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Symposium: Overseas Perspectives on the Future of German Employment Relations

In 1995, *Industrielle Beziehungen* published a special issue on the 'Future of the German Model'. It was based on a symposium sponsored by the Anglo-German Foundation, and involved a dialogue between academic researchers from Germany, Britain, the US and France and officials from trade unions and employer organisations from Germany and the UK. At that time, the 'German Model' was still held up as an example of what some American scholars refer to as the 'high road' of employment relations and labour management practices. The German experience had been especially influential on the thinking of the Dunlop Commission set up by the Clinton administration to propose reforms to US employment relations. Some Japanese scholars and policy analysts were also interested in the German model of occupational skills as a possible way of sustaining workers' economic status while at the same time enabling companies to limit the commitment to long-term employment.1

Since those heady days, interest in the recipes to be learned from the German model by foreigners has waned. The economic strains of re-unification and the modest economic growth of the German economy, especially when compared to the dynamism of the US, have dimmed this once shining star. In Germany too, confidence that its employment institutions were the foundation of economic success has given way to self-doubt. Seen from outside, there are similarities between the current debates about the future of the German model and those that took place in Britain and the US during the 1980s, when their respective post-war industrial relations systems were moving into irreversible decline, and their employment relations were undergoing fundamental transformation. Those debates were characterised often by a misleading dichotomy between institutional and market regulation. The commonly used terms of 'high' and 'low' road paths both illustrate the dichotomy, and also reveal its strong disciplinary and moral overtones. This has been damaging to our understanding of these developments. The dichotomy directs attention away from new experiments and possible new paths by forcing them into the straightjacket of the polar opposites. One article in a distinguished journal referred to the newly emerging patterns of employee management as an institutional 'black hole': which was really a statement that our dominant theoretical models shed almost no light on what was going on there.2 The disciplinary overtones have tended to stress a contrast between the institutions whose analysis belongs firmly within the discipline of Industrial Relations, and the free market attributed to neo-classical economists. The moral overtones also tend to blind us to the evolving choices and priorities of workers and their employers.

1 I am indebted to the late Tsuneo Ishikawa of Tokyo University for this information.
2 see Guest/Conway (1999). The term has also been used by other authors.
The two articles published in the symposium in this issue illustrate continued vitality of German employment relations institutions, as seen by two scholars whose academic bases are outside Europe, but who have nevertheless spent much time engaged in fieldwork in Germany. Gary Herrigel’s piece draws heavily on his own fieldwork in German organisations as well as some better known examples from VW. He emphasises the great amount of experimentation currently going on, especially at the workplace level. Peak level institutions may be engaged in defensive strategies and have great difficulty in adapting, but at the local level, when economic adaptation is essential for firms and for workers’ jobs, the actors have experimented with new solutions, and new ways of applying old rules. A key issue Herrigel pinpoints is the changing structure of control of businesses and the move away from traditional box-like organisations as business operations restructure themselves along supply chains, and around project-based concepts. He suggests that in some cases, workplaces outside the works council system have proved innovative in developing new structures of employee voice in a way that would have been difficult within the established employment relations system.

Peter Berg’s article also draws on extensive research of his own, on working time management, looking at Germany through the lens of the US experience. Well-aware of the rigidities of the US model, and the costs US employers incur by adjusting more through lay-offs than working time changes, he explores the contribution of the German institutional framework to flexible working time arrangements. On this issue too, many of the most interesting developments have depended upon the scope for local level adaptation.

Apart from what can be learned from the perceptions and intellectual priorities of outside scholars on another country’s employment relations, these two articles also highlight possible clues about institutional change. In both cases, a critical source of change has come from below, with local level actors bending and sometimes breaking the established rules in order to work out economically viable solutions to their own business problems. We often teach about national institutional models as if they determine the actions of the agents who operate within their framework. This is perhaps abetted by the tendency to think about the rules of institutions in opposition to the free choice of markets. Clearly this is mistaken in the case of Germany, as it is elsewhere, and for an outsider, one source of optimism about the future of the German model is that it has built in sufficient flexibility at the local level to enable such experimentation to take place. Perhaps the big question remaining is whether and how successful experiments can be translated up to a higher level. Both authors see this as a critical question for the future of Germany’s employment relations.

Reference