties of capitalism. Specifically, the VoC account contrasted two ideal-typical market economies, a liberal market-centered one and an employer-coordinated one, with Germany closely resembling the latter. Each ideal type was theorized as representing an institutional equilibrium that was grounded in strong positive economic externalities – so-called complementarities – across different realms of the economy and sustained by company strategies. While non-market coordination over the provision of specific assets was theorized to sustain incremental product innovation, the approach argued that quickly adjusting market-based institutions in liberal economies supported competitive strategies based on costs and radical innovation.

Skill investments also featured prominently in this account. Skills acquired through vocational training were defined as "specific" to the company or sector, whereas those at-

13 David Soskice, "Reinterpreting Corporatism and Explaining Unemployment: Co-ordinated and Non-co-ordinated Market Economies," *Labor Relations and Economic Performance* ed. Renato Brunetta and Carlo Dell'aringa (London, 1990), 170–214; Peter A. Hall and David Soskice, "An Introduction to Varieties of Capitalism," *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* ed. Peter A. Hall and David Soskice (Oxford, 2001), 1–68

14 Streeck contrasts two conceptions of institutions, one in line with sociologist Émile Durkheim and one influenced by transaction-cost economist Oliver Williamson. See Wolfgang Streeck, *Re-Forming Capitalism: Institutional Change in the German Political Economy* (Oxford, 2009)

tained in either higher education or on the job were theorized as “general.” Moreover, the account recast workers’ investments as rational responses to institutional incentives. Because workers in coordinated economies enjoyed protections against lay-offs and more generous unemployment insurance systems, it was safe for them to invest in specific skills despite the risk of longer unemployment in case of dismissal. Without these protections, workers in liberal economies could expect shorter tenures. Their incentive was thus to optimize their skill investments to minimize time spent in unemployment by acquiring general skills that made them marketable to a broader set of employers.¹⁵

The Progressive Political Lens

Showing some affinity with the sociological lens, progressives’ discourse about Germany cited the country as proof that the political goals of high socio-economic equality and stability were attainable. For progressives, the German experience indicated that an inclusive form of capitalism could flourish despite intensifying global economic competition, and that a strong welfare state and export success could complement – and perhaps even support – each other. Moreover, Germany’s impressive postwar record of “industrial peace” demonstrated that giving workers voice, rather than subjugating them, could reduce the frequency of both worker strikes and employer lockouts. In Germany, the Social Democrats actively promoted this interpretation when they campaigned in support of “Modell Deutschland” during the 1970s. In the United States, German labor relations and training institutions provided guidance for progressive “tales of a new America,”¹⁶ particularly during the recession of the early 1990s when commentators were looking for inspiring examples of national successes abroad.¹⁷

Frequently, progressives’ accounts did not provide a causal theory or a story about why or how a particular outcome was possible (and could potentially be replicated in a different context). That meant that such references to Germany could be quite accurate as long as the underlying data was reliable. When progressives invoked a causal theory, they emphasized that decisions arrived at through negotiation processes and supported by a “well-managed consensus” would be better at focusing on the long-term implications of particular actions. Moreover, progressives at times acknowledged the importance of sufficient public infrastructure to support these negotiation processes and their win-win outcomes.¹⁸

15 Margarita Estevez-Abe, Torben Iversen and David Soskice, “Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State, *Varieties of Capitalism* ed. Hall and Soskice, 145–183

16 Robert B. Reich, *Tales of a New America* (New York, 1988)

17 Stephen F. Hamilton, *Apprenticeship for Adulthood: Preparing Youth for the Future* (New York, 1990); Robert B. Reich, *The Work of Nations* (New York, 1991)

18 Michel Albert, *Capitalism vs. Capitalism: How America’s Obsession with Individual Achievement and Short-Term Profit Has Led It to the Brink of Collapse* (New York, 1993); Kirsten S. Wever, *Negotiating Competitiveness: Employment Relations and Organizational Innovation in Germany and the United States* (Boston, 1995); Kirsten S. Wever and Christopher S. Allen, “Is Germany a Model for Managers?” *Harvard Business Review*, September-October 1992, available at: <https://hbr.org/1992/09/is-germany-a-model-for-managers>

Yet when policymakers sought to implement lessons from Germany's "politics of the middle way" and record of "negotiated adjustment,"¹⁹ they encountered the difficulties of cross-national policy transfer.²⁰ Take, for instance, the attempts of the early Clinton administration in the United States: Seeking to actively learn from the German model, American policymakers moved to set up skill boards that could define the training profiles necessary to guide collective skill investment schemes. Yet this initiative faltered, along with other state-initiated reform efforts in healthcare and labor law, when employers remained divided between the short-term interests of large and small companies, and Republicans captured a majority in the House of Representatives during the 1994 mid-term elections.²¹

The Conservative Political Lens

Conservatives were usually quite critical of German labor relations institutions and practices, arguing that German experiences showed what not to do. Based on understandings of causality associated with neoclassical economics and public choice theory,²² moral commitments to individual responsibility²³ and skepticism of human agency,²⁴ conservatives claimed that government-backed status rights created rigidities that hinder both individual and collective adjustments to changing social circumstances.²⁵

19 Manfred Schmidt, "West Germany: The Policy of the Middle Way," *Journal of Public Policy* 7, no. 2 (1987): 135–177; John Zysman, *Governments, Markets, and Growth: Financial Systems and the Politics of Industrial Change* (Ithaca, 1983)

20 For scholarship on the limits to policy transfer, see Wade Jacoby, *Imitation and Politics: Redesigning Modern Germany* (Ithaca, 2001); R. Kent Weaver, "Transatlantic Lesson-Drawing: Utopia, Road to Ruin, or Source of Practical Advice?" *Lessons from Europe? What Americans Can Learn from European Public Policies* ed. R. Daniel Kelemen (Washington, DC, 2014), 187–209

21 Jon Logan, "All Deals Are Off": The Dunlop Commission and Employer Opposition to Labor Law Reform," *The Right and Labor in America: Politics, Ideology, and Imagination* ed. Nelson Lichtenstein and Elizabeth Tandy Shermer (Philadelphia, 2012), 276–295; Cathie Jo Martin, *Stuck in Neutral: Businesses and the Politics of Human Capital Investment Policy* (Princeton, 2000)

22 See, for instance, Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (New Haven, 1984)

23 Recent scholarship has elucidated how human cognition is deeply intertwined with morality and emotion through metaphors and narratives, leaving conservatives and progressives with very different perceptions of the complex causal relationships at work in modern societies' political economies. See Arlie Hochschild, *Strangers in Their Own Land: Anger and Mourning on the American Right* (New York, 2016); George Lakoff, *Moral Politics: How Liberals and Conservatives Think* (Chicago, 2016)

24 Conservatives regularly assume that policy reforms would be futile, have perverse consequences or jeopardize hard-won achievements. This contrasts sharply with progressives' appeal to possible synergies, the progress of history or the imminent danger associated with inaction. See Albert Hirschman, *The Rhetoric of Reaction: Perversity, Futility, Jeopardy* (Cambridge, 1991)

25 Horst Siebert, "Labor Market Rigidities: At the Root of Unemployment in Europe," *Journal of Economic Perspectives* 11, no. 3 (1997): 37–54

Just as with progressives' claims, these arguments could be found both in Germany and abroad. By the end of 20th century, conservative discourses – well known from discussions in the 1980s about contrasts between “Eurosclerosis” on one side of the Atlantic and “trickle-down” economics on the other – made a big comeback. As Germany suffered under an extremely pro-cyclical monetary policy by the newly created European Central Bank under Economic and Monetary Union, and unemployment increased to 9.2 percent in 1998 and 11.1 percent in 2005,²⁶ the country was widely perceived as the “sick man of Europe.”²⁷ The American economy looked much more impressive, particularly before the dot-com bubble burst in the early 2000s and also later when financialization fueled private consumption and the housing bubble.²⁸

Conservative German economists diagnosed Germany's erosion of competitiveness and judged the country's social security programs to be unsustainable.²⁹ In their view, not only had statutory rights sheltered workers from adjustment, the group-based cooperative decision-making under corporatism had undermined market competition, making it necessary for the country to throw off the shackles of its social welfare economy and its hallmark consensus-based approach.³⁰ In the United States, many Democrats followed Republicans in rationalizing their country's neoliberal free-market policies along conservative lines, claiming that the “flexibility” provided by easy “hiring and firing” under American “at-will” employment was superior to Europe's adjustment-inhibiting employment protections. Even the Organisation for Economic Co-operation and Development (OECD) joined the chorus against employment protections, although its own research department could not substantiate their supposed effect on unemployment levels.³¹

26 Christian Dustmann, Bernd Fitzenberger, Uta Schönberg and Alexandra Spitz-Oener, “From Sick Man of Europe to Economic Superstar: Germany's Resurgent Economy,” *Journal of Economic Perspectives* 28, no. 1 (2014): 167-188

27 Christoph Bertram, “Germany: The Sick Man of Europe?” *Project Syndicate*, September 18, 1997; *The Economist*, “The Sick Man of the Euro,” June 3, 1999

28 Greta Krippner, “The Financialization of the American Economy,” *Socio-Economic Review* 3, no. 2 (2005): 173–208

29 Horst Siebert, *The German Economy: Beyond the Social Market* (Princeton, 2005)

30 Norbert Berthold and Rainer Hank, *Bündnis für Arbeit: Korporatismus statt Wettbewerb* (Tübingen, 1999)

31 Organisation for Economic Cooperation and Development, *The OECD Jobs Study: Facts, Analysis, Strategies* (Paris, 1994). Moreover, many politically-charged cross-national comparisons took little notice that higher reported rates of economic growth for the US than for Europe stemmed in large part from biases in statistical measurements. Rates were often not normalized to per-capita changes, and the US data relied on a different system for calculating service outputs, which inflated growth estimates in the US as compared to Europe. See Jochen Hartwig, “On Spurious Differences in Growth Performance and on the Misuse of National Account Data for Governance Purposes,” *Review of International Political Economy* 13, no. 4 (2006): 535–558

It took until the Global Financial Crisis of 2007-08 and the Great Recession for the conservative lens to become less influential and German strengths to again be widely appreciated. In marked contrast to other rich democracies, German unemployment declined in the face of global turbulence, with the unemployment rolls dropping from about five million in 2005 to less than three million over the course of a few years and remaining there for the first half of the next decade.³² The next section reviews the domestic changes associated with this turnaround.

The Evolution of German Labor Relations

Transformations in the labor relations environment have left a strong mark on the regulation of work in Germany. Many of these contextual changes – such as technological progress, neoliberal deregulation and global market integration – are shared with other wealthy democracies, while the integration of the former Communist East is specific to Germany.³³ Compared to only a couple of decades ago, employers have increased control over employment relationships, labor standards and work conditions.³⁴ As labor power weakened – with union membership falling to little more than 18 percent – the distribution of incomes in Germany has gradually shifted from labor to capital. As had occurred in the United States a couple of decades earlier, wage increases in Germany have been decoupled from productivity growth, with the result that the wage share of GDP fell by 3.9 percent per decade during the 1990s and early 2000s.³⁵ While it still stood at 73 percent of GDP in the early 2000s, it dropped to 65 percent by 2007, before recuperating to 69 percent more recently.³⁶

In the same vein, the distribution of wages has become more unequal as wages at the lower end and in services stagnated for much of the 1990s and early 2000s. While wage growth at the very top has not matched levels in the United States, rising salaries for executives and the highly qualified also contributed to wage differentiation.³⁷

32 Statistisches Bundesamt, Statistisches Jahrbuch 2016: Deutschland und Internationales (Wiesbaden, 2016), 365

33 Wendy Carlin, Anke Hassel, Andrew Martin and David Soskice, “The Transformation of the German Social Model,” *European Social Models from Crisis to Crisis: Employment and Inequality in the Era of Monetary Integration* ed. Jon Erik Dølvik and Andrew Martin (Oxford, 2015), 49-104; Tobias Schulze-Cleven, “Collective Action and Globalization: Building and Mobilizing Labour Power,” *Journal of Industrial Relations* 59, no. 4 (2017): 397–419

34 Lucio Baccaro and Chris Howell, “A Common Neoliberal Trajectory: The Transformation of Industrial Relations in Advanced Capitalism,” *Politics & Society* 39, no. 4 (2011): 521–563

35 International Labour Office, *Global Wage Report 2010/11* (Geneva, 2010)

36 Thomas Haipeter, “Lohnfindung und Lohnungleichheit in Deutschland,” *IAQ-Report 2017/01*, Institute for Work, Skills and Training, University of Duisburg-Essen, 4

37 Karl Brenke and Alexander S. Kritikos, “Hourly wages in lower deciles no longer lagging behind when it comes to wage growth,” *DIW Economic Bulletin* No. 21/2017, Berlin; Haipeter, “Lohnfindung und Lohnungleichheit”; Till van Treeck, “Inequality, the Crisis, and Stagnation,” *European Journal of Economics and Economic Policies: Intervention* 12, no. 2 (2015): 158–169

After income inequality increased faster in Germany than in any other OECD country, the country's GINI coefficient of market-generated inequality of pre-tax and pre-transfer income became roughly equal to that of the liberal United States. In addition, the "standard" employment relationship has been in retreat. Only half of all jobs in services now offer the protections associated with regular open-ended employment, and even in manufacturing – where, according to some measurements, less than twenty percent of the workforce now works – the standard employment relationship's share has fallen from 87.5 percent in 1995 to 78 percent in 2013. Fixed-term employment has spread particularly in low-end services, where it stood at just below ten percent in 2012 (compared to just below six percent in manufacturing). In manufacturing, employment through temporary work agencies has become an important feature (at three times the share of low-end services).³⁸

Both German employers and public authorities have actively contributed to strengthening market forces, capitalist accumulation and institutional liberalization. Employers' contribution can be documented by tracking shifts in their approach to collective bargaining, including both disengagement from collective regulation and attempts to shift the locus of bargaining from the sector- to the company-level. In 2016, 68 percent of companies in the former West Germany and 70 percent in the former East operated without collective agreements, either sectoral or company-wide. Compared to two decades earlier, the share of workers covered by sectoral collective bargaining fell from 70 percent to 51 percent in the West, and from 56 percent to 36 percent in the East. In the private sector, the shares of workers covered by collective bargaining above the company-level are down to 46 percent in the West and 29 percent in the East. (Including company-level agreements adds an additional 8 percentage points in the West and 11 percentage points in the East to collective bargaining coverage rates.) Employer associations have accommodated such flight from collective bargaining by creating organizations and memberships that come without the once-mandatory requirement of adhering to collectively bargained contracts, so-called OT (ohne Tarifvertrag) setups.

The other pillar of the country's dual employment relations system – works councils – has also become less solid. Among larger companies with more than 500 employees, the institutionalization of worker voice at the workplace remains impressive, with well over 80 percent of workers and companies in West Germany, and even more than 90 percent of both workers and companies in the East having works councils. Yet, only 9 percent of all companies

38 Baccaro and Benassi, "Throwing out the Ballast," 22

eligible for works councils, i.e. companies with 5 or more employees, feature such company-level collective representation of workers, which leaves 57 percent of workers in the West and 66 percent in the East without it. In terms of exposure to both a sectoral collective bargaining agreement and a works council, 36 percent of workers in the West and 47 percent in the East have neither, and only 27 percent of workers in West Germany and 14 percent in East Germany are now covered by both elements of the dual system.³⁹

Shifts in the locus of bargaining down from the sector- to the company-level prominently include so-called “social pacts” between management and works councils, which have frequently traded job guarantees for lower wages. At least initially, around the turn of the century, these pacts sat uneasily with sectoral collective bargaining agreements. They frequently raised questions about labor law’s collision rule (Günstigkeitsprinzip), which only allows local agreements at workplaces to break with higher-level agreements if they are objectively more beneficial to the individual employee.⁴⁰ Local agreements have also been subject to concession bargaining. As technological change reduced the importance of workers’ skills for the production of high-quality goods, companies were able to leverage expanded production abroad – including in lower-cost Eastern Europe – to play individual plants against each other by having them compete for the next contract. Sometimes, the mere threat of relocation proved powerful enough to get workers to provide concessions. By now, opening clauses in collective agreements have become a standard feature of the bargaining repertoire. Building on mechanisms introduced for the local setting of working time, which became important in the context of implementing unions’ demands for working-time reductions in the mid-1980s, the issue of pay derogation has grown in importance. About 10 percent of all companies bound by a sectoral agreement seem to be tapping into sanctioned opportunities to pay less than is stipulated in the collective bargaining agreement.⁴¹

State authorities have taken steps to support the strengthening of market forces in the allocation of labor. An early move in this direction was the political decision during the 1970s to allow unemployment to rise so that it could dampen inflationary pressures. Yet, this reorientation retained counterweights, including the expansion of “make-work” schemes in the early 1990s that were geared to help society cope with the shock of unification.

39 All numbers on collective bargaining and works councils are taken from Peter Ellguth und Susanne Kohaut, “Tarifbindung und Betriebliche Interessenvertretung: Ergebnisse aus dem IAB-Betriebspanel 2016,” WSI Mitteilungen 4/2017: 278–286

40 Britta Rehder, *Betriebliche Bündnisse für Arbeit in Deutschland: Mitbestimmung und Flächentarif im Wandel* (Frankfurt, 2003); Thilo Fehmel, *Konflikte um den Konfliktrahmen: Die Steuerung der Tarifautonomie* (Wiesbaden, 2009)

41 Peter Ellguth und Susanne Kohaut, “Öffnungsklauseln – Instrument zur Krisenbewältigung oder Steigerung der Wettbewerbsfähigkeit?” WSI Mitteilungen 6/2014: 439–449

At the end of the 20th century, federal authorities shifted clearly toward liberalization, calling on the social partners to provide more flexibility in collective bargaining and attempting to use concertation – from “Chancellor Rounds” (Kanzlerrunden) under Helmut Kohl to the “Alliance for Work” (Bündnis für Arbeit) led by Gerhard Schröder – to push employers and unions in this direction. With record unemployment in the early 2000s, a coalition government of Social Democrats and the Greens eventually implemented far-reaching statutory changes against union opposition under the banner of “Agenda 2010.”

The Hartz reform laws (I–IV) passed as part of this reform agenda affected all three areas of employment policy – active, passive and labor law – as they thoroughly revised the state’s approach to the labor market, from asserting public priorities in the governance of the Federal Employment Agency to reducing the generosity of provisions for the long-term unemployed.⁴² Initially, the Hartz reform laws’ implementation was associated with rising unemployment, not least due to putting many of the long-term unemployed back into the official statistics. Most importantly, the reforms opened up “flexible” employment categories, including making limited part-time employment (“mini-jobs”) more attractive to employers and lifting restrictions on temporary employment. This quickly shifted the composition of employment. As companies tapped into expanded opportunities for human resource management, Germany swiftly caught up with neighboring countries in terms of the prominence of temp agency work or temporary contracts, often at the cost of reductions in the number of permanent jobs.⁴³

These national-level initiatives have had their European-level counterparts in extensive interpretations of the European Union’s fundamental freedoms and competition law. As the European Commission and the European Court of Justice (ECJ) have sought to ensure the rights of free movement and non-discrimination for companies and workers, the principles of company law have increasingly trumped those of national labor law, undermining inherited approaches to labor relations and strengthening market forces in setting social standards.⁴⁴ For instance, the ECJ ruled in 2007 that workers posted by a company from one EU member state to work in another are not subject to the receiving country’s collective bargaining agreements: Only the home country’s collective bargaining agreements apply, as do the receiving country’s statutory regulations.

42 Anke Hassel and Christof Schiller, *Der Fall Hartz IV* (Frankfurt, 2010); Oliver Nachtwey, “Market Social Democracy: The Transformation of the SPD up to 2007,” *German Politics* 22, no. 3 (2013): 235–252

43 Markus Promberger, *Topographie der Leiharbeit: Flexibilität und Prekarität einer atypischen Beschäftigungsform* (Berlin, 2012)

44 Martin Höpner, “Grundfreiheiten als Liberalisierungsgebote? Reformoptionen im Kontext der EU-Reformdebatte,” Discussion Paper 17/10 (2017), Max Planck Institute for the Study of Societies, Cologne; Martin Höpner, “Warum betreibt der Europäische Gerichtshof Rechtsfortbildung? Die Politisierungshypothese,” *Sozialer Fortschritt* 59, no. 5 (2010): 141–151

Countries interested in maintaining standards within their borders were thus forced to become more activist by extending collectively bargained minimum wage provisions in particular sectors or by introducing a country-wide minimum wage, both of which Germany has done.⁴⁵

Together, these private and public adjustments in labor market – and labor relations – regulations have had a deep impact on macro-economic dynamics in Germany and Europe. As the purchasing power of German workers declined and social programs were curtailed, domestic consumption has come to contribute little to economic growth. Instead, the country's reduced labor cost base made exports increasingly cost-competitive and left economic growth to rely almost exclusively on expanding export surpluses.⁴⁶ In some labor-intensive activities, the effects of reforms were far-reaching. Meat-processing, for instance, morphed from being a net importer of meat to a net exporter as the share of regular employment contracts was reduced to levels as low as 20 percent (and usually below 50 percent) of workers and as temporary, often foreign, workers came to provide an increasing share of labor in the sector.⁴⁷ The mainstays of German exports – the machinery and transport equipment sectors – also benefited, albeit largely through lower input prices for labor-intensive domestic services.⁴⁸ Yet, given that tradable manufacturing makes up about 80 percent of German exports, the sector's improved competitiveness has been most consequential for the overall economy.

Importantly, the country's ever-greater reliance on export-led growth is not the only mechanism through which adjustments in Germany's labor relations fed the international economic imbalances that precipitated the Eurocrisis and now fuel conflict with the United States. Money that public authorities did not spend on curtailed welfare programs and that companies saved through lower wage increases has not translated into increased domestic investments. While business equipment investment has at least been maintained, public investment and private construction investment have been weak by both comparative and historical standards.⁴⁹

45 Deborah Mabbett, "The Minimum Wage in Germany: What Brought the State In?" *Journal of European Public Policy* 23, no. 8 (2016): 1240–1258

46 Lucio Baccaro and Chiara Benassi, "Throwing out the Ballast: Growth Models and the Liberalization of German Industrial Relations," *Socio-Economic Review*, published online before print on December 24, 2016, DOI: 10.1093/ser/mmww036

47 Bettina Wagner and Anke Hassel, "Posting, Subcontracting and Low-Wage Employment in the German Meat Industry," *Transfer* 22, no. 2 (2016): 163–178

48 Input prices are so important, because the value added in manufacturing is only about a one-third of the end product's value. See Dustmann et al., "From Sick Man of Europe to Economic Superstar," 173

49 Recent low construction investment is closely related to the post-unification boom. Jan Prieue and Katja Rietzler, "Deutschlands nachlassende Investitionsdynamik 1991-2010," Friedrich-Ebert-Stiftung, Bonn, December 2010; Fabian Lindner, "A Shortage of Private Investment in Germany?" *International Policy Analysis*, Friedrich-Ebert-Stiftung, Berlin, 2014

As companies sought higher returns and public authorities focused on austerity, both the corporate and the public sectors have become net savers. Companies' retention of profits moved them into surplus as early as 2002, and the public sector followed a few years later.⁵⁰

Growing shares of German savings in turn flow out of the country, with destabilizing effects on other countries' economies. For instance, German savings fueled the unsustainable construction boom and financed government borrowing across Europe's Southern rim during the early 2000s.⁵¹

Given these developments, the "social question" – of how to safeguard social standards in the face of changing market realities – has forcefully returned in Germany. The character of both policies and politics now starkly departs from the "social democratic" 20th century, and it is unclear how to square economic development with commitments to social citizenship.⁵² As labor power has declined, the last century's approach to the social question – stable employment (at least for male bread-winners), steadily rising wages and expanding fiscal transfers through the welfare state – has come under pressure, and so have the labor relations that these broader commitments framed.⁵³ Moreover, new social needs have arisen from changing gender roles, shifting family structures and increased immigration (to name but a few), which are insufficiently addressed by ongoing institutional liberalization.⁵⁴

Yet, there is little clarity among either scholars or policymakers about how to engage with this predicament. While both German politicians and the labor movement have prompted occasional discussions about the reemergence of the social question, there is little agreement on either its elements or the most promising answers.⁵⁵

50 Van Treeck, "Inequality, the Crisis, and Stagnation." The corporate sector's surplus position seems to be strongly influenced by the high share of family-owned businesses seeking to accumulate wealth within the company. Politically, the public sector's surplus position has been supported by the introduction of new rules providing a "debt break" (Schuldenbremse)

51 Wade Jacoby, "Surplus Germany," Working Paper No. 8/2017, Transatlantic Academy, Washington, DC

52 Ralf Dahrendorf, *Ein neuer Dritter Weg? Reformpolitik am Ende des 20. Jahrhunderts* (Tübingen, 1999)

53 Robert Castel, *From Manual Workers to Wage Laborers: Transformation of the Social Question* (New Brunswick, 2003)

54 Melinda Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism* (New York, 2017)

55 Heiner Geissler, *Die Neue Soziale Frage* (Freiburg, 1976); Jürgen Hoffmann, Reiner Hoffmann, Ulrich Münkenberger and Dietrich Lange, eds., *Jenseits der Beschlußlage: Gewerkschaft als Zukunftswerkstatt* (Cologne, 1990); Jürgen Rüttgers, "Bildung: Die neue soziale Frage," *Aufbruch in der Bildungspolitik: Roman Herzogs Rede und 25 Antworten* ed. Michael Rutz (Munich, 1997), 214–226

Both within Germany and in international reflections, many new approaches are discussed, from new visions for a welfare state built around the idea of social investment to proposals for minimum income guarantees.⁵⁶ For a while, education was touted as the core of new answers to the social question that would emphasize increasing individual capabilities.

Yet, education-centered approaches have frequently not delivered what they promised, not least because of increasingly neoliberal forms of education provision.⁵⁷ More fundamentally, it is hard to move forward with answers without agreeing on where labor relations in Germany and other countries stand. As the next section illustrates, updated variants of the four 20th-century lenses on German labor relations provide contrasting readings of how German labor relations have changed, what these changes mean, and how these changes should be addressed.

56 Arthur Daemrich and Thomas Bredgaard, "The Welfare State as an Investment Strategy: Denmark's Flexicurity Policies," *Oxford Handbook of Offshoring and Global Employment* ed. Ashok Bardhan, Cynthia A. Kroll and Dwight M. Jaffee (Oxford, 2013), 159–179; Wolfgang Schröder, *Vorsorge und Inklusion: Wie finden Sozialpolitik und Gesellschaft zusammen?* (Berlin, 2012)

57 Gordon Lafer, *The Job Training Charade* (Ithaca, 2002); Robert Salais, "Work and Welfare: Toward a Capability Approach," *Governing Work and Welfare in a New Economy: European and American Experiments* ed. Jonathan Zeitlin and David M. Trubek (Oxford, 2003), 317–344. Tobias Schulze-Cleven and Jennifer R. Olson, "Worlds of Higher Education Transformed: Toward Varieties of Academic Capitalism," *Higher Education* 73, no. 6 (2017): 813–831

The Limitations of Updated Lenses on Germany

All four narratives about the German model have been adjusted to account for the changes reviewed in the last section, yet they remain constrained by their original conceptualizations of German practices. Relying on assumptions about particular structural effects, they share a tendency to view challenges as narrower and German arrangements as more coherent than they actually are. This leaves them to at times hide as much as they reveal. Moreover, among the two academic accounts, long-standing differences in conceptualizing the sources and processes of cross-class cooperation have produced diverging accounts of institutional change.

The Sociological Lens

Many sociologists find the old German arrangements exhausted, overtaken by changing circumstances and undermined by insufficient institutional renewal.⁵⁸ According to this lens, while national institutions were once able to contain global capitalism's negative tendencies, capitalist structures have reasserted themselves over and above the constraints of democratic decision-making.⁵⁹ This capitalist power grab – conceptualized as *Landnahme* in a prominent return to Rosa Luxembour's theorizing of capitalism – has spread the capitalist logic of decision-making into areas of society that were once out of its reach.⁶⁰ Less interested in explaining remaining national differences, sociologists and their fellow travellers explore how this transformation across national systems has diminished the importance of national differences.⁶¹ For instance, across countries, reforms aimed at labor market “activation” have turned workers into entrepreneurs of their own human capital (*Arbeitskraftunternehmer*).⁶² Similarly, the financial sector has been liberalized across the globe.⁶³

58 Streeck, *Re-Forming Capitalism*, 126–146

59 For a paradigmatic statement, see Wolfgang Streeck, *Buying Time: The Delayed Crisis of Democratic Capitalism* (London, 2014). This assessment is shared by prominent economist Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge, 2014)

60 Klaus Dörre, Stephan Lessenich and Hartmut Rosa, *Sociology, Capitalism, Critique* (London, 2015)

61 Kozo Yamaura and Wolfgang Streeck, eds., *The End of Diversity? Prospects for German and Japanese Capitalism* (Ithaca, 2003)

62 Dörre et al, *Sociology, Capitalism, Critique*; G. Günter Voß and Hans J. Pongratz, “Der Arbeitskraftunternehmer: Eine neue Grundform der Ware Arbeitskraft?” *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 50, no. 1 (1998): 131–158

63 Andrew Glyn, *Capitalism Unleashed: Finance, Globalization, and Welfare* (Oxford, 2007)

Given sociologists' relational perspective on the regulation of the workplace, they have had a relatively easy time analytically accommodating shifts in German institutions and practices. For them, diminished labor power logically translates into decreased cooperation, both across class boundaries and among employers, in turn producing fewer benefits for the majority of workers. If institutions are not reproduced and updated over time, their power to force and facilitate employers' cooperation with labor will naturally weaken. Moreover, within institutions, if unions lose their ability to restrict labor supply through strikes and other strategies, they will eventually become too weak to back up their demands with the necessary force.

For sociologists, this is what has happened in Germany as unions' organizational density declined and employers' leverage strengthened.⁶⁴ While employers and unions continue to cooperate, be it in less encompassing – and substantively decentralized – collective bargaining or in increasingly differentiated vocational education, today's "partnership without conflict" proceeds largely on employers' terms.⁶⁵ In this reading, employers now face so little resistance from unions that companies and their government allies do not need to try to break them through the type of showdown that Britain experienced in the early 1980s. In other words, unions are so weak and pliable that they simply go along with what employers want.

According to this reading, the unleashing of capitalist forces has created an unstable system that suffers from five – worsening – disorders: declining growth, oligarchy, the starvation of the public sphere, corruption and international anarchy.⁶⁶ Looking forward, some sociologists have embarked on debates about how (and how long) a conflict-prone disembedded capitalism can sustain itself in the face of its own contradictions.⁶⁷

64 Streeck, *Re-Forming Capitalism*, 149–154; Martin Höpner, "Coordination and Organization: The Two Dimensions of Nonliberal Capitalism," Discussion Paper 07/12, Max Planck Institute for the Study of Societies, Cologne, December 2007

65 Wolfgang Streeck, "Von Konflikt ohne Partnerschaft zu Partnerschaft ohne Konflikt: Industrielle Beziehungen in Deutschland," *Industrielle Beziehungen* 23, no. 1 (2016): 47–60

66 Wolfgang Streeck, *How Will Capitalism End? Essays on a Failing System* (London, 2016)

67 David Harvey, *Seventeen Contradictions and the End of Capitalism* (Oxford, 2015); Immanuel Wallerstein, Randall Collins, Michael Mann, Georgi Derluguian and Craig Calhoun, *Does Capitalism Have a Future?* (Oxford, 2013)

But the sociological lens has some drawbacks. As instructive as this updated perspective is, it represents a 180-degree turn from its former claims about Germany, from rationalizing the taming of capitalism to describing its assertion. This raises questions about the validity and scope of the analysis, both originally and more recently. For instance, what does the perspective say about employment relations in services where great majorities of Germans have long worked, from over 50 percent in the 1980s to well over 70 percent today? As Wolfgang Streeck himself admits, the dynamics in services are frequently distinctive. In privatized public services, Streeck now diagnoses “conflict without partnership,”⁶⁸ illustrated by waves of strikes among pilots (particularly 2016), train drivers (2005–2015) and hospital doctors (2006). Shortly after five service sector unions merged to form the much larger ver.di, worker voice in many services began to fracture. High-skilled workers, in particular, have sought to leverage their growing structural power for their own benefit, including by allowing their professional organizations to adopt new roles in wage negotiations.⁶⁹ At this point, these developments remain theoretically unelaborated by the sociological approach, because its main analytical focus has remained on manufacturing.

The Political Science Lens

Rather than viewing the transformation of German institutions and practices through the connected prisms of capitalism’s strengthening and social interests’ disorganization (as sociologists tend to do), political scientists have emphasized the consequences of the shift in economic activity from manufacturing toward services and of differences in actors’ sector-based preferences. In taking this road, political scientists have selectively relaxed some assumptions in their reductionist equilibrium-based account of national diversity in order to provide a more dynamic analysis.⁷⁰ The discipline now increasingly focuses on the politics of coordination and intraclass distributional conflicts in the “knowledge economy” of “post-industrial” societies.⁷¹

68 Streeck, “Von Konflikt ohne Partnerschaft zu Partnerschaft ohne Konflikt.”

69 Wolfgang Schroeder, Viktoria Kalass and Samuel Greef, *Berufsgewerkschaften in der Offensive: Vom Wandel des deutschen Gewerkschaftsmodells* (Wiesbaden, 2012)

70 Peter A. Hall and Kathleen Thelen, “Institutional Change in Varieties of Capitalism,” *Socio-Economic Review* 7, no. 1 (2009): 7–34

71 Torben Iversen and David Soskice, “Democratic Limits to Redistribution: Inclusionary versus Exclusionary Coalitions in the Knowledge Economy,” *World Politics* 67, no. 2 (2015): 185–225; Cathie Jo Martin and Kathleen Thelen, “The State and Coordinated Capitalism: Contributions of the Public Sector to Social Solidarity in Post-Industrial Societies,” *World Politics* 60, no. 1 (2007): 1–36; Kathleen Thelen and Ikuo Kume, “Coordination as a Political Problem in Coordinated Market Economies,” *Governance* 19, no. 1 (2005): 11–42

German labor relations continue to play an important role in comparative theory development, with scholars exploring how and why German institutions have moved on a pathway of liberalization that differs from those in other countries.

The relaxing of assumptions started with acknowledgments that companies of different sizes and from different sectors have increasingly diverging interests, which in turn puts pressure on collective institutions for wage setting and skill formation.⁷² Scholars have also theorized the independent role played by the state in shoring up collective institutions in the face of erosion in both inherited forms and results of coordination.⁷³ These revisions recently culminated in Kathleen Thelen's account of how "the new politics of social solidarity" have evolved across the wealthy democracies during the past few decades.⁷⁴ For Thelen, these politics revolve around a conflict between cross-class coalitions in the manufacturing and service sector: Manufacturing employers and unions in coordinated market economies are interested in maintaining the high-coordination model organized around specific skills for the economic benefits it provides. In contrast, a cross-class coalition in services seeks to move the economy toward more liberal institutions focused on general skills.

In Germany, Thelen sees manufacturing as having successfully defended its ground against services, which in turn forced adjustment pressures predominantly onto service-sector workers by virtue of promoting a selective form of flexibilization. The result, the analysis goes, has been the dualization of German labor markets, with German workers in services much more exposed to market pressures without being helped by new countermeasures to balance new flexibilities. Scandinavia, and particularly Denmark, is posited as different. There, service-sector actors are seen to be more powerful than manufacturing and actively supported by the state. Following both companies' and workers' interests in services, collective wage setting (of very broad coverage) was decentralized and public funding for general-skills training increased, thus providing a more socially-embedded form of flexibilization.

72 Kathleen Thelen and Christa van Wijnbergen, "The Paradox of Globalization: Labor Relations in Germany and Beyond," *Comparative Political Studies* 36, no. 8 (2003): 859–880; Kathleen Thelen and Marius R. Busemeyer, "Institutional Change in German Vocational Training: From Collectivism toward Segmentalism," *The Political Economy of Collective Skill Formation* ed. Busemeyer and Trampusch (Oxford, 2012), 68–100

73 Pepper Culpepper, *Creating Cooperation: How States Develop Human Capital in Europe* (Ithaca, 2003); Martin and Thelen, "The State and Coordinated Capitalism."

74 Kathleen Thelen, *Varieties of Liberalization and the New Politics of Social Solidarity* (New York, 2014)

The perception of national differences in this interpretation is shared by another stream of political science analysis, which has elaborated the electoral drivers of national variety. This alternative extension of the original approach first theorized the electoral origins of non-market coordination in proportional representation and the grounding of liberal arrangements in majoritarian electoral systems.⁷⁵ More recently, it has contrasted the continental European pattern of deregulating labor markets for part-time and temporary employment (as in Germany) with Scandinavian countries' expanded cash transfers and active labor market programs. In terms of the causes of contemporary dualism in Germany, it emphasizes the dominant role played by "cross-class" Christian Democrats in party politics, which is supposed to have left the concerns of low-wage services workers unrepresented in governing coalitions.⁷⁶

Recent political science scholarship has rightly illuminated differences between sectors and countries. Core workforces in Germany's manufacturing industry have indeed been relatively privileged as they enjoyed higher wage increases than workers in services, and many employees in larger companies have benefited from substantial non-wage bonuses linked to corporate performance.⁷⁷ Moreover, political science scholarship has clarified the dynamics of European divergences under monetary union. For instance, it has insightfully contrasted the responses of manufacturing-led wage bargaining in Northern Europe's formerly hard-currency economies with those in set-ups led by (public) services in the state-coordinated and formerly soft-currency economies in Southern Europe.⁷⁸

Yet, the lens also faces challenges, which raise important questions about the goals of social science analysis of German labor relations that will be picked up in the conclusion. First, particularly when contrasted with research in the sociological tradition, political science has little to say about processes of financialization in particular and class conflict in general. While turn-of-the-century writing in political science acknowledged financial liberalization as the likely Achilles' heel of coordinated capitalism – given that it would logically push companies toward the more short-term orientations typically found in liberal countries⁷⁹ – this hypothesis has not been subsequently explored.

75 Torben Iversen and David Soskice, "Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More than Others," *American Political Science Review* 100, no. 2 (2006): 165–181

76 Iversen and Soskice, "Democratic Limits to Redistribution."

77 Thomas Haipeter and Christine Slomka, "Profit Sharing in the German Metalworking and Electrical Engineering Industries," *Competition & Change* 18, no. 5 (2014): 402–420

78 Bob Hancké, *Unions, Central Banks, and EMU: Labour Market Institutions and Monetary Integration in Europe* (Oxford, 2013); Peter A. Hall, "Varieties of Capitalism and the Euro Crisis," *West European Politics* 37, no. 6 (2014): 1223–1243. Torben Iversen, David Soskice and David Hope, "The Eurozone and Political Economic Institutions," *Annual Review of Political Science* 19 (2016): 163–185

79 Hall and Soskice, "An Introduction to Varieties of Capitalism."

In the meantime, the financial market capitalization of Germany's companies has increased from 10 percent in the early 1980s to 20 percent in the early 1990s to over 65 percent in the early 2000s,⁸⁰ and the supply of "patient capital" has also changed.⁸¹ In larger companies, managers have become far more oriented to shareholder value, which has played an important role in shifting their approaches to labor relations.⁸² Neither have political scientists probed the growing tensions between wealth accumulation and social rights, including those in the workplace. These tensions are evident in German companies' tendency to retain earnings in the face of stagnating wages and curtailed social protections.⁸³

Second, other research has raised concerns about political scientists' conceptualization of both outcomes and causal processes. While the political science lens has become more open to tracking change over time, its theorized outcomes retain an equilibrium character. For instance, in Germany, deregulation and lagging wages in services are supposed to stabilize coordination in manufacturing by sustaining the competitiveness of exports through lower input costs and taming potential dissatisfaction among manufacturing workforces by increasing their buying power.⁸⁴ Yet in practice these outcomes are not stable, including embedded flexibilization in Denmark, where state commitments to the social embedding of more liberal institutions have been progressively reduced.⁸⁵ It has, moreover, been difficult to empirically substantiate claims about dualization between labor market insiders and outsiders in the German labor market. Developed on the basis of stylized readings of institutions, claims about dualization have widely resonated, yet the multi-faceted patterns of polarization that can be observed empirically do not easily lend themselves to readings of simple bifurcation or segmentation.⁸⁶

80 World Bank, Market capitalization of listed domestic companies (% of GDP), available at: <https://data.worldbank.org/indicator/CM.MKT.LCAP.GD.ZS?locations=DE> (last accessed on September 18, 2017)

81 Richard Deeg and Ian Hardie "What is Patient Capital and Who Supplies It?" *Socio-Economic Review* 14, no. 4 (2016): 627–645

82 Klaus Dörre, "Beyond Shareholder Value? The Impact of Capital Market-Oriented Business Management on Labor Relations in Germany," *Inequality, Uncertainty, and Opportunity: The Varied and Growing Role of Finance Relations* ed. Christian E. Weller (Champaign, 2015)

83 Ralf Dahrendorf, *The Modern Social Conflict* (Berkeley, 1990). Given that corporations are predominantly owned by wealthy individuals, increases in corporate savings should be counted as growth in private wealth. More generally, increased corporate savings can be allocated among different outlets such as share buy backs, debt repayment and the bolstering of financial reserves. Peter Chen, Loukas Karabarbounis and Brent Neiman, "The Global Rise of Corporate Saving," NBER Working Paper 23133, National Bureau of Economic Research, Cambridge

84 Anke Hassel, "The Paradox of Liberalization – Understanding Dualism and the Recovery of the German Political Economy," *British Journal of Industrial Relations* 52, no. 1 (2014): 57–81

85 Tobias Schulze-Cleven and J. Timo Weishaupt, "Playing Normative Legacies: Partisanship and Employment Policies in Crisis-Ridden Europe," *Politics & Society* 43, no. 2 (2015): 269–299

86 Martin Behrens, "Die Veränderung der deutschen Arbeitsbeziehungen. Neue und alte Deutungsmuster," *Festschrift für Professor Katsutoshi Kezuka* (Tokyo, 2015), 95–120

For instance, manufacturing workers' coverage by sectoral collective bargaining agreements is only slightly above the average across all sectors in West German, and increases in manufacturing wages now also trail rates of productivity growth.⁸⁷

Finally, in terms of causation, the political science lens relies on distinctions made at a very high level of abstraction that are not settled theoretically or empirically.⁸⁸ For instance, while political scientists claim that Germany's manufacturing employers seek to maintain wage coordination, the metal sector's employer association (Gesamtmetall) has sponsored the Initiative Neue Soziale Marktwirtschaft, which has taken public positions against collective solutions.⁸⁹ At the very least, employer preferences are more varied than the abstract political science perspective lets on.⁹⁰ Moreover, analytical decisions such as coupling specific and general skills to both particular structures of skill formation and preferences of whole sectors, or measuring the strength of employer coordination by the level of wage setting (rather than, for instance, the breath of collective bargaining coverage) remain contested.⁹¹ The abstractions in political science's related electoral account face similar challenges, given that it defends the narrow focus on government interventions by asserting that collective bargaining has lost its role as an "institutional guarantor of equality" with the unraveling of complementarities between skilled and unskilled work in manufacturing.⁹²

87 Ellguth und Kohaut, "Tarifbindung und Betriebliche Interessenvertretung," WSI-Mitteilungen 4/2013, S. 281–288. Baccaro, Lucio, Chiara Benassi, 2017: "Throwing out the Ballast: Growth Models and the Liberalization of German Industrial Relations." *Socio-Economic Review* 15(1), 85–115

88 Stephen J. Silvia and Wolfgang Schroeder, "Why Are German Employers Associations Declining? Arguments and Evidence," *Comparative Political Studies* 40, no. 12: 1433–1459; Wolfgang Streeck, "Skills and Politics: General and Specific," *The Political Economy of Collective Skill Formation* ed. Bussemeyer and Trampusch, 317–352

89 Daniel Kinderman, "Challenging Varieties of Capitalism's Account of Business Interests: Neoliberal Think-Tanks, Discourse as a Power Resource and Employers' Quest for Liberalization in Germany and Sweden," *Socio-Economic Review*, published online before print on December 24, 2016, DOI: 10.1093/ser/mww040

90 For an argument that employer organizations simply give voice to members dissatisfied with inherited institutions for worker voice, see Thomas Paster, "Do German Employers support Board-Level Codetermination? The Paradox of Individual Support and Collective Opposition," *Socio-Economic Review* 10, no. 3 (2012): 471–495. On the role of employers' associations in shaping company preferences, see Cathie Jo Martin and Duane Swank, *The Political Construction of Business Interests: Coordination, Growth, and Equality* (New York, 2011)

91 For a critique of current conceptualizations of cooperation, see Darius Ornston and Tobias Schulze-Cleven, "Conceptualizing Cooperation: Coordination and Concertation as Two Logics of Collective Action," *Comparative Political Studies* 48, no. 5 (2015): 555–585. On the blurring of sectoral boundaries, 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, no. 4 (2007): 451–475

92 Iversen and Soskice, "Democratic Limits to Redistribution."

The Progressive Political Lens

The two political lenses naturally show more continuity than the academic lenses over the past two decades, given their more explicit anchoring in ideological positions. Progressives rediscovered Germany as a positive case after the financial crisis. The ability of German businesses to hold on to workers rather than lay them off – either through the usage of working time accounts set up in company-level agreements or through the expanded provisions of government-subsidized schemes to reduce working hours (Kurzarbeit) – attracted a lot of attention.⁹³ The “crisis corporatism” between government, labor and businesses that changed the rules for Kurzarbeit to match the scope of the crisis also impressed many policy analysts, not least because it seemed to signal a switch away from the government’s more unilateral approach taken during the Hartz reforms.⁹⁴

In the United States, the ability of German skill formation institutions to produce positive-sum solutions through effective cooperation in general and by enlisting employers in financing and provision in particular has remained a powerful theme as progressives kindled their interest in the “secrets of Germany’s success.”⁹⁵ Germany’s “skill machine” seemed to offer a striking contrast to the “skills gap” in the United States, which American businesses’ own underinvestment in human capital had created.⁹⁶

Finally, a stream of progressive discourse invokes Germany as proof of the effectiveness of welfare states. As reviewed above, pre-tax/transfer GINI levels are similar in the United States and Germany, yet Germany’s post-tax levels of income inequality are much lower than in the United States, showing the power of – and scope for increasing – redistribution through progressive taxation and transfer systems.⁹⁷ At the same time, there has also been growing skepticism of the gendered effects of traditional German social protection and training measures.

93 Reisenbichler and Morgan, “From ‘Sick Man’ to ‘Miracle.’”

94 Schulze-Cleven and Weishaupt, “Playing Normative Legacies”; Hans-Jürgen Urban, *Der Tiger und seine Dompteure. Wohlfahrtsstaat und Gewerkschaften im Gegenwartskapitalismus* (Hamburg, 2013)

95 Steven Rattner, “The Secrets of Germany’s Success: What Europe’s Manufacturing Powerhouse Can Teach America,” *Foreign Affairs*, 90, no. 4(2011): 7–11; Katherine S. Newman and Hella Winston, “Make America Make Again: Training Workers for the New Economy,” *Foreign Affairs* 96, no. 1 (2017): 114–121

96 Peter Cappelli, *Why Good People Can’t Get Jobs: The Skills Gap and What Companies Can Do About It* (Philadelphia, 2012); Pepper D. Culpepper and David Finegold, *The German Skills Machine: Sustaining Comparative Advantage in a Global Economy* (New York, 1999)

97 Anthony B. Atkinson, *Inequality: What Can Be Done?* (Cambridge, 2015); Lane Kenworthy, *Jobs with Equality* (Oxford, 2008)

The focus of Germany's conservative welfare state institutions on supporting long-term employment and protecting the status of vocationally trained male breadwinners has left many, particularly women, with fewer life chances.⁹⁸ Even after labor market reforms, women remain over-represented in second-tier employment. While policymakers have attempted to counter gendered stratification, including with universal childcare provisions,⁹⁹ progressives remain more drawn to Scandinavian models when it comes to issues of gender.

The Conservative Political Lens

The conservative political lens remains diametrically opposed to that of progressives. Moreover, outside of Europe, conservatives have seemingly taken little notice of institutional changes in Germany. Arguing from first principles, for instance, Nobel laureate Edmund Phelps continues to see corporatism and co-determination practices in Germany and Europe as threats to grassroots innovation and “mass flourishing.” By undercutting the dynamism and job creation that a less-structured business sector would bring, the conservative argument goes, stakeholder rights and governance sustain an economy “oriented to social services.”¹⁰⁰

In the United States, this lens is prominent. Take, for instance, the debate over the attempted – and failed – passage of the Employee Free Choice Act (EFCA) during the early years of the Obama administration. Initially drafted by the AFL-CIO, the umbrella organization for American unions, the EFCA sought to reduce the barriers American workers face as they seek to express their collective voice.¹⁰¹

98 Jane Lewis, “Gender and the Development of Welfare Regimes,” *Journal of European Social Policy* 2, no. 3 (1992): 159–173. Comparative political economists have also engaged these questions, see Margarita Estévez-Abe, “Gendering the Varieties of Capitalism: A Study of Occupational Segregation by Sex in Advanced Industrial Societies,” *World Politics* 59, no. 1 (2006): 142–175; Torben Iversen and Frances Rosenbluth, *Women, Work, and Politics: The Political Economy of Gender Inequality* (New Haven, 2011)

99 New measures also included paid parental leave (Elterngeld). Yet, with very few men taking it for longer than two months, it arguably reinforces the gendered division of labor

100 Edmund S. Phelps, “Capitalism vs. Corporatism,” *Critical Review* 21, no. 4 (2009): 401–414; Edmund Phelps, *Mass Flourishing: How Grassroots Innovation Created Jobs, Challenge, and Change* (Princeton, 2015)

101 US private-sector regulations have, at their core, remained unchanged since the 1930s, with changing economic contexts and the fissuring of workplaces undermining their efficacy. See David Weil, *The Fissured Workplace: Why Work Became So Bad For so Many and What Can be Done to Improve It* (Cambridge, 2014)

In contrast to German law, with its low threshold of three interested workers to prompt the formation of a works council and no required unionization rate for workers to engage in collective bargaining, US labor law makes the institutionalization of collective voice for a particular group of workers dependent on the approval of by a majority of this group, the so-called bargaining unit.¹⁰²

Seeking to maintain hurdles for collective worker voice, the American business lobby strategically misrepresented both the EFCA and – more to the point – labor relations in Europe, claiming that the EFCA would “Europeanize the American workforce” by delivering “work rules and pay dictated by government” and leaving “employers stripped of basic legal rights.”¹⁰³ Other standard conservative arguments were brought out against the social democratic policies proposed by US Senator Bernie Sanders during his unsuccessful campaign to become the Democratic Party’s 2016 presidential candidate. For example, when conservative New York Times columnist David Brooks drew “lessons” from Europe, he claimed that the policies proposed by Senator Bernie Sanders would turn the United States into “a country that would be a lot less vibrant.”¹⁰⁴

If conservatives take note of changes in Germany, they claim that market-oriented reforms in both public policy and wage setting were followed by falling unemployment and wage increases at the labor market’s low end during the past few years. Starting in 2009, this wage growth set in well before the introduction of the statutory minimum wage in 2015, and it translated into stable ratios between gross hourly wages at the upper and lower end of the pay scale. Yet, this growth has little to do with supply-side reforms or tightening labor markets, given that the supply of typical workers for the bottom two deciles actually increased. Rather, it flows from trade union successes in collective bargaining, including in enforcing sectoral agreements with minimum wage clauses. In any case, wage increases have not compensated for the real losses that workers in the lower 40 percent of the income distribution experienced during the previous 15 years.¹⁰⁵

102 Union-based collective bargaining is the only collective mechanism available in the United States, and it only gains legal force through an existing collectively bargained contract. Not only do at least 30% of workers have to show an interest in union representation before the union recognition process can begin, the vote for unionization also must be held as a secret ballot if the employer so demands. These restrictions, and the leverage they provide for intimidation strategies and political interference, meant that only one out of seven “organizing drives” were successful between 1999 and 2004. See John-Paul Ferguson, “The Eyes of the Needles: A Sequential Model of Union Organizing Drives, 1999-2004,” *Industrial and Labor Relations Review* 62, no. 1 (2008): 3–21. Obviously, this number excludes the additional organizing attempts that never take the step of filing for an election

103 Cited in Nelson Lichtenstein and Elizabeth Tandy Shermer, eds., “Entangled Histories: American Conservatism and the U.S. Labor Movement in the Twentieth and Twenty-First Centuries,” *The Right and Labor in America: Politics, Ideology, and Imagination* ed. Nelson Lichtenstein and Elizabeth Tandy Shermer (Philadelphia, 2012), 2

104 David Brooks, “Livin’ Bernie Sanders’s Danish Dream,” *New York Times*, February 12, 2016

105 Moreover, wage growth since 2010 has shown weakness in the middle. Brenke and Kritikos, “Hourly wages in lower deciles no longer lagging behind.”

In turn, it is no surprise that the respective assessments of the current state of Germany's labor market by the Confederation of German Employers' Association (BDA) and the German Trade Union Confederation (DGB) remain far apart.¹⁰⁶ In any case, a purely national appraisal of German developments remains a very selective perspective that blends out the European and global imbalances that have come with Germany's adjustment trajectory. Logically, it is impossible for all countries to follow the German example of relying on their neighbors to generate growth.

Toward an Agential Perspective

Where do the four lenses leave us in terms of assessing the current state of German labor relations? With strong inherited structural assumptions and tending to emphasize coherence, the lenses have continued to provide diverging interpretations of contemporary labor relations in Germany. Such disagreement should be expected among the political lenses on Germany, but even the academic accounts present quite different readings of the overall trajectory and the dynamics of cooperation. This suggests the need to allow for more complexity in the analytical lens itself. Rather than simply seeking to define a new German labor relations model,¹⁰⁷ which by virtue of ongoing changes would come with a short expiration date, scholars would be well-served to change perspective from a selective focus on particular (and often abstract) structures to a focus on agency and how actors' engagement with various institutions creates new outcomes.¹⁰⁸ It is time to recognize that the Germany's labor relations practices increasingly appear as a truly "dynamic constellation."¹⁰⁹ Displaying a highly selective reproduction of institutional arrangements and labor relations practices over time, the result has been a "more varied institutional landscape characterized by international diffusion of liberal policies" and their "variable re-embedding."¹¹⁰

106 Bundesvereinigung der Deutschen Arbeitgeberverbände, "Fakten statt Zerrbilder: Die Realität auf dem deutschen Arbeitsmarkt," Berlin, 2017; Deutscher Gewerkschaftsbund, "Fakten Statt Zerrbilder: 'Die Arbeitgeber' im Faktencheck," Berlin, 2017

107 Werner Eichhorst, "The Unexpected Appearance of a New German Model," *British Journal of Industrial Relations* 53, no. 1 (2015): 49–69

108 See, for instance, Colin Crouch, *Capitalist Diversity and Change: Recombinant Governance and Institutional Entrepreneurs* (Oxford, 2005)

109 Thilo Fehmel, *Konflikte um den Konfliktrahmen*, 25

110 Gregory Jackson and Arndt Sorge, "The Trajectory of Institutional Change in Germany, 1979–2009," *Journal of European Public Policy* 19, no. 8 (2012): 1146

Making sense of this constellation requires an appreciation that *all* labor relations actors (not just some companies) at *many* levels of the economy have adjusted their strategies in response to changing domestic, regional and global environments. Moreover, this perspective should be open to the possibility that this reorientation from below can have far-reaching consequences. In core respects, an agency-centered perspective might confirm findings from the structuralist accounts, yet it could also provide more indications about how Germany's labor relations actors are seeking to address the social question today.

On the workers' side, this approach would recognize that unions have not resigned themselves to entering a Wagnerian "twilight phase" (Gewerkschaftsdämmerung), as one scholar recently claimed.¹¹¹ Instead, they have taken active steps to stop the progressive weakening of German labor relations institutions and their own organizations. For instance, in collective bargaining, the metalworkers' union IG Metall agreed with employer associations (in the 2004 Pforzheim accord) that both employer associations and the union would have to authorize companies' use of opening clauses in sectoral collective bargaining contracts. Turning the threat of local divergence into an institutional innovation that countered the drift away from collective coverage, the union has become a clearing house for rule inconsistencies between local and sectoral regulations, thus limiting the use of opening clauses to companies that are truly struggling.¹¹² Another trend has been the introduction of social policy elements into collective bargaining agreements, which has been an effective mechanism to compensate for welfare state retrenchment. The IG Metall has also made progress in organizational renewal. By enlisting works councils in its "member-oriented offensive strategy," not only has the union stabilized membership, it has also helped grow collective bargaining coverage in East Germany.¹¹³ Reaching out to non-traditional constituencies, the union has campaigned for agency workers and ramped up its efforts to appeal to white-collar workers.¹¹⁴ It even formed a new alliance with the United Autoworkers (UAW) in the United States, hoping to eliminate "union-free" zones in German multinationals that could be used for concession bargaining.¹¹⁵

111 Robert Lorenz, *Gewerkschaftsdämmerung: Geschichte und Perspektiven deutscher Gewerkschaften* (Bielefeld, 2013)

112 Ellguth und Kohaut, "Öffnungsklauseln – Instrument zur Krisenbewältigung."

113 Stefan Schmalz and Marcel Thiel, "IG Metall's Comeback: Trade Union Renewal in Times of Crisis," *Journal of Industrial Relations* 59, no. 4 (2017): 465–486; Detlef Wetzels, Jörg Weigand, Sören Niemann-Findeisen and Torsten Lankau, "Organizing: Die mitgliederorientierte Offensivstrategie für die IG Metall," *Organizing: Die Veränderung der gewerkschaftlichen Praxis durch das Prinzip Beteiligung* ed. Detlef Wetzels (Hamburg, 2013), 47–63

114 Chiara Benassi and Lisa Dorigatti, "Straight to the Core – Explaining Union Responses to the Casualization of Work: The IG Metall Campaign for Agency Workers," *British Journal of Industrial Relations* 53, no. 3 (2015): 533–555; Thomas Haipeter, "The Interests of White-Collar Workers and their Representation in the German Manufacturing Sector: New Initiatives, Opportunity Structures, Framing and Resources," *Industrial Relations Journal*, 47, no. 4 (2016) 304–321

115 See <http://uaw.org/uaw-ig-metall-announce-u-s-partnership/>. The failure during 2014 to establish a works council (and unionization through the UAW) at Volkswagen's plant in Chattanooga, Tennessee, has played an important role in motivating this effort

Scholars also need to get a better read on the scale and scope of employers' opposition to cooperative employment relations. 40 percent of companies without a collective bargaining agreement in West Germany and 39 percent without an agreement in the East claim nevertheless to use sectoral agreements to guide their own behavior. This voluntary and selective quasi-extension affects about half of all workers not covered by an agreement.¹¹⁶ Furthermore, while employer associations' strategy to leverage OT memberships to lure companies into regular memberships seems to have not been successful, these initiatives have stabilized employers' level of organization.¹¹⁷ It also remains the case that companies in healthy associations and experiencing positive interactions with unions remain strongly committed to norms of social partnership.¹¹⁸ Illustrating this, the heads of both the employers' and unions' national confederations recently jointly endorsed co-determination as a great German accomplishment.¹¹⁹

Finally, a focus on agency would help illuminate how state authorities have taken steps to stabilize the German labor relations system, including recent attempts to shore up industrial unionism with a law that outlaws parallel collective bargaining agreements in companies (Tarifeinheitgesetz).¹²⁰ Seeking to reinstate old practices, the law responds to the challenges associated with colliding agreements (Tarifpluralität) – including strikes by specialized unions and bidding wars between competing unions – that were created by the splintering of worker organization in some services.¹²¹ In another instance, public authorities showed discursive leadership when they broadened discussions about digitalized industrial production (Industrie 4.0) into a debate about the future of work (Arbeit 4.0).¹²²

116 Ellguth und Kohaut, "Tarifbindung und Betriebliche Interessenvertretung," 279–280

117 Thomas Haipeter, "'Unbound' Employers' Associations and Derogations: Erosion and Renewal of Collective Bargaining in the German Metalworking Industry," *Industrial Relations Journal* 42, no. 2 (2011): 174–194

118 Martin Behrens and Markus Helfen, "The Foundations of Social Partnership," *British Journal of Industrial Relations* 54, no. 2 (2016): 334–357

119 Reiner Hoffmann und Ingo Kramer, "Mitbestimmung: Große deutsche Errungenschaft," *Handelsblatt*, September 27, 2016

120 Berndt Keller, "Berufs- und Sparten Gewerkschaften. Zur Kritik des Tarifeinheitgesetzes," *Industrielle Beziehungen* 23, no. 3 (2016): 253–279

121 The law became effective in July 2015 and gives priority to the contract signed by the union with most members in the company. Questions about the law's restriction of the freedom of association continue to linger

122 Federal Ministry of Labour and Social Affairs, *Re-Imagining Work: Work 4.0*. Berlin, 2015

Studying these new strategies and forms of agency, including how they interact, is as important for studying Germany individually as it is for comparative research.¹²³ Doing so will produce research that offers comparative outcomes that will likely be less neat and more realistic, given that they will get closer to the more variegated forms of social citizenship that are emerging as answers to the social question from labor relations actors' interacting strategies. Only an agential perspective is dynamic and fine-grained enough to explore how cooperation between the three labor relations actors – including coordination among employers – has evolved and what causal processes have governed its evolution.¹²⁴

123 There are first signs that comparative scholarship on other countries seems to move into this direction. See Christian Lyhne Ibsen and Kathleen Thelen, "Diverging Solidarity: Labor Strategies in the Knowledge Economy," *World Politics* 99, no. 3: 409–447

124 Ornston and Schulze-Cleven, "Conceptualizing Cooperation."

Der Autor:



Tobias Schulze-Cleven

Assistant Professor,
School of Management & Labor Relations,
Rutgers University – New Brunswick
Kontakt: tobias.schulzecleven@rutgers.edu

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Institut Arbeit und Qualifikation
Fakultät für Gesellschaftswissenschaften
Universität Duisburg-Essen
47048 Duisburg

Redaktion:

Claudia Braczko
claudia.braczko@uni-due.de

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