1

NEC
NATIONAL ELECTRONIC CORPORATION

National Library
of Canada

Bibliothèque nationale
du Canada

Canadian Theses Service

Service des thèses canadiennes

Ottawa, Canada
K1A 0N4

NOTICE

The quality of this microform is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us an inferior photocopy.

Previously copyrighted materials (journal articles, published tests, etc.) are not filmed.

Reproduction in full or in part of this microform is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30.

AVIS

La qualité de cette microforme dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de qualité inférieure.

Les documents qui font déjà l'objet d'un droit d'auteur (articles de revue, tests publiés, etc.) ne sont pas microfilmés.

La reproduction, même partielle, de cette microforme est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30.

CONCERTED ACTION: LABOUR'S CORPORATIST STRATEGY IN
THE FEDERAL REPUBLIC OF GERMANY, 1967-77

by

Axel Dorscht, M.A.

A dissertation submitted to the Faculty of
Graduate Studies and Research in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy
Department of Political Science

Carleton University

OTTAWA, Ontario

June 1988

Permission has been granted to the National Library of Canada to microfilm this thesis and to lend or sell copies of the film.

The author (copyright owner) has reserved other publication rights, and neither the thesis nor extensive extracts from it may be printed or otherwise reproduced without his/her written permission.

L'autorisation a été accordée à la Bibliothèque nationale du Canada de microfilmer cette thèse et de prêter ou de vendre des exemplaires du film.

L'auteur (titulaire du droit d'auteur) se réserve les autres droits de publication; ni la thèse ni de longs extraits de celle-ci ne doivent être imprimés ou autrement reproduits sans son autorisation écrite.

ISBN 0-315-46255-8

The undersigned hereby recommend to
The Faculty of Graduate Studies and Research
acceptance of the thesis,

"CONCERTED ACTION: LABOUR'S CORPORATIST STRATEGY
IN THE FEDERAL REPUBLIC OF GERMANY, 1967-77"

submitted by
AXEL DORSCHT, Hon's. B.A., M.A.
in partial fulfilment of the requirements
for the degree of Doctor of Philosophy.

Chairman, Department of
Political Science

Thesis Supervisor

External Examiner

Carleton University

June 23, 1988

ABSTRACT

Focusing on corporatist developments in advanced capitalist countries in the 1970s the main argument of the study is a four-fold one. First, to properly understand corporatist development, it must be analyzed as a trade union strategy of "social partnership." Second, trade-union-sponsored corporatism only develops under certain pre-conditions. Third, corporatist arrangements once established are not stable and tend to break down with changing conditions. And fourth, corporatism does not provide the basis for a fundamental transformation of state-labour relations, or state-capital relations.

The development of 20th century corporatism, especially in the post-World War Two period can only be understood if it is analyzed as trade union sponsored phenomenon. It must be seen as a trade union strategy of social partnership with the state and capital to improve conditions of the working class within capitalism. Thus, its development is the state's response to trade union demands in an attempt to manage distributional conflicts at the political level.

Within this context the study looks at the case of West Germany. More specifically, the study looks at the corporatism of concerted action in the Federal Republic of Germany between 1967-77. After a brief discussion of the deep historical roots of German corporatism and the evolution of the German trade unions' corporatist strategy of social partnership from Weimar to the mid-1960s the study analyzes in detail the practice of

concerted action between 1967-77.

The study concludes that the evidence of the German case essentially substantiates the initial contentions. The study, moreover, concludes that the corporatism of concerted action did not result in a resolution of the distributional conflicts of the late 1960s and early 1970s. Neither did concerted action lead to equality for labour in economic management. German trade unions did not achieve their objective of social partnership in ten years of concerted action. The result of corporatist cooperation for the unions was a net decline in real income, a decrease in equality in distribution, growing alienation between the union leadership and the rank-and-file, and a general weakening of the trade union movement in Germany.

ACKNOWLEDGEMENTS

I wish to acknowledge my appreciation for the assistance and support I have received in the research and writing of this study. To the Friedrich-Ebert-Institut in Bonn I owe a great deal for making available their facilities during the research phase in Germany from July 1981 to December 1982. My special thanks are to Dr. Heinz Markmann from the Wirtschafts- und Sozialwissenschaftliche Institut of the DGB for his support and the invaluable access to his substantial private files from ten years of participation in concerted action. In Canada my thanks must go to my supervisors, Leo Panitch and Harald von Riekhoff, for their persistence and endurance, although I hope that we all have learned something in the long process. My special thanks are to Wallace Clement for stepping in on very short notice as third reader with support and advice. My final thanks, however, must go to my friend and companion Wendy Thatcher for a great deal of work and putting up with a lot for very little in return but harassment.

TABLE OF CONTENTS

	PAGE
Abstract	iii
Acknowledgements	v
Table of Contents	vi
List of Abbreviations	viii
 CHAPTER 1: INTRODUCTION: CORPORATISM AND CAPITALISM IN THE CONTEMPORARY ERA	 1
The Contemporary Crisis of Capitalism	1
Corporatist Developments	4
Corporatist Theoretizations of the 1970s	8
Thesis of the Study	16
Analyses of Concerted Action	28
Order of Presentation	34
Endnotes	39
 CHAPTER 2: THE PRE-HISTORY OF CONCERTED ACTION	 45
Nineteenth Century German Corporatism	46
The Failed Project of Weimar	53
Labour Strategies and Post-War Reconstruction, 1945-66	63
The Failed Reforms of the Early Post-War Year, 1945-49	64
Regulating Trade Unions in the Early 1950s	76
Adjusting to Changing Conditions in the 1950s	83
Growing Demands for Keynesian Economics	91
Conclusion	107
Endnotes	111
 CHAPTER 3: FROM HISTORIC OPPORTUNITY TO DISILLUSIONMENT, 1966-69	 127
The "New Economics"	128
The Institutional Parameters of Concerted Action	141
Concerted Action Goes into Operation: Year One	147
Growing Polarization: Year Two	163
Rank-and-File Revolt: Year Three	179
Conclusion	195
Endnotes	200

CHAPTER 4: A NEW BASIS FOR SOCIAL PARTNERSHIP? THE SOCIAL DEMOCRATIC-LIBERAL COALITION, 1969-73	211
The Social Democratic-Liberal Coalition	212
The Reform Euphoria of the First Two Years, 1970-71 ...	226
Growing Pressure from the Right	237
The "Second Reformation" of 1973	252
Conclusion	264
Endnotes	268
CHAPTER 5: THE END OF CONCERTED ACTION, 1974-77	276
Supply-Side Economics	277
Labour's Response to the Crisis	292
Under Growing Pressure: Concerted Action 1974-77	301
The Final Straw: The Frustration of <u>Mitbestimmung</u>	325
Post-1977 Developments	335
Conclusion	345
Endnotes	348
CONCLUSION	359
BIBLIOGRAPHY	385
APPENDIX: RESEARCH STEPS	418

LIST OF ABBREVIATIONS

- ADGB = Allgemeiner Deutscher Gewerkschaftsbund (General German Trade Union Federation)
- AFL = American Federation of Labor
- APD = Ausserparlamentarische Opposition (Extra-Parliamentary Opposition)
- BDA = Bundesvereinigung der Deutschen Arbeitgeberverbände, (Federal Union of German Employers' Associations)
- BDI = Bundesverband der Deutschen Industrie (Federation of German Industry)
- BMW = Bundesministerium fuer Wirtschaft (Ministry of Economic Affairs) (also abbreviated as BWMI)
- BRD = Bundesrepublik Deutschland (Federal Republic of Germany)
- CDU = Christlich Demokratische Union (Christian Democratic Union)
- CSU = Christlich Soziale Union (Christian Social Union)
- DAF = Deutsche Arbeitsfront (German Labour Front)
- DAG = Deutsche Angestellten Gewerkschaft (German Salaried Employees Union)
- DBB = Deutscher Beamten Bund (German Civil Servants Union)
- DGB = Deutscher Gewerkschaftsbund (German Trade Union Federation)
- DIHT = Deutscher Industrie und Handelstag (German Assembly of Industry and Commerce)
- DIW = Deutsches Institut fuer Wirtschaftsforschung (German Institute for Economic Research)
- DKP = Deutsche Kommunistische Partei (German Communist Party)
- DM = Deutsche Mark (German Mark)
- EEC = European Economic Community
- FDGB = Freier Deutscher Gewerkschaftsbund (Free German Trade Union Federation)

FDP = Freie Demokratische Partei (Free Democratic Party)
 GDR = German Democratic Republic
 GEW = Gewerkschaft Erziehung und Wissenschaft (Education and Science Workers' Union)
 GGLF = Gewerkschaft Garten, Landwirtschaft und Flur
 (Horticulture, Agriculture and Forestry Workers' Union)
 GKM = Gewerkschaft Kunst und Musik (Artists and Musicians' Union)
 HBV = Gewerkschaft Handel, Banken, und Versicherungen
 (Commerce, Banking and Insurance Workers' Union)
 IGBE = Industriegewerkschaft (IG) Bergbau und Energie (Mine and Energy Workers' Union)
 IGBSE = Industriegewerkschaft (IG) Bau, Steine, Erde
 (Construction Workers' Union)
 IGCPK = Industriegewerkschaft (IG) Chemie, Papier, Keramik
 (Chemical, Paper and Ceramic Workers' Union)
 IGM = Industriegewerkschaft (IG) Metall (Metalworkers' Union)
 IMSF = Institut fuer Marxistische Studien und Forschung
 (Institute for Marxist Studies and Research)
 JUSOS = Arbeitsgemeinschaft der Jungen Sozialisten (Young Socialists)
 NGG = Gewerkschaft Nahrung, Genuss, Gaststaetten (Food-Processing Worker's Union)
 NPD = Nationaldemokratische Partei Deutschlands (National Democratic Party of Germany)
 OECD = Organization for Economic Cooperation and Development
 OPEC = Organization of Petroleum Exporting Countries
 OTV = Gewerkschaft Oeffentlicher Dienst, Transport und Verkehr
 (Public Service and Transport Workers' Union)
 SDS = Sozialistischer Deutscher Studentenbund (Socialist German Students' Association)
 SHB = Sozialdemokratischer Hochschulbund (Social Democratic Students' Association)
 SPD = Sozial Demokratische Partei (Social Democratic Party)

- SVR = Sachverstaendigenrat zur Begutachtung der gesamt-
wirtschaftlichen Entwicklung (Council of Experts for the
Appraisal of overall Economic Development)
- UAL = Union der Leitenden Angestellten (Union of Leading
Salaried Employees)
- VAT = Value-Added Tax
- WSI = Wirtschafts- und Sozialwissenschaftliches Institut der
Gewerkschaften (Economic and Social Research Institute
of the Unions) (formerly WWI)
- WWI = Wirtschaftswissenschaftliches Institut der
Gewerkschaften (Economic Research Institute of the
Unions) (the forerunner of the WSI)
- ZAG = Zentralarbeitsgemeinschaft der industriellen und
gewerblichen Arbeitgeber und Arbeitnehmer Deutschlands
(Central Working Committee of Germany Employers and
Employees)
- ZDH = Zentralverband des Deutschen Handels (German Association
of Wholesalers and Exporters)
- ZIP = Zukunftsinvestitionsprogramm (Future Investment
Programme)

CHAPTER

1

INTRODUCTION: CORPORATISM AND CAPITALISM IN THE CONTEMPORARY ERA

The Contemporary Crisis of Capitalism

In the 1970s, after almost two decades of unprecedented economic expansion the industrialized countries of Western Europe and North America were confronted with serious economic problems, namely stagflation and recessionary developments. It was a period of transition from economic growth and stability to crisis and uncertainty. This profitability crisis of the 1970s was precipitated by substantial and dramatic changes in the conditions of advanced capitalism since the early post-war years. Throughout the 1950s and 1960s rapid growth in investment and production was enjoyed in most of these countries. A number of key factors at the end of World War Two had produced conditions favourable for rapid economic expansion. These factors included: the destruction of unproductive and less dynamic capital by the Depression of the 1930s and the war; the existence of large pools of skilled and cheap labour; a weakening of working-class organizations; technological change and innovations favouring growth in productivity and in consumer demands; abundant raw materials; new markets and freer trade; and safeguards from recession through "Keynesian economic policy." [1]

By the early 1970s, especially following the oil crisis of

1973, industrial production began to stagnate and even decline. The rate of economic expansion began to slow down significantly. Moreover, inflation and unemployment rose as profits and investment declined. The decline in economic growth was mainly the result of rapid technological change, growing international competition, shrinking markets, and growing resource scarcity, especially in the energy sector.

It was the very success of capitalism in the 1950s and 1960s that led to the crisis of the 1970s. The rapidly expanding economies by the 1960s had soaked up the pool of skilled and cheap labour. In turn this led to growing trade union bargaining power and rising wage demands, with labour determined to share in the growing prosperity. Technological change and innovation led to structural changes in industry and a decline in the traditional industrial growth sectors. Labour-intensive industries such as coal and steel, textiles and ship-building were being replaced by capital-intensive, high-technology automotive, petro-chemicals and electronics industries. (One of the consequences of these developments was rising structural unemployment.) Increases in productivity, on the other hand, led to overproduction and market saturation. Moreover, newly industrializing countries (NICs), were entering the global market at a time when the growing debt load of Third World countries seriously reduced global markets. The result was intensified international competition and rising protectionism.

At the same time raw materials became scarce with growing demand and declining supplies. Vital resources for industrial

production were growing scarce and prices escalated as more countries competed for them. Moreover, supplies were becoming less reliable with growing political instability in supplier countries. One of the prime examples was oil. Other strategic minerals, however, were also affected.

In addition to posing a challenge to economic growth and profits, the crisis of the 1970s also seriously challenged the state's full-employment and social welfare policies, which specifically had been designed to secure long-term and stable economic growth. To secure stable growth the state in the post-war period had become more deeply involved in the management of the economy and in the distribution of the social product. Through fiscal and monetary policies the state attempted to manage demand, and sought a more equitable distribution of the social product through welfare policies. Full employment and social welfare, an integral part of the post-war "Keynesian demand management package," were designed to avoid the political and social consequences of mass unemployment of the 1930s. And, indeed, Keynesian welfare programmes developed parallel to the long period of post-war expansion.[2]

The crisis of the 1970s, thus, challenged Keynesian demand management which no longer seemed to be able to secure growth and stability. Growing structural unemployment was not easily addressed by providing alternative forms of employment and income to workers in outdated and crisis-ridden industries. Social welfare programmes fell victim to declining fiscal resources as state deficits grew. Under pressure from capital to improve

the "investment climate," secure international competitiveness, and to protect profits from rising wage demands the state adopted restrictive supply-side policy measures. At the same time labour demands for full employment, the maintenance of levels of social welfare and further improvements in the standard of living resulted in calls for more Keynesian policy measures.

According to bourgeois analysts the contradictory demands on the state in the 1970s led to an "overload crisis" and in turn a "crisis of governability" in the western industrialized countries.[3] Marxists and neo-Marxists more correctly — identified the crisis as a crisis of capitalism itself — a crisis of accumulation and legitimation.[4] Profits were being squeezed by rising resource costs and growing wage demands on the one hand, and by growing international competition and shrinking markets on the other. State policies designed to secure private accumulation in the face of declining fiscal resources were challenged by demands for increased social welfare and full employment.

Corporatist Developments

The state's response to the growing crisis of capitalism, especially in Northern Europe — Sweden, Norway, Britain, West Germany and Austria — appeared to be a refurbished corporatist strategy regulating rising class conflict.[5] Through the integration of labour and business organizations into the policy process the state tried to secure labour's cooperation to

facilitate the restructuring of industry in accordance with the imperatives of an internationally competitive "investment climate." What we witnessed was a further attempt to institutionalize the collaboration of business, labour and government leaders in the formation, legitimation and administration of economic policy. The focal point of this development was the field of incomes policy. Corporatist arrangements were seen as an alternative to "monetarist" or "neo-conservative" policies in addressing the consequences of the crisis while maintaining high levels of employment and preserving the social welfare net. The state via corporatist strategies sought to manage at the political level distributional conflicts while changing the structure of distribution to restore business confidence.

The argument advanced here is not that the 1970s marked the beginning of corporatist developments in industrialized countries. On the contrary, considerable corporatist developments took place in the inter-war period in both Europe and North America.[6] The post-World War Two period, moreover, saw three distinct phases of corporatist development, the last of which was the development of 1970s. The first phase covered the immediate post-war years of the late 1940s. This period was characterized by extensive trade union cooperation in wage restraint to assist in economic recovery and reconstruction. The second phase of post-war corporatist development covered the period of "full employment capitalism" of the 1950s and 1960s, when the state sought trade union cooperation to address tensions

6
resulting from sustained and rapid economic growth. The period was marked "by the modesty of labour's political demands on capital in terms of redistribution of control as a quid pro quo for incomes policy." [7]

The third phase of post-World War Two corporatist developments was that of the 1970s. The significance of this phase not only resides in the fact that the period marked "the onset of the new economic crisis, undermining as it does the very foundation of 'full-employment capitalism' and the logic of tripartite politics that derived from it," [8] but it also lies in the fact that corporatist structures proved to be unstable and in some cases have since disappeared. Corporatist tendencies are on the decline

[t]ripartism is in crisis as an integrative political mechanism and ideological practice ... [and it] is no less in crisis as a form of economic management. The immediate reason for this multiple crisis is that tripartite practices have failed to stave off the effects of the severe capitalist recession of recent years. Although certain countries with tripartite practices appeared to suffer less than many others, this type of relative cross-national comparison ignores the worsening situation within each country and the resulting tensions that beset each social formation. These tensions run deep because they are founded on the fact that corporatism was never really all that it was cracked up to be, as we have repeatedly seen, in terms of failing to live up to its blithe promise of partnership between capital and labour. [9]

What has become obvious is that there are limits to corporatist strategies of managing class conflicts. The limits were revealed as instability and contradictions of corporatist arrangements were growing in the late 1970s and early 1980.

In Britain the new "social contract" collapsed in the winter of 1978-79. [10] In Sweden 4.5 million days were lost in the

general strike and lock-out of 1980, and centralized wage negotiations, the centre-piece of the Swedish social consensus in the post-war era, faltered in 1984.[11] In Germany the trade unions in 1977 left the corporatist arrangement of concerted action, which was followed in the late 1970s and early 1980s by prolonged and bitter strikes in the West German metal working industry. In Austria, where the "tripartite experience appears to stand out for its remarkable stability," underlying tensions are beginning to reveal themselves. The Austrian Chamber of Trade repeatedly throughout the 1970s expressed concern that Austria was turning into a trade-union state under the dominance of the Austrian Trade Union Federation (OGB). Although there is no widespread opposition to the country's corporatist institutions and practices, the Austrian system "reveals a rather less happy picture than superficial accounts still based on the rhetoric of the 1960s would lead one to believe." [12]

The late 1970s and early 1980s were marked by a new "employer offensive" against the increased costs of corporatist collaboration. The employers' response was the result of a decline in the rate of profit, growing wage consumption, rising social expenditure, and most important, growing union demands, formulated within the corporatist arrangements, for investment controls. Rising unemployment, inflation, and a decline in real wages at the same time led to growing opposition to corporatist cooperation from the union rank-and-file. Within this climate the consensus of corporatist collaboration tended to break down. Moreover, in many advanced capitalist countries political and

social conflicts developed which were not susceptible to corporatist cooptation. Broad social movements, environmental groups and "ad hoc" protest groups bypassed with their demands the corporatist systems of interest intermediation and coordination.[13]

Corporatist Theoretizations of the 1970s

The corporatist debate among social scientists, which developed in the 1970s and spawned a "corporatist industry" in the social sciences,[14] was marked by what Kastendiek called "a morass of conceptual confusion." [15] Corporatism was identified alternatively as a structure within advanced capitalism, located either in the political or the economic sphere; as a political order beyond liberal democracy; or as an economic structure beyond capitalism. In general, corporatism was identified as a phenomenon of advanced industrial/capitalist societies associated with growing state intervention. Analysts disagreed, however, on the causes and the conditions of corporatist development, the precise nature and the specific location of corporatist structures, and the consequences of corporatism.[16]

Liberal analysts tended to see corporatism as an evolutionary development of modern society in the transition to post-industrial society. Analysts of a conservative and leftist orientation on the other hand saw corporatism as the outcome of state policy. For conservative analysts, corporatism constituted an expansion of state power at the cost of private enterprise and

the market economy. Analysts of the left, in contrast, saw corporatism as a state strategy of managing trade union bargaining power in defence of capitalism.

Winkler more specifically analyzed corporatism as an economic order beyond capitalism and socialism. It was "more than conventional state intervention, more than Keynesian demand management, indicative planning, technocracy or socially responsible capitalism." Corporatism changed the role of the state from a supportive to a directive one.[17] The state directly intervened in the internal decision-making process of private business. Corporatism, Winkler argued, was a economic system that was characterized by private ownership and public control, in contrast to the private ownership and private control of capitalism and the public ownership and public control of socialism.[18] Corporatism developed in response to changes within the structure of advanced capitalism, such as; (1) a general falling aggregate economic performance; (2) growing industrial concentration; (3) a decline in profitability; (4) accelerated technological development; and (5) growing international competition. These changes led to growing state intervention and a change in the role of the state itself. In turn, this led to the transformation from capitalism to corporatism.

Schmitter, on the other hand, viewed corporatism not as a structured state intervention into private business, but as an intervention into civil society.[19] It was the intervention of the state in the organizational structure of the system of

interest representation. Corporatism was a "modern configuration of interest representation ... linking associationally organized interests of civil society with the decisional structures of the state." [20]

The imperative needs of capitalism to reproduce the conditions for continuing accumulation in the 1970s led to the transformation "to post-liberal, advanced capitalist organized welfare state." In the process changing conditions of capitalist production and accumulation gave rise to contradictory demands and growing conflict between business and labour. As a result the pluralist system of interest intermediation of liberal democracy was being taxed to its limits by a demand inflation. The state intervened to coordinate conflicting interests within the context of corporatist structures and to secure the reproduction of the conditions necessary for continuous accumulation.

The consequences of corporatist development for Schmitter were a change in liberal democracy from a pluralist to a corporatist system of interest intermediation. Corporatism transforms liberal democracy from a system in which conflicts of interests are addressed in the market place to one in which conflicts are resolved at the state level. [21]

Taking up from Schmitter, Lembruch saw corporatism [22] not just as state intervention into the structure of interest intermediation, but also as an intervention of interest organizations into the state decision-making process. It was "the intimate mutual penetration of state bureaucracies and large

interest organizations" into an "integrated system of 'social guidance'." Corporatism was "an institutionalized pattern of policy-formation in which large interest organizations cooperate with each other and with public authority not only in the articulation (or even 'intermediation') of interests, but - in its developed form - the 'authoritative allocation of values' and the implementation of such policies." [23]

Corporatism, for Lembruch, arose out of the need of "regulating the conflict of social classes in the distribution of national income and in the structure of industrial relations" to secure the conditions necessary for the reproduction of capitalism and private accumulation. More specifically, the development of corporatism was related "to problems of economic policy making" that arise in the transition to advanced capitalism. In an economy subject to strong interpenetration with international markets the "control" mechanisms of monetary policies are of limited effectiveness. Faced with such "control deficits" governments tried more directly to influence the economic behavior of business and/or labour, be it through "moral suasion" or more or less "dirigiste" measures, especially "incomes policies." Incomes policies therefore "constitute a core domain of liberal corporatism."

What facilitated the development of corporatism were a high degree of centralization and concentration of trade union and employers' associations; a working class movement having gained power through the channels of the party system; a political elite that has been socialized into top-level bargaining processes or

consensus-style conflict management practices; and a common economic policy orientation of labour and business economists. Corporatism for Lembruch, however, neither transformed the basic structure of the capitalist economy nor the pluralist order of liberal democracy. Corporatism in highly developed capitalist countries with liberal constitutional governments formed a "symbiotic relationship" with the party system and government.

In contrast, Crouch analyzed corporatism as a state strategy to maintain the dominant/subordinate structure of class relations of the capitalist economy. Crouch contrasted corporatism with liberal strategies of control. Corporatism developed when liberal strategies in the transformation to advanced capitalism became dysfunctional in regulating class conflict.[24] Liberal strategies subordinate the working class to the needs of capital through the separation of the political and economic spheres of society, and by granting labour an autonomous collective existence in the economic sphere. With the exception of mediating the conflict between capital and labour the state played no active role within liberal strategies.

Corporatism developed "when segregation, far from securing domination serves to weaken [liberalism], and when labour has reached such strength that classical constraints no longer are operating nor are the techniques of compromise securing what dominant interests consider to be adequate control over subordinates." A corporatist strategy "re-engages the polity with the economy and develops new forms of ideological legitimation." The new form of legitimation is achieved through

"making use of subordinates' organizations in order to control their membership." Corporatism is a strategy employed by the state under conditions of growing state intervention in economic planning and the existence of a strong labour movement. The strategy called for an active but non-coercive state that disciplined labour through concessions and compromise.

Similar to Crouch, Panitch defined corporatism as "a political structure within advanced capitalism which integrates organized socio-economic producer groups through a system of presentation and cooperative mutual interaction at the leadership level and of mobilization and social control of the mass level." The objective was to regulate the balance of class forces. Within the context of corporatist structures the state offered group representation at the political level to economic collectives, primarily organized labour, in exchange for control of the mass (mainly in terms of wage restraint) at the economic level. Corporatism, Panitch argued, was "a particular form of mediation between the state and society" of modern capitalist democracies in transition to monopoly capitalism. More specifically it was a new form of mediation between labour, capital and the state. It was a new form of legitimation of state policy because "the incorporation of trade union leaders into state decision-making structures entailed not only functional representation, but also unions acting as agencies of social control over their members in the implementation of state policy." [25]

The development of corporatism in advanced capitalist

countries was conditioned by a growing need for state intervention in economic planning and a need to contain the political and economic strength of labour. Growing state intervention was necessary to facilitate accumulation under monopoly capitalism. The state promoted a "tendency toward even greater industrial concentration, undertook to socialize the risk of private production through subsidies, tax write-off, building infrastructure, manpower training ... and sought to integrate private and public investment planning decisions." The working class political victory on full employment at the end of World War Two at the same time however exacerbated "capitalism's economic conditions by increasing working class industrial strength in terms of wage pressure on profits (since the drag on militancy with the reserve army of labour otherwise maintained was attenuated)."

At the centre of corporatist developments were incomes policies, because "far more than is the case in other fields of state intervention in the economy, it requires the direct cooperation of trade unions," which were "the vehicle for administering the policy to the rank and file." The institutionalization of corporatist structures, thus, was directly associated with growing economic strength of the trade union movements; a degree of centralization in trade union organizations; and the political influence of social democracy in both the labour movement and the state.[26]

Panitch at the same time drew attention to the unstable nature of corporatist arrangements, which are rooted in the

problematic position of the union leadership within such arrangements. Through integration into the state economic planning process trade union leaders adopt a state/capital rationale. In turn union leaders demand wage restraint from their membership in the name of national interests. The consequences are growing alienation of the rank-and-file membership and un-official strikes in support of rank-and-file wage demands. Under pressure the union leadership adopts a more militant and less cooperative posture in corporatist arrangements, or may be forced to withdraw from corporatist cooperation.[27]

In general, then, analysts saw the corporatist developments of the 1970s as either directly or indirectly state induced. The focus of conservative and neo-Marxist analysts invariably appeared to be on the state as the main force behind corporatism. Although some analysts identified the commitment of strong and centralized trade union movements as a prerequisite for corporatist developments, labour was not directly identified as one of the main sponsors of corporatism. Corporatism was analyzed as a state strategy to regulate trade union power and union wage demands in defence of liberal democracy, and capitalist production and accumulation. Corporatism was not viewed as a trade union strategy to expand the role and influence of organized labour in the market economy. Although Panitch, who focused more closely than other theorists on the role of trade unions in corporatist developments, in the 1980s suggested that trade unions were perhaps the major promoters of corporatist

developments. He stated; "It is not misleading, therefore, to say that the political and industrial wings of the social democratic labour movements were in many ways the authors of modern corporatism." [28]

Thesis of the Study

One of the main theses of this study is that corporatism to be properly understood has to be analyzed as a project of social democratic trade unions. This, however, is not to argue that corporatism was not a state practice to reconcile class conflict arising out of the contradictions of capitalist production and distribution. What will be argued is that social democratic trade unions have been the main sponsors of corporatist developments. Within this context corporatist development must be seen as the realization at the political level of trade union corporatist strategies. Thus, although corporatist arrangements are the result of state action for labour they constituted a strategy of "social partnership," to improve conditions of the working class within capitalism through an "equal" partnership with capital and the state in the management of the economy. Through integration into the state economic policy process via corporatist structures, organized labour hoped to legitimate itself as an equal partner to capital and the state. Thus, while the state sought to regulate trade union bargaining power and wage demands via corporatist structures, trade unions saw corporatism as a way to expand their role in the management of production both at the firm and the political level. In

cooperation with social democratic parties in power labour via corporatist structures sought to secure economic rights for the working class and gain a measure of control within capitalism and free enterprise.

Corporatist development, then, is a political response by the state to long-standing trade union demands for economic rights and equal participation in economic management, as well as being a "central component of social democratic party strategy, which union leaders themselves played an important role in formulating." [29] In the 19th century corporatism was mainly a state strategy of excluding workers from decision making in the political and economic sphere. In the 20th century ironically corporatism became the instrument of trade unions to gain power and influence both at the political and economic level.

Nineteenth century corporatism was conceived to exclude workers from the political and economic spheres by forstalling liberal democracy and its two main tenets - mass suffrage and freedom of association, and the re-establishment of an estate-based social order reminiscent of the feudal state. The potential class conflict of a liberal market order was to be avoided through the establishment of compulsory public functional, vocational or industrial associations representing the interests of both workers and employers.

With the establishment in the late 19th and early 20th century of freedom of association and the formation of independent workers' organizations, estate-based corporatism was largely rejected. From there on, with the exception of the

fascist "state corporatist" projects of the inter-war period, attempts at class consensus took the form of the voluntary integration of independent trade unions into public or quasi-public administrative structures.

However, the union-sponsored corporatism of the 20th century developed only within certain conditions. In addition to highly centralized business and trade union organizations the establishment of corporatist structures requires the support and commitment of both capital and the state. Capital, however, tends to cooperate only in times of crisis, such as in the periods immediately following the two world wars and the economic crisis of the 1970s. The merging of labour and state interests on the other hand takes place when social democratic parties in power are prepared to make concessions in return for labour's cooperation in economic management. The institutionalization of corporatist arrangements, thus, to use Panitch's words, "is directly associated with, growing economic strength of trade union movements; a degree of centralization of trade union organizations; and the political influence of social democracy in both labour movements and state." [30]

Once in place, however, corporatist structures do not remain stable as hoped for by labour. Corporatist arrangements tend to be unstable by nature. There are two major variables that account for the instability. Once crisis conditions subside corporatist cooperation tends to lose its appeal and importance to capital. On the other hand, concessions, mainly in the form of wage restraint, demanded of labour within corporatist

arrangements tend to lead to growing rank-and-file pressure on the union leadership to adopt a more militant posture in or to withdraw from the arrangements.

The aim of the study is to show that to properly understand corporatist development it must be analyzed as a project of social democratic trade unions. The study will attempt to demonstrate that in the 20th century, especially in the period following World War Two, social democratic trade unions have been the main sponsors of corporatism. Moreover, the study will try to show that corporatism did not constitute a new phase in the development of capitalism, but essentially was just an unstable arrangement within capitalism. The objective will be to demonstrate that corporatist development was not just a state strategy to regulate class conflict, but more important, that it was the realization at the political level of long-standing trade union objectives. The aim is to show that corporatism must be analyzed as a trade union strategy to improve conditions of the working class, without fundamental transformation of capitalism, through their integration into the market economy and the acquisition of a measure of control within capitalism and free enterprise.

The importance of the study lies in the fact that even in the 1980s corporatism still is under consideration as a viable solution to the social and economic consequences of the contradictions of capitalist production and accumulation as well as a strategy for labour to improve conditions of the working class within capitalism. The very question of corporatist

arrangements to coordinate diverse economic interests of state and private economic groups, and to address growing social and economic problems of advanced industrial societies underlay the Research Committee on "State and Society in the Modern Era" of the 1985-86 Royal Commission on the Economic Union and Development Prospects for Canada.[31] The study will raise a number of questions regarding the viability of corporatism as a strategy to regulate class conflict in the face of declining economic prospects and as a trade union strategy to improve conditions of the working class within capitalism, on the role of organized labour as the major agent of social change and the role of social science within this process.

Earlier analyses of corporatism have suggested that trade unions may be one of the main proponents of corporatism. The aim of this study is to emphasize the point, and to substantiate this contention with empirical evidence from the West German case. For this purpose the study will focus on corporatist development in the Federal Republic of Germany (FRG). More specifically, the study will analyze the corporatist development of concerted action in the Federal Republic between 1967-77. The Federal Republic in 1966-67 went through its first major post-war economic recession. Social democrats at the end of 1966 joined the government for the first time in post-war German history. In early 1967 the "Grand Coalition" government of Christian Democrats (CDU/CSU) and Social Democrats (SPD) established concerted action as a forum for trade union, business and state cooperation in economic recovery. Concerted action ended in July

1977 with the trade union boycott of the 40th meeting in response to an employers' challenge of the 1976 Mitbestimmungs Law in the country's Federal Constitutional Court.

Although the Federal Republic never was considered one of the outstanding examples of corporatist success[32], the German case is of special interest for a number of reasons: (1) Germany has a deeply rooted corporatist history going back to the early 19th century; (2) German trade unions almost from their beginning showed clear integrationist tendencies; (3) Germany witnessed union-sponsored corporatist developments in the inter-war period and in the immediate post-World War Two years; and (4) "Modell Deutschland" (as it has become known), because of Germany's strength in the global economy and its relatively quick recovery following the 1974-75 recession, was viewed in other advanced capitalist countries as one of the viable solutions to the crisis of the 1970s.[33]

Moreover, the German experience appears to be a particularly useful case study because concerted action constituted a complete cycle of corporatist development that took place within the context of existing pre-conditions. Social democrats remained in power after the collapse of concerted action in 1977 and were able to maintain their influence in the labour movement. All parties - labour, capital and the state - after 1977 appeared to remain committed to some form of corporatist cooperation. Finally, both German labour and capital are highly organized and centralized.

Labour in the Federal Republic is organized mainly by

industry, rather than by trade, in non-partisan industrial unions. All occupational groups, both white and blue-collar workers, within an industrial sector are organized in a single union. This ensures a high degree of centralization and monopoly of representation of German unions.

The Deutsche Gewerkschaftsbund, DGB, (German Trade Union Federation), although not the only union federation, with 80 percent of all organized workers, including blue and white-collar workers, civil servants and public employees, is the country's most powerful trade union federation. Other labour organizations are the Deutscher Beamtenbund, DBB, (German Federation of Civil Servants) which represents about half the country's civil servants, the Deutsche Angestellten-Gewerkschaft, DAG, (German Union of Salaried Employees)[34] with 22 percent of the private sector white-collar workers, and the Christliche Gewerkschaftsbund, CGB, (Christian Trade Union Federation) representing only about 3 percent of blue and white collar workers.

The DGB comprises seventeen national trade unions with a total membership of eight million. Affiliated unions vary in size from the 2.5 million member Metal Workers Union (Industriegewerkschaft Metall, IG Metall), the largest single trade union in the industrialized west, to the 42,000 member Nursery, Agriculture and Forestry Workers' Union (Gewerkschaft Gartenbau, Land- und Forstwirtschaft). The DGB represents the interests of its seventeen affiliates with government and the Federal Union of German Employers' Associations (Bundes-

vereinigung der Deutschen Arbeitgeberverbände, BDA). It also represents their interests in a number of public and quasi-public administrative institutions, agencies and committees, and on the country's labour courts. However, the DGB exercises little direct control over its affiliates. While the DGB has the power to define general wage guidelines for member unions, individual unions enjoy complete independence in contract negotiations.[35] Wage policy decisions within the unions are made by the executive with little input from union members.

The DGB and its affiliated trade unions represent approximately 35 per cent of the German worker-force. The degree of organization, however, has tended to fluctuate. From a high of 38 per cent in 1950 membership slowly declined to 30 per cent by 1969, and then rose again to 34 per cent in 1975. The degree of organization also differs across industries. The highest degree of organization is to be found in the sectors organized by the Mine Workers' Union and the Metal Workers' Union. The lowest level, as is to be expected, is in banking, insurance and retail. In 1960 the mining sector was 65 per cent union organized and the figure rose to over 90 per cent by 1975. In the metal working industry the change was more marginal, the level of organization rose only from 76 per cent in 1960 to 78 per cent in 1975. Union membership in the automobile industry in the same period rose from 53 per cent to over 68 per cent. The textile industry showed a similar increase rising from just under 45 per cent in 1960 to just over 56 per cent by 1975. In general, all DGB affiliates showed an increase in membership between 1960-

1975.[36]

Capital in Germany traditionally has been more highly organized than in other industrialized countries. Depending on the kind of association, the degree of organization ranges from approximately 60 per cent to a high of 100 per cent. Capital is organized and hierarchically structured and controlled from the national level down to the local level. German business associations are characterized by a high degree of centralization and monopoly of representation. The three main pillars of organized capital in Germany are industrial and trade associations, employers' associations and chambers of industry and commerce.[37]

Industry and trade are organized into thirteen functional associations at the national level. The associations represent banks, manufacturing, commerce, transportation, wholesale and retail, trade and small business, shipyards, tourism, etc. The most important and influential of the national associations is the Bundesverband der Deutschen Industrie, BDI, (Federation of German Industry), which represents German industrial interests. The Federation is the national umbrella organization for thirty-nine affiliated industrial associations representing 80 per cent of industry. The main function of the BDI is to coordinate and represent at the political level the economic and public policy interests of German industry. The BDI exercises a great deal of power over its affiliates,[38] and the power tends to be concentrated in the hands of big industry. Although industrial enterprises with more than 1000 employees make up only 1.2 per

cent of all organized industry it is these corporations that tend to control the decision-making process in the Federation.[39]

The Employers' associations, on the other hand, represent the social and wage policy interests of German capital. Their primary function is to define the relations between capital and labour in such areas as wages and salaries, social services, and working conditions. Roughly 80 per cent of all German employers within about 800 employers associations are organized into functional and regional associations which are joined at the national level in the Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA, (Federal Union of German Employers' Associations). The BDA represents the employers' interests in negotiations with the state and the DGB. Wage negotiations, however, are conducted at the regional and functional associations level, while decisions to respond to strikes remain with the individual employers. The BDA, however, exercises control over the compulsory strike-and-lockout funds of the regional and functional associations, and has the power to initiate and coordinate nation-wide employers' strategies. The BDA constitution gives it a great deal of power over its members, and the power, for the same reasons as in the case of the BDI, tends to be concentrated mainly in the hands of big industry.[40]

The third pillar of organized capital in Germany are the chambers of industry and commerce, which at the national level are joined in the Deutscher Industrie- und Handelstag, DIHT, (German Assembly of Industry and Commerce). Individual chambers

represent the interests of business at the local and regional level. The DIHT coordinates and represents the interests of its constituent members with the federal government. In addition, the chambers, which have the status of self-governing quasi-public agencies perform a number of public administrative functions. They administer apprenticeship training programmes and examinations, issue business licenses, govern stock market activities, and license brokers. A monopoly of representation of the chambers is assured by compulsory membership. Business licenses in the Federal Republic include membership in the local chamber. As a result of a complex and weighted voting formula monopoly capital dominates in the chambers as well.[41]

A high degree of centralization of organized capital in Germany is secured further through overlapping membership, a multitude of committees connecting the three main pillars and through the Gemeinschaftsausschuss der Deutschen Gewerblichen Wirtschaft (Joint Committee of German Business). Every German enterprise holds membership in at least one association within three organizational structures. It tends to be a member of an employers' association to represent its interests in its dealing with organized labour, it will be a member of an industrial or trade association to promote its economic interests, and must by law be a member of the local chamber. Moreover, industrial and trade associations, employers' associations and chambers of industry and commerce through the BDI, the BDA and the DIHT, respectively, are represented in the Gemeinschaftsausschuss der Deutschen Gewerblichen Wirtschaft. The main function of the

Joint Committee is to coordinate interests of German capital and to prepare common positions on major economic and social policy issues. In addition, the Joint Committee appoints business representatives to a number of permanent and ad hoc public and quasi-public administrative institutions, agencies and committees, and to the labour courts. It was also in the Joint Committee that capital tended to formulate its common position presented in the concerted action.[42]

In spite of the high degree of interconnectedness and centralization within organized capital and organized labour in Germany schisms developed, as we shall see later, within each. Differences within capital developed mainly between traditional smoke-stack industries and new high-technology sectors over relations with labour and on economic and social policy issues. Within the labour movement the division was between, what may be called "integrationists" or "moderates" and "reformists" or "activists" over levels of corporatist cooperation and the extent of trade union integration into existing structures. The more significant division within the trade union movement for this study, however, as will become obvious later, developed between the union leadership and the rank-and-file membership over the consequences to workers of union cooperation in concerted action.

The experience of the German case, that is, the unfolding with concerted action of a complete cycle of corporatist development within the context of existing pre-conditions, allows for a close examination not only of the development of corporatism,

but also of the conditions leading to the collapse of corporatist arrangements. The German case enables us to examine the evolution of the trade unions' corporatist agenda and the development of the specific conditions leading to the establishment of corporatist arrangements. Moreover, it can give us an understanding of the stresses and strains of changing social and economic conditions on corporatist structures, and of the conditions leading to the breakdown of such arrangements. The questions that will guide this study then are; how effective are corporatist arrangements in regulating class conflict and in ameliorating the social and economic consequences of capitalism? And more important, how likely is a corporatist strategy of social partnership to improve conditions of the working class within capitalism? And what are the consequences for labour in participating in corporatist cooperation? What should be noted in this context, are the limitations of a single case study in providing complete understanding and, that in spite of the crisis of corporatism in the 1980s as "an integrative political mechanism and ideological practice" the judgement on corporatism, especially in the cases of Sweden and Austria is still outstanding.

Analyses of Concerted Action

Earlier studies of the corporatist development of concerted action reflect the positions of the more general corporatist debate of the 1970s. Liberal analysts saw the corporatism of

concerted action as an evolutionary or necessary development of modern society to adjust to changing conditions, growing complexity and rising demands.[43] Concerted action was analyzed as a new form of consensus-building that was more effective in dealing with the growing number of interrelated problems of advanced industrial societies, such as rising unemployment, financial and environmental crises and protest movements, than the traditional consensus-building structure of liberal democracy - parliament and the party system.[44] And it constituted a structural change in the policy process that blurred the structural duality (public and private) of capitalist society with the state becoming more involved in the non-state sphere of the economy (more specifically in the field of incomes policy), and private interest groups becoming involved in the sphere of state activity.[45]

More conservative analysts saw concerted action as an "economic parliament in disguise" that posed a threat to liberal democracy through the "usurpation of political decision-making power." [46] Through the pre-determination of fundamental policy positions within concerted action a de facto economic policy dynamic was seen to be created that later could not be undone. Moreover, concerted action, it was argued, did not facilitate greater participation in democratic decision-making but contravened the basic principles of liberal democracy. Cooperation of oligopolies and organized interest groups with the state was not limited just to the approval and the support of government economic policy objectives, but was seen to extend

to direct participation in defining and formulating the objectives. Concerted action, in a word, was a "parallel economic executive" that undermined the elected parliament by reducing it to rubber-stamping fundamental decisions made elsewhere.[47]

Economists, for their part, restricted themselves mainly to evaluating concerted action as an economic policy instrument. The coordination of economic policy objectives of state and powerful private interest groups was viewed as a necessary condition for stable economic growth and income developments.[48] Concerted action within this context was judged a useful instrument because a nominal wage policy was inadequate to change income distribution, and a system of incentives and disincentives might achieve a behaviour of social groups that was more in conformity with the necessities of monetary stability.[49] Others rejected concerted action. The problems of fiscal and monetary policy instruments in securing stable economic growth, it was argued, were not the result of inherent limitations, but were the consequence of their improper application. The problem was one of accurate diagnosis of the economy and appropriate timing and intensity of necessary policy measures. And the problem was not addressed by concerted action[50] because it did not resolve the problems of gathering and disseminating accurate information.[51] Concerted action, moreover, was judged ineffective in securing price stability via the coordination of interest group demands with overall government policy objectives.[52] Concerted action was judged

superfluous and leading only to the neglect of individual responsibilities for independent decisions in the market economy.[53]

Analysts of a leftist persuasion saw concerted action as a state strategy of restricting collective bargaining in an attempt to discipline trade unions in the face of rising class conflict, and to stabilize the dominant structures of late capitalism in the Federal Republic. The objective of concerted action was to narrow trade union wage policy options and facilitate redistribution from wages to profits.[54] Trade union participation in concerted action was judged to be contrary to the objectives of organized labour. Within concerted action the trade union leadership was participating in controlling legitimate labour demands in order to assist the state in balancing general demands - private consumption, private investment, state consumption, and export surplus - in the face of a decline in the social product. Cooperation in such a conflict management arrangement at the macro-economic level, it was argued, could only lead to growing union-internal conflicts, primarily between the federation and affiliated trade unions.[55]

The state, in general, was identified as the catalyst, or the major if not only sponsor in the development of concerted action. Although trade unions were seen as both important and willing participants in concerted action, organized labour was not specifically identified as one of the major sponsors of corporatism in the Federal Republic. A 1974 study on the

linkage between concerted action and the trade unions' long-standing objective of "ueberbetriebliche Mitbestimmung" (macro-level co-determination) concluded that the German Trade Union Federation (Deutsche Gewerkschaftsbund, DGB) did see concerted action as a possible step on the way to macro-level co-determination, but did not identify the DGB or its affiliated trade unions as major sponsors of concerted action.[56] In 1979, Clark in a study on concerted action while not explicitly suggesting that the corporatism of concerted action was mainly union sponsored, came close to identifying labour as a one of the sponsors when he wrote, "[f]oremost amongst the proponents of such an approach, albeit for different reasons, were the leading economists appointed to the Council of Experts (Sachverstaendigenrat) and the trade unions represented by their confederation, the DGB." [57]

This study, in contrast to others, will look at concerted action from the view of labour. It will analyze concerted action within the context of labour's corporatist strategy of social partnership. The study will not, as economists did, focus on concerted action as a purely economic policy instrument. Neither will it examine concerted action as an "integrative mechanism of modernizing society" nor as an instrument of growing state intervention, as it was seen by liberal and conservative analysts respectively.

Moreover, in its focus and its underlying questions this study also differs from those concerned with the consequences for and the role of labour in concerted action. Clark in a study

published in 1979, which examined "the reasons for the origins of Concerted Action, the meanings various economic and political forces attached to it and the changing functions it has fulfilled since its inception," focused mainly on the impact of concerted action on trade union wage policy.[58] Streeck in 1982, on the other hand, focused more narrowly on the organizational consequences for trade unions of their integration into the corporatist structure of concerted action. Analyzing concerted action as a "liberal-corporatist structures of policy making in West Germany" he concluded that the unions' integration "was accompanied and supported by various changes within the organizational structures of labour unions." [59] How the trade unions in Germany have "reformulated their economic thought and policy objectives at different points in German post-war development?" and "[w]hen and according to what criteria, ... they [have] chosen the precise strategic avenues to achieve such objectives," are the questions underlying a 1984 study by Markovits and Allen. The authors of this study focused mainly on changing trade union economic policy within the context of changing economic conditions in post-war Germany, concluding that "the unions had not ... departed significantly from the analysis, prescriptions and strategies which were the foundations of their actions throughout this period." [60]

The focus of this study will be on concerted action as a trade union corporatist strategy to improve conditions of the working class within the existing structures of capitalist production, accumulation and distribution. In contrast to

earlier studies the objective will to analyze concerted action within the context of labour's strategy of social partnership, the challenges to it from changing economic conditions and labour's efforts to adjust and save its strategy within concerted action. The study will focus on the changing relations of labour, capital and the state in concerted action as they are revealed in the documents and transcripts of the time. For this purpose the study will analyze primary documentation on concerted action and related social and economic policy issues. While the discussion of the pre-history to concerted action relies mostly on secondary source materials, the substantive chapters focus mostly on primary materials - documents from business associations, trade unions and government, and the minutes of the actual concerted action meetings.[61]

Order of Presentation

With Chapter one having defined the theoretical parameters, the theses and questions guiding the study Chapters two to five will present the empirical evidence of the German case. The evidence will be presented in chronological order to show how deeply rooted German corporatist history is and the evolution of labour's corporatist agenda in Germany. A chronological order of presentation, moreover, allows us to see the unfolding of conditions in Germany leading to the development of corporatism as well as to analyze the stresses and strains on corporatist arrangements, arising out of the contradictions of capitalist

development, that led to the breakdown of concerted action in 1977.

More specifically, Chapter two deals with the pre-history of concerted action. It discusses the history of German corporatism in the 19th and early 20th century, traces the evolution of the corporatist project of German labour through the inter-war period, the immediate post-1945 years and through the 1950s and the early 1960s, and looks at the developments leading up to the establishment of concerted action in 1966. Chapters three to five analyze in detail the practice of concerted action between 1967-77. Chapter three discusses the first three years of concerted action under the Grand Coalition of SPD and CDU/CSU between 1967-69. Chapter four covers the first four years of the social democratic-liberal SPD-FDP coalition from 1970 to 1973, and Chapter five deals with the last three years of concerted action from 1974 to 1977 and developments beyond.

In more detail, Chapter two in section one discusses the history of 19th century German corporatism and Bismarck's failed state corporatist project in the later half of the century. Section two deals with the transition from 19th century state corporatism to 20th century union-sponsored corporatism, and details the failed trade union corporatist project of Weimar. Section three looks at the immediate post-World War Two developments between 1945-49: labour's attempt to influence post-war reconstruction to secure economic rights for workers and trade unions and a role for labour in the management of production, the shift in Allied policy and the defeat of the

unions' strategy in the late 1940s. Section four focuses on the re-establishment in the early 1950s of the bourgeoisie within a new West German state and the defeat of labour at the political and economic level. Section five discusses the unions' response to the changing conditions of the 1950s. Section six finally highlights the changing economic conditions in the late 1950s and early 1960s leading to rising demands for a reform of government economic policy and the introduction of some form of Keynesian economic management.

Chapter three deals with the first three years of concerted action under the CDU/CSU-SPD Grand Coalition from 1967-69. Section one discusses the "new economics" of the Grand Coalition, its legal base (the 1967 "Stability-and-Growth" Law) and the preliminary discussions to concerted action, while section two briefly outlines the institutional parameters of concerted action. Sections three to five focus on the development of concerted action within the context of changing economic conditions between 1967-69: the common focus of concerted action on economic recovery in 1967; the breakdown of the consensus in 1968 with economic recovery and growing trade union demands for concessions; and rising pressure from the rank-and-file in response to the growing profit-wage gap in 1969.

Chapter four covers the first four years of the social democratic liberal SPD-FDP coalition from 1970 to 1973. Section one focuses on the formation of the social democratic-liberal coalition, and the reform euphoria and radical critique generated by the coalition's reform programme. Section two discusses the

coalition's attempt in 1970-71 to secure trade union co-operation through concessions in concerted action. Section three traces the growing opposition from the right to the coalition's reform programme and economic policy course in the latter half of 1971 and the failed attempt to bring down the Coalition in 1972.

Section four details the subsequent shift to the right-of-center in the coalition's policy course and the decline in the importance of concerted action as an economic policy instrument.

Chapter five covers the developments of 1974-77 leading to the break-down of concerted action in July 1977, and looks beyond. Section one discusses the nature of the deepening profitability crisis of the 1970s in Germany, business response to the crisis and the shift in the Coalition's economic policy course. Section two traces labour's changing response to the crisis. Section three focuses on the mounting pressure on the unions in concerted action between 1974-77. Section four zeros in on the final straw, labour's frustration with Mitbestimmung, and section five discusses post-1977 developments and the attempts to re-establish concerted action until the fall of the Social Democratic-Liberal coalition in late 1982.

The conclusion, finally, analyzes the evidence of the German experience of corporatist development with reference to the theses and the questions underlying the study that were formulated in the opening chapter. Moreover, the conclusion will raise a number of related questions arising out of the evidence of the German case on the viability of a corporatist strategy of "social partnership" to improve conditions of the working class

within capitalism, the role of organized labour as the major agent of social change, and the role in this process of social science.

ENDNOTES

1. Leo Panitch, "The Tripartite Experience," in The State and Economic Interests, volume 32 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada, edited by Keith Banting (Toronto: University of Toronto Press, 1986), 80.

2. Ian Gough, The Political Economy of the Welfare State (London: MacMillan, 1984), 126-36.

3. See Nigel Ashford, "The Neo-Conservatives," Government and Opposition 16 (1981), 353-79; Michael J. Crozier, Samuel P. Huntington, Joji Watanuki, The Crisis of Democracy (New York: New York University Press, 1975); Anthony King, "Overload: Problems of Governing in the 1970s," Political Studies 23 (1975), 284-96; Richard Rose, "Ungovernability: Is there Fire Behind the Smoke," Political Studies 27 (1979), 351-70.

4. See Ian Gough, The Political Economy of the Welfare State; Claus Offe, Contradictions of the Welfare State (London: Hutchinson, 1984); James O'Connor, The Fiscal Crisis of the State (New York: St. Martin's, 1973).

5. Corporatism here refers to the institutionalization of arrangements among business, labour and government leaders for their collaboration in the formation, legitimation and administration of economic policy.

6. For detailed discussion on corporatist developments specifically in North America see Panitch, "The Tripartite Experience," 40-41; and "Corporatism in Canada?" Studies in Political Economy 1 (1979); James Weinstein, The Corporate Ideal in the Liberal State 1900-1918 (Boston: Beacon Press, 1968); Victor Levant, Capital and Labour: Partners? (Toronto: Steel Rail, 1977); Mike Davis, "The Barren Marriage of American Labour and the Democratic Party," New Left Review 124 (1980), 43-84.

7. All following quotes unless otherwise indicated are from Panitch, "The Tripartite Experience."

8. The terms "tripartism" and "corporatism" are used interchangeably by Panitch in "The Tripartite Experience," 49.

9. Panitch, "The Tripartite Experience," 109.

10. For a discussion of corporatist developments in Britain see Panitch, "The Tripartite Experience"; Social Democracy and Industrial Militancy: The Labour Party, the Trade Unions and Incomes Policy 1945-1974 (Cambridge: Cambridge University Press, 1976); and "Socialists and the Labour Party: A Reappraisal," in The Socialist Register 1979, edited by Ralph Miliband and J. Saville (London: Merlin, 1979).

11. For a detailed discussion of corporatist developments in Sweden see Panitch, "The Tripartite Experience"; Andrew Shonfield, Modern Capitalism: The Changing Balance of Public and Private Power (London: Oxford University Press, 1965); Rudolf Meidner, "Our Concept of the Third Way," Economic and Industrial Democracy 1 (1980); R. Scase (ed.), Readings in Swedish Class Structure (Oxford: Pergamon Press, 1976); Casten van Otter,

"Sweden: Labour Reformism Reshapes the System," in Workers Militancy and Its Consequences, 1965-1975, edited by S. Barkin (New York: Praeger, 1975).

12. For an in depth discussion of corporatism in Austria see Panitch, "The Tripartite Experience"; Bernd Marin, Die Paritaetische Kommission (Vienna: Internationale Publikationen, 1982); Anton Pelinka, Modellfall Oesterreich? (Vienna: Wilhelm Braumuehler, 1981); K. Steiner (ed.), Modern Austria (Palo Alto: Spross, 1981); Sven W. Arndt, The Political Economy of Austria (Washington, D.C.: American Enterprise Institute, 1982); J. Mire, "Industrial Relations in Austria," New Zealand Journal of Industrial Relation 6 (1981).

13. Philip Joseph Meeks, "The Crisis of Governance and Economic Policy in Postindustrial States: The Politics of Corporatism and International Economic Relations in the United Kingdom, West Germany and France 1958-1978" (unpublished doctoral dissertation, The University of Texas at Austin, 1980), 89.

14. See Leo Panitch, "Recent Theoretizations of Corporatism: Reflections on a Growth Industry," British Journal of Sociology 31 (1980).

15. Hans Kastendiek, "Neokorporativismus. Thesen und Analyse-Konzepte in der westdeutschen Diskussion und in der internationalen 'corporatism'-Debatte," Prokla 38 (1980), 81-106.

16. Only those theorists which generally are recognized to have been most influential in the corporatist debate of the 1970s are discussed here.

17. J. T. Winkler, "Corporatism," European Journal of Sociology 1 (1976), 109.

18. A system of public ownership and private control Winkler defined as syndicalism (113).

19. Schmitter differentiated between the direct state intervention of "state corporatism," where the state creates compulsory and hierarchically ordered constituent units, and the indirect intervention of "societal corporatism" where the state recognizes, licenses and grants representational monopoly to existing units.

20. All following quotes unless otherwise indicated are from Philippe C. Schmitter, "Still the Century of Corporatism," in Frederick B. Pike and Thomas Stritch (eds.), The New Corporatism. Social-Political Structures in the Iberian World, Notre Dame, University of Notre Dame Press, 1974, 85-131; see also Gerhard Lembruch and Philippe C. Schmitter (eds.), Patterns of Corporatist Policy Making (New York: Sage, 1982).

21. Syndicalism Schmitter differentiated from pluralism in that the constituent units of civil society are non-competitive and resolve "their conflicts and authoritative allocating their values" autonomously without the interference of the state" (98).

22. Lembruch, like Schmitter, differentiated between the "authoritarian" corporatism of the 19th century and the fascist version of the inter-war period, and the "liberal" corporatism of the post-WWII period.

23. All following quotes unless otherwise indicated are from Gerhard Lembruch, "Liberal Corporatism and Party Government," Comparative Political Studies 1 (1977); see also Lembruch and

Schmitter (eds.), Patterns of Corporatist Policy Making.

24. All following quotes unless otherwise indicated are from Colin Crouch, Class Conflict and the Industrial Relations Crisis (London: Heinemann, 1977).

25. All following quotes unless otherwise indicate are from Leo Panitch, "The Development of Corporatism in Liberal Democracy," Comparative Political Studies 1 (1977).

26. Leo Panitch, "Corporatism and Capitalist Democracy."

27. Leo Panitch, "Trade Union and the Capitalist State," New Left Review 125 (1981), 24.

28. Panitch, "The Tripartite Experience," 45.

29. Panitch, "The Tripartite Experience," 45.

30. Leo Panitch, "Corporatism and Capitalist Democracy," paper presented at the IPSA XIIth World Congress, Rio de Janeiro, August 9-14, 1982, 21.

31. Banting, The State and Economic Interests.

32. See findings in Panitch, "The Tripartite Experience," 81, 82, 83, 100; Andrew Martin, "The Politics of Employment and Welfare: National Policies and International Interdependence," in The State and Economic Interests, volume 32 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada edited by Keith Banting (Toronto: University of Toronto Press, 1986), 206.; P. J. Meeks, "The Crisis of Governance and Economic Policy in Postindustrial States:," 144-46.

33. Frank Deppe und Heinz Jung, "Entwicklung und Politik der herrschenden Klasse in der Bundesrepublik," in Ulrich Albert, et al., Beitraege zu einer Geschichte der Bundesrepublik (Koeln: Pahl-Rugenstein, 1980), 476-77.

34. The German Federation of Civil Servants (DBB) and the German Union of Salaried Employees (DAG) have carried on merger talks for sometime as both agree in general agree on economic and social policy objectives (Walther Mueller-Jentsch and Hans-Joachim Sperling, "Economic Development, Labour Conflicts and the Industrial Relations System in West Germany," in Colin Crouch and Alessandro Pizzorno (eds.), The Resurgence of Class Conflict in Western Europe since 1968 vol. 2 (London: MacMillan, 1978), 278).

35. For a more detailed discussion of the role of the DGB see Joachim Bergmann and Walther Mueller-Jentsch, "The Federal Republic of Germany: Cooperative Unionism and Dual Bargaining System Challenged", in Solomon Barkin (ed.), Workers Militancy and its Consequences, 1965-75 (New York: Praeger Publishers, 1975), 235-276; Walther Mueller-Jentsch and Hans-Joachim Sperling, "Economic Development, Labour Conflicts and the Industrial Relations System in West Germany," 257-306; Klaus von Beyme, Challenge to Power. Trade Unions and Industrial Relations in Capitalist Countries (Beverly Hills: Sage Publications, 1980).

36. Figures for after 1975 were not available at the time of writing. All statistics are from J. Bergmann, O. Jacobi, W. Mueller-Jentsch, Gewerkschaften in der Bundesrepublik vol. 1 (Frankfurt: Campus Verlag, 1979), 438-64; Wolfgang Streeck, Gewerkschaftliche Organisationsprobleme in der sozialstaatlichen

Demokratie (Koenigstein/Ts.: Athenaeum, 1981), 470-504; and Wolfgang Streeck, "Organizational Consequences of Neo-Corporatist Co-operation in West German Labour Unions," in Gerhard Lembruch and Philippe Schmitter (ed.), Patterns of Corporatist Policy-Making (New York: Sage, 1982), 29-81.

37. For an in depth discussion of the historical development, the organizational structure and the function of German business association see Hermann Adam, Der Einfluss der Industrie - und Handelskammern auf politische Entscheidungsprozesse (Frankfurt: Campus Verlag, 1979); R. F. Bunn, "The Federation of German Employers's Associations: A Political Interest Group," Western Political Quarterly 3 (September 1960), 652-69; Caspar Schirmeister, "Verbaende des Finanzkapitals. Zur Funktion der Unternehmerverbaende im staatsmonopolistischen Herrschaftssystem der BRD", IPW-Forschungshefte 4 (1979), 5-90; Walter Simon, Macht und Herrschaft der Unternehmerverbaende BDI, BDA und DIHT (Koeln: Pahl-Rugenstein, 1976); Karl Josef Uthmann & Hermann Freiherr v. Wolff-Metternich, Der Bundesverband der Deutschen Industrie (Duesseldorf: Droste Verlag, 1974); Heinz-Josef Varain (eds.), Interessenverbaende in Deutschland (Koeln: Kiepenheuer & Witsch, 1973).

38. The Federation's constitution binds members to BDI executive decisions and obliges them to support the BDI in the pursuit of the defined objectives. The executive, moreover, has the power to make unilateral decisions on urgent and important matters (Simon, Macht und Herrschaft der Unternehmerverbaende BDI, BDA und DIHT, 86-87).

39. BDI member associations do not hold equal votes. The votes are determined by the total number of employees in industries represented by the member association (Simon, Macht und Herrschaft der Unternehmerverbaende BDI, BDA und DIHT, 83).

40. For a detailed discussion of the constitutional powers of the BDA see Simon, Macht und Herrschaft der Unternehmerverbaende BDI, BDA und DIHT, 85-86.

41. Simon, Macht und Herrschaft der Unternehmerverbaende BDI, BDA und DIHT, 13.

42. Simon, Macht und Herrschaft der Unternehmerverbaende BDI, BDA und DIHT, 70.

43. Helmut Wilke, "Zur Integrationsfunktion des Staats. Die Konzertierte Aktion als Paradigma in der Neuen Staatstheoretischen Diskussion," Politische Vierteljahresschriften 3 (1979), 221-240.

44. Rolf G. Heinze, "Neokorporatismus: Effektives politisches Regulierungskartell oder 'Akademisches Phantoms'?" (mimeographed, Universitaet-Gesamthochschule Paderborn, June 1980).

45. Wolfgang Bonss, "Gewerkschaftliches Handel zwischen Kooperation und Selbstverwaltung - Die Konzertierte Aktion und ihre Folgen," (mimeographed, Starnberg, October 1979).

46. Kurt H. Biedenkopf, "Ordnungspolitische Problem der neuen Wirtschaftspolitik," Jahrbuch fuer Sozialwissenschaft 19 (1968), 16; Kurt H. Biedenkopf, "Rechtsfragen der Konzertierten Aktion," Der Betriebsberater 25 (1968), 1008; Kurt H. Biedenkopf, "Koalitionsfreiheit und Tarifautonomie als Strukturelemente der

modernen Demokratie," in H. Duvernell (ed.), Koalitionsfreiheit und Tarifautonomie als Problem der modernen Demokratie (Berlin: _____, 1968); Kurt H. Biedenkopf, "Marktmacht ist die Eintrittskarte in den Klub der Entscheider," Der Volkswirt 31 (1968), 25.

47. Hans Heinrich Rupp, "Konzertierte Aktion und freiheitlich-rechtsstaatliche Demokratie," in Hoppmann (ed.), Konzertierte Aktion. Kritische Beiträe zu einem Experiment (Frankfurt: Athenäum, 1971).

48. Heinz-Dieter Hardes, Einkommenspolitik in der BDR. Stabilität und Gruppeninteressen. Der Fall Konzertierte Aktion (Frankfurt: Herder & Herder, 1974).

49. Ingo Schmidt, "Ist die Konzertierte Aktion als Konjunkturpolitisches Instrument geeignet?" Zeitschrift fuer Wirtschafts- und Sozialwissenschaft (1972), 421-439.

50. Dieter Pohmer and Werner Gloeckeler, "Konzertierte Aktion und Finanzpolitik," in Hoppmann (ed.), Konzertierte Aktion. Kritische Beiträe zu einem Experiment.

51. Egon Tuchteld, "Moral Suasion in der Wirtschaftspolitik," in Hoppmann (ed.), Konzertierte Aktion. Kritische Beiträe zu einem Experiment.

52. Christian Watrin, "Geldwertstabilität, Konzertierte Aktion und autonome Gruppen," in Hoppmann (ed.), Konzertierte Aktion. Kritische Beiträe zu einem Experiment, 201-228.

53. Ernst Heuss, "Makroökonomie und Stabilitätsgesetz," in Hoppmann (ed.), Konzertierte Aktion. Kritische Beiträe zu Experiment, 91-116.

54. Joerg Huffschild, Die Politik des Kapitals. Konzentration und Wirtschaftspolitik in der Bundesrepublik (Frankfurt: Suhrkamp, 1969); E. Hennig, "Zur Kritik der Konzertierten Aktion," Blaetter fuer deutsche und internationale Politik, 5 (1970); E. Schmidt, Ordnungsfaktor oder Gegenmacht. Die politische Rolle der Gewerkschaften (Frankfurt: Suhrkamp, 1971); Werner Abelshauser, "The First Post-Liberal Nation: Stages in the Development of Modern Corporatism in Germany," European History Quarterly, 3 (1984) 284-318; Werner Abelshauser, Wirtschaftsgeschichte der Bundesrepublik Deutschland 1945-1980 (Frankfurt: Suhrkamp, 1983).

55. Werner Josua, "Funktionswandel der Wirtschaftsverbände durch die Konzertierte Aktion," in Erich Hoppmann (ed.), Konzertierte Aktion. Kritische Beiträe zu einem Experiment, 179-200.

56. Hugo Mueller, "Konzertierte Aktion und ueberbetriebliche Mitbestimmung" (Bonn: Konrad-Adenauer-Stiftung, 1974).

57. Jon Clark, "Concerted Action in the Federal Republic of Germany," British Journal of Industrial Relations 2 (1979), 17.

58. Clark, "Concerted Action in the Federal Republic of Germany," 242.

59. Wolfgang Streeck, "Organizational Consequences of Neo-Corporatist Co-operation in West German Labour Unions," in Gerhard Lembruch and Philippe Schmitter, Patterns of Corporatist Policy-Making (New York: Sage, 1982), 43.

60. Andrei S. Markovits and Christopher S. Allen, "Trade

Unions and the Economic Crisis: The West German Case," in Peter Gourevitch, et al., Unions and Economic Crisis: Britain, West Germany and Sweden (London: George Allen & Unwin, 1984), 170.

61. For a more detailed discussion of the actual research leading to the study see the Methodological Appendix at the end of the study.

CHAPTER

2

THE PRE-HISTORY OF CONCERTED ACTION

Corporatism has been a prominent aspect of German political and social thinking dating back to the 19th century: Indeed, as Bowen argued in 1947 in his study of German corporatism, nowhere have corporatist tendencies and theorizing been "more abundant, more varied or more continuous, than in Germany." Nowhere has there been a corporatist tradition of comparable dimension, diversity and duration. In it Bowen advised that the defeat of the Nazis did not mean that Germany had concluded the final chapter on corporatism. However, while 19th century corporatism was estate-based state-corporatism 20th century corporatism tended to be mainly union-sponsored "liberal-corporatism." Moreover, labour in Germany has had a long tradition of corporatist strategies of social partnership to legitimize itself and to improve conditions of the working class.

Chapter two discusses the pre-history to concerted action, tracing the historical roots of corporatist theory and practice from the early 19th century to the mid-1960s, differentiating between the estate-based "state-corporatism" of the 19th century and the union-sponsored "liberal-corporatism" of the 20th century. The Chapter traces the deeply rooted corporatist-integrationist tendencies of German labour and its long-standing strategy of social partnership through the failed project of Weimar, the early efforts in the immediate post-World War Two

period, and throughout the 1950s and early 1960s. Section one more specifically discusses the development of 19th century corporatism from its early beginning to Bismarck's failed state-corporatist project in the later half of the century. Section two focuses on the failed union-sponsored corporatist project of Weimar, and briefly touches on the fascist "state-corporatist" agenda of the 1930s. Section three details the failure of labour's corporatist strategy in the immediate post-war years with the change in Allied occupation policy in the late 1940s. The defeat of labour in the economic and the political arena in the early 1950s and the institutionalization of a restrictive industrial relations system is discussed in section four. The adjustments of labour's objectives and strategies to the changing conditions in the reconstruction of the 1950s and the changing economic conditions leading to the recession of the mid-1960s the rise to power of social democrats for the first time in the history of the Federal Republic, and the establishment of concerted action are detailed in section five and six respectively.

Nineteenth Century German Corporatism

The intensity and duration of corporatist thought in Germany in part is explained by the survival of German feudal estates and craft guilds well into the 19th century, the country's late industrialization and the delayed development of liberal democratic institutions. Craft guilds, which in France were

abolished with the Revolution in the late 18th century, persisted in Germany well into the 19th century. It was not until the 1860s that unabridged freedom of occupation was established in Germany.[1]

German society traditionally was organized in estates and corporations. Commerce until the 1840s was organized along corporate lines through merchant corporations - voluntary bodies subject to the constraints of Roman Law corporate doctrines, mixed commissions and councils, composed of merchants and civil servants, and chambers of commerce.[2] Early corporatist doctrines in Germany were formulated in response to challenges to the established order and the specter of rising class conflict. They evolved in antipathy to the individualism of the Enlightenment, the egalitarianism of the French Revolution, the laissez-faire economics of Manchester Liberalism and the socio-economic equality of Marxist socialism.

Early German corporatist thought was based on an "organic" conception of state and society. Society like a biological organism was seen to be hierarchically structured and authoritatively governed by singular purposes. Society in contrast to an aggregate of individuals was conceptualized as an organic union of "estates." Corporatist proposals in defence of this organic order tended to call for the integration of all socio-economic groups into the larger social whole.

The transformation from agriculture and small handicraft to manufacturing in the early 19th century led to growing demands for the introduction of laissez-faire liberal economics. Such

demands posed a direct threat to the dominance of the ancient craft guilds and the privileged position of the chambers of commerce. Changes in the class structure and the balance of class forces, on the other hand, led to growing demands for a decentralization of political power via parliamentary democracy. Demands for individual representation and universal suffrage challenged the dominant position of the monarchy and the landed aristocracy and posed a threat to the estate-based social order.

Challenges to the established order until the mid-19th century were successfully controlled within the existing socio-political framework. The Prussian Reform Movement in the wake of the defeat of Prussia by Napoleon led to a number of social and economic reforms designed to strengthen the existing order and secure the rule of the monarchy and the position of the landed aristocracy. The absolute monarchy was replaced by a system of bureaucratic absolutism in which a small aristocratic bureaucracy shared political power with the monarch. The reforms also abolished the guilds' monopoly control over trades and the restricted rights to estates. Moreover, the reforms, against the opposition of the East Prussian Junkers, freed the Prussian serfs. However, a series of judicial reforms and property adjustments reinforced existing class relations of landlords and peasants.[3]

By mid-century, rapid social and economic change outstripped the ability of the old regime to regulate and control rising demands. Bourgeois demands for parliamentary democracy and the introduction of liberal economics were behind the Revolution of

1848. Although the Revolution did not challenge the monarchy itself it challenged the monopoly power of the monarchy and landed aristocracy at the political level. It also challenged the dominance of craft guilds, cartels and corporations in the economy, and the functional representation of commercial interests via the chambers of commerce. The outcome of the Revolution was the establishment of a National Assembly in Frankfurt, the introduction in 1860 of universal suffrage, and the development of political parties as the organizational form of class representation at the political level.[4] The economic policy consequences of the Revolution were the introduction of liberal economics and the market economy. Within this context the 1869 Trade Regulation Law (Gewerbeordnung) of the North German Federation abolished the legal status of all monopolies, guilds and market regulating corporations.[5]

Three distinct phases of corporatist thought in 19th century Germany can be identified. Corporatist proposals in the early part of the century arose in response to the challenge from the French Revolution and the importation of its principles to Germany. In mid century it was the constitutional and social conflicts of the 1840s, and in the latter half of the century it was the social consequences of rapid industrialization that led to the development of corporatist proposals.[6]

The Romantic School of the early century, idealizing the medieval social order, developed in response to the individualism and egalitarianism of the French Revolution. It responded to the challenge by proposing the integration of state and society and

the re-establishment of the traditional "estate order" of aristocracy, clergy and bourgeoisie.[7] In response to the liberal and radical thoughts of the 1848 bourgeois Revolution corporatist proposals changed from a class-based estate order to a functional and professional-based re-organization. Under the influence catholic social theory estate-based concepts were transformed into the proposals of the Catholic Social School.

Catholic social reforms, in contrast to the estate-based proposals, emphasized the integration of new social groups, mainly the rising industrial proletariat, into functional organizations at the firm level. Influenced by the development of socialist trade unions and workers' cooperatives, catholic reformers proposed the establishment of Christian workers' associations. In contrast to revolutionary socialists the objective of the Catholic Social School was not to promote class interests but to secure class harmony on equitable terms within the context of professional corporations. The role of the state within this context was to protect workers against unjust exploitation through legislation.[8]

In the latter half of the century reformist elements of the Catholic Social School combined with the concepts of the "corporatist state" formed the corporatist proposals of the Monarchical or State Socialist School.[9] Its main proponents, the Kathedersozialisten (academic socialists), concerned with social and political consequences of industrialization and laissez-faire capitalism proposed a system of "state corporatism." Rejecting the Marxist-socialist ideas of social

democrats and their affiliated trade unions the Kathedersozialisten sought to control the working class through its integration into the monarchical state. The Hohenzollern monarchy was viewed as the instrument of social reforms while at the same time maintaining the harmony of the traditional order. To secure the power of the monarchical state and the role of the aristocracy the Kathedersozialisten called for the strict subordination of the "lower ranks" within the social hierarchy. To reduce the potential for class conflict and to guarantee the power of employers in the productive process they proposed a system of compulsory vocational associations. The objective was to integrate industrial workers into the "social organism" to prevent the labour movement from becoming an instrument of class conflict.

The underlying premises and corporatist concepts of the State Socialist School provided the theoretical framework for Bismarck's failed "state corporatist" project of the late 19th century. Bismarck, with a predilection for an estate-based social order, was determined to defend the country's traditional order and to protect the power of the monarchy and the position of the landed aristocracy against challenges from liberalism and socialism. Socialist demands were to be addressed via a legislated end to independent trade unions[10] and social democratic organizations with the 1878 Anti-Socialist Law.[11] Liberalism, on the other hand, was to be dealt with through the institutionalization of the corporate state. At the political level individual representation of the parliamentary system was

to be replaced by a system of collective and functional representation via the re-establishment of guilds, cartels and chambers of commerce.[12]

In his attempts to institutionalize the corporate state Bismarck in 1870 restored the dominance of the Landesökonomie-Kollegium, the major farming association, as an advisory council to the minister of agriculture, and reconfirmed the chambers' monopoly in representing the general interests of business. The power of artisan guilds was restored by decree in 1879. The 1897 Handwerks (trade) Law transformed chambers of trade

(Gewerbekammern) into compulsory organizations recognized under public law. In 1888 chambers of agriculture were set up.

Private associations were tied to a system of institutionalized co-operation with the state through a variety of personal and institutional ties and the linkages between functional associations and chambers. Workers, on the other hand, were to be organized in and represented by chambers of labour.[13]

At the political level Bismarck tried to replace individual representation with a system of functional representation, successively, through a reform of the Prussian Upper House[14], the establishment of a Prussian Economic Council[15], the revitalization of the Prussian Council of State,[16] and finally the introduction of a compulsory accident insurance scheme.[17]

The failure of Bismarck's "state corporatist" project, especially the repeal of the Anti-Socialist Law in 1890 and the re-establishment of independent trade union organizations marked the end of the predominance of the anti-liberal democratic,

estate-based corporatism. This is not to suggest that state-corporatist proposals vanished completely. But the state-sponsored 19th century anti-liberal democratic, estate-based corporatism was replaced in the 20th century Germany by the trade union sponsored "liberal" corporatism of Weimar, and then by the totalitarian corporatism of the fascists.

Failed Project of Weimar

Post-World War One social, economic and political crises and instability led to a renewed phase of corporatist proposals in Germany. Three distinct schools of corporatist thought can be identified in the period. The moderate left or "guild socialists, Marxist revisionists, and democratic liberals" proposed the gradual dissolution of central state authority and the establishment of work councils and industrial self-government." [18] On the right supporters of "state corporatism" [19] sought to "undo the social ravages of an atomistic liberalism by creating an estatist representation." The technocratic vision of a "collective economy," [20] proposed by professional engineers and progressive businessmen, on the other hand, "envisaged moving beyond an often wasteful laissez-faire economy, subject to cycles of boom and bust and to overproduction in some sectors and shortages in others."

All three schools rejected the liberal bourgeois state but they differed in their proposals. The moderate left "hoped to move beyond state authority to a less coercive and more

recreate earlier hierarchies," proponents of the "collective economy," on the other hand, rejected "class objectives in favor of a new efficiency, enhanced productivity, and a society of abundance."

In the end the corporatist-proposals of the moderate left failed as did the conservative and the "collective economy" proposals, but it is their development that is of particular relevance to our study. Their significance lies in the fact that they marked the beginning of trade union-sponsored corporatism in Germany. For the first time organized labour promoted corporatism as a strategy to legitimize itself and to improve conditions for the working class within existing structures. The social democratic wing of the German labour movement sought to secure and institutionalize its role and influence in the management of the war economy in the post-war period via corporatist structures. Within post-war reconstruction labour sought legal recognition and equality for workers and their representative organizations at both the economic and the political level. The 1919 Allgemeine Deutsche Gewerkschaftsbund (ADGB) (General German Trade Union Federation) congress called for the joint management of the economy by the "social partners" of industry and labour.[21]

In the wake of the massive growth of trade union organizations through the 1890s, the General Commission of German Trade Unions in the period up to World War One increasingly sought cooperation with capital and the state to secure its new

organizational strength. Lacking legal recognition the trade unions tried to gain social and political acceptance through cooperation with capital.[22] On the eve of the First World War after having firmly established itself with over two million members and having gained general social and political recognition, the General Commission turned directly to cooperation with the state. To avoid the danger of state regulation of the trade union movement, and to legitimize itself at the political level the General Commission not only supported but cooperated with the state throughout the war.[23] The co-optation of trade unions into the war economy and their integration into the management of the war economy via the 1916 Auxiliary Service Law brought official recognition and strengthened social democratic tendencies within the labour movement. Labour hoped that after the war government and Reichstag would legalize and extend its role in the management of the economy.[24]

Two developments of the war years in particular shaped labour's post-war corporatist project. The first was the erosion of the distinction between private and public sector as the state claimed new powers to control prices, the movement of labour, and the allocation of raw materials. In addition, the state turned over regulatory authority to business and labour, and not only within public supervisory boards and committees.[25] The result was the establishment of a number of corporatist-inspired institutional structures such as the industry-wide extension of the compulsory Workers' Committees in the mining sector, the

Auxiliary Service Law (Hilfsdienstgesetz, 1916), and the establishment of compulsory arbitration boards with equal state, employers' and labour representation. Second, the war years saw a great increase in the centralization, the membership, the functions, and power of interest organizations in a number of industrial sectors.[26]

At the end of the war labour to secure its political, social and economic objectives, as well as to avoid the consequences of revolutionary developments was prepared to continue cooperation with industry and government. Labour's prospects were strengthened when Social Democrats in 1918, for the first time in German history, shared government power and industrialists, faced with the consequences of revolutionary developments, actually sought the cooperation of the trade unions.

In 1914 the majority of the Social Democratic leadership supported the government's war policies. The party hoped to improve its standing with the electorate and to gain concessions on domestic policy issues by supporting bourgeois nationalist policies.[27] In 1918 this led the party to join the government,[28] and in the revolutionary period of 1918-19 in an attempt to maintain order, the party even formed an alliance with the army. Labour at the same time aligned itself with capital against the revolutionary threat from workers' and sailors' soviets.[29]

With the collapse of the Imperial order and in light of the 1917 Russian October Revolution, industrialists sought an alliance with the trade unions to prevent similar developments

from taking place in Germany. In a series of secret meetings in October and early November 1918, industrialists discussed with labour leaders problems of demobilization and the transition to a peacetime economy. In the face of revolutionary developments, employers were prepared to make major concessions to the unions, which were now seen as a bulwark against the threat of anarchy and bolshevism. The result was the "Stinnes-Legien Agreement"[30] between industry and labour. Labour's interest in the agreement was to secure its own organizational survival and to aid in economic recovery.[31]

The Agreement secured the right to organize, and it recognized trade unions as the representatives of workers' interests and their right to sign collective agreements. Moreover, the Agreement established jointly managed employment offices and arbitration committees.[32]. In addition, the Central Working Committee of German Employers and Employees (Zentral-arbeitsgemeinschaft der industriellen und gewerblichen Arbeitgeber und Arbeitnehmer Deutschlands, ZAG) was set up, to cooperate in addressing common problems arising from demobilization, and to advise government on social and economic policy issues. With social democrats in government, labour sought to have the provisions of the Agreement institutionalized in the constitution of the new republic. And under pressure from revolutionary developments the unions were able to secure social, economic and political rights which would "otherwise have taken decades of struggle." [33]

Under the Social Democrats, Germany was transformed into a

parliamentary republic. The three-tiered class-based voting system was replaced by universal suffrage, which also was extended to include women. The eight-hour day was promised, work councils were legalized and trade unions were given the legal right to sign collective agreements. The new constitution, moreover, opened the possibility for the socialization of basic industries,[34] and introduced workers' and trade union co-determination in the management of production at the company and the political level.

The Weimar constitution in Article 165 promised equality of industry and labour in the management of production, and recognized the provisions of the "Stinnes-Legien Agreement." The Article called for the establishment of work councils, regional industrial labour councils and a national labour council to represent the social and economic interests of workers.[35] The labour councils together with industrial employers' associations were to join in economic councils at the regional and national level to cooperate in economic management.[36]

The Work Council Law of January 1920, on the other hand, called for the establishment of work councils in all companies with more than twenty workers and shop delegates in smaller shops. The Law gave work councilors the right to monitor on the shop floor the observance of labour laws and collective agreements as well as working conditions and safety rules. The Law guaranteed workers right to information on issues affecting them at the work place such as wage records and company balance sheets, as well as the right to appoint workers' representatives

to the board of directors. Moreover, the trade unions were given representational rights on the work councils.[37]

The government also established a separate labour court system to address trade union concerns about the conservative nature of the courts and the lack of uniformity in the application of the law by the courts. Labour courts were to adjudicate conflicts between employers and employees, including claims arising out of collective agreements. The courts were composed of an independent judge appointed by government and two assessors, one appointed each by the trade unions and the employers' associations.[38]

Gaining representation also in public administrative, regulatory and advisory bodies, labour's expectations of becoming an important actor at the political level grew. These expectations were not however realized. The defeat of the revolution and the crushing of the workers' and sailors' soviets in 1919-20 led to a shift to the right-of-center in parliament, and resulted in industry calling off its agreements and cooperation with labour. After an election in June of 1920 a bourgeois coalition took office with the support of the SPD. This was followed by modest economic recovery between 1920-22. The recovery, however, changed to inflation in 1923 when French and Belgian troops occupied the Ruhr basin to secure payment for war reparations.

The ADGB, despite bourgeois rule and the declining influence of labour, continued its cooperation in the ZAG and its support of government economic policy, and discouraged strikes to aid

economic reconstruction. At the same time, however, as a result of the "inflation economy" the working class was being impoverished and wages were falling below the poverty line. Growing rank-and-file pressure led to an increase in strikes, organized mostly by the work councils. The climax was the general strike of August 1923 which forced the resignation of the centre coalition government.

The Reichstag, in an attempt to control inflationary pressures, passed an emergency decree enabling the government to reduce wages and salaries, reduce unemployment and old age pension benefits, cut the civil service, raise income taxes, lower government social spending, introduce compulsory arbitration and eliminate the eight-hour day at the same time as provide tax concessions to industry.[39] The SPD in response withdrew from the governing coalition and the ADGB left the ZAG.[40] However, the ADGB accepted the extension of the work day from eight to ten hours as a necessary condition for economic recovery, and accepted compulsory arbitration as protection against further wage cuts and to secure its own organizational survival. Moreover, the ADGB continued to support government policy to the point of trying to bring an end to the strikes by threatening striking union members with expulsion.[41]

Despite the SPD's return to power in 1928-30, conditions did not improve for labour. Economic stagnation in early 1928 led to intensified opposition to union demands, and that in spite of the ADGB's continuous support for government economic policy. The conservative Bruening government, appointed by President

Hindenburg after the resignation of the SPD coalition,[42] in September 1930 cancelled all collective agreements and lowered wages and salaries by six to eight per cent across the board. Finally, the von Papen government in September 1932 abolished collective bargaining altogether and allowed employers to undercut wages by up to thirty per cent.

In early 1933 pressure on trade unions grew when the von Schleicher government, in an attempt to prevent the Nazis from coming to power, proposed the merger of all employees' organizations, including Nazi-controlled labour organizations, into a "United Labour Front." [43] With the appointment of Hitler as Chancellor at the end of January of 1933 [44] union leaders concerned with the survival of independent trade union organizations were prepared to cooperate and concede to Nazi demands. They offered to resign and accept a state-appointed head of the unions. They cut their traditional ties with the social democratic party and offered political neutrality. They supported Nazi-organized May Day rallies and encouraged the rank-and-file to participate in the rallies. But, it was all to no avail. The day after the rallies on May 2nd, union leaders were arrested, union offices were occupied and union property was confiscated by the Nazis, and the rank-and-file were integrated into the compulsory Nazi German Labour Front (Deutsche Arbeitsfront, DAF).

The Arbeitsfront, like the Nationalist Socialist Estate Institute and the Party's Bureaus for Corporative Organizations, formed part of the Nazis' "state corporatist" agenda, formulated

in large part in the 1920s and early 1930s. In this, as mentioned above, the Nazis were influenced by the "neo-romantic" school that had formed in the early 1920s around the Viennese sociologist Othmar Spann. Drawing on the concepts of the Romantic School of the early 19th century, the neo-romantics proposed the establishment of a system of hierarchically ordered estates with the state as the supreme estate at the top, and with the economy organized into "occupational corporations." The Nazi "corporatist state," however, remained vague and unrealized. Corporatist structures established by the Nazis in the early 1930s such as the DAF served mainly as administrative appendages of the fascist state to exercise control over the labour movement and repress class conflict.[45]

Within the context of the Nazi Gleichschaltung (the elimination of opponents) both employers and labour were integrated into the Arbeitsfront, eliminating separate representation for labour. The DAF was hierarchically structured with its head not elected by the members but appointed by the party. Its role was not a representational one, but it was to secure labour peace through the integration of both employers and labour into the same state-controlled organization. Collective bargaining was abolished in May 1933 and Treuhänder der Arbeit (labour trustees) were introduced, which tended to be mostly former legal advisors to business, who determined wages and salaries. The Gesetz zur Ordnung der nationalen Arbeit (the Law to Organize National Labour) finally established the employer as the final authority in all matters in the firm and obligated

workers by law to loyalty and obedience. The Law also replaced the work councils with "trustees," appointed by employers in consultation with the company party cell, to ensure labour peace on the shop floor. Later the Nazis introduced legislation that tied workers to their work place, making it illegal to change jobs without official approval, and in 1938 compulsory labour was introduced.[46]

Labour Strategies and Post-War Reconstruction, 1945-66

After the failure of Weimar and the destruction of the independent trade union movement by the Nazis, the defeat of fascism and the end of the war in 1945 provided a new opportunity for labour in Germany to realize its corporatist strategy of "social partnership." Labour's demands for economic democracy, the socialization of basic industries, the decentralization and control of monopolies, and equal rights for labour in the economy and at the political level appeared to have the support of the political parties, industry, and Allied occupation authorities. But once again union hopes were dashed. Within the context of changing political and economic conditions in the late 1940s the right and right-of-center conservative and liberal political parties, industry as well as the Allied authorities withdrew their support. Labour was put in to the defensive to secure early gains and was forced to re-evaluate and adjust its strategy to changing conditions. Labour in the early 1950s, while gaining legal recognition and being granted some concessions, was at the

same time tied into a rather restrictive industrial relations system. While adjusting to changing conditions of post-war reconstruction labour continued throughout the 1950s and the early 1960s to pursue its corporatist objectives of social partnership.

The Failed Reforms of the Early Post-War Years, 1945-1949

By the end of the war Germany was in ruins. Millions had perished, more were in captivity, and millions of refugees and expellees poured into the remainder of the country.[47] The economy had collapsed and industry was at a standstill. Production and distribution of basic goods had completely broken down and the country faced severe shortages of housing, food and other basic commodities. Public authority had ceased to exist with the country under Allied military authority. Labour was disorganized and politically demoralized. Many trade union leaders and union functionaries had vanished during a decade and a half of Nazi terror and the working class had sustained greater losses in the war than any other segment of society.

Moreover, the war and the defeat of Germany had brought with it a change in the structure of class forces. The power and status of the landed aristocracy, the East Prussian Junkers, was broken with the loss of the Eastern territories to the Soviet Union and Poland. The industrial and financial elite, on the other hand, was threatened with the loss of control and ownership by early Allied policies,[48] and by general demands for fundamental social and economic reforms in post-war Germany.

Labour's most immediate concern was to restore production to provide jobs, housing and basic goods for workers and their families.[49] At the same time efforts were undertaken to re-organize the working class and to re-establish independent trade unions within a united and strong trade union movement. Only a strong and centralized trade union movement, it was felt, would be able to cope with the problems of reconstruction, and more important, would be able to prevent the history of the last twelve years from repeating itself. Only a decentralized economy and equal rights for labour could avoid a renewed centralization and concentration of economic power, which was seen as the major cause for the failure of Weimar.

The reorganization of the working class had its beginning in shop floor committees and re-established work councils. Shop floor committees formed spontaneously and local trade union organizations were revived. In addition to the churches and Allied military authorities trade union organizations tended to be the only functioning organizations in the days immediately following the war and took on many public administrative functions.[50]

Independent trade unions were forming as soon as hostilities ceased. Preparations in many cases had already been underway during the war. These early efforts had the full support of Allied authorities. The Commander-in-Chief of Allied Forces in Europe, General Eisenhower, on crossing the German frontier in March 1945, had promised that "German workers as soon as circumstances will permit will be allowed to organize into

democratic trade unions" and that the Nazi Arbeitsfront and other Nazi organizations would be disbanded immediately.[51] As a result the first union meetings at the local level took place as early as March 1945. However, Allied authorities while encouraging the re-establishment of trade union organizations at the local level discouraged their formation at the regional level. The British military authority's "Industrial Relations Directive No. 16" of April 12, 1946 explicitly restricted, for the time being, the establishment of union organizations at the local level.[52] Nonetheless, between October 1945 and March 1946 over 400 applications for the establishment of ~~trade union~~ organizations were received by British military authorities alone, and the first trade union congress was convened in March 1946. Similar developments took place in the American and the French zones of occupation.

One of the major debates in these early days was on the organizational structure of a new trade union movement. Labour favoured a centralized organization, with separate departments representing individual trades and industries, to unite and strengthen the labour movement. Military authorities, however, concerned with the concentration of power in centralized labour organizations refused certification. Allied authorities, in contrast to most German labour leaders, encouraged the establishment of autonomous trade unions joined in a loose federation similar to the American Federation of Labor (AFL).

The focus now shifted to the establishment of industrial unions rather than trade-based unions. The argument was that

large industrial unions would be more powerful than smaller trade unions. The decision for the industrial union was made in August 1946 at the second trade union congress of the British zone. However, the principle was not uniformly applied throughout the trade union movement. The Gewerkschaft Erziehung und Wissenschaft (Union of Education and Science) and the Gewerkschaft Kunst (Artists and Musicians' Union), were organized along professional lines, while the Gewerkschaft Öffentliche Dienste, Transport und Verkehr (OTV) (Public Service and Transport Workers' Union) organizes workers within a whole economic sector, namely the public service.[53]

In 1947, as it became obvious that a national federation joining trade unions of all four zones of occupation was not to be realized in the near future,[54] plans were made to merge the federations of the three Western zones into a national federation.[55] In May 1947 a joint labour council was set up for the British and the American zones. The trade unions of the French zone did not join the council until November 1948. In May 1948 a committee was formed to prepare for the establishment of a national federation. To facilitate labour's post-war agenda and avoid the fragmentation of partisan trade unions, which had seriously weakened the labour movement in the Weimar period, it was agreed to establish non-partisan trade unions. The committee recommended the establishment of sixteen autonomous unions under the umbrella of a national federation. In October 1949 at a general trade union congress in Munich the federations of the three Western zones joined to form the Deutsche Gewerkschaftsbund

(DGB) (German Trade Union Federation).[56]

The DGB was to represent the unions' interests at the political level, determining overall wage policy guidelines, and coordinate trade union policy with regards to strikes and arbitration. Member unions retained financial and bargaining independence. Affiliates were independent in setting union dues (a percentage of which (12% presently) goes to finance the DGB), strike pay and other financial support for members. Moreover, affiliated unions retained the right to negotiate contracts with employers' associations at the regional level.[57]

Programmatically labour's major concerns were avoiding renewed concentration and centralization of economic power, the alleviation of social injustice and economic deprivation as well as jobs and a meaningful existence for all. Within the context of post-war reconstruction labour sought economic decentralization and the socialization of basic industries, such as coal, steel, chemicals and energy. Labour in addition looked for a greater role for workers and trade unions in economic management at both the company and political level. At the company level labour sought representation through the legal re-establishment of the work councils of the 1920s and representation at the boardrooms of industry through parity co-determination (Mitbestimmung). At the political level labour, going back to the provision of the Weimar Constitution, demanded the establishment of regional and national economic councils with equal representation of capital and labour.[58]

In light of the early contribution by workers in reviving production and distribution and in taking on many public administrative functions at the local level labour felt it had earned the right to a larger role in the future management of the economy. There was, moreover, a strong feeling within the trade union movement, expressed by Hans Bloecker (who became the first leader of the DGB) at the first trade union congress of the British zone in March 1946 when he stated that "it should not happen a second time that as in 1920/21 workers in the end will be cheated." Therefore, labour "must have equal responsibility not only in some economic advisory institutions such as economic chambers, but throughout the whole economy," including "representation in the managing and supervisory boards of industry." [59]

Concrete proposals for economic democracy were formulated first at the second trade union congress in the British zone in August 1946. A committee was charged with preparing a draft proposal to be discussed at the founding congress of the DGB of the British zone in April 1947. The committee called for the socialization of basic industries, state-coordinated economic planning, the democratization of industry through worker participation in economic and administrative management within companies via work councils and parity Mitbestimmung. The second interzonal conference of German trade unions in December 1946 passed a resolution calling for economic equality of both capital and labour, while at the same time emphasizing the need to cooperate with capital to safeguard democracy against

authoritarian state rule and the dangers from monopoly capitalism.[60]

To realize its objectives labour sought the cooperation of industry and Allied military authorities. At the same time labour looked for constitutional guarantees at the political level via the re-established legislatures at the Laender level. Within this context labour supported early Allied policies of economic decentralization and the break up of the country's powerful industrial combines. Labour opposed, however, Allied plans to dismantle all war related industry, especially industries that had been related only marginally to war production.[61]

What made industry responsive to labour's demands was the threat from Allied policy of decentralization, especially decentralization in the coal and steel industry. With the announcement of Allied intentions industrialists offered concessions to labour including Mitbestimmung and even held out the prospect for "the socialization of these industries, including joint ownership with labour." [62]

The president of the Duesseldorf Chamber of Commerce in November 1945 supported union demands for the establishment of economic chambers to direct production, transportation and the allocation of labour.[63] In 1947 the executive director of the Iron and Steel Manufacturers Association, in return for trade union support in opposing the break up of the industry, proposed business and trade union cooperation within a system of joint business-labour councils in advising public authorities on

questions of production and distribution, export controls and economic planning, as well as on industrial disputes and workers' rights.[64] Moreover, industry in some cases offered equal representation at company boardrooms to rally the support of labour in an attempt to avoid the break up of 'large industrial combines.[65]

The unions' cooperation with Allied authorities and industry became institutionalized in several advisory councils, attached first to the Central Economic Office of the British zone and later to the Bizonal Economic Administration of the Joint British-American zones.[66] At the same time labour pursued its objectives at the political level. Presentations were made to the re-established Laender legislatures in the British and American zones to have union demands enshrined in the new Laender constitutions. Several Laender did pass provisions for the socialization of basic industry. The Nordrhein-Westfalen legislature in August 1948 passed a law "for the transfer of the coal mining industry to public ownership" (Gesetz zur Ueberfuehrung des Bergbaus ins Eigentum des Landes), this at a time when the industry was still under Allied control.[67]

In the early post-war years labour not only had the support of the Social Democratic Party (SPD) but also of the centre Christian Democratic Union (CDU). The SPD at its first post-war conference in May 1946 also called for the socialization of basic industries and democratic controls in the economy.[68] The CDU, along the same lines, in its "Ahleener Programm" of February 1947 argued that the capitalist economy was no longer compatible with

the social needs of society, and that fundamental economic reconstruction was necessary, including the decentralization and socialization of basic industries, equal rights for workers and macro-economic planning via economic councils, which should include representation from consumers.[69]

However, as in the 1920s, labour failed to realize its post-war objectives of social and economic reforms within the context of post-war reconstruction. Most fundamentally it was the change in Allied occupation policy that led to the defeat of the labour corporatist agenda of equal social partnership.

The change in Allied occupation policy began in late 1946. In a speech in Stuttgart in September 1946, the American Secretary of State, Byrnes, indicated American intentions of separate economic and political development for the three Western zones. This change in American occupation policy was reinforced by the failure of the Moscow Conference in 1947 and Truman's doctrine of "rolling back communism." As a result Allied policy changed from economic decentralization and social and political reform to one of rapid reconstruction. The objective now was to create a strong, separate West German State that could serve as front line defence in the growing Cold War. Allied authorities looked to the traditional bourgeois elite to provide the "leadership" for a separate and allied West German state.

The first step in the new direction was the merging of the economic administration of the British and American zones and the establishment of the Bizonal Economic Council in June 1947. The institutional structure for the separate development of the West

was defined in detail in the American Military Directive, JCS 1779, of July 1947. The new West German republic was given a federal administrative structure, a liberal democratic system of government and a market economy.[70]

The restoration of the bourgeois elite proceeded swiftly. Denazification was brought to an end and the prosecution of industrialists for war crimes was suspended. Restrictions on industrial production were lifted and the dismantling of large corporations was stopped. The consolidation of the power of the old industrial elite was further facilitated by including Germany in the European Recovery Program of the Marshall Plan. Finally, in June 1948 Allied authorities sanctioned a currency reform and lifted a price freeze which had been in effect since 1945, however, without a corresponding end to a wage freeze which had been imposed at the same time.[71]

The restoration of the power and position of the bourgeoisie was further aided by the dominant position of the CDU/CSU in the Bizonal Economic Council and the reassertion of conservative elements within the party. Under pressure from the growing East-West conflict the christian-socialist faction in the party, which was largely responsible for the early demands of the socialization of key industries and some form of worker co-determination in the 1947 "Ahlemer Programm," were pushed to the margin by conservative factions which supported the restoration of the old structure of economic ownership and control. This shift in the party focus was institutionalized in the 1949 "Duesseldorfer Leitsaetze." Although conceived as an update to

the "Ahlsener Programm" the Duesseldorf Programme, as Schmidt clearly pointed out, differed fundamentally. In the Programme the party rejected earlier commitments to a planned (centrally or otherwise) economy and firmly committed itself to the market economy with guarantees of free competition and legislative controls on monopolies.[72]

Through its control of the Frankfurt Bizonal Economic Council[73] the CDU/CSU was in a position to significantly influence the structure of the economy of the new republic. The lifting of the price freeze and the currency reform in June 1948 not only paved the way for the market economy but also facilitated the restoration of the bourgeoisie. The currency reform benefited those with tangible assets at the cost of those with only monetary assets for only money was part of the restructuring of the currency reform.

Parallel with the re-establishment of the old bourgeois elite went the decline in influence of organized labour and the chance to realize its corporatist objectives. Allied authorities struck down social reform plans and legislation passed at the Laender level. In August 1947 the American military governor, General Clay, rejected the co-determination provision of the work council laws of Hesse and Wuertemberg-Baden and in September 1948 British military authorities suspended the socialization laws passed in the Nordrhein-Westfalen legislature. To block further attempts to socialize industries, Allied Directive No. 75 on the "reorganization of the German coal, iron and steel industry" of November 1948 reserved the final decision on the

structure of German industry for the parliament of the new West German state.[74]

Allied authority policy to delegate the final decision on the ownership and organizational structure of industry to future German authorities, and striking down the co-determination provision of the Laender work council laws called into question the legal base of workers and trade union economic rights in the new state. Although Allied Directive No. 22 had legalized work councils in April 1946 they had not been made compulsory.[75] Moreover, the decision on worker participation in management had been left to be decided at the company-level by management and labour. By striking down the Mitbestimmung provisions in the Laender work council laws the question of worker participation in economic decisions at the company level also was left to future German authorities.

Parity Mitbestimmung in coal and steel, the equal representation of workers at the managing and supervisory boards, following negotiations with trade unions, had been introduced in 1947 by the North German Iron and Steel Control Commission (an Allied administrative body charged with restructuring the confiscated coal and steel industries of the Rhine and Ruhr valleys).[76] Mitbestimmung had been part and parcel of early Allied policy of economic decentralization and the break up of powerful combines, particularly in the coal and steel sectors. The decision not to proceed further with decentralization and to leave the final decision on the organizational and ownership structure of the industry to future German authorities thus also

called into question the legal base of Mitbestimmung.

Industry, just as in the post-1918 period, called off cooperation with labour as soon as the immediate threats to its survival dissipated with the shift in Allied policy? Industry not only called off cooperation, but opposed further labour demands and tried to reverse concessions made earlier. It was determined to regain powers ceded to labour in the immediate post-war years. To remove workers and trade union representatives from the boardrooms employers challenged the constitutionality of the Laender Mitbestimmung laws.[77] Moreover, in contract negotiations in early 1948, after a partial lifting of the suspension of collective bargaining by Allied authorities, employers resisted any monetary concessions to workers, especially in light of the pending currency reform.

Regulating Trade Unions in the Early 1950s

Rapid economic recovery, government economic policy, and the imposition of a restrictive industrial relations system and legislative measures to regulate the power of organized labour aided in the restoration of the power and position of the old industrial and financial elite in the new republic.

The quick recovery of the economy, which expanded by an annual average of 10 per cent in the early 1950s, was the result of several related factors. Technologically advanced production facilities survived the war with only minimal damage.[78] Early capital infusion of the Marshall Plan Aid and the currency reform

of the late 1940s strengthened the recovery. A large industrial reserve army of refugees, expellees and returning POWs, in addition to low wage levels (it was not until the mid-1950s that the wage levels of 1938 were regained) and long working hours gave German industry a competitive advantage in the world market.[79] The strength of German industry was reinforced by stable domestic prices, resulting from fixed exchange rates and widespread price fixing, and low defense expenditure. Moreover, the international demand boom of the Korean War in the early 1950s fueled economic growth.[80]

As a result the industrial and financial elite quickly re-established itself and by the mid-1950s had regained its former power and market dominance. The three biggest private banks, which had been broken up into 13 regional institutions, by 1952 had again merged into just three banks operating in the Western zones, and by 1957 had joined to form the country's most powerful financial institution, the Deutsche Bank. The three separate chemical enterprises created out of IG Farben - BASF, Bayer and Hoechst - by the mid-1950s had each surpassed the market size of the former IG Farben. The twelve largest coal and steel combines broken up by Allied decree into 28 independent companies quickly regained most of their former market power through a process of mergers.[81]

The market order that facilitated the restoration of the power and position of the bourgeoisie had been decided in the Bizonal Economic Council and was ratified in 1948 by the Parliamentary Council.[82] The Christian Democrats (CDU) and its

Bavarian wing the Christian Social Union (CSU) in coalition with the liberal Free Democratic Party (FDP) had been able, against strong opposition from both trade unions and social democrats,[83] to push through the "social market economy." [84] The first Federal government, a coalition of Christian Democrats and Free Democrats headed by Konrad Adenauer, further aided in restoring the bourgeoisie with its neo-liberal economic policies. The government restricted itself to monetary policies, administered through the Federal Bank, to regulate the market, and ad hoc fiscal policies to stimulate economic growth. Through export promotion legislation (Gesetz ueber steuerliche Massnahmen zur Foerderung der Ausfuhr, 1951) the government provided subsidies and tax breaks for industry, which not only aided recovery but also facilitated a renewed concentration and centralization of economic power in Germany.

The process of concentration and centralization of economic power was well underway before the Federal government, in compliance with Allied directives,[85] passed an anti-monopoly law (Gesetz gegen Wettbewerbsbeschraenkung) in 1958. Moreover, the law only addressed the problem of large cartels while ignoring other forms of concentration of economic power such as industrial combines (Konzerne), which are the most characteristic forms of concentration of economic power in German industry. In addition, import, export and trading cartels were indirectly legitimized and price-fixing cartels of trade-name products were legalized by the Law.[86] Furthermore, the Law gave the minister of economic affairs the power to sanction the formation

of cartels and monopolies if national interests or the common good "necessitated" a restriction of free competition. The real intent of the law was made clear by the fact that entire sectors of the economy, such as the coal and steel industry and the country's financial institutions, sectors with the greatest degree of concentration and centralization, were exempt from the Law.

Actively promoting the interests of the industrial and financial elite the Federal government at the same time, while legally recognizing the trade unions, limited trade union power through the legal codification of class relations in the Federal Republic. Taking advantage of the weakness of the trade union movement and rising anti-communist sentiments, the government imposed a restrictive industrial relations system with the 1949 Tarifsvertragsgesetz (Collective Bargaining Law). The Law defines the rights and obligations of the "bargaining parties." Under the provisions of the Law strikes over issues regulated by previous agreements are illegal as long as agreements remain in force (relative peace obligation), and collective agreements remain in force until a new agreement has been signed. Moreover, the Law explicitly rules out exclusive agreements (agreements limited to union members only), [87] and gives the minister of labour and social order the power to impose settlements. [88]

In its attempt to regulate trade union power the government was supported by conservative labour court rulings based on an extremely narrow interpretation of the Tarifsvertragsgesetz. The

labour courts, re-established in 1953, in several fundamental decisions further limited trade union power. In 1952 the courts, in twelve out of 21 cases brought against the printers union by employers in response to strikes in the May 1952, ruled the strikes an unconstitutional interference in the jurisdiction of parliament.[89] In 1955 the Federal Labour Court ruled that strikes in accordance with the concept of "social adequacy" (Sozialadequanz) could only be conducted in support of issues directly related to working conditions which are open to negotiations, that strikes only be directed against recognized bargaining parties, and that the objectives of strikes should only be to reach collective agreements. Moreover, the court ruled that strikes were only legal after all possibilities for a negotiated or a mediated settlement had been exhausted. The Court in the same year ruled that lockouts are the legal equivalent of strikes, giving employers a powerful tool against labour. Lockouts have since been effectively used by German employers as a tactic to deplete trade union strike funds.[90] In 1958, in a case against the metal workers' union, the Court ruled that a strike vote constitutes part of a strike, which means unions cannot call a strike vote until all negotiation and mediation possibilities have been exhausted.[91]

In the early 1950s labour also suffered a number of defeats at the political level, most notably over Mitbestimmung in 1951 and the Work Council Law in 1952. While both laws were advances for labour and were hailed as such, at the same time they constituted a defeat for labour. Allied decision to leave

the question on the ownership and the organizational structure of industry to German authorities, as mentioned before, left the legal base of both Mitbestimmung and work councils in doubt. In response the DGB in May 1950 in a bill to parliament "for the restructuring of the economy and society" demanded the legal institutionalization of both. Negotiations on Mitbestimmung between government, industry and trade unions, however, broke down in June of the same year over industry's rejection of the unions' demands.[92]

At the same time plans were made in the Ministry of Economic Affairs for the reorganization of industry under German law, but with no provisions for Mitbestimmung. In response the unions threatened strike action backed by over 90 per cent of the workers in the coal and steel industry.[93] Amid charges by Chancellor Adenauer about the unconstitutionality of the threatened strike negotiations were reopened. Agreement was reached in January 1951 and the Mitbestimmungs Law that legally institutionalized Mitbestimmung in the coal and steel industry was passed in April 1951.[94]

While the Law legally guaranteed Mitbestimmung in the coal and steel industry it also limited Mitbestimmung to these industries, a clear defeat of labour's demands for an industry-wide extension of Mitbestimmung. Industry, however, in spite of its limitations saw the Law as a dangerous precedent and launched an intense anti-labour campaign. The unions' actions in support of the Law was likened to an attempted coup d'etat, and Mitbestimmung itself was denounced as a "collectivist" instrument

on the road to a "trade union state." [195]

With the constitutional establishment of the Federal Republic the legal base of the work councils was also in question. As a result the unions demanded their legalization, including the provision of the 1920 Work Council Law for workers' participation in management decisions. Employers as well as the governing political parties, especially the liberal Free Democrats (FDP), however, opposed any worker participation in management decisions. The unions, to back their demands, organized nation-wide protests, demonstrations and warning strikes, involving over 350,000 workers and salaried employees. The printers' union in May 1952 went on a two day nation-wide strike in support of unions' demands. In July 1952 the government, against strong opposition from both trade unions and social democrats, pushed through a limited and rather restrictive Work Council Law.

In contrast to the Allied Directive No. 22 and laws passed earlier at the Laender level, the 1952 Work Council Law applied only to commercial enterprises, excluding state corporations and the civil service. Moreover, the Law contained a number of serious restrictions and limitations. Work councils, in representing workers' interests with management, had to refrain from all action that would threaten the labour peace on the shop floor and were prohibited from calling strikes in support of their demands. Workers' participation in management was limited to decisions on administrative and personnel issues. The most serious limitation of the Law was the provision that separated

work councils from trade unions, legally shutting the trade unions out of the work place. The effect of the provision was to split the labour movement, with work councils representing workers' interests at the company level and trade unions representing workers' interests at the above-company level.[96]

In response to the defeats over Mitbestimmungs and work councils the unions shifted their focus to the electoral arena encouraging the rank-and-file membership to vote in a "better parliament" in the next election. However, union hopes to recover lost ground with an expected victory of social democrats at the polls were disappointed by a poor showing of the SPD in the 1953 elections.[97]

Adjusting to Changing Conditions in the 1950s

The defeats of the early 1950s in the economy and at the political level, and concerns with being pushed into isolation with demands for fundamental social and economic change within a climate of rising anti-communism, growing East-West confrontation and the establishment of a "socialist" state in East Germany forced labour to re-evaluate its strategy. Rapid economic growth and a widening gap between profits and wages, moreover, forced the unions to focus more on securing a larger share of the country's growing economic wealth for workers.

Labour, however, did not, as some have suggested,[98] shift focus to secure more immediate wage and social policy demands at

the expense of its more fundamental corporatist objectives. It was more of an adjustment in its strategy to changing political and economic conditions in the 1950s. The growing focus on social and wage policy issues was quite in keeping with the unions' strategy of social partnership within capitalism. It was only in the context of recovery and accelerated economic growth that labour adopted a more active wage policy which was in line with its overall objective to improve conditions of the working class essentially within capitalism. The shift in focus, as we will see in a moment, led to a polarization within the labour movement between integrationist "social partners" and "reformists" which emphasized greater reliance on collective bargaining.

Labour throughout the 1950s and early 1960s continued to pursue economic rights for workers and trade unions and a role for labour in the management of the economy, both at the company and the political level, via a corporatist strategy of social partnership. Through bilateral discussion with employers' associations the unions hoped not only to improve general working conditions but also to expand worker and trade union influence at the company level. Through the establishment and expansion of union-owned and controlled enterprises labour sought to challenge the monopoly of economic power of business in the market place. Cooperation in corporatist administrative structures surrounding the market economy, such as the labour court system, unemployment insurance and employment agencies, old age pension and medical insurance agencies, advisory committees to government departments, both at the federal and the Laender level, and

commissions of inquiry was to expand labour's role in the administration of the economy. Finally, labour pushed for the introduction of Keynesian economic policies that would afford it a role in economic management at the political level.

The SPD election defeat in 1953 led inside the DGB to demands by reformists around the militant IG Metall and its leader Otto Brenner for a change in union policy, away from the political arena and towards collective bargaining and a greater reliance on labour's own strength. The feeling was that given its contributions to post-war reconstruction through low wages and long working hours labour was being left out in the distribution of the benefits of economic recovery. Victor Agartz the head of the DGB Economic Research Institute (Wirtschaftswissenschaftliches Institut der Gewerkschaften, WWI) provided the theoretical legitimation for this demand. Agartz argued that within capitalism labour had to act like other producers and demand the highest price for its product, namely its labour. Therefore, the unions should use their bargaining power to get all that the market economy can bear. He called for an "expansive wage policy" and a greater concern with wage developments to secure a larger share of the country's growing economic wealth as well as to stimulate productivity and economic growth.[99]

At the 1954 DGB Congress the reformers succeeded in pushing through their demands in the DGB Aktionsprogramm. The Programme to secure a more equitable distribution of the country's social product called for an "active wage policy" to push wage increases

2

MicroD

beyond the level of increases in productivity. The Programme further called for improvements in working conditions through a reduction in working hours, greater job security, safer working conditions and better job training, and improvements in unemployment insurance, accident and health insurance benefits.[100]

In bilateral talks with the Federal Union of German Employers' Associations, BDA, the DGB reached several agreements on arbitration procedures. In addition, the DGB and BDA in the early 1950s agreed on the establishment of a Federal Economic Council and the establishment of a quasi-public self-governing Federal Manpower and Unemployment Insurance Agency, to be administered jointly by state, business and labour. In the early 1960s, as we shall see later, the DGB and BDA reached agreement on the establishment of an independent council of economic experts to prepare an annual report on the state of the economy. The DGB throughout the 1950s and early 1960s also participated in trilateral discussions with business and government on economic development, wages and prices, Mitbestimmung and the establishment of a council of economic experts.[101]

Labour, moreover, cooperated with business and government within institutionalized tripartite administrative arrangements. By 1952 trade unions already were represented in approximately forty corporatist quasi-public administrative agencies, public commissions and advisory councils. The arrangements included advisory councils (wissenschaftliche Beiräte) on working conditions and job safety, collective bargaining, the

handicapped, refugees, expellees and veterans affairs, at both the federal and Laender level; self-governing administrative agencies such as the Federal Agency for the Placement of Labour and Unemployment Insurance (now the Federal Labour Agency) (Bundesanstalt fuer Arbeitsvermittlung und Arbeitslosenversicherung (Bundesanstalt fuer Arbeit)); Laender employment offices (Landesarbeitsaemter); Federal and Laender social, health and old pension public insurance agencies; and federal and Laender labour and social courts.[102]

An integral part of labour's strategy was the expansion of union-owned and controlled enterprises. The objectives of the gemeinwirtschaftliche (co-operative) union enterprises was to establish enterprises not governed by the profit motive but by the needs of the community, which in an exemplary way were to demonstrate communal-needs oriented management of production, and to emphasize the collective nature of all property.[103] Union-owned business included banks, insurance companies, construction companies, property and real estate, food retail outlets and supermarkets, advertising agencies, data processing, media, printing and publishing. By the mid-1970s (exact figures for the 1950s and early 1960s were not available) union holdings included the fourth largest bank in the country (Bank fuer Gemeinwirtschaft), with branches and interests in London, New York, Sao Paulo, Hong Kong, Amsterdam, Basel, Luxembourg, Tel Aviv and Vienna. The Volksfuersorge Lebensversicherung was the country's second largest life insurance company. With the Neue Heimat Gemeinnuetzigkeit und Staedtebau and its subsidiaries the

unions controlled Europe's largest contractor, the biggest real estate holder and with over 400,000 rental units were the largest landlord in the Federal Republic. The unions' Co-Op Zentrale AG food chain controlled 3,000 retail outlets, 500 supermarkets and 44 warehouses.[104]

Although labour in the 1950s pursued its corporatist objectives on several fronts the more visible aspects of its strategy were an "active" wage policy to secure for workers a greater share of the social product, and continuing demands for a role in the management of production via Keynesian economics. It was these aspects of labour's strategy that drew the attention of government and business, especially in the later half of the 1950s with the economy showing signs of slowing down.

The rate of economic growth in the first half of the 1950s averaged 10 per cent annually but declined to just over 6 per cent in the second half. The rate of industrial growth was cut in half falling from 12.5 per cent to 6.5 per cent with a drop in private investment from 14 per cent to average only 7 per cent in the later half of the 1950s.[105] This decline was mainly the result of declining world market demand, decreasing unemployment (which had dropped from 10.4% in 1950 to 1.3% by 1960), the drying up of the industrial reserve army (the work force which had grown by an annual average of 600,000 between 1950 and 1957 averaged only 300,000 between 1958 and 1965), and a change in business investment strategies. Industry rapidly expanded production in the first half of the 1950s by taking advantage of rising world market demand and the availability of

cheap labour. Industrial production capacity as a result grew annually by an average of 10.7 per cent. With the decline in export demand and the slower expansion of the labour force industry shifted from expanding production to improving productivity. Industrial production fell to an annual average of 6.3 per cent, while the rate of productivity rose from an average 5.5 per cent to 6.9 per cent.[106]

Profits, moreover, fell as a result of a decline in capacity utilization. Capacity utilization which was at a high of 95 per cent in 1955 dropped to only 75 per cent by 1967. Changing international and domestic market conditions and business investment strategies, guided by profit considerations more than by actual demand development led to a decline in capacity utilization in German industry. Short-term demand booms, such as during the Korean War and the periods of industrial modernization and rationalization in the late 1950s and early 1960s, resulted in accelerated production and sharp increases in investment. Sudden rises in demand in each case were followed by large investments to increase production capacity. Without sustained long term demand development the boom cycles led to an increase in idle production capacity.[107]

In the late 1950s when the DGB rejected employer attempts to link wage increases and reductions in working hours to productivity increases to regulate rising wage demands, the government denounced the trade unions for the cost-push inflationary pressures of their "excessive" wage demands and charged them with being a "state within the state" pursuing its

own class interests at the expense of the nation and to the detriment of the social market economy and liberal democracy in Germany.[108] The Bundesbank in turn warned the unions to hold wage demands within the parameters of estimated productivity increases lest they be held responsible for the country's rising inflation.[109]

In 1958-59 the government attempted to reduce rising wage pressure through legislation designed to stimulate capital formation in workers' hand. The Home Owner Savings Law (Wohnungsbau-praemiengesetz, 1958) and the Premium Savings Law (Sparpraemiengesetz, 1959) were designed to encourage savings, especially among low income earners. The 1961 Law to Promote Wealth in Workers' Hands (Gesetz zur Foerderung der Vermoegensbildung der Arbeitnehmer) was to further stimulate capital accumulation in workers hands. In 1965 the Law was amended to allow contributions through payroll deductions. Moreover, between 1959 and 1965 the government through the privatization of state-owned corporations such as Volkswagen, Preussag and VEBA, disbursed DM 970 million in peoples' shares (Volksaktien). However, none of these schemes changed in any significant way the structure of ownership and wealth in the Federal Republic or the distribution of the social product. The privatization of public corporations did not change the structure of control and ownership in industry, and the legislation to stimulate capital formation in workers' hands did not lead to a change in the distribution of the country's wealth or its annual increase.[110]

The government's attempts to address growing inequality in income distribution and to regulate growing trade union bargaining strength through the integration of the working class into existing economic structures via capital formation in workers' hands[111] led to a polarization in the business community. While the proposal found support in some sectors of industry, it was vigorously opposed in others. New high technology growth-industries favored a policy of social appeasement and some form of co-operative acceptance of trade unions. Over 100 companies introduced profit sharing schemes for workers and salaried employees in the early 1960s. Most of these were medium-size enterprises where a new generation of managers had taken control.[112] The BDA already had accepted the need for dialogue and some arrangement with labour and the integration of trade unions into a market economy, as was indicated by its ongoing bilateral talks with the DGB.[113] The more traditional conservative industrial elite, mostly from the steel and coal industries of the Ruhr valley, with a deeply rooted "law and order" mentality and an overriding concern with the maintenance of the status quo opposed any kind of co-operation with, or concessions to trade unions. The conservative elite was unable and unprepared to change its policy of open confrontation with organized labour.

Growing Demands for Keynesian Economics

The accommodations made by the trade union movement in the 1950s were preceded by similar developments within the SPD. The

SPD in the immediate post-war years, similar to the trade unions, had called for more fundamental social and economic reforms. In response to its failure at the polls in 1953 and the relative success of the market economy the party underwent a process of programmatic re-evaluation. In the face of rapid economic recovery under the conservative CDU/CSU, the party starting in 1952 with its Dortmund Auktions Programm (Action Programme) modified its earlier position endorsing the market economy, at least within "suitable" sectors of the economic such as medium and small-size business.[114] After the defeat at the polls the 1954 SPD party conference in Berlin defined the party's new position by calling for "competition as far as possible, planning as far as necessary." [115] The new policy focus was reflected in an SPD legislative proposal for "the promotion of economic growth" to the Bundestag in June 1956. In it Social Democrats called for the establishment of an annual economic budget to coordinate the economic policy decisions of business and labour with overall government policy objectives. In 1959, with its Godesberg Programme,[116] the party went one step further and dropped all references to Marxism and class conflict, and endorsed the mixed economy. In contrast to earlier demands for economic planning and the socialization of key industries, the Godesberg Programme called for the introduction of Keynesian economics, including macro-economic planning, budgetary, fiscal and monetary policies, tighter control on monopolies, and equality of capital and labour at the company level.[117]

The defeat of the SPD in the 1953 election, as mentioned

above, led to a polarization inside the DGB with reformists demanding greater reliance on trade union strength at the bargaining table. The success of the reformists in 1954 with the DGB Aktionsprogramm and their growing influence and dominance in the DGB by the late 1950s was leading to opposition to their more confrontational approach to industrial relations. Integrationists saw the class struggle waged by reformists as outmoded and counterproductive to labour, and sought more of a social partnership with capital. Their argument was that modern industrial society had become more humane and class differences had largely been dissolved. Labour had to integrate into the existing order and cooperate with capital and state to protect political freedom and equality, and to improve the conditions of the working class. Reformists, in contrast, held that structures of inequality still persisted and that economic and social reforms were as necessary as in 1949.

The integrationists' position in the DGB was strengthened by the 1959 SPD Godesberg Programme. And at the 1959 DGB Congress integrationists, in recognition of the fact that employers wanted from labour a clear statement on the acceptance of the social market economy and a renunciation of demands for the socialization of basic industries, pushed for a reform of the 1949 DGB Munich Programme. The most conservative of the German unions, the construction workers' union (IG Bau, Steine, Erde), as Markovits and Allen pointed out, "did not even wait for the DGB action and eliminated a nationalization clause from its by-laws already in 1957." [118]

Integrationists succeeded in establishing a commission to present concrete proposals to the next congress in 1962 for a reform of the 1949 Munich Programme. While integrationists won at the 1959 Congress the IG Metall the leading reformist was still the largest and most influential union in the DGB, which meant compromise was necessary. Integrationists argued for a policy reform similar to the SPD's Godesberg Programme. They demanded the removal of all references to Marxism and class conflict and demands for fundamental economic and social reforms. Reformists agreed on the need to revise the Munich Programme but without diluting its fundamental objectives. The new programme passed by a special DGB Congress in Duesseldorf in 1963 reflected the need for compromise.

While the 1949 Munich Programme had called for a planned economy, the Duesseldorf Programme only called for a gelenkte Marktwirtschaft (guided economy). The Duesseldorf Programme confirmed earlier demands for an industry-wide extension of Mitbestimmung, investment controls, socialization of basic industries, and some form of economic planning. The objectives however changed. Investment controls and economic planning were now seen to be necessary to secure steady growth within the mixed economy instead of leading to fundamental social and economic reforms. Similarly, socialization of basic industries and Mitbestimmung were now perceived as primarily a means to correct the misuse of economic power in the market place.[119]

The Duesseldorf Programme, like the 1959 SPD Godesberg Programme, further called for the coordination and modernization

of government economic policy, essentially through the introduction of Keynesian economics. Specifically, the Programme demanded the introduction of an annual government budget, the coordination of fiscal and tax policies, macro-economic and investment planning, and effective controls on monopolies. To secure full employment within steady economic growth labour was prepared to accept some form of wage restraint within the context of overall economic development.[120]

These developments in party and union programme cannot be understood apart from the concrete economic policy tactics and strategies they entailed. With the decline in economic growth and industrial production that started in the mid-1950s the government came under growing pressure for its handling of the economy. Demands for a reform of economic policy along Keynesian lines, including some form of incomes policy grew in the late 1950s and early 1960s. These demands came from a number of sources, from economic advisory councils, political parties, the trade unions and the business community. In the early 1960s the government also came under pressure from the OECD and the EEC to introduce some form of economic planning and an incomes policy.

Economic thinking in the early days of the Federal Republic, particularly within the governing Christian Democratic and Christian Social Union (CDU/CSU) shaped by the Freiburg School of Walter Eucken was distinctly pre-Keynesian neo-liberal. Leading economists, including the Minister of Economic Affairs, Ludwig Erhard (himself a graduate of the Freiburg School) while accepting a role of the state in controlling inflationary

pressures rejected any direct state intervention in the economy through fiscal or budgetary policy measures and relied mainly on monetary policies. It was this approach to economic management that came under growing pressure, particularly in the early 1960s with the declining performance of the social market economy.

Demands for a coordination and rationalization of the government's economic policy, in essence demands for the introduction of some form of Keynesian management, began to be voiced in the early 1950s. While social democrats, and particularly labour, emphasised their demands for cooperation and the need to include labour and business in the management of the economy, industry, employers and the business-oriented press focused more on the need to regulate growing trade union power and the pressure of rising wage demands.

Following earlier demands from the DGB, within its 1949 Programme, from social democrats[121] and from the business-oriented press,[122] the Scientific Advisory Committee to the Ministry of Economic Affairs in its annual report in 1956 recommended the introduction of an annual government economic report, including an analysis of economic developments of the preceding year and projections for the coming year. In addition to coordinating government policy, such a report, the Committee argued, would provide business and labour with the necessary information to co-ordinate their wage policies within the context of overall economic developments.[123] In June of the same year the social democrats in a proposal to the Bundestag for "the promotion of economic growth" also called for the introduction of

an annual government budget to facilitate the co-ordination of economic policy decisions of business and labour with overall government economic policy objectives. In 1958 with a further decline in economic and industrial growth (GNP growth fell to 3.7% from 5.7% in 1957) and near full employment, the Industriekurier, one of the country's leading business papers, not only called for the introduction of an annual economic budget but also demanded the establishment of an independent council of economic experts to prepare an annual economic report, and proposed the participation of all "economically relevant groups" in the preparation of an annual economic budget.[124]

With a dramatic decline in the economic indicators in the early 1960s pressure for economic policy reform and the introduction of Keynesian economics grew. The GNP growth after expanding by 9 per cent in 1960 had plunged to 4.9 per cent in 1961 and fell to 3 per cent in 1963; industrial growth similarly dropped from a high of 10.2 per cent to 6.8 per cent and finally to 2.8 per cent, respectively. The increase in private investment fell from 22.1 per cent in 1960 to a real decline of 1.7 per cent in 1963. Inflation had been rising at close to 3 per cent by 1963, while unemployment had dropped to below one per cent in 1961. The resulting rise in trade union bargaining power, further fueled by the cut off in the flow of refugees with the construction of the Berlin Wall in August 1961, was reflected in a sharp increase in strikes and lockouts, which escalated from barely 28 in 1960 to nearly 750 in 1963 (with 123 in 1961 and 196 in 1962). Taking advantage of their strength, unions too pushed

their demands for the introduction of Keynesian economics and the establishment of corporatist structures to afford labour a greater role in the management of the economy. Industry and employers, on the other hand, demanded measures to control rising trade union wage demands and union bargaining power.

Thus, in 1960 the DGB and the Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA, Federation of German Employers' Associations) jointly called for the establishment of an independent council of economic experts to analyze the country's economic development on an annual basis and make recommendations for future development.[125] Faced with growing trade union wage pressure, the BDA in 1961, moreover, demanded the establishment of an independent incomes policy advisory committee to the minister of economic affairs.[126] With a continuing decline in the economy, German industrialists and employers in 1962 in support of a recommendation of the European Parliament finally demanded the immediate introduction of an annual economic report, including detailed figures of projected target figures for economic development.[127] At the end of 1962 DGB and BDA again joined in demanding the immediate establishment of a council of economic experts, as a first step towards some form of macro-economic management.[128]

With major economic indicators in 1963 falling to their lowest level since the establishment of the Federal Republic the pressure for economic policy reform intensified. Laender governments demanded the introduction of medium-term fiscal planning to assist their budget planning.[129] Social democrats

at a special economic policy conference in October 1963 presented a "political framework" to strengthen the social market economy, a three-fold combination of dynamic market economy, monetary and fiscal "global steering," and social policies.[130] The DGB in 1963 in the Duesseldorf Programme demanded a greater coordination of economic policy to secure steady economic growth. In return for labour (and business) participation in drawing up an annual economic programme the unions offered voluntary wage restraint.[131] Pressure for policy reform was also mounting from within the governing parties. The Friederich Naumann Stiftung, the research arm of the liberal Free Democratic Party (Freie Demokratische Partei, FDP), held an international conference on "planning in the market economy," to discuss the issue.[132] And even from within the conservative CDU/CSU demands for the introduction of some form of economic planning could be heard.[133]

In 1962 the government responding to growing pressure introduced an annual economic report and in August 1963 established the Sachverstaendigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung (SVR, Council of Experts for the Appraisal of overall Economic Development), composed of five independent economic experts. The Council was charged with preparing an annual report of economic development and future prospects. More specifically, the Council's function was to monitor price stability, full employment and a balanced trade within stable economic growth, and identify challenges or threats to these economic policy objectives. The Council did not have a

mandate to make economic policy recommendations and was strictly limited to proposing alternatives.[134] The government, however, as we shall see later, rejected the SVR's early advice for a reform of government economic policy.

Under continuing pressure the government in 1964 proposed an "expansion" of its policy instruments. In April 1964 the EEC Council of Ministers in a report recommended to all member governments to take strong anti-inflationary measures to stabilize economic development within the Community. More specifically, the Council recommended anti-inflationary fiscal policies, a 5 per cent limit on budget increases and to application of any revenue surplus to reduce budget deficits. The Council, moreover, recommended discussing with the collective bargaining parties government economic policy objectives to hold wage and salary increases to the rate of economic growth.[135] The government responded with instructions to the Ministers of Finance and Economic Affairs to prepare a report on "legal measures to influence economic developments." [136] In June, in a special supplement to its 1964 annual economic report, the government released together with the EEC Council's recommendations a cabinet paper on the "Expansion of the Economic Policy Instruments." [137]

In the paper the government proposed the introduction of anti-cyclical fiscal policy measures, including "deficit spending" and "surplus savings" when necessary or possible, and a medium-term public investment expenditure programme. In addition, the paper proposed an anti-cyclical tax policy, that

is, raising taxes during booms to reduce consumer spending power and lowering taxes during recessions to increase spending power. However, the government, in the paper, rejected demands that its policy should be determined more by economic indicators.

Moreover, while recognizing the need for wage restraint and business and labour's support in stabilizing the economy, the government ruled out any tripartite cooperation to regulate rising wage demands. In contrast, Erhard, who in 1963 had taken over as Chancellor from Adenauer, continued to rely on the traditional approach of moral appeals to hold down rising trade union demands.

Concrete action on the government's 1964 policy reform proposals were not forthcoming until early 1966. It took a further decline in the economy and growing pressure, as we shall see in a minute, to force the government into action. Erhard continued to reject demands for an economic policy reform and cooperation, especially with labour, including the recommendations of the independent economic experts of the SVR. In its first report at the end of 1964 the SVR called for a "coordinated economic policy" (Wirtschaftspolitik aus einem Guss), [138] and in its second report at the end of 1965 it recommended "concerted stabilization action," a "new social accord" between business and labour, to be facilitated by orientation data of government economic policy targets. [139] Erhard responded by charging the SVR with interfering in government economic policy. In his response to the SVR's second report Erhard was reported, to have gone out of

his way to delete any reference to the proposed cooperation with business and labour in his prepared statement.[140]

Under pressure particularly from rising union demands, Erhard in 1965 attempted to institutionalize and legitimize existing inequalities within the Formierte Gesellschaft (Structured Society). Formulated at the 1965 CDU party conference, the Formierte Gesellschaft was proposed as the logical successor to pluralism. The underlying logic was that class conflict in industrial society developed in three stages. First, conflict arose over the basic structure of the economy. With the acceptance of the market economy this was followed by the struggle over the distribution of the social product, the sole purpose of which was to secure social and political stability. The final stage was the class cooperation of the "Formierte Gesellschaft." With the acceptance of the rationale of the market economy and the adequacy in the distribution of the social product to guarantee social and political stability a "cooperative discipline" would make it possible to recognize the specific role of individuals and capital in industry and society, and make conflict-free cooperation under existing conditions possible.[141]

In 1965 the government faced renewed pressure when the economy, after recovery in 1964, was overheated and inflation was rising above the three per cent mark as a result of freewheeling electoral spending, including tax cuts.[142] Problems were further aggravated with the Bundesbank in early 1966 tightening the money supply to control inflationary pressures. With the

economy already in a down swing - GNP growth had dropped from 6.6 per cent in 1964 to 5.5 per cent in 1965, industrial growth had declined from 8.7 per cent to 7 per cent, and the increase in private investment had plunged from 9.9 per cent to 2.5 per cent - the Bank's restrictive measures pushed the economy into recession. The GNP growth declined to 2.5 per cent in 1966 and to 0.8 per cent by 1967 as industrial growth fell to 2.3 per cent and -2.7 per cent, respectively. Unemployment at the same time rose from 40,000 in early 1966 to over half a million by the summer of 1967, the number of workers on a short-hour week rose from 6,000 to 44,000, and number of open jobs at the same time declined from 536,000 to 336,000.[143]

It took further pressure, mainly from the SVR, labour and social democrats, before the Erhard government took action on its 1964 economic policy reform proposals. The DGB in its "Action Program '65," in addition to demanding shorter working hours, higher salaries and wages, and job security, once again demanded a role for labour in economic decision making.[144] The 1966 DGB Congress, moreover, criticized the government for its handling of the economy and demanded policy reform to ensure greater social and economic equality.[145] Social Democrats in the meantime in June 1965 introduced a bill "to promote a steady growth of the economy,"[146] and in August of the same year presented a comprehensive programme for economic growth, including specific policy measures to stabilize the economy.[147]

Pressure also began to arise from within the administration. In January the Minister of Economic Affairs, Kurt Schmuecker,

acting on the recommendations of the SVR, started a "social dialogue" with business and labour on the country's growing economic problems. The Ministers of Finance, Labour and Agriculture, the President of the Federal Bank, as well as members of the Council of Economic Experts also joined the talks.[148] The talks, however, were soon suspended on specific orders from Erhard.[149]

Finally, in April 1966 the economic committee of the Cabinet prepared a "Draft for a Law to Promote Economic Stability," which passed cabinet in July of the same year. The proposal was debated at the Laender level and approved by the Conference of the Laender Premiers. Faced with a deepening recession Erhard now tried to push the bill through the Bundestag as quickly as possible. In August the bill was introduced in the Bundesrat and the first reading in the Bundestag, which had been recalled three weeks early from summer recess, took place on September 14th and 15th.

Erhard's stabilization bill, however, did not include any provisions for an incomes policy or a "social dialogue," as recommended by the SVR and demanded by the trade unions and Social Democrats. The bill as a result ran into immediate opposition in the Bundestag. Opposition Social Democrats introduced five major amendments to the bill, including the introduction of an annual economic report, to be presented at the beginning of each calendar year; orientation data of government economic policy objectives to be made available to business and labour; policy measures to stabilize foreign trade; the

establishment of an "economic council" of Federal and Laender authorities; and legal provisions giving the Bundestag the power to cancel within six weeks measures taken by the government within the context of the law.[150] With the replacement of the Erhard government by the Grand Coalition in November 1966, as will be shown below, the bill was amended and passed the Bundestag in June 1967.

At the political level events were quickly bypassing the Erhard government. As a result of its inability to effectively deal with rising inflation and growing unemployment, in addition to losing its initiative on foreign and domestic policy issues,[151] the government was losing public support. This was highlighted by the party's defeat in the Laender election in Nordrhein-Westfalen in July 1966,[152] and led to an erosion of Erhard's power base in the CDU.[153] The crisis of the Erhard government deepened when the FDP withdrew from the coalition in the summer of 1966. The FDP opposed tax increases in 1967 to cover the government's deficit which was mainly the result of excessive CDU electoral spending in 1965. While FDP cabinet ministers were prepared to compromise on the issue in order to save the coalition, the FDP caucus forced the resignation of its ministers.[154] This left Erhard with a minority government unable to pass the legislation necessary to deal with the deepening recession.[155]

Erhard as a result was forced to resign in November 1966 and the party nominated Kurt-Georg Kiesinger as his successor. Kiesinger immediately began coalition negotiations with the

SPD.[156] Negotiations between CDU/CSU and SPD were not without precedent. In the early 1960s Adenauer had approached the SPD to sound out the possibility of forming a coalition. In the 1961 federal election the CDU/CSU had lost its absolute majority and negotiations with the FDP were complicated by FDP objections to Adenauer as Chancellor. To secure his position Adenauer turned to the SPD to sound out the possibility for a coalition with the SPD. In the end the FDP accepted a compromise formula which would see Adenauer stepping down halfway through the legislative term and Erhard taking over as Chancellor.[157] The 1962 "Spiegel Affair," leading to the threatened resignation of the FDP cabinet ministers, once again led to coalition talks with the SPD.[158]

The renewed coalition negotiations with the CDU/CSU in 1966 generated opposition within both the SPD and the trade unions. Protest demonstrations against a coalition with the CDU/CSU were organized by local and regional party organizations throughout the country. The major points of contention were Franz Josef Strauss, the leader of the right wing Bavarian Christian Social Union, and the Nazi past of Kiesinger.[159] Kiesinger's Nazi past was particularly problematic because of the gains in recent Laender elections by the neo-Nazi Neu Partei Deutschlands, NPD (New German Party). (In both Hesse and Bavaria the NPD had won 7.9% and 11.2% of the vote, respectively, and had entered the legislature for the first time in post-war Germany.[160]) The trade unions, primarily the metal workers' union, the chemical workers' union, and the printers' union, opposed cooperation with

union, opposed cooperation with the CDU/CSU and favored a SPD-FDP coalition. A coalition with the CDU/CSU, it was argued, not only would strengthen right-wing factions within the CDU/CSU, but also within the SPD. A coalition with the FDP, already practiced in North-Rhine Westfalia, on the other hand, would strengthen liberal tendencies in both SPD and FDP.[161] After drawn-out negotiations the SPD caucus on November 30, 1966 ratified by a vote of 126 to 53, with 8 abstentions, the recommendation of the negotiating committee to join with the CDU/CSU in a coalition government.[162]

Conclusion

We have attempted in this chapter to differentiate between 19th century "state" corporatism and the emergence of "liberal"/"societal" corporatism of the 20th century. While 19th century corporatism was oriented towards preventing the establishment of independent labour organizations, developments in Weimar Germany clearly indicated, at least in the German case, that 20th century corporatism was part of a trade union strategy of expanding its role and influence through integration into the economic and political order. The corporatist development of Weimar was the political response by the state to trade union demands for economic rights and a role in the management of production at both the company and state level:

German trade unions, after having gained official recognition and a role in the management of the war economy, in the post-war period sought to institutionalize their new role within

corporatist structures. Through a corporatist strategy and with the support of social democrats in government, labour hoped to gain full economic rights for workers and their representative organizations. In this labour also appeared to have the support of industry. However, as soon as revolutionary threats had subsided industry withdrew its support for the unions' objectives. And with Social Democrats out of power after 1923 labour's corporatist ambitions ground to a halt and earlier gains were slowly being rolled back.

What the historical evidence, at least in the German case, seems to indicate is that union-sponsored corporatism needs the support of the state and capital to develop, and that corporatist arrangements, once in place, are not stable. The arrangements tend to break down with changing economic and political conditions. Support of capital and the state tends to be very unstable.

German industry's objectives in collaborating with the unions seemed to have been mainly to seek the support of labour in the defence of the established structure of ownership and control in production, and not to facilitate changes within that structure. Once crisis conditions subsided, specifically those posing a threat to its power and position, industry appeared to have no further need for trade union support and called off its cooperation.

After 1923, with the SPD out of power and the unions weakened by economic decline and rising unemployment, the state no longer saw a need to respond at the political level to labour's demand with the establishment of corporatist political structure. The

state was able to regulate union demands through restrictive legislative measures. Even with the SPD back in the coalition in 1928-30 the situation did not change for labour because it obviously did not have the support of the conservative parties and the SPD was in a minority position.

Moreover, once capital and the state withdrew their support the unions' corporatist strategy was being challenged from within the labour movement itself. The union leadership came under pressure from the rank-and-file for its continuous cooperation in the provisional National Economic Council, the Zentralarbeitsgemeinschaft and its support for government policy while workers were suffering the consequences of the government's growing restrictive policy measures.

In 1945 with conditions similar to those of 1918, labour once again looked to realize its corporatist agenda of equal social partnership in economic management. As should soon become obvious, however, its expectations were not met in actual developments.

In the immediate post-war period the unions lacked the support of a state prepared to respond at the political level to union demands. Allied occupation authorities which in the early days found themselves in support of some union demands, especially on the decentralization of power in industry, did not seek the cooperation of labour nor did they support an equal role for labour in the management of the economy. The political parties that appeared to support labour's corporatist agenda were however not in a position of power.

With the change in Allied occupation policy in the late 1940s labour's prospects began to decline. Just as in the early 1920s with the threat to its power and position removed industry called off its arrangements with labour and attempted to regain concessions made earlier. Labour also lost the support of the bourgeois parties which as a result of the change in Allied occupation policy grew in power and influence.

In the 1950s and early 1960s the unions also lacked the support of the state to respond at the political level to their corporatist demands with the establishment of the necessary corporatist structures and arrangements. Although the unions gained recognition at the political level and some rights in the economy, it was not what they had expected within the context of their corporatist strategy of social partnership. The state did set up some corporatist tripartite structures, but only administrative structures attached to the political level. It was clearly not what labour had hoped for. Labour was looking for equal partnership not just in the administration of existing structures but an active role in the management of the economy to decisively influence production and distribution to improve conditions of the working class.

However, it was not until the recession of the mid-1960s and the rise to power of the SPD, for the first time since Weimar, in the Grand Coalition that the unions found themselves confronted with a state that was prepared to respond to its corporatist demands at the political level.

ENDNOTES

1. The discussion in this section is based mainly on the works of Ralph Bowen, German Theories of the Corporate State (New York: McGraw-Hill, 1947), Franz Neumann, Behemoth. The Structure and Practice of National Socialism (New York: Octagon Books, 1963), and Ulrich Nocken, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhunderts," in Ulrich von Alemann (ed.), Neokorporatismus (Frankfurt: Campus, 1981).

2. The origin of the German chambers of commerce can be traced back to the 17th and 18th Centuries. They arose out of a combination of state administrative agencies and early associations of German entrepreneurs. The compulsory nature of the German chambers dates back to the Prussian Chambers Law of 1848 (Hermann Adam, Der Einfluss der Industrie- und Handelskammern auf politische Entscheidungsprozesse (Koeln, Bund-Verlag, 1979), 13-18).

3. Theda Skocpol, States & Social Revolutions (London: Cambridge University Press, 1979), 104-09.

4. Charles S. Maier, Recasting Bourgeois Europe (Princeton: Princeton University Press, 1975), 7.

5. Werner Abelshauser, "The First Post-Liberal Nation: Stages in the Development of Modern Corporatism in Germany," 289-30.

6. Ulrich Nocken, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhunderts," 24.

7. For a detailed discussion of the corporatist proposals of the Romantic School see Bowen, German Theories of the Corporate State, chapter II, Neumann, Behemoth. The Structure and Practice of National Socialism, 230, and Nocken, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhunderts," 17-39.

8. For a detailed discussion of the Catholic Social School see Bowen, German Theories of the Corporative State, 75-118, and Nocken, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhunderts," 26-27.

9. For a detailed discussion of the Monarchical Socialist Movement see Bowen, German Theories of the Corporative State, 124-159, and Nocken, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhunderts."

10. Historically the German labour movement was divided into "free," "yellow," and "christian" unions. The "free" or "socialist" trade unions were closely allied with the Social Democratic Party. The "yellow" or "liberal" Hirsch-Dunker unions established in 1868 by Max Hirsch (a liberal trade union theorist) and Dunker (a German manufacturer) were committed to co-operation with employers. They tended to be company-internal organizations designed to tie workers to the workplace and the interests of capital. The "christian" trade unions founded by

and closely allied with the conservative Catholic Centre Party were committed to resolve conflicts between employers and workers within the established socio-economic and political order.

11. Bismarck used the social democrats' support of the Paris Commune and their condemnation of the bloody crushing of the uprising by French government troops and two unrelated attempts on the life of the German Emperor as an excuse to limit working class action with the 1878 Law "Against the Public-Threatening Goals of Social Democracy" (Gesetz gegen die Gemeingefährlichen Bestrebungen der Sozialdemokratie). The Law banned all labour organizations, with the exception of the Hirsch-Dunker Unions. However, as a result of the growing electoral strength of social democrats the Law was defeated in parliament in 1890. The social democratic party despite the Law had been able to increase its electoral support from 437,000 votes in 1878 to 1,427,000 votes in 1890, making it the strongest party in the country, and it was only the single-ballot simple-majority electoral system that prevented it from being also the largest party in parliament. For a more detailed discussions see F. Deppe, D. Fuelberth, H.-J. Harrer, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung (Koeln: Pahl-Rugenstein, 1977); Roy Lewis and Jon Clark, Labour Law and Politics in the Weimar Republic (Oxford: Basil Blackwell Publishers, 1981); Klaus Mattheier, Die Gelben. Arbeiter zwischen Wirtschaftsfrieden und Streik (Duesseldorf: Paedagogischer Verlag Schwan, 1973); Helga Grebing, The History of the German Labour Movement (London, Oswald Wolff, 1969); J. Schmidt and Wolfgang Seichter, "Die deutsche Gewerkschaftsbewegung von der Mitte der neunziger Jahre des 19. Jahrhunderts bis zum Ersten Weltkrieg," in Deppe et al., Geschichte der deutschen Gewerkschaftsbewegung;

12. For a more detailed discussion of developments in Wilhelmine Germany see in particular Philip Paur, "The Corporatist Character of Bismarck's Social Policy," European History Review 3 (1981), 427-60; Gerald Feldmann, "German interest group alliances in war and inflation, 1914-1923," in Suzanne D. Berger (ed.), Organizing Interests in Western Europe (Cambridge: Cambridge University Press, 1981), 159-84; Maier, Recasting Bourgeois Europe; Abelshauser, "The First Post-Liberal Nation: Stages in the Development of Modern Corporatism in Germany," and Heinrich Potthoff, Sozialdemokratie von den Anfängen bis 1945 (Bonn: Neue Gesellschaft, 1978).

13. For a more detailed discussion see Abelshauser, "The First Post-Liberal Nation: Stages in the Development of Modern Corporatism in Germany," 290-91; Adam, Der Einfluss der Industrie- und Handelskammern auf politische Entscheidungsprozesse, 13-19; Walter Simon, Macht und Herrschaft der Unternehmerverbände (Koeln: Pahl-Rugenstein, 1976), 13.

14. In 1872 Bismarck tried to reform the Prussian Upper House to represent not only the traditional aristocracy but also propertied classes in general. The move, however, was blocked by the Emperor.

15. The Prussian Economic Council (Preussische

Volkswirtschaftsrat) established by decree at the end of 1880, was intended as a first step towards a German Economic Senate (Reichswirtschaftsrat). The Senate was intended to bring together existing umbrella organizations - the Association of German Chambers of Commerce, the Central Association of German Industrialists and the German Agricultural Council - into a single central body to represent the specific interests of commerce, trade and agriculture. However, because the Reichstag refused it a budget the Volkswirtschaftsrat remained limited to Prussia and until its silent demise at the end of 1886 led a shadowy existence (Abelshauser, "The First Post-Liberal Nation: Stages in the Development of Modern Corporatism in Germany," 293).

16. The Prussian Council of State was an institution that dated back to the Reform Era of the early 19th century but had not been in abeyance since the 1850s. The revival of the Council was to mask the creation of an Estates' Council. Bismarck had planned to use the Council as a springboard to a Reich Council, but within two years it followed the way of the Economic Council into oblivion (Paur, "The Corporatist Character of Bismarck's Social Policy," 452-53).

17. The Accident Insurance of 1884 Bismarck saw as an "opportunity to arrive at corporate Genossenschaften, which by and by, could be introduced for all productive classes of the people. In this way the foundation would be laid for a future popular representative assembly which, in place of or alongside the Reichstag, would become a major determining factor in the enacting of legislation; even means of the extremity of a coup d'etat" (quoted from Paur, "The Corporatist Character of Bismarck's Social Policy," 450).

18. All following quotes unless otherwise stated are from Maier, Recasting Bourgeois Europe, 12-13.

19. The "state corporatist" or "neo-romantic" school formed around the Viennese sociologist Othmar Spann. Drawing on the writings of the Romantic School of the early 19th century this school proposed a system of estates hierarchically structured and headed by the state as the supreme estate. The economy was to be divided into "occupational corporations." It was the corporatist proposals of Spann and his followers that inspired the "state corporatist" concepts of the national socialists.

20. The main proponents of the "collective economy" were Walther Rathenau and Wichard von Moellendorff. Both had been influential in the establishment in 1914-15 of the Raw Materials Department (Kriegsrohstoffabteilung) in the War Ministry, which was charged with the running of the German war economy. Influenced by their wartime experience they proposed an "organic hierarchy of functional states" to avoid the shortcomings of a "bureaucratic, parliamentary state" and to balance potentially antagonistic social forces. The shortcomings of the market order were to be resolved through a more "rational" industrial order based on a "division of labour" rather than of social classes. Faction from within each of three major political blocks sympathized with the basic concepts and objectives of the "collective economy." The support stretched from right-wing

social democrats, to the centre Christian Democratic and German Democratic parties, and the right-of-centre Nationalist and German Peoples' party (Bowen, German Theories of the Corporative State, 188-199; Neumann, Behemoth. The Structure and Practice of National Socialism, 231; and Nocken, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhundert," 35.

21. For a more detailed discussion of the developments of the Weimar period see Christfried Seifert, "Die deutschen Gewerkschaftsbewegung in der Weimarer Republik," in Deppe, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung, 1977, 146-210; Lewis and Clark, Labour Law and Politics in the Weimar Republic, 12-30; Reinhard Kuehn and Gerd Hardach (eds.), Die Zerstörung der Weimarer Republik (Koeln: Pahl-Rugenstein, 1979); Gerard Braunthal, Socialist Labor and Politics in Weimar Germany. The General Federation of German Trade Unions (Hamden: Connecticut: Archon Books, 1978); and David Abraham, The Collapse of the Weimar Republic. Political Economy and Crisis (Princeton: Princeton University Press, 1981).

22. The result was the partial integration of the working class into the existing order via trade union workers' support funds, state social insurance schemes, and through union cooperation with employers in collective bargaining and collective agreements. Thus, the German Book Printers Union in 1896 cooperated with employers in the establishment of a central joint negotiation committee and a joint arbitration committee. The unions also cooperated in the administration of local employment offices. The General Commission at the 1905 congress, moreover, rejected political strikes as a strategy, and took this position to the Social Democrat party at the 1906 party congress (Schmidt and Seichter, "Die deutsche Gewerkschaftsbewegung von der Mitte der neunziger Jahre des 19. Jahrhunderts bis zum Ersten Weltkrieg," 49; Lewis and Clark, Labour Law and Politics in the Weimar Republic, 22; Potthoff, Die Sozialdemokratie von den Anfängen bis 1945, 53).

23. Trade union leaders supported government war policies and cooperated closely with civil and military authorities. Only 24 hours after the outbreak of war union leaders called off all strikes and agreed to relinquish union rights to strike and collective agreements. The General Commission cooperated in gearing up industry for war-time production, and union leaders participated in a number of public and semi-public agencies charged with securing manpower requirements. In 1916 the union leadership supported the introduction of the Auxiliary Service Law (Hilfsdienstgesetz), which was designed to mobilize for the war the country's remaining manpower reserve. For a detailed discussion of trade union cooperation during the war years see, Kurt Pohl and Frauke Werther, "Die Freien Gewerkschaften im Ersten Weltkrieg," in Deppe, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung, 94-145.

24. Feldman, "German interest group alliances in war and inflation, 1914-1923," 169.

25. Maier, Recasting Bourgeois Europe, 11.

26. For a discussion of the structure of business

organization before, and the changes during the war see Feldman, "German interest group alliances in war and inflation, 1914-1923," 165-66.

27. Without demanding specific policy commitments the party hoped for fundamental domestic reforms, especially a reform of the Prussian electoral law. As a result the government was able to secure continuous support from the social democrats for only promissory notes (Potthoff, Die Sozialdemokratie von den Anfaengen bis 1945, 64).

28. To prevent the collapse of the Imperial government of Prince Max von Baden with the inevitable military defeat social democrats, after consultation with trade union leaders at the end of September 1918, joined the government. With the collapse of the Empire in November of the same year the party for the first time occupied office as the government in Germany. The SPD remained in government until 1920 when it joined a centre coalition government that lasted until 1923. The party returned to power in a coalition from 1928 to 1930 (Potthoff, Die Sozialdemokratie von den Anfaengen bis 1945, 66-124).

29. In November 1918 the Ebert government agreed to cooperate with the Supreme Command of the Imperial Army, and in January 1919 during the Spartacus uprising the army on behalf of the government put down rebelling sailors and workers (Potthoff, Die Sozialdemokratie von den Anfaengen bis 1945, 6).

30. The Agreement was named after the head of the employers delegation, Hugo Stinnes, and the head of the trade union delegation, Carl Legien. For detailed discussion see, Lewis and Clark, Labour Law and Politics in the Weimar Republic, 25, and Feldman, "German interest group alliance in war and inflation, 1914-1923," 173.

31. Braunthal, Socialist Labor and Politics in Weimar Germany. The General Federation of German Trade Unions, 34-35.

32. Industry, moreover, agreed to disband the "yellow" or company unions, stop discriminating against trade union members, the introduction of the eight-hour-day and the establishment of workers representative committees in companies with more than fifty workers (Lewis and Clark, Labour Law and Politics in the Weimar Republic, 25).

33. Seifert, "Die deutsche Gewerkschaftsbewegung in der Weimarer Republik," 148.

34. In November 1918 the government set up an eleven-member socialization commission. The commission recommended the socialization of basic industries. And Article 156 of the Weimar constitution authorized the government to transfer to public ownership of any "private economic enterprise suitable for socialization." In December 1919 Parliament adopted a bill granting the government the power to socialize electrical utilities, in return for proper compensation. The bill, however, was never implemented. (Braunthal, Socialist Labor and Politics in Weimar Germany. The Federation of German Trade Union, 164-65).

35. In 1919 laws were passed to set up economic councils in the potash, coal and electrical power producing industries. However, the councils never exercise any real influence in the management of these industries (Seifert, "Die deutsche

Gewerkschaftsbewegung in der Weimarer Republik," 151).

36. A provisional National Economic Council was set in 1920. However, the Council only had an advisory function to parliament on bills pertaining to economic matters. Union delegates withdrew from the Council in December 1922 after having been outvoted on a revised proposal for an eight-hour workday (Braunthal, Socialist Labor and Politics in Weimar Germany. The Federation of German Trade Union, 148-49, 156-57).

37. Braunthal, Socialist Labor and Politics in Weimar Germany. The Federation of German Trade Union, 167.

38. Braunthal, Socialist Labor and Politics in Weimar Germany. The Federation of German Trade Union, 153.

39. Seifert, "Die deutsche Gewerkschaftsbewegung in der Weimarer Republik," 179).

40. Ulrich Nocken, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhundert," 35.

41. Seifert, "Die deutsche Gewerkschaftsbewegung in der Weimarer Republik," 180.

42. The SPD after leaving the coalition in 1930 continued to support the right-wing Bruening government in the hope of preventing the National Socialists under Hitler, which had been able to increase their mandate from 12 to 107 seats in parliament, from coming to power. In March 1932 the SPD for the same reason supported the re-election of Hindenburg as president. And in May 1933 the SPD in a last attempt to prevent complete Nazi rule voted against Hitler's Enabling Act. As a result, the party in June of the same year was outlawed and many party members were arrested (Potthoff, Die Sozialdemokratie von den Anfaengen bis 1945, 112-124).

43. Christfried Seifert, "Die deutsche Gewerkschaftsbewegung in der Weimar Republik," 208-10.

44. Acting on the demand of industrialists, bankers, and large landholders President von Hindenburg on January 30, 1933 called on Hitler to form a new government. Since Hitler's National Socialist Party did not have a majority in parliament Hindenburg two days later dissolved parliament and called a new elections (Juergen Harrer, "Gewerkschaftlicher Widerstand gegen das 'Dritte Reich'", in Deppe, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung, 211).

45. For a more detailed discussion of the corporatist proposals and the concrete reality of national socialism see Franz Neumann, Behemoth, The Structure and Practice of National Socialism (New York: Octagon Books, 1963); Helga Gebing, The History of the German Labour Movement (London: Oswald Wolff, 1969); Juergen Kuczynski, Germany: Economic and Labour Conditions under Fascism (New York: Greenwood Press, 1968); and Taylor Cole, "Corporative Organizations of the Third Reich", Review of Politics, (1940), 438-426.

46. For a more detailed discussion of labour during the Nazi period see Juergen Harrer, "Gewerkschaftlicher Widerstand gegen das 'Dritte Reich'", 211-271, and Neumann, Behemoth. The Structure and Practice of National Socialism.

47. Anne Weiss-Hartmann and Wolfgang Hecker, "Die

"Entwicklung der Gewerkschaftsbewegung 1945-1949," in Deppe, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung, 272.

48. Allied occupation policy in the early post-war years, defined in the Potsdam Agreement of 1945, included the dismantling of German industrial power through the break-up of the country's large industrial cartels and syndicates, and the decentralization and democratization of industry. Politically the objectives were the eradication of Nazism, including the elimination of all Nazi organization, demilitarization and the prosecution for war crimes of political, military and industrial leaders (Keesings Archive der Gegenwart, vol. 15, 1945, 345).

49. In the days immediately following the war it was mostly workers that organize production and distribution. In many instances workers started up production in the absence of the owners and managers. Employers fearing prosecution for collaborating with the Nazis had gone into hiding (Kurt Meier, "Die Deutschen Gewerkschaften nach dem Zweiten Weltkrieg und in der Aera Adenauer," Zeitschrift fuer Politik 2 (1980), 182.

50. Dieter Schuster, Die deutschen Gewerkschaften seit 1945 (Stuttgart: Verlag W. Kohlhammer, 1973), 15.

51. Quoted from Eberhard Schmidt, Die verhinderte Neuordnung 1945-1952 (Frankfurt: Europaeische Verlagsanstalt, 1970), 25.

52. Schuster, Die deutschen Gewerkschaften seit 1945, 10-11.

53. There are two major unions representing the public sector in the Federal Republic. The OTV organizes mostly blue and white-collar workers in the public sector, while the Deutsche Beamten Bund (DBB) (The German Civil Servants Union) represents the interests of tenured civil servants.

54. A total of nine interzonal conferences, held between mid-1946 and mid-1948, had failed to establish a basis for cooperation with the Freie Deutsche Gewerkschaftsbund, FDGB (Free German Trade Union Federation), which had been established earlier in the Soviet zone.

55. In April 1947 the unions of the British zone joined to form the Deutsche Gewerkschaftsbund (DGB) in der britischen Besatzungszone (German Trade Union Federation of the British zone).

56. At the 1949 Munich congress over one hundred trade unions were consolidated into sixteen, mainly industrial-based unions organized within the DGB (Walther Mueller-Jentsch and Hans-Joachim Sperling, "Economic Development, Labour Conflicts and the Industrial Relations System in West Germany", in Colin Crouch and Alessandro Pizzorno (eds.), The Resurgence of Class Conflict in Western Europe since 1968 vol. 2 (London: MacMillan, 1978)).

57. Schuster, Die deutschen Gewerkschaften seit 1945, 37-43; Eberhard Schmidt, Verhinderte Neuordnung 1945-1952, 166-73.

58. For an in depth discussion of trade union objectives in the immediate post-war period see Weiss-Hartmann and Hecker, "Die Entwicklung der Gewerkschaftsbewegung 1945-1949," 272-300.

59. Quoted from Schuster, Die deutschen Gewerkschafter seit 1945, 16-17.

60. Weiss-Hartmann and Hecker, "Die Entwicklung der Gewerkschaftsbewegung 1945 - 1949."

61. Schuster, Die deutschen Gewerkschaften seit 1945, 29.

62. Schuster, Die deutschen Gewerkschaften seit 1945, 22.

63. The proposal had been drafted by the Christian Socialist trade union leader and later prime minister of North-Rhine Westfalia, Karl Arnold (Diethelm Prowe, "Economic Democracy" in Post-War Germany: Corporatist Crisis Response, 1945 - 1948" (not dated mimeograph), 11).

64. The proposal had been drawn up by the executive director of the Iron and Steel Manufacturers Association, Wilhelm Salewski, at the request of the head of the liberal Free Democratic Party (FDP) of the British zone, Franz Bluecher (Prowe, "Economic Democracy" in Post-War Germany: Corporatist Crisis Response, 1945 - 1948," 21).

65. Herman Reusch and Dr. Ernst Hilbert of the Gutehoffnungshuette coal mines in a letter to the unions offered to share power at the boardroom with both employees and trade union representatives. The Kloeckner Iron Works, on the other hand, promised to re-structure its governing board to ensure the equality of labour representation (Ego Lutz and Werner Muehlbradt, Der Zwang der Sozialpartnerschaft (Berlin: Hermann Luchterhand Verlag, 1969), 62).

66. The role of the councils was to advise public agencies, established by Allied authorities, on issues of raw material allocation, pricing, exports and working conditions (Prowe, "Economic Democracy" in Post-War Germany: Corporatist Crisis Response, 1945 - 1948," 13).

67. Schuster, Die deutschen Gewerkschaften seit 1945, 20.

68. Susanne Miller, Die SPD vor und nach Godesberg (Bonn: Neue Gesellschaft, 1978), 11-18; and Joseph Rovin, Geschichte der deutschen Sozialdemokratie (Frankfurt: Fischer, 1980), 186.

69. Bruno Heck (ed.), Die CDU und ihr Programm (Melle: Verlag Ernst Knoth, 1979), 15-24.

70. Schmidt, Verhinderte Neuordnung 1945-1952, 105-114.

71. The price freeze was lifted five days after the currency reform. The wage freeze, imposed first by the Nazis in 1936 and reconfirmed by the Allied authorities in 1945, was only lifted in October 1948 after mounting pressure from trade unions (Weiss-Hartmann and Hecker, "Die Entwicklung der Gewerkschaftsbewegung 1945 - 1949," 311).

72. Schmidt, Die verhinderte Neuordnung 1945-1952, 127-133.

73. Social democrats withdrew from all administrative positions in the Frankfurt Bizonal Economic Council after its candidate for director of the council was rejected by a majority in the council and CDU/CSU candidate, Ludwig Erhard, was appointed (Schmidt, Die verhinderte Neuordnung 1945-1952, 128).

74. Weiss-Hartmann and Hecker, "Die Entwicklung der Gewerkschaftsbewegung 1945 - 1949," 309-313; Schmidt, Verhinderte Neuordnung 1945-1952, 125-166.

75. Meier, "Die Deutschen Gewerkschaften nach dem Zweiten Weltkrieg und in der Aera Adenauer," 183.

76. Meier, "Die Deutschen Gewerkschaften nach dem Zweiten

Weltkrieg und in der Aera Adenauer," 183-184.

77. Weiss-Hartmann and Hecker, "Die Entwicklung der Gewerkschaftsbewegung 1945 - 1949," 308.

78. Of the industrial production facilities that survived the war 60 % had been built after the economic crisis of the early 1930s and 35 % had been built in the early 1940s (Hansgeorg Conert, Einfuehrung in die politische Oekonomie der Bundesrepublik, vol. II (Frankfurt: Europaeische Verlagsanstalt, 1974), 9). The total loss in production capacity by the end of the 1940s amounted roughly to 15.4 % (8.1 % as a result of war destruction and 7.2 % as a result of early post-war Allied occupation policy of dismantling German industry) (Karl Neumann, Konjunktur und Konjunkturpolitik (Frankfurt: Europaeische Verlagsanstalt, 1975), 42, see also Eric Owen Smith, The West German Economy (London: Croom Helm, 1983), 13).

79. Over ten million refugees and expellees moved into the territory of the later Federal Republic, and the labour forces grew between 1950 and 1963 from 13.2 million to 22 million (Egon Tuchtfield, "Social Market Economy and Demand Management - Two Experiments of Economic Policy," The German Economic Review (1973), 112).

80. German export in 1951 alone jumped by 73 %. Defense expenditure in 1956 amounted to no more than 2.8 % of the GNP (Ulrich Albrecht, et al. (eds.), Beitraege zu einer Geschichte der Bundesrepublik Deutschland (Koeln: Pahl-Rugenstein, 1979), 162).

81. For a more detailed account see, Smith, The West German Economy, 12 -24.

82. The Parliamentary Council set up in 1948 was charged with drafting the constitution for a separate West German state. The Council, chaired and controlled by the CDU, began its deliberation in September 1948 in Bonn. The draft constitution (known as the Basic Law) was passed by the Council in May 1949.

83. Social democrats in protracted debates on the economic order of the new republic opposed the market order on the argument that it would seriously imperil reconstruction. The SPD instead demanded the socialization of basic industries, and government economic planning. In the end the SPD agreed to provisions that the democratization of the economy should be left until after reunification and that it should not be included in the Basic Law, which was only considered a provisional document (Rovan, Geschichte der Deutschen Demokratie, 194). Labour too agreed to postpone explicit constitutional provisions for a new economic order until after reunification (Weiss-Hartmann and Hecker, "Die Entwicklung der Gewerkschaftsbewegung 1945-1949," 315).

84. The principles underlying the "social market economy," primarily formulated by Walter Eucken of the University of Freiburg and Alfred Mueller-Armack of the University of Muenster, were free competition within a clearly defined market as a way to avoid the consequences of laissez-faire economic liberalism. Within this context it was the function of the state to define the parameters of the market order and to address the resulting inequalities through social legislation, see Walter Eucken,

Grundlagen der Nationaloekonomie (Jena: _____, 1944), and Alfred Mueller-Armack, Soziale Marktwirtschaft (Berlin: Ulstein Verlag, 1972).

85. In 1951 Allied authorities indicated that their final control over German industry would not be relinquished until the enactment of satisfactory anti-trust legislation (Smith, The West German Economy, 23).

86. Manufacturers only needed to register trade-name products with the Federal Cartel Office to fixed prices. By the mid-1960s an estimated 162,000 trade-name products were still registered at the Cartel Office.

87. Franz Luber, Fundstellen- und Inhaltsnachweis Arbeits- und Sozialrecht (Percha am Starnberger See: Verlag R.S. Schulz, 1982), 570-71.

88. The restriction on exclusive agreements seriously undermines the role of trade unions in organizing workers because it meant that collective agreements in Germany cover all workers, union members and unorganized workers alike.

89. In the end six out of the 21 cases were thrown out of court. In one case the employer withdrew the charges and two other cases were settle out of court.

90. See "Die Aussperrung kippt die Balance," Welt der Arbeit (Koeln), November 23, 1978; and "Durch die Aussperrung in den wirtschaftlichen Ruin," Frankfurter Rundschau (Frankfurt), September 19, 1980.

91. For a detailed discussion of the Federal Labour Court rulings see Xenia Rajewsky, Arbeitskampfrecht in der Bundesrepublik (Frankfurt: Edition Suhrkamp, 1972).

92. Meier, "Die Deutschen Gewerkschaften nach dem Zweiten Weltkrieg und in der Aera Adenauer," 183-184.

93. A strike vote by the Metal Workers' union (IG Metall) and the Mine Workers' Union (IG Bergbau) was supported by 96% and 92%, respectively (Frank Deppe, "Der Deutsche Gewerkschaftsbund (DGB) 1949-1965," in Deppe, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung, 337).

94. For a detailed discussion of the provision of 1951 Mitbestimmungs Law see Deppe, "Der Deutsche Gewerkschaftsbund (DGB) 1949-1965," 337.

95. The head of the Gutehoffnungshuette mines, Hermann Reusch, who in 1947 offered to share power in the boardroom with both workers and trade union representatives in 1955 charged that Mitbestimmung was the result of brutal blackmail by the trade unions at a time when the new republic was not yet fully institutionalized (Deppe, "Der Deutsche Gewerkschaftsbund (DGB) 1949-1965," 339).

96. Meier, "Die Deutschen Gewerkschaften nach dem Zweiten Weltkrieg und in der Aera Adenauer," 1983.

97. The SPD only managed to get 28.8% of the vote, four tenths of a percentage point less than in the previous election in 1949, and 151 seats. The CDU/CSU in contrast was able to increase its vote to 50.2% from 31% in 1949, and got 243 seats in the second Bundestag (Georg Fuelberth, Geschichte der Bundesrepublik in Quellen und Dokumenten (Koeln, Pahl-Rugenstein, 1982), 20-21).

98. Bernd Otto, "Zur Geschichte der ueberbetrieblichen Mitbestimmung," Gewerkschaftliche Monatshefte (1971), 622.

99. Viktor Agartz, "Beitraege zur wirtschaftlichen Entwicklung 1953. Expansive Lohnpolitik," WWI-Mitteilungen 12 (1953).

100. Deppe, "Der Deutsche Gewerkschaftsbunds (DGB) 1949-1965," 366.

101. For a more detailed discussion of bilateral and trilateral discussions of DGB, BDA and government in the 1950s and early 1960s see Mulhbrandt and Lutz, Der Zwang der Sozialpartnerschaft.

102. For a detailed discussion of trade union representation in quasi-public administrative agencies, advisory councils, committees and commissions see H. J. Menzel, Legitimation staatlicher Herrschaft durch Partizipation Privater Organisationen (Berlin: Dunker & Humblot, 1980).

103. Heinz-Oskar Vetter quoted from Franz Kusch, Das Machtkartell. Die Gewerkschaften in Deutschland (Stuttgart: Seewald-Verlag, 1980), 224.

104. For a detailed discussion of the unions' business interests see Kusch, Das Machtkartell. Die Gewerkschaften in Deutschland; Gerhard A. Friedl, Die Gewerkschaften als Unternehmer (Stuttgart: Seewald Verlag, 1964); Horst-Udo Niedenhoff, Die unbekannte Macht - Unternehmer DGB (Koeln: Deutscher Institutsverlag, 1977); Achim von Loesch, Die gemeinwirtschaftlichen Unternehmen der deutschen Gewerkschaften (Koeln: Bund-Verlag, 1979).

105. All economic statistics unless otherwise indicated are drawn from the Monatsberichte der Deutschen Bundesbank and the Statistische Jahressbuecher der Bundesregierung.

106. For a more detailed discussion of German economic development throughout the 1950s and early 1960s see, Joerg Huffs Schmid and Herbert Schui (eds.), Gesellschaft in Konkurs? Handbuch zur Wirtschaftskrise 1973-76 in der BRD, (Koeln: Pahl-Rugenstein, 1976), and Smith, The West German Economy.

107. Karl Neelsen, Wirtschaftsgeschichte der BRD (Berlin (East): VEB Deutscher Verlag der Wissenschaft, 1971).

108. For details see Joachim Bergmann and Walther Mueller-Jentsch, "the Federal Republic of Germany: Cooperative Unionism and Dual Bargaining System Challenged," in Barkin (ed.), Workers Militancy and its Consequences, 1965-1975, 228.

109. Deutsche Bundesbank, "Memorandum ueber die Lohn- und Preisentwicklung," Monatsberichte der Deutschen Bank (January 1960); See Otto Jacobi, "Economic Development and Trade Union Collective Bargaining Policy in the Federal Republic since the Middle of the 1970s," paper delivered at the Italien-German Conference, Turin, November 10-11, 1983, 24; also see Joachim Bergmann, Otto Jacobi and Walter Mueller-Jentsch, Gewerkschaften in der Bundesrepublik, vol. 1 (Frankfurt: Campus Verlag, 1979), 85.

110. For a detailed discussion of government capital formation and privatization schemes see Karl Neumann, Vermogenverteilung und Vermoegensbildung (Koeln: Europaeische Verlagsanstalt, 1976).

111. For a detailed account of BDA-DGB bilateral talks throughout the 1950s and early 1960s see Werner Mulhbrandt and Egon Lutz, Der Zwang der Sozialpartnerschaft (Berlin: Hermann Luchterhand Verlag, 1969).

112. Erhard introduced the 312-DM-Gesetz to stimulate savings in workers hands, and "Volksaktien" (people's stocks) of government owned enterprises in an attempt to decentralize some productive capital (Volker Berghahn, Unternehmer und Politik in Bundesrepublik (Frankfurt: Suhrkamp Verlag, 1985), 295).

113. For a more detailed discussion of the rise of the new generation of entrepreneurs in the Federal Republic in the early 1960s see Berghahn, Unternehmer und Politik in der Bundesrepublik, 301-22.

114. For details of the 1952 SPD Dortmund Action Program and the resolutions of the 1954 Berlin Party Conference see Miller, Die SPD vor und nach Godesberg, 28-29.

115. The formula was first articulated by the party's economic expert, Karl Schiller, in an address to the 1952 IG Metall Congress where he called for a reform of the social market economy within the context of "planning as far as necessary, and free competition as far as possible" ("Lebensfrage der Deutschen Volkswirtschaft (Vorschlaege des Hamburger Senators Schiller auf der Tagung der IG Metall)," Stuttgarter Zeitung, September 19, 1952).

116. SPD, Grundsatzprogramm der Sozialdemokratischen Partei Deutschlands (Bonn: Vorstand Der SPD, 1959).

117. For a more detail discussion of programmatic changes within the SPD see Miller, Die SPD vor und nach Godesberg, and Rovin, Geschichte der deutschen Sozialdemokratie.

118. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 115.

119. Deppe, "Der Deutsche Gewerkschaftsbunds (DGB) 1949-1965," 366, 401-402.

120. DGB, "Grundsatzprogramm des Deutschen Gewerkschaftsbundes," Duesseldorf, November 1963.

121. "Lebensfrage der Deutschen Volkswirtschaft (Vorschlaege des Hamburger Senators Schiller auf der Tagung der IG Metall)," Stuttgarter Zeitung (Stuttgart), September 19, 1952.

122. "Aussenpolitik allein tut es nicht," Handelsblatt, December 5, 1952; "Fuer Koordinierung der gesamt Wirtschaftspolitik," Schwaebische Landeszeitung - Augsburg (Augsburg), October 27, 1953.

123. Der Wissenschaftliche Beirat beim Bundeswirtschaftsministerium, "Instrumente der Konjunkturpolitik und ihre rechtliche Institutionalisation," vol. 4, no. 77/78, July 3-8, 1956.

124. "Volkswirtschaftliche Gesamtrechnung und Wirtschaftspolitik," Industriekurier, February 27, 1958.

125. Muehlbradt and Lutz, Der Zwang der Sozialpartnerschaft, 29-33.

126. "Beirat fuer Lohnpolitik im Gesprach. Arbeitgeber - neutrales Gutachtergremium waere nuetzlich," Handelsblatt, October 20, 1961.

127. Having become acquainted with the French system of

economic planning through their membership in the European Association for Economic and Social Development German industrialist had dropped some of their fundamental objections to economic planning and joined in the call for some form of economic planning ("Prospektive Volkswirtschaftliche Gesamt-rechnung kein Margentarif fuer Sozialpartner. Schaffung eines neuen Gremiums notwendig," Industriekurier, May 17, 1962; "Keine Planwirtschaft aber Vorausschauung, freie Wirtschaft dadurch nicht tangieren," Handelsblatt, August 24, 1962; "Gegen improvisierte Finanzpolitik," Frankfurter Neue Presse (Frankfurt), February 5, 1963.

128. Muehlbradt and Lutz, Der Zwang der Sozialpartnerschaft, 29-33.

129. "Laender fordern einen langfristigen Finanzplan. Die Bundesregierung soll Auswirkung der geplanten Gesetze darlegen," Die Welt (Bonn), July 13, 1963.

130. The architect of the SPD's "new economics" was Karl Schiller, who later in the Grand Coalition would become the first SPD Minister of Economic Affairs in the Federal Republic. Although firmly committed to the market economy (like Erhard Schiller was a graduate of the Freiburg School), Schiller favoured more state intervention to control rising inflation and to maintain full employment. Schiller had been a proponent of state intervention in the name of the market economy since the 1930s. In the latter half of the 1930s, as an assistant of the research group on "market order and foreign trade" at the Institute for World Economy (Institut fuer Weltwirtschaft) at the University of Kiel, Schiller had analyzed deviations from liberal market mechanisms in European agricultural industry. His inaugural dissertation, Marktregulierung und Marktordnung in der Weltagrarkwirtschaft (Market Regulation and Market Order in Global Agricultural), in 1940 was lauded by the head of the Institute as leading the way from "liberal objectives, forms and methods of a bygone epoch" that could serve as a guide in the reconstruction of the world economy after the war. In the post-war period as the social democratic economic expert Schiller in the 1950s and early 1960s pushed for limited state intervention in the market economy within the context of "planning as much a necessary - competition as much as possible." In 1947 Schiller became a member of the scientific advisory council to the Bizonal Economic Council and Professor of Economics at the University of Hamburg, and in 1949 economic senator in the government of the city state of Hamburg (Huffscheid, Die Politik des Kapitals. Konzentration und Wirtschaftspolitik in der Bundesrepublik, 114-116.

131. DGB, "Grundsatzprogramm des Deutschen Gewerkschaftsbundes," Duesseldorf, 1963.

132. "Liberales Bekenntnis zur Planung. Forum in Bad Kreuznach. Wettbewerb und Vorausschau schliessen einander nicht aus," Frankfurter Rundschau (Frankfurt), December 7, 1963.

133. "Planifikation," Freie Presse (Bielefeld), October 19, 1963.

134. For a detailed analysis of the Sachverstaendigenrat see R. Faust, Sachverstaendigenrat zwischen Keynesianismus und

Monetarismus (Frankfurt: Institut fuer Marxistische Studien und Forschung (IMSF), 1979).

135. Rat der Europaeischen Wirtschaftsgemeinschaft, "Empfehlung der Rats der Europaeischen Wirtschaftsgemeinschaft an die Mitgliedstaaten auf Grund von Artikel 103 des Vertrags Massnahmen zur Wiederherstellung des inneren and aeusseren Gleichgewichts der Wirtschaftsentwicklung der Gemeinschaft zu ergreifen," Deutscher Bundestag, 4. Wahlperiode, Drucksache IV/1752, June 8, 1964, 19-21.

136. Helmut Kohn, "Das Gesetz zur Foerderung der Stabilitaet und des Wachstums der Wirtschaft," BMWI Texte, (July 1967), 10.

137. "Nachtrag zum Bericht ueber die Wirtschaftsentwicklung im Jahre 1963 und die Aussichten fuer 1964 (Wirtschaftsbericht 1964)," Deutschen Bundestag, 4. Wahlperiode, Drucksache IV/1752, June 8, 1964.

138. Jahresgutachten des Sachverstaendigenrats zur Begutachtung der gesamtwirtschaftlichen Entwicklung 1964/65, "Stabiles Geld - Stetiges Wachstum."

139. Jahresgutachten des Sachverstaendigenrats zur Begutachtung der gesamtwirtschaftlichen Entwicklung 1965/66, "Stabilisierung ohne Stagnation."

140. Otto Schlecht, Konzertierte Aktion als Instrument der Wirtschaftspolitik (Tuebingen: Walter Eucken Institut, Vortraege und Aufsaezte, No. 35, 1972), 12-13.

141. The Formierte Gesellschaft died with the fall of Erhard in November 1966. For a more detailed discussion of Erhard's Formierte Gesellschaft see Reinhard Opitz, "Der grosse Plan der CDU: die 'Formierte Gesellschaft'," Blaeetter fuer deutsche und internationale Politik 9 (1965), 750-777.

142. The CDU caucus, albeit over the objections of Erhard (in the Federal Republic fiscal and revenue bills can be introduced not only by the government but also by the government caucus; however, the Chancellor has the right to veto such bills, but Erhard did not exercise his veto power in 1965) voted for increased public spending and tax cuts within the context of the 1965 election campaign. The SPD, in contrast, called for a reduction in public spending and withdrew an earlier bill that would have amounted to 1,6 billion marks in additional spending. Tatsachen - Argumente 220/66 (1966), 14-15; also see Graham Hallett, The Social Economy of West Germany (London: MacMillan, 1973), 73.

143. The actual decline in employment was much higher because contracts of foreign workers were simply not renewed. The number of foreign workers in the Federal Republic dropped from 1.3 million (5.8 % of the work force) in early 1966, to about one million (4.7 %) by September 1967 (Hallett, The Social Economy of West Germany, 74).

144. DGB, "DGB Aktionsprogramm '65. Dabeisein, Mitbestimmen, Erfolg haben," Deutscher Gewerkschaftsbund, Kommission zur Durchfuehrung des Aktionsprogramme, May 1966.

145. DGB, Protokoll. 7. Ordentlicher Bundeskongress, Berlin (9. bis 14. Mai 1966) (Koeln: Druckhaus Deutz, 1966); "Brenner attackiert Bundeskanzler. Kongress des DGB wird beendet. Bekenntnis zur Demokratie," Die Welt (Bonn), May 16, 1966.

146. "Antrag der Fraktion der SPD im Deutschen Bundestag," Bundestag Drucksache 2428, June 6, 1965.

147. See SPD Pressedienst - Volkswirtschaft, August 6, 1965, also, Tatsachen - Argumente, 220 (1966), 15-18.

148. Deutscher Bundestag, 5. Wahlperiode, Drucksache V/1160, January 21, 1966.

149. Deutscher Bundestag, 5. Wahlperiode, 55. Sitzung, 2686; also see, Schlecht, Konzentrierte Aktion als Instrument der Wirtschaftspolitik.

150. Kohn, "Das Gesetz zur Foerderung der Stabilitaet und des Wachstums der Wirtschaft," 11.

151. Wulf Schoenbohm, CDU. Portraet einer Partei (Munich: Guenter Olzog Verlag, 1979), 53; also see Rovin, Geschichte der Deutschen Sozialdemokratie, 223-255.

152. The CDU vote in the 1966 election in North Rhine Westfalia dropped from 46.4 % (1962) to 42.8 %. The SPD increased its vote from 43.3 % (1962) to 49.5 %, and formed a coalition government with the FDP (Heino Kaack, Die F.D.P. Grundriss und Materialien zu Geschichte, Struktur und Programmatik (Meisenheim am Glan: Verlag Anton Hain, 1979), 30).

153. Erhard's control over the party had always been tenuous. He had always kept aloof from the party and saw himself as the chancellor of all Germans. It was not until after his resignation that he actually took over the leadership of the party (Schoenbohm, CDU. Portraet einer Partei, 57).

154. The FDP held the Ministries of All-German Affairs and the Vice Chancellor (Erich Mende), Finance (Rolf Dahlgren), Housing (Ewald Bucher), and Economic Cooperation (Walter Scheel) (Schoenbohm, CDU. Portraet einer Partei, 27).

155. The CDU held 245, the SPD 202 and the FDP held 49 seats in the Bundestag (Fuehlberth, Geschichte der Bundesrepublik in Quellen und Dokumenten, 219).

156. Parallel to the CDU/CSU-SPD talks coalition negotiations took place between the CDU/CSU and FDP as well as between SPD and FDP. Discussions between the CDU/CSU and FDP failed over disagreements and fundamental differences in foreign policy, inter-German affairs and in fiscal policy. SPD-FDP talks failed over differences in fiscal, economic and social policies (Kaack, Die F.D.P. Grundriss und Materialien zu Geschichte, Struktur und Programmatik, 33).

157. For further details see Rovin, Geschichte der Deutschen Sozialdemokratie, 242.

158. In response to an article in Der Spiegel on the state of readiness of the Bundeswehr (the country's armed forces) in 1962 the Minister of Defense, Franz Josef Strauss, in addition to having all issues confiscated at newsstands throughout the country, had the editor of the journal arrested in Spain. The FDP, charging the CDU/CSU with misuse of public power, on November 19, 1962 announced the resignation of its five ministers from cabinet. Adenauer responded with coalition talks with the SPD. A cabinet shuffle in the end secured the continuation of the CDU/CSU-FDP coalition government (Kaack, Die F.D.P. Grundriss und Materialien zu Geschichte, Struktur und Programmatik, 25; also see Rovin, Geschichte der Deutschen Sozialdemokratie, 418).

159. It was less Kiesinger's role in the press department of the Foreign Ministry that was at debate than his Nazi party membership (Rovan, Geschichte der Deutschen Sozialdemokratie, 256).

160. In Bavaria the NPD managed to replace the FDP, which had failed to get past the 10% mark required in Bavaria, as the third party in the legislature (Kaack, Die F.D.P. Grundriss und Materialien zu Geschichte, Struktur und Programmatik, 33).

161. "Sozialpartner befreunden sich mit SPD-FDP Koalition. Gewerkschaften wuenschen neuen Kurs in Bonn. Industrie attackiert Steuerplaene the Union," Frankfurter Union (Frankfurt), November 22, 1966.

162. The SPD joined the government in early December 1966 and took over the Ministries of External Affairs and Vice-Chancellor (Willy Brandt), for All-German Affairs (Herbert Wehner), Justice (Gustav Heinemann), Transport (Georg Leber), Youth and Family (Kaethe Strobel), and most important the Ministry of Economic Affairs (Karl Schiller) (Rovan, Geschichte der Deutschen Sozialdemokratie, 261).

CHAPTER

3

FROM HISTORIC OPPORTUNITY TO DISILLUSIONMENT, 1966-1969

The rise to power of the SPD in the Grand Coalition at the end of 1966 provided a renewed historic opportunity for labour's corporatist project in Germany. For the first time since the immediate post-1945 days, if not since Weimar it appeared possible to realize the long-standing objective of social partnership. With the SPD in a position to influence the legislative agenda it seemed possible that the necessary legislation could be forthcoming. Such expectations were justified especially in light of the fact that the SPD, although only the minority partner in the coalition, could influence the coalition's agenda decisively. The government's programme not only offered immediate action to address the deepening recession but also promised action on a number of long-standing trade union demands. In the words of a DGB executive; "the economic policy concept of the Kiesinger government ... is coming closer to the demands of the DGB Basic Programme." [1] However, despite the hopes and expectations, labour's social democratic objectives, as will be seen, were far from being substantially realized within the context of the Grand Coalition between 1966-69.

Chapter three discusses the developments that led from the historic opportunity for labour's corporatist strategy of social partnership with the SPD joining the Grand Coalition in 1966 to the disillusionment of labour's hopes and expectations in 1969.

The rationale of the Grand Coalition's "new economics" and the provisions of the 1967 Growth-and-Stability Law, and the institutional parameters of concerted action are detailed in section one and two respectively. The early consensus of concerted action in 1967 on economic recovery is the focus in section three. Section four looks at the breakdown of the consensus with recovery in 1968. The growing polarization within concerted action in 1969 as employers try to recover losses and labour demands concessions, and rising rank-and-file pressure in response to the growing profit-wage gap are covered in section five.

The "New Economics"

The union leadership welcomed the government programme because it replaced the "exhortations, appeals and noisy haggings" of economic management under the previous government with "the cold rationality of mathematical models." [2] The Coalition's programme came closer to trade union demands than the previous government programme. It promised macro-economic and fiscal planning, a national budget (including target figures of macro-economic aggregates), and trade union participation in macro-economic planning and policy decisions. [3]

The government's objective was to secure stable economic growth through Keynesian fiscal and economic policy instruments. The government programme proposed demand stimulation and infrastructure investments, an easing of the Bundesbank's

restrictive monetary policy as well as ~~fiscal~~ incentives for business to stimulate private investment and economic recovery. Moreover, the government promised to introduce macro-economic and financial planning to control the erratic swings of recurring trade cycles and secure price stability, full employment and balanced trade within the context of stable economic growth.

Recognizing that economic recovery and long-term growth were not possible without cooperation from both organized labour and business, Chancellor Kiesinger in his inaugural address promised immediate legislation on "concerted action," as recommended earlier by the SVR. He proposed to integrate labour and business into the macro-economic planning process, provide "orientation data" (a quantified set of economic and fiscal policy target figures), and offered to coordinate government macro-economic objectives with the concerns of both business and labour respectively.

Moreover, Kiesinger promised to take action on one of labour's long-standing demands. The Chancellor announced the establishment of an independent committee to prepare a report on industry-wide Mitbestimmung to serve as the basis for further action on the issue. Within this context the Chancellor also strongly condemned business' continuing attempts to undermine Mitbestimmung in the coal and steel industry, which had been a union concern since the mid-1950s.

Although it was strongly influenced by social democratic economic thinking, the government programme reflected the differences in economic thinking within the coalition. The

conservative Minister of Finance, Franz Josef Strauss, pursuing a traditional monetarist line, promised to reduce the government's debt load via budget cuts and tax increases. The social democratic Minister of Economic Affairs, Karl Schiller, on the other hand, promoting a Keynesian economic course, proposed increased public spending to stimulate economic growth.

Faced with a deepening recession (the GNP growth rate fell below one per cent in 1967, growth in industrial production and business investment experienced a real decline of 2.7 per cent and 15.6 per cent, respectively, and unemployment rose above 2 per cent for the first time since the early 1950s), the government moved swiftly towards Schiller's policies. To arrest the recession and stimulate growth Schiller introduced a massive DM 2.5 billion public investment programme, financed through Bundesbank loans. In addition, to improve investment returns the government introduced special depreciation allowances of up to 10 per cent over a nine month period. To ease the wage pressure on business profits Schiller sought the immediate cooperation of labour. In return for wage restraint and a short-term acceptance of increased profit, Schiller offered concessions and later re-adjustments of the "social symmetry."

To secure long-term price stability, full employment and balanced trade within stable economic growth the coalition quickly pushed through what came to be known as the "the basic law of the economy." The "Growth and Stability" Law which essentially introduced a set of Keynesian economic policy instruments, was passed by the Bundestag in July 1967. The

economic thinking behind the Law was central to the SPD's role in the coalition and to labour's support for the coalition.

Consequently, although this carries us a bit beyond the actual unfolding of events, we need to consider at the outset the argument of Schiller in advancing this "basic law."

For Schiller a highly industrial economy like Germany's, articulated and heavily dependent on world markets, could not be left to market forces alone. Only macro-economic planning or "global steering" could avoid the negative consequences of the drastic swings of continuing trade cycles and secure economic growth and stability.[4] The "new economics" of the Kiesinger government, a synthesis or a "reconciliation of the Freiburg imperative and the Keynesian message," for Schiller constituted the necessary policy aus einem Guss (from the same mold).[5] Economic policy in the latter half of the twentieth century had to be a policy mix of global steering and market economy if it was to secure growth and stability while at the same time "preserving free wage and price formation ... without jeopardizing a high level of employment and foreign trade equilibrium." That is, "essential macro-decisions... are made by economic and fiscal policy, the micro-decisions are left to the market and micro-economic competition."

The main objectives of economic policy in advanced industrial society, Schiller held, were economic growth and stability. Stable economic growth was a prerequisite for the "growing tasks in modern society..., national health, advancements of science, education, transport, regional planning,

municipal engineering, [and] national defense." Moreover, it was a prerequisite for "the distribution of income and property with a view to greater justice," an egalitarian move which "can be better and more smoothly achieved in times of prosperity and expansion than in phases of weak growth."

Reliance on monetary controls alone was no longer sufficient because "under free convertibility the central bank is confronted in its monetary and credit policy with a certain set of foreign trade problems." Although an effective instrument for "short-run influencing of the trade cycle" it was less effective in stimulating investment. Economic policy could not achieve the necessary balance between growth and stability "without continual co-ordination with fiscal policy." Only fiscal policy was able "to induce above all temporally and economically purposeful impetuses, and also relatively rapidly and exactly acting inhibitive influences." However, since 90 per cent of fiscal expenditure was determined by statutes, modern economic policy had to include "medium-term financial planning" and a tax policy "as an instrument for short-term regulation of demands."

Effective economic policy coordination, moreover, "needs an orientation tableau or comprehensive account of the current and foreseeable trends of the macro-economic circular flow." The function of such "comprehensive accounts" was to serve as a source of information for all agencies responsible for economic, fiscal and social policy and to help in the necessary co-ordination of those agencies. Such accounts also were to serve to inform the private sector of the state of the economy as a

whole and its possible paths of development.

Within this context, the Stability-and-Growth Law was to provide the policy instruments to secure the defined objectives of stable prices, full employment, and balanced foreign trade within steady and appropriate economic growth. The Law provided the legislative means to coordinate fiscal, budgetary and economic policies, to harmonize federal, Laender and municipal budgetary policy decisions, and to coordinate the economic policy objectives of both labour and business with overall government policy projections.

Paragraph 5 of the Law required the government to present an annual budget, indicating in detail proposed government spending and expected revenues for the coming year. The Minister of Finance was required to present to parliament a five-year fiscal plan with annual adjustments and updates, indicating the composition and extent of proposed government spending and projected revenues (Paragraph 9). The government in addition was under obligation to present an annual economic report, including a response to the SVR's annual economic report and a detailed outline of economic and fiscal policy objectives and policy measures for the coming year. Further, the Law required a bi-annual "subsidies report," indicating the rationale, extent, specific form and recipients of government subsidies and financial aid to the private sector (Paragraph 12).

To control inflationary pressures, Paragraph 6 provided the Minister of Economic Affairs and Finance, with the power to advance or postpone public works projects. In times of demand

inflation Paragraph 5 and 15 required both federal and Laender governments to use the budget surplus to reduce their debts or to deposit them in a trade cycle fund, to be set up by the Bundesbank (Paragraph 7). In times of falling demand governments were to draw on these reserves or borrow on the capital market (Paragraph 6 set a ceiling of government borrowing of DM 5 billion) to stimulate the economy.

Concerted action, in addition to fiscal and monetary policies, constituted the "third pillar" of Schiller's "new economics." A system of "global control of the macro-economic circular flow," Schiller argued, had two open flanks - "extraneous disturbances" and wage demands not "oriented on macro-economic necessities." While "extraneous disturbances" were not considered an acute problem concerted action was to cover the open "wage flank" through the "mutual exchange of information among all agencies responsible for the economic process" and the coordination of their objectives with macro-economic requirements. Thus, concerted action, the argument was, was not an attempt to "cover up the social conflicts that are unavoidable in a mature society," but it was "by way of exchange of information and joint establishment of guideposts...to limit them, to make them rationally recognizable and hence resolvable." [6]

Within this context Paragraph 3 of the Law called for the "simultaneously co-ordinated action (Concerted Action) of regional authorities, trade unions and business associations." More specifically, where any of its economic policy goals (full

employment, price stability, balanced trade and stable economic growth) came under pressure, Paragraph 3 required the government to make available "orientation data" to facilitate such concerted action. Section 2 called on the Minister of Economic Affairs, on request, to explain government "orientation data" to the participants in concerted action.

The purpose of integrating labour and business into the economic policy process, thus, was to coordinate their objectives and government macro-economic planning. In the short-term this meant primarily trade union wage restraint to improve profits and facilitate economic recovery. In the long-term it meant tying wage developments to economic growth and/or increases in productivity in return for steady improvements of conditions of the working class. The policy clearly reflected the SPD's and labour's strategy to improve working class conditions within the market economy. Accepting the existing distribution of wealth, and control and ownership of the means of production, working class conditions could be improved only within the context of steady economic expansion. Thus, the focus was primarily on "equality" in the distribution of future growth, in essence within the existing structure of ownership and control. Restructuring was not part of this package.

Pressed by economic necessities, Schiller, at the end of December 1966 had held preliminary talks with DGB and trade union representatives,[7] and in early January he met with representatives from the Bundesverband der Deutschen Industrie, BDI (Federation of German Industry), and representatives from the

Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA

(Federal Association of German Employers' Associations).[8] Both labour and business supported the government's economic programme, in principle, and agreed to cooperate in concerted action. However, both sides expressed reservations regarding the specific terms of such concerted action and set out conditions for their cooperation.

Business, always concerned with growing state intervention, was critical of some the aspects of concerted action. While accepting the need for some form of macro-economic planning private enterprise was concerned that state intervention, especially under the influence of the SPD, could lead to direct interference with business decisions at the company level.[9] The BDI warned that, "entrepreneurs do not want to become technocrats fulfilling assigned production quotas." [10]

Industrialists as well as employers were particularly concerned about the potentially binding nature of government orientation data. Employers' representatives worried that such orientation data would set minimum wage levels, thereby fixing the wage component of production costs. This would deprive employers of the flexibility to reduce wage cost (allegedly to save jobs). Employers, moreover, were concerned about the institutionalization of trade union influence in macro-economic planning via concerted action. The BDI for its part, feared that concerted action would lead to discussions beyond the basic issue of wage control and interfere in micro-economic decisions. Including profits in the agenda, for example, would constitute "a

large step in the direction of limiting the decision-making power of private business." [11] While trying to exclude profits and investment from the talks the BDI at the same time tried to include what it termed "relevant" social policy issues. Social policy spending, it was argued, had grown too much at the expense of infrastructure investments. In consequence, to facilitate economic recovery and to secure future economic growth and stability, increases in social spending should be linked to overall economic expansion.

There also was concern that concerted action would lead to an increase in trade union power at the company level via government concessions to labour on Mitbestimmung. Such a development, employers' representatives argued, would be contrary to the basic principles of the market economy, while at the same time not improving the social or economic conditions of workers. An extension of Mitbestimmung, they warned, would lead only to a further concentration and centralization of power within the trade unions. [12]

The objective of business in supporting concerted action in the short-term appeared to be to ease the wage pressure on falling profits. The long term goal seemed to be the institutionalization of controls over trade union influence and bargaining power. The objective, then, was to secure growth-oriented wages to "control cost increases in light of recessionary declines in industrial orders, underutilization of industrial production capacity, and growing foreign competition in international and domestic markets." [13] Concerted action

was to lead to "agreements among those leaders of participating economic interest organizations capable of securing compliance of the membership, to reduce the conflict potential of contract negotiations." [14] To "reduce the conflict potential in contract negotiations" for business meant of course the ready acceptance by trade unions of employers' wage offers. The integration of the trade union leaders into the logic of the market economy via concerted action was to give employers' control over wage levels. And union leaders were expected to sell a productivity-based wage policy to the union membership and, if necessary, enforce wage restraint.

The DGB and the trade unions while supporting concerted action, also expressed some reservations. The IG Metall, which since the mid-1950s had been promoting wage increases above productivity increases as a way to improve conditions for the working class, was concerned that concerted action through government orientation data would link wage increases with increases in productivity. Tying wages to productivity would not only undermine collective bargaining, but would also institutionalize existing inequalities by setting wage ceilings. [15] The IG Metall's decision nevertheless to cooperate in concerted action, as Bergmann, Jacobi and Mueller-Jentsch have pointed out, was a pragmatic adjustment on the part of the union to the changing economic conditions of advanced capitalism and the changing parameters for an "active" wage policy. The contradiction between the IG Metall's "active" wage policy position and its pragmatic participation in the growth-oriented

wage policy practice of concerted action led in the late 1960s and early 1970s, as we shall see later, to growing rank-and-file opposition to concerted action.[16]

In spite of their reservations, the DGB and trade unions accepted Schiller's invitation. Concerted action for labour clearly constituted, as it was argued, an "opportunity to participate in formulating the objectives of economic and social policy." [17] Even for the IG Metall it provided the kind of participation that labour was "entitled to as producers and democrats, and that so far has been denied." [18] More important, for "the price of a voluntary integration of independent decision-making into a common concept," concerted action "could transform into co-determination ... in deciding medium-term economic objectives and necessary policy instruments." [19] In the final analysis, it was recognition of labour as a social partner in the economy. The legitimization of labour through concerted action was, as pointed out by the head of the DGB Economic and Social Science Research Institute, Markmann, always emphasized at the DGB, albeit behind closed doors.[20]

Thus, the unions accepted their role in concerted action; but with clearly defined conditions for their cooperation. In an eleven-point programme the DGB demanded guarantees that concerted action would not undermine the collective bargaining process, and that wage developments would not be linked to increases in productivity. The programme also demanded equal distribution of the cost of balancing the budget and economic recovery among all

social classes, a complete review of government subsidies to big business, and a more equitable and socially just tax structure. Further, measures to ensure a more equitable distribution of the national income, an active labour market policy, and programmes to secure full employment, were outlined as conditions for labour's cooperation.[21]

Labour's more long-term corporatist objectives were four-fold; (1) equality with state and capital in macro-economic and social policy planning and decision-making via concerted action, (2) equality in economic, administrative and personnel decisions at the company-level through an industry-wide extension of Mitbestimmung, (3) greater equality in the distribution of the national income through collective bargaining and public redistributive programs, and (4) the decentralization of productive capital through government sponsored schemes of capital formation in workers' hands.

The unions recognized that pre-conditions to realizing these objectives were short-term economic recovery and steady growth. Improvements in working class conditions were clearly conceived within the context of an expanding economy: labour, in a word, had a vested interest in stabilizing and strengthening the market economy. In return for concessions at the bargaining table on non-monetary issues and later re-adjustments in income distribution, the trade union leaders were prepared to hold down wage demands and accept a short-term re-distribution in income at the expense of workers to strengthen profits. To secure stable economic growth in the years to come they supported the

introduction of Keynesian demand management, macro-economic planning, and called for tougher anti-trust legislation. The DGB and the trade unions, however, were not prepared completely to surrender their freedom at the bargaining table and to abandon their traditional means of influencing the distribution of income and of improving conditions of the working class.

Integrationist union leaders hoped that cooperation with the state and capital in economic recovery would not only legitimize trade unions as equal partners, but would also establish concerted action as a forum of macro-economic planning and decision-making. This in turn would secure trade union participation in macro-economic policy planning and decision-making. Reformists, on the other hand, expected that cooperation in economic recovery would establish conditions necessary to broaden the agenda beyond the narrow focus on wages and salaries to include all factors that determine economy development and working class conditions such as: prices and profits, private investment, income distribution and decentralization of productive capital, levels of employment, price stability and foreign trade balance; and also related social policy issues, job training and job security, unemployment insurance and old age pension, as well as an industry-wide extension of parity co-determination.

The Institutional Parameters of Concerted Action

In the absence of clear organizational and procedural guidelines for concerted action the meetings held at the outset

prior to the Stability-and-Growth Law established the basic organizational structure and procedural norms. The first three meetings of concerted action took place on February 14, March 1, and June 1, 1967. The Stability-and-Growth Law did not pass the Bundestag until June 8, 1967. The first phase of concerted action was concerned exclusively with economic recovery; yet it defined the procedures for the second phase, which focused on the SVR and government annual economic reports, and medium-term economic and fiscal planning and policy measures. Further, these ad hoc procedures, for lack of independent facilities, staff and funding, were placed under the jurisdiction of the Ministry of Economic Affairs. The agenda, in spite of continuous pressure from trade unions for its expansion, remained narrowly defined and tightly controlled by the Minister of Economic Affairs. From the beginning the meetings took on a schematic routine presided over by the Minister or his representatives. The major objective of the meetings appeared to be the avoidance of conflict and the presentation of a picture of consensus among all participants.[22]

From the beginning the meetings were characterized by a steady increase in the number of represented organizations and an underrepresentation of organized labour. By 1970 membership had risen to more than seventy representatives from twenty-five organizations, which gave concerted action an unwieldy institutional structure. The underrepresentation of labour rested in the fact that trade unions most of the time were confronted with government, business, the Council of Economic

Experts (SVR) and the Bundesbank.[23] Although there were differences among business, government and the SVR, they were in general opposed to union positions.

Trade union representation had been decided in preliminary bilateral talks between Schiller and DGB and affiliated trade union representatives. The DGB was represented by its executive head, Ludwig Rosenberg (and Heinz Oskar Vetter after he replaced Rosenberg in 1969), his deputy and the head of the DGB's economic policy section. Affiliated trade unions were represented by their executive heads. Represented, as listed in order of their size, were the Metalworkers' Union (IG Metall, IGM), the Public Service and Transport Workers' Union (Oeffentlicher Dienst, Transport und Verkehr, OTV), the Chemical, Paper and Ceramic Workers' Union (IG Chemie, Papier, Keramik, IGCPK), the Construction Workers' Union (IG Bau, Steine, Erde, IGBSE), the Mine Workers' Union (IG Bergbau und Energie, IGBE), the Commerce, Banking and Insurance Workers' Union (Handel, Banken, und Versicherungen, HBV), the Textile-Clothing Workers' Union (Textil-Bekleidung), and the Food-Processing Worker's Union (Nahrung, Genuss, Gaststaetten, NGG). With the exception of some slight changes the list of delegates remained unchanged.[24] White-collar workers were represented separately by the German Salaried Employees' Union (Deutsche Angestellten Gewerkschaft, DAG), and the German Civil Service Federation (Deutscher Beamten Bund, DBB). The latter joined the talks in December 1970 after the DGB had dropped its initial opposition to representation from the DBB.[25]

The Employers' Associations, BDA, the Federation of German Industry, BDI, the national umbrella organization of the chambers of commerce, the German Assembly of Industry and Commerce (Deutsche Industrie und Handelstag, DIHT) and the German Association of Wholesalers and Exporters (Zentralverband des Deutschen Handels, ZDH) represented business interests. The Retailers Association joined them in July 1967. The German Farmers' Association, after earlier opposition from the Minister of Economic Affairs,[26] joined the talks in November 1968. And in July 1970 representatives from the financial sector, with one representative each from the Federal Association of German Banks and the Association of Savings and Loan Institutions, also joined the talks.

From the beginning it was established practice that the Minister of Economic Affairs issued the invitations, defined the agenda and chaired the meetings. Ministry officials also prepared and tabled all discussion papers. It was not until the late 1960s that business and labour introduced their own economic report. No official procedural rules were ever established, and no official minutes were taken at the meetings.[27] The date of the following meeting always was set at the very end of the meetings.

In response to continuing trade union demands for a broadening of the agenda, a steering committee to prepare the agenda was eventually set up at the end of 1969. In practice the committee never played more than a marginal role because it was made up of only low ranking officials from the represented organizations. Moreover, the meetings of the committee,

scheduled mostly by Ministry officials, were usually convened only shortly before the general meeting, leaving no time to prepare the agenda. The steering committee also was usually only presented with the same documentation that the Minister tabled in the general meetings. In consequence, revisions, if any, were made exclusively by Ministry officials. The credibility of the committee was further undermined by simultaneously scheduling the committee meetings and announcing the agenda for the next general meeting.[28]

The only institutional structures ever set up under concerted action were two specialized committees. In early 1968 the Committee on Automation (Arbeitskreis Automation) and the Committee on Income and Capital Formation (Arbeitskreis Einkommens- und Vermoegensentwicklung), composed of representatives from the interest groups and relevant government ministries, were set up. Their purpose in essence was to keep contentious and potentially conflicting issues off the agenda. They were established in response to concern raised by labour over technical change and growing automation in industry, and rising inequality in the distribution of income and productive capital. To prevent these issues from paralyzing concerted action through long drawn out debates, they were referred to the committees for further study.[29] The Committee on Automation, prior to presenting its report in concerted action; in early 1971, was transformed into the public Commission on Economic and Social Change (Kommission fuer wirtschaftlichen und sozialen Wandel), and mandated to present a report by the end of 1974.[30]

The Committee on Income and Capital Formation, on the other hand, after presenting an interim report in March 1968,[31] ceased to function by the end of the year.[32]

In practice the agenda of the concerted action meetings remained limited to discussions of economic developments, orientation data and government economic policy measures in spite of continuous demands by labour to broaden the talks. Union representatives repeatedly, especially in the first two years, demanded a broadening of the agenda to include, among others, relevant social policy issues. Schiller, ostensibly in support of labour demands, continued to promise such a broadening of the agenda. However, the talks for the most part remained limited to the discussion of economic and incomes policy issues.[33]

The meetings tended to open with a statement from the Minister of Economic Affairs, re-affirming the principles of free collective bargaining and the autonomy of private interest groups, and re-confirming the information and coordination function of concerted action. This usually was followed by a report on economic developments presented by the deputy minister or senior civil servant. The presentation usually was supported by two documents, a brief economic report (Thesen zur Wirtschaftslage), summarizing causes and effects of economic developments in the preceding month, and a set of statistical data (Zahlenspiegel), comparing major economic indicators with the same period of the preceding year.

After further elaboration by the Minister, interest groups responded with prepared statements by the designated

spokespersons from each group. The labour spokesman usually was the head or the deputy head of the DGB, or the head of the DGB economic policy office. Speaking for business either the president of the BDA or the president of the BDI responded in the name of the Common Committee of German Business (Gemeinschaftsausschuss der deutschen gewerblichen Wirtschaft).[34]

Debate was limited to a small number of participants. In addition to representatives from the Ministry of Economic Affairs and Finance and the SVR (usually represented by the chairman), they included only the high profile members of the participating organizations. The overwhelming majority of the participants acted only as silent observers. After a short break in the proceedings, the general debate was followed by lengthy debate over the final communique, tabled in draft form by the Minister of Economic Affairs. The last item on the agenda always set the date for the next meeting.

Formal statements, and not the formulation of concrete policy options, characterized the meetings of concerted action. With no stimulus or direction, ideological or organizational procedures, to lead participants beyond the status quo, it was no wonder that political cooperation between capital and labour seemed to many an obvious failure by the time the Grand Coalition came to an end in 1969.

Concerted Action Goes into Operation: Year One

With a worsening recession on its hands the government introduced an immediate recovery programme, including public

investment spending and financial concessions to business. The rationale underlying its recovery programme was that the recession was mainly the result of insufficient private investment due to a declining "investment climate" (i.e., a decline in the rate of profits). Thus, what was necessary to turn around the economy was a rise in profits to encourage business investment. Within this context the unions were asked to accept the short term burden of wage restraint in order to allow a recovery in the rate of profit.

Real growth had dropped from 5.5 per cent in 1965 to 0.8 per cent in 1967, the lowest since the late 1940s. Industrial growth plunged from 5.1 per cent to a real decline of 2.7 per cent. Unemployment rose to over 2 per cent in 1967. The rate of growth in private consumption in 1966 had dropped to 2.9 per cent from 6.9 per cent in the previous year and public consumption to 2.4 per cent from 5.1 per cent. Profits in turn were down to 1.2 per cent from 4.8 per cent, and business investments in the manufacturing sector alone declined in absolute terms by 5.1 per cent. Wages and salaries, on the other hand, in 1966 had increased by 7.2 per cent (nominal) and 3.6 per cent (real), well above increases in GNP (2.5%) and in productivity (3.1%).

Although the unions exercised wage restraint they were frustrated in the pursuit of their objectives at the shop-floor and bargaining table by employers intent on using the recession to cut costs at the expense of workers. Within concerted action union objectives were frustrated, on the one hand, by the lack of cooperation of business representatives (who seemed more

concerned with the institutionalization of control of trade union bargaining power), and, on the other hand, by the lack of government concessions on its more long-term corporatist objectives.

Employers, even those not directly affected, used the recession to impose cost-cutting measures such as closing down production, short-shifts, lay-offs, forced vacations, reductions in piece work, cuts in shop-floor wages and fringe benefits (cuts or cancellation of traditional Christmas bonuses and year-end premiums), rationalization measures, job reclassifications (in breach of contractual agreements), as well as restricting the rights of shop stewards and work councilors.[35] Following recovery in 1968-1969, as we shall see later, trade unions were confronted by the same uncompromising employers' attitude in their attempts to close the growing profit-wage gap.

The results were forced vacations, massive lay-offs and rising unemployment. In the car industry large-scale reductions in working hours were introduced. In the metal working industry the work force was reduced by 7.8 per cent between August 1966 and March 1967. Unemployment in the industry rose to 3.1 per cent (or closer to 6% if laid-off guest workers that returned home are included). In February 1967, according to official figures, 7.7 per cent of the work force was on reduced working hours, although the actual figure, as Bergmann and Mueller-Jentsch pointed out, was actually closer to 15 per cent. Moreover, workers for the first time in the history of the Federal Republic experienced a real decline in net wages and

salaries.[36]

Industrial relations in 1967, as a result of employer resistance to union demands on the shop floor and at the bargaining table, were marked by strike and protest action, especially in the second half of the year when the recession leveled off and employers continued their cost-cutting measures. In the metal-working industry alone, over 200 shop-floor strikes and protests took place between spring 1967 and spring 1968. Most of the action took place at the shop-floor level. When contract negotiations in the metal working industry in Hesse and in Nord Wuerttemberg/Nord Baden to secure gains on the shop floor broke down in the fall of 1967 only the intervention of the Minister of Economic Affairs prevented a strike. Under the agreement reached between IG Metall and Gesamtmetall, the regional association of the metal-working industry, Gesamtmetall only committed itself to call on its members to avoid "unnecessary cuts," to secure "where possible" present wage and salary levels and fringe benefits, and to "coordinated" reductions in the work force with the work councils. Employers, as could be expected, continued to cut shop-floor wages and lay off workers.[37]

Trade union leaders, while condemning the employers' action and demanding an end to their discriminatory cost-cutting measures, rejected protests and strike actions. In order not to compromise the SPD's position in the coalition or to jeopardize Schiller's "new economics," both essential elements of the unions' corporatist strategy, the union leadership resisted mobilization of the rank-and-file membership in response to the employers'

action.[38] Yet, within concerted action, the unions throughout 1967 were frustrated, on the one hand, by continuous business and government attempts to institutionalize wage restraint through the "indirect" wage guidelines of the government orientation data; and, on the other hand, by the lack of concessions on the re-adjustment of the social symmetry once the recession had bottomed out in the latter half of the year and on its more fundamental demands.

At the first concerted action meeting on February 14, 1967 Schiller tabled a set of orientation data together with the government's recovery programme. The data projected a growth rate of 2 per cent for 1967, with the economy stagnating in the first half of the year but expanding by 4 per cent in the second half. Profits were projected to rise by 3.6 per cent, for a net increase of 5.5 per cent. Per capita gross wages and salaries were to rise by 4 per cent. With a projected wage drift of 0.3% in 1967, and subtracting a 1.6 per cent increase negotiated in 1966, a 2.1 per cent margin for wage and salary increases was calculated and increases of between 2.5 per cent to 3 per cent for 1967 were recommended.[39]

Union leaders, while supporting the government's overall recovery programme, strongly objected to specific targets for wage developments in the orientation data. Union representatives were concerned that "wage guidelines" not only set the upper limit for wage increases in 1967, but would also tie wage increases to increases in productivity and thus undermine free collective bargaining, labour's traditional and only tool of

effecting the re-distribution of the social product. Moreover, because of the decentralized trade union bargaining process this would lead to conflicts within the trade union movement, specifically between regional bargaining units and the union executive. Union representatives were especially incensed by the fact that they had not been consulted prior to the drawing up of the government's projected target figures.[40]

Moreover, because the government recovery programme clearly benefited business in the short term at the expense of labour, union representatives demanded guarantees for later readjustments of the "social symmetry," a demand vigorously opposed by employers.[41] At a press conference following the second concerted action meeting on March 1, 1967 DGB leader, Rosenberg, warned that labour was only prepared to cooperate in return for later concessions, and demanded an expansion of the talks to include private investment, prices (including administrative prices), anti-trust legislation, Mitbestimmung, and income distribution and capital formation in workers' hands. In addition, Rosenberg argued, discussions of economic policy measures should be accompanied by discussions of appropriate and necessary social and labour market policies, including increases in unemployment insurance, job protection and job training.[42]

Business representatives, too, objected to the specific orientation data figures on wage developments for 1967 because they set minimum wage increases, limiting the downward flexibility of the wage component. The argument made was that it undermined the employers' ability to respond to changing economic

conditions by lowering costs. Whilst recognizing the desirability of coordinating wage and salary increases with increases in productivity, BDA representatives rejected specific wage guidelines, because they would result in wage developments not conducive to economic recovery. This specifically would be the case if the rate of recovery, which served as the base for calculating wage recommendations, fell short of the projected figures. Within this context business representatives also cautioned against the government forecast's unrealistic expectation of a strong recovery in 1967.[43]

Following a supplementary SVR report, which revised projected growth down to 2 per cent,[44] (accompanied by a projected growth of only 0.5 per cent to one per cent by the country's leading economic research institutions[45]) the government in July revised its forecast for 1967 and proposed a second public investment programme. Although the recession had been arrested, the report argued, the economy was still in critical condition. Domestic demand was still too weak to stimulate growth. In response, the government proposed additional spending of DM 2.7 billion by the federal government, and DM 2.5 billion by the Laender and municipal governments. The money was to be spent in transportation and communication, research and development, health services, administrative rationalization, regional economic development, and to finance the reorganization of particularly hard hit industries such as coal, steel, and shipyards.[46]

DGB and trade union representatives, while supporting

additional public investment, charged that the lack of consumer demand was the result of the employers' "negative wage policy" on the shop floor. Cutting production costs at the expense of workers was reducing essential consumer spending power. In response, the head of the Metalworkers' Union, Brenner, demanded a 10 per cent income tax reduction, and called for a more "active" trade union wage policy at the bargaining table.[47]

While the BDI president, Berg, denied the union charges,[48] BDA representative, Schleyer, justified the employers' action on the shop floor. Schleyer argued that employers allegedly had to be able to cut non-contractual wages and fringe benefits in order to protect jobs.[49] The delay in economic recovery, he charged, was the result of uncertainties in the business sector; uncertainties over proposed government legislation,[50] growing government deficits, and trade union demands for a later readjustment in the "social symmetry." The lack of business confidence, both Berg and Schleyer contended, was holding back private investment.

With the recession leveling off and the economy stabilizing in the second half of 1967, the trade unions shifted focus to securing, both at the bargaining table and via concerted action, concessions in return for wage restraint and their cooperation. Their efforts, however, were frustrated by continuing employer resistance - lack of concessions in contract negotiations, and opposition to trade union demands in concerted action. In addition, the unions were confronted with a government increasingly resistant to union demands and less prepared to

deliver on its promised concessions; for the SPD was under pressure from its conservative coalition partner.

With the leveling off of the recession, Schiller at the 3rd meeting of concerted action on June 1st introduced the government's medium-term economic forecast defining the macro-economic parameters for the next five years, including a set of orientation data with specific target figures. The figures projected a 5.5 per cent growth in private and a 7 per cent increase in public investment to secure an average 4 per cent economic growth and to hold inflation at one per cent and unemployment at 0.8 per cent.[51]

When Economic Affairs Ministry officials revealed that the programme had already been approved by cabinet and the Bundesbank, trade union representatives refused to even consider the programme, because the government economic programme, including its specific target figures, again had been drawn up without prior consultation and discussion in concerted action. To resolve the impasse it was agreed to set up a special committee, composed of three representatives each from business, labour and government to discuss the programme.[52]

After discussion in the committee, the programme was reintroduced at the next concerted action meeting on July 19th.[53] Union representative still rejected the projected income distribution, but in order not to jeopardize the talks they suggested separate discussions of ministry officials, business and union representatives to deal with long-term income distribution and capital formation. Business representatives,

who rejected the proposed rate of unemployment of 0.8 per cent as too low, supported the unions' proposal for separate talks.[54]

At the next meeting on July 19, Schiller responded by presenting for discussion the draft of the government's second investment programme, and this time prior to ratification in cabinet and Bundestag. Union representatives demanded, in addition to a second government investment programme, cuts in income taxes and other measures to stimulate consumer demand. Business representatives, on the other hand, stressed their concern over the growing government deficit.[55] In the end no agreement was reached and the demands of business and labour were not reflected in the final programme.

With industrial conflicts intensifying in the second half of 1967 the next concerted action meeting, in order to prevent confrontations from entering the talks, was rescheduled on twenty-four-hour notice. Increasing strikes and protest actions were the result of workers' growing determination to defend gains made earlier against the discriminatory cost-cutting measures, which continued in spite of the leveling off in the recession. To resolve the growing differences, Schiller, in addition to intervening in the strike in the metal-working industry, scheduled separate bilateral talks with both business and trade unions prior to the rescheduled meeting on November 9.[56]

At the meeting DGB and trade union representatives demanded an expansion of the talks and the promised readjustment in "social symmetry." With recovery in sight, they argued, there was a need to expand the talks to include the broader issues of

industrial restructuring, technological change, income distribution and capital formation, increased worker input in company-level decision-making through Mitbestimmung, as well as necessary social legislation. Up to now, they warned, trade unions had exercised restraint but this could no longer be taken for granted without concessions.[57]

By the end of 1967 the unions were frustrated and felt betrayed by continuing employers' resistance of their non-monetary demands at the bargaining table and, more important, by the lack of concessions within concerted action. A member of the IG Metall executive, Gerd Muhr, charged that the principles of "social symmetry" were not reflected in the government fiscal plan. And if developments so far were any indication of the general direction of government policy, he warned, government had to expect growing opposition from the trade unions.[58]

More specifically, the unions, feeling let down by the SPD, charged that the traditional bond between trade unions and SPD, formed during a century of common struggle on behalf of the socially weak, was being called into question. At the very moment when the SPD was sharing legislative power, the burden on the shoulders of the socially weak and disenfranchised was increasing.[59] In response, trade union caucuses were being formed within the SPD at the regional level to influence SPD policy. (Seven trade union caucuses had already been set up in Rheinland Pfalz since the end of August, mostly at the initiative of the head of the Rheinland Pfalz DGB, Julius Lehlbach.)[60] The SPD caucus leader, Helmut Schmidt, in a speech before the

Bundestag in responding to union demands, argued that the unions must recognize that they alone cannot pass laws.

At the end of November, the head of the DGB, Rosenberg, charged that the time had come to transform concerted action into what it was meant to be. That is, the focus of concerted action should not only be on economic development but should also include fiscal and social developments. Therefore, the Ministers of Finance and of Labour and Social Affairs should be included in the meetings. "There has been enough talk," Rosenberg warned, "we now want to see action." [61]

Business continued to object to an expansion of the agenda except for the inclusion of social policy issues directly relevant to economic development. Other social policy issues, the BDA argued, should be dealt with either at the political level or at the bargaining table. To ease the growing tension in the talks it was agreed to set up special committees on income distribution and capital formation (to discuss these issues within the context of medium-term economic planning) and a committee on automation (to analyze problems connected with the introduction of new technologies and automation at the work place). In addition, Schiller announced the establishment of the long awaited commission on Mitbestimmung. [62]

However, the day after the announcement of the establishment of the Mitbestimmung Commission, Chancellor Kiesinger, responding to pressure from business, made it clear that there would be no legislative action on the issue until the fall of 1969. [63]

Earlier in the year, in April, in response to an amendment to the

1951 Mitbestimmung Law, conceived as only a temporary measure to halt the erosion of Mitbestimmung in the coal and steel industry,[64] the Association of Chair Holders of the Rheinische Stahlwerke and the Association of Stock and Bond Holders threatened to challenge the amendment in the Constitutional Court.[65]

Sources close to the CDU economic council, moreover, indicated that the SPD, during the coalition negotiation with the CDU/CSU, had agreed that no further action should be taken on the Mitbestimmung question until the end of 1969.[66] Later in May 1968 the SPD caucus leader, Schmidt, confirmed in the Bundestag that the SPD indeed had agreed not to raise the issue in the current legislative period. Schmidt further indicated that the Mitbestimmung Commission had been instructed not to present its findings before the summer of 1969, thereby revealing publicly the "real function" of the Commission, namely to integrate organized labour into the state economic planning process. This is not to argue, however, that the SPD did not intend later concessions on the issue.[67]

The SVR in response to the sluggish recovery and rising industrial conflicts in the second half of 1967 in its year-end economic report proposed a two year "Framework Agreement for Expansion and Stability" (Rahmenpakt fuer Expansion und Stabilitaet), a multilateral coordination of government, business and trade union interests. Based on its capacity, the SVR reasoned, the German economy could expand by 6.4 per cent in 1968 if government, business and labour entered into a "framework

agreement." Government should stimulate the needed consumer demand through further public infrastructure investment and a postponement in the introduction of the value-added tax from January 1968 to July. Business should show more faith in government economic policy and increase its investment, while labour should accept the need for technological change and wage guidelines, and continue to exercise wage restraint, even under full employment.[68]

However, when tabled at the last concerted action meeting of the year (December 14), the SVR's proposal was unanimously rejected. DGB and trade union leaders rejected the proposal as too complicated and unworkable, as similar experiments in the Netherlands and Sweden had indicated. Union representatives saw the proposal as an attempt to hold wage increases via official wage guidelines to below increases in productivity. The projected wage explosion for 1968, the unions charged, was not likely since increases in 1967 had been well below government projections. Business representatives, although not rejecting the proposal, questioned the possibility of realizing its objectives. More specifically, business rejected the detailed wage guidelines of the proposal, because they could become translated into target figures in wage negotiations.[69] Schiller, finally, rejected the proposal because the persistence of deep social and economic differences between business and labour indicated that such an agreement was not practical. Moreover, Schiller was concerned that accelerated growth resulting from such an agreement could lead to an overheating of

the economy in 1968.

In summary, the unions in 1967 did not succeed in realizing even their short-term demands, let alone their long-term objectives. As the unions exercised wage restraint and accepted a further short-term decline in equality of income distribution, they were unable to secure concessions in contract negotiations and in concerted action. On the shop floor and at the bargaining table the unions were frustrated by employers using the recession to cut costs, and rejecting union demands for non-monetary concessions. Within concerted action the unions were opposed by business and government in their demands for a readjustment of the "social symmetry." The unions were no more successful in their demand to expand concerted action to include crucial economic and social policy issues in the talks. Finally, the unions failed to gain any real access to macro-economic policy planning or decision-making.

Throughout the first half of the year, employers took advantage of the recession to cut costs at the expense of workers. They demanded union wage restraint, while at the same time rejecting union demands for a later readjustment of the "social symmetry." With the recession leveling off by mid-year, employers continued their cost cutting measures and turned to recovering losses from the recession and limiting union power and influence. The result was rising unemployment, a real decline in wages and salaries for the first time in the history of the Federal Republic, and growing strikes and protests by the rank-and-file on the shop floor. The union leadership, although raising

the issue in concerted action, did not support the rank-and-file actions.

In order to secure trade union commitment and cooperation, Schiller tried to mediate the conflict between business and labour, and tried to keep it from spreading into concerted action. He directly intervened in the strike in the metal-working industry in the fall of 1967, pleaded for understanding and compromise with both sides in bilateral preparatory talks and referred conflictual issues to special sub-committees. Although the government supported union demands against objections from business, almost none of the unions' demands were met in 1967. The only visible concession was the establishment of the Mitbestimmung Commission at the end of the year.

In concerted action the union leaders accused the government of interfering in collective bargaining with its orientation data, and of not consulting labour in the drawing up of its economic projections. The result was growing trade union alienation from SPD policy. By the end of the year union leaders were frustrated and warned that concerted action was being jeopardized by the lack of real concessions to labour. However, the union leadership remained firmly committed to cooperation with government and business, and continued to see concerted action as a means to equal social partnership for organized labour.

Growing Polarization: Year Two

In 1968 the unions continued to exercise wage restraint. However their corporatist strategy came under growing pressure as a result of increasing polarization within the coalition and within the trade unions, and growing opposition from business both at the bargaining table and in concerted action. With recovery under way, trade unions and workers in 1968 were looking for a re-adjustment in the social symmetry through higher wage increases and tax cuts to close the growing profit-wage gap, as well as concessions on more substantive issues such as social policy, income distribution, capital formation in workers' hands and Mitbestimmung. Employers intent on recovering losses of the recession, opposed further wage increases with the backing of the CDU/CSU and the Bundesbank. The unions' more fundamental demands, moreover, were being rejected in 1968 by business and conservative forces. Schiller, in order to offer support for the unions and to strengthen consumer demand, appealed to employers in the name of economic growth to grant larger wage increases in 1968. (Schiller's appeal to the employers for greater wage concessions was greatly misinterpreted in bourgeois analyses as demonstrating the "harmonious" industrial relations in the Federal Republic, suggesting that industrial relations were so "harmonious" that the Minister of Economic Affairs had to encourage the unions to negotiate for higher wages than they had intended to.) At the same time, however, under pressure from the conservative Minister of Finance, Strauss, Schiller rejected union demands for a cut in income taxes. In response to union

demands for concessions on the more substantive issues, Schiller tried to conciliate labour by appealing directly to the rank-and-file membership at trade union congresses and by appealing for understanding with union representatives in bilateral preparatory discussion to the concerted action meetings.

The government in its 1967-68 economic report, introduced at the first concerted action meeting of 1968 in early March, projected for 1968 a nominal expansion of the economy of 6 per cent with a real growth of 4 per cent.[70] To secure economic expansion in 1968 the government proposed a 6.5 per cent increase in public spending and an 11 per cent increase in public investment. Public investment would mainly be infrastructure investments at the municipal level, joint federal-Laender investment in regional economic development, and financial aid to ailing industries such as the coal and steel industry. To stimulate private investment the government projected an 8 per cent increase in business return for 1968. To strengthen consumer demand, especially in light of a projected 50 per cent decrease in public transfer payments (as a result of the expected decline in unemployment insurance and social assistance),[71] the government forecast recommended a 4 per cent increase in wages and salaries.

At the first concerted action meeting of the year in March 1968 Schiller reiterated that the most important issues in 1968 were a growing trade balance surplus and weak consumer demand. He re-emphasized that to secure recovery, since a reduction in taxes was not possible (the Minister of Finance, Strauss, strictly opposed deficit spending), employers in the coming year

had to negotiate wage increases closer to the increase in productivity.[72] However, business representatives rejected demands for higher wage increases, charging that increases in productivity already had been offset by a decline in prices. Weak consumer demand, they argued, was not the result of a lack in consumer spending power, but was due to increased personal savings, industrial sectoral weakness and uncertainties in the business community about the planned introduction of the value-added tax. Consequently, what was necessary to strengthen consumer spending power and to stimulate private investment was a reduction in the financial burden on workers and business through reductions in income, corporate and investment taxes.

Union representatives held that the economy had recovered sufficiently to make further public investment unnecessary and monetary concessions were necessary from both business and government to strengthen consumer spending power. In consequence they called for larger increases in wages and salaries, cuts in income, corporate and investment taxes, and a postponement of the government's planned increases of workers social insurance contributions.

To bridge the gap between unions and business, Schiller proposed a new "social contract." Such a contract, he held, would insure that wages and salaries would not fall behind, while at the same time secure "cost-neutral" wage increases. As might have been expected, both trade union and business leaders rejected the proposal. Business opposed concessions to workers and renewed its call for tax reductions to stimulate demand.

Union leaders on the other hand criticized business for its refusal to close the growing profit-wage gap and government for its fiscal shortsightedness in categorically rejecting tax reductions.[73]

After the meeting the IG Metall, in an appeal to the public, rejected the 4 to 5 per cent projected wage increase, charging that labour needed at least a 7 per cent increase just to cover lost ground.[74] The head of the DGB, Rosenberg, when interviewed, charged that the government, in spite of its overwhelming majority, was not moving fast enough on social policy issues and Mitbestimmung. [75] In bilateral preparatory talks, trade union leaders more directly warned Schiller that it was becoming increasingly difficult to sell concerted action to the membership. Unless there were some tangible benefits for labour, including a broadening of the agenda to include important social policy issues, further trade union cooperation, they warned, could no longer be guaranteed.[76]

In response to the growing pressure from the unions Schiller, at the next concerted action meeting in April, held out the possibility of expanding the talks to include issues such as income distribution and capital formation in workers' hands, control of growing concentration and centralization in industry, exemptions to anti-trust legislation and price fixing, Mitbestimmung, the proposed law regulating corporate reorganization (Umwandlungssteuergesetz) and the corporate disclosure law (Publizitaetsgesetz).[77] A useful point of departure for a broadening of the agenda, Deputy Minister

Schlecht suggested, would be the forthcoming report of the Federal Cartel Office.[78]

Schiller's proposal to expand the talks, however, ran into immediate opposition. State Secretary Grund from the Ministry of Finance charged that an extension of the agenda would transform concerted action into a "federal economic council," and clearly move concerted action beyond its legislative mandate. BDI representatives also rejected the proposal, objecting especially to discussing Mitbestimmung in concerted action. Business representatives were concerned that an expansion of the agenda could be the beginning of a process that would eventually undermine the decision-making powers of private enterprise. Such a development, they warned, could only lead to a deterioration of the "good" relations between business and government, that had been built up since the recession. The focus, the BDI charged, should be more on securing adequate returns, and on bringing social policy expenditure in line with economic growth and profitability. Social welfare spending over the last few years had grown too much at the expense of infrastructure developments.[79]

Demands for an expansion of the talks beyond government orientation data was opposed also on constitutional grounds outside of concerted action. The Rector of the University of Bochum and a member of the CDU, Biedenkopf, (Biedenkopf was also head of the government appointed Mitbestimmung Commission) at a meeting of employers of the metal industry of Nordrhein-Westfalen, charged that concerted action was taking "the economic policy

making process out of parliament." Concerted action, according to Biedenkopf, was undermining parliament because the public no longer was aware of the rationale behind decisions which were made outside parliament.[80] This, Biedenkopf explained, among other things, also accounted for the recent student unrest because the younger generation no longer felt represented by parliament. Concerted action was a closed shop existing outside the democratic market order where the Minister of Economic Affairs decided who would participate in decision making.[81]

At the end of April the unions' demands to include in the talks questions of income distribution and capital formation received a boost when the Krelle Commission handed down its long awaited report. The Krelle Commission, established five years earlier by the Minister of Labour, had been charged with analyzing the structure of the distribution of income and wealth in the Federal Republic. In its report, the Commission concluded that the distribution of private property and wealth in Germany was highly unequal, to the point of being detrimental to an advanced industrialized society like Germany. New ways had be found, the Commission argued, to transfer more wealth into workers' hands. As a first step the Commission recommended the distribution of 10 to 20 per cent of corporate profits among workers.[82]

The Commission's Report sparked an intense debate over the issue of income distribution and resulted in a number of counter proposals. The CDU, concerned with the cost to business arising from the Commission's recommendations in the Haeusler Plan,

called for the distribution of a portion of corporate taxes to workers. The money was to be distributed according to family size and level of income. Employers on behalf of workers would contribute to an investment fund.[83] The SPD, too, presented its own scheme. At a meeting of the SPD economic council in Munich, Schiller proposed a combination investment stimulation and wealth creation. It also was designed to ease the pressure on business profits of the Krelle plan. Schiller suggested the creation of investment funds in which workers could participate through a combination of government savings bonds, and savings bonuses for low-income families.[84]

Predictably, both BDI and BDA rejected the Krelle Commission recommendations. The BDA, whilst agreeing with the Commission that there should be some distribution of capital into workers' hands, rejected the recommendations of the Report as too costly and as a threat to the country's economic growth and stability. Employers argued that any distribution of capital to workers had to be on a voluntary basis to avoid negative consequence for the economy. The formation of capital in worker hands should be encouraged through government supported savings schemes, such as the 312-DM-Law (introduced by Ludwig Erhard in the early 1960s).[85]. To defuse conflict potential of the issue the Krelle Report at the next concerted action meeting in July was referred for further study to the Committee on Income and Capital Formation.[86]

In the concerted action meetings Schiller tried to mediate the growing conflict over income distribution with renewed

appeals to employers for greater concessions at the bargaining table, and promises of concessions on union social policy demands. At the meeting on July 5 State Secretary Schoellhorn from the Ministry of Economic Affairs charged that recovery was underway but was not fueled by domestic consumer demand. Economic growth was generated mainly by rising exports and inventories. The lack of consumer demand, Schoellhorn argued, was not, as suggested by business, the result of higher savings, but it was the result of insufficient wage increases. He pointed to the fact that in the first half of 1968 wage increases for over 60 per cent of all workers had averaged only between 3.6 per cent and 3.9 per cent, which was well below the 4 to 5 per cent government target figures. Hourly productivity, on the other hand, had risen in the last quarter of 1967 by 12 per cent and in the first half of 1968 by 10 per cent.

Business representatives, supported by the president of the Bundesbank and Ministry of Finance officials, continued to reject concessions at the bargaining table. The Bundesbank President, Blessing, suggested the economic upswing was self-sustaining and needed no further stimulation. On the other hand, the wage level would, as always, be adjusted appropriately by the market. Moreover, foreign trade could not be balanced through increased domestic demand, this would only lead to an increase in capacity utilization and further price increases. Ministry of Finance representative, Grund, moreover, charged that an increase in consumer demand was no solution to the growing trade surplus and recommended a revaluation of the German mark. Business

representatives finally argued that weak consumer demand was a psychological problem. A consumer shock from the recession had led to increased savings, and it was not low wage increases that were responsible for inadequate consumer demand. What was necessary therefore was not an upward adjustment in wages and salaries, but an improvement in the investment climate to strengthen business confidence.

Union representatives rejecting the psychological argument pointed out that low consumer demand clearly was the result of reduced spending power. Administrative price increases of rents and transportation, tax increases and increases in social insurance contributions, in addition to wage increases far below projected target figures, seriously had reduced disposable consumer income. The union representatives warned that disproportionate increases in the tax burden on wages and salaries, the growing profit-wage gap, the employers' refusal to negotiate larger wage increases, and the lack of concessions in other policy areas could have serious consequences for the future. Union leaders in the coming year would not be able to sell 3 to 5 per cent wage increases to the rank-and-file, and could be forced to ask for substantially higher increases. In consequence, union representatives demanded a discussion on the future mandate of concerted action and the precise parameters of its agenda.

Responding to business arguments, Schiller suggested that exports must be replaced by domestic demand as the engine of economic growth. Without a balance in foreign trade, he argued,

the country might be forced into revaluation, making German products more expensive on the world market. In consequence, what was necessary was a narrowing of the growing profit-wage gap. In addition, Schiller called on the Minister of Labour and Social Services for an early decision on extending full sick leave coverage for blue-collar workers to further stimulate consumer spending power. Responding to union demands for a clear definition of the mandate of concerted action and the precise parameters of its agenda, Schiller proposed the establishment of a "steering committee" to set the agenda, provided that the committee's recommendations would not be binding on concerted action.[87]

The IG Metall in 1968, despite Schiller's appeal to employers, again settled for low wage increases. The union had at first demanded a 7 per cent increase; but settled, after arbitration, for scaled increases of 4 per cent in April 1968, and 3 per cent in January 1969. In addition, IG Metall signed an 18-month contract, in contrast to the customary 12 months. The contract was sold to the rank-and-file with the signing of an additional rationalization agreement (*Rationalisierungsschutzabkommen*)[88] on non-monetary issues.[89]

The labour front in 1968 was actually relatively peaceful because most contracts were not up for renewal until 1969. Overall the number of industrial conflicts in 1968 (with only 36 strikes and lockouts, and 25,000 lost work days) were well below the 742 strikes and lockouts and nearly two million lost work days in 1967. The major strike in 1968 was in opposition to the

government's emergency legislation.[90] The strike, however, did not have the support of the union leadership. The DGB federal executive at a special meeting on May 19, six days prior the third reading of the legislation in the Bundestag issued clear instructions: to oppose a majority decision of the Bundestag, union leaders charged, was contrary to the fundamental principles of parliamentary democracy. Regional and local organizations were ordered not to organize protest strikes. Most of the action that did take place happened in the Frankfurt region, involving approximately 30,000 workers and salaried employers.[91]

The union leadership, however, was coming under growing pressure from the rank-and-file for the lack of compensation in return for its contribution to economic recovery. At the congress of the public employees' union, OTV, at the beginning of July, delegates demanded a re-evaluation of labour's commitment, because concerted action so far had mostly benefited the employers. Participation should, at least, be made conditional on concessions on income distribution, capital formation in workers' hands, and trade union participation in economic policy decision making. It was only strong appeals from the union leadership that prevented resolutions, calling for the withdrawal from concerted action, from being passed. Concerted action, union leaders argued, at the moment was the only forum for direct trade union input into economic policy - and should therefore not be rejected.[92]

Union leaders, however, were forced to adopt a more militant

position in their cooperation with business and government. The head of the IG Metall, Brenner, in an article in the union paper, Metall, questioned the utility of continuing trade union participation in concerted action. While business was obstructing discussions on income distribution and capital formation, he charged, Schiller was running into opposition in cabinet with proposals for an increase in the transportation allowance for workers and proposals for the abolition of unfair price fixing practices.[93] The SPD, because of continuous concessions to the CDU coalition partner, was not delivering promised concessions and was not keeping its commitments to fundamental trade union objectives. Business, moreover, now that the recession was under control and recovery was on the way, showed no intention of making concessions at the bargaining table or in concerted action.

Nevertheless, in early September motions calling for the immediate withdrawal from concerted action were also brought to the floor at the IG Metall Congress in Munich. To prevent a further decline in the living standards of workers, the leadership was called on to withdraw from the talks and return to an active wage policy. Further union participation should at least be made conditional on employers granting larger wage increases in the upcoming 1969 bargaining rounds. Again, the impassioned pleas of the union leadership prevented the Congress from passing such drastic resolutions.[94] In October the congress of the printers' union (IG Druck und Papier) blamed the government for the lack of progress on social policy issues and criticized the

SPD for not pursuing working class interests hard enough in the coalition.[95]

The SPD, in anticipation of growing criticism from the unions, had already back in April 1968 set up an SPD trade union council to coordinate SPD and trade union policy.[96] But with the continuing decline in SPD-trade union relations and growing rank-and-file criticism of the unions' participation in concerted action, Schiller in September directly appealed to delegates at the IG Metall Congress. It was the first time in the history of the Federal Republic that a Minister of Economic Affairs had addressed the Congress. Recognizing trade union contributions to economic recovery, Schiller stressed the SPD's efforts to compensate labour within the context of "social symmetry." He reminded the Congress that at the beginning of the year he had pushed for larger wage and salary increases. Emphasizing that concerted action constituted a historical opportunity for labour to participate in economic and social policy making, Schiller promised more concessions in the coming year. Specifically, he promised an extension of sick leave coverage for blue-collar workers, the abolition of price fixing of brand-name consumer products, and action on Mitbestimmung. [97]

Schiller had tried to use the bilateral preparatory talks to smooth over the growing conflicts at concerted action meetings. In bilateral talks with business prior to the July 5th concerted action meeting Schiller had again stressed the need for larger wage increases in 1968. In the meeting with trade union representatives, Schiller, on the other hand, pleaded for trade

union understanding that the profit-wage gap could really only be closed in 1969 because growth projections required that wage increases in 1968 be kept between 4 to 5 per cent.[98] In bilateral talks with union leaders before the last meeting of the year in December Schiller once again tried to defuse growing trade union discontent. He emphasized that both he and the Minister of Labour, Katzer, had been pushing hard for an early introduction of sick leave coverage for blue-collar workers. The problem, he pointed out, was the Minister of Finance, Strauss, who was holding up the issue. Schiller also tried to reassure union representatives that wage and salary increases would be adjusted to increases in profits in the coming year.[99]

Throughout 1968 business, however, had continued its relentless attacks on union demands in its attempt to contain union power and influence. In early September when the Mitbestimmung Commission finally began its work[100] and labour renewed its demands for an industry-wide extension of Mitbestimmung, the business community responded with a DM 7 million, nation-wide anti-Mitbestimmung campaign. The campaign that ran under the motto of "mature people need no spokesman," was organized by the Action Committee for Security and Progress.[101] Set up in early September by Hans-Martin Schleyer, Deputy head of the BDA and an executive member of Mercedes-Benz, the objective of the Committee was to organize business opposition to the extension of Mitbestimmung. [102] The Committee proposed instead a more limited form of worker participation through an amendment of the 1952 Work Council

Law.[103] Earlier in December 1967 the CDU/CSU already had introduced in the Bundestag an amendment to the Work Council Law. The main objective here clearly was to weaken the trade unions through the "protection of minorities within the work force." [104]

At the last meeting of the year on December 16th union leaders, in light of an actual 6.8 per cent economic growth in 1968, (which stood in sharp contrast to the projected 4 per cent growth) warned that unless employers showed more flexibility in upcoming contract negotiations and granted larger wage increases, the rank-and-file could force the unions to withdraw from the talks. With wage projections based on lower government figures (the government in its 1968-69 estimates projected a 4.5 per cent economy growth for 1969, which was well below the SVR's 6 per cent) the profit-wage gap, union leaders contended, would rise to unacceptable levels in 1969. As a result of the unions' concessions to economic recovery, the profit-wage gap already had grown to a point where it could no longer be narrowed sufficiently under normal bargaining conditions. If employers refused to renegotiate the earlier long-term contracts, union representatives warned, growing rank-and-file pressure could force a withdrawal from the talks.

Business representatives responded that an increase in employers' social security contributions in January 1969 was already presenting employers with increasing costs. The proposed extension of full sick leave coverage for blue-collar workers would further add to the cost of business in the coming year, and without any guarantees that it would strengthen consumer

purchasing power. Moreover, through comparing wage increases with increases in productivity business representatives tried to rationalize away the growing profit-wage gap, arguing that real wages between 1945 and 1968 had risen by one per cent more than productivity.[105] With business rejecting both a renegotiation of the long-term contracts and higher wage increases, the stage was set for a serious confrontation in 1969.

Thus, in 1968 labour once again failed to realize or advance its social democratic objectives. Still in a weak bargaining position and concerned with economic recovery, the unions continued to exercise wage restraint in support of government policy. Union leaders at the same time pushed in vain in concerted action for concessions from employers to close the growing profit-wage gap, and demanded an expansion of the talks beyond their narrow focus on wage and salary developments. Business continued its policy of recovering losses and containing union power and influence both at the macro and micro-economic level. At the bargaining table employers rejected union demands for higher wages and salaries. And in concerted action business representatives opposed union demands for an expansion of the talks and an extension of Mitbestimmung.

Schiller, recognizing the need for concessions to secure continuing trade union cooperation (but also to facilitate economic recovery) had continuously encouraged employers to grant larger concessions at the bargaining table. But he had not offered any financial relief in the form of tax cuts because the CDU/CSU, especially the Minister of Finance, Strauss, opposed any

lowering in taxes. In turn Schiller promised to expand the talks but ran into strong opposition not only from business and the CDU/CSU coalition partner but also from outside of government.

The continuing lack of concessions in 1968 led to growing rank-and-file pressure. The trade union leadership under this pressure was growing critical of SPD policy, rejecting government wage recommendations, charging the party with moving too slowly on social policy issues, and calling into question the utility of concerted action. Union leaders, at the same time, however, continued to support the SPD by opposing those resolutions at trade union congresses which demanded a critical re-evaluation of the unions' role and withdrawal from concerted action. The union leadership was determined to continue in concerted action, because at the moment it was the only forum open to labour. By the end of the year union leaders, however, as we have seen were warning employers and government that without concessions in contract negotiations in 1969, the rank-and-file could no longer be controlled, and that withdrawal from concerted action could become inevitable.

Rank-and-File Revolt: Year Three

Within the context of rapid economic expansion, developments in 1969 were characterized by further rank-and-file pressure and rising trade union discontent. The Coalition was under pressure from rising inflation (largely imported), while the SPD came under growing pressure from its conservative coalition partner.

Business even within the context of rapid economic expansion, was rejecting union demands across the board. The result was a wave of wildcat strikes in September 1969. Concerted action and the unions' corporatist strategy were only saved by the electoral success of the SPD in the election of October 1969. The CDU/CSU was turned out of office for the first time since the establishment of the Federal Republic, and the SPD became the majority party in a coalition with the FDP.

The unions in 1969 attempts to close the widening profit-wage gap through demanding greater employer concessions at the bargaining table and the renegotiation of the long-term contracts signed in 1968, and through concessions on social policy issues in concerted action. Their failure to achieve these goals led to further pressure from the rank-and-file to withdraw from concerted action. The lack of concessions in concerted action led to further open trade union criticism of SPD policy, expressed in a number of DGB and trade union congresses in 1969, and in the end led to the IG Metall demanding that the SPD withdraw from the coalition even before the October election.

Government economic policy in 1969 focused mainly on preventing a renewed boom and controlling rising inflation. The GNP, which had grown by 7 per cent in 1968, had risen well above official forecast of 4 per cent. This accelerated growth was the result of a sharp rise in foreign demand in 1968 (up 13% in contrast to a projected increase of 6.5%). Domestic demand, with an increase of only 8 per cent, in contrast, stayed well below the projected rise of 16.5 per cent, and this increase was

mainly the result of a 21.5 per cent increase in investments in capital goods (the largest increase since 1960, when investments grew by 20.5%). Consumer demand rose by only 5.5 per cent in 1968.[106]

As a result of the sharp rise in exports and the consequent increase in the country's trade surplus, the government in 1969 also came under growing pressure from its major trading partners to revalue the DM. The Minister of Economic Affairs, Schiller, and the Bundesbank favoured revaluation, industry and the CDU coalition partner, especially the Minister of Finance, Strauss, opposed revaluation. In order to prevent the economy from overheating and to avoid a price explosion, Schiller in the spring of 1969 cut the budget by DM 5.4 billion, albeit with little noticeable effect.[107]

The growing union discontent with the coalition's, or more specifically, the SPD's policy, surfaced at the very beginning of the year. DGB and trade unions from the very start stressed the need for greater concessions.[108] Workers and trade unions had made significant contributions to recovery and with renewed economic growth these contributions needed to be recognized. To re-adjust the "social symmetry" and to close the growing profit-wage gap, substantial wage increases were necessary in 1969. Although concerted action had contributed to economic recovery it was mostly business that had benefited. Profits in 1968 had risen by 18.4 per cent. Real wages and salaries in contrast had increased by only 4.8 per cent. Moreover, most wage contracts signed in 1968 covered a 14-months to 18-months period, in

contrast to the usual 12 months.[109]

In contrast to earlier assurances, the government's economic forecast for 1969 again focused almost exclusively on salary and wage developments, and once again contained specific target figures for hourly wage increases. The forecast recommended an average increase of 5.5 per cent in 1969. Hourly wages were expected to rise by an average of 7.5 per cent, projecting a wage drift of at least 2 per cent.

With a projected 4 per cent rise in GNP, labour charged, the forecast seriously underestimated economic growth for 1969 (in fact GNP grew by 7.9 per cent). They saw the proposed economic and fiscal policy measures as once again clearly designed to narrow the scope for wage and salary increases. Moreover, by using such figures the government was trying to minimize the size of the profit-wage gap that had developed over the last three years. The projections, the unions contended, were based on unrealistic assumptions, and, moreover, they were not sufficient to close the profit-wage gap in 1969. Planned increases in workers' social insurance contributions would reduce the 7.5 per cent hourly increase to 6 per cent. The projected 3 per cent net increase in profits, on the other hand, because of a projected 2 per cent decline in the number of self-employed, would amount to an actual increase of 5 per cent. In consequence, the profit-wage gap would effectively only be reduced by one per cent in 1969.

To justify the skewed distribution, the unions argued, the government was manipulating and misusing economic indicators. By projecting increases in wages and salaries as a percentage of the

cheap labour. Industrial production capacity as a result grew annually by an average of 10.7 per cent. With the decline in export demand and the slower expansion of the labour force industry shifted from expanding production to improving productivity. Industrial production fell to an annual average of 6.3 per cent, while the rate of productivity rose from an average 5.5 per cent to 6.9 per cent.[106]

Profits, moreover, fell as a result of a decline in capacity utilization. Capacity utilization which was at a high of 95 per cent in 1955 dropped to only 75 per cent by 1967. Changing international and domestic market conditions and business investment strategies, guided by profit considerations more than by actual demand development led to a decline in capacity utilization in German industry. Short-term demand booms, such as during the Korean War and the periods of industrial modernization and rationalization in the late 1950s and early 1960s, resulted in accelerated production and sharp increases in investment. Sudden rises in demand in each case were followed by large investments to increase production capacity. Without sustained long term demand development the boom cycles led to an increase in idle production capacity.[107].

In the late 1950s when the DGB rejected employer attempts to link wage increases and reductions in working hours to productivity increases to regulate rising wage demands, the government denounced the trade unions for the cost-push inflationary pressures of their "excessive" wage demands and charged them with being a "state within the state" pursuing its

3

MicroD

GNP without reference to the expected increase in the number of the employed (and a corresponding decline in number of the self-employed), the government was trying to establish that over the last four years wages and salaries had grown faster (21%) than profits (18.4%). A different picture, however, emerged if one compared the increase in per capita wages and profits. Net per capita wages and salaries between 1966 and 1969 rose by 28 per cent per capita profits during the same period, however, rose by 36 per cent. Such manipulation of economic indicators, the unions charged, created the image of unjustified union charges of growing inequality, and unrealistic demands for larger monetary increases.[110]

Moreover, the unions argued, the scope for wage increases in 1969 had been narrowly defined by projecting unrealistic increases in consumer demand and reductions in savings, and policies designed to reduce the savings quota would only lead to an increase in the tax burden on wage and salary earners. In addition, increases in the cost of living resulting from manufacturers' price fixing practices, unfair pricing policies by monopolies and pricing recommendations by the country's business associations, as well as administrative price increases for housing, transportation, energy, and agricultural products, were not part of the calculation of the government's forecast. The same tendency, the unions charged, was evident in the government's medium-term five year economic planning forecast.[111]

Policy measures to balance the country's growing trade

surplus, union leaders held, also mostly benefited business at the expense of labour. The Bundesbank's easy-money policy and government investment subsidies were intended exclusively to stimulate domestic capital investment rather than to strengthen consumer purchasing power. Stimulating capital investment at the expense of consumer demand, in addition, came at a time when the disposable consumer income was being reduced by growing taxes on wages and salaries. Again it was workers, union leaders contended, who were being asked to pay for economic recovery through wage restraint and a growing tax burden.[112]

The depth of trade union discontent with SPD government policy was expressed in a 14 page letter from the head of the DGB economic policy office, Henschel, to Schiller a day prior to the first concerted action meeting of the year.[113] Henschel accused Schiller of interfering in the collective bargaining process with the publication of specific target figures for hourly wage increases in the 1969 forecast. He further contended that the government report was creating a false image of a near symmetry in profit and wage developments. Henschel reminded Schiller of the government's responsibility to objectively inform the public about the real causes of price increases - administrative price rises, imported inflation, monopoly pricing policies and the lack of competition, instead of creating the image that trade unions (with their legitimate demands) were responsible. Henschel rejected suggestions that the unions should accept further wage guidelines in order to strengthen the SPD's position in the coalition prior to the up-coming October

generated by the left-leaning reform-minded coalition government as well as the critique of the government's programme from the radical left for not going far enough are the focus of section one. Section two details the Coalition's early efforts in 1970-71 to secure trade union support and cooperation with concessions in concerted action. Growing opposition from the right, especially to the Coalition's reform programme and the attempt of the opposition CDU/CSU to defeat the Coalition on its "Ostpolitik" in early 1972 are highlighted in section three. The Coalition's subsequent shift to the right, especially after the 1972 election and the declining importance of concerted action as an economic policy instrument are discussed in the final section of the chapter.

The Social Democratic-Liberal Coalition

The SPD had received a strong mandate in the election in October 1969. Its share of the vote increased from 39.3 per cent to 42.7 per cent, while that of the CDU/CSU dropped from 47.6 per cent (1965) to 46.1 per cent. Three years in government had legitimized the SPD as a credible alternative to the CDU/CSU which had governed the country for the past twenty years. The traditional conservative scare tactic of "red socialism" had lost its appeal, not least because economic recovery had apparently been renewed and because the whole political establishment, including the CDU/CSU, seemed to be behind the Kiesinger government's move towards detente with Eastern Europe.

demands, union representatives rejected government policy measures and renewed their demand to increase disposable consumer income through an elimination of manufacturers' price fixing practices as well as the introduction of full sick leave coverage for blue-collar workers.

Business representatives rejecting the union's demands argued that tighter controls on monopoly power, as proposed by government, was all that was necessary to control excessive pricing practices. They objected to the introduction of full sick leave coverage for workers outside a general reform of the health insurance system. Forcing employers to pay workers on sick leave, it was argued, would increase the financial burden, especially of labour-intensive small and medium size business, and unnecessarily threaten job security in these sectors by forcing employers to reduce their labour force.[115]

Without concessions or compromise from either business or government, union discontent and opposition to government policy intensified in the following months. The deputy head of the DGB, Tacke, publicly reproached Schiller for the lack of progress on the promised re-adjustment in the "social symmetry." The head of the salaried employees union DAG, Brandt, on the other hand, warned in March that concerted action could only have a future if union demands for concessions to make up for lost ground could be met in some form or other. Acknowledging the need to control inflationary pressures Brandt suggested that the unions were prepared to accept a re-adjustment of the social symmetry in non-monetary terms. An increase in basic tax exemptions (from DM 240

to DM 720), the reintroduction of the per/kilometer travel allowance of DM 0.50, and the introduction of full sick leave coverage for workers however were the minimum conditions for continuing trade union cooperation.[116]

In April Rudolf Henschel in the DGB paper, Welt der Arbeit, concluded that "concerted action is not designed for labour participation in government economic and policy planning and decision-making." The union had not even been able to prevent a planned asymmetrical development of income distribution. Henschel laid the blame for this development on the conservative Minister of Finance, Franz Joseph Strauss. Strauss, he argued, opposed union demands for a larger share of the social product, while trying to bring about a further redistribution to the top at the expense of workers.[117] The IG Metall finally at a union social policy forum at the end of April in Frankfurt demanded the SPD withdraw from the coalition even before the upcoming October election.[118]

The extent of rank-and-file disapproval of concerted action became apparent at the 1969 DGB federal congress at the end of May in Munich, although this had been foreshadowed at individual union congresses in 1968. Until the 1969 federal congress DGB criticism itself had come mainly from union leaders, and always had stopped short of withdrawing from the talks. At the Munich congress, however, union leaders for the first time came under direct pressure from delegates to withdraw from concerted action. It was only the strong insistence on support from union leaders for continuing with concerted action that prevented the congress

from passing any radical resolutions.[119]. Although they critically evaluated the actual practice of concerted action, the trade union leadership still pleaded for continued labour participation in this forum. The newly elected head of the DGB, Heinz Oskar Vetter, charged that government and business actually had offered some "horse trading" on Mitbestimmung to pacify union demands. The government was offering concessions on capital formation in workers' hands in response to demands for action on Mitbestimmung. Business, on the other hand, offered an extension of more limited worker participation at the company level within the context of work councils. Both offers, however, were unacceptable to labour, especially in light of the fact that employers, as they had done consistently since the passage of the Work Council Law in 1952, continued to obstruct the full implementation of the provisions of the Law. Vetter nevertheless recommended continued participation in concerted action. Pre-conditions, however, had to be the inclusion, besides wage policy issues, of all economic, fiscal and social policy issues in the talks.

A member of the DGB federal executive, Julius Lehlbach, charged that concerted action had mainly served the interests of business, because government orientation data supplied statistics only for wage and salary developments without presenting corresponding data for profit and price developments. But he too insisted that the unions should continue to cooperate in concerted action, although the DGB should present its own orientation data to offset the limitations of the

government data. The head of the IG Metall, Brenner, contended that concerted action in the past had not lived up to the conditions under which labour had agreed to participate, but did not think this justified withdrawal. To withdraw would only mean to avoid reality. The real question was not whether to withdraw, but how to improve labour's strategy in concerted action. Returning to the unions' initial perceptions and hopes of 1966, in spite of the developments of the intervening years, he argued, concerted action gave labour a chance to participate in defining economic policy and to confront government and business representatives with specific union demands and objectives.

Although union leaders were able to prevent the passage of radical resolutions calling for withdrawal from concerted action, they were unable to prevent the passage of several resolutions putting the union leadership under some pressure. Resolution 15 called on the DGB executive to consider withdrawing if concerted action continued to favor business at the cost of labour. To free trade union representatives from the binding ties of government orientation data, Resolution 299 called for the introduction of an independent annual DGB economic report as well as an DGB medium-term economic forecast. The report was to include a response to the annual SVR and government economic reports. Resolution 300 called on the union leadership to use every means available, including strike action, to force renegotiation of present wage contracts to close the growing profit-wage gap. The congress in addition re-confirmed the unions' social policy demands.[120] Even the pleading with

congress delegates by Schiller was not able to prevent passage of these resolutions.[121]

Rank-and-file disillusionment with concerted action also surfaced at several trade union congresses. At the congress of the most conservative union, the Construction Workers' Union (IG Bau-Steine-Erde) at the beginning of June, motions from the floor called for a review of labour's role in concerted action unless there were concessions within the promised "social symmetry." Again, it was only the strong intervention on the part of the leadership that prevented the passage of the motions.[122]

Delegates at the Chemical, Paper and Ceramic Workers' Union (IG Chemie-Papier-Keramik) congress at the end of August demanded the outright withdrawal from concerted action. Once again the leadership, justifying continuing trade union cooperation on the grounds that it was the only option at the moment, prevented adoption of radical resolutions.[123] This could not conceal, however, a growing alienation between the rank-and-file and the leadership which in the end led to spontaneous strikes in early September 1969.

In contrast to union demands for the expansion of concerted action into a real economic and social policy decision-making forum, business (as clearly indicated in the 1969 BDI annual report) was intent on limiting concerted action to a forum of exchange of information. Concerted action, it was argued, was not a clearing house for interest group demands, or an instrument for interest group participation in government economic policy decision-making. The success of concerted action, according to

the BDI, had to be measured by its ability to secure cost-neutral wage developments in support of economic growth and stability. Concerted action should focus on policy measures to strengthen and stabilize business returns to recover losses from the recession. The BDI contended that the talks thus had to focus also on social policy issues which should be more closely coordinated with increases in productivity.[124]

Under pressure from rising inflation, growing imports, accelerated economic growth, rising union demands to close the profit-wage gap and employers resistance to concessions at the bargaining table, the government revised its economic forecast and upgraded its estimates to reflect the accelerated growth in the first half of 1969.[125] The economy was now projected to grow by 9 per cent nominally, instead of the earlier 7 per cent, with real growth of 4.5 to 5.5 per cent (although actual growth in 1969 turned out to be 11.7% nominal and 7.9% real). Wages and salaries were now projected to rise by 10.5 per cent instead of the earlier 8.5 per cent, with the per capita increase revised upward from 7 per cent to 8 per cent.

At the last concerted action meeting before the October election[126] on June 20, Schiller, to appease the unions and pressure employers into larger wage concessions, emphasized that the 3 per cent rise in the cost-of-living index by mid-year was the result of inflationary pressure mainly from growing imports and not from wage and salary increases, which had risen only moderately. Schiller further stressed that trade union wage restraint had actually held down prices, and suggested that

future wage increases should not be viewed as pushing up prices. Furthermore, while fiscal and credit policy measures were sufficient to control the growth of the trade surplus they were not sufficient to reduce the surplus. Only an increase in consumer demand could resolve this problem. Consequently, employers had to grant larger wage and salary increases to strengthen consumer demand.

While welcoming the revisions from the earlier forecast, the DGB argued that projected wage and salary figures still were too low, because they were based on an unrealistically low inflation projected for 1969. The DGB projected an inflation rate of 4 per cent, due to the failure to reform the anti-monopoly law, the continuation of price fixing by manufacturers, and the failure to control the trade surplus through a revaluation of the DM. In addition, the forecast, the DGB argued, did not take into account the fact that the tax burden on workers over the last four years had grown from 20 per cent to 29 per cent, while business taxes at the same time had dropped from 23 per cent to 20 per cent.

Business representatives rejected union demands for a readjustment of the "social symmetry" as not justified, because, they charged, there was no real profit-wage gap. They still insisted that comparisons over a four year period of a regular business cycle, from 1966 to 1969 for example, showed no wage lag. The argument went thus, gross income of wage and salary earners as a percentage of the GNP, in spite of the profit explosion in 1967, grew by 7 percentage points more than profits did. This was the result of a decline in the rate of increase of

profits in 1966 and 1967 (1.8% and -1.2% respectively) and a relatively large increase, particularly in 1966 (7.6%, in contrast to 0.2% in 1967), of wages and salaries.[127] Moreover, the business representatives tried to legitimize the employer refusal to renegotiate existing contracts, because expected wage and salary increases in 1969, estimated by business to reach 9 per cent, would be the highest since 1961-62. Expected increases in production costs in the coming year required that wage increases should be kept at a minimum in 1969. The introduction in early 1970 of full sick leave coverage for workers was expected to increase costs by 2.8 per cent. In addition, the rate of increase in productivity, according to business' own estimates, was expected to fall below 4 per cent in 1970, and this decline was faster than the rate at which wage and salary increases were expected to fall.[128]

The position of trade union leaders in concerted action thus grew more problematic. Under rising union pressure to renegotiate long term contracts signed in 1968, Gesamtmetall in July 1969, two months before the end of the contract, acceded to reopening negotiations with the IG Metall. The union was demanding a 12 per cent wage increase and a number of non-monetary concessions.[129] A new agreement was signed in August, providing for an 8 per cent increase and stepped-up legal protection for union shop stewards (Vertrauensleute). Employers in the steel industry, however, refused to follow the example of Gesamtmetall and renegotiate. The result was a gap between wages in the metal-working industry (DM 4.42 per hour) and in the

steel industry (DM 3.99 per hour). Work councilors in the steel industry tried to arrange pay increases on a company-by-company basis, but failed in all cases. The result was a wave of spontaneous strikes starting on September 2nd. The strikes extended over a two-week period and forced management to give in to shop-floor demands - again in all cases. And on September 12th, the IG Metall signed a new contract with the steel industry which included an 11 per cent wage increase and an extension of workers' annual vacation.[130]

Although the 1969 September strikes had been mainly the result of the growing profit-wage gap and the employers' refusal to renegotiate long-term contracts, they also constituted a challenge to the unions' corporatist strategy in concerted action as well as a response to growing centralization within the trade unions. In the early 1960s the debate on fundamental trade union objectives, the unions' position in society and their relationship to the state had basically been limited to a small group of trade union leaders. The situation changed in 1966 with the SPD joining the CDU in the Grand Coalition, and the union leadership adopting a clear integrationist course. For this had led to a general debate within the labour movement on the role of trade unions in society. The debate in essence was over whether trade unions are quasi-public institutions or autonomous working class organizations.[131] Opposition to the leadership's corporatist strategy of social partnership came mainly from shop-stewards, work councilors and middle-level functionaries. Studies on the 1969 September strikes clearly indicated that it

was mainly shop-stewards that organized and directed the strikes.[132]

Trade union contract negotiations, since the 1950s had been characterized by a "contract automism." [133] Union wage policy was defined and contracts negotiated without any real input from union members. This process was acceptable as long as the interests of the membership were clearly represented. Subjecting the rank-and-file to wage restraint within concerted action, however, led to growing differences between official union policy and rank-and-file demands. The extremely uneven development of profits and wages in 1968-69 led to the September rank-and-file revolt and it had great implications for the process of centralized decision-making within the unions. Notably, demands for a wage policy closer to the shop-floor, with more rank-and-file input, as well as greater reliance on membership mobilization to back up wage demands, were endorsed in the fall of 1969 by the IG Metall shop stewards and work councilors conference.[134]

Conclusion

Labour's corporatist strategy of equal social partnership within the context of the SPD's rise to power must be judged less than successful, if not an outright failure. During the tenure of the Grand Coalition what appeared as an historic opportunity at the end of 1966, had by 1969 turned into disillusionment and frustration. The roots of this failure are to be found in a

number of interrelated developments. With the SPD sharing legislative power, trade union leaders, in return for concessions on income distribution, decentralization of productive capital and labour participation in social and economic policy planning and decision-making, agreed to trade union integration into the state economic planning process via concerted action. The SPD as a minority partner in the coalition, however, was forced to make concessions to the conservative CDU/CSU which opposed labour's agenda. Business, moreover, with its traditional party ally, the CDU/CSU, still in power, was not prepared to make concessions to labour. The result, instead of providing equality for organized labour, was growing trade union alienation from SPD policy and rank-and-file alienation from the union leadership.

The rise to power of the SPD at the end of 1966 had certainly presented itself as a renewed opportunity for organized labour. Once again it appeared possible to realize its ambition of equal social partnership. The coalition's programme, largely influenced by the SPD, in addition to promising immediate action on the economy, also addressed a number of long-standing trade union demands (introduction of Keynesian macro-economic planning, an annual national budget and trade union participation in macro-economic policy planning and decision-making). The government programme promised also to improve workers' role at the company-level and greater equality in income distribution.

The SPD Minister of Economic Affairs sought trade union cooperation within concerted action (albeit mainly in the form of wage restraint and short-term acceptance of a greater inequality

in income distribution) in return for later re-adjustments in "social symmetry" and concessions on other union demands. Union leaders, although concerned with the specific structure of cooperation (concerted action would tie wages to productivity, undermine free collective bargaining and institutionalize existing inequalities in income distribution), saw concerted action as a step towards social partnership and an "opportunity to participate in formulating the objectives of economic and social policy." The general perception was that for "the price of a voluntary integration of independent [trade union] decision-making into a common concept" concerted action "could [be] transformed into co-determination ... in deciding medium-term economic objectives and necessary policy instruments." Concerted action, in a word, appeared as final recognition of organized labour as a legitimate partner in the economy.

Accepting the necessity of short-term economic recovery and steady growth as a pre-condition for improvements in social and economic conditions of the working class, the unions were prepared to exercise restraint. In return for non-monetary concessions at the bargaining table and later re-adjustment in income distribution the unions were prepared to hold down wage demands. Moreover, union leaders hoped that cooperation with state and capital in economic recovery would legitimize the trade unions as equal partners and lead to the establishment of concerted action as a forum of macro-economic policy planning and decision-making. The expectation was that trade union cooperation in economic recovery would lead to a broadening of

the agenda beyond the narrow focus of wage and salary developments to include other factors influencing economic development and working class conditions.

From the beginning, however, the unions' strategy was being challenged. In trying to secure non-monetary concessions at the bargaining table in return for wage restraint the unions were confronted by employers intent on using the recession to reduce production costs. After recovery in 1968-69 efforts to close the growing profit-wage gap were frustrated by employers determined to recover their losses from the recession. Union attempts to expand the agenda of concerted action were opposed by business interests intent on controlling trade union power and influence in concerted action as well as at the company-level.

As for the SPD, it found itself unable to deliver on promised concessions. Although sharing power, the SPD did not fully control the legislative agenda. As the minority partners the SPD was forced to make concessions to the conservative CDU/CSU coalition partner, especially on issues vital to the unions. Critics from within and outside of government, moreover, opposed the transformation of concerted action into an economic policy forum on constitutional grounds.

In addition to opposition from business and government, it was the lack of legal provisions in combination with the very structure and procedures of concerted action that challenged labour's corporatist strategy and objectives. The Minister of Economic Affairs set the agenda and chaired all meetings.

Ministry officials prepared and tabled all discussion papers. No

official procedural rules were ever established, and no minutes were taken at the meetings. The agenda remained limited, focusing mainly on economic development, orientation data and government economic policy measures. The SPD Minister of Economic Affairs, Schiller, ostensibly in support of labour demands, continued to promise a broadening of the agenda. In practice, however, the talks remained for the most part limited to the discussion of economic and incomes policy issues. As a result, instead of securing trade union legitimacy and equality, union leaders came under growing pressure from rank-and-file for the lack of concessions. Rising trade union militancy and growing alienation from SPD policy was the final consequence.

The failure of labour's corporatist strategy in the period from 1966 to 1969 could still be located in the SPD's minority position in coalition with the conservative CDU/CSU. The objectives of organized labour in this period, in other words, could be seen as having fallen victim to the SPD's own need to legitimize itself in the eyes of the electorate. The question that remained to be answered was whether there was a deeper, more structural, explanation for concerted action's failure. The test would come with the SPD's electoral victory in 1969. With the SPD now in the driver's seat of government, one could ask more directly whether a corporatist strategy of equal social partnership with capital was an attainable objective.

ENDNOTES

1. Rudolf Henschel, "Konzertierte Aktion - Autonomie und Planung," Gewerkschaftliche Monatshefte, 4 (1967), 200.
2. Markmann, "Gewerkschaften und Wirtschaftsplanung," Gewerkschaftliche Umschau 9 (1967), 187.
3. Deutsche Bundesregierung, Regierungserklaerung, Deutscher Bundestag, 5. Wahlperiode, 80. Sitzung, Bonn, 13. Dezember 1966.
4. The following quotes, unless otherwise stated, are from Karl Schiller, "Stability and Growth as Objectives of Economic Policy," The German Economic Review 3 (1967), 177-188, an English translation of an address by Professor Schiller to the "Schweitzer Institut fuer Auslandsforschung" (Swiss Institute for International Research), in February 1967 in Zurich.
5. Kohn, "Stabilitaet und Wachstum. Das Gesetz zur Foerderung der Stabilitaet und des Wachstums der Wirtschaft."
6. Schiller, "Stability and Growth as Objectives of Economic Policy," 185-188.
7. "Uebereinstimmung Schiller-DGB," Frankfurter Allgemeine Zeitung (Frankfurt), December 24, 1966.
8. "Die Industrie will mit der Neuen Regierung loyal zusammen Arbeiten," Stuttgarter Zeitung (Stuttgart) December 14, 1966.
9. BDA, Arbeitgeber. Jahresbericht der Bundesvereinigung der Deutschen Arbeitgeberverbaende, 1967, 12.
10. BDI, Jahresbericht des Bundesverbands der Deutschen Industrie, (1. Juni 1966 bis 31. Maerz 1967) (Bergisch Gladbach, Joh. Herder, Druckerei und Verlag, 1967), 24.
11. BDI, Jahresbericht des Bundesverbands der Deutschen Industrie, 1967/68, (1. April 1967 bis 31. Mai 1968) (Bergisch Gladbach: Joh. Herder, Druckerei und Verlag, 1968), 12-13.
12. Hans-Martin Schleyer, a member of the supervisory board of Daimler Benz A.G., at a meeting of the CDU/CSU economic committee in January 1967 warned that as long as the question of ownership and control in German industry was in doubt business confidence could not be restored. Moreover, an extension of Mitbestimmung could have a serious impact on vital foreign investment in the country. "Bericht vom Wirtschaftstag der CDU/CSU. Lockbuch fuer die Kapitaene der Wirtschaftspolitik," Die Welt (Bonn), January 28, 1967; BDI, Jahresbericht des Bundesverbands der Deutschen Industrie (1966/67), 25.
13. BDI, Jahresbericht des Bundesverbands der Deutschen Industrie (1966/1967), 25; BDA, Arbeitgeber (1967), 14.
14. BDA, Arbeitgeber (1967), 12, 56.
15. "Kritik Brenners an Kiesingers Finanzplaenen," Neues Deutschland (Berlin-Ost), January 4, 1967, "Brenner kritisiert Konzertierte Aktion," Industriekurier, January 11, 1967, "Kritik Brenner an der Regierung," Industriekurier, January 24, 1967.
16. Joachim Bergmann, Otto Jacobi, Walther Mueller-Jentsch, Gewerkschaften in der Bundesrepublik, vol. 1 (Frankfurt: Campus Verlag, 1977), 186-188.

17. Markmann, "Gewerkschaften und Wirtschaftsplanung," 187.

18. Otto Brenner, "Mehr Schutz den Arbeitnehmern," Der Gewerkschafter, V (1967), 162.

19. Henschel, "Konzertierte Aktion - Autonomie and Planung," 204.

20. Heinz Markmann, head of the DGB Economic and Social Science Research Institute (Wirtschafts- und Sozialwissenschaftliches Institut (WSI), interview, Duesseldorf, October 26, 1982.

21. DGB, Politische Bedingungen der "Konzertierten Aktion," Duesseldorf, 10. Februar 1967, (DGB internal memo).

22. It has been suggested that Schiller, who lacked a power base in the party, thought to make himself indispensable through demonstrating that under his personal direction concerted action was able to control class conflict and effectively integrate the trade unions into the macro-economic policy planning process (BDA managing director Bretschneider, interview, Koeln, November 4, 1981).

23. In addition to the Minister of Economic Affairs, regularly present from the government side were the Minister of Finance, the Minister of Labour, and representative from the Chancellor's Office. The Minister of the Interior and the Minister of Food, Agriculture and Forestry infrequently participated. The Minister of Food, Agriculture and Forestry took part in the meeting of November 24, 1969, and in a number of later meetings. The Minister of the Interior took part in three meetings between March 1971 and March 1972. Until the middle of 1968 the president of the Federal Cartel Office also regularly participated. The SVR participated from the beginning. The Bundesbank, at the recommendation of the SVR, joined the talks as a permanent member in April 1968.

24. The Mine Workers' Union withdrew from the talks at the end of 1969. The Horticulture, Agriculture and Forestry Workers' Union (Gewerkschaft Garten, Landwirtschaft und Flur, GGLF) joined in 1970 in response to the German Farmers Association joining the talks at the end of 1969.

25. The DGB opposed DBB participation on the grounds that the DBB did not constitute a trade union as defined by the Stability-and-Growth Law. When the DBB, at the request of the liberal FDP Minister of the Interior, Genscher, was admitted the DGB, arguing that it already represented all sectors of the civil service, demanded one additional seat for its civil service members (DGB-Informationsdienst No. 8, April 16, 1970). The DGB was granted an additional seat, which, however, it only filled once on December 10, 1970. (Rolf Seitenzahl, Einkommenspolitik durch Konzertierte Aktion und Orientierungsdaten (Koeln: Bund-Verlag, 1974), 88-89).

26. Schiller's earlier opposition to participation by the Farmers' Association was withdrawn, it was rumored, as concession to the FDP for joining the coalition after the October 1969 elections. ("Naechste Runde in der konzertierten Aktion," Die Welt (Bonn), November 11, 1969).

27. However, trade unions and business associations kept their own unofficial transcripts, and it is to be assumed that

others, including the represented ministries, kept their own unofficial minutes.

28. Seitenzahl, Einkommenspolitik durch Konzertierte Aktion und Orientierungsdaten, 95-96.

29. DGB, "Bericht ueber das Gespraech im Rahmen der Konzertierten Aktion am 9. November 1967," DGB minutes of the 5th concerted action meeting, November 9, 1967.

30. K.-H. Oppenlaender, "Wirtschaftlicher und sozialer Wandel durch technischen Fortschritt - Ueberblick und Ausblick," in "Wirtschaftlicher und sozialer Wandel durch technischen Fortschritt," Beihefte fuer Konjunkturpolitik, 18 (Berlin 1971).

31. Ergebnisprotokoll des Arbeitskreises Einkommens- und Vermoegensentwicklung, March 12, 1968, (memo).

32. The major problem of the Committee on Income and Capital Formation was that it was denied access to necessary and relevant information for an informed assessment of existing conditions.

33. At the 8th, the 10th and 11th concerted action meeting in April, October and December of 1968, and 21th and 22th in June and September of 1971, as well as the 24th meeting in March 1972 exchange rates were the focal point of the discussions. Competition policy issues were at the centre of the 5th concerted action meeting in November 1967 and the 8th meeting in April 1968. Income distribution was discussed at the 9th and 10th meeting in July and October 1968, and the 13th in June 1969.

34. The Common Committee of German Business, as mentioned in Chapter One is the national umbrella organization for all industrial and employers associations and chambers of industry and commerce. It was at this level where business coordinated its common position prior to concerted action meetings. For a discussion of the Common Committee see Simon, Macht und Herrschaft der Unternehmerverebaende BDI, BDA und DIHT.

35. Kurt Steinhaus, Streiks in der Bundesrepublik 1966-1974 (Frankfurt: Verlag Marxistische Blaetter, 1975), 28.

36. The wage drift (the difference between contractual and real wages paid on the shop floor), which averaged 2.5 per cent in the first half of the 1960s, fell to 1.7 in 1966 and to 0.6 in 1967 (Bergmann and Mueller-Jentsch, "The Federal Republic of Germany: Cooperative Unionism and Dual Bargaining System Challenged," 252).

37. Bergmann, Jacobi, Mueller-Jentsch, Gewerkschaften in der Bundesrepublik, vol. 1, 246-249.

38. Steinhaus, Strikes in der Bundesrepublik 1966-1967, 26.

39. Bundesminister fuer Wirtschaft, "Vorbemerkung zur Projektion der allgemeinen Wirtschaftsentwicklung 1967," (mimeo), Bonn February 10, 1967.

40. BDA, Konzertierte Aktion (BDA internal document), February 18, 1967.

41. At a public meeting in April 1967 (attended by Chancellor Kiesinger, Minister of Economic Affairs Schiller, and Bundesbank President Blessing) the President of the Federation of German Industries BDI, Berg, rejected union demands for later readjustments of the "social symmetry." There was no need for a readjustments, Berg argued, because investment stimulation

measures had to be seen not only to benefit business ("Fritz Berg ahnt Boeses. Raetselraten um die Soziale Symmetrie," Industriekurier, April 28, 1967).

42. DGB, "Ansprache des DGB-Vorsitzenden Ludwig Rosenberg auf der Pressekonferenz am 1 Maerz 1967 in Bonn," DGB Nachrichten-Dienst, Duesseldorf, March 1, 1967.

43. Business asserted that in 1966, with a reduction of 0.3% in the number of the employed, a 0.7% cut in working hours, and a 1% decline in the general volume of work, the economy grew by only 2.6%. In 1967 with an expected 1.4% decline in the number of employed, a 1.2% reduction in working hours, and a 2.7% decline in general volume of work economic growth, of 1.5%. BDA, "Vermerk. Betr.: Jahresprojektion des Bundeswirtschaftsministeriums," IIIa-Bt/R1, Koeln, February 17, 1967, and III/IIIa-B-3-3/Schm, Koeln, February 28, 1967 (mimeo).

44. Because of a further decline in the economy in the fall of 1966 the SVR revised its earlier forecast of 2.5% growth for 1967 down to 2% (Sachverstaendigenrat, "Zur Konjunkturlage im Fruehjahr 1967," Sondergutachten, Verlag W. Kohlhammer GmbH, Stuttgart, March 1967).

45. The economic research institutes presented their forecast a month after the SVR supplementary report on April 21, 1967.

46. Der Bundesminister fuer Wirtschaft, "Zweites Programm der Bundesregierung fuer besondere konjunktur- und strukturpolitische Massnahmen 1967/68," (Ministry of Economic Affairs internal document), July 12, 1967.

47. BDA, Kurzprotokoll ueber das Gespraech bei Bundeswirtschaftsminister Schiller am 1. Juni 1967 in Bonn (BDA internal document); BDI, Vermerk Betr.: Konzertierte Aktion am 1. Juni 1967 (BDI internal document), June 2, 1967.

48. At the beginning of June of 1967 and again in early October the IG Metall in a white paper (Weissbuch) identified employers that had cut shop-floor wages (119 firms were listed in the October paper), and charged business with deliberately creating an industrial reserve army ("Weissbuch als Kampfmittel. Streit der Gewerkschaften und Unternehmer um Lohnzulage," Weser Kurier (Bremen), June 2, 1967, "IG Metall verteilt erneut Zensuren in Moral," Industriekurier, October 17, 1967. Employers in turn rejected the charges, see "Arbeitgeber, Vorwuerfe der IG Metall ungeheuerlich." Weissbuch zur Unternehmermoral scharf zurueckgewiesen," Koelner Stadtanzeiger (Koeln), July 1, 1967, and BDA, "Arbeitgeber. Jahresbericht der Bundesvereinigung der Deutschen Arbeitgeberverbaende 1967," 14).

49. The BDA in its 1967 annual business report reconfirmed this position (BDA, "Arbeitgeber." Jahresbericht der Bundesvereinigung der Deutschen Arbeitgeberverbaende 1967," 60).

50. The government was planning a amendment to corporate tax law in order to prevent the erosion of Mitbestimmung in the coal and steel industry through corporate restructuring (only corporation with 50% of their business in coal, iron or steel were subject to the provisions of the 1951 Mitbestimmung Law).

51. BMW, Erlaeuterung zur Projection der allgemeinen Wirtschaftsentwicklung bis zum Jahre 1971, (confidential Ministry

of Economic Affairs internal memo, IA6 - 020009), May 12, 1967.

52. BDA, Kurzprotokoll ueber das Gespraech bei Bundeswirtschaftsminister Schiller am 1. Juni 1967 in Bonn (BDA internal document); BDI, Vermerk Betr.: Konzertierte Aktion am 1. Juni 1967 (BDI internal document), June 2, 1967.

53. BMW, Mittelfristige Wirtschaftsentwicklung bis 1971, (Ministry of Economic Affairs internal document, IA6 - 180004), July 5, 1967.

54. BDA, Aktennotiz ueber das dritte Gespraech der "Konzertierten Aktion" am 19. Juli 1967 (BDA internal memo AZ.: IIIa-8-3-3/R1 Nr.: 39), July 20, 1967.

55. BDA, Aktennotiz ueber das dritte Gespraech der "Konzertierten Aktion" am 19. Juli 1967 (BDA internal memo AZ.: IIIa-8-3-3/R1 Nr.: 39), July 20, 1967.

56. "Schiller Fahrplan fuer Konzertierte Aktion," Handelsblatt (Duesseldorf), October 20, 1967.

57. BDA, Aktennotiz ueber das vierte Gespraech der "Konzertierten Aktion" am 9. November 1967 (BDA internal document, AZ.: IIIa - 8-3-3-/R1 Nr.: 61), November 11, 1967; DGB, Bericht ueber das Gespraech im Rahmen der Konzertierten Aktion am 9. November im Bundeswirtschaftsministerium in Bonn (DGB internal document), November 12, 1967.

58. "Ende der Konzertierten Aktion," Industriekurier, November 30, 1970.

59. "Pless, Geschaeftsfuehrender Landesvorsitzender des DGB Hessen zur Frage hat die Gewerkschaft Sorgen mit der SPD," Presse- und Informationsamt der Bundesregierung, Kommentar-uebersicht, Hessischer Rundfunk, November 8, 1967.

60. "SPD Gewerkschafter formieren sich, Arbeitskreis Rheinland Pfalz/ Kritik an der Grossen Koalition," Frankfurter Allgemeine Zeitung (Frankfurt), September 15, 1967.

61. DGB Pressespiegel, No. 224, November 24, 1967, (quoting Ludwig Rosenberg (head of DGB) in an interview with dpa correspondent in Duesseldorf).

62. BDA, Aktennotiz ueber das vierte Gespraech der "Konzertierten Aktion" am 9. November 1967 (BDA internal document, AZ.: IIIa - 8-3-3-/R1 Nr.: 61), November 11, 1967; DGB, Bericht ueber das Gespraech im Rahmen der Konzertierten Aktion am 9. November im Bundeswirtschaftsministerium in Bonn (DGB internal document), November 12, 1967.

63. "Bonn stellt Mitbestimmung zurueck, DGB haelt trotz Absage Kiesinger und Schmidts an Forderung fest," Frankfurter Allgemeine Zeitung (Frankfurt), December 6, 1967.

64. Under the provisions of the 1951 Mitbestimmung Law only corporations with 50 per cent or more of their business in the coal, iron or steel sector came under the provisions of the Law. With growing diversification in these industries throughout the 1950s corporate restructuring and setting up holding companies made it possible to circumnavigate the provisions of the Law. The 1967 amendment stipulated that corporations even after reducing their business activity in coal and steel to below the 50 per cent would be subject to the provisions of the Law for a further five years.

65. "Verfassungsklage gegen Mitbestimmung, Rheinstahl gibt

Absichten der Aktionaere bekannt," Westfaeliche Rundschau (Dortmund), June 14, 1967.

66. Neues Deutschland (Berlin, East), November 26, 1967.

67. According to a FDP member of the Bundestag the SPD also had offered a postponement of the Mitbestimmung question as a concession for a coalition with the FDP, and had suggested that such an agreement should be sold to the trade unions with the establishment of an official commission of inquiry ("Die Mitbestimmungsfrage wird bewusst verzoeigert. Kommissionsarbeit wegen Koalitionsabsprache hinhaltend," Frankfurter Rundschau (Frankfurt), May 1, 1968).

68. SVR, "Stabilitaet im Wachstum," Jahresgutachten 1967/1968, Dezember 1967.

69. DGB, Bericht ueber das Gespraeche im Rahmen der Konzentrierten Aktion am 14. Dezember 1967 im Bundeswirtschaftsministerium (DGB internal document), January 2, 1968.

70. The government's projection for 1968 stood in sharp contrast to the more optimistic projections of the country's leading economic research institutes (nominal 7%, real 5%), the Deutsche Institut fuer Wirtschaftsforschung in Berlin (nominal 5%, real 3%), the SVR (nominal 5.5%, real 4% in the first half of the year), the EEC (real 4%), and the OECD (real 3.5%).

71. In addition to an expected deduction in unemployment insurance payments starting on January 1, 1968 the government introduced medical insurance fees for old age pensioners in 1968.

72. DGB, Bericht ueber das Gespraeche im Rahmen der Konzentrierten Aktion am 7. Maerz im Bundeswirtschaftsministerium, DGB minutes of the 7th concerted action meeting, March 7, 1968.

73. DGB, Bericht ueber das Gespraeche im Rahmen der Konzentrierten Aktion am 7. Maerz im Bundeswirtschaftsministerium, Bonn, DGB minutes of the 7th concerted action meeting, March 7, 1968.

74. "Groesste Gewerkschaft stellt Konzentrierte Aktion in Frage, die IG Metall bricht aus, Schiller Vorstellungen kein Amen in der Kirche," Koelnische Rundschau (Koeln), March 10, 1968.

75. "DGB Chef wirft Koalition mangelnde Energie vor," Welt am Sonntag (Hamburg), April 20, 1968.

76. DGB, "Bericht ueber das Vorgespraeche im Rahmen der Konzentrierten Aktion am 22. April 1968 im Bundeswirtschaftsministerium in Bonn," (DGB minutes of the bilateral preparatory meeting between trade union representatives and the Minister of Economic Affairs, Schiller), April 29, 1968.

77. The trade unions in a letter to the Minister of Finance, Strauss, had opposed the bill because it would have undermined Mitbestimmung in the coal and steel industry. Schiller tried to pacify the union leadership with an alternative formulation of the bill.

78. DGB, Bericht ueber das Gespraeche im Rahmen der Konzentrierten Aktion am 23. April 1968 im Bundeswirtschaftsministerium in Bonn, DGB minutes of the 8th concerted action meeting, April 23, 1968.

79. BDI, "Jahresbericht des Bundesverbandes der Deutschen Industrie" (1. April 1967 bis 31. Mai 1968), also see, "Industrie attackiert Lohnplaene Schillers, heftiger Streit um die

Konjunkturgewinne," Frankfurter Rundschau (Frankfurt), June 8, 1968.

80. Similar criticisms were to be raised later in 1971. Rejecting concerted action on similar constitutional grounds, Hans Heinrich Rupp, argued concerted action was not facilitating "greater participation in democratic decision-making" but contravened basic principles of liberal democracy. Concerted action for Rupp was a "pragmatic instrument of macro-economic decision-making ... in which oligopolies and organized groups..." cooperate with the state. And "cooperation" was not just limited to approving government economic policy, but extended to direct participation in defining and formulating macro-economic policy objectives. Concerted action, for Rupp, in consequence constituted a "parallel economic executive" and an "economic parliament," similar to the Reichswirtschaftsrat (Imperial Economic Council) of Weimar. Concerted action undermined the elected parliament by reducing it to just rubber-stamping fundamental decisions made elsewhere (Rupp, "Konzertierte Aktion und freiheitlich-rechtsstaatliche Demokratie").

81. "Abkehr von den Grundlagen der Marktwirtschaft. Prof. Biedenkopf kritisiert die Wirtschaftspolitik," Frankfurter Allgemeine Zeitung (Frankfurt), June 20, 1968; Kurt H. Biedenkopf, "Ordnungspolitische Problem der neuen Wirtschaftspolitik," Jahrbuch fuer Sozialwissenschaft 19 (1968), 16; Kurt H. Biedenkopf, "Rechtsfragen der Konzertierten Aktion," Der Betriebsberater 25 (September 10, 1968), 1008; Biedenkopf, "Koalitionsfreiheit und Tarifautonomie als Strukturelemente der modernen Demokratie"; Biedenkopf, "Marktmacht ist die Eintrittskarte in den Klub der Entscheider," 25.

82. "Katzer legt Plan zur Vermoegensbildung vor, fuer Beteiligung der Arbeitnehmer am Ertrag," Frankfurter Allgemeine Zeitung (Frankfurt), April 23, 1968.

83. The CDU plan had been formulate and was named after the CDU member of the Bundestag from Stuttgart, Erwin Haeusler ("Wieder Eigentum fuer all in der zweiten Aufstiegsphase, die Weichen neu stellen," Echo der Zeit (Recklinghausen), June 23, 1968).

84. The Schiller plan was based on a similar proposal advanced earlier in 1962 by the head of the Phoenix Gummiwerke of Hamburg (Friedrichs, "Schiller will Investitionsfoerderung mit Vermoegenspolitik kombinieren. Kontrolle durch erweiterte Publizitaet besser als durch Buerokraten," Die Welt (Bonn), July 1, 1968; "Wohlstand fuer alle nuetzt auch der Wirtschaft, neue Wege der Vermoegenspolitik/Sofortprogram soll schon 1969 wirksam werden," Allgemeine Zeitung (Mainz), September 10, 1968).

85. BDI, "Jahresbericht des Bundesverbandes der Deutschen Industrie" (1. April 1967 bis 31. Mai 1968); "Arbeitgeber lehnen Katzerplan zur Vermoegensbildung ab. Krelle Vorschlag wachstumhindernt," Frankfurter Allgemeine Zeitung (Frankfurt), April 26, 1968.

86. DGB, Bericht ueber das Gespraech im Rahmen der Konzertierten Aktion am 5. Juli 1968 im Bundeswirtschaftsministerium (DGB minutes of the 9th concerted action meeting), July 5, 1968.

87. DGB, Bericht ueber das Gespraeche im Rahmen der Konzentrierten Aktion am 5. Juli 1968 im Bundeswirtschaftsministerium (DGB minutes of the 9th concerted action meeting), July 5, 1968.

88. The Rationalisierungsschutzabkommen (Rationalization Protection Agreement) provided protection for older workers against layoffs as a result of technological change (Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 135).

89. Bergmann, Jacob; Mueller-Jentsch, Gewerkschaften in der Bundesrepublik, vol. 1, 246-49.

90. Concerns in early 1960s mostly within the CDU/CSU and FDP that the constitution did not provide the Federal government with adequate emergency powers in the event of serious crises or threats to the country's democratic order led to demands for an amendment of the constitution. After almost five years in the Bundestag the Notstandsgesetze (emergency legislation), which greatly expanded the emergency powers of the executive and seriously curtailed civil rights including the unions' right to strike, came to a vote in 1968. Within the union movement the reformists around Brenner and the IG Metall opposed the amendments while the integrationists around the head of the IG Bau-Steine-Erde, Leber, supported them (Udo Mayer, "Die Verfassungsentwicklung der Bundesrepublik," in U. Albrecht, et al., Geschichte der Bundesrepublik (Koeln: Pahl-Rugenstein, 1980), 375-83).

91. Steinhaus, Strikes in der Bundesrepublik 1966-1974, 26-42.

92. OTV, Protokoll 6. Ordentlicher Gewerkschaftstag (Munich 30. Juni bis 5. Juli 1968) 1 & 2 (Stuttgart, Union Druckerei, 1968).

93. "Rueckzug aus der Konzentrierten Aktion? IG Metall spricht von einseitigen Vorteilen fuer Arbeitgeber," Frankfurter Allgemeine Zeitung (Frankfurt), July 11, 1968.

94. IG Metall, Protokoll des neunten ordentlichen Gewerkschaftstages der Industriegewerkschaft Metall fuer die Bundesrepublik Deutschland (in der Bayerhalle in Muenchen vom 2. bis zum 7. September 1968) (Frankfurt, Unions-Druckerei, 1968); "Rueckzug aus der Konzentrierten Aktion? IG Metall spricht von einseitigen Vorteilen fuer Arbeitgeber," Frankfurter Allgemeine Zeitung (Frankfurt), July 11, 1968.

95. "Harte Attacke auf Grosse Koalition. IG Druck wendet sich gegen Beeinflussungsversuche der Parteien," Frankfurter Rundschau (Frankfurt), October 22, 1968.

96. "Gewerkschaftsrat," Vorwaert (Bonn), May 2, 1968.

97. IG Metall, Protokoll des neunten ordentlichen Gewerkschaftstages der Industriegewerkschaft Metall fuer die Bundesrepublik Deutschland (1968), 456-464.

98. DGB, Bericht ueber das Vorgespraech im Rahmen der Konzentrierten Aktion am 5. Juli 1968 im Bundeswirtschaftsministerium in Bonn (DGB minutes of the 9th concerted action meeting), July 5, 1968.

99. DGB, Bericht ueber das Vorgespraech im Rahmen der Konzentrierten Aktion am 16. Dezember 1968 im Bundesministerium

fuer Wirtschaft in Bonn (DGB minutes of the 10th concerted action meeting), December 16, 1968.

100. "Jetzt beginnen die Hearings. Sachverstaendigenkommission nimmt Arbeit auf," Die Welt (Bonn), September 10, 1968.

101. "Sieben Millionen Mark zur Abwehr der Mitbestimmung," Stuttgarter Zeitung (Stuttgart), September 11, 1968.

102. The Committee was composed of some of the country's leading corporate executives and members of the CDU economic council ("Konzertierte Aktion der Unternehmer gegen DGB Mitbestimmungskampagne," Industriekurier, September 10, 1968).

103. "Mitbestimmung die nicht wehtut. Betriebsverfassungsgesetz von 1952 abseits der sozialen Wirklichkeit," Sueddeutsche Zeitung (Munich), September 17, 1968.

104. "Tauziehen um die Novellierung des Betriebsverfassungsgesetzes in Bonn," Industrie Kurier, February 13, 1968.

105. DGB, Bericht ueber das Gespraech im Rahmen der Konzertierten Aktion am 16. Dezember 1968 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 10th concerted action meeting), December 16, 1968.

106. Sachverstaendigenrat, Jahresgutachten 1968/1969, Bonn, 4. Dezember 1968; Bundesregierung, "Jahreswirtschaftsbericht 1969 der Bundesregierung," Sektion B, "Fuer 1969 angestrebte wirtschafts- und finanzpolitische Ziele," Deutscher Bundestag, 5. Wahlperiode, Drucksache V/3786, Bonn, 31. Januar 1969, 9-13.

107. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 131.

108. DGB, "Neemann: Konzertierte Aktion darf Unternehmer nicht weiter beguenstigen," DGB Nachrichten-Dienst, ND 33/69, Januar 30, 1969.

109. WWI, "Der Wachstumsspielraum im Jahre 1969," WWI Mitteilungen, Bund-Verlag GmbH, Koeln, XXII Jahrgang, Januar/Februar 1969, 8, 14.

110. Henschel, "Material zur Konzertierten Aktion" (1969), 5-6.

111. Rudolf Henschel, "Material zur Konzertierten Aktion," Abt. Wirtschaftspolitik, Bundesvorstand, Deutscher Gewerkschaftsbund, Duesseldorf, February 12, 1969, see also WWI, "Stellungnahme zum Jahreswirtschaftsbericht der Bundesregierung fuer das Jahr 1969," Wirtschaftswissenschaftliches Institut der Gewerkschaften GmbH., Duesseldorf, February 21, 1969, and WWI, "Stellungnahme zum Jahresbericht der Bundesregierung," WWI Wirtschaftswissenschaftliche Mitteilungen 3, Duesseldorf, Maerz 1969.

112. The increase in the tax burden on wages and salaries was indicated by the fact that between 1966 and 1969 gross profits rose by 17.3%, but net profits increasing by 21%. In contrast, gross wages during the same period went up by 16.5%, but the net increases amounted to only 12.7%. Net profits rose faster than gross profits, but real wages and salaries grew slower than gross wages. R. Henschel, "Material zur Konzertierten Aktion" (1969), 4-5.

113. Letter from the head of the Economic Policy Committee of the DGB Executive, Henschel, addressed to Schiller, as head of

the SPD Economic Policy Committee, dated Duesseldorf, 2. February 1969.

114. "DGB fordert Wirtschaftsrat fuer die Mitbestimmung," Die Welt (Bonn), February 13, 1969.

115. BDA, "Pressekomunique ueber das Gespraeche beim Bundeswirtschaftsminister im Rahmen der Konzentrierten Aktion am 28. Februar 1969" (BDA document, AZ.: IIIa-B-3-3/Schm Nr.: 15), March 3, 1969.

116. "Dissonanz im Orchester. Schillers Konzentrierte Aktion ist gefaehrdet," Frankfurter Allgemeine Zeitung (Frankfurt), March 21, 1969.

117. Rudolf Henschel, "Gewinnexplosion haelt an. Die Konzentrierte Aktion auf dem Pruefstand," Welt der Arbeit (Koeln), April 17, 1969.

118. "SPD soll Koalition verlassen. IG Metall Mitglieder - sonst geht der Kuhhandel weiter," Frankfurter Rundschau (Frankfurt), April 25, 1969.

119. DGB, Protokoll 8. Ordentlicher Bundeskongress Muenchen (18. bis 23. Mai 1969) (Muenchen: Carl Gerber, Graefische Betriebe, 1969).

120. They included demands for paid political education for workers (No. 109), amendments to the collective bargaining law to allow exclusive agreements for union members only (No. 155), increases in unemployment insurance and old age pension allowance (No. 167 and 215), introduction of sick-leave coverage for workers (No. 169), introduction of the 8-hour day/40-hour-5-day week (No. 266), and an amendment to the Work Council Law to secure greater worker co-determination in company-internal social, personnel and economic decisions making (No. 289).

121. Schiller in his address to the Congress emphasized the common interests of trade unions and SPD in concerted action, and tried to assure the delegates that their concerns as well as their interests in future would indeed be addressed within concerted action (DGB, Protokoll 8. Ordentlicher Bundeskongress Muenchen (18. bis 23. Mai 1969), 373-377).

122. IG Bau-Steine-Erde, Protokoll ueber den 8. Ordentlichen Gewerkschaftstag der Industriegewerkschaft Bau-Steine-Erde fuer die Bundesrepublik Deutschland (Rhein-Main-Halle, Wiesbaden, vom 4. bis 11. Juni 1969) (Frankfurt: Union-Druckerei, 1969).

123. IG Chemie-Papier-Keramik, Protokoll der Verhandlungen des 8. Ordentlichen Gewerkschaftstages der Industriegewerkschaft Chemie-Papier-Keramik (vom 31. August bis 6. September 1969, Wiesbaden) (Frankfurt: Union-Druckerei, 1969).

124. BDI, Jahreswirtschaftsbericht des Bundesverbands der Deutschen Industrie 1968/69, (1. Juni 1968 bis 31. Mai 1969), (Bergisch Gladbach: Joh. Herder, Druckerei und Verlag), 1969.

125. The "Interministerial Committee on Economic Planning," set up earlier in the year, had presented a revised forecast for 1969 at the end of May.

126. The next concerted action meeting scheduled for August 22 was postponed, ostensibly for scheduling reasons. More likely it was postponed because of growing labour unrest. Schiller could not take the chance to have the consensus image of concerted action tarnished just a month before the October

elections.

127. In response to trade union charges that gross income figures were misleading because the number of the selfemployed declined when the number of wage and salary earners increased, business contended that an exact per capita comparison was not possible, because income from business activity and investment returns could not be fully counted as income of the selfemployed.

128. BDA, "Betr.: Gesprach beim Bundeswirtschaftsminister im Rahmen der Konzertierten Aktion am 20. 6. 1969," Anhang 3, "Stellungnahme zu der Prognose des Bundesministerium fuer Wirtschaft ueber die Wirtschaftliche Entwicklung im Jahre 1969" (BDA document AZ.: IIIa-3-3/r1 Nr.: 36), June 24, 1969; DGB, "Bericht Zur Konzertierten Aktion" (DGB minutes of the 13th concerted action meeting), June 23, 1969.

129. IG Metall demands included that free Saturdays not be counted as vacation days, better protection for work councilors, and paid educational leave. The Frankfurter agreement, signed at the beginning of August included a step-wise reduction in counting free Saturdays as vacation, a three to four day increase in annual vacation, an agreement that shop-stewards and work councilors not be discriminated against, and the establishment of a joint committee to study conditions for and consequences of the introduction of paid educational leave (Bergmann, Jacobi, Mueller-Jentsch, Gewerkschaften in der Bundesrepublik, vol. 1, 246-49).

130. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 133-135.

131. Summarized from W. Petschik, "DGB-Satzungsreform und innergewerkschaftliche Demokratie," Marxistische Blaetter 1 (1971), 21-23.

132. See Rainer Kablitz, Die Septemberstreiks 1969. Darstellung-Analyse-Dokumente (Koeln: Pahl-Rugenstein, 1970); Michael Schumacher, Frank Gerlach, Albert Gschoessl, Petra Milhoffer, Am Beispiel der Septemberstreiks. Rekonstruktionsperiode der Arbeiterklasse? (Frankfurt: Europaeische Verlags Anstalt, 1971).

133. Walther Mueller-Jentsch and Hans-Joachim Sperling, "Economic Development, Labour Conflicts and the Industrial Relations System in West Germany," in Colin Crouch and Alessandro Pizzorno (eds.), The Resurgence of Class Conflict in Western Europe, vol. 2 (London: MacMillan, 1978), 265.

134. Deppe, Fuelberth, Harrer (eds.), Geschichte der deutschen Gewerkschaftsbewegung, 420.

CHAPTER

4

A NEW BASIS FOR SOCIAL PARTNERSHIP? THE SOCIAL DEMOCRATIC-LIBERAL COALITION, 1969-1973

After the failure of the unions' corporatist strategy under the Grand Coalition, the electoral success of the SPD at the end of 1969 and the formation of the social democratic-liberal SPD-FDP coalition apparently provided a new basis for labour's strategy of social partnership. The SPD as the senior partner in coalition with the left-leaning FDP meant that the way should be open now to bring in the necessary legislation to realize the union's long-standing corporatist objectives. No longer restrained by the need to reach compromises by making concessions to a conservative senior coalition partner, the SPD was now free to back up its support for labour's objectives with necessary legislation. And indeed the government's reform programme appeared to be promising precisely that, and appeared to address fundamental union demands. But once again things did not fall into place as planned and expected by labour. The unions still were unable to gain the support of business. Moreover, changing economic conditions and growing pressure from the right led to a shift to the right by the coalition parties themselves and eventually to the adoption of a pro-business monetarist economic policy.

Within this context Chapter four covers the period of 1970-73, the first four years of the SPD-FDP coalition. The formation of the Social Democratic-Liberal coalition and the euphoria

generated by the left-leaning reform-minded coalition government as well as the critique of the government's programme from the radical left for not going far enough are the focus of section one. Section two details the Coalition's early efforts in 1970-71 to secure trade union support and cooperation with concessions in concerted action. Growing opposition from the right, especially to the Coalition's reform programme and the attempt of the opposition CDU/CSU to defeat the Coalition on its "Ostpolitik" in early 1972 are highlighted in section three. The Coalition's subsequent shift to the right, especially after the 1972 election and the declining importance of concerted action as an economic policy instrument are discussed in the final section of the chapter.

The Social Democratic-Liberal Coalition

The SPD had received a strong mandate in the election in October 1969. Its share of the vote increased from 39.3 per cent to 42.7 per cent, while that of the CDU/CSU dropped from 47.6 per cent (1965) to 46.1 per cent. Three years in government had legitimized the SPD as a credible alternative to the CDU/CSU which had governed the country for the past twenty years. The traditional conservative scare tactic of "red socialism" had lost its appeal, not least because economic recovery had apparently been renewed and because the whole political establishment, including the CDU/CSU, seemed to be behind the Kiesinger government's move towards detente with Eastern Europe.

The SPD, in contrast to the CDU platform which was defensive in nature and only promised "no experiments," in their election programme stressed the need for further sweeping reforms. With its promise of social and economic democracy, including a reform of the education system, improved legal status for women and young people, greater participation of workers at the company-level, equality in income distribution and decentralization of productive capital, as well as the normalization of relations with Eastern Europe and the German Democratic Republic, the SPD platform clearly reflected the demands of the electorate.

Although the SPD with 224 seats was not the strongest party in the Bundestag (the CDU/CSU had 242 seats), with the 30 seats from the FDP, it was able to form a majority government. Growing differences between SPD and CDU/CSU, particularly on economic and social policy issues, had made the continuation of the Grand Coalition impossible. Moreover, one of the SPD's main objectives for joining the CDU/CSU in 1966, legitimizing itself as a credible alternative through cooperation with its traditional adversary and easing the party into government responsibility, had been achieved.

For its part the FDP, which had been in coalition with the CDU/CSU from 1949 to 1966 (with the exception of 1956 to 1961), had itself undergone a shift to the left during its years in opposition between 1966-69. From its inception in the post-1945 period the FDP had been characterized by a nationalist-liberal/democratic-liberal dichotomy. When in coalition with the

conservative CDU/CSU the right-of-centre nationalist-liberals tended to dominate the party. Once out of government between 1959-61, it was the left-of-centre democratic liberals that dominated in the party. Back in a coalition with the CDU/CSU in the early 1960s the party under Erich Mende again swung back to the right. In 1966, however, it was the left liberals in the party caucus that had forced the resignation of the FDP ministers from cabinet over proposed tax increases by the CDU/CSU. This had forced the party back onto the opposition benches.

The need to define an independent position between CDU/CSU and SPD led to an apparently more profound shift to the left in the FDP in the latter half of the 1960s. The process began with a review of the party's foreign policy position, more specifically with a review of its policy towards Eastern Europe and the German Democratic Republic (GDR). In 1967 an internal policy paper recommended the normalization of relations with Eastern Europe and the recognition of the GDR within the formula of "two German states which are not foreign countries to each other." [1] Although narrowly defeated at the party's 1966 convention, the formula in 1969 served as the basis for the Social Democratic-Liberal coalition's "Ostpolitik." At the 1968 party convention in Freiburg, the conservative party leader, Erich Mende, was replaced by the more liberal Walter Scheel, and the sociologist Ralf Dahrendorf was elected to the party executive. Dahrendorf's election more than anything else symbolized the party's new openness and responsiveness to growing

demands for more democracy, most coherently formulated by the extra-parliamentary opposition (APO).

The FDP's shift to left-of-centre became apparent first in the 1967 presidential election. The SPD candidate, Gustav Heinemann, with the support of 78 out of 83 votes of the FDP caucus, was elected as the new federal president, defeating the CDU/CSU candidate Gerhard Schroeder. The party's response to rising reform demands in the late 1960s, on the other hand, became reflected in the party's 1969 election campaign which was fought under the motto of "a change in power" and "a partnership for progress." The party's election programme, which translated Dahrendorf's concept of the "open society" into policy, not only included elements of the 1967 foreign policy paper but also proposed a number of domestic reforms. The programme called for the democratization of the political process, reform of the education system and of social policy. Although rejecting an industry-wide extension of Mitbestimmung, the party proposed the expansion of workers' rights at the company-level through amendments to the 1952 Work Council Law. The FDP also proposed tougher legislation to control monopolies, and made full employment the major policy focus.[2]

Although the shift did not lead to increased voter support for the FDP (with 5.8% in 1969 the party barely cleared the 5% hurdle) it made the FDP the clear choice for the SPD. A coalition with the CDU/CSU no longer was an option for the FDP. The two parties had moved too far apart on social, economic and foreign policy issues. A coalition with the SPD seemed the

natural outcome of the party's policy reform process, and found broad support within the party.[3] In addition, the SPD offered three of the major portfolios - external-affairs, interior and agriculture - in return for joining in a coalition.[4] Although the FDP was the logical choice as coalition partner for the SPD, and indeed found broad support within the SPD, it was not a unanimous choice. Some on the SPD's right-wing, such as the caucus leader of the previous Bundestag, Helmut Schmidt, argued for the continuation of the Grand Coalition.[5] A coalition with the FDP, however, also had the full support of the trade unions. The reformist wing of the union movement around the IG Metall and Otto Brenner already back in 1966 had argued for a coalition with the FDP.

The SPD's success at the polls, the coalition with the left-leaning FDP and its commitment to address the inequalities and neglects of the Adenauer and Erhard years through wide-ranging social and economic reforms generated a reform euphoria in the country. This also provided a new basis for labour's corporatist strategy of equal social partnership within concerted action. With the support of the FDP and not restrained by the need to make concessions to a conservative coalition partner, the SPD, it was felt in the union movement, was now in a position to translate its long-standing commitment to union objectives into government policy.

Later developments indicated, however, that the FDP intended to keep the reforms within much narrower limits than had been expected. The FDP's shift was not as profound as it might have seemed at the time. As we shall see, it would not be long before

the FDP, with renewed support from big business, would shift back to a more right-of-centre policy course.

In the short-run, responding to reform demands not only made by labour and the new middle class, but increasingly also suggested even by traditional CDU/CSU constituencies of catholics, women, farmers and small business, the new Coalition's focus was on social and economic reform and on normalizing relations with Eastern Europe. The coalition promised to expand democracy by opening up the process of government and by involving the public in the reform of state and society. This stood in marked contrast to, as Rovin has pointed out, the "establishment of interests, castes and classes deeply rooted in the ministries through political or confessional solidarity" that characterized political life in the first 20 years of the Federal Republic.[6] The new Chancellor, Willy Brandt, in his opening address before the Bundestag, called for a "critical partnership" with all sectors of society, the churches, the arts, science and business. He emphasized partnership with the trade unions because of their crucial importance in the construction of the socially just welfare state.

The Coalition promised to continue the economic policy course started with the Stability-and-Growth Law in 1967, including concerted action. To strengthen competition and to control the concentration and centralization of economic power, it promised to reform the 1958 Anti-Trust Law and the establishment of a Monopoly Commission of independent economic experts charged with monitoring competition in the market place.

In addition, the government proposed the introduction of a comprehensive sectoral and regional economic development programme. To decentralize more of the productive capital a reform of the capital formation law was proposed. An early tax reform was to secure a wider distribution of wealth, but the government was careful to promise that it would not include confiscatory taxes.

Judicial and administrative reforms were to open up government and make it more responsive to public needs. A reform of the education system and job training was to ensure equality of opportunity and lead to a more effective and efficient use of the country's human resources. The quality of life in general was to be enhanced through a reform of the health care system and social services, and the introduction of legislation to protect the environment. Further, legislative initiatives to improve the quality of work-life, to improve safety standards and health care at the work place, to protect workers from the consequences of automation and rationalization and the rapid introduction of technology in production were also promised. Although falling short of a direct commitment to extend full-parity Mitbestimmung (only a careful study of the final report of the Mitbestimmung Commission was promised), the government proposed a larger role for workers in the management of production at the company-level through the reform of the 1952 Work Council Law and the Personnel Representation Law (the equivalent of the Work Council Law in the public sector).[7]

Because the Coalition's reform programme addressed many

long-standing labour demands, there was a general consensus within the DGB and the trade unions that the new government, despite growing labour alienation from SPD policy in the dying days of the Grand Coalition, deserved "a fair chance" and labour's full support.[8] The new SPD-led coalition was seen as the key to the realization of the unions' objective of social partnership and social and economic reforms. Moreover, the Coalition promised the continuation of the Keynesian economic policy course started under the Grand Coalition.[9] In this respect, the reappointment of Karl Schiller, closely identified with the SPD's new economic policy course, as Minister of Economic Affairs seemed to ensure continuity. Of particular importance to labour was the fact that the Ministry of Finance, with Alex Moeller at its head, was now in Social Democratic hands. For as we have seen, it was the conservative CSU Minister of Finance, Strauss, who had been seen as the major obstacle to trade union demands in the Grand Coalition.

There was, therefore, real hope that the Social Democratic-Liberal coalition would bring a major breakthrough for organized labour. It was recognized by the DGB that the FDP's policy programme would impose some limits on the coalition, particularly a further postponement of such a vital issue as extended co-determination.[10] (The FDP had demanded that there be no action on co-determination until after the final report of the Co-Determination Commission). On the other hand, the unions were content with an FDP proposal to extend workers' rights at the company-level through the reform of the 1952 Works Council

Law.[11] On the whole, the expectation was that the FDP not only had discovered its social conscience but would open more to the left.

However, the success of the SPD at the polls not only resulted in a reform euphoria, but generated dissent and radical critiques within the ranks. The Coalition's social and economic reform programme was criticized for not going far enough by radical factions both within the SPD and outside of it. Rejecting the proposed reforms as too little and too weak, more radical measures were demanded. What was necessary, it was argued, was a reform of capitalism and not just reforms within capitalism. The dissent reopened the programmatic debate within the SPD that had ended with the 1959 Godesberg Programme. As the SPD groomed itself for government responsibility, the 1959 programme had not been much questioned inside the party. The party programme as a guide to action, as Miller argued, had been relegated to be a backdrop for the ends of electoral maneuvering that marked the strategic orientation of conventional parties.[12]

Most influential among the critics was the New Left, largely spearheaded by the Sozialistische Deutsche Studentenbund (SDS). The SDS, initially the SPD student youth organization, in the early 1960s had been expelled from the party and had been replaced by the newly formed Sozialdemokratischer Hochschulbund (SHB) after it refused to adhere to the party's post-Godesberg non-Marxist line. The New Left politicized previously taboo areas of public discourse. Its impact on German politics was not so much its own existence, but rather its organizational and

intellectual legacies. The integration into "the system" of the SPD and trade unions was the major target of the New Left's criticism. And the SPD and the unions were, in turn, the main recipients of the political ripple-effects initiated by the New Left.[13]

When the SPD joined the Grand Coalition in 1966 elements of the New Left followed the path of the older left in the party by finding a home in municipal and regional party organizations. By 1969 they had managed to capture some of the leading positions at the local level, and in coalition with the older party left, challenged the establishment by nominating radical candidates for the 1969 election. In many cases the left succeeded in nominating its own candidates and replaced long established candidates from the party's right-wing.

This radicalization was especially visible in the party's youth organization, the Arbeitsgemeinschaft der Jungen Sozialisten (Juso). Traditionally the Jusos had been under the direct control of the party. Juso leaders needed the approval of the party, and the organization's federal secretary was directly appointed by the party executive. The SPD also financed the Jusos and controlled their budget. In the latter half of the 1960s the annual Juso conventions, however, increasingly became forums for criticism of SPD policy. The party's decision to join the CDU/CSU in government in 1966, and its support of the government's emergency law in 1968, led to severe criticism from the Jusos. Radical elements within the Jusos charged the party leadership with ignoring the party's social base, and called for

the democratization of the party from below.

By 1969 the radical left had taken over the leadership of Jusos and was challenging the party's control over the organization. The 1969 Juso congress dismissed by 204 to 15 votes the outgoing head of organization without waiting for the customary business report and resignation of the executive. The congress, moreover, refused to give the official representative of the party executive, Wischniewski, a former Juso leader, an opportunity to make an address. The new left-wing leadership, without seeking the party leadership's approval, appointed its own federal secretary and established an independent financial administration.[14] In addition, the congress passed a resolution, "Zustand und Aufgabe der SPD" (State and Role of the SPD), critical of the party leadership and its policy course.

The resolution charged the party leaders with abandoning socialist principles in return for voter support. The party's objectives should be the democratization of all sectors of society - the economy and business, the family, schools and universities, as well as government and the party itself. The status quo, it was argued, could only serve as the starting point in the democratization process. Existing social and economic structures had to be dismantled and replaced to secure social and economic equality for all. The wage dependence of workers and the political impotence of the masses should be abolished. Educational privileges, authoritarian bureaucracy and the "profit and waste" economy had to be dismantled. The resolution further demanded a reform of the party itself to place the leadership

firmly under the control of the membership, and to guarantee ongoing debate and open dialogue within the party.[15]

The SPD leadership, restrained by its slim majority of only 12 seats in the Bundestag and concerned with losing support among left-wing caucus members, was in no position to outwardly attack the Jusos resolution or to cut its financial support of the organization. Accordingly the party executive called the resolution worthy of but also in need of discussion, because the resolution was in conflict with some of the fundamental tenets of the Godesberg Programme. The executive emphasized that; (1) the party saw itself as a mass party representing the interests of all sectors of society and not just the "narrow" concerns of the working class; (2) compromise within the party and cooperation with other social groups was clearly required by the spirit of parliamentary democracy; and (3) although the emphasis had to be on controlling economic power and the democratization of economic life, social conflicts could not be resolved through the nationalization of the means of production. The executive further pointed out that while the demands in principle were acceptable, the real question was how to implement them.[16]

Despite its successes in challenging the party establishment, the radical left could hardly assert control over the party. This was clearly seen at the 1970 party convention in Saarbruecken when the right-of-center Helmut Schmidt, against strong opposition from the left, was elected as one of the party's deputy leaders, and was appointed to head a commission charged with drafting the "Orientierungsrahmen '85," the party's

programme for the latter half of the 1970s and the early 1980s. For the left to challenge the leadership was one thing, to win control over the party was another. The conflict, however, continued to simmer.[17]

The trade union leadership had also come under growing pressure not only from the rank-and-file, as we have seen, but also from younger functionaries, who, just out of university, had close ties to the New Left.[18] Radical elements in the trade unions, just as in the SPD, although never able to directly determine union policy, impacted on union policy and tactics. This affected the unions' position at the bargaining table as well as their role in concerted action.[19] Lower and middle-level union functionaries challenged the role of the leadership and demanded a more decentralized system of interest representation and more class based union policies. As a result, trade union and DGB congresses in the late 1960s and early 1970s witnessed growing demands for a re-evaluation of the unions' position in concerted action, and renewed calls for withdrawal from it.[20] At the 1971 IG Metall congress, for example, a resolution called for an alternative union policy, withdrawal from concerted action and more rank-and-file input into union wage policy, but it was narrowly defeated.

Underlying this challenge, was continued rank-and-file dissatisfaction. After the 1969 September strikes, spontaneous shop floor strikes continued throughout the early 1970s. After having exercised wage restraint in 1967-68 the rank-and-file was determined to close the profit-wage gap that had opened

especially in 1968-69, and to share in the benefits of renewed economic growth. Aided by a tight labour market, and in opposition to official union policy, the rank-and-file was prepared to support its demands with spontaneous strike action. The result was a four year period of union militancy and relatively large wage increases.

In 1969, including the September strikes, there was a total of 86 strikes and lockouts involving no more than 90,000 workers. In 1970 the number rose sharply to 129 strikes and lockouts and jumped to 1,181 in 1971, involving 184,000 and 536,000 workers respectively. In other words, the number of workers involved in strikes between 1969 and 1971 doubled.[21] The major strikes in 1970 took place in the fall in the metal working industry. In Hesse, Niedersachsen and Rheinland-Pfalz agreements providing for a 10 per cent increase were signed. In Nordrhein-Westfalen and Baden-Wuerttemberg settlements of between 11 per cent and 13.5 per cent were signed.[22] Wage increases in 1970, with nominal rises of 14.7 per cent and a real increase of 10.6 per cent, resulted in the second highest increase in the history of the Federal Republic. Even so, 1971 became the most strike-ridden year in the history of the Federal Republic, with most strikes in the chemical and metal-working industry. Despite repeated calls for wage restraint, nominal wages continued to show comparatively high increases (1971: +11.9%, 1972: +9.4%, 1973: +11.9%).[23]

The leadership responded to growing demands from within the unions with some decentralization in the unions' bargaining process and by strengthening the role of shop-stewards within

trade union organizations.[24] Union leaders, however, remained firmly committed to concerted action and the strategy of social partnership, even as they adopted a more militant position in the concerted action meetings. The union leadership at the same time discouraged spontaneous shop floor strikes and heavily criticized striking workers. The IG Metall and the IG Bergbau und Energie, the unions most affected by spontaneous strikes blamed external forces for the unrest among the rank-and-file. IG Bergbau und Energie executives, more specifically, charged communists and radical forces with inciting the strikes, while the IG Metall, although recognizing the legitimacy of the strike demands, refused to endorse the strikes.

The Reform Euphoria of the First Two Years, 1970-71

The social democratic-liberal coalition introduced a number of significant reforms in the first two years in office. The 1969 Arbeitsfoerderungsgesetz (work promotion law) provided government assistance and financial support for job training and retraining, and job creation through financial support, especially to the construction industry, improved unemployment insurance benefits and financial compensation for workers on a reduced work-week. The 1970 Gleichstellung von Arbeitern mit Angestellten im Krankheitsfall, (blue-collar parity with salaried employees in sick-leave coverage) provided full sick-leave coverage for blue-collar workers (the employer pays full wages for the first six weeks after that the health insurance continues

to pay 75% of the worker's income). The 1972 Rentenreformgesetz (pension reform law) introduced flexible retirement at age 63, improved old age pension for lower income groups, and expanded old age pension coverage.[25] The 1972 Betriebsverfassungsgesetz, although it did not fundamentally change the anti-union provisions of the 1952 Law, expanded co-determination of work councilors in social and personnel issues, provided work councilors with protection from arbitrary dismissal, and secured the right for work councilors to devote company time to their councilor function.[26]

On the economic side coalition policy focused mainly on price stability and economic growth.[27] By the end of 1969 the export-driven German economy was expanding rapidly. A 10.9 per cent jump in exports and a 10.5 per cent increase in capital investment led to an 7.9 per cent increase in GNP. As a result of growing the trade surplus, the government was under pressure from its major trading partners to revalue the DM. Earlier in 1969 revaluation had been opposed by the CDU/CSU and the Minister of Finance, Strauss, and a DM 5.4 billion budget cut had met with little success. As a consequence, an overheating economy and inflationary pressures at the end of 1969 were the first order of business for the new social democratic-liberal coalition.

As a first measure the government on October 24th revalued the DM by 7.9 per cent. The wave of relatively high wage increases (averaging 14.7% in 1970) following the spontaneous strikes in late 1969 and early 1970, renewed concerns about inflation. Budget cuts and tax increases proposed by Schiller in

February 1970 were rejected in cabinet in light of several upcoming important Laender elections.[28] In July 1970 Schiller announced new policy measures, including a refundable income tax surcharge to reduce consumer spending power and a temporary suspension of accelerated depreciation allowances to slow down capital investments. The economy began to cool off. Inflation, however, continued to rise - the "stagflation" that plagued capitalist economies throughout the 1970s was also rearing its head in West Germany.

To secure continuing DGB and trade union cooperation, particularly in the fight against inflation, Schiller at the first meeting of concerted action after the 1969 election promised changes within concerted action itself. The number of meetings per year already had dropped from a high of six in 1967 to just three in 1969. In 1970 five meetings were held. To avoid conflicts over government projections and orientation data, Schiller announced changes in the format of the government's economic report.[29] Schiller also scheduled preliminary talks prior to the first meeting in January 1970. In late December 1969 and early January 1970 Schiller met separately with business and trade union representatives to determine their response to government's policy measures.[30] Business representatives opposed government and Bundesbank proposals to ease restrictive monetary measures and demanded the continuation of a tight monetary policy. The DGB and the trade unions, for their part, renewed their concern about wage guidelines, and warned that demands for more wage restraint could lead to a repeat of the

1969 September strikes. Union leaders, under pressure from the rank-and-file to legitimize their role in concerted action, also demanded that differences and disagreements in the talks be reflected in the final communiques.[31]

Faced with rising prices and continuing strikes in support of higher wage demands, Schiller at the next meeting in mid-March pleaded for restraint by all parties, but with a clear emphasis on wage restraint. The alternative of restrictive fiscal and monetary measures, he warned, would risk economic growth and full employment. Government and Bundesbank policy measures, the argument went, needed to be supplemented by trade union wage restraint not only to control inflation and slow down the economy, but also to save jobs. Schiller hoped to pressure the unions into wage restraint by linking wage developments to levels of employment.[32]

Recognizing, on the other hand, the need for concessions to the unions, Schiller withheld for the first time the customary orientation data at the meeting of concerted action in July 1970, and allowed opposing opinions to be reflected in the final communique. Schiller, moreover, defended union wage policy against Bundesbank and business charges that wage increases were the major cause of rising prices. Recent wage increases not only had been reasonable, Schiller argued, but had also been necessary to close the profit-wage gap. At the same time, however, Schiller demanded wage restraint in the future in support of government policy measures (suspension of accelerated depreciation allowances until the end of the year; and advance

payment of income and corporate taxes) designed to slowdown the economy and control inflationary pressures.[33]

DGB representatives rejected demands for wage restraint because price increases were the result of business decisions.

To drive home the point, the DGB in October 1970 launched an anti-inflation campaign charging that continuous price increases were the result of rising profits and not wages. What was necessary, therefore, was to include profits, prices and investment in the discussions of concerted action. The BDA responded by boycotting the meetings of the BDA-DGB commission on costs, prices and profits, and threatened to boycott concerted action. To appease business at the next concerted action meeting in early October Schiller reversed himself and charged that wages were too high as per-unit costs had risen faster than productivity, and proposed to link wage increases with increases in productivity. Union representatives, as could have been expected, rejected further wage restraint until the profit-wage gap that had developed in 1968-69 was closed.[34]

At the end of the year, with the economy showing signs of slowing down but wages and prices still rising the government in an attempt to force trade unions into wage restraint, reintroduced target figures for projected wage increases. Per-unit wage costs in 1970 had risen 14 per cent and the consumer price index had gone up by 4.1 per cent. The cabinet, in response, decided that wages in 1971 should rise by no more than 7-8 per cent.[35] At the last concerted action meeting of the year, Schiller, although acknowledging that wage costs in 1970

had been no higher than in 1969 and actually had fallen over the last few years, defended the cabinet decision. Dismissing union charges that the government was interfering in collective bargaining, Schiller tried to counter charges that the government was trying to restrain only wages but not prices. He re-emphasized that the cabinet had called on both unions and employers to exercise restraint. Union representatives, in turn, pointed out that cabinet had released no similar target figures for price increases in 1971.[36]

In its 1970-71 economic report, introduced at the first meeting in 1971, the government applied further pressure for union wage restraint. Reversing its earlier position, the government identified wage costs as the biggest threat to price stability, arguing that government measures alone were no longer sufficient to secure price stability.[37] Under pressure from a renewed inflow of speculative foreign capital (a total of DM 11.5 billion flooded the country between January and April 1971) and accelerating inflation, Schiller at the next meeting on June 4th once again tried to link wage increases to increases in productivity and job security, charging that the bargaining parties (i.e. trade unions) had to carry more of the responsibility for full employment. Jobs could only be secured through linking wage increases to increases in productivity.[38]

At the last meeting of 1971, with inflation at 5.2 per cent having reached the highest level since 1952, the unions now also came under pressure from the SVR. In its 1971-72 report, the SVR stressed that the focus in 1972 had to be price stability and

economic stimulation, and charged that excessive wage increases were the major cause of rising prices. Therefore, government measures to stimulate the economy should only be introduced until wage developments had been brought in line with government wage guidelines. Within this context the SVR recommended a 6 per cent ceiling on wage increases in 1972. Trade union representatives strongly rejected the SVR's attempt to link government economic policy directly to wage developments as unacceptable interference in ongoing contract negotiations. Moreover, with economic growth down to 3.3 per cent in 1971, union leaders called for an easing of the Bundesbank's tight-money policy, the introduction of a "contingency" investment budget, and the refunding of the earlier cooling-off surcharge to stimulate the economy.[39]

Business in 1970-71, under pressure from militant trade unions and a reform-oriented SDP-led government, was determined to limit trade union power and influence at both the macro-economic and company-level, and to keep the concerted action talks narrowly focused on wage developments. Throughout the early 1970s, the BDA responded to rising worker and union demands at the shop floor and at the bargaining table by centrally coordinating employer strategies. After the 1969 September strikes the BDA, in a policy directive, "The Solidarity of Members in the Event of Wildcat Strikes," laid down rules to coordinate employer actions, and recommended mutual aid for members involved in strikes.[40] The objective was to organize and co-ordinate a joint employers' response to continuing shop-

floor strikes. The association of the metal-working industry (Gesamtmetall), the industry where union wage increases were set for all following contract negotiations, established a "core commission." The commission, composed of representatives from the national and the larger Laender associations, participated in all contract negotiations to ensure the uniformity of the employers' position and to strengthen local negotiating teams. The association of the metal-working industry in Baden-Wuerttemberg organized a "protective partnership," co-ordinating a common response and set up an employers' strike fund. The association of the chemical industry in Nordrhein-Westfalen organized and co-ordinated the industry's response to possible strikes during contract negotiations in 1971 by setting up a system of mutual support and established a compulsory strike fund. More specifically, industry negotiators rejected union demands as well as mediation by Laender and federal governments. Industry in many cases escalated conflicts by locking out twice the number of workers involved in strikes. The aim was to weaken the unions' bargaining position by depleting their strike funds, and force them into accepting lower employers' offers. The lockout was a particularly effective tool because, as Mueller-Jentsch pointed out, "it placed a heavy strain on union funds, for the number of those who claimed financial union support, as a rule, proved to be several times higher than the numbers of those on strike." The IG Metall, for example, was forced to spend DM 100 million in 1970 to support metal-workers involved in strikes and lock-outs. The smaller IG Druck and Papier, on the other

hand, was pushed to the brink of bankruptcy by almost DM 50 million in strike pay.[41]

Confronted with increasing union demands and growing union pressure at the bargaining table, business was determined to use concerted action as an instrument to control union wage demands and bargaining power. In concerted action meetings, business representatives developed a common response to trade union demands and government reform proposals.[42] The BDI, BDA and the DIHT co-ordinated their position more closely within the Gemeinschaftsausschuss der Deutschen Gewerblichen Wirtschaft (Joint Committee of German Business and Industry).[43] The business associations were determined to keep profits, prices and investment off the agenda, and to keep unrelated social issues out of the talks. Business opposed all union attempts to restructure concerted action and to shift the focus from short-term wage developments to medium and long-term economic policy planning.

Trade union leaders, for their part, sought to extend the talks beyond their almost exclusive focus on wage developments to include profits, prices and investment, and tried to shift the focus from short-term orientation data to medium and long-term trends and planning. The 8th DGB Congress in 1969 had adopted resolutions calling for a more militant and independent position in concerted action, the introduction of independent trade union economic reports, and if necessary separate trade union press releases. The union leadership's goal was to transform concerted action into a genuine forum for economic and social policy

planning and decision-making.

Within this context, the DGB in January 1970, introduced its first independent economic report in concerted action; including projected target figures for all economic indicators (business at this meeting also introduced its first independent economic report.)[44] (However, later in 1973 under pressure from member unions the DGB stopped providing specific target figures. After the government in 1973 suspended the publication of target figures of projected wage developments, the DGB's own figures became indirect wage guidelines. In subsequent years the DGB provided only summary figures in its forecasts.)

To correct the false impression, especially with the rank-and-file, that the union leadership "cooperated" in concerted action with business and government at the expense of the interests of the rank-and-file membership, which had been created by the consensus-oriented communiques, insisted on by the Minister and issued at the end of each meeting, the DGB and represented affiliate unions beginning in early 1970 issued frequently separate press releases. In March 1970 the DGB in a press conference rejected suggestions that union leaders had agreed to exercise wage restraint even if prices should rise further. In October of the same year the DGB, in response to business' criticism of the earlier DGB-sponsored anti-inflation campaign in a press release emphasized the unions' role of representing the interests of their membership in concerted action. Prior to the 19th meeting of concerted action in December 1970, the DGB in a press release rejected the cabinet's

decision to re-introduce specific target figures for wage increases of no more than 7-8 per cent in 1971, warning that "trade unions would participate in concerted action only as long as it served to provide mutual information and consultation between the government and interest group representatives on the future development of the economy." In December 1971, prior to the 23th meeting the DGB, in still another a press release, strongly criticized the use of concerted action to enforce wage guidelines.[45]

Meanwhile, DGB and trade union leaders sought to reform concerted action by expanding its scope and shifting the focus of the discussions. Trade union representatives repeatedly demanded the inclusion in the discussions of profits, prices and investment. The BDA in response to these demands, and to remove the issues from the talks in June 1971, proposed the establishment of a permanent bilateral committee of employers and trade union representatives to discuss profit and cost developments separately from concerted action.[46] Later in June 1972 the DGB in an attempt to include social policy issues in the talks charged that social policy issues which had been part of the discussions in the first two years had disappeared from the talks, which now focused almost exclusively on economic matters.[47] The response was the establishment at the next meeting in October 1972 of a committee to analyze income distribution and capital formation in the Federal Republic.[48] The results, however, were almost totally negative. Differences between business and trade union positions proved too great.

Discussions in the committee in the end broke off without any practical conclusion. Notably, the number of concerted action meetings began to drop off again to just three in 1972.

Growing Pressure from the Right

At the end of 1971 economic and political conditions in the Federal Republic began to change dramatically. The economy was slowing down with inflationary pressures continuing. The result was a growing demand for a change in the government's economic policy course. The business community, concerned about the reform course of the SPD, and concerned more specifically about rising pressure on government policy from the radical left in the SPD and from the trade unions, was moving on, collision course with government. The government's economic and social policy reform course came under growing pressure from the business community concerned about their economic position and power and with declining economic growth.

Business was particularly alarmed by the course political debate took under the SPD-led government. Its concern was not so much with the government's reform programme but with the fact that government policy could be subject to pressures from the party left and from trade unions demanding more radical reforms that would threaten the power and privilege of private enterprise.[49] These concerns were fueled by discussions within the SPD about tax reform, and suggestions that the financial burden on the private sector might be increased to finance the Coalition's reform programmes.[50]

By the end of the 1960s business had accepted the need for some form of government intervention and macro-economic planning to secure economic growth and stability. This was reflected in the BDI's 1970-71 annual report. A policy of "normative planning," according to the report, no longer was viewed "as questioning the market order" or as an attempt to alter the system." [51] Business also had accepted the need for some social reforms and interest groups-state co-operation on such issues as education, science and technology, social legislation, infrastructure development and environmental protection. The major concern was that state intervention under the SPD was taking radical forms. An expansion of pragmatic state intervention as a result of trade union demands and socialist-syndicalist tendencies, it was feared, could threaten the established social and economic order.

Leading industrialists expressed concern about "forces which under the guise of reform intend to transform the political and economic order" of the country. The transformation of the market order under "the guise of 'democratization', and the growing presence of the state in the economy," it was argued, "do not transform democracy into social democracy, but lead to an interventionist trade union state." [52] The employers' association, BDA, in its 1970 annual report expressed concern that the anti-capitalist forces of the extra-parliamentary opposition "on their long march through the institutions" were demanding fundamental changes, including the abolition of private property under the guise of social reform. [53] A pre-condition

for social reform, however, business argued, was economic growth and stability. The market economy had produced the highest standard of living in the country's history. The high standard of living and social progress, in turn, had provided a maximum of democratic freedom, especially for the working class. Thus, the real problem of the 20th century was "not the exploitation of the masses, but the danger that persistent group egoism destroys everything." Social reforms, therefore, had to be economically viable, and could only take place within the context of stable economic growth.[54]

It is important to recognize that the business community had not been initially unified behind a hard-line position against the SPD-led coalition government. A conservative faction was opposed to state intervention, and to cooperation with labour, but a more moderate faction recognized the need for dialogue with labour and the integration of trade unions into existing structures. The electoral success of the SPD and the formation of the social democratic-liberal coalition at first intensified these divisions in the business community.

The divisions within the business community, as discussed earlier on, can be traced back to the early 1960s and Ludwig Erhard's attempts to address growing inequality in income distribution and to regulate growing trade union bargaining strength. The divisions had become more pronounced with the recession in 1966-67 and the formation of the Grand Coalition at the end of 1966. Recognizing the need for trade union cooperation and some social and economic reform, the more

moderate faction had become openly critical of the inflexibility of the conservative business elite. As the one side sought communication and cooperation with government and trade unions, the other sought open confrontation.[55]

In response to growing reform demands and the social democratic-liberal reform programme, the BDI, dominated by conservative big business and rejecting most reform demands, charged the Left with having a clear agenda to abolish the market economy through nationalizing the means of production and eliminating private property via confiscatory tax schemes. The government's reforms were rejected as an "overproduction of experiments" that resulted in a "lack of confidence among German entrepreneurs not seen before." [56] An industry-wide extension of full-parity Mitbestimmung the BDI warned, would be "the end of free enterprise and the market economy," and would "result in a planned economy dominated by trade unions." [57]

The BDA took a different approach to the new government. In the late 1960s the BDA had proposed an expansion of educational and job training opportunities, reform of the 1952 Work Council Law and an extension of the 312-DM-Gesetz capital formation scheme as a way to integrate labour. The election of Otto A. Friedrich in the fall of 1970 as BDA president underscored the BDA's more moderate position. Friedrich was seen to be close to the SPD [58] and strongly in support of a more direct and open dialogue with organized labour.

However, a general lack of confidence in the SPD-led government spread throughout the business community in the

early 1970s. As Berghahn pointed out, this pessimism was less conditioned by economic developments (although it is not to be denied that the decline in the economy in 1971 had an impact) but was more ideological in nature.[59] Business was on a collision course with the government over planned social and economic reforms. Conservative elements viewed the SPD-led government and its policies as a direct threat to the established social and economic order and, without being able to see a clear way out of their dilemma, in the fall of 1971 turned towards encouraging the defeat of the government.

To rally conservative forces, BDI President, Berg, in an article in the Unternehmerbrief des Deutschen Industrie-Instituts in June 1971, charged "there are anti-democratic forces at work which are determined to ruin the economy and establish an ideologically inspired planned economy," but, there still was time to stop the course of events. In the fall of 1971 the BDI went on the offensive. A full page open letter, signed by 62 of the country's leading industrialists, appeared in several national newspapers announcing "we no longer can remain silent." In it the BDI charged that the country was facing a "recession" worse than in 1966-67. A further drop in investment as a result of declining business confidence would have serious economic and social consequences. Structural changes were "taking place that will set back the whole economy and threaten jobs." What the country needed, it was argued, was an economic policy course to reduce production costs, secure a stable investment climate and guarantee monetary stability.[60]

The impetus for the campaign, as Berghahn pointed out, came mainly from small and medium-size business. It was at this level that entrepreneurs of the older and more conservative generation succeeded in overruling or convincing the younger reform-minded generation of the need for a hard line. What particularly hardened their resolve was the coalition's proposal to amend the 1952 Work Council Law. Such a reform posed a serious threat to small and medium-size business because many of them had not yet come to terms with or implemented the provisions of the 1952 Law. Although the number opposed to workers' participation was declining, it was still sufficiently large to strengthen big business in its resistance to change, and to form a common front opposed to any form of worker participation.

It also has been suggested that the 1971 BDI campaign was designed to reassert BDI dominance over the BDA. Tension between the two associations had developed over the BDA's integrationist position towards organized labour. The BDA President Balke's earlier proposal in 1967 to amend the 1952 Work Council Law to improve industrial relations angered many small and medium-size entrepreneurs fundamentally opposed to workers' participation on the shop-floor.[61] The BDI's move may also have been related to a fear that the FDP was not acting as a restraining influence on the government. The FDP itself appeared to be moving further to the left in 1971. The height of the FDP's shift to the left was the party's 1971 "Freiburger Thesen." Starting from the liberal traditions of Rousseau, Kant, von Humboldt, Mill and vom Stein, the Freiburg Programme articulated the party's

243

fundamental social and economic policy positions. Liberalism was defined as the protection of civil liberties and human rights, the equal sharing of power and the participation in the administration of society by all major groups. The Freiburg Programme called for equality in economic opportunity, greater control over the concentration and centralization of economic power, and workers participation in private enterprise. However, in contrast to the equal representation of workers and management of the 1951 Mitbestimmung Law, the FDP, to maintain the white-collar/blue-collar distinction, proposed a 6:4:2 representational formula of management, blue-collar and white-collar representation in enterprises with more than 1,500 employees.[62]

The BDI's challenge of the SPD-led coalition not only rallied conservative forces in the business community, but also provided an impetus for more conservative elements within the CDU/CSU opposition to try to bring down the Coalition in the Bundestag. The Coalition's majority of 12 seats had been reduced by defections from the ranks of both SPD and FDP over the government's Ostpolitik, particularly over the signing of the non-aggression treaties with the Soviet Union and Poland. With the government reduced to a paper-thin majority, the CDU/CSU tried to defeat the coalition on the ratification of the treaties. At the dress rehearsal in the CDU/CSU-controlled Bundesrat in February 1972 the treaties were defeated by a one-vote majority. In April in the Bundestag, however, the opposition lost by two a non-confidence motion over ratification.

While the opposition failed to bring down the government, it nevertheless was in a position to paralyze the government. Only three days later, on April 30th, the opposition prevented passage of the budget (with 247 to 247 votes) forcing the coalition into an early election later in November 1972.[63]

With the failure of the non-confidence motion, conservative elements in the business community in a last effort threw their support behind the CDU/CSU in the elections in November 1972. What followed has been described as the "second reformation,"[64] as the Right put the Social Democratic-Liberal government under growing pressure. Both Bundesrat and Bundesverfassungsgericht (Federal Constitutional Court) played an important role in blocking further reform policies. The rising threat to internal security from growing terrorist activity, which was blamed on Social Democratic-Liberal reforms, put the government under additional pressure.[65] Declining economic growth, rising unemployment and continuing inflation moreover led to growing demands for a change of course in government economic and social policy.

The decline in economic growth in 1971, following the recovery of 1968-69, was the result of several interrelated developments both at the domestic and international level.

Private investment, changes in the labour market and in trade union policy, growing monopolization and structural changes in industry, rising export dependence of the German economy, and declining foreign demand all contributed to the decline. The profit explosion in 1968-69 was followed by an expansion in

production capacity. In 1969-70 capital investment grew at about 25 per cent annual. Investment jumped from DM 97 billion in 1967-68 to DM 144 billion in 1969-70. At the same time conditions for continuous high returns deteriorated. The supply of cheap labour dried up with unemployment falling again below one per cent by 1969, and changes in the composition of capital from variable to fixed capital raised per-unit investment costs. Returns of DM 25 on a DM 100 investment in 1960, as Wolf showed, by 1972 had shrunk to a mere DM 15.[66] Profits also were under pressure from workers determined to use their bargaining strength to close the profit-wage gap and from falling consumer demand, the result of a declining rate of growth in disposable income (down from 9.4 per cent in 1970 to 2.9 per cent in 1974).[67] Between 1969-74 profits fell from a high of 18 per cent to a scant 0.4 per cent. Capital investment dropped from an annual 25 per cent in 1969-70 to an actual decline of 13.5 per cent by 1974.

Growing concentration and centralization and structural changes in industry further added to the decline in economic growth in the early 1970s. Traditional labour-intensive industries such as coal, steel and textiles were being replaced by new high technology growth industries such as automotive, petro-chemicals and electronics.[68] The structural changes were the result, as Deubner argued, of the introduction in Germany of a "Neo-Fordist" mode of accumulation. The beneficiaries were industries easily adapted to the "Neo-Fordist" model - engineering, chemicals, electrical and automotive.

Producers of simple metal products, glass, ceramics, wood, leather, clothing, steel and coal not easily adjustable to new production methods and processes were the losers.[69] One of the consequences was growing structural unemployment.

The growing process of concentration and centralization was characterized by an increase in mergers, on the one hand, and an increase in the number of bankruptcies on the other. Mergers, which had averaged 34 annually between 1958-67, jumped to 254 in the period between 1968-75.[70] The result was growing market dominance and rising profits of monopolies,[71] and growing bankruptcy of small and medium-size business. Between 1966 and 1969 bankruptcies in the Federal Republic averaged around 3,600 annually. The number jumped to over 5,000 between 1970-74, climbed to 8,952 in 1975 and reached 9,221 by 1976.[72] The consequence was rising inflation as monopolies unchallenged by competition were able to raise prices to offset falling sales and rising production costs.

At the same time the German economy was becoming increasingly export dependent. Exports had grown from 8.5 per cent of GNP in 1950 to 18 per cent in 1970 and jumped to nearly 25 per cent by 1975. The magnitude of this dependence was indicated by the fact that while domestic sales of capital goods between 1969-74 rose by 60 per cent, exports jumped by 132.5 per cent. When supplier industries are added,[73] total German export dependence in 1970 stood at over 31 per cent, and rose to nearly 38 per cent by 1974. Every sixth job in the economy, and every fourth job in industry was dependent on exports.[74] The

increase in export dependence is partially explained, as Hopf and Mayr have pointed out, by the economic strength of Germany's major trading partners, stable German export prices, and capacity reserves in German industry. The results were a growing trade surplus (amounting to DM 50.8 billion by 1974) and a rise in imported inflation.[75]

Moreover, a decline in the American dollar and expectations of a further revaluation of the DM in early 1971 led to an influx of speculative capital and an increase in inflationary pressures. In response the government in May revalued the DM by 13.6 per cent and cut it loose from the dollar. In addition, the government announced further stabilization measures, including a DM 1.8 billion budget cut and DM 1.7 billion tax increase. The measures slowed down the economy (which rose by only 3.3% in 1971), but once again failed to control inflation. Strikes in support of higher wage demands in 1970-71 and a growing budget deficit as a result of increased reform spending further added to inflationary pressures.

In response to persistent inflationary pressure, demand was building for a change in the Coalition's economic policy course. A consensus against Keynesian solutions was building within and outside of government. The economic experts of the SVR in their 1970-71 report already had dropped their Keynesian message and prescribed more restrictive measures. In light of persistent industrial conflict, the SVR had abandoned its earlier "harmonious model" of class relations and adopted a "conflict model." The role of the state was now to keep "legitimate

interest group demands from conflicting with general economic requisites." Concerted action no longer was viewed as an instrument for coordinating state, capital and labour interests, but as a forum where "interest groups try to legitimate their demands within the context of macro-economic target projections." The SVR's earlier recommendation of business and trade union participation in the formulation of macro-economic policy objectives had also been dropped.[76] In its 1971-72 report, the SVR, going one step further charged that Keynesianism had failed and that monetarist policies were the only way of controlling inflationary pressures.[77] Later in April 1973, the Advisory Committee to the Ministry of Economic Affairs (Wissenschaftliche Beirat beim Bundesministerium fuer Wirtschaft) recommended abandoning the government's full employment policy in the fight against inflation, charging that "the collective bargaining parties can only be expected to be concerned with monetary stability if excessive wage increases will result in rising unemployment, [and] not addressed immediately by government full-employment policy measures." [78]

By mid-1972 monetarism was finding growing support from the SPD's right-wing, especially from Helmut Schmidt. With the resignation of Karl Schiller from cabinet and party in July 1972, and the appointment of Helmut Schmidt as the new Minister of Finance and Economic Affairs, the way was open for a shift to monetarism. Schiller resigned in July 1972 as Minister of Finance and Economic Affairs (Schiller had taken over the Ministry of Finance in addition to Economic Affairs in May 1971

after the resignation of Alex Moeller in a dispute over budget measures) in a dispute in cabinet over how to control the influx of foreign capital. He charged that Chancellor Brandt had not supported him, if not deserted him, in the confrontation with the President of the Bundesbank, Klasen, and Schmidt over measures to regulate the movement of foreign capital. Brandt accepted Schiller's resignation and appointed Helmut Schmidt to the double Ministry.[79] However, Schmidt's new monetarist course, because of the upcoming election in the fall of 1972, did not become fully implemented until later in 1973.

Within the context of these developments, and under pressure for further wage restraint, the unions at the first two meetings of concerted action in March and June 1972 renewed their charges that price increases were not due to high wage increases but clearly were the result of growing monopolization in the market. The fact that prices kept rising despite a decline in wage costs, union representatives argued, was a clear indication of a growing process of centralization and monopolization of market power. However, a discussion of the causes of continuing high inflation had so far been excluded from concerted action. Policy measures that needed serious discussion were the use of public contracts to enforce price discipline, a new real estate rent structure and a tightening of the country's anti-trust legislation. More important, questions of necessary social and structural reforms, from which economic development and wage policy issues could not be divorced, were being totally ignored in the talks as concerted action was being reduced to the narrow focus of economic and wage

policy issues. More specifically, union representatives charged, continuous efforts to link wage increases with increases in productivity in reality constituted attempts to institutionalize existing structures of inequality in income distribution. As a consequence, union leaders warned, if business did not show greater commitment through price restraint, tough bargaining in 1973 would be inevitable. Business, supported by the Bundesbank, denied responsibility for rising prices, rejected union demands and insisted on linking wage increases with increases in productivity. Schiller attempted in vain to appease the unions and appealed to business for concessions at the bargaining table suggesting that wage developments had been brought more in line with economic necessities. The business associations and the Bundesbank, however, continued to demand more wage restraint.[80]

In response to union demands for measures to control the growing concentration in economic power, the government, in August 1972 proposed "additional measures against price increases." The proposals included the tightening of existing anti-monopoly legislation, the liberalization of trade to strengthen domestic and foreign competition, tighter controls on and a review of administered prices, the use of public contracts to encourage price restraint, and a strengthening of consumer rights. At the same time, however, charging that controls alone were not enough to hold down prices the government demanded additional wage restraint.[81]

At the last concerted action meeting before the election in

November 1972, Schmidt as the new Minister of Economic Affairs outlined the new direction in economic policy indicating the shift from the Keynesian anti-cyclical approach to restrictive monetarism. Schmidt rationalized the shift in policy on the grounds that the effectiveness of an anti-cyclical fiscal policy had been greatly overestimated in recent years. Demand-side counter-cyclical measures, he charged, while effective in times of boom and recession, were less effective in times of normal development. During such times the economy could only effectively be managed from the supply side.

In response to business and Bundesbank demands for budget cuts, Schmidt pointed out that budget expenditures were not easily reduced. Only rationalization in the public sector could reduce budget spending. Schmidt agreed with business that wage contracts in the public sector could be used to send a signal for contract negotiations in the private sector and should be used to regulate wage increases (setting the stage for the later confrontation with the OTV in early 1974). The DGB, renewing its earlier charge that price increases were the result of structural problems in the economy and monopolization in the marketplace, demanded further Keynesian policy measures to address these problems. In the end a committee was struck to prepare a report on long-term income distribution and capital formation, and Schmidt promised action on the issue after the election.[82]

The very next day, on October 6th, in a 15-point programme the cabinet approved Schmidt's new supply-side policy course. The programme called for greater reliance on Bundesbank monetary

policies and proposed legislation to strengthen the Bundesbank's mandate. The budget increase for 1973, moreover, was to be limited to the increase in GDP. But the programme also called for an early reform of the 1958 anti-trust law.

Trade union leaders in 1970-73 found it difficult to deliver rank-and-file wage restraint. The unions' failure to broaden the concerted action talks, moreover, led the 9th DGB federal congress in 1972 to reject further efforts to expand labour's role in economic and social policy planning through concerted action. The Congress revived an earlier demand for a federal economic and social council.[83] The union leadership nevertheless remained committed to continued participation in concerted action and defended its role in it.

The "Second Reformation" of 1973

The period following the November 1972 election was characterized by a general decline in economic growth and in profitability (with the exception of a short-term upswing in early 1973), and rising inflation. It was a period of containment as business with the support of the FDP, embarked on defeating the more fundamental aspects of what now in essence was only a SPD reform programme. As a result the Coalition increasingly adjusted its economic and social policy course to the needs of business. Reform projects, in as far as they benefited labour, were watered down in endless Bundestag committee debates, blocked in the Bundesrat, or challenged in constitutional court. Other

reforms, such as the reform of the institutions of higher education and of Mitbestimmung on the other hand were modified to the point of losing their original reform content.

In the November 1972 election the coalition had been able to increase its majority. With 45.8 per cent of the vote and 230 seats the SPD for the first time in the post-war period became the largest party in the Bundestag. The FDP, on the other hand, with 8.4 per cent of the vote and 41 seats was able to strengthen its position in the coalition. As a result the FDP demanded an additional cabinet portfolio and was given the Ministry of Economic Affairs.[B4] The Ministry of Finance was retained by the SPD under Schmidt. The government, now with a comfortable majority of 46 seats, while re-affirming its reform policy course, also warned against left or right-wing polarization within the majority SPD.

The outcome of the election, with a clear majority for the coalition, was in a way a setback for business, as well as the CDU/CSU. The business community not only was forced to acknowledge the failure of its anti-reform campaign, but also its failure to bring down the SPD-led government. As a result business leaders indicated that they were prepared to co-operate with an SPD-led government and to accept some elements of the government's reform programme, such as the Work Council Law and the capital formation law (312-DM-Gesetz).

At the same time as business modified its position on minor reforms, its attitude towards more fundamental trade union demands, such as an industry-wide extension of Mitbestimmung

became more rigid. Business increasingly turned to the FDP to act "as a brake" to limit the scope of SPD reforms. [85]

Symptomatic of this change in attitude was, as Webber pointed out, the election in 1973 of Hans-Martin Schleyer as the new President of the BDA. Schleyer had distinguished himself as a particularly tough negotiator in collective bargaining with the IG Metall. Committed to a "critical partnership" with the governing coalition, Schleyer emphasized the BDA's determination to defend fundamental employers' rights and to fight for employers' interests with "decisiveness and, if need be, with toughness." [86]

Economic policy after the 1972 election became more austere as the Coalition began to implement its new policy course. With the takeover of Economic Affairs by the FDP the Coalition shifted to fully implement a restrictive monetarist course. With its position in the coalition strengthened by a substantial increase in voter support in the 1972 election (from 5.8% (1969) to 8.4%) and confronted with even the BDA attacking the SPD's reform programme, the FDP adopted a more orthodox-liberal economic and social policy course. Fiscal policy became more restrictive with the de-emphasized Keynesian "global guidance" in favor of tight budgetary measures. With the economy expanding in early 1973 but with prices still rising, inflation became the primary focus of government policy. In addition to postponing many reform measures the government changed its labour market policy by accepting levels of unemployment in return for low inflation. This was a significant departure from the Coalition's policy

position in 1969.

The FDP, strengthened by increased voter support after the 1972 election, in an attempt to narrow the scope of the reform programme opposed all reforms which called into question the market economy, free enterprise and the existing structure of industrial relations. Coalition negotiations on social and economic reforms as a result proceeded at a very slow pace, and in the end on a lot of issues compromise was no longer possible. Reform of the 1951 Mitbestimmungs Law, tax reform and reform of the capital-formation Law, because they would mean additional pressure on business profits, all ran into opposition from the FDP. Reform of job training was opposed by the FDP on the grounds of growing state intervention. Reform of the educational system, on the other hand, ran into opposition mostly from Laender governments protecting their legislative jurisdiction.[87] Growing FDP opposition, in a word, forced the SPD into renewed concessions to a more conservative coalition partner.[88]

Nevertheless, the second Brandt government programme still contained a number of reform promises, including assistance to workers to buy homes, limits on price-fixing cartels, a comprehensive energy policy, a tightening of tax concessions and subsidies to business, control of monopolization in the press, as well as legislative measures to improve conditions for the handicapped, the aged, and foreign workers, and improved rights for conscientious objectors to the military draft. But, in general, social-liberal reforms were clearly being scaled down

after 1972.

With the change in government economic policy, the focus of concerted action in the period after the 1972 election openly cast aside the "renewed opportunity" orientation with which it had been initially invested, to what Clark has called, an "institution of more symbolic than substantive significance." [89] The unions' inability to deliver rank-and-file restraint and the shift in government policy from Keynesianism to monetarism led to a steady decline in the importance of concerted action as an incomes policy instrument. Concerted action which played a key role in the Keynesian approach in the transition to monetarism lost its crucial importance. The "voluntary" wage restraint of concerted action was being replaced by a "coercive" wage restraint of taxing away "excessive" wage increases. The number of concerted action meetings stayed at only three annually in 1973 and 1974, and later fell to two meetings each in 1976 and 1977. The number of represented organizations and participants, on the other hand, rose to 25 organizations represented by 79 officials, three times the original size of the first meeting. But this only reflected concerted action's demise as a corporatist mechanism of economic planning rather than just a talk-shop for broad economic issue. The decline in importance of concerted action in turn called into question labour's corporatist strategy of equal social partnership. The shift to the right of the SPD, and a growing tendency within the coalition to coordinate government economic and social policy with business interests, also called into

question the benefit of an SPD-led government to labour's objectives.

The economy, except for a brief³ recovery in 1973, declined steadily and headed into recession by 1974. The rate of annual growth, after reaching 4.9 per cent in 1973, dropped to below one per cent in 1974, and industrial production fell from 5.4 per cent to a real decline of 0.8 per cent by 1974. Unemployment rose to 2.6 per cent by 1974. The number of workers on a reduced work week climbed from 1,000 in 1969 to 292,000 in 1974 with the number of vacancies at the same time falling from 833,000 to 315,00. Inflation rose to 7 per cent in 1973 and continued to rise.[90]

At the same time as the German economy became further integrated into international markets, the global economy was headed for recession. The 1973 oil crisis was followed by the global recession of 1974-75 and a decline in global trade. Global trade which had expanded by 13 per cent in 1973 plunged in 1974 to 3 per cent and contracted by 7 per cent in 1975. Rising oil prices depleted foreign currency reserves necessary to finance imports, and a decrease in the level of production and employment in advanced industrial countries led to a decline in demand for capital and consumer goods. German exports to the United States fell from 8.5 per cent of total exports in 1973 to 7.5 per cent in 1974. Exports to Germany's major Western European trading partners dropped from 63.9 per cent to 60.9 per cent during the same period.[91] As a result, the German economy went into recession in 1974-75 and contracted by 1.8 per cent in

1975. Industrial growth fell to -6.2 per cent and unemployment climbed to 4.7 per cent.

In early 1973, to cool off the economy, the Bundesbank had sharply reduced monetary liquidity by cutting the money supply (which had grown by 13.7% in 1972, 5.3% in 1973 and 5.9% in 1974) and raised interest rates from 6.6 per cent to 8.6 per cent. The Minister of Finance, Schmidt, introduced budget cuts and tax increases and to soak up further liquidity, introduced in May a 10 per cent stability surcharge on higher incomes, raised the gasoline tax and reduced investment subsidies. In the fall of 1973 the government announced further restrictive fiscal measures, including an 11 per cent investment tax, the suspension of accelerated depreciation allowances, and a DM 5.5 billion reduction in government borrowing.[92]

The combined restrictive measures of government and Bundesbank pushed the economy into recession by 1974, while inflation continued unabated at 7.0 per cent. With the rate of growth of capital investment dropping to just 0.2 per cent in 1973 economic growth was falling even before the oil crisis in November. Thus, the early export-driven upswing in 1973 only covered up growing crises and declines in some sectors of the economy. Bankruptcies in 1973 rose to 5,277, compared to only 3,930 in the recession year of 1967. As a result by the end of 1975 government and Bundesbank were forced to abandon most of their fiscal restraint measures.[93]

On the labour front, there had been a relative calm in 1972 (the Federal Statistics Office recorded 54 strikes involving less

than 23,000 workers) because contracts, especially in the metal-working industry, extended into 1973. However, in 1973 industrial conflict increased again. Most of the labour action in 1973 was in support of contract supplements to compensate for rising inflation, progression in income taxes and increased social insurance deductions. In the second half of the year non-monetary demands, such as job security, retirement benefits and better working conditions also formed part of union demands. The focus of strike actions in 1973 was the metal-working industry and the steel and coal industry of the Saar region. The rank-and-file expected more equality in income distribution from a SPD-led government with an increased majority instead of more appeals for wage restraint. Recommendations in early 1973 for a 8.5 per cent wage increase by the IG Metall executive, for example, were rejected on the shop floor as inadequate to maintain after tax real incomes. The result was a number of shop floor strikes throughout the spring and summer of 1973 forcing union leaders to negotiate larger increases.

In the summer of 1973 strikes in support of parity in pay for foreign workers and women were fought with particular intensity on both sides, including occupation of company premises, threats of dismissal, libel suits against strikers, police action "to protect" private property and the use of strike breakers. In the fall of 1973 metal workers in Schleswig-Holstein went on strike (for the first time since 1956) in support of a comprehensive agreement including non-monetary issues. In addition, in October 40,000 workers went on strike in

the metal-working industry in Nord-Wuerttemberg and Nord-Baden after employers had rejected the recommendations of the mediator in a dispute over a new comprehensive agreement that had been under discussion for the last 17 years.[94] After a 10 day strike an agreement was signed giving the unions almost all they had asked for.[95]

As a result of the shift in the coalition's economic policy course in the concerted action meetings the unions came under growing pressure for more wage restraint while being offered very little in return. At the first meeting in February 1973, the new FDP Minister of Economic Affairs, Hans Friderichs, confirmed the coalition's new restrictive policy course. Friderichs reconfirmed the government's 15-point programme introduced at the last meeting in 1972 by Schmidt, and tried to pressure the unions into further wage restraint arguing that government would otherwise be forced, even against the strongest opposition, to impose a stabilization surcharge to soak up excessive spending power in the market. The underlying argument was that rising inflation to a large extent was fuelled by excessive wage increases. Wage restraint therefore was vital to control inflation.

DGB and union representatives responded that with continuously rising prices and a growing asymmetry in income distribution, the utility of the market economy as a means of securing greater equality and improved standards of living for the working class was becoming questionable. Moreover, workers and unions for the last twenty years had accepted and looked to

the market economy for improvements of the living standard and a more equal distribution in income, committed themselves to work within the market economy and even accepted the need for wage restraint. Recent wage agreements, however, were barely sufficient to prevent a decline in real earnings. Prices at the same time were rising unchecked, industrial prices in spite of falling per-unit wage costs in the last months again had risen sharply, and the structure of income distribution was changing to the disadvantage of workers.[96]

Faced with accelerating economic growth and still rising wage demands, the government in mid February 1973 announced further stabilization measures which included a limit on budget expansion, a cut of the federal civil service by 2,000 positions, a refundable and non-refundable stabilization surcharge, an increase in gasoline taxes and cuts in investment subsidies to business. In May 1973, with inflation reaching 7 per cent, the government announced additional measures. Included were a second refundable surcharge and a lowering in the minimum level of incomes to be subject to a non-refundable stability surcharge; introduction of an 11 per cent investment tax; abolition of accelerated depreciation allowances for capital goods ordered between May 1973 and May 1974; advanced payment of income and corporate taxes; a postponement of 10 per cent on all federal and Laender public investment spending, a 5 per cent budget cut; and a DM 5.5 billion limit on public borrowing.[97]

At the next concerted action meeting the Minister, because most of the new policy measures would not to become fully

effective until the end of the year, demanded more wage restraint from the unions. To parry union fears of a growing gap in income distribution, Friderichs stressed that most of the burden imposed by the measures had been placed on private investment in an attempt to prevent an escalation of profits, which could only lead to unacceptable wage demands. While restricting private investment to slowdown the economy, the government clearly continued to identify wage demands as the major cause of rising inflation and attempted to control wage increases. DGB and trade union representatives, charging that the government's stabilization measures did not nearly go far enough, criticized the government for not acting on the proposal for an expert commission to investigate pricing structures and for not taking any concrete steps to eliminate existing price-fixing structures and practices.[98]

Although the economy in mid-1973 showed signs of slowing down, prices continued to rise. The consumer price index stood at 7.2 per cent in July. As a result government, Bundesbank, SVR and business associations at the next concerted action meeting in September again demanded greater wage restraint from the unions. DGB and union representatives, for their part, called for more consumer information, a price-stability-oriented public purchasing policy, and renewed their proposal for the establishment of an expert commission to analyze price structures in controlled markets. The minister rejected the proposal, arguing that planned amendments to the cartel law would be sufficient to address the problem.[99]

On the whole, despite the clear shift in the Coalition's economic policy course at the expense of labour and social reforms the union leadership continued to cooperate in concerted action and tried to deliver some measure of wage restraint. In response to wildcat strikes in 1973 the IG Bergbau und Energie singled out the head of the German communist party (DKP) as the culprit behind the strikes.[100] And in response to spontaneous strikes in the steel industry in 1973 the IG Metall accused striking steel workers of breaking the law and of compromising union interests. In addition to ordering union members back to work the executive cooperated with management in an attempt to end the strikes.[101] Nevertheless, the IG Metall leadership had to walk a narrow line if it was not to alienate its militant core and when the strikes spilled over into the metal-working industry, the union executive rejected allegations that the strikes were directed against the union itself. The strikes in both 1969 and in 1973, the executive charged, clearly were the result of problems on the shop-floor and came in response to employers' tactics.[102]

Under growing pressure from the rank-and-file, union leaders tried to defend their role in concerted action. At the 9th DGB federal congress in 1972, the union leadership responded to growing criticism from congress delegates and demands for withdrawal from concerted action by assuring delegates that no real "concerted action" had come out of the talks and trade union autonomy in collective bargaining had in no way been undermined.[103] At the same time, union leaders still stressed

the importance of concerted action as a forum for exchange of vital information, an opportunity for labour participation in the economic policy process and to table trade union demands and objectives. Withdrawal, they charged, would amount to not facing reality.[104] But there was no mistaking the fact that union leaders had become more defensive in their response, in so far as they now stressed the non-binding nature of the talks. And it was noteworthy, with regard to what was in store for concerted action, that the Wood and Plastic Workers' Union congress in 1973 passed a resolution calling for the withdrawal from concerted action, citing the lack of concession on crucial social and economic issues and the danger of interference in collective bargaining.[105]

Conclusion

At the end of 1969 the new Social Democratic-Liberal coalition with the left-leaning FDP presented itself as the new basis for the unions' corporatist strategy of social partnership through cooperation in concerted action with business and state. The SPD was now the majority party in a left-leaning coalition that was clearly sympathetic to labour's agenda. The coalition's reform programme and economic policy course seemed to bear out union expectations of a final breakthrough. The Coalition brought in a number of significant reforms long demanded by labour: the 1969 Arbeitsfoerderungsgesetz (Work Promotion Law), the 1970 Gleichstellung der Arbeiter im Krankheitsfall (Equal

Health Coverage for Blue-Collar Workers), the 1972 Rentenreformgesetz (Old Age Pension Reform Law) and the 1972 Betriebsverfassungsgesetz (Work Council Law). The reforms led to improvements in job training, retraining and job creation; increases in unemployment insurance benefits; full sick-leave coverage for blue-collar workers; flexible retirement starting at age 63, increases in old age pensions and expanded pension coverage for low income groups; expanded co-determination for workers at the company level in social and personnel issues, and protection for work councilors from arbitrary dismissal.

In concerted action the coalition was making concessions to the unions, such as suspension of specific target figures for projected wage and salary increases, and allowing opposing views and positions to be reflected in the final communiques. In addition, the Minister of Economic Affairs supported the unions against business in defending wage increases in 1970 as reasonable and necessary.

As we have seen, however, the unions still lacked the support of business in concerted action and at the bargaining table. Business was determined to recover losses and protect profits. Under pressure from continuing shop-floor strikes by workers determined to close the profit-wage gap and to secure a share of renewed economic growth, employers centrally organized their resistance to union demands at the bargaining table. In concerted action business associations coordinated joint positions to control trade union bargaining power.

The limits of the Coalition's new flexibility and commitment

to labour's long-term objectives soon became only too obvious. With a decline in economic growth, and rising inflation and wages at the end of 1970 the Coalition began to reverse its pro-labour policy course. To force the unions into wage restraint the Coalition re-introduced specific target figures for projected wage increases, held the unions responsible for rising inflation, and tried to link wage increases to increases in productivity and job security.

In late 1971 and early 1972 conditions for the realization of labour's objectives began to deteriorate even further when the Coalition's reform programme and its economic policy course came under rising pressure from the right, which was trying to bring down the coalition. Business leaders were concerned that pressure from the left within the SPD and from trade unions could fundamentally change the structure of ownership and control in the economy. Moreover, with stagflation pressure was building for a change in the Coalition's economic policy course away from Keynesian demand-side global steering towards a more restrictive supply-side monetarism.

Despite the fact that the outcome of the 1972 election appeared as a victory for labour's agenda over capital's, post election developments under renewed pressure from capital, led to a strengthening of the right-of-center within both SPD and FDP. The resignation of Schiller in mid-1972, the appointment of the right-of-center Schmidt to the double portfolio of Economic Affairs and Finance had already suggested this turn, and the hand over after the 1972 election of Economic Affairs to the FDP set

the course for a more restrictive monetarist approach. The result was a shift in economic policy de-emphasizing Keynesianism and adopting restrictive monetarist solutions, and a down-grading of concerted action as an economic policy instrument. Moreover, it led to the postponement of more fundamental reforms, with the FDP after the 1972 election opposing reforms that in any way interfered with the market economy, free enterprise and the structure of industrial relations, forcing the SPD once again to make concessions to its more conservative coalition partner. As a consequence the union leadership's hopes for concerted action were frustrated, as well. Concerted action became a forum to control wage demands and union bargaining power with the Minister threatening to tax away "excessive" wage concessions.

The union leadership came under contradictory pressures as they tried to save their corporatist strategy of social partnership and legitimize their role in concerted action with the rank-and-file. Business and state leaders refused concessions in return for wage restraint and blocked all attempts to expand the talks to include issues beyond wages and salaries. Rank-and-file action and union-congress delegates opinion reflected a growing perception that the corporatist strategy of social partnership within concerted action was detrimental to the interests of labour.

ENDNOTES

1. The policy paper had been commissioned by party leader Erich Mende back in November 1965. At the 1966 party convention, Mende, however, rejected the recommendations of the paper and the conference narrowly defeated what would have been the most progressive foreign policy position of any German party at the time (Kaak, Die F.D.P., 40).

2. Kaak, Die F.D.P., 39-40.

3. A coalition of SPD-FDP at the federal level was further facilitated by the fact that such a coalition had been in place since 1966 at the Laender-level in Nordrhein-Westfalen. In December 1966 the FDP in Nordrhein-Westfalen had withdrawn from coalition with the CDU and had joined the SPD in a new coalition government. (Miller, Die SPD vor und nach Godesberg, 46, and Kaak, Die F.D.P., 38).

4. Party leader Walter Scheel became Minister of Foreign Affairs and Vice Chancellor, party deputy Hans-Dieter Genscher took over as Minister of the Interior and Josef Ertl became Minister of Agriculture.

5. Herbert Wehner, one of the negotiators of the coalition with the CDU/CSU in 1966, although not on the party's right, also argued for continuing the coalition with the CDU/CSU (Rovan, Geschichte der Deutschen Sozialdemokratie, 274, 348).

6. Rovan, Geschichte der deutschen Sozialdemokratie, 276.

7. Bundesregierung, "Brandt-Regierungserklaerung," Deutscher Bundestag, 6. Wahlperiode, 5. Sitzung, 28. Oktober 1969.

8. "Der Regierung eine Chance geben," Rheinpfalz, October 26, 1969.

9. "SPD-FDP Koalition will die Wirtschaftspolitik Schillers fortsetzen," Stuttgarter Zeitung (Stuttgart), October 4, 1965.

10. Interview with the head of the DGB Economic and Social Science Research Institute, WSI, Heinz Markmann, October 26, 1982.

11. "Der Deutsche Gewerkschaftsbund gab nach, Verzicht auf paritaetische Mitbestimmung," General Anzeiger (Bonn), November 22, 1969.

12. Miller, Die SPD vor und nach Godesberg, 48.

13. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 139-140.

14. Rovan, Geschichte der deutschen Sozialdemokratie, 328.

15. Miller, Die SPD vor und nach Godesberg, 164-166.

16. Miller, Die SPD vor und nach Godesberg, 166-167.

17. Later in 1973 the Left opposed the draft of the "Orientierungsrahmen '85" for its lack of dialectic-materialist analysis and forced the establishment of a new commission which was chaired by the left-of-center leader of the SPD in Niedersachsen, Professor Peter von Oertzen.

18. Rovan, Geschichte der deutschen Sozialdemokratie, 336.

19. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 139-140.

20. IG Metall, Protokoll Zehnter ordentlicher Gewerk-

schaftstag der Industriegewerkschaft Metall fuer die Bundesrepublik Deutschland (Rhein-Main Halle, Wiesbaden 27. September bis 2. Oktober 1971) (Frankfurt: Union-Druckerei, 1972).

21. For a detailed account of strike developments in the Federal Republic between 1948 and 1968 see Rainer Kablitz, Die Arbeitskämpfe in der Bundesrepublik Aussperrung und Streik 1948-1968. For strike developments in the period from 1966 to 1974 see Steinhaus, Streiks in der Bundesrepublik 1966-1974, also see Walther Mueller-Jentsch, "Strikes and Strike Trends in West-Germany 1950-1978," Industrial Relations Journal 4 (July/August 1981), 36-57.

22. For a more detailed discussion of strike developments in 1970 see Steinhaus, Streiks in der Bundesrepublik 1966-1974, 72-80.

23. Walther Mueller-Jentsch, "Die spontane Streikbewegung 1973," in Otto Jacobi, Walther Mueller-Jentsch, Eberhardt Schmidt (eds.), Kritische Jahrbuch 1974 (Frankfurt: Fischer, 1974); Eberhardt Schmidt, "Spontane Streiks 1972/73," in Otto Jacobi, Walther Mueller-Jentsch, Eberhardt Schmidt (eds.), Kritische Jahrbuch 1973 (Frankfurt: Fischer, 1973).

24. For a more detailed discussion of trade union structure and decision-making, and shop-steward position within the unions see Mueller-Jentsch and Sperling, "Economic Development, Labour Conflicts and the Industrial Relations System in West Germany"; Bergmann and Mueller-Jentsch, "The Federal Republic of Germany: Cooperative Unionism and Dual Bargaining System Challenged."

25. Frank Deppe, Kaethe Gerstung, Witich Rossmann, Gerhard Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976), in Deppe et al., Geschichte der deutschen Gewerkschaftsbewegung, 455-56.

26. The Betriebsverfassungsgesetz fell short of giving workers a say in production, economic management and investment decisions, it still limited works councilors to resolve problems without strike action and prohibited political activity of workers or their elected representatives on the shop floor (Deppe et al., Geschichte der Gewerkschaftsbewegung, 439, for a detailed discussion of the Betriebsverfassungsgesetz see also Gerd Siebert and Barbara Degen, Betriebsverfassungsgesetz '72 (Frankfurt: -----, 1975)).

27. The discussion of German economic policy development between 1969-74 is based primarily on Markovits and Allen, "Trade Unions and the Economic Crisis; The West German Case," 128-133.

28. Elections were coming up in Bayern, Bremen, Hessen, Niedersachsen, Nordrhein-Westfalen and Saarland.

29. BDA, Gespräch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 24. 11. 1969, (BDA minutes of the 14th meeting of concerted action), Koeln, November 26, 1969.

30. DGB, Vorgespräche zur Konzertierten Aktion am 16. 12. 1969 im BWL, (DGB minutes of preliminary talks to concerted action), Duesseldorf, December 18, 1969.

31. BDA, Gespräch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 12. January 1970, (BDA minutes of the 15th meeting of concerted action), Koeln, January 13, 1970.

32. BDA, Gespræch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 17. Maerz 1970, (BDA minute of the 16th meeting of concerted action), Koeln, March 18, 1970.

33. BDA, Gespræch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 17. Juli 1970, (BDA minute of the 17th meeting of concerted action), Koeln, July 20, 1970; DGB, Protokoll der Sitzung der Konzertierten Aktion am 17. Juli 1970 im Bundeswirtschaftsministerium in Bonn, (DGB minutes of the 17th meeting of concerted action), Duesseldorf, July 22, 1970.

34. BDA, Gespræch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 9. Oktober 1970, (BDA minutes of the 18th meeting of concerted action), Koeln, October 12, 1970; DGB, Protokoll der Sitzung der Konzertierten Aktion am 9. 10. 1970 im Bundeswirtschaftsministerium in Bonn, (DGB minutes of the 18th meeting of concerted action), Duesseldorf, October 15, 1970.

35. BDA, Gespræch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 9. Oktbber 1970, (BDA minutes of the 18th meeting of concerted action), Koeln, October 12, 1970; DGB, Protokoll der Sitzung der Konzertierten Aktion am 9. 10. 1970 im Bundeswirtschaftsministerium in Bonn, (DGB minutes of the 18th meeting of concerted action), Duesseldorf, October 15, 1970.

36. BDA, Gespræch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 10. Dezember 1970, (BDA minutes of the 19th meeting of concerted action), Koeln, December 11, 1970; DGB, Protokoll der Sitzung der Konzertierten Aktion am 10. 12. 1970 im Bundeswirtschaftsministerium, (DGB minutes of the 19th meeting of concerted action), Duesseldorf, December 22, 1970.

37. BDA, Gespræch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 4. Maerz 1971, (BDA minutes of the 20th meeting of concerted action), Koeln, March 5, 1971.

38. BDA, Gespræch beim Bundeswirtschaftsminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 4. June 1971, (BDA minutes of the 21th meeting of concerted action), Koeln, June 7, 1971.

39. BDA, Gespræch beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 10. Dezember 1971, (BDA minutes of the 23th meeting of concerted action), Koeln, December 13, 1971.

40. Robert J. Flanagan, David W. Soskice and Lloyd Ulman, Unionism, Economic Stabilization, and Incomes Policy (Washington: The Brookings Institute, 1983), 243.

41. Mueller-Jentsch, "Conflict, Adaptation and Re-Adjustment within the German Industrial Relations System During the 1970s," paper delivered at Cambridge Colloquium, King's College, September 1983, 15.

42. Werner Herbert, "Vereint Schlagen," Kieler Nachrichten (Kiel), October 23, 1969, also see "Wirtschaftspolitische Forderungen an die neue Deutsche Regierung," Neue Zuercher Zeitung (Zuerich), October 24, 1969.

43. For a detailed discussion of the Gemeinschaftsausschuss der Deutschen Gewerblichen Wirtschaft see, Simon, Macht und Herrschaft der Unternehmerverbände BDI, BDA und DIHT, 69 ff.

44. BDA, Gespræch beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion am 12. January 1970, (BDA minutes of the

15th meeting of concerted action), Koeln, January 13, 1970.

45. BDA, Gespraech beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 10. Dezember 1971 (BDA minutes of the 23th meeting of concerted action), Koeln, December 13, 1971.

46. The committee, composed of the trade union and BDA representatives, was to analyze profit and cost developments and formulated stability-oriented wage policies (BDA, Gespraech beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 4. Juni 1971 (BDA minutes of the 21th meeting of concerted action), Koeln, June 7, 1971).

47. BDA, Gespraech beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 16. Juni 1972 (BDA minutes of the 25th meeting of concerted action), Koeln, June 21, 1972; DGB, Protokoll der 25. Sitzung der Konzertierten Aktion am 16. Juni 1972 im Bundesministerium fuer Wirtschaft und Finanzen (DGB minutes of the 25th meeting of concerted action), Duesseldorf, June 28, 1978.

48. BDA, Gespraech beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 5. 10. 1972 (BDA minutes of the 26th meeting of concerted action), Koeln, October 24, 1972; DGB, Protokoll der 26. Sitzung der Konzertierten Aktion am 5. Oktober 1972 im Bundesministerium fuer Wirtschaft und Finanzen in Bonn (DGB minutes of the 26th meeting of concerted action), Duesseldorf, November 2, 1978.

49. Frank Deppe and Heinz Jung, "Entwicklung und Politik der herrschenden Klasse in der Bundesrepublik," 474.

50. Douglas Webber, "A Relationship of 'Critical Partnership' ? Capital and the Social-Liberal Coalition in West Germany," Western European Politics 2 (April 1983), 66.

51. BDI, Jahresbericht 1970/71, (1. Juni 1970 bis 31. Maerz 1971) (Bergisch Gladbach: Joh. Herder Druckerei und Verlag, 1971), 23.

52. Rolf Rodenstock, "Wandlung in der Staats- und Wirtschaftsgesinnung," Rheinischer Merkur, June 19, 1970.

53. BDA, Arbeitgeber. Jahresbericht der Bundesvereinigung der Deutschen Arbeitgeberverbaende 1970 (Bergisch Gladbach: Joh. Heider Druckerei und Verlag, 1970), 11.

54. BDI, Jahresbericht 1970/71 (Bergisch Gladbach: Joh. Herder Druckerei und Verlag, 1971), 10-13.

55. Berghahn, Unternehmer und Politik in der Bundesrepublik, 325.

56. BDI President, Fritz Berg, in a year-end address to the Chamber of Industry and Commerce of Hagen in December 1970 (quoted from Berghahn, Unternehmer und Politik in der Bundesrepublik, 318-319).

57. BDI President, Fritz Berg at a meeting of the Bielefeld Employers' Association in May 1969 (quoted from Berghahn, Unternehmer und Politik in der Bundesrepublik, 318-319).

58. Otto A. Friedrich had long standing close ties with Helmut Schmidt, the new Minister of Defense, going back to Schmidt's days as Senator of the Interior in the city government of Hamburg. In addition, Friedrich's son, an assistant to Schmidt as caucus leader in the previous Bundestag, had followed him to

the Defense post.

59. Berghahn, Unternehmer und Politik in der Bundesrepublik, 314-317.

60. The German industrialists that signed the BDI open letter included F. Berg, Kurt Hansen (Bayer), Konrad Henkel, G. Henle, R. Leiding (VW), D. v. Menges (GHH), F. A. Neumann, H. L. Merkle, (Bosch), E. Overbeck (Mannesmann), R. Schlenker (Reemestma), P. v. Siemens, R. Rodenstock, B. Timm (BSAF), O. Wolff v. Amerongen, O. F. Friedrich, J. Zahn (Daimler-Benz), E. v. Kuenheim (BMW). Berghahn, Unternehmer und Politik in der Bundesrepublik, 318-320.

61. Berghahn, Unternehmer und Politik in der Bundesrepublik, 314.

62. FDP, Die Freiburger Thesen der F.D.P. zur Gesellschaftspolitik (Bonn: Liberal-Verlag, 1971).

63. Miller, Die SPD vor und nach Godesberg, 50.

64. Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 454.

65. Georg Fuelbert and Juergen Harrer, "Geschichte und Besonderheit der demokratischen Bewegung und der Arbeiterbewegung in der Bundesrepublik," in Albrecht et al., Beitraege zu einer Geschichte der Bundesrepublik Deutschland, 475-76.

66. Winfried Wolf, "Westdeutsche Wirtschaftskrise 1974/75 und der Bankrott sozialdemokratischer Politik," in Ernst Mandel and Winfried Wolf, Weltwirtschaftsrezession und BDR-Krise 1974/1975 (Frankfurt: Internationale Sozialistische Publikationen, 1976), 96-97.

67. Joerg Huffschnid, "Historischer Hintergrund und gesetzmaessige Entwicklung der Wirtschaftskrise in der BRD," in Joerg Huffschnid and Herbert Schui (eds.), Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD, 56-7.

68. For a more detailed discussion of the structural changes in German industry see Huffschnid, "Historischer Hintergrund und gesetzmaessige Entwicklung der Wirtschaftskrise in der BRD," 61-64, and Abelshauser, Wirtschaftsgeschichte der Bundesrepublik Deutschland 1945-1980, 119-132.

69. Christian Deubner, "Change and internationalization in industry: towards a sectoral interpretation of West German politics," International Organization, 3 (Summer 1984), 507.

70. Joerg Huffschnid, "Monopolisierung in der Krise. Entwicklung und Wirkungen von Konzentration und Zentralisation in der BRD," in Huffschnid and Schui, Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD, 84.

71. Between 1973-75 the eight largest industrial enterprises, in terms of total sales, increased their profit rate by an average 31 percentage points. Chemical, automobile and electronics enterprises such as Hoechts, BASF, Mercedes-Benz and Siemens averaged increases of 41%, 42%, 44% and 51% respectively (Huffschnid, "Monopolisierung in der Krise. Entwicklung und Wirkungen von Konzentration und Zentralisation in der BRD," 96).

72. Huffschnid, "Monopolisierung in der Krise. Entwicklung und Wirkungen von Konzentration und Zentralisation in der BRD" 97.

73. Estimates for 1971 by the German Institute for Economic

Research (Deutsche Institut fuer Wirtschaftsforschung, DIW) indicated that suppliers accounted for an additional 13 per cent of the GDP.

74. Wolf, "Westdeutsche Wirtschaftskrise 1974/75 und der Bankrott sozialdemokratischer Politik," 61-76.

75. Hilmar Hopf and Gaby Mayr, "Die Entwicklung der Aussenwirtschaftsbeziehungen der BRD," in Huffs Schmid and Schul, Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD, 104-10.

76. Sachverstaendigenrat, "Konjunktur im Umbruch - Risiken und Chancen -", Bonn, December 3, 1970.

77. Elmar Altvater, Juergen Hoffmann and Willi Semmler, Vom Wirtschaftswunder zur Wirtschaftskrise (Berlin: Dile & Wolters, 1980), 330; Sachverstaendigenrat, "Waehrung, Geldwert, Wettbewerb - Entscheidung fuer morgen -", Bonn, November 22, 1971.

78. Wissenschaftlicher Beirat beim Bundesministerium fuer Wirtschaft, Stellungnahme zu den Grundfragen der Stabilitaetspolitik, Bulletin des Presse- und Informationsdienstes der Bundesregierung, No. 44, 1973, 401.

79. Schiller, upset over the quick acceptance of his resignation by Brandt and his replacement by Schmidt also resigned from the SPD and later joined the opposition CDU in the election campaign (Rovan, Geschichte der deutschen Sozialdemokratie, 317; also see "Karl, billiger werden wir dich nicht loss," Der Spiegel, 28 (July 1972), and "Ein guter Abgang ziert die Uebung," Der Spiegel 29 (July 1972)).

80. BDA, Gesprach beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 10. Maerz 1972, (BDA minutes of the 24th meeting of concerted action), Koeln, March 13, 1972; BDA, Gesprach beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 16. Juni 1972, (BDA minute of the 25th meeting of concerted action), Koeln, June 21, 1972; DGB, Protokoll der 25. Sitzung der Konzertierten Aktion am 16. Juni 1972 im Bundesministerium fuer Wirtschaft und Finanzen, (DGB minutes of the 25th meeting of concerted action), Duesseldorf, June 28, 1972.

81. BMW, Ergaenzende Massnahmen gegen Preissteigerungen, (anti-inflation measures), Bonn, August 24, 1972.

82. BDA, Gesprach beim Bundesminister fuer Wirtschaft und Finanzen im Rahmen der konzertierten Aktion am 5. 10. 1972, (BDA minute of the 26th meeting of concerted action), Koeln, October 24, 1972; DGB, Protokoll der 26. Sitzung der Konzertierten Aktion am 5. Oktober 1972 im Bundesministerium fuer Wirtschaft und Finanzen, (DGB minutes of the 26th meeting of concerted action), Duesseldorf November 11, 1972.

83. The resolution calling for the replacement of concerted action by a federal economic and social council was introduced by the DGB federal youth wing (DGB, 9. Ordentlicher Bundeskongress (Berlin: Graphische Gesellschaft Grunewald, 1972)).

84. It is still an open question exactly why a portfolio as crucial as the ministry of economic affairs was handed over to the FDP. Wolfgang Streek from the Internationale Institut fuer Management und Verwaltung in Berlin argued "the loss of control of the ministry to the FDP was the result of Brandt's drinking

problem and his failure to concentrate on the business of cabinet formation." (Interview, Berlin, November 22, 1982). The DGB and the trade unions, as the head of the DGB Economic and Social Research Institute, WSI, Dr. Heinz Markmann, pointed out "never understood why Willy Brandt without consultation with the DGB handed the portfolio to the FDP under Friderichs, and never received more than an evasive answer from the party." (Interview, Duesseldorf, October 26, 1982).

85. In the early days of the Federal Republic the FDP had enjoyed the support of leading industrialists. With the party's shift to the left-of-center and the formation of the SPD/FDP coalition in 1969 it had lost this the support. The consequent drop in financial support from business brought the party to the brink of financial crisis. After the 1972 election, to balance the strength of the left-wing in the SPD, business once again turned to the FDP (Webber, "A Relationship of 'Critical Partnership' ? Capital and the Social-Liberal Coalition in West Germany," 68-96).

86. Quoted from, Webber, "A Relationship of 'Critical Partnership' ? Capital and the Social-Liberal Coalition in West Germany," 69.

87. Miller, Die SPD vor und nach Godesberg, 62.

88. Rovin, Geschichte der Deutschen Sozialdemokratie, 320-323.

89. Jon Clark, "Concerted Action in the Federal Republic of Germany," British Journal of Industrial Relations 2 (1979), 253.

90. Werner Abelshauser, Wirtschaftsgeschichte der Bundesrepublik Deutschland 1945-1980, 104.

91. Ernest Mandel, "Weltwirtschaftsrezession und die gesellschaftliche Krise des Kapitalismus 1974/75," in Mandel and Wolf, Weltwirtschaftsrezession und BDR-Krise 1974/1975, 15-16.

92. Wiebke Krueer-Buchholz, "Gewerkschaftliche Politik und Programmatik gegen Lohnabbau und Arbeitslosigkeit," in Huffs Schmid and Schui, Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD, 380.

93. Krueer-Buchholz, "Gewerkschaftliche Politik und Programmatik gegen Lohnabbau und Arbeitslosigkeit," 381.

94. Union demands included job protection and security of retirement benefits from age 50 on; introduction of a minimum 6 minute rest period per hour for production-line and piece work; a fixed minimum 1.5-minute time unit for piece work; and a guaranteed minimum income for piece work.

95. For a more detailed discussion of strike developments in 1973 see Steinhaus, Streiks in der Bundesrepublik 1966-1974, 115-143.

96. BDA, Gespraech beim Bundesminister fuer Wirtschaft im Rahmen der Konzertierten Aktion 2. Februar 1973, (BDA minutes of the 27th meeting of concerted action), Koeln, February 7, 1973; DGB, Protokoll der 27. Sitzung der Konzertierten Aktion am 2. 2. 1973 im Bundesministerium fuer Wirtschaft in Bonn, (DGB minutes of the 27th meeting of concerted action), Duesseldorf, February 23, 1973.

97. DGB, Protokoll der 28. Sitzung der Konzertierten Aktion am 18. Mai 1973 im Bundesministerium fuer Wirtschaft in Bonn,

(DGB minutes of the 28th meeting of concerted action)
Duesseldorf, June 4, 1973.

98. BDA, Gespraech beim Bundesminister fuer Wirtschaft im Rahmen der Konzertierten Aktion am 18. Mai 1973, (BDA minutes of the 28th meeting of concerted action) Koeln, May 24, 1973; DGB, Protokoll der 28. Sitzung der Konzertierten Aktion am 18. Mai 1973 im Bundesministerium fuer Wirtschaft in Bonn, (DGB minutes of the 28th meeting of concerted action) Duesseldorf, June 4, 1973.

99. BDA, Gespraech beim Bundesminister fuer Wirtschaft im Rahmen der Konzertierten Aktion am 25. 9. 1973, (BDA minutes of the 29th meeting of concerted action), Koeln, September 28, 1973; DGB, Protokoll der 29. Sitzung der Konzertierten Aktion am 25. September 1973 im Bundesministerium fuer Wirtschaft in Bonn, (DGB minutes of the 29th meeting of concerted action), Duesseldorf, October 10, 1973.

100. Einheit, Zeitung der IG Bergbau und Energie, No. 22, November 15, 1973, "DKP-Ballon geplatzt," 1; Commentary: "Lenin laeuft weiter mit," 2; and "DKP-Drahtzieher auf Saargruben - An der Ruhr die Weichen gestellt," 8.

101. Eugen Loderer, head of the IG Metall in Gewerkschafts-spiegel 5 (1973), 13.

102. Quoted from Bergmann, Jacobi, Mueller-Jentsch, Gewerkschaften in der Bundesrepublik, vol. 1, 411.

103. Quoted from Bergmann, et al., Gewerkschaften in der Bundesrepublik vol. 1, 100-101.

104. DGB, 9. ordentlicher Bundeskongress (25. bis 30. Juni) (Berlin: Graphische Gesellschaft, 1972), as well as at congresses of member unions.

105. Hugo Mueller, Konzertierte Aktion und ueberbetriebliche Mitbestimmung, 62.

CHAPTER

5

THE END OF CONCERTED ACTION, 1974-1977

In the period after 1973 labour, within the context of the growing economic crisis, came under even greater pressure from inside concerted action. In the face of declining profitability in industry, the coalition adopted an explicitly restrictive monetarist policy course and de-emphasized concerted action as an economic policy instrument. As a result, concerted action in the period of 1974-77 manifestly changed from a forum of "cooperation" in economic steering to an instrument for controlling trade union wage demands and union bargaining power. The union leadership still wanted to continue to "cooperate," and maintained its commitment to the goals of concerted action. In the end, as we shall see, it was a combination of growing rank-and-file pressure to withdraw from the talks and business response to the 1976 Mitbestimmung Law that finally forced the unions to leave the concerted action talks altogether, although they remained committed to their corporatist strategy of social partnership beyond 1977.

Chapter five covers the events from early 1974 to the breakdown of concerted action in 1977 and developments thereafter. Section one focuses on the nature of the growing crisis of the 1970s, the subsequent shift further to the right in the Coalition's economic policy course as well as business response to the crisis. The unions' response to changing

economic conditions is the focus of section two, and the impact of the growing crisis on concerted action is discussed in section three. Section four deals more specifically with the unfolding of the Mitbestimmungs issue. And section five, finally, looks at post-1977 developments.

Supply-Side Economics

The German economy, as Deppe and Jung have pointed out, beginning in the early 1970s experienced a growing Kapitalsverwertungskrise (profitability crisis) - growing relative surplus capital and declining investment opportunities. The crisis was the result, on the one hand, of increasing monopolization, particularly in high technology growth-industries, and of a relative decline in the expansion of the German economy, stagnant consumer demand and rising costs of business, on the other. The state no longer was able to provide new opportunities for surplus capital in search of investment. This led to intensified internationalization of surplus capital in search of investment opportunities. Although external expansion (export of goods and finance capital) had always been part of German economic development, what changed in the 1970s was the internationalization of production and investment capital. The result was growing competitive strength internationally of German monopoly capital, and a weakening of the country's domestic economic potential. Uneven developments of the monopoly and non-monopoly sectors became more pronounced. The growing difference, however, was not just a matter of a shift

in the relative weight of economic sectors, but a decline in the non-monopoly sector through the destruction of productive capital. This not only had serious consequences for the reproductive potential of the non-monopoly sector, but also for the working class because of the consequent rise in structural unemployment.[1]

In 1974-75, with a rapid decline in international trade (down from 13% in 1973 to 0.4% in 1974 and -7% in 1975); following the oil crisis at the end of 1973, the German economy, along with other industrialized capitalist economies went into recession. The rate of GNP growth dropped to 0.4 per cent in 1974 and contracted by 1.8 per cent in 1975, and industrial growth contracted by 0.8 per cent and 5.3 per cent respectively. Germany, in contrast to other countries, recovered in 1976, and at least on the surface, as Deppe and Jung argued, came out of the recession without qualitative changes in the structure of class forces and without internal social and political conflicts. This in general was attributed to the strength of the "Modell Deutschland," the combination of capitalist "market economy," which held a privileged position in international markets as a result of specialization in high quality capital goods (mainly in machine tools), and the social partnership of capital and labour. Although unemployment remained high with 4.6 per cent (by German standards) and wage increases did not recover to the levels of the early 1970s, inflation declined and the economy recovered to the point that in the late 1970s the Federal Republic was expected to act as the engine of the global economy. Germany was

seen as a country that had achieved stable growth, through prudent fiscal and monetary management, while still maintaining a comparatively generous welfare system.[2]

The fast recovery of the German economy in 1976-77 is partially explained by the fact that OPEC oil was traded in US dollars and not in German marks (DM), and that as a result of the government's restrictive fiscal and monetary policies the DM appreciated considerably against the US dollar. In addition, German industry had a comparative advantage in important sectors because of its specialization in high quality capital goods (mainly machine tools) and the quality of its products, and was able to maintain its export markets. The Federal Republic enjoyed a competitive advantage internationally also because wage costs in other OECD countries between 1974 and 1978 tended to rise on average two and a half times as fast as in Germany. Moreover, the Federal Republic developed its trade with the OPEC countries, achieving a balance of trade surplus with OPEC countries by 1977, more rapidly than the United States, Japan, France and Britain .[3]

In the late 1970s and early 1980s, however, the picture of German prosperity and sound economic management changed, revealing the deeper nature of the problem we outlined. The economy and industrial production declined and inflation and unemployment rose again, and by the time of the second oil crisis at the end of the decade the country's trade surplus (that rose from \$3.5 billion and \$9.8 billion between 1974-78) turned into a deficit of \$5.2 billion in 1979 and \$10 billion and \$15 billion

4

MicroD

in 1980-81 respectively.[4]

From the mid-1970s onwards, business responded to the growing profitability crisis in several ways. It accelerated the process of rationalization and the introduction of new technologies in production, on the one hand, and intensified the internationalization of labour-intensive production and of investment capital, on the other. To reduce the cost of business and to facilitate the rationalization as well as the internationalization of production and surplus capital business made growing demands on both government and labour.

From the government capital sought to secure more business-oriented policies to reduce costs and support in financing growth-stimulating investment programmes.. Specifically, business demanded tax cuts and tax exemptions, cuts in regulations, lower interest rates, and a reduction in the government's growing budget deficit. Moreover, reductions in costs arising from social legislation were demanded through cuts in social programmes and social reforms. The non-monopolistic, stagnant and marginal industries, for their part, were looking for protection from foreign competition, measures to strengthen the domestic market and subsidies to support traditional products and production processes.

In addition, business called on the state to control rising trade union demands (wages, social welfare and social reform demands which all would result in increased costs to business) and trade union bargaining power, and to "discipline" the working class through cuts in and a tightening of unemployment insurance and

social welfare. The government was expected to restrain those social forces that focused on alternatives to meet social needs and not on the need for profits.[5]

The politics of business was influenced by its determination to use the crisis to "trim the fat" and to discipline workers, in addition to utilizing the political power of the state to improve the "investment climate." It was this determination that shaped its strategies and tactics in its confrontations with labour. From trade unions and workers business demanded cuts in labour costs, including lower wage demands and fringe benefits, and increased productivity. To secure these objectives business attempted to link job security to concessions from unions and workers[6], and used pressure tactics such as lockouts and strike breakers in a direct confrontation with labour.

Little of this was entirely new, but the determination of business in the pursuit of its demands was reflected in the increasingly close cooperation between BDI and BDA in their relations with government and the trade unions, their growing slander of trade unions, the constant emphasizing of the serious consequences of union demands and danger of rising trade union power. The danger of growing trade union power was evoked at a special BDA anti-union rally, held under the motto of "market economy or trade union state" (Marktwirtschaft oder Gewerkschaftsstaat) in March 1974. There the specter of the "trade union state" and its threat to democratic freedom and private property was raised, a theme that was later repeated over and over in the confrontation over Mitbestimmung. [7] This

close cooperation of BDI and BDA in 1977 led to the appointment of, what Deppe called, the "lock-out specialist" Hans Martin Schleyer as president of both associations. Schleyer not only had coordinated business resistance to the government's social reform programme but also had organized a joint business strategy in dealing with government and trade unions and supported a tough course in the confrontation with the working class.[8]

Within the context of changing economic conditions the Social Democratic-Liberal coalition, and both SPD and FDP government parties, shifted further to the right-of-center, in the period following 1973. An even more restrictive monetarist course was adopted, including cuts in social expenditures and further reductions in its reform programme. While it cannot be argued that the transition from Brandt to Schmidt in May 1974 was only the consequence of declining economic growth and growing pressure from business, the selection of Helmut Schmidt as the new chancellor certainly reflected the policy shift within the coalition and within the SPD. Cabinet changes under Schmidt indicated a rising pro-business focus of the coalition and the SPD leadership. Left wing SPD members were dropped from the cabinet (the secretary of the Chancellery, Horst Ehmke, was dropped, and the Minister for Economic Cooperation, Erhard Eppler, resigned from the cabinet within the first week of the Schmidt administration), while members of the party's right wing joined the cabinet in important positions. Hans Apel, who like Schmidt was from the party right wing, took over the important portfolio of Finance. On the side of the FDP, Minister of

Foreign Affairs and Vice Chancellor under Brandt, Walter Scheel, stepped down as party leader to become the new President of the Republic in May 1974 and was replaced by the more conservative Hans Dieter Genscher, who also took over the position of Minister of Foreign Affairs and Vice Chancellor.

With the transition from Brandt to Schmidt came a clear de-emphasizing of fiscal stimulative measures as the government coalition focused more on an export-driven recovery than a domestic-demand-driven economy. The concern was that extensive demand stimulation would only further drive up inflation. Although the coalition introduced some short-term counter-cyclical programmes, the focus of the Schmidt government in essence was on deflationary economic strategies.[9]

In response to the deepening crisis and growing business pressure, the government coalition focussed less on economic expansion and more on price stability as a crucial condition to re-establish profitability and facilitate the expansion of monopoly capitalism. It was a policy that focused on the external expansion of monopoly and finance capital as a means to economic growth.[10] This policy was supplemented by more restrictive social policy measures as a disciplining mechanism in the face of rising mass unemployment.[11] Although economic conditions in the Federal Republic improved after 1976, unemployment as a result of the rapid introduction of new technology edged upwards more or less consistently (in 1973 unemployment was 1.3%, rose to 2.6% in 1974 and averaged between 4.5% in the following three years, dropped slightly to 3.8% in

1979-80, and again jumped to 5% by 1981). Inflation, which had risen steadily in the first half of the 1970s, was brought under control in the second half of the decade, but rose again in the late 1970s and early 1980s, (from a low of 1.9% in 1969 to 7 per cent in 1973-74, to 6 per cent in 1975 to 2.7 per cent in 1978, but after the second oil crisis in 1979 up to 4.5 per cent, and to climb to reach 5.5 per cent in 1980-81).

Restrictive fiscal and monetary measures to hold down inflation and to secure industry's international competitive advantage, as we have seen, were designed to force down union wage demands. A reduction in wage costs in conjunction with increased productivity and relatively low inflation was to benefit exports and secure industry's international advantage and facilitate the internationalization of production and capital. This would serve the integration of the German economy into the global economy and the establishment of its hegemonic position within the EEC. Indicative of the government's strategy of increasing Germany's global profile was, among other things, its Third World policy after the 1973 oil crisis and the 1974-75 global recession. On the one hand, the government pleaded for rapid structural change in developed capitalist countries and an opening of their markets to Third World industrial products, while, on the other, it vehemently insisted on private enterprise as the vehicle for trade with the Third World, the sanctity of private investment, and the reliance on global market mechanisms.[12]

The strengthening of exports within the context of

international trade liberalization encountered, as indicated by Boris, strong opposition from the United States and from EEC countries. The Federal Republic repeatedly came under pressure to revalue the DM and act as the "locomotive" of the global economy through increasing its imports. Within the EEC there was concern that the Federal Republic would further strengthen its dominant position within the community. The concerns were fueled by the fact that the Federal Republic played an important role in promoting the transformation of the EEC into a supra-national institution. If not stimulated by the desire to export the "Modell Deutschland" to other EEC countries,[13] the intention certainly was to structure political and social conditions within the EEC in such a way that the "Modell Deutschland" was not challenged from outside the country.[14]

The Coalition's new policy direction and its shift in focus from progressive reforms to "securing gains" was reflected in Schmidt's first government programme. In it he argued "we realistically and with dispassionate judgement will concentrate on the important, on what is necessary now, and leave other things aside." [15] Evaluating the Social Democratic-Liberal coalition's record since 1969 Schmidt suggested the country's "social and economic situation was in good order." It was necessary to secure gains and not to jeopardize accomplishments through unrealistic demands and exaggerated expectations.[16]

With the subordination of social policy to economic necessities and economic policy requirements, the coalition government shelved many of its social and democratic reform

measures,[17] tightened its labour market policy and accepted higher levels of unemployment as a means to control inflation. The Muenchen Merkur was correct to remark in September 1974: "obviously the government does not expect a decline in unemployment figures in the coming year, at best in the year thereafter." [18] In both its 1975 and 1976 annual economic forecasts the government projected further increases in unemployment, but a decline in inflation.[19] The key to economic recovery and a reduction in unemployment for the coalition lay in promoting high profits.

At the same time as the government was cutting back in social spending (which as a percentage of the total budget between 1969 and 1973 had already declined from 38.3% to 32.7%) demands for social welfare grew as a result of rising unemployment (1974: 528,000, 1975: 1,074,000, 1976: 1,060,000, 1977: 1,030,000, 1978: 993,000), an increase in the number of old-age pensioners, and rising health care costs. The result not only was a reduction in social reforms but also a decline in general welfare. For labour, more specifically, it meant a growing financial burden on workers. Increases in income taxes, unemployment insurance and social and health care coverage reduced earlier wage gains.[20]

The period after 1973 also marked a break in democratic reforms as the government shifted to a law-and-order approach in response to left "extremism." [21] It was a period of massive state intervention in teaching and research. The Federal Constitutional Court in 1973 limited the newly acquired rights

under the earlier reform of higher education that began in 1969 with students, technical personnel and scientific assistants participating in the administration of universities. The 1976 Hochschulrahmengesetz and the Landeshochschulgesetze further limited these rights. Opposition to the shift to the right of the SPD-led government, besides from trade unions, came mostly from intellectuals. This, in addition to allegations that many intellectuals sympathized with left-wing terrorism, led to a CDU/CSU offensive from the right against universities, which were seen as the "breeding grounds of terrorism." The result, as Fuelberth and Harrer argued, was two-fold. First, because of a proclaimed rising danger from the extreme left and the right there was little public opposition to the social-liberal coalition's abandonment of its early reform agenda. Yet, in response to the right-wing offensive, academics opened up new perspectives in cooperation with trade unions. After 1975 a number of cooperative agreements were signed between universities and university departments and DGB organizations. Beginning in 1975 left-wing economists, for example, presented an annual alternative economic report and economic forecast to balance the reports of the SVR, government and the country's major economic research institutes.[22]

This shift from progressive reforms to "securing gains," moreover, led to a polarization within the SPD. A party committee, headed by Hans-Jochen Vogel, Heinz Ruhnau and Hermann Buschfort, in 1975 presented a position paper, "Bodesberg und die Gegenwart" (Bodesberg and the Present), in support of government

policy, and charged that the focus now had to be on "securing" what had been accomplished and not on further reforms. The focus had to be on guarding the accomplished from the consequences of economic decline and from right-wing pressure.[23] The party paper Vorwaerts, on the other side, criticized the government course of postponing long-term reforms in return for a short-term success at the polls, and charged that the pragmatism of party technocrats was paralyzing long term reforms.[24] Erhard Eppler, on the party left, moreover, argued that it was necessary to address current problems with a comprehensive Strukturpolitik (structural policy). Changes in the structure of economic and bureaucratic power and in international relations, Eppler charged, were necessary to continue to improve the quality of life in the Federal Republic.[25]

With the adoption (with only two dissenting votes) of the party's "Orientierungsrahmen '85" (Orientation Framework '85) at the 1975 party conference, the party ratified a further shift to the right-to-center under Schmidt.[26] The "Orientierungsrahmen '85," drafted by a party commission headed by Peter von Dertzen, Horst Ehmke and Herbert Ehrenberg, and considered to be somewhere between a policy paper and a party programme, defined the party's policy course for the late 1970s and early 1980s. The objectives were defined as; modernization of the economy as a necessary condition for long term job security; reform of the educational system; the humanization of work; reform of the health care system; urban planning and development; and greater equality for women.[27] Although the "Orientierungsrahmen" reaffirmed the

party's reform commitment it took a more moderate status quo-oriented course than was sought by the party left which demanded fundamental changes. The programme stressed economic growth and stability as a necessary condition for further reforms, and, at least in this respect, it was clearly in line with business demands.

The shift in the policy position of the Coalition and the SPD and FDP was initially clearly conditioned by concerns with the next federal elections in 1976. Since the 1972 election both parties had been losing voter support in several Laender elections. The SPD had dropped almost everywhere, with the exception of Hamburg and Bremen, to second place. The CDU/CSU not only led in all other Laender, but had an absolute majority in four of them (Bayern, Baden-Wuerttemberg, Rheinland-Pfalz, Schleswig-Holstein).[28] As a result the opposition CDU/CSU with 23 out of 41 seats controlled the upper chamber, the Bundesrat.[29]

SPD losses at the polls since 1972, as Rovin pointed out, needed to be explained not only by an electorate holding the Coalition responsible for the economic and social problems of the early 1970s. There were several other factors that accounted for this development. First, there was disappointment on the left over the party's failure to carry through promised reforms, and its shift to the right. (In the 1976 federal elections the SPD lost especially in traditional left-wing ridings such as Munich, which had been voting SPD ever since the turn of the century. The party also lost heavily in some traditional "left" ridings in

Frankfurt.) Portions of the traditionally SPD-voting working class, moreover, were worried by the growing influence in the party of left intellectuals and their "extremist" positions and abstract and obscure language. The SPD also lost support from the large middle class of white-collar workers, civil servants, teachers, self-employed, farmers, small businessmen, Catholics and women, each demanding reforms and more democracy as supporters of the SPD in 1969 and 1972. Yet it was now widely alleged that the apparent toleration by the party executive of left-wing extremism in the party was creating an image in the public of a party that was drifting to the left beyond the "consensus of the democratic parties." [30]

The FDP too had been losing voter support in several Laender elections (Hamburg, Bayern, Niedersachsen, all in 1974). In Bayern the FDP even lost its official status in the legislature. The general feeling in the party was, as Kaack pointed out, that the FDP was being dragged down by the SPD and that the loss in voter support was not a rejection of party policies. To stop the loss in voter support it was therefore necessary to either leave the coalition or promote more Liberal policies in the coalition. The FDP chose the latter course of action and adopted a more conservative economic and social policy position. Although committed to remaining in the coalition, the FDP in the 1976 election clearly differentiated its election platform from that of the SPD. The party played down economic growth and stability, and foreign trade, and emphasized the "liberal" in the party's policies (its main

election slogan was, "F.D.P. - Die Liberalen").[31] The party stressed protection of citizens' rights, environmental protection, arts and culture, education, Third World development, agriculture, and competition policies. It also focused on the personalities of the four FDP cabinet ministers. As a result differences between SPD and FDP, particularly on economic and social policy issues, became more pronounced. The FDP, whose support to a large extent came from entrepreneurs and upper management, was particularly persistent on the issue of Mitbestimmung, as we shall see later. The party distanced itself from union demands for full-parity representation by insisting on separate representation for leading salaried employees.[32]

The results of the 1976 federal election were symptomatic of the slow erosion in voter support for the Social Democratic-Liberal coalition. The coalition suffered heavy losses and was returned with a majority of only ten seats. Both SPD and FDP lost votes, while the opposition CDU/CSU increased its support (SPD 42.6% (45.8% in 1972) and 213 seats; FDP 7.9% (8.4%) 39 seats; CDU/CSU 48.6% (44.8%) and 243 seats). It was the first time in the post-war period that the SPD had failed to increase its voter support. One of the consequences was the growing dependence of the SPD on FDP cooperation in the coalition, and a further shift to the right of the party. This was reflected in the resignation shortly after the election of the SPD Minister of Labour and Social Affairs, Walter Arendt. Arendt, who had held the post since 1969, resigned in protest over a cabinet decision to postpone, in spite of an earlier election promise to the

contrary, an automatic old age pension upward adjustment demanded by the FDP. Moreover, the SPD executive began to crack down on the left within the party, especially on the Jusos. The new Juso leader, Hans-Uwe Benneter, for example, was dismissed for proposing joint action with the communist party, the KPD.[33]

As a result of losses sustained by both parties, coalition negotiations after the election became more difficult and drawn out than after the 1972 election. Brandt, a member of the SPD negotiating team, was demanding a structural economic policy to be included in the government programme and called for the introduction of compulsory investment registration of all public and private investments. The FDP strictly rejected such proposals.[34] Later in mid-1977 differences between SPD and FDP were widening, especially on economic and labour market policy issues. The SPD Minister of Labour and Social Affairs, Herbert Ehrenberg, was pushing for public demand-stimulating measures, reductions in the work-week and the introduction of a labour market surcharge to address persistent unemployment. The FDP Minister of Economic Affairs, Friderichs, rejected the proposals as unacceptable and demanded instead measures to stimulate private investment and a quick passage of the tax reform package. The SPD moreover called for a 2 per cent increase in the value-added-tax (VAT), while the FDP demanded a cut in corporate taxes.[35]

Labour's Response to the Crisis

Labour in the period following 1973, under pressure from government and business, tried to secure gains in income, social

welfare and job security. As the financial burden on workers grew, wage increases declined and unemployment rose.[36] Moreover, with the further de-emphasizing of concerted action by the government, labour's corporatist strategy of social partnership was seriously called into question. The deepening profitability crisis of the 1970s fully exposed the limits of this strategy. The SPD-led government, faced with a declining economy and under pressure from business, adopted a pro-business policy course, subsuming fundamental trade union demands under economic "necessities" and economic policy "requirements." Business, on the other hand, concerned with falling profits and rising costs, adopted a course of open confrontation with labour, leaving little room for the "cooperation of social partners." As a result, the unions, as pointed out by the head of the DGB, Vetter, were forced to struggle on several fronts; on the wages and salaries front, on the budget and tax front, on the price front and the front of working conditions[37] as well as in the courts.[38]

The unions responded to these changing conditions in two ways. The initial response in the mid-1970s was one of encouraging wage restraint coupled with demands for expansive economic policy measures, similar to the unions' response to the 1966-67 recession. After 1977, the unions began to explore new strategies in both the political arena and the labour market. Yet, by the early 1980s no clear strategic direction had evolved.[39]

The initial response involved facing two ways: at the political level and the labour market. We have seen that with an SPD-led government in power, the unions, in return for concessions and cooperation in concerted action, had expected a receptive response to their essentially Keynesian demands. They had, therefore, at same time also focused on the labour market, above all, through an extension of full-parity Mitbestimmung. The unions expected thereby to increase their influence directly in the labour market, and to be able to affect job security. The unions' response to the slow decline in economic growth had been based on the perception that high wage increases would strengthen consumer demand, which in turn would stimulate private investment and economic growth. With stable economic growth then improvements in living standards and working conditions could be attained through state legislative intervention without fundamental changes in the structure of control and ownership in the economy.

Within this conceptual context the unions had not anticipated the crisis of 1974-75. When faced by it, they expected the recession to be relatively short in duration and looked for a quick recovery through stimulative public policy measures. As a result the union leadership while proposing counter-cyclical Keynesian policies, nevertheless cooperated with management in lay-off compensation schemes and were prepared to accept and enforce limited wage agreements. The chemical workers' union, for example, in 1975 signed a framework agreement without consultation with its local organizations and cooperated

with employers in setting up a "support fund for unemployed chemical-industry workers." The IG Metall, for its part, accepted restrictive across-the-board settlements.[40]

As they had obtained major wage increases in 1974, in subsequent years therefore the unions exercised wage restraint. Even with economic recovery in 1976 the unions continued to restrain their wage demands, which amounted to only 5.4 per cent. With inflation rising by 4.3 per cent real wages, however, went up only 1.1 per cent. This marginal increase in real wages, compared to an increase in productivity of 5.1 per cent led to a decline in the wage share (from 74% to 72% from 1975 to 1976 and down to 70% by 1978). At the same time, however, as a result of increased lay offs the unions were faced with rising unemployment.

The unions' response was based on the perception that the problems of the economy, similar to 1966-67, were cyclical in nature. Declining economic growth and unemployment were viewed as a temporary problem that could be overcome by generating sufficient demand and maintaining real wages to pull the economy out of recession. Therefore, the unions accepted wage restraint, but not a decline in the wage share of the GNP or a renewed profit-wage gap (as in the period of 1966-1968).[41] In return for moderation in wage bargaining the unions still hoped for broad stimulative measures from government which would overcome the cyclical problem.

There had been expectations that the 10th DGB congress in 1975 in Hamburg would reassess the unions' response to mass

unemployment and job security as well as its relationship with the SPD-FDP coalition. However, the leadership failed to address the major consequences of the crisis. Keynesian demand management on a large scale, it was felt, would allow the German economy to export its way out of the recession, as it had done in the mid-1960s. With steady wage increases workers would both receive more income and stimulate lagging demand and lead the economy out of its difficulties. The major premise of the underlying "wage consumption" theory was that the largest impediment to renewed growth was insufficient demand. Therefore, union leaders continued to advocate stimulating demand.

In the end what forced the unions to reassess their position was the continuation of high unemployment. In less than half a decade the labour market in the Federal Republic had changed from less than one per cent unemployment and millions of foreign workers to nearly 5 per cent unemployment. In 1974 the DGB analyzed the rise in unemployment and saw it taking three distinct forms: (1) "cyclical" unemployment was the result of slow growth in private consumption due to rising inflation (slow growth in investment and expansion of production, and overproduction in some industrial sectors, such as the car industry); (2) "structural" unemployment was the result of uneven economic development in industry and regions of the country which were more effected by a general economic down turn (perceptions of "structural" unemployment in 1974, however, were limited to the construction industry); and (3) "rationalization" unemployment

was the result of destruction of jobs through the introduction of technology and increasing rationalization in production.[42]

The response to cyclical unemployment, in the unions' view, was continuing government demand stimulation and an active union wage policy. But structural unemployment necessitated a targeted Strukturpolitik (structural policy), selective sectoral and regional aid via direct state action or under state supervision. It was within this context that trade unions began to discuss Investitionslenkung (investment guidance) and Investitionsmeldestellen (investment registries). The unions' response to unemployment from rationalization was more tentative and defensive in nature. On the one hand, the unions opposed rationalization to reduce the workforce. On the other hand, they supported rationalization which did not directly threaten jobs. In doing so the unions hoped to be able to influence as much as possible the shaping of inevitable technological change taking place. The unions' primary vehicle for influencing this process was Mitbestimmung and its growing demands for the Humanisierung der Arbeit (humanization of work).

The unions' Strukturpolitik was a new departure in union policy. At first, the focus was on "structural" inflation as the result of a growing market dominance by big business. In consequence the DGB called for the establishment of a commission of experts from government, business and trade unions to analyze the problem of rising structural inflation. And as an initial solution the DGB repeated earlier demands to strengthen consumer purchasing power and a price-oriented public purchasing policy to

counter growing monopolization in the market.[43] At the DGB Hamburg congress in May 1975 the unions focused more directly on structural unemployment, and began to formulate a more distinct Strukturpolitik response. Unemployment and reduced shift work were now seen as the result of uneven development in the economy. Changes in production and the need for worker re-training had to be recognized. Investment coordination (to prevent detrimental and wasteful investment) was seen as a necessary policy response. As a result the DGB called for improvements in job training, a regional development policy, comprehensive public infra-structure investment and the establishment of a voluntary investment reporting scheme.[44]

At the end of 1975, in response to continuing government and business charges that persistent unemployment was the result of low economic growth, declining rates of profits and lack of sufficient private investment, the DGB agreed that unemployment was indeed the result of low economic growth, but not the result of insufficient profit. On the contrary, there always had been sufficient profit to finance investments. Business always had more capital resources than had been invested in the German economy, and the increase in capital export over the previous years had indicated this. Only two-thirds of surplus capital was re-invested domestically. The export of capital was stimulated by changing exchange rates providing higher returns elsewhere, and the economic slowdown that followed the government's restrictive economic policy course. The result was growing differentiation in profitability of small and medium-sized

business and large monopolies, saturation of markets, and structural unemployment.[45] The uneven demand development was the result of monopolization in some markets and rationalization of investment to expand production. Consequently, long-term unemployment had to be resolved through identifying and addressing the lack of demand or market saturation in specific economic sectors. Consequently, undifferentiated macro-economic indicators were no longer sufficient because they did not provide insight into these problematic developments. What was required was more differentiated analyses and selective economic development policy measures.[46]

The union's major response to technological change, the Humanisierung der Arbeit (Humanization of Work), had been a growing trade union concern since the mid-1950s. However, with rapid economic expansion and full employment, the focus was mainly on improving the living standard of workers. But in the mid-1960s with growing rationalization in production, the unions discerned a decline in working conditions and growing stress at the work place. Increased productivity and technological change resulted in an increase in the pace of work, in isolated and piece rate work, in machine-bound work, and in increasing shift work, particularly night shifts. Thus, while the introduction of technology reduced the physical work load, it led at the same time to an increase in psychological stress at the work place.

Growing concern with working conditions became reflected at the political level in proposals for a Verbesserung der Lebensqualitaet (improving the quality of life) and Humanisierung

der Arbeit (humanization of work) of the SPD-FDP coalition's social programme. The coalition did pass some legislation designed to improve working conditions. The 1973 Arbeits-sicherheitsgesetz (job safety law) provided for improved shop floor medical service and safety standards. The 1975 Arbeitsstaettenverordnung (work place regulation) further regulated working conditions.[47]

These legislative measures, however, fell far short of union demands which were not limited to working conditions but also included demands for some control over the process of technological change. Thus, demands for the Humanisierung der Arbeit became part of the unions' agenda at the bargaining table. The IG Metall in the fall of 1973 within the context of the Lohnrahmenvertrag (wage framework contract) signed the first contract concerned with improving working conditions. The contract included wage security and job security clauses, the introduction of rest periods for piece rate work, wage guarantees for piece rate work and regulation of the pace of work (speed of the production line).[48] But as structural unemployment continued to rise, the unions increasingly became convinced that the key to their greater influence over technological change was via the full-parity Mitbestimmung. Whatever their other disagreements, they looked to this as a crucial test of their ability to respond to their members needs by wresting a modicum of Mitbestimmung from capital and the state.

Under Growing Pressure. Concerted Action 1974-77

As we have seen in the last chapter, the shift in government policy focus from Keynesian counter-cyclical demand management and full employment to restrictive monetarism was quickly reflected in concerted action. Increasingly the unions began to feel that the problem was that they were outnumbered by pro-business institutional representation. Organized labour represented by the DGB, the DAG and the DBB, with an average of 15-20 representatives was confronted by five government ministries (economic affairs, finance, interior, labour and agriculture) and the chancellor's office, who along with the Bundesbank, the Bundesanstalt fuer Arbeit and the SVR, as well as the business representative from the BDI, BDA, and DIHT, appeared to present a common front against labour's demands. The national farmers' association and the national consumers' association representation could not be counted on as labour's allies. It appeared that labour representatives were confronted with 35-40 representatives on the other side.

It was a measure of the extent to which concerted action was reduced in significance as a policy instrument, that the Coalition government tried to secure labour's cooperation, or at least to avoid its all-out opposition, by a more direct integration of union leaders into the government itself. This was reflected in the number of trade unionists, mainly from the integrationist faction, that Schmidt appointed to the cabinet. Georg Leber (the former head of the IG Bau, Steine, Erde) at the Ministry of Defense and Walter Arendt (the former head of the IG

Bergbau) at the Ministry of Labour and Social Affairs, both in the cabinet since the early days of the Grand Coalition, were joined by the executive member of the IG Druck und Papier, Helmut Rhode (Minister of Education and Science), Karl Ravens, a functionary with the IG Metall (Minister for Housing and Urban Affairs), the head of the education section of the IG Metall, Hans Matthoefer (Minister for Science and Technology), and the second deputy of the postal union, Kurt Gescheidle (Minister of the Postal Service and Transportation). All of them were moderate trade unionists committed to cooperation with government and business.[49]

A further sign of the decline in significance of concerted action was that after May 1974 the presiding minister of economic affairs dispensed with the customary final communiques. Under Schiller the final communiques had played a central role in concerted action, and Schiller had invested a great deal of time (up to three hours at each meeting) in reaching consensus on the wording of the final communiques (usually drawn up by ministry officials while the meetings were still in progress). We have already seen that the unions questioned more and more through the early 1970s if their interests were in fact being reflected in the "consensus" of the final communiques, and began to issue their own press releases to distance themselves from them. By 1974 with the abandonment of its commitment to full employment, the government itself seemed to realize that consensus was no longer attainable. It relied on reducing union wage demands less through concessions and cooperation and more by threatening labour

with unemployment.

Unemployment became one of the central themes of concerted action in the period after 1973. Despite selective economic stimulation programmes, especially in the crisis years of 1974-75, the government, with the support of the SVR, the Bundesbank, the Bundesanstalt fuer Arbeit and the business associations, tried to link wage increases to job security. The unions, as we have seen, increasingly edged toward the argument that rising unemployment was the result of structural changes in the economy and increasing rationalization of production, and had to be addressed through targeted regional and sectoral development policies.

With the economy declining and inflation still rising as a result of the oil crisis at the end of 1973, the government was determined to regulate wage increases. In early January 1974, as discussed above, in contract negotiation with the public employees' union, OTV, the government adopted a hard-line position to force the union to accept lower wage increases and send a signal to the contract negotiations in the private sector. This was a confrontation the government lost. The first round of negotiations between government and OTV had failed in December 1973 when government negotiators rejected the union's demand for a 15 per cent increase. The second round collapsed in early January when the government returned with an offer of 7.5 per cent, an offer that was only half a percentage point above the rate of inflation. After another unacceptable government offer of 9 per cent the union set a January 22nd strike deadline.

At this point Chancellor Brandt intervened, charging that to turn up wage increases would only further drive up inflation. After the union held a strike vote (supported by 85 to 92 per cent of the membership), Brandt once again intervened urging a return to the bargaining table but without any new offer from the government side. In early February 200,000 public workers went on a nation-wide strike, affecting mail service, garbage collection, street cleaning, public transport and public administration. After only three days the government gave in and signed an agreement providing for an 11 per cent increase.[50]

Nevertheless, the battle was far from over and it threatened to enter concerted action itself. During the run-up to the strike the government tried to mobilize public pressure against the unions by leaking in early January, prior to the first concerted action meeting in 1974 (the last meeting before the resignation of Brandt and the take over by Schmidt in May 1974), the results of two Ministry of Economic Affairs model economic calculations. The models, which had been discussed earlier in the concerted action steering committee meeting on January 8th, strongly suggested a direct link between wage increases, inflation and unemployment. Model 1 assumed an hourly wage increase of 10 per cent (in line with projected increases in productivity), which would result in 2 per cent unemployment and 6 per cent inflation. Model 2 assumed a 12 per cent hourly wage increase which would translate into 2.5 per cent unemployment and 7 per cent inflation. The clear message was that wage increases above productivity increases would have to be paid for with

significant increases in unemployment as well as increased inflation.[51]

Two days later at the concerted action meeting on January 10th the Minister of Economic Affairs, Friderichs, in response to heavy DGB criticism of the leaked model calculations, suggested reducing the size of the steering committee and schedule the meetings only one day prior to the following concerted action meeting as a way of preventing further leaks. The DGB rejected the Minister's proposal because this would leave no time between the steering committee and concerted action meeting seriously to consider the issues, and demanded that the government publicly explain the data of the "leaked" model calculations.[52]

Friderichs, however, continued to pressure the unions towards wage restraint by suggesting that as a result of the oil crisis economic development was dependant primarily on appropriate wage levels. To underscore his point he charged that unreasonable wage increases could lead to further unemployment and because of the pressure from rising oil prices wage increases had to be kept down. Now was not the time to be concerned with equitable income distribution, Friderichs suggested, but to secure gains. Union demands of 14 to 18 per cent were irresponsible because any increase in GNP in 1974 had to be used to stabilize economic growth (i.e., used to subsidize business) and should not be used for wage increases. DGB and union representatives rejected the Minister's stagnation projection and the attempt to turn wage developments into the sole economic policy instrument. They strongly rejected the

attempt to link wages to prices and levels of employment.[53]

Faced with high wage increases the cabinet in March 1974 decided at all costs to hold inflation below 10 per cent through tightly restricting the money supply and regulating wage increases. Monetary policy thus was given pre-eminence in the mix of available fiscal and monetary policy measures. However, the restrictive policy measures, while reducing the rate of inflation and leading to a modest recovery in 1976, led to rising unemployment. The DGB and the unions, charging that rising prices to a large extent were the result of growing monopolization in the market demanded at the steering committee meeting in May 1974 that monopolization be discussed as a separate item on the agenda. The DGB further demanded a comprehensive and differentiated analysis of the labour market, not only to establish the exact cause of but also to effectively address unemployment.[54] At the following meeting of concerted action in June, the DGB, as a first measure, demanded a lowering of interest rates by the Bundesbank to stimulate both consumer and capital goods demand.

The Ministry of Economic Affairs representative, Schlecht, rejected the DGB's demand suggesting the issue of monopolization could easily be accommodated within the discussion of overall economic development. Friderichs, on the other hand, rejected the DGB's demands of lowering interest rates on the grounds that such global measures would not solve structural problems. Moreover he suggested that structural adjustments in the economy were necessary to secure future growth, and that only selective

measures to avoid social friction were required. The government's restrictive policy course, however, had to be maintained to control inflation.

Economic growth over the next few years, Friderichs asserted, would only be possible if private investment grew. This, however, would necessitate changes in the structure of the distribution of the national income. Investment had to grow at the expense of private and public consumption. Capital investment had been almost stagnant since the early 1970s as a result of "the incomes policy of social groups" (i.e., trade unions wage demands), the Bundesbank's restrictive monetary course, and government stability measures (tax increases, stabilization surcharge etc.). The result had been limited expansion in production facilities. The solution, therefore, had to include cuts in public spending and private consumption (wages and salaries) to the benefit of private investment, and this without relaxing the government's stability course.

Business, represented by BDA President Schleyer, was more explicit still. They charged that the unacceptable labour market situation (high unemployment) was the result of high personnel costs (wages and salaries), which had pushed employers into rationalization and reductions in the workforce. Thus, excessive wage demands in previous years not only had fueled inflation but also had led to rising unemployment.[55] Business representatives, charging that income over the last few years had benefited labour at the expense of business, demanded substantially higher profits in 1975. Profits had to rise more

than wages to guarantee the necessary increase in private investment, especially in light of declining export demand.[56]

With GNP growth down to 2 per cent in the first half of 1974 (down from 4.9% in 1973) the government introduced a moderate stimulative package in the fall of 1974 to counter declining exports, including tax reductions and an increase in child allowance, putting DM 13-14 billion into consumer hands, and announced a DM 900 million public investment programme (jointly financed by federal and Laender governments) in response to high unemployment, especially in the hard hit construction industry.[57] Increasing consumer demand, it was hoped, would lead to increased private investment, which as surveys indicated was expected to rise by 13 per cent in 1975 (from 5% in 1973).

To insure the right cost (wage) development, Friderichs presented several alternate models of projected economic development at the next concerted action meeting at the end of September 1974. Model "A" suggested that if profits rose faster than wages this would lead to an increase in private investment, economic growth and a decline in inflation. The consequence could be growing international tension and a revenue short fall. Model "B" suggested that with an increase in private investment a real increase in economic growth of 3-3.5 per cent could be reached in 1975, and inflation could be reduced by one percentage point to 6 per cent. The necessary condition for an increase in private investment would, however, be an increase in profits. Profits and wages in 1975 could rise equally (this, it was suggested, should be acceptable to labour because wages had risen

disproportionately over the last four years. This model projected an increase in gross business income and gross wages and salaries of 9-9.5 per cent. If the earlier reduction in taxes and increases in child allowance were included, this would amount to a gross wage increase of 11 per cent in 1975. Given a one per cent reduction in inflation this would translate into a real increase of 2.5 per cent.

On the other hand, as argued in model "C," if wages and salaries would rise faster than profits this would mean; (i) restrictive stability oriented fiscal and monetary policy, in order to avoid further unemployment, would have to be toned down or abandoned and with the consequent rise in inflation and decline in economic growth, and workers' income would be no higher than under model "B"; or (ii) restrictive stability measures would have to be tightened with the resultant decline in profits, private investment and economic growth. Wages would rise, but at the cost of unemployment.[58] Consequently, it was in the best interests of labour to hold wage and salary demands in 1975 to 9-9.5 per cent as recommended in model "B." Uneven development in the economy, on the other hand, had allegedly reached its peak and hence needed no further policy attention. In addition, the Minister argued, once again, that uneven developments was a necessary process of structural adjustment in weaker sectors.

At the end of 1974, there had been a further decline in economic growth and a rapid increase in unemployment, which had jumped from 527,000 in August to 946,000 in December while an additional 703,000 workers were on a reduced work-week by December.

The number of vacancies meanwhile had declined to 194,000 from 292,000 in December 1973. This forced the government to introduce additional moderately stimulative measures, including additional public investment (to be financed by DM 3.4 billion in Stabflitaetszuschlag (stability surcharge) and Konjunkturausgleichsruecklage (budget reserves) from the Bundesbank), DM 600 million in wage and salary subsidies to employers, and a 7.5 per cent investment subsidy on all capital expenditure prior to December 31, 1975.[59] This would suggest that the government coalition by the end of 1974 was abandoning its restrictive supply-side monetary course. However, this was not the case. The government did not revert to Keynesian deficit spending as additional public investments were financed by budget reserves and additional surcharges. Neither did the government attempt direct demand stimulation, but rather it tried to reduce the costs of business and facilitate private investment through wage supplements and investment subsidies for business. Most important of all, the Bundesbank did not lower interest rates. In this context the stimulative measures were small adjustments to an over-all policy of restraint.

The SVR in its 1974-75 report supported the government's policy course. It emphasized that private investment was the "heart muscle of a growing economy," arguing that price stability had to have absolute priority in the coming year. Economic growth and full employment, and by implication the standard of living, political stability and democratic freedom, were only possible within the context of stable prices. Price

stability had to be achieved through global steering in which the Bundesbank had the role of controlling the money supply. Government, business and trade unions, on the other hand, had to stay within the monetary parameters set by the Bundesbank. Fiscal policy should be concerned primarily with the financing of public administration within the defined monetary limits. Monetary and fiscal policies, however, had to be supplemented by an incomes policy, to keep the collective bargaining parties (i.e., trade unions) within the parameters of the Bundesbank. Within this context the SVR assigned the Bundesbank the central role in the management of the economy, and further suggested that fiscal policy should be relieved of its counter-cyclical responsibilities.[60]

In 1975 the government kept up its pressure on the unions for wage restraint. At the first meeting of concerted action in early January 1975, Friderichs, while acknowledging that wage and salary increases had declined and that production costs had not increased further, nevertheless demanded more wage restraint. The economic situation, he argued, was characterized by problems arising from the international developments and domestic stabilization measures. Profits, under pressure from rising wages and the inability of employers to pass increases on to the consumer, had stagnated in 1974. Accordingly, the government's December programme was designed to improve profits. Friderichs contended that this should therefore not be viewed as a benefit to only business. Increased profits had to be seen as necessary to stimulate private investment, economic growth, and to reduce

unemployment. Moreover, profits needed to rise not only in the short-term but also in the long-term to stimulate private investment.[61] Consequently a "ceasefire" in the distribution war had the importance of a second, non-government economic stimulation programme.

The DGB and trade unions actually accepted the need for a rise in profits, but they believed this was the case only for hard-hit sectors. In turn, they demanded price restraint from business. The BDA, in response, suggested that price discipline had to be preceded by cost discipline (read wage restraint), and charged that the government programme was not sufficient to stimulate private investment and therefore had to be supported by stabilization of wage costs.[62] Thus did the circular dance of the social partners proceed.

In his economic report in June 1975, after a further contraction of the economy, the Minister suggested that economic development was in a phase of transition which was hampered by structural adjustment processes. In his report he suggested the economy should be held at zero growth for the year and domestic demand should grow by 2 per cent to balance declining export demands.[63] Further stimulative measures, however, were unnecessary because; (1) the effects of the present programme were not yet clear, and (2) in the case of a jump in foreign orders they would act cumulatively to stimulate domestic demand and lead to an overheating of the economy and rising inflation.

Looking ahead, the central problem after recovery, the Minister argued, had to be the re-establishment of full

employment. The re-establishment of full employment still necessitated, however, economic growth stimulated by private investment. The distribution of the social product therefore had to be changed to benefit profits. This meant wage restraint and the avoidance of distribution conflicts. Excessive social spending, on the other hand, had to be channeled into structural and infrastructural investments. Once the recession had been overcome, a realistic Vermögenspolitik (capital formation policy), the Minister suggested, in an attempt to pacify the unions, would need to be discussed. Economic recovery, the DGB responded, was not just a matter of changing the structure of distribution but was more a question of the objectives of the investment. Profit maximization no longer could serve as the guiding principle. What was necessary was a sectoral and regional specific investment policy.[64]

The next meeting of concerted action at the end of August 1975 took place with no break in the recession having occurred. (Industrial production had contracted by 9.2 per cent in the 1st half of 1975 and unemployment by July had climbed to 4.5 per cent. Inflation, however, had slowed down. The GNP which had shrunk by 5 per cent in the first half of the year was estimated to show a -3.5 per cent decline for the year.) The Minister, in his economic report, held that consumer demand was not responding to the earlier reduction in taxes and increases in child allowance, instead they were going into higher savings. The major cause of the recession, the report argued, was the decline in foreign orders, because domestic demand was only down by 1.5

per cent. In response, the government introduced an DM 5.5 billion emergency programme directed primarily at the construction industry allegedly the main trouble spot. The decline in foreign orders, the report warned, could only partially be offset by increased public spending because of shrinking fiscal means (the budget deficit for 1975 was estimated to be 7-8% of GNP). [65]

BDA President Schleyer rejected the Minister's report, arguing that the recession was not caused by declining foreign demand but rather was the result of a decline in profits since the early 1970s and a rise in business costs (the result of increases in personnel costs, taxes, and social costs). The recession was the outcome of over-taxing business for years. Thus, while the government emergency programme was sufficient to prevent a further decline in the economy, it was not enough to turn the economy around. Schleyer suggested three major requirements for economic recovery; (1) a reversal of the trend during recent years of growing inequality in the distribution of the social product at the expense of profits and investment; (2) consolidation of expanding public spending, and a reduction in public consumption and transfer payments; and (3) an end to reform experiments and a return to the principles of economic and social development of earlier decades.

Vetter, the head of the DGB charged, on the other hand, that the government's emergency programme was insufficient to address structural problems in the labour market (structural unemployment). What was necessary were targeted regional and sectoral development policies, including the targeting of public

investment into problematic sectors and regions. Vetter rejected the BDA's argument that insufficient profits was the cause of insufficient investment and claimed that the rise in per unit costs was the result of underutilization of existing production capacity. Thus, profits could only rise with a rise in demand. The lack of private investment was the result of the Bundesbank's tight money policy, and weak consumer and capital goods demand.[66]

Concerned with rising unemployment and slow recovery, the DGB, at the steering committee meeting at the end of November 1975, demanded for the next concerted action meeting detailed information on the structure of public expenditure in order to determine whether public spending was actually facilitating economic recovery. The DGB further demanded that the Minister present, in addition to his general economic report, a detailed analysis of the structure of economic development and investment, especially of rationalization investments, as well as an assessment of the impact of investments on job creation, and an indication of when, where and by how much private investment had to increase.[67]

Long-term unemployment, the DGB charged, could not be resolved through across-the-board disproportionately high increases in profits, but had to be addressed through identifying and addressing the lack of demand or market saturation in specific economic sectors. Uneven demand development was the result of monopolization in some markets and consequent rationalization investment or ill advised investment to expand

production. This could only be addressed through selective policy measures. Undifferentiated macro-economic indicators no longer were sufficient and did not provide the necessary comprehensive picture of economic development. More detailed analyses and more selective policy measures were vitally necessary.[68] What was necessary was a coordination of investment and if not investment planning then at least an "investment registration agency" to make business investment more transparency. Here the unions' new "Strukturpolitik" orientation was clearly put on the table of concerted action.

The business representatives, concerned with the consequences of the unions' demands for investment coordination and investment registration, charged that such demands were calling into question the common basis on which the social dialogue of concerted action rested.[69] Nor was Friderichs' response much more open to the union demands. Because of an expected increase in the workforce and the loss of jobs from rising productivity, it was concluded that the re-establishment .. of a "normal" degree of utilization of production facilities alone was not sufficient to guarantee full employment. However, only through an expansion of economic production could new jobs be created, and while an increase in public investment could help to utilize existing production capacity, only increased private investment could lead to an expansion of production and create new jobs. Consequently, a re-distribution of the GDP in favor of private investment was necessary. An incomes policy (wage restraint) thus was of crucial importance in re-establishing full

employment.[70] The onus was put on the unions, deflecting the unions' call for investment planning.

The SVR, in supporting the government's position in its year-end report, argued that although wage increases were acceptable; unemployment had risen above the one million mark. To ensure economic growth and full employment a correction in the structure of the distribution of the social product would be necessary to improve business returns and stimulate private investment. As a consequence the SVR recommended: (a) to reduce the extent of state intervention in economy and society, (b) to reduce the state's share of the GDP, and (c) to adopt a more cost-efficient social policy.[71] The "social wage," as well as the industrial wage, were thus targetted for restraint as a "solution" to the economy's woes.

At the end of the year, following the recommendation of the SVR, the government in 1976 drastically increased its austerity measures. The major vehicle of this restrictive policy course was the Haushaltsstrukturgesetz (budget structure law) of November 1975. The law included provisions for cut-backs in the social and educational reforms, reductions in the public debt and in the scope of the government's unemployment package, and concrete steps towards austerity measures in the labour market.[72]

The cutbacks introduced with the Haushaltsstrukturgesetz included changes in 42 separate pieces of legislation, such as the 20th Renten Anpassungsgesetz (old age pension adjustment law), the 9th Anpassungsgesetz in der Kriegsoferversorgung (war

veteran's pension adjustment law) and the Krankenversicherungs-Kostendaempfungsgesetz (medical insurance cost reduction law) of July 27, 1977. It included limits on individual support under the 1969 Arbeitsfoerderungsgesetz, increased unemployment insurance deductions, cuts in public service costs, de-indexing of rent allowances, increases in old age pension and medicare deductions (including the introduction of medicare deductions for old age pensioners) as well as reductions and slower increases in social services, and the introduction of user fees in health service.[73] The Law also introduced restrictions on unemployment compensation through an explicit tightening of the provisions of the Arbeitsfoerderungsgesetz, specifying what jobs were "expected" to be taken by whom, when and where. Moreover, the Law provided a more stringent and rigorous definition of the concept of zumutbare Beschaeftigung (acceptable employment). The rollbacks were particularly significant in undercutting the selective manpower policies favored by the unions, and which had been introduced with the Arbeitsfoerderungsgesetz of 1969.[74]

As pointed out earlier, this further tightening of the government's already restrictive policy course came at a time when demands for social welfare, as a result of mass unemployment, an increase in the number of old-age pensioners, and rising health care costs, grew. The result was a decline in the general welfare. The result for labour, more specifically, was a growing financial burden on workers. Rising income taxes and increased social welfare deductions[75] reduced earlier wage gains.[76] The increase in the financial burden in addition to 7

per cent inflation in 1975 would have necessitated wage increases in 1976 of 8.5 per cent just to maintain wage levels.

Contractual wages, however, rose only by about 5.4 per cent.[77]

At the beginning of 1976 with the economy showing signs of recovery but unemployment continuing at a relatively high level of 4.6 per cent, the DGB vented its frustration with the government's restrictive policy course in a letter addressed directly to the Minister of Economic Affairs. General policy prescriptions such as stimulating investment to expand production, the DGB charged, were no longer sufficient. Industries with over-production problems could not expand their way out of the situation. Economic policy had to focus more on sectoral and regional economic development. The government, the DGB suggested, had to develop the necessary policy instruments; detailed sectoral and regional analysis, improved statistics and information on business planning, including an investment registration office. Moreover, public investment and procurement should be linked to a clear sectoral and regional development strategy. The government, in addition, should facilitate the retraining of redundant labour. A labour market policy had to address the problem of sustained unemployment more directly through a reduction of the workforce by extending the requirements of general education and vocational training, and a reduction in work time through increased vacation and educational leave, lowering of the retirement age, restrictions on overtime and the general work week, and a reduction in the number of foreign workers.[78]

At the next meeting of concerted action in February 1976, union representatives sought to ease the concerns of business by stressing that they were not proposing a centrally planned economy, but were asking for more detailed economic analyses indicating sectoral developments and the coordination of government policy measures such as the government's DM 30-40 billion in subsidies to industry. They warned that attempts to resolve current problems through demands for more wage restraint could easily lead to a situation similar to September 1969.

Largely rejecting the DGB's analysis and re-confirming the government's position, Friderichs argued that the investment necessary to stimulate economic growth and reduce unemployment had to come primarily from the private sector. It was therefore necessary to improve the profit expectations of business. The DGB argument that low private investment was not the result of lack of financial means in the private sector, the Minister charged, was overstating the case because overall profit statistics say little about individual capital needs in the private sector. The profit-wage ratio therefore had to be re-adjusted to the benefit of profits. Of crucial importance for economic recovery in 1976 thus were wage negotiations (i.e., wage restraint). To pacify the unions, Friderichs restated his earlier argument that the re-adjustment in income distribution had to be accompanied by a capital formation programme (designed to increase capital in workers hands). However, such programmes also had to stimulate self-financing private investment. He proposed investment funds which workers could buy into but which

were at the disposal of employers.

In response to the DGB's "uneven development" thesis, the Minister argued that, for reasons of efficiency and autonomous decision making by private enterprise, sectoral development was best left to the market. The role of a sectoral policy, moreover, could only secure the necessary conditions for development and structural change in each sector and this could be accomplished via macro-economic steering, competition policy, and social policies.[79]

Business, for its part, rejected the DGB's Strukturpolitik on the grounds that a more detailed analysis of individual economic sectors was neither useful nor necessary. It was not useful, BDA President Schleyer argued, because sectoral analyses were more inaccurate than macro-analyses, and were not necessary in any case because differential development in individual economic sectors did not change the overall problematic of economic growth, private investment and unemployment. Needed was a stable and predictable economic policy course, composed of monetary controls by the Bundesbank, and adherence to the parameters by the collective bargaining parties. Moreover, required was a reduction in budget deficits, fiscal and tax policies designed to stimulate private investment, rather than public job creation programmes, which were doomed to failure from the start, and a change in the wage-profit ratio to benefit profits as well as a capital formation programme to increase the self-financing quota of private investment.[80]

In mid-1976, with the economy expanding again, the DGB, at a

steering committee meeting in July tried to have unemployment and the labour market measures they were advancing included as separate items on the agenda. In the following concerted action meeting, moreover, the DGB tried to get agreement on the establishment of a special commission to analyze causes and structures of price increases to provide a better understanding of the underlying processes. In addition, union representatives once again asked the Minister for a detailed economic report on structural changes in the economy.[81]

Business representatives, in order to avoid having to open company records and reveal their financial operations, agreed to the establishment of a commission on prices only under the condition that the commission did not attempt to analyze prices of single products of specific companies or in specific sectors. Any investigation bordering on price control or intending to uncover internal company price determination had to be rejected. Only an analysis of general price structures such as costs-price-income relations should be subject to investigation. Further discussion of the issue was postponed by unanimous agreement until the tabling of the report from the Commission on Economic and Social Change and a joint study by the Federal Statistical Office and the SVR on this issue. However, Ministry officials indicated that the country's major economic research institutes had been contacted on the issue of a comprehensive sectoral analysis and the possibility of providing regular and structurally more detailed economic reports.[82]

In November the Minister commissioned the country's five

major economic research institutes - Deutsche Institut fuer Wirtschaftsforschung, Berlin; Ifo-Institut fuer Wirtschaftsforschung, Munich; Institut fuer Weltwirtschaft, Kiel; HWWA-Institut fuer Wirtschaftsforschung, Hamburg; and Rheinisch-Westfaelische Institut fuer Wirtschaftsforschung, Essen - to develop the necessary conceptual tools for an annual analysis of structural developments and a structural development report, to serve as a basis for a structural policy to complement the government's macro-economic policy. The institutes were expected to present their report by July 15, 1977.[83] At the steering committee meeting at the end of December the Minister presented a preliminary report (Vorstudien zur Strukturberichterstattung). The DGB in response proposed the establishment of a committee to discuss the "Vorstudien." [84]

In early 1977, at the 39th and last meeting of concerted action, the head of the DGB, Vetter, vented the union frustration when he charged that economic policy had totally ignored the problem of unemployment. In spite of an upward trend of economic recovery in the previous year-and-a-half there had been no significant change in the unemployment statistics. Even with a one per cent higher economic growth than expected, there had been 100,000 more unemployed. Friderichs, agreeing that unemployment had developed unsatisfactorily, nevertheless suggested that developments were within realistic expectations. Moreover, while recognizing the contribution made to economic recovery by union wage restraint, the Minister demanded further restraint. Once again linking wage developments to job security

and job creation. Friderichs charged that wage developments would continue to play a crucial role, because private investment (to be financed by higher profits) was necessary to further reduce unemployment. Gross business income therefore was projected to rise by 9 per cent, while gross wage and salary levels had to be held at 8-9 per cent in 1977. In response to DGB charges that rationalization investments were costing jobs, ministry officials suggested rationalization was necessary to maintain international competitiveness and secure jobs in the long run.[85]

Under growing union pressure for a Strukturpolitik to address increasing structural unemployment, and also in response to rising demands from other western industrial countries for the Federal Republic to act as the "locomotive" of the global economy, the government adopted more stimulative policy measures. In March 1977 it introduced a new fiscal package, the Zukunftsinvestitionsprogramm (future investment programme) designed to stimulate economic growth over the long-term. The future investment programme called for DM 8-10 billion of public investment by federal, Laender and municipal authorities in ecologically sound infra-structure developments, such as transportation, energy savings and waterways.[86] Later in early 1978 the Bundesbank raised the money supply from an average one per cent increase between 1975-77 to 3 per cent in 1978. While these measures helped stimulate increased economic growth in 1978-79 (GDP rose from 2.8% in 1977 to 3.7% in 1978 and 4.5% in 1979), their impact eventually was cut by the second oil

crisis in 1979. The result was renewed fiscal and monetary restraint in 1980-81. The government had gone a small step towards the DGB position, but it was too little and too late to save concerted action.

The Final Straw: The Frustration of Mitbestimmung

The unions' hopes were clearly not realized in the period from 1973 to mid-1977. Their Keynesian economic policy and social reform demands, but more important, their corporatist strategy of social partnership, fell victim to economic decline, restrictive policy measures, and to strong resistance from business. The Coalition government rejected Keynesian counter-cyclical policies and abandoned its commitment to full employment in favor of a more restrictive policy course. The results were cuts in social reforms and a further decline in the importance of concerted action.

Despite the abandonment of Keynesianism by the government, one of the reasons that the unions did not abandon concerted action was that they continued to hope that some benefits would accrue from government policy. The provisions of the 1977 future investment programme which did help to ease unemployment in some areas indicates the plausibility of this position. Moreover, although the unions were critical of the Coalition's policy course, they believed that there was no alternative to the SPD-FDP coalition other than a return to power of the CDU/CSU, perhaps in another Grand Coalition. The experience of 1966-69,

however, had clearly indicated that this would only mean more concessions on fundamental union concerns. The unions, in a word, were caught in the classic "hostage to a friendly government" dilemma.[87]

In the end what persuaded the union leadership to leave concerted action was growing pressure from the rank-and-file and business response to the 1976 Mitbestimmung Law. In September 1974 at the IG Metall congress, delegates demanded withdrawal from concerted action. It had been used by employers and government to control union bargaining power, and no concessions for labour had come out of it, while at the same time creating an image in the public eye that labour and business were pursuing common interests.[88] Similar demands and arguments were made at the 10th DGB federal congress in May 1975. Delegates from the DGB's youth wing had demanded that the DGB no longer participate because concerted action clearly was an instrument to limit union action and to undermine collective bargaining and could never lead to macro-level co-determination as the unions expected. Other delegations voiced similar concerns.[89] In September 1976 the Chemical Workers' Union (IG Chemie-Papier-Keramik) congress demanded that the DGB and affiliated unions no longer participate because the discussion of government orientation data in concerted action was just an attempt to control union bargaining power.[90]

But it is doubtful that this pressure alone would have been sufficient to lead the DGB to break with concerted action, except for the controversy over the extension of Mitbestimmung. This

always had been one of the central features of labour's strategy.

It represented the values of economic democracy for workers

and trade unions, and it represented for them the possibility

alongside concerted action, of the co-management of production.

It became even more important in their minds, as a means of

asserting labour's influence in the face of the concentration and

centralization in the economy, and the accelerated introduction of

new technology at the work place. Above all, and as always, it

offered a means of controlling private investment. The Social

Democrats, and by extension both the Grand Coalition and Social

Democratic-Liberal coalition were aware of the central role of

Mitbestimmung for labour, and at least recognized that its

extension would be one element in receiving labour's cooperation

with economic policy. What also was recognized, however, was the

fundamental opposition of capital to the extension of

Mitbestimmung.

Industry had fought Mitbestimmung ever since the change in

Allied occupation policy and the threat to control and ownership

in industry was removed in the late 1940s. The owners in coal and

steel fought the establishment of Mitbestimmung in their

industry at the political level and in the courts, albeit

unsuccessfully in preventing it. Nevertheless they managed to some

extent to attenuate the provisions of the 1951 Mitbestimmung Law

through corporate restructuring.

In recognition of the crucial importance for labour of

extending Mitbestimmung, the Grand Coalition in 1966 had promised

the establishment of an independent commission to study the

issues and prepare a report for further consideration. Moreover, Chancellor Kiesinger actually had criticized the coal and steel industry for their eroding of Mitbestimmung through corporate restructuring throughout the 1950s and early 1960s. But at the same time the Grand Coalition did little concretely. The issue of an industry-wide extension of Mitbestimmung did not come onto the political agenda until the early 1970s.

The Social Democratic-Liberal coalition also recognized the need for promises of action on Mitbestimmung, not least as a means of securing labour cooperation in the management of the economy. Yet it postponed action on the extension of Mitbestimmung in the face of capital's strong opposition. The Coalition, however, did amend the 1951 Law so as to stop the erosion of Mitbestimmung in coal and steel, and in 1972 it amended the 1952 Betriebsverfassungsgesetz Law, to give unions a role in the work councils. Business offers, throughout the 1960s and early 1970s, of concessions to labour within the framework of Betriebsverfassung in exchange for Mitbestimmung was seen as a means of effecting a compromise.

It turned out not to be sufficient. With declining economic conditions and a shift in the coalition's economic policy course to restrictive supply-side monetarism, with the concern to limit wage pressure on profits, and with increasing union frustration with the government, the SPD within the coalition came to feel that action on Mitbestimmung was necessary to secure continued union cooperation. The SPD-labour political alliance itself hinged on the SPD's meeting its promises in this regard.

But, business, in alliance with the FDP inside the government coalition was no less determined to fight the extension of Mitbestimmung. The FDP's objections revolved around the contention that an industry-wide extension of the 1951 Mitbestimmung model along the lines demanded by the DGB would be unconstitutional and incompatible with the democratic order of the Federal Republic. Mitbestimmung would be in violation of the right to property, and it would thus be contrary to the principles of the market economy and free enterprise. The FDP insisted on an employer majority, separate representation for white-collar employees and the election of workers representatives who were autonomous of the unions. The FDP demanded, moreover, that the law be limited to publicly-held joint-stock corporations and not extended to privately held companies.

The SPD's position was ambivalent. On the one hand the party was committed to full parity Mitbestimmung. But on the other hand the party could not ignore the FDP's reservations, given the exigencies of the coalition. This caused severe intra-DGB disagreement on how hard and how far to push the issue. Some of the DGB-affiliated unions maintained their demand for full-parity Mitbestimmung. Others argued that a watered-down Mitbestimmung law was better than none, and that the survival of the SPD-FDP coalition was a more important issue. This disagreement, moreover, prevented any coordinated mass mobilization around the issue.

The Cabinet in early 1974 decided to extend Mitbestimmung.

The business community initiated a campaign to defeat or diffuse the law. In the months immediately following the initial cabinet decisions in 1974 leading industrialists charged that the law would only carry the political battles into private industry,[91] interfere with effective business management[92] and seriously undermine Germany's competitiveness internationally.[93] The opposition from business was strengthened by the opposition to the law from the Association of Leading Salaried Employees (Union der Leitenden Angestellten, UAL), which charged that the bill would concentrate power in the hands of trade unions to the point of threatening the free and democratic order of the country, because the bill did not provide separate representation for salaried employees.[94]

The German Association of Stock and Bond Holders (Deutsche Schutzvereinigung fuer Wertpapierbesitzer), which, of course, saw the legislation as a threat to stock owners across the country, threatened to call on the Federal Constitutional Court for a ruling if the bill was passed.[95] In 1976, after the bill had passed the committee stage of the Bundestag, the Association did challenge the legislation in several Laender courts for being in violation of constitutional guarantees of private property.[96] By February 1976 the Association had brought the case before eight Laender courts.[97] In early 1977 the legislation was ruled constitutional by a number of courts, including the Landesgericht in Stuttgart which argued that the Law was not in violation of the guarantee of private property or the freedom of associations.[98] The Hanover Association of Independent Share

Holders (Gemeinschaft Freier Aktionäre) in November 1976 went one step further and took the legislation to the Federal Constitutional Court.[99] The Court, however, rejected the case on jurisdictional grounds, arguing the case should be brought before the Laender court first.[100]

Meanwhile, both regional and national industry associations attempted to discredit demands for equal representation and to defeat the bill. There was little discrimination involved. The case was merely, as the president of the association of the German electrical industry put it, that the law would increase the power of the unions.[101] Occasionally the argument was put more strongly. The managing director of the Baden-Wuerttemberg association of the metal-working industry argued that the bill was reactionary in nature rather than progressive. But the underlying rationale was the same: the bill would change the balance of power in the Federal Republic in favor of trade unions, destroy free collective bargaining, and cause serious problems for business.[102] At the national level BDI, BDA and DIHT all joined in condemning the bill as a danger to the economy. Because it gave the unions too much power and could only lead to conflicts in and paralysis of the managing boards of industry. This would paralyze business and thus undermine the country's international competitiveness.[103]

At a BDA-organized anti-Mitbestimmung mass rally in March 1974, BDA President Schleyer charged that the bill violated constitutional guarantees of private property and free collective bargaining, and that it was doubtful whether sufficient domestic

and foreign investment capital could still be attracted under such conditions. German industry as a result would be forced to invest more abroad. Moreover, Schleyer argued, it was doubtful whether full-parity Mitbestimmung would improve the social climate in industry, because the experience in the coal and steel industry over the last 25 years did not bear this out.[104] In the end the BDA also threatened to challenge the legislation in the constitutional court if it was ever passed.[105]

In the face of this opposition which strengthened the FDP's position in cabinet the bill was modified to accommodate FDP demands of separate representation for managerial white-collar workers and to keep final decision-power in the hands of the employers. When it was passed in 1976, however, industry continued its fight in the courts and continued to undermining the Law once again through corporate restructuring. The Law formally provided for equal representation of employers and employees in the boardrooms of publicly-held joint-stock corporations with more than 2000 employees, but in fact control remained in employers hands. First, the employee side was divided in that it included a separate representation for salaried middle-management, and that the board chairman, who was invested with a second vote to be used in a deadlock, was to be elected by employers' representatives only. Moreover, the labour director, who under the 1951 Law was nominated by employee representatives only, in the 1976 Law was to be elected by the whole board. In addition, outside trade union representatives who formed the majority of the employees side under the 1951 Law,

were limited to a minority by the 1976 Law.[106]

Thus, although far from providing parity representation for workers and far from challenging the prerogatives of the employers, the law still met with considerable hostility from the business community. The BDA and twenty-nine other employers' associations and nine individual firms on June 30, 1977, the day before the law came into effect, challenged the constitutionality of the Law in the country's highest court, the Bundesverfassungsgericht (Federal Constitutional Court) in Karlsruhe.[107] Based on an expert report, which held that the Law amounted to a change in the constitution without constitutional amendment, the BDA charged that the Law was in violation of the right to property and of free collective bargaining.[108] In addition, numerous firms attempted to bypass the law through splitting up their operations into several subsidiaries with fewer than 2,000 employees, moving their headquarters out of the country, and altering their legal status from publicly held corporations to limited liability companies. Between July and December 1977 between ten and fifteen corporations changed their legal status to move them beyond the provisions of the law, and a number of corporations changed their status in a way that would minimize the impact of the law. Attempts to circumvent the law became so numerous that the government by the end of 1977 found it necessary to warn business that it might be forced legally to impose organizational structures on larger corporations.[109]

The DGB and the unions viewed the BDA's challenge to the Law

as an open attack on labour. The head of the DGB, Vetter, argued the BDA court challenge indicated that business was no longer interested in fair cooperation with labour. It was being hypocritical when employers proclaim to support the principle of Mitbestimmung while at the same time trying to remove from the Law anything approach real Mitbestimmung. The head of the IG Metall, Loderer, charged that the employers' action could lead only to serious political unrest since employers clearly had called off cooperation between business and labour.[110] Vetter, in a letter to Friderichs, indicated labour's intention to stay away from the next concerted action meeting, because the atmosphere created by the employers' action was no longer conducive to meaningful discussions. The employers had gone to court over the Law while labour, despite justified dissatisfaction, had accepted the decision of the Bundestag. Friderichs tried to mediate but to no avail. The Minister of Labour, Ehrenberg, in support of the unions, charged that without the trade unions there was no more concerted action, and also stayed away from the talks. Employers expressing surprise charged that their challenge of the Law in no way justified the unions' boycott, because concerted action was concerned with economic and labour market issue and not with the constitutionality of laws.[111]

Business and government both expected the unions' boycott to be just temporary. Friderichs in full expectation of the unions return to the next meeting, sent the DGB a copy of the transcripts of the July 5th meeting. BDA President, Schleyer, expecting the union boycott to be limited, suggested that if the Law was

constitutional the unions had nothing to be concerned about, however, if it violated the constitution, no one could expect employers to accept the Law.[112] The DGB and the trade unions made it clear, however, that they did not intend to return to the talks until the BDA withdrew its challenge or the Federal Constitutional Court had ruled on the case. The assumption on the part of the unions was, as argued by Markovits and Allen, that the BDA's court action was less an attempt to get the Federal Constitutional Court to strike down the Law than to legally stop future attempts to promote even more farreaching Mitbestimmung. [113]

Post-1977 Developments

The unions boycotted concerted action with the expectation that such a drastic step would lead to some concessions to labour, as their leadership was under increasing pressure from the rank-and-file since 1968. The unions remained committed to a corporatist strategy and social partnership and indicated their willingness to resume tripartite talks with business and government. Meanwhile changing conditions in economic development and in economic policy, and growing rank-and-file pressure forced the unions to shift their central focus from the political arena to the bargaining table and from cooperation to competition and confrontation in the market. Business and government, for their own reasons, also continued to indicate their interest in concerted action. The interest of business in

continuing with the arrangement clearly was the institutionalized control of union demands and union bargaining power, especially within the context of changing economic conditions, domestically and internationally, and declining rates of profit. The coalition government, specifically the SPD, had an interest in resuming concerted action because it needed to demonstrate its ability to secure labour cooperation in economic policy to legitimate and secure its own position in the seat of government. This was particularly necessary since its FDP coalition partner was shifting further to the right in support of business. Under these conditions the SPD needed the cooperation of labour to implement restrictive policy measures demanded by business and the Bundesbank and supported by the FDP. The SPD needed to demonstrate its ability to regulate the trade unions to maintain its credibility of being able to effectively deal with changing economic conditions and potential distribution conflicts.

The economy after recovery in 1976-79 began to slow down again after 1979 heading for renewed recession in 1981. Growing articulation with international markets (German exports rose from about 26% in 1975 to over 33% in 1982) exposed industry to rising international competition, especially in the high-technology growth-industries such as automobiles, machine tools and electronics. In addition, the competitive strength of German industry, based not so much on price advantages as on advanced-technology was challenged by countries, primarily Japan, which were closing the technological gap.[114] Economic growth after

rising to over 5 per cent in 1976 declined to 2.8 per cent in 1977 rose to 3.3 and 4.5 per cent in 1978-79 respectively, and then fell to 1.8 per cent in 1980 and stagnated in 1981.

Industrial growth during the same time averaged only 3.3 per cent. Unemployment remained relatively high in the later half of the 1970s, although declining slightly from 4.7 per cent in 1975 down to 3.8 per cent in 1979-80 it jumped to 5 per cent in 1981 and reached double digits with over two million unemployed in 1984. Inflation was brought down from 6 per cent in 1975 to 2.7 per cent in 1978 but began to rise again, to 4.3 per cent 1979 and 5.5 per cent in 1980-81.

In response to these developments the government, after easing its restrictive policy course in 1977-79, in 1980-81 returned to more restrictive policies. Although the restrictive measures of the 1975 Haushaltsstrukturgesetz (Budget Structure Law) remained in effect the government eased its restrictive course in 1977 with the Zukunftsinvestitionsprogramm (Future Investment Programme) - DM 16 billion in public money to improving public transportation, energy savings, waterways, construction and vocational training; and with a 10-year DM 5 billion programme in 1979 to revitalize the hard-hit coal and steel industries of the Rhine-Ruhr area. The Bundesbank for its part in 1978 loosened its grip on the money supply.

With the second oil crisis in 1979 and changing world market conditions the effectiveness of the government's stimulative measures was short lived. With economic indicators falling government and Bundesbank once again shifted to a more restrictive

course. The Bundesbank in response, partially to the fact that the money supply in 1978 had exceeded its target of 3 per cent, and in response to the renewed oil crisis, tightened the money supply. The government adopted more restrictive fiscal policies, did not follow up the expiring ZIP programme by a similar stimulative programme for 1980-81, and imposed more restrictive labour market measures. In August 1978 the Federal Labour Agency, in an administrative decree, further tightened criteria for "expected" employment, and sanctions for failing to comply were made more severe.[115] With the fifth amendment to the 1969 Work Promotion Law in 1979 the government, although not fully incorporating the severity of the decree, legally institutionalized its major provisions.

Within the context of these developments numerous attempts were made between 1977-82 to revive concerted action or similar tripartite discussions of government, business and labour. Labour through the rest of 1977 indicated its willingness to rejoin the talks, but on the condition that the BDA withdraw its constitutional challenge. At a meeting with the Minister of Economic Affairs, Friderichs, shortly after the boycott the head of the DGB, Vetter, made it clear that the unions would not rejoin the talks until the BDA had withdrawn its challenge to the Federal Constitutional Court.[116] While union leaders, nevertheless, indicate their continuous interest in concerted action, the rank-and-file demanded that labour not rejoin until the employers withdrew their challenge. The IG Metall congress in September 1977, despite the fact that the leadership at the

opening of the congress signalling a willingness to return to the talks, passed a resolution not to return until the court had ruled on the Law or the employers withdrew their challenge.[117] A number of the smaller DGB unions, the wood and plastic workers' union and the printing and paper workers' union congresses, passed similar resolutions. Bound by congress resolutions the union leadership turned down offers from the new FDP Minister of Economic Affairs, Lambsdorff (who had taken over from Friderichs as Minister) in October and December to rejoin the talks, as the government was trying to bring the unions back into concerted action.[118] Distrusting Lambsdorff, who earlier had defended the employers' action[119] the DGB (Vetter) at the beginning of 1978 called on Chancellor Schmidt to get the concerted action talks started again.[120] Schmidt, in contrast to Lambsdorff, had expressed understanding for the unions' decisions to boycott the talks.[121]

In 1978 labour's position on rejoining the talks hardened. The Minister of Economic Affairs began to hold separate talks with business and labour to discuss economic development,[122] and Chancellor Schmidt held parallel joint talks with business and labour to discuss the economy and government policy but also to facilitate the resumption of concerted action.[123] Because the SVR in his 1977-78 report had reintroduced specific wage target figure (an 3.5% increase for 1978), and in light of the fact that the council since the early 1970s had taken a clear pro-business course the unions demand that the SVR not be part of any renewed concerted action talks.[124] At the same time the

unions were strengthened in their boycott by lower court rulings on the Law in 1978. In January the Laender courts in Hanover and Berlin and in March the Laender court in Duesseldorf ruled the Mitbestimmung Law was constitutional. The courts argued, because the Law did not establish full parity representation it was neither in violation of the right to property nor in conflict with free collective bargaining.[125] In response the 1978 DGB congress reaffirmed the decisions of previous union congresses that labour should not return to the talks until the BDA's court challenge was withdrawn or the Federal Constitutional Court had ruled on the issue.[126] Member unions affirmed this position.[127] The FDP, primarily Lamsdorff, for its part, while keen on getting the talks started again and adopting a slightly more critical stance on the employers' court challenge and indicating some flexibility on the actual number of the participants,[128] rejected the unions' demands and insisted that both SVR and Bundesbank had to be part of any renewed talks.[129]

In March 1979 the Federal Constitutional Court brought down its decision on the BDA challenge. The Court ruled that the Law in all points conformed to the constitution. Because the Law did not establish party-representation it did not challenge the legal prerogatives of the employers. However, the Court emphasized that its ruling only applied to the specific aspects challenged by the employers and did not necessarily apply to other provisions of the Law.[130] Government and business expected labour to return to concerted action.[131] Although the unions approved of the Court's ruling they refused to re-join the old

concerted action talks, and resurrected earlier ideas of an economic and social council. The DGB and the unions reaffirmed that they were only prepared to join talks which did not include the SVR or the Bundesbank since both were not neutral in their position but were clearly on the side of the employers. The unions, nevertheless, indicated their willingness to discuss the issue with business.[132] The interest of the employers in the renewal of concerted action as a means to control trade union power and bargaining demands was clearly indicated by their insistence that SVR and Bundesbank had to be part of any renewed talks. They charged that the unions' refusal to rejoin the talks despite the favorable ruling of the Court was seriously calling into question the whole concept of social partnership, because the unions were clearly pursuing a confrontational course.[133] Both coalition parties, SPD and FDP, for their own specific reasons, sought to re-establish concerted action as soon as possible. Schmidt in trilateral meetings at the Chancellery continued to discuss economic developments and government policy in an attempt to bring business and labour closer together.[134] Lambsdorff, for his part, continued to meet separately with business and labour, and at the end of the year as a result of having made little progress in bringing the two sides closer together suggested the establishment of a new tripartite discussion round under a different name.[135]

The stalemate continued into the early 1980s. The unions continued to oppose the renewed participation of SVR and Bundesbank, while business insisted on their presence. With the

economy heading for recession the government was under growing pressure to get union cooperation in stabilizing the economy. To appease the unions the SPD proposed to amend once again the 1951 Mitbestimmungs Law to halt the erosion of Mitbestimmung in the coal and steel industry (of the initial over one hundred enterprises covered by the Law only 34 remained by the end of the 1970s). In coalition negotiations following the election in the fall of 1980 the FDP opposed such an amendment. This widened the gulf between the FDP, especially Lambsdorff and the unions. The DGB rejected Lambsdorff's invitation to renewed trilateral talks at the Ministry in December of 1980.[136] The head of the DGB, Vetter, charged that the DGB and the trade unions had left concerted action in 1977 over the employers' constitutional challenge of the 1976 Mitbestimmungs Law, and now with Lambsdorff opposing the SPD sponsored amendment to the 1951 Law to halt the erosion of Mitbestimmung in the coal and steel industry there was no possibility of labour's returning to the talks.[137]

When in early 1981 the coalition brought in a weak and watered down amendment to the 1951 Law the unions became even more critical of the government's policy course. The amendment in essence just prolonged from five to six year the period that an enterprise would still be subject to the provisions of the Law after the percentage of business in coal and/or steel fell below 50 per cent of its total. Thus, the Law in essence did not halt the erosion of Mitbestimmung in coal and steel, but just slowed down the process.[138] In response to what he called "being witness to Mitbestimmung being sacrificed at the coalition

altar' to satisfy the demands of the minority FDP coalition partner," the head of the DGB, Vetter, suggested that labour in the future had to rely more on its own strength, because "in a parliamentary democracy not all progress emanates from parliament." [139] This shift in emphasis from the political level to the bargaining table and the labour market was reflected in the DGB's new programme passed at a special congress in March 1981. The Programme defined union objectives as full employment and equal distribution of income and of the increase in productive capital through the democratization of the economy and society via Mitbestimmung and the establishment of economic and social councils. Moreover, the Programme called for the nationalization of key industries and monopolies, a restructuring of the country's banking system to break the banks' control in industry, and macro-economic planning and investment coordination. [140] The response of business was predictable. BDA and BDI condemned the DGB Programme and charged the unions with trying to establish a "union state." BDA President, Esser, argued that the unions were interest organizations with only a limited mandate, but they planned to change the political and economic structure of the entire Federal Republic. The BDI charged that the DGB Programme was calling into question the fundamental principles of the social market economy and liberal democracy. [141]

With the fall in late 1982 of the twelve-year-old social democratic-liberal coalition government and the return to power of the conservative CDU/CSU in a coalition with the FDP [142] attempts at a re-establishment of concerted action or similar

tripartite discussions faded as state-labour relations in the Federal Republic returned to more conflictual levels with little dialogue and growing attacks on trade unions. With unemployment rising to 9.2 per cent by 1984, the unions were demanding "more expansionary spending practices on the part of the state, higher state indebtedness and an expansion of employment in the public sector." [143] The government, in contrast, to improve the "investment climate" proposed massive cuts in social spending and increased subsidies for the private sector. The trade unions' opposition sparked a renewed debate on reform of the industrial relations act (Verbaendegesetz), allegedly to democratize the trade unions and to secure the democratic rights of individual members within the unions. [144] Union demands for a reduction in the work-week to create additional jobs were branded "stupid, dumb and foolish" by the new CDU Chancellor, Helmut Kohl, [145] and a strike in the automobile industry in May 1984 in support of the 35-hour week was denounced by the government as an attempt by labour to destroy the country's economy for political gains. [146]

Yet, it is too early to conclude that we have witnessed the end of labour's corporatist strategy of social partnership in Germany. Given the state and capital's continuous offers of "cooperation" and their general reference to "social partners" in their attempts to use trade unions as restraining mechanisms to rank-and-file demands, and, on the one hand, the union leadership's ongoing objective of a role for labour in the management of the economy as a means to improve conditions of the

working class and to legitimize and secure their own position of power and influence within the labour movement, in the economy and at the political level, it is hard to see that labour's corporatist strategy of social partnership has been buried once and for all.

Conclusion

Prospects for labour's corporatist agenda in concerted action further declined in the period of 1974-77 to the point where the unions in July 1977 boycotted the discussions. However, they remained committed to their objective of social partnership after 1977, indicating their willingness to renew tripartite cooperation with business and government. The unions in the period of 1974-77 increasingly lost the support of the SPD government caucus. The SPD coalition partner, under pressure from a declining economy and an increasingly conservative coalition partner, the FDP, was no longer in a position to respond to union demands (which under rising pressure from the rank-and-file was forced to up the ante) at the political level.

Labour's social partnership agenda necessitated the state's response at the political level and capital's cooperation in the economy. Business, however, had made it abundantly clear that it was not about to accept labour as an equal partner in management at the company level and was intent on fighting union demands for a role in the economic policy process at the political level. With declining economic growth and a falling rate of profit

employers dug in at the bargaining table, resisting monetary and non-monetary demands alike.

Thus, labour desperately was looking for signs of a state response to its demands as social democrats were coming under growing pressure from capital, changing economic conditions, and the FDP coalition partner, which more directly than anything else posed a constant threat to its survival in power.

The Schmidt government did carry through some reforms, but they were mainly those that did not involve new expenditure of public funds and did not in any way change existing structures of control and ownership in industry. The exception was the 1976 Mitbestimmung Law. The SPD, under pressure to adopt more restrictive policy measures, clearly felt it had to offer the unions some concessions to secure their continuous cooperation and support of government policy, especially in light of growing rank-and-file pressure to abandon the talks. With the Law the SPD ran into massive opposition from the FDP and from business. The FDP was bent on preserving the white-collar/blue-collar distinction at the work place and to secure the employers ultimate control in management decisions. Industry, on the other hand, did its utmost to keep workers out of the boardrooms.

The result was a Law that pleased no one. Labour, however, was prepared to accept the Law for the sake of social partnership. Employers feeling threatened in their position of power were not prepared to accept the Law and took it to the constitutional court.

Thus, with the state's response at the political level to

union demands challenged by capital, and under growing pressure from the rank-and-file union leaders had no choice but to withdraw from the talks without, however, abandoning their corporatist strategy of social partnership. With the SPD weakened at the political level and the FDP growing more conservative in its economic policy course, especially with Lambsdorff as the new FDP Minister of Economic Affairs the unions concluded that the present talks with a membership heavily weighted in favor of business and under the control of the conservative FDP Minister of Economic Affairs no longer served their interests. With Lambsdorff rejecting union demands to keep the SVR and the Bundesbank out of the talks, the unions settled for ad hoc tripartite discussions at the Chancellor's office.

ENDNOTES

1. Deppe and Jung, "Entwicklung und Politik der herrschenden Klasse in der Bundesrepublik," 477-78.

2. The governing elites of other capitalist countries such as Italy, France, Britain (and to an extent the US and Canada) in the latter half of the 1970s looked to the "Modell Deutschland" as a possible answer to their own problems. Their political exponents (Giscard d'Estaing and R. Barre in France, and M. Thatcher in Britain) attempted to copy the "Modell." For the same reason they tended to accept the leadership or dominant role of the Federal Republic in the EEC (Deppe and Jung, "Entwicklung und Politik der herrschenden Klasse in der Bundesrepublik," 476-77).

3. Dieter Boris, "Geschichte und Struktur der Aussenwirtschaftsbeziehungen der Bundesrepublik," in Albrecht, et al., Beitraege zu einer Geschichte der Bundesrepublik, 191.

4. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 148.

5. Deppe and Jung, "Entwicklung und Politik der herrschenden Klasse in der Bundesrepublik," 478-79.

6. See address by H. G. Schleyer at the 37th concerted action meeting, February 24, 1976, Erklarung des Vorsitzenden des Gemeinschaftsausschusses der Deutschen Gewerkschaftlichen Wirtschaft, Dr. Hannes Martin Schleyer, zur Tagesordnungspunkt 2 "Problematik des zukuenftigen mittelfristigen Wirtschaftswachstums und der Beschaeftigungsentwicklung" in der Konzentrierten Aktion am 24. Februar 1976, BDA, Niederschrift ueber das 37. Gespraech im Rahmen der Konzentrierten Aktion am 24. Februar 1976 im Bundesministerium fuer Wirtschaft (BDA minutes of the 24th meeting of concerted action), Anlage 5, Koeln, March 8, 1976.

7. U. Mayer, "Mitbestimmung und Grundgesetz," Blaetter fuer deutsche und internationale Politik, 2/1975, 158 ff.

8. For a detailed discussion of the background and the economic and social policy conceptions of Schleyer see Frank Deppe, "Das 'soziale Modell' des H. M. Schleyer," Blaetter fuer deutsche und internationale Politik, 5/1975, 77 ff; Simon, Macht und Herrschaft der Unternehmerverbände BDI, BDA, und DIHT.

9. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 148.

10. The extent of the coalition's shift to a business-oriented policy course was indicated in an article in 1976 in the International Herald Tribune on the cosy relations between business and government in the Federal Republic; "it is normal for West German Chancellor Helmut Schmidt and his cabinet to take top company executives along on their official trips overseas.... Officials and company executives will fly in the same plane stay in the same hotels and separate only when it comes to signing business contracts when the deal has been clinched." ("West Germany's cosy friends," International Herald Tribune (Paris), September 11, 1976.

11. Deppe and Jung, "Entwicklung der Politik der herrschenden Klasse in der Bundesrepublik," in Albrecht et al., Geschichte der Bundesrepublik. Beitrage, 479.

12. Boris, "Geschichte und Struktur der Aussenwirtschaftsbeziehungen der Bundesrepublik," 191-92.

13. The thesis that the Federal Republic was engaged in exporting the "Modell Deutschland" to other EEC countries was advanced by Carl F. Lankowski, "'Modell Deutschland' and the Internationalization of the West German State in the 1970s," in Andrei Markovits (ed.), Model Germany: Problems and Prospects (New York, Praeger Publishers, 1982).

14. Boris, "Geschichte und Struktur der Aussenwirtschaftsbeziehungen der Bundesrepublik," 192.

* 15. Der Spiegel, 21/74, 19.

16. Regierungserklaerung vom 17. Mai 1974, Bonner Almanach, Bonn, Presse- und Informationsdienst der Bundesregierung, 1975, 337, 399.

17. Reform legislation from the 1972 Brandt government programme that was carried through under Schmidt included: improvements in workers old-age pension paid by employers; security of old-age pension coverage in the case of change of job and bankruptcy; greater job security and job safety legislation; increased unemployment insurance and old age pensions; greater financial assistance for students; increased child allowances; tenant protection legislation; and the establishment of a Ministry for the Environment (Rovan, Geschichte der Deutschen Sozialdemokratie, 361-62).

18. "Der Mittelweg erfordert Mut," Muenchener Merkur (Muenchen), September 25, 1974.

19. "Bundesregierung hofft auf gebremstes Inflationstempo, Jahreswirtschaftsbericht, Arbeitslosenquote von 3%," Muenchener Merkur (Muenchen), January 28, 1975; "Bonn, das deutsche Lohnniveau ist zu hoch, Jahreswirtschaftsbericht der Bundesregierung," Handelsblatt (Duesseldorf), January 26, 1976; "Bundesregierung legt Wirtschaftsbericht fuer 1976 vor, Bonn: Profitanstieg und Reallohnabbau," Unsere Zeit (Duesseldorf), January 27, 1976.

20. Eckart Reidegeld, "Staatliche Sozialpolitik in den ersten Nachkriegsjahren und in der Bundesrepublik" in Albrecht, et al., Geschichte der Bundesrepublik. Beitrage, 143-44.

21. For a more detailed discussion see Rovan, Geschichte der deutschen Sozialdemokratie, 363 ff.

22. Fuelberth and Harrer, "Geschichte und Besonderheiten der demokratischen Bewegung und der Arbeiterbewegung in der Bundesrepublik," 515-17.

23. SDP, "Godesberg und die Gegenwart," (Bonn-Bad Godesberg), 1975.

24. "Die laechelnde Ohnmacht der Macher," Vorwaerts, June 6, 1974.

25. Erhard Eppler, Ende oder Wende (Stuttgart-Berlin-Koeln-Mainz: 1975).

26. The first draft by a commission head Helmut Schmidt, as mentioned before, had been rejected by the left-wing with the support of the left dominated Jusos at the 1973 Hannover

conference, and a new commission had been set up to re-draft the programme.

27. Peter von Dertzen, Horst Ehmke and Herbert Ehrenberg (eds.), Orientierungsrahmen '85. Text und Diskussion (Bonn-Bad Godesberg: 1976).

28. For detailed statistics of Laender election results between 1974 and 1976 see Miller, Die SPD vor und nach Godesberg, 61.

29. Kaack, Die F.D.P. Grundriss und Materialien zu Geschichte, Struktur und Programmatik, 65.

30. Rován, Geschichte der deutschen Sozialdemokratie, 357-77, see also Miller, Die SPD vor und nach Godesberg, 62.

31. Kaack, Die F.D.P. Grundriss und Materialien zu Geschichte, Struktur und Programmatik, 49-57.

32. "Mitbestimmung: FDP konnte sich durchsetzen," Berliner Morgenpost (Berlin), February 19, 1974; "Genscher Gutachter fuer Paritätet Verfassungswiderig," Handelsblatt (Duesseldorf), March 25, 1974.

33. Rován, Geschichte der deutschen Sozialdemokratie, 375-78.

34. "SPD und FDP im Dissenz ueber Wirtschaftspolitik," Frankfurter Allgemeine Zeitung (Frankfurt), October 27, 1976.

35. "Erheblicher Meinungsstreit im Bundeskabinet, Friderichs blockt Ehrenbergs Vorschlaege zum Arbeitslosenabbau und zur Konjunkturbelebung ab," Frankfurter Rundschau (Frankfurt), May 26, 1977.

36. Workers were faced with rising taxes (income taxes as percentage of total taxes rose from 11.8% in 1960 to 19.7% in 1966, and 31.9% in 1975) and increasing social deductions (income taxes and social welfare deductions rose from 14.5% between 1966-1970, to 14.8% between 1971-1975, and 16% in 1974, it fell to 3% in 1975, but again rose to 11.7% in 1976-1977), reduced real wage gains (the difference between nominal and real wages rose from 15.4% in 1960, to 17.8% 1966, and 27% in 1975). Wage increases, which averaged 7.5% between 1969 and 1973, fell to an average of only 4.8% between 1973-1978. As a result workers' share of the GNP, which had steadily been climbing throughout the 1960s and early 1970s (from 70.5% in 1962-69 to 72% in 1970-73 and 74% in 1974-75) declined in the second half of the decade (down to 72% in 1976-77 and 70% in 1978). Unemployment, in addition to growing numbers of workers on reduced shift work, continued to rise between 1974-1977 (1974; 528,000, 1976; 1,074,000, 1976; 1,060,000, 1977; 1,030,000) (Reidegeld, "Staatliche Sozialpolitik in den ersten Nachkriegsjahren und in der Bundesrepublik," 143-44; Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 415).

37. Heinz Oskar Vetter, "Humanisierung der Arbeit als gewerkschaftliche Aufgabe," in Heinz Oskar Vetter (ed.), Humanisierung der Arbeit als gesellschaftliche und gewerkschaftliche Aufgabe, (Protokoll der DGB-Konferenz vom 16./17. 5. 1974 in Muenchen, Frankfurt/Main - Koeln, 1974), 29.

38. The growing number of cases brought before the Federal Labour Court since 1974, especially cases of wrongful dismissal, indicated that with the recession and the rise in mass

unemployment the unions also increasingly relied on the labour courts in its conflict with capital (Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 438).

39. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 151-52.

40. Otto Jacobi, "Tarifpolitik in der Wirtschaftskrise 1974/75," Kritisches Jahrbuch '75, (Frankfurt: Fischer, 1975), 86 ff.

41. The fact that the unions were not prepared to accept a decline in the wage share was indicated, among other things, by the fact that in 1976 500,000 went on strike in the metal-working industry. In April/May 1976 the printers union went on strike in support of a 6.6% increase in contrast to the 5.4% wage guideline for 1976, in the course of which 90,000 workers in the printing industry were locked out (Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 429).

42. DGB, "Zur konjunkturpolitischen Lage," DGB, Wirtschaftspolitische Informationen, Nr. 6/1974 vom 3. 5. 1974; DGB Bundesvorstand, "Vorschlaege fuer ein Programm zur Bekaeempfung der Arbeitslosigkeit," Duesseldorf, December 6, 1974.

43. DGB, "Forderungen zur Kartellpolitik," Anlage 6, and "Neue Aspekte zur Preisstabilitaetspolitik," Anlage 7, (letter from head of DGB economic committee George Neeman to DGB participant in concerted action), July 6, 1974.

44. A motion by the IG Metall and IG Chemie called for an investment registration agency. The objective was to facilitate economic expansion while avoiding the negative consequences of unrestricted competition in the market place. The motion proposed the establishment of industry-wide committees composed of employers, workers and government representatives to assess economic and structural problems (DGB, 10. Ordentlicher Bundeskongress, Hamburg (25. bis 30. Mai 1975) (Hamburg: Karl Heinz Loeding, 1975). For a critical discussion of investment coordination and controls see B. Guether, "Investitionslenkung und investitionskontrolle," IMSF, Informationsbericht, No. 18, Frankfurt/Main, 1975; D. Langenbrinck, "Literaturverzeichnis zur Investitionslenkung," WSI-Mitteilungen, 9/1976, 548 ff.

45. Rudolf Henschel, Vorbereitung zur Konzentrierten Aktion am 25. November 1975, DGB, Abt. Wirtschaftspolitik, Duesseldorf, October 10, 1975.

46. DGB, Abt. Wirtschaftspolitik, Thesen zur mittelfristigen Strukturpolitik, Duesseldorf, November 11, 1975.

47. Luber, Fundstellen- und Inhaltsnachweis Arbeits- und Sozialrecht.

48. For a detailed discussion of the Humanisierung der Arbeit see Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 432-438.

49. Rovin, Geschichte der deutschen Sozialdemokratie, 352-53.

50. For a more detailed discussion of strike developments in 1974 see Steinhaus, Streiks in der Bundesrepublik 1966-1974, 144-163.

51. BDA, Betr. Sitzung des Lenkungsausschusses am 8. 1.

1974, (BDA minutes of the steering committee meeting), Koeln, January 9, 1974.

52. DGB, DGB-Erklärung zur Konzentrierten Aktion, DGB Nachrichten-Dienst, ND 3/74, Duesseldorf, January 10, 1974.

53. BDA, Gespräch beim Minister fuer Wirtschaft im Rahmen der Konzentrierten Aktion am 10. 1. 1974, (BDA minutes of the 30th meeting of concerted action), Koeln, January 10, 1974; DGB, Protokoll der 30. Sitzung der Konzentrierten Aktion am 10. Januar 1974 im Bundesministerium fuer Wirtschaft in Bonn, (DGB minutes of the 30th meeting of concerted action), Duesseldorf, February 1, 1974.

54. DGB, Ergebnisprotokoll der Sitzung des Lenkungsausschusses zur Konzentrierten Aktion am 3. 5. 74 in Bonn (DGB minutes of concerted action steering committee meeting May 3, 1974), Duesseldorf, May 6, 1974.

55. BDA, Gespräch beim Bundesminister fuer Wirtschaft im Rahmen der Konzentrierten Aktion am 27.6.1974 (BDA minutes of the 31st meeting of concerted action), Koeln, June 28, 1974; DGB, Protokoll der 31. Sitzung der Konzentrierten Aktion am 27. Juni 1974 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 31st meeting of concerted action), Duesseldorf, July 1, 1974.

56. BDA, Gespräche beim Bundesminister fuer Wirtschaft im Rahmen der Konzentrierten Aktion am 24.9.1974 (BDA minutes of the 32nd meeting of concerted action), Koeln, September 25, 1974; DGB, Protokoll der 32. Sitzung der Konzentrierten Aktion am 24. September 1974 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 32nd meeting of concerted action), Duesseldorf, October 15, 1974.

57. "Beschluss der Bundesregierung zur Sicherung der Stabilität," Bulletin, Presse- und Informationsamt der Bundesregierung, Nr. 104, Bonn, September 13, 1974.

58. Der Bundesminister fuer Wirtschaft, Orientierungsdaten zur gesamtwirtschaftlichen Entwicklung 1975 (ministry of economic affairs document on economic development for 1975), Bonn September 23, 1974.

59. Bundesregierung, "Stabilitätsgerechter Aufschwung: Programm zur Foerderung von Beschaeftigung und Wachstum bei Stabilität," cabinet document, December 12, 1974.

60. Sachverstaendigenrat, "Vollbeschaeftigung fuer morgen," Jahresgutachten 1974/75, November 22, 1974.

61. Bundeswirtschaftsministerium, Zur Problematik der derzeitigen gesamtwirtschaftlichen Situation (ministry of economic affairs paper the problematic of overall economic development), Bonn, January 13, 1975.

62. BDA, Zusammenfassende Niederschrift ueber das 33. Gespraech im Rahmen der Konzentrierten Aktion am 15. Januar 1975 im Bundesministerium fuer Wirtschaft; Bonn (BDA minutes of the 33rd meeting of concerted action), Koeln, January 17, 1975; DGB, Protokoll der 33. Sitzung der Konzentrierten Aktion am 15. Januar 1975 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 33rd meeting of concerted action), Duesseldorf, January 24, 1975.

63. Der Bundesminister fuer Wirtschaft, Stichworte zur aktuellen Konjunkturlage (ministry of economic affairs economic

report), Bonn, June 6, 1975.

64. BDA, Niederschrift ueber das 34. Gespraech im Rahmen der Konzentrierten Aktion am 6. Juni 1975 im Bundesministerium fuer Wirtschaft, Bonn (BDA Minutes of the 34th meeting of concerted action), Koeln, June 10, 1975; DGB, Bericht ueber die 34. Sitzung der Konzentrierten Aktion am 6. Juni 1975 in Bonn (DGB minutes of the 34th meeting of concerted action), Duesseldorf, July 7, 1975.

65. Der Bundesminister fuer Wirtschaft, Stichworte zur konjunkturellen Lage (ministry of economic affairs economic report), Bonn, August 22, 1975.

66. Niederschrift ueber das 35. Gespraech im Rahmen der Konzentrierten Aktion am 26. August 1975 im Bundesministerium fuer Wirtschaft, Bonn (BDA minutes of the 35th meeting of concerted action), Koeln, August 29, 1975; DGB, Protokoll der 35. Sitzung der Konzentrierten Aktion am 26. August 1975 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 35th meeting of concerted action), Duesseldorf, September 1, 1975.

67. DGB, Bericht ueber die Sitzung des Lenkungsausschusses zur Konzentrierten Aktion am 20. 11. 1975 in Bonn (DGB minutes of the steering committee meeting November 11, 1975), Duesseldorf, November 21, 1975.

68. DGB, Abt. Wirtschaftspolitik, Thesen zur mittelfristigen Strukturpolitik, Duesseldorf, November 11, 1975.

69. Niederschrift ueber das 36. Gespraech im Rahmen der Konzentrierten Aktion am 25. November 1975 im Bundesministerium fuer Wirtschaft, Bonn (BDA minutes of the 36th meeting of concerted action), Koeln, November 30, 1975; DGB, Protokoll der 36. Sitzung der Konzentrierten Aktion am 25. November 1975 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 36th meeting of concerted action), Duesseldorf, December 15, 1975.

70. Bundesministerium fuer Wirtschaft, "Zur Problematik des zukuenftigen mittelfristigen Wirtschaftswachstums," (ministry of economic affairs confidential memo), Bonn, October 27, 1975; Bundesministerium fuer Wirtschaft, These zur mittelfristigen gesamtwirtschaftlichen Problematik (ministry of economic affairs paper on medium-term economic problematic), Bonn, November 20, 1975.

71. Sachverstaendigenrat, "Vor dem Aufschwung," Jahresgutachten 1975/76, November 24, 1975.

72. Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 456; Reidegeld, "Staatliche Sozialpolitik in den ersten Nachkriegsjahren und in der Bundesrepublik," 147.

73. Huffscheid and Schui, Gesellschaft im Konkurs, 401 ff.; Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 457; Reidegeld, "Staatliche Sozialpolitik in den ersten Nachkriegsjahren und in der Bundesrepublik," 147-48.

74. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 148-49.

75. Income taxes as a percentage of total taxes had risen from 11.8% in 1960 to 19.7% in 1966, and 31.9% in 1975, and tax

increases and increases in social deductions rose from 14.5% between 1966-1970, to 14.8% between 1971-1975 and 16% in 1974, fell to 3.1% in 1975, but rose again to 11.7% in 1976-1977 (Reidegeld, "Staatliche Sozialpolitik in den ersten Nachkriegsjahren und in der Bundesrepublik," 143-44).

76. The difference between nominal and real wages rose from 15.4% in 1960, to 17.8% 1966, and 27% in 1975 (Reidegeld, "Staatliche Sozialpolitik in den ersten Nachkriegsjahren und in der Bundesrepublik," 143-44).

77. Deppe, Gerstung, Rossmann, Weiss, "Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976)," 415-28.

78. DGB, Abt. Wirtschaftspolitik, Material zur Konzentrierten Aktion, Anlage 2, Duesseldorf, November 17, 1975. This DGB position was expressed to the Minister of Economic Affairs in a letter from January 26, 1975.

79. Erklarung des Bundesministers fuer Wirtschaft Dr. Hans Friderichs im 37. Gesprache der Konzentrierten Aktion am 24. 2. 1976, BDA, Niederschrift ueber das 37. Gesprache im Rahmen der Konzentrierten Aktion am 24. Februar 1976 im Bundesministerium fuer Wirtschaft, Anlage 4, Koeln, March 8, 1976.

80. Niederschrift ueber das 37. Gesprache im Rahmen der Konzentrierten Aktion am 24. Februar 1976 im Bundesministerium fuer Wirtschaft, Bonn (BDA minutes of the 37th meeting of concerted action), not dated; DGB, Protokoll der 37. Sitzung der Konzentrierten Aktion am 24. 2. 1976 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 37th meeting of concerted action), Duesseldorf, March 11, 1976.

81. BDA, Sitzung des Lenkungsausschusses am 5. Juli 1976 (BDA minutes of the steering committee meeting, July 5, 1976), not dated.

82. Niederschrift ueber das 38. Gesprache im Rahmen der Konzentrierten Aktion am 12. Juli 1976 im Bundesministerium fuer Wirtschaft, Bonn (BDA minutes of the 38th meeting of concerted action), not dated; DGB, Protokoll der 38. Sitzung der Konzentrierten Aktion am 12. Juli 1976 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 38th meeting of concerted action), Duesseldorf, July 16, 1976.

83. Vorstudien zur Strukturberichterstattung, DGB, Materialien zur Konzentrierte Aktion, Anlage 1, Duesseldorf, January 3, 1977.

84. BDA, Sitzung des Lenkungsausschusses am 22. 12. 1976 (BDA minutes of the steering committee meeting, December 22, 1976), not dated.

85. Niederschrift ueber das 39. Gesprache im Rahmen der Konzentrierten Aktion am 11. Januar 1977 im Bundesministerium fuer Wirtschaft, Bonn (BDA minutes of the 39th meeting of concerted action), Bonn, January 12, 1977; DGB, Protokoll der 39. Sitzung der Konzentrierten Aktion am 11. Januar 1977 im Bundesministerium fuer Wirtschaft in Bonn (DGB minutes of the 39th meeting of concerted action), Duesseldorf, January 28, 1977.

86. Hartmut Tofaute, "Das Programm fuer Zukunfts-investitionen der Bundesregierung vom Fruhjahr 1977" (DGB-Bundesvorstand, 1978).

87. Markovits and Allen, "Trade Unions and the Economic

Crisis: The West German Case," 160.

88. IG Metall, Antraege - Materialien (11. Ordentlicher Gewerkschaftstag der IG Metall, Hanover. 15. September bis 21. September 1974) (Frankfurt: Union-Druckerei, 1975).

89. DGB, 10. Ordentlicher Bundeskongress (Hamburg 25. bis 30. Mai) (Hamburg: Karl Heinz Loeding, 1975).

90. IG Chemie-Papier-Keramik, Protokoll der Verhandlungen des 10. Ordentlichen Gewerkschaftstages der Industriegewerkschaft Chemie-Papier-Keramik (vom 19. bis 25. September 1976 in Hamburg) (Hanover: Buechereiwerkstaetten Hanover, 1976).

91. The speaker of the managing board of the Deutsche Bank, Juergen Pronto, charged the bill was an attempt to carry politics or non-economic political conflicts into business, and questioned whether political representatives were capable of understanding the reality and laws of the economy ("Kapitalbildung ist bedroht: Raritaeten der Wirtschaft werden nicht begriffen," Die Welt, March 29, 1974).

92. The head of the managing board of the Farberwerke Hoechst, AG., Rolf Sommer, argued that it was questionable whether big business could still operate effectively under the legislation ("Wachsende Macht der Gewerkschaften," Deutsche Tagespost (Wuerzburg), February 18, 1974).

93. The chairman of Siemens AG., Peter von Siemens, insisted that the legislation would undermine the industry's competitiveness ("Industrie Scharf gegen Mitbestimmung. Auch Vermoegensabgabe wird abgelehnt," Muenchener Merkur (Muenchen), March 21, 1974).

94. "Bisher, nie gekannte Machtkonzentration. Leitende Angestellte protestieren wieder gegen das Mitbestimmungsmodell," Frankfurter Allgemeine Zeitung (Frankfurt), February 17, 1974.

95. "Verstaerkter Effekt der Mitbestimmung. Klage der Schutzvereinigung der Wertpapierbesitzer," Handelsblatt (Duesseldorf), February 22, 1974.

96. "Klage gegen Mitbestimmungsgesetz," Frankfurter Allgemeine Zeitung (Frankfurt), August 19, 1976.

97. "Mitbestimmungsverfahren laufen weiter," Frankfurter Allgemeine Zeitung (Frankfurt), February 12, 1977.

98. "Gericht: Mitbestimmungsgesetz ist nicht verfassungswiderig," Sueddeutsche Zeitung (Stuttgart), January 26, 1977.

99. "Klage gegen Mitbestimmung," Frankfurter Allgemeine Zeitung, (Frankfurt), November 11, 1976.

100. "Beschwerde gegen Mitbestimmung verworfen," Die Welt (Bonn), January 31, 1977.

101. "Gesetzplan fuer Mitbestimmung und Vermoegensbildung, eine Grossindustrie will Widerstand leisten," Frankfurter Neue Presse (Frankfurt), March 7, 1974.

102. "Verband der Metallindustrie uebt scharfe Kritik am Koalitionsmodell," Stuttgarter Zeitung (Stuttgart), March 11, 1974.

103. "Reaktion auf Mitbestimmung und Vermoegensbildung. Arbeitgeber sehen Gefahr fuer die Marktwirtschaft," Die Welt (Bonn), January 24, 1974; "Wirtschaft gegen Mitbestimmungsentwurf," Muenchener Merkur (Muenchen), February 22, 1974; "Folgen der Mitbestimmung Konfrontation und Laehmung," Kieler

Nachrichten (Kiel), March 9, 1974.

104. "Grosskundgebung gegen Mitbestimmung," Frankfurter Allgemeine Zeitung (Frankfurt), March 21, 1974.

105. "Klage gegen Mitbestimmung: Koelner Stadtanzeiger sprach mit Schleyer," Koelner Stadtanzeiger (Koeln), March 6, 1974; "Unternehmer drohen mit Verfassungsklage. Mitbestimmungsgesetz im Bundestag," Frankfurter Rundschau (Frankfurt), June 20, 1974; "Arbeitgeber planen Verfassungsklage gegen Mitbestimmung," Die Welt (Bonn), June 20, 1974; "Arbeitgeber bleiben dabei, im Notfall nach Karlsruhe," Frankfurter Allgemeine Zeitung (Frankfurt), September 11, 1974; "Arbeitgeber erwaegen Klage. Mitbestimmungsgesetz weiter abgelehnt," Frankfurter Allgemeine Zeitung (Frankfurt), Jan 19, 1975; "Noch Bedenken der Arbeitgeber gegen das Mitbestimmungsgesetz," Sueddeutsche Zeitung (Munich), March 19, 1976; "Schleyer: Konflikt nicht scheuen," Frankfurter Allgemeine Zeitung (Frankfurt), March 26, 1976; "Schleyer kuendigt Verfassungsklage an," Stuttgarter Zeitung (Stuttgart), March 11, 1977.

106. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 163.

107. "Klage der Arbeitgeber beim Dreierausschuss," Frankfurter Allgemeine Zeitung (Frankfurt), June 30, 1977.

108. "Konzertierte Aktion bis 1979 ohne DGB? Loderer, Teilnahme ist kein Dogma," Frankfurter Neue Presse (Frankfurt), July 14, 1977.

109. "Bundesregierung: Unternehmen unterlaufen Mitbestimmung," Sueddeutsche Zeitung (Munich), December 1977.

110. IG Metall, Geschaeftsbericht 1977-79, 31; DGB, Geschaeftsbericht 1975-77, 29-33.

111. "Heftige Reaktion auf Mitbestimmung, der DGB zieht sich aus der Konzertierten Aktion zurueck, auch Ehrenberg nicht mehr dabei," General Anzeiger (Bonn), July 2, 1977.

112. "Veraergerung ueber die Absage des DGB," Koelnische Rundschau (Koeln), July 2, 1977.

113. Markovits and Allen, "Trade Unions and the Economic Crisis: The West German Case," 163.

114. Otto Jacobi, "Economic Development and Trade Union Collective Bargaining Policy in the Federal Republic since the Middle of the 1970s," paper delivered at the 1983 Italien-German Conference, Turin, November 10-11, 3.

115. Under the decree individuals were expected to accept jobs below their qualifications if they had tried unsuccessfully over a period of six months to find work in their own profession. Moreover, prospective job-holders were expected to move to other parts of the country, become weekend commuters and/or increase their daily commuting time between their home and workplace (Markovits and Allen, "Trade Unions and the Economic Crisis: the West German Case," 162.

116. "Konzertierte Aktion bis 1979 ohne DGB? Loderer, Teilnahme ist kein Dogma," Frankfurter Neue Presse (Frankfurt), July 14, 1977.

117. "Konzertierte Aktion," Hamburger Abendblatt (Hamburg), September 22, 1977.

118. "Zur Teilnahme an Bonnerunde nicht bereit," General

Anzeiger (Bonn), October 12, 1977; "Minister Lamsdorff will DGB in Konzertierte Aktion zurueckholen," Die Welt (Hamburg), October 14, 1977; "Einzelgespraeche statt Konzert. Gewerkschaften wollen die Konzertierte Aktion vorerst weiter boykottieren," Frankfurter Allgemeine Zeitung (Frankfurt), December 15, 1977.

119. "Lamsdorff - Gewerkschaften bald wieder in Konzertierter Aktion," Sueddeutsche Zeitung, July 18, 1977.

120. Sueddeutsche Zeitung, December 29, 1977.

121. "Kanzler zeigt Verstaendniss fuer die Gewerkschaften. Arbeitnehmerorganisation bleibt Konzertierten Aktion fern," Koelner Stadtanzeiger (Koeln), July 6, 1977.

122. "Die Konzertierte Aktion wird zum kammerkonzert, verkleinerung der Wirtschaftspolitischendiskussion so gut wie sicher, Gespraeche bei Lamsdorff," Frankfurter Allgemeine Zeitung (Frankfurt), February 18, 1978; "Lamsdorff und Vetter wollen ihr Gesprach fortsetzen," Sueddeutsche Zeitung (Munich), April 12, 1978;

123. "Schmidt bittet Sozialpartner zu sich," Sueddeutsche Zeitung, January 9, 1978; "Kleine Konzertierte Aktion," Handelsblatt, June 29, 1978; "Unternehmer und Gewerkschaften helfen dem Bundeskanzler," Die Welt (Hamburg), July 6, 1978.

124. "Klunker gegen Konzertierte Aktion, Union spricht von mangelnder Verantwortung," Muenchener Merkur (Munich), January 9, 1978; "Konzertierte Aktion," Ruhrnachrichten (Dortmund), January 10, 1978; "Bald Konzertierte Aktion Neuer Art," Rheinische Post (Duesseldorf), January 10, 1978.

125. "Mitbestimmung Verfassungskonform," Stuttgarter Zeitung (Stuttgart), January 12, 1978; "Gericht: Mitbestimmung mit Grundgesetz vereinbart," Sueddeutsche Zeitung (Munich), March 24, 1978.

126. "DGB, Konzertierte Aktion ohne uns. Vetter warned vor Folgen der Wirtschaftskrise," Koelner Stadtanzeiger (Koeln), May 24, 1978.

127. "Was Gewerkschaften zur Konzertierten Aktion sagen," Die Welt (Hamburg), January 11, 1978.

128. "Lamsdorff greift Arbeitgeber an, Minister haelt an Konzertierter Aktion fest," Neu Ruhr - Neu Rhein Zeitung, January 17, 1978.

129. "Konzertierte Aktion nur noch in kleinerem Kreis," Sueddeutsche Zeitung (Munich), January 17, 1978.

130. "Bundesverfassungsgericht verkundet sein Urteil," Sueddeutsche Zeitung (Munich), March 1, 1979.

131. "Tritt die Konzertierte Aktion wieder zusammen?" Frankfurter Allgemeine Zeitung (Frankfurt), March 3, 1979; "Bemuehungen um Konzertierte Aktion. Interessen der Arbeitgeber, DGB beraet am Dienstag," General Anzeiger (Bonn), March 3, 1979.

132. "Konzertierte Aktion alter Form ist tot, Loderer, warm nicht gleich Wirtschafts- und Sozialrat," Frankfurter Allgemeine Zeitung (Frankfurt), March 5, 1979; "DGB bekuendet Gespraechsbereitschaft, Vetter bekraeftigt aber ablehnende Haltung gegenueber konzertierter Aktion," Sueddeutsche Zeitung (Munich), March 8, 1979.

133. "Arbeitgeber, Konzertierte Aktion soll bald tagen," Rheinische Post (Dortmund), March 25, 1979.

134. "Kanzler Fordert zur Preisdizipline auf? Neue Spitzengespraeche bereits im November," Frankfurter Neue Presse (Frankfurt), October 20, 1979.

135. "Schlecht kuendigt an, im Dezember drei Gespraeche im kleine Kreis. Bonn: Konzertierte Aktion unter neuem Namen," Westfaelische Rundschau (Dortmund), October 24, 1979.

136. "Lambsdorff laed zur Konzertierten Aktion," Sueddeutsche Zeitung (Munich), November 8, 1980.

137. "DGB: FDP macht Neuauflage der Konzertierten Aktion unmoeglich," Sueddeutsche Zeitung (Munich), November 13, 1980.

138. "Koalitionsentwurf zur Mitbestimmung verabschiedet," Frankfurter Allgemeine Zeitung (Frankfurt), April 1, 1981.

139. "Ohne das Parlament," Handelsblatt, March 1, 1981.

140. DGB, 4. Ausserordentlicher Bundeskongress (Duesseldorf 12. bis 14. Maerz 1981) (Frankfurt: Union-Druckerei und Verlagsanstalt, 1981).

141. "Arbeitgeber ruegen anspruch des DGB auf Allein-zustaendigkeit," Stuttgarter Nachrichten (Stuttgart), March 15, 1981; "Kritik am neuen DGB Grundsatzprogramm," Sueddeutsche Zeitung (Munich), March 16, 1981.

142. The FDP had left the SPD-FDP coalition over growing differences in economic and social policy.

143. Jacobi, "Economic Development and Trade Union Collective Bargaining Policy in the Federal Republic since the Middle of the 1970s," 10.

144. "Klassenkampf mit Augemass," Die Zeit (Hamburg), November 18, 1983.

145. "Noch viel mobilisieren," Der Spiegel (Hamburg), January 3, 1984.

146. "Two sides set to meet in W. German strike," The Globe and Mail (Toronto), May 22, 1984.

CONCLUSION

As in all case studies, the fact that the study draws on just one example inevitably casts doubt on the general applicability of its findings. Although a single case study does not allow one to draw definitive conclusions, it does allow for some tentative inferences. However, in light of the fact that judgement on other cases of corporatist development is still outstanding further caution must be exercised. Although corporatism, as argued in the opening chapter, "is in crisis as an integrative political mechanism and ideological practice" with the collapse of the "social contract" in Britain in 1978-79, the breakdown of centralized wage negotiations in Sweden in 1984, and rumblings within the Austrian corporatist system, it must be recognized that the Austrian Parity Commission and corporatist cooperation in Sweden, among the more visible cases, are still in place. Consequently, conclusions drawn at this time on the basis of just one case study, the case of Germany, must remain tentative at best and are in need of further substantiation. It is, then, within the context of these limitations that the conclusions drawn here must be understood.

The main argument of this study of corporatist development in Germany has been a four-fold one. First, to properly understand corporatist developments, they must be analyzed as a trade union strategy of "social partnership." Second, trade

union-sponsored corporatism only develops under certain pre-conditions. Third, corporatist arrangements once established are not stable and tend to break down with changing conditions. Fourth, corporatism did not provide the basis, no less in the context of the crisis of the 1970s than earlier, for a fundamental transformation of state-interest group relations, let alone of state-capital relations. Least of all, did they as some thought they might, lay the basis for a peaceful transition to socialism via an extension of trade union power vis a vis capital and the state. The questions underlying the study, thus, have been; (1) how effective are corporatist arrangements in regulating class conflict in the face of declining economic conditions? (2) how likely are corporatist strategies of social partnership to improve conditions of the working class within capitalism? and (3) what are the consequences for labour in participating in corporatist cooperation?

The establishment of structures within advanced capitalism located at the political level to integrate trade unions into the state economic planning process mainly was oriented towards regulating trade union wage demands. This was as true during the profitability crisis of the 1970s as it was in the Keynesian era of expansion before it. Within the context of corporatist structures the state acceded to labour demands for representation in economic policy making in exchange for wage restraint. The substance of corporatism was the political regulation of class conflict over the distribution of the social product as an element in securing the conditions necessary for the reproduction

of capitalist production and private accumulation.

But properly to understand the actual development of corporatism, we must analyze this as primarily trade union-sponsored, part of a union strategy of "social partnership" within the market economy. Corporatism as a state practice of controlling trade union power via their voluntary integration into the macro-economic planning process necessitates the active cooperation of labour, but it arises as a state response to union demands for representation in the making of economic policy. The response occurs in those conditions where wage movements threaten to cause inflation or when a profitability-crisis is in train.

We may say, then, that in contrast to 19th century corporatism which was a strategy to prevent the formation of trade unions and their autonomous representation in the political and economic sphere, 20th century corporatism ironically became a strategy of the trade unions themselves to gain power and influence over state policy making. Especially for trade unions aligned with social democratic parties, they hoped to legitimize themselves as equal partners of capital and the state, and to secure economic rights for workers and a role in the management of production at both the firm and the state level. Thus, while the state sought to control trade union wage demands and bargaining power, the unions hoped to expand their power within corporatist structures. Essentially, trade unions in cooperation with social democratic parties in office sought to secure a measure of control over the market and free enterprise via corporatist structures.

Corporatism, therefore, has to be seen as a political response by the state to long-standing trade union demands for economic rights and equal participation in economic management as well as a "central component of social democratic party strategy, which union leaders themselves played an important role in formulating."

But the realization of labour's corporatist project requires the state's recognition at the political level of union demands. And the establishment of union-sponsored corporatism takes place only under certain pre-conditions, such as; (1) highly centralized trade union organizations; (2) growing trade union bargaining strength; (3) influence of social democracy both within the trade union movement and the state; and (4) and a basically common economic policy approach of both labour and business.

Those unions which are to pursue a corporatist strategy of social partnership must come to be committed to social democratic reforms within the established social and economic order. They may entertain the illusion that this lays the basis for fundamental reforms of the established order itself, but this lies outside the framework of what corporatism itself can deliver. At the same time similar perceptions for the need of social democratic-style reforms within the established order must underlie state policy for labour to realize its corporatist objectives. In most cases, then, social democratic parties must be in power or must be a partner in a governing coalition with sufficient power to influence the policy and legislative agenda. In addition, union-

sponsored corporatism needs the support of capital and, at least to some extent, of conservative political parties. Capital and conservative parties tend only to "cooperate" if the objectives of trade unions are defined within a basically similar economic policy approach to that of capital.

An effective strategy of "cooperation" requires a high degree of organizational centralization and it necessitates the formulation of a coherent leadership position and corresponding membership support so that the leadership is seen to represent the interest of the rank-and-file membership in cooperation with capital and the state. However, corporatist structures once established do not, as hoped for by labour, remain stable, but are subjected to stresses and strains arising from changing conditions of capitalist production, and tend to break down when the pre-conditions are altered.

Corporatist structures by their very nature tend to be unstable. There are two main variables that account for this instability. Once the conditions which induce business to seek the support or cooperation of labour subside, business tends to lose interest in corporatist cooperation and tends to cancel the arrangements. Labour leaders, on the other hand, through their participation in the state economic planning process adopt a state/capital rationale. In the process of legitimizing state economic policy union leaders demand wage restraint from the rank-and-file membership in the name of the national interest. The consequences are growing alienation of the rank-and-file from the leadership and the development of unofficial strikes in

support of wage demands at the local level. Under pressure the union leadership adopts a more militant and less cooperative posture in corporatist arrangements, or may be forced to withdraw from cooperation.

The more specific argument of this study with to reference the German case has also been a four-fold one. First, Germany has a deeply rooted corporatist history going back to the early 19th century. Second, German trade unions, almost from their beginning showed clear corporatist/integrationist tendencies. Third, Germany witnessed union-sponsored corporatist developments in the inter-war as well as in the post-World War Two period. And fourth, with concerted action Germany experienced a complete cycle of corporatist development within the context of existing pre-conditions.

Corporatist developments in Germany clearly substantiate our argument that Germany has a long corporatist history going back to the previous century. Nineteenth century corporatism in Germany tended to be a strategy of restructuring society to control rising new social forces. To control the rising bourgeoisie and industrial proletariat, both were to be functionally integrated into a re-constructed "estate-order" reminiscent of the feudal state. In contrast, 20th century corporatism attempted to integrate capital and labour into the existing order within corporatist structures at the political level.

The defeat of the Anti-Socialist Law and the failure of Bismarck's corporatist project in the dying days of the century

marked the end of the predominance of the anti-liberal, estate-based corporatism in Germany. Although 19th century corporatism did not completely lose its appeal, it was replaced by the "liberal"/"societal" corporatism of the 20th century. With the establishment of independent workers' organizations estate-based corporatism was largely rejected. Attempts at class consensus from then on (with the exception of the fascist corporatist project of the 1930s) tended to take the form of the voluntary integration of independent trade unions into public or quasi-public administrative structures.

Liberal corporatism in the 20th century became the instrument not so much of the state but of trade unions in search for legitimation via the state. Integrationist or social democratic trade unions became the major sponsor of corporatism in Germany. In the post-World War One period organized labour adopted a corporatist strategy to legitimate itself and to secure economic rights for workers and trade unions and a role in the management of production in the firm and at the political level. It was an integrationist corporatist strategy of equal partnership with state and capital. Especially with the social democrats in government, labour after World War One hoped to institutionalize within corporatist structures and arrangements such as the "Stinnes-Legien Agreement", the Zentralarbeitsgemeinschaft, industrial labour councils, economic councils and work councils, the role in the management of production it had gained during the war. In the post-1918 period, although the SPD held government power, labour lacked the support of the influential sectors of

society. Moreover, as a result of high unemployment and considerable political polarization labour was in a relative weak bargaining position. Industry withdrew from cooperation as soon as revolutionary threats had subsided.

In the post-World War Two period labour again sought legitimation, economic rights and a role in economic management through cooperation with state and capital within such corporatist structures as work councils, Mitbestimmung and a national economic and social council. But labour was weakened by years of Nazi persecution, disorganization and high unemployment and, in any case, public authority was in Allied hands. With the defeat of its corporatist strategy by the shift in Allied policy in the late 1940s and the re-establishment of bourgeois dominance within a new republic in the West, labour adjusted its strategy to changing conditions, all the while pursuing its social democratic objectives through a diversified, incremental corporatist strategy of ad hoc bilateral and trilateral talks with capital and the state, cooperation in quasi-public administrative and advisory bodies and pushing for the introduction of Keynesian economics that would afford it a role in economic planning and policy making.

In 1966 the conditions were finally in place for a positive state response to national-level corporatism in economic policy-making. Labour not only welcomed the Grand Coalition's proposal for concerted action as an "opportunity to participate in formulating the objectives of economic and social policy" but viewed concerted action as the kind of participation that labour

was "entitled to as producers and democrats, and had so far been denied." Concerted action was seen as a crucial step towards the full legitimation of organized labour in Germany." The expectation was, that for "the price of a voluntary integration of independent decision-making into a common concept," concerted action "could transform into co-determination... in deciding medium-term economic objectives and necessary policy instruments."

In contrast to earlier periods of corporatist development in Germany, such as the immediate post-1918 and post-1945 periods, 1966 constituted a historical juncture at which the necessary pre-conditions for the development of union-sponsored corporatism came together.

A decline in the rate of economic growth and industrial production, near full employment and rising union wage demands, and the conservative CDU/CSU government's growing inability to address the situation within the context of its neo-liberal economic policy course in the late 1950s and early 1960s led to the economic and political crisis of 1966-67. This laid the basis for the SPD's rise to power, for the first time since Weimar, in the Grand Coalition. A further consequence was a general recognition by business, labour, social democrats and conservatives for the need of some form of Keynesian economics, including an incomes policy. Moreover, there was a general agreement on the short-term priority of economic recovery. Labour, committed to operate within the market economy and recognizing the need for stable economic growth as a pre-

condition for improving the conditions of the working class, offered wage restraint and short-term reverses on the income distribution front at the very moment when capital and the state were demanding wage restraint and higher profits and were prepared to adopt macro-economic Keynesian measures.

However, no similar adjusting of long-term objectives took place. The long-term objectives of labour were economic rights for workers and their organizations, an equal role in the management of production both at the firm and political level and a more equitable distribution of the national social product, albeit only of the increase in the social product while leaving the accumulated wealth untouched. For business the long-term objectives were to secure growing profits and control trade union wage demands and bargaining power. The objectives for the bourgeois parties, CDU/CSU and FDP, were to guarantee conditions necessary for high returns and private accumulation, and social welfare only within the context of stable economic growth. The long-term objectives of the SPD, as suggested by Graf, changed from concerns for greater equality for labour to securing conditions necessary for private accumulation.[1]

The contradictions in long-term objectives exposed concerted action to stresses and strains, put the union leadership under pressure to mediate the conflict between business and labour objectives, and led to the final breakdown of the talks in 1977. The contradictions in long-term objectives were obvious from the beginning, and even the short-run objectives were only broadly similar. While the SPD-Minister of Economic Affairs, Schiller,

tried to stimulate the economy through deficit-spending and demand-management measures, the conservative CSU-Minister of Finance, Strauss, pursued a restrictive fiscal policy course to cut the budget deficit, suggesting a far from full commitment to Keynesianism. The result was that most of the concessions promised by government in return for union wage restraint never materialize. The SPD, as the junior partner, was forced into concessions to the CDU/CSU, including not only postponement of the industry-wide extension of Mitbestimmung, a long-standing union demand, but also compromising on its Keynesianism.

While the unions exercised wage restraint, employers tried to use the recession to "trim the fat" through cuts in shop floor wages and fringe benefits, lay offs and cuts in production. The result was a rise in unemployment and a real decline, for the first time since the late 1940s, in wages and salaries.

Despite recovery in 1968-69 and a growing profit-wage gap, employers still rejected union demands for a re-adjustment in income distribution and rejected monetary concessions at the bargaining table. At the political level the Minister of Finance rejected cuts in income taxes as an alternative means of re-adjusting the income distribution. The attempts of the Minister of Economic Affairs, Schiller, to expand the talks beyond the narrow focus on economic development and wages and salaries, on the other hand, ran into opposition from the CDU/CSU, from business and from conservative forces outside of government. Such an expansion, it was argued, would transform concerted action into a "federal economic council" and would undermine the

democratic process. Business, in addition, mounted a million-mark campaign to counter renewed union demands for an industry-wide extension of Mitbestimmung.

Union leaders, because of the lack of concessions, came under growing pressure from the rank-and-file membership and congress delegates to withdraw from concerted action, and were forced into a more militant posture in the talks. The union leadership's attempts to mediate between union demands and business' objectives alienated the rank-and-file membership and led to the September strikes of 1969. These developments, moreover, led to growing alienation from SPD policy and union demands for the party's withdrawal from the coalition.

The formation in 1969 of the SPD-FDP coalition appeared as a renewed opportunity and the final breakthrough for labour. The SPD, now the senior partner, was in coalition with a left-leaning FDP. The Coalition's reform programme addressed many of labour's long-standing demands, while on other issues such as Mitbestimmung, labour was prepared to accept further postponement. In the first two years the Coalition appeared to make real efforts to expand concerted action and supported labour in its wage demands.

However, business was as determined as ever to recover losses and resist union demands at the bargaining table and in concerted action. In response to continuing shop-floor action business coordinated a common response at the bargaining table and in concerted action. Concerned with left-wing pressure on government policy, stagflationary trends, and a profitability

crisis, business went on an all out attack on the coalition's reform programme and economic policy course.

Under pressure from business and the growing profitability crisis, both coalition parties after 1972 shifted to the right-of-center and abandoned their earlier Keynesian "global steering" with its commitment to full employment, and adopted a more restrictive supply-side monetarist policy course. The FDP blocked reforms that might interfere with the market economy, free enterprise and the structure of industrial relations, thus forcing the SPD once again into concessions to a more conservative coalition partner.

The 1973 oil crisis and the subsequent decline in international trade in 1974-75 pushed the Social Democratic-Liberal coalition even further to the right-of-center in its economic policy course. Growing pressure from business pushed the more conservative elements in both coalition parties to the center. As a result the Coalition adopted a restrictive monetarist policy course to improve the general "investment climate." The decline in economic growth and the rise in unemployment, it was argued, were the result of insufficient investment and declining profits. What was necessary was a redistribution of the social product and a reduction in the public and the wage share. To reduce the public share the Coalition postponed and cut all reforms which involved further public spending, and introduced cuts in social welfare and health care programmes. To finance increased subsidies and concessions to business the Coalition raised taxes and social and health care

fees. To reduce the wage component the coalition dropped its earlier commitment to full employment and used unemployment as a lever in concerted action to force labour into wage restraint.

As a result by 1973 labour had lost almost all support for its social democratic objectives. The unions had lost the support of the FDP and were confronted with a right-of-center SPD under pressure from its more conservative coalition partner to postpone, limit and cut reforms. Concerted action explicitly became a forum to regulate union wage demands and union bargaining power with the FDP-Minister of Economic Affairs, Friderichs, threatening to tax away "excessive" wages and salaries.

The union leadership, however, remained committed to cooperation and concerted action until forced both by growing pressure from the rank-and-file and by business' response to the 1976 Mitbestimmung Law to withdraw from the talks in July 1977. The leadership continued to promote "cooperation" because some benefit for labour still accrued from government policy, but more important, because there seemed to be no other choice than the Social Democratic-Liberal coalition.

After 1977, despite changes in their stated conditions for participation, the imposition of renewed restrictive state policy measure in the early 1980s and growing employer opposition at the bargaining table the labour leadership remained committed to corporatist cooperation and social partnership with state and capital. Even the fall of the SPD-led coalition at the end of 1982 and the return to power of the conservative CDU/CSU in

coalition with the FDP is not to be interpreted as the end of the corporatist ambitions of labour in Germany.

In evaluating the corporatist development of concerted action there can be no question about a transformation or a change in the nature of the Federal Republic. Concerted action did not result in a new economic order, of private ownership and public control, a system beyond capitalism; nor did concerted action lead to a change from a pluralist to a corporatist system of interest intermediation. At best concerted action was a very unstable arrangement at the political level, always on the edge of collapse until its final break down in 1977. However, there can be no doubt that the establishment of concerted action was actively sponsored by organized labour. Labour had pursued a corporatist strategy of social partnership ever since the early Weimar days; and the DGB since the 1940s - and with renewed intensity in the early 1960s - had actively been pushing for an institutionalized tripartite cooperation of state, capital and labour.

Concerted action thus was the state's response at the political level to long-standing union demands. The question is, was it a response to trade union demands within the context of a genuine commitment to a "new (Keynesian) economics," or was it the same old economic strategy, but in a form that took advantage of the unions' corporatist and social democratic objectives? Moreover, the general questions underlying the study need to be raised within the context of evaluating concerted action, namely; (1) how effective are corporatist arrangements in

regulating class conflict in the face of declining economic conditions? (2) how likely is a corporatist strategy of social partnership to improve conditions of the working class within capitalism? and (3) what are the consequences for labour in participating in corporatist cooperation?

In 1966 the Grand Coalition was under pressure to address the recession, but this seemed no longer possible without the cooperation of the labour leadership. There can, however, be no doubt, on the basis of our study, that business from the beginning viewed concerted action more as an instrument to control trade union wage demands and union bargaining power than a step in the direction of "social partnership" in the management of production. Even their commitment to the "new economics" was, in practice, highly conditional. A tight monetary policy and fiscal restraint were their watchwords. Moreover, throughout the ten years of concerted action, business rejected any extension of the talks beyond the narrow focus of wages and salaries and overall economic development. Business representatives consistently rejected union demands to include private investment, prices and profits in the talks. Employers fought labour at the shop-floor, at the bargaining table and on other policy issue areas, especially Mitbestimmung. In the early 1970s when it appeared that the SPD-FDP coalition was supporting labour's social democratic agenda with its reform programme and concession in concerted action, business attempted to bring down the SPD-led government.

The enmities of capital were visible in the CDU/CSU's

opposition to most of the unions' social democratic objectives.

In 1966, the CDU/CSU forced the SPD into an agreement to postpone an industry-wide extension of Mitbestimmung until the end of the legislative period of the Grand Coalition in 1969. The CSU-Minister of Finance, Strauss, pursuing a restrictive fiscal policy course in 1968-69 rejected lowering income taxes to close the growing profit-wage gap. The CDU/CSU opposed an expansion of the concerted action agenda because it would allegedly undermine the elected parliament. Once in opposition in the 1970s, the CDU/CSU tried to stall the SPD-FDP coalition's reform programme in the Bundesrat, where it still held a majority. And in 1972 it tried to bring down the SPD-led government in the Bundestag over the ratification of the non-aggression treaties with the USSR and Poland, but ultimately because it was opposed to the Coalition's reform programme and economic policy course. The FDP from the beginning opposed full parity-Mitbestimmung and fought to limit its extension to publicly-held joint-stock corporations. After 1972, moreover, the FDP rejected most reforms affecting the established social and economic order in any way, and adopted a restrictive fiscal and monetary policy course.

The position of the SPD in concerted action was more ambiguous and contradictory. There was the traditional close affinity between SPD and trade unions. The party sought the active support of the unions for its economic policy course in concerted action. There was the Social Democratic-Liberal reform programme and attempts in the early 1970s to expand concerted action beyond the narrow focus of wages and salaries. On the

other hand, little was done to establish any organizational independence for concerted action from the government's control via the Ministry of Economic Affairs over the policy agenda. While the 1972 work councils reform were important to the unions, they were compromised by the postponement of the industry-wide extension of Mitbestimmung. The government's restrictive orientation data, its attempts to link wages and salaries to productivity and job security, and the meagre concessions to labour in return for wage restraint and cooperation in concerted action, were exacerbated by the SPD-led government's abandonment of its commitment to full employment and its use of the threat of unemployment and tax increases to force the unions into wage restraint.

Some of the ambiguity in the SPD's position may be explained by its need for concessions to its more conservative coalition partners. However, this does not fully account for the contradictions in the party's position. The contradictions are more fully explained by what Graf has called "the limits of Social Democracy in the advanced capitalist state, ... those 'given' by the Federal Republic's position in the capitalist world order and by the pattern of domestic socio-economic and political power distribution." The SPD was "a mere 'guest in power' in the peak institutions of the CDU state ... [and the party] was confined in its scope by the CDU-dominated Bundesrat, High Courts and most local governments." As a consequence, "In place of substantial social change, Modell Deutschland aspired merely to streamline and rationalize the CDU state." The SPD

1979-80, and again jumped to 5% by 1981). Inflation, which had risen steadily in the first half of the 1970s, was brought under control in the second half of the decade, but rose again in the late 1970s and early 1980s, (from a low of 1.9% in 1969 to 7 per cent in 1973-74, to 6 per cent in 1975 to 2.7 per cent in 1978, but after the second oil crisis in 1979 up to 4.5 per cent, and to climb to reach 5.5 per cent in 1980-81).

Restrictive fiscal and monetary measures to hold down inflation and to secure industry's international competitive advantage, as we have seen, were designed to force down union wage demands. A reduction in wage costs in conjunction with increased productivity and relatively low inflation was to benefit exports and secure industry's international advantage and facilitate the internationalization of production and capital. This would serve the integration of the German economy into the global economy and the establishment of its hegemonic position within the EEC. Indicative of the government's strategy of increasing Germany's global profile was, among other things, its Third World policy after the 1973 oil crisis and the 1974-75 global recession. On the one hand, the government pleaded for rapid structural change in developed capitalist countries and an opening of their markets to Third World industrial products, while, on the other, it vehemently insisted on private enterprise as the vehicle for trade with the Third World, the sanctity of private investment, and the reliance on global market mechanisms.[12]

The strengthening of exports within the context of

- Lange, Peter M., George Ross and Maurizio Vannicelli, Unions, Change and Crisis: French and Italian Union Strategy and the Political Economy, 1945-80 (London: George Allen & Unwin, 1982).
- Lembruch, Gerhard and Philippe Schmitter (eds.) Patterns of Corporatist Policy Making (New York: Sage, 1982).
- Levant, Victor, Capital and Labour: Partners? (Toronto: Steel Rail, 1977).
- Lewis, Roy and Jon Clark (eds.), Labour Law and Politics in the Weimar Republic (Oxford: Basil Blackwell, 1981).
- Luber, Franz, Fundstellen- und Inhaltsnachweis, Arbeits- und Sozialrecht (Perchn am Starnberger See: Verlag R.S. Schulz, 1982).
- Maier, Charles S., Recasting Bourgeois Europe (Princeton: Princeton University Press, 1975).
- Mandel, Ernest and Winfried Wolf, Weltwirtschaftsrezession und BDR Krise 1974, 1975 (Frankfurt: ISP-Verlag, 1976).
- Marin, Bernd, Die Paritaetische Kommission (Vienna: Internationale Publikationen, 1982).
- Markovits, Andrei (ed.), Model Germany: Problems and Prospects (New York: Praeger Publishers, 1982).
- Markovits, Andrei S., The Politics of the West German Trade Unions: Strategies of Class and Interest Representation in Growth and Crisis (New York: Cambridge University Press, 1986).
- Mattheier, Klaus, Die Gelben. Arbeiter zwischen Wirtschaftsfrieden und Streik (Duesseldorf: Paedagogischer Verlag Schwan, 1973).
- Mayer, Udo, Paritaetische Mitbestimmung und Arbeitsverhaeltnis (Frankfurt: Europaeische Verlags Anstalt, 1976).
- Menzel, H. J., Legitimation staatlicher Herrschaft durch Partizipation Privater Organisationen (Berlin: Dunker & Humblot, 1980).
- Menzel, Wolfgang, et al., Imperialistische Klassenpolitik unter Anpassungszwang (Berlin (GDR): Staatsverlag der Deutschen Demokratischen Republik, 1973).
- Miller, Susanne, Die SPD vor und nach Godesberg (Bonn: Neue Gesellschaft, 1978).
- Muehlbradt, Werner and Lutz, Egon, Der Zwang der Sozial-

"[t]o satisfy the material needs and expectations of workers and consumers ... must continuously extend the range and quality of state services, particularly welfare measures." Moreover, "[t]he expanding state structure, which social democracy consciously fosters and benefits from, must be financed by constant economic growth and productivity improvements in the private sector." Thus, "[s]ocial democracy has a prior interest in creating and maintaining conditions for the enhanced profitability of capitalist enterprise, especially its dynamic, monopoly sectors whose growth is as a rule more rapid and more responsive to state interests." [2]

Any evaluation of labour's corporatist strategy in concerted action must be judged in these terms. Although some benefits accrued to labour, few of the unions' short-term demands and none of its long-term objectives were realized in the ten years of concerted action. The 1969 Arbeitsfoerderungsgesetz (Work Promotion Law) provided government assistance and financial support for job training and job creation, especially in the construction industry, an increase in unemployment insurance benefits and compensation for workers on a reduced work-week. Many of these provisions, however, fell victim to government austerity measures in the mid-1970s. The 1970 Gleichstellung von Arbeitern mit Angestellten im Krankheitsfall, (blue-collar workers parity with salaried employees in sick-leave coverage) provided full sick-leave coverage for blue-collar workers. The 1972 Rentenreformgesetz (pension reform law) introduced flexible retirement, and improved old age pension. These were real gains,

but it is difficult to believe they were conditional on concerted action. The Betriebsverfassungsgesetz (Works Council Law) of 1972 and the 1976 Mitbestimmungs Law both fell far short of what labour had demanded. The Betriebsverfassungsgesetz, although it expanded co-determination of work councilors in social and personnel issues, provided them with protection from arbitrary dismissal, and gave them the right to devote company time to their councilor function, did not change the anti-union provisions of the 1952 Law. The 1972 Law fell short of giving workers an effective say in production, management and investment decisions; it still limited work councilors to resolve problems without being able to resort to strike action; it prohibited political activity at the shop floor; and it kept the trade unions out of the factory. The 1976 Mitbestimmungs Law, on the other hand, did not give workers parity representation at the firm level, preserved the blue-collar/white-collar distinction, only applied to firms with 2000 employees and more, and left the final decision power firmly in the hands of the employers.

In the short-term, concerted action interfered in the collective bargaining process as state and business attempted to link wages and salaries to productivity. The cost of recovery from the 1966-67 recession was borne mostly by labour. In turn the government failed to introduce a more equitable tax structure and equality in income distribution, and did not honor its commitment to full employment. As for the unions' long-term objectives in concerted action, they failed to gain equality in the management of the economy. Moreover, the government failed

to introduce effective redistributive programmes to decentralize productive capital, and resisted demands for tough anti-trust legislation.

The consequences of concerted action for labour included rising unemployment, a further decrease in equality in income distribution and a real decline in net wages and salaries, for the first time since the late 1940s. In addition there was a growing alienation of the rank-and-file from the leadership, which was expressed in spontaneous shop-floor action and growing pressure at union congresses to withdraw from concerted action. With the incorporation of the union leadership into the state decision-making structure the unions acted as agencies of control over the membership in the implementation of state policy. The result was a weakening of the trade union movement as the class conflict was partly relocated inside the unions in the form of struggles between the rank-and-file and the union leadership.

The question that remains to be answered is what explains the unions', at least the union leadership's commitment to a corporatist strategy of social partnership? Given the almost totally negative results for labour of corporatist cooperation in concerted and the leadership's continued commitment to social partnership the question is, was the failure of the German trade unions or their inability to recognize the problems and negative consequences of their corporatist strategy the result of inappropriate analyses due to a lack of social scientific expertise? Or was it more an organizational problem within the trade union movement? Was it the result of a power structure

within the labour movement and a leadership that needed to legitimize and secure its position and privilege at the top of that structure as a pre-condition for improving conditions of the working class within capitalism?

This raises a number of more fundamental, but related questions. First, is "social partnership" within corporatist structures and arrangements a viable strategy to improve conditions for the working class and gain greater social and economic equality within capitalism? Capital in Germany, and not just in the case of concerted action, consistently has resisted concessions to labour. The state, for its part, has pursued a basically capitalist-oriented policy course, even when moved to address problems of social welfare. The Social Democratic Party, although in principle committed to social and economic equality, had only been a "guest in power in the peak institutions of the German state." German labour's attempt to bargain with capital and the state for a share of power through integration into the state decision-making process was not only doomed to failure because of the unstable power base of organized labour, but also because full employment and a scarcity of labour both have been variables beyond the control of labour via corporatist arrangements.

The problem with a corporatist strategy of social partnership is that it requires the active cooperation of both capital and the state. For union-sponsored corporatism to develop the state must respond at the political level to union demands with the establishment of the necessary corporatist

structures and arrangements and provide the legislation necessary for labour equality in the economy. Moreover, social partnership needs the support of capital for labour to be accepted as an equal partner in the economy. Thus, a corporatist strategy of social partnership put labour into a dependent position, depending both on state and capital for its realization. Historical evidence, however, at least in the German case, seems to indicate that especially capital will only support the unions' strategy when forced to do so. With social democrats in power the state appears sympathetic to the unions' strategy, but is constrained in the implementation of equality for labour either by opposition from a more conservative coalition partner or by massive pressure from capital, especially in conditions of economic decline.

This raises a second question, concerning the viability of organized labour as the major agent of social change. Because of its very nature organized labour is subject, even without integration into the state decision-making process, to state regulation and is dependent on capital. For real social change to take place, because it has to be implemented by the state and sanctioned by capital, capital must be convinced or forced to act against its own better judgement. Such pressure or convincing argument can be brought on the state and can only be formulated and organized independent of capital. Pressure, moreover, can only be brought to bear through public opinion and the mass electorate. It is the hearts and minds of the masses which must be won first. This raises the related question of how consciousness, especially class consciousness, is raised. The question is,

under what conditions people are prepared to recognize and accept the social reality within which they live and are willing to address the social problems they are confronted with?

Moreover, trade unions tend to represent mainly the interests of their members, but the social problems arising out of the contradictions of capitalist production and accumulation in the 1980s appear to have shifted from employed workers to the unemployed and the underemployed, the marginalized segments of society at the food line. These problems, however, are not and cannot be expected to be addressed by trade unions.

Finally, there is the question of the role of social scientists. Social scientists are a privileged group that have the time and the skills to apprehend and analyze social reality with some sophistication. This allows for a deeper understanding of social reality than is available to the population at large. It enables social scientists to acquire the knowledge to understand and to address the social problems we are confronted with, and to guide the construction of social reality in a way to avoid recurrence of similar problems. The role of social scientists, thus, must be to assist those who are in need of knowledge and understanding for the purpose of emancipating themselves from subordination and exploitation by the structures and relations of power. Their role cannot be to advise the state or capital on techniques of power or to translate knowledge into authority structures. Social scientists have an obligation not to erect intellectual and social authority structures through generating knowledge and understanding that only benefits the

interests of the powerful and by the "professionalizing" of expertise in an exclusive manner which serves to confer status onto themselves and marginalizes those who do not have their "professional qualifications." The role of social scientists must be to generate relevant and necessary knowledge and to transmit this knowledge in comprehensible language to those in need, and to assist the needy in understanding their own social reality.

ENDNOTES

1. William Graf, "Beyond Social Democracy in West Germany," Socialist Register, 1985/86, 98-136.
2. Graf, "Beyond Social Democracy in West Germany," 110-13.

BIBLIOGRAPHY

Books

- Abelshauser, Werner, Wirtschaftsgeschichte der Bundesrepublik Deutschland 1945-1980 (Frankfurt: Suhrkamp, 1983).
- Abraham, David, The Collapse of the Weimar Republic. Political Economy and Crisis (Princeton, N.J.: Princeton University Press, 1981).
- Abromeit, Heidrun, Staat und Wirtschaft. Zum Staatsverstaendnis der Wirtschaftsoeffentlichkeit in der Bundesrepublik (Frankfurt: Campus Verlag, 1981).
- Adam, Hermann, Die Konzertierte Aktion in der Bundesrepublik (Koeln: Bund-Verlag, 1972).
- Adam, Hermann, Der Kampf um Loehne und Gewinne (Koeln: Bund-Verlag, 1974).
- Adam, Hermann, Macht und Vermoegen in der Wirtschaft (Koeln: Bund-Verlag, 1974).
- Adam, Hermann, Der Einfluss der Industrie- und Handelskammern auf politische Entscheidungsprozesse (Frankfurt: Europaeische Verlags Anstalt, 1979).
- Adam, Hermann, Brauchen wir eine neue Wirtschaftspolitik? (Koeln: Bund-Verlag, 1977).
- Adam, Hermann, Bausteine der Volkswirtschaft (Koeln: Bund-Verlag, 1979).
- Albeck, Hermann, Stabilisierungspolitik mit Entscheidungsmodellen. Das Beispiel der niederlaendischen Lohn- und Finanzpolitik (Tuebingen: J.C.B. Mohr, 1969).
- Albrecht, U., F. Deppe, J. Huffschnid, et al. (eds.), Beitraege zu einer Geschichte der Bundesrepublik (Koeln: Pahl-Rugenstein, 1979).
- Alt Vater, Elmar, Juergen Hoffmann and Willi Semmler, Vom Wirtschaftswunder zur Wirtschaftskrise (Berlin: Olle & Wolters, 1980).
- Arndt, Hans-Joachim, West German Politics of Non-Planning (_____: _____, 1966).

- Arndt, Seven W., The Political Economy of Austria (Washington, D.C.: American Enterprise Institute, 1982).
- Bachmann, Gerhard, Die geldpolitische Rolle der Bundesbank (Bad Honnef: Bock und Herchen, 1981).
- Banting, Keith (ed.), The State and Economic Interests (volume 32 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada) (Toronto: University of Toronto Press, 1986).
- Barkin, Solomon (ed.), Workers Militancy and Its Consequences, 1965-1975 (New York: Praeger, 1975).
- Berger, Suzanne (ed.), Organizing Interests in Western Europe: Pluralism, Corporatism and the Transformation of Politics (Cambridge: Cambridge University, 1981).
- Berghan, Volker, Unternehmer und Politik in der Bundesrepublik (Frankfurt: Suhrkamp Verlag, 1985).
- Bergmann, J., O. Jacobi and W. Mueller-Jentsch, Gewerkschaften in der Bundesrepublik (Band 1: Gewerkschaftliche Lohnpolitik zwischen Mitgliederinteressen und oekonomischen Systemzwaengen) (Frankfurt: Campus Verlag, 1979).
- Bergmann, Joachim and Walther Mueller-Jentsch, Die Gewerkschaften in der Bundesrepublik (Band 2 Gewerkschaftliche Lohnpolitik im Bewusstsein der Funktionaere) (Frankfurt: Aspekte Verlag, 1977).
- Bessel, Richard and E. J. Feuchtwanger (eds.), Social Change and Political Development in Weimar Germany (London: Croom Helms, 1981).
- Bolz, Klaus, Ist Inflation unser Schicksal? (Muenchen: Wilhelm Goldmann Verlag, 1977).
- Bowen, Ralph H., German Theories of the Corporative State (New York: McGraw-Hill, 1947).
- Brandt, G., Otto Jacobi and Walther Mueller-Jentsch, Anpassung an die Krise: Gewerkschaften in den Siebziger Jahren (Frankfurt: Campus Verlag, 1982).
- Braunthal, Gerard, The West German Social Democrats, 1969-1982. Profile of a Party in Power (Boulder, Colorado: Westview Press, 1983).
- Braunthal, Gerard The Federation of German Industry in Politics (Ithaca, New York: Cornell University Press, 1965).
- Braunthal, Gerard, Socialist Labor and Politics in Weimar Germany. The General Federation of German Trade Unions (Hamden: Connecticut, Archon Books, 1978).

Breum, Walter, et al., Die Gewerkschaften der BRD. Mitglieder - Theorien - Politik (Hamburg: VSA-Verlag, 1981).

Buci-Glucksmann, Christiane and Goeran Therborn, Der sozialdemokratische Staat. Die Keynesianisierung der Gesellschaft (Hamburg: VSA-Verlag, 1982).

Cawson, Alan (ed.), Organized Interests and the State. Studies in Meso-Corporatism (Beverly Hills: Sage Publications, 1985).

Cawson, Alan, Corporatism and Political Theory (London: Basil Blackwell, 1986).

Chamberlain, Neil Wolverton, Forces of Change in Western Europe, (_____: McGraw-Hill, 1980).

Clark, Jon, Heinz Hartmann, Christop Lau and David Winchester, Trade Unions, National Politics and Economic Management. A Comparative Study of the TUC and the DGB (Kettering, Northamptonshire: David Green (Printers), 1980).

Conert, Hansgeorg, Einfuehrung in die politische Oekonomie der Bundesrepublik, vol. II (Frankfurt: Europaeische Verlagsanstalt, 1974).

Costafred, Marcelino, Inflation. Von den Wirtschaftlichen Ursachen zu den taeglichen Auswirkungen (Reinbeck bei Hamburg: Rowohlt Taschenbuch Verlag, 1977).

Crouch, Colin and Alessandro Pizzorno (eds.), The Resurgence of Class Conflict in Western Europe since 1968, vol. 2, (London: MacMillan, 1978).

Crouch, Colin, Class Conflict and the Industrial Relations Crisis (London: Heinemann, 1977).

Crozier, Michael J., Samuel P. Huntington, Joji Watanuki, The Crisis of Democracy (New York: New York University Press, 1975).

Damman, Klaus, Tarifvertrag und Arbeitskampf. Rechtliche Rahmenbedingungen aktiver Lohnpolitik (Koeln: Pahl-Rugenstein, 1977).

Deppe, F., R. Herding and D. Hoss, Sozialdemokraten und Klassenkonflikt. Metallarbeiterstreik - Betriebskonflikt - Mieterkampf (Frankfurt: Campus Verlag, 1978).

Deppe, Frank, G. Fuelberth and H.-J. Harrer, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung (Koeln: Pahl-Rugenstein, 1977).

Duvernell, H., ed., Koalitionsfreiheit und Tarifautonomie als Problem der modernen Demokratie (Berlin: _____, 1968).

Duwendag, Dieter (ed.), Macht und Ohnmacht der Bundesbank (Frankfurt: Athenaeum, 1973).

• Eppler, Erhard, Ende oder Wende (Stuttgart: _____, 1975).

Esser, Josef, Gewerkschaften in der Krise. Die Anpassung der deutschen Gewerkschaften an neue Weltmarktbedingungen (Frankfurt: Suhrkamp Verlag, 1982).

Eucken, Walter, Grundlagen der Nationaloekonomie (Jena: _____, 1944).

Faust, R., Sachverstaendigenrat zwischen Keynesianismus und Monetarismus. Zur Konzeption der Sachverstaendigengutachten seit 1964 (Frankfurt: Institut fuer Marxistische Studien und Forschung (IMFS), 1979).

Feldman, Gerald D., Army, Industry, and Labor in Germany 1914-1918 (Princeton: Princeton University Press, 1966).

Flanagan, Robert J., David W. Soskice, Lloyd Ulman, Unionism, Economic Stabilization, Incomes Policy (Washington: The Brookings Institution, 1983).

Friedl, Gerhard A., Die Gewerkschaften als Unternehmer (Stuttgart: Seewald Verlag, 1964).

Fuelberth, Georg, Geschichte der Bundesrepublik in Quellen und Dokumenten (Koeln: Pahl-Rugenstein Verlag, 1982).

Gilsmann, Hans H., Ernst-Juergen Horn, Sighart Nehring and Roland Vaubel, Weltwirtschaftslehre. Probleme der internationalen Handelspolitik, Entwicklungspolitik, Waehrungspolitik und Beschaeftigungspolitik (Muenchen: Deutscher Taschenbuch Verlag, 1982).

Gourevitsh, Peter, Andrew Martin, George Ross, Christopher Allen, Stephen Bornstein, and Andrei Markovits, Unions and Economic Crisis: Britain, West Germany and Sweden (London: George Allen & Unwin, 1984).

Grebing, Helga, The History of the German Labour Movement (London: Oswald Wolff, 1969).

Gutmann, G., W. Klein, S. Paraskemopolos and H. Winter, Die Wirtschaftsverfassung der Bundesrepublik Deutschland (Stuttgart: Gustav Fischer Verlag, 1976).

Hallett, Graham, The Social Economy of West Germany (London: MacMillian, 1973).

Hancock, Donald, The German Model of Advanced Industrial Society, Development, Performance and Prospects (_____: _____, 1981).

- Hardach, Gerhard (eds.), Die Zerstörung der Weimarer Republik (Koeln: Pahl-Rugenstein, 1979).
- Hardes, Heinz-Dieter, Einkommenspolitik in der BDR. Stabilität und Gruppeninteressen. Der Fall Konzertierte Aktion (Frankfurt: Herder & Herder, 1974).
- Hauß, Volker and Fritz W. Scharpf, Modernisierung der Volkswirtschaft. Technologiepolitik als Strukturpolitik (Frankfurt: Europäische Verlag Anstalt, 1975).
- Heck, Bruno (ed.), Die CDU und ihr Programm (Melle: Verlag Ernst Knoth, 1979).
- Herkommer, S., et al., Gesellschaftsbewusstsein und Gewerkschaften (Hamburg: VSA-Verlag, 1979).
- Hesse, Peter, et al., Grundlagen und Formen der Herrschaft des Finanzkapitals (Frankfurt: Verlag Marxistische Blätter, 1977).
- Hoppmann, Erich (ed.), Konzertierte Aktion. Kritische Beiträge zu einem Experiment (Frankfurt: Athenäum, 1971).
- Horn, Ernst-Jürgen, Management of Industrial Change in Germany (Sussex European Papers No. 13, 1982).
- Hufschmid, Joerg, Die Politik des Kapitals. Konzentration und Wirtschaftspolitik in der Bundesrepublik (Frankfurt: Suhrkamp Verlag, 1969).
- Hufschmid, Joerg and Herbert Schui (eds.), Gesellschaft in Konkurs? Handbuch zur Wirtschaftskrise in der BRD (Koeln: Pahl-Rugenstein Verlag, 1978).
- Jung, Heinz, et al., Die Septemberstreiks 1969. Darstellung-Analyse-Dokumente (Koeln: Pahl-Rugenstein, 1970).
- Kaack, Heino, Die F.D.P. Grundriss und Materialien zu Geschichte, Struktur und Programmatik (Meisenheim am Glan: Verlag Anton Hain, 1979).
- Kastendiek, Hella, Arbeitnehmer in der SPD. Herausbildung und Funktion der Arbeitsgemeinschaft fuer Arbeitnehmerfragen (AfA) (Berlin: Verlag die Arbeitswelt, 1978).
- Kohler, Reinhard, Grenzen der Bundesbankpolitik (Berlin: Dunker & Humblat, 1979).
- Kuehn, Reinhard and Gerd Hardach (eds.), Die Zerstörung der Weimarer Republik (Koeln: Pahl-Rugenstein, 1977).
- Kusch, Franz, Das Macht-Kartell. Die Gewerkschaften in Deutschland (Stuttgart: Seewald Verlag, 1980).

- Lange, Peter M., George Ross and Maurizio Vannicelli, Unions, Change and Crisis: French and Italian Union Strategy and the Political Economy, 1945-80 (London: George Allen & Unwin, 1982).
- Lembruch, Gerhard and Philippe Schmitter (eds.) Patterns of Corporatist Policy Making (New York: Sage, 1982).
- Levant, Victor, Capital and Labour: Partners? (Toronto: Steel Rail, 1977).
- Lewis, Roy and Jon Clark (eds.), Labour Law and Politics in the Weimar Republic (Oxford: Basil Blackwell, 1981).
- Luber, Franz, Fundstellen- und Inhaltsnachweis, Arbeits- und Sozialrecht (Perchn am Starnberger See: Verlag R.S. Schulz, 1982).
- Maier, Charles S., Recasting Bourgeois Europe (Princeton: Princeton University Press, 1975).
- Mandel, Ernest and Winfried Wolf, Weltwirtschaftsrezession und BDR Krise 1974, 1975 (Frankfurt: ISP-Verlag, 1976).
- Marin, Bernd, Die Paritaetische Kommission (Vienna: Internationale Publikationen, 1982).
- Markovits, Andrei (ed.), Model Germany: Problems and Prospects (New York: Praeger Publishers, 1982).
- Markovits, Andrei S., The Politics of the West German Trade Unions: Strategies of Class and Interest Representation in Growth and Crisis (New York: Cambridge University Press, 1986).
- Mattheier, Klaus, Die Gelben. Arbeiter zwischen Wirtschaftsfrieden und Streik (Duesseldorf: Paedagogischer Velag Schwan, 1973).
- Mayer, Udo, Paritaetische Mitbestimmung und Arbeitsverhaeltnis (Frankfurt: Europaeische Verlags Anstalt, 1976).
- Menzel, H. J., Legitimation staatlicher Herrschaft durch Partizipation Privater Organisationen (Berlin: Dunker & Humblot, 1980).
- Menzel, Wolfgang, et al., Imperialistische Klassenpolitik unter Anpassungszwang (Berlin (GDR): Staatsverlag der Deutschen Demokratischen Republik, 1973).
- Miller, Susanne, Die SPD vor und nach Godesberg (Bonn: Neue Gesellschaft, 1978).
- Muehlbradt, Werner and Lutz, Egon, Der Zwang der Sozial-

- partnerschaft (Berlin: Hermann Luchterhand, 1969).
- Mueller, Hugo, Konzertierte Aktion und ueberbetriebliche Mitbestimmung (Bonn: Konrad-Adenauer Stiftung, 1974).
- Mueller-Armack, Alfred, Soziale Marktwirtschaft (Berlin: Ulstein Verlag, 1972).
- Neelsen, Karl, Wirtschaftsgeschichte der BRD (Berlin (East): VEB Deutscher Verlag der Wissenschaft, 1971).
- Neumann, Franz, Behemoth. The Structure and Practice of National Socialism (New York: Octagon Books, 1968).
- Neumann, Karl, Vermögensverteilung und Vermögenspolitik. Möglichkeiten und Grenzen (Frankfurt: Europäische Verlags Anstalt, 1976).
- Niedenhoff, Horst-Udo, Die unbekannte Macht - Unternehmer DGB (Koeln: Deutscher Institutverlag, 1977).
- Offe, Claus Contradictions of the Welfare State (London: Hutchinson, 1984).
- Panitch, Leo, Social Democracy and Industrial Militancy: The Labour Party, the Trade Unions and Incomes Policy 1945-1974 (Cambridge: Cambridge University Press, 1976).
- Panitch, Leo, Working Class in Crisis. Essays on Labour and the State (London: Verso, 1986).
- Parboin, Ricardo, The Dollar & Its Rivals (London: NLB and Verso Editions, 1981).
- Peck, Abraham J., Radicals and Reactionaries: The Crisis of Conservatism in Wilhelmine Germany (Washington: University Press of America, 1978).
- Pelczynski, Z.A. (ed.), Hegel's Political Philosophy Problems and Perspectives (London: Cambridge University Press, 1971).
- Pelinka, Anton, Modellfall Oesterreich? (Vienna: Wilhelm Braumüller, 1981).
- Plant, Raymond, Hegel. An Introduction (Oxford: Basil Blackwell, 1983).
- Plitzko, Alfred (ed.), Planung ohne Planwirtschaft (Tuebingen: J.C.B. Mohr, 1964).
- Poggi, Gianfranco, The Development of the Modern State (Stanford: Stanford University Press, 1978).
- Potthoff, Heinrich, Sozialdemokratie von den Anfaengen bis 1945

- partnerschaft (Berlin: Hermann Luchterhand, 1969).
- Mueller, Hugo, Konzertierte Aktion und ueberbetriebliche Mitbestimmung (Bonn: Konrad-Adenauer Stiftung, 1974).
- Mueller-Armack, Alfred, Soziale Marktwirtschaft (Berlin: Ulstein Verlag, 1972).
- Neelsen, Karl, Wirtschaftsgeschichte der BRD (Berlin (East): VEB Deutscher Verlag der Wissenschaft, 1971).
- Neumann, Franz, Behemoth. The Structure and Practice of National Socialism (New York: Octagon Books, 1968).
- Neumann, Karl, Vermögensverteilung und Vermögenspolitik. Möglichkeiten und Grenzen (Frankfurt: Europäische Verlags Anstalt, 1976).
- Niederhoff, Horst-Udo, Die unbekannte Macht - Unternehmer DGB (Koeln: Deutscher Institutverlag, 1977).
- Offe, Claus, Contradictions of the Welfare State (London: Hutchinson, 1984).
- Panitch, Leo, Social Democracy and Industrial Militancy: The Labour Party, the Trade Unions and Incomes Policy 1945-1974 (Cambridge: Cambridge University Press, 1976).
- Panitch, Leo, Working Class in Crisis. Essays on Labour and the State (London: Verso, 1986).
- Parboin, Ricardo, The Dollar & Its Rivals (London: NLB and Verso Editions, 1981).
- Peck, Abraham J., Radicals and Reactionaries: The Crisis of Conservatism in Wilhelmine Germany (Washington: University Press of America, 1978).
- Pelczynski, Z.A. (ed.), Hegel's Political Philosophy Problems and Perspectives (London: Cambridge University Press, 1971).
- Pelinka, Anton, Modellfall Oesterreich? (Vienna: Wilhelm Braumüller, 1981).
- Plant, Raymond, Hegel. An Introduction (Oxford: Basil Blackwell, 1983).
- Plitzko, Alfred (ed.), Planung ohne Planwirtschaft (Tuebingen: J.C.B. Mohr, 1964).
- Poggi, Gianfranco, The Development of the Modern State (Stanford: Stanford University Press, 1978).
- Potthoff, Heinrich, Sozialdemokratie von den Anfängen bis 1945

- Bonn: Neue Gesellschaft, 1978).
- Przeworski, Adam, Capitalism and Social Democracy (Cambridge: -----, 1985).
- Rajewsky, Xenia, Arbeitskampfrecht in der Bundesrepublik (Frankfurt: Suhrkamp Verlag, 1972).
- Raschke, Joachim (ed.), Die politischen Parteien in Westeuropa, Geschichte-Programm-Praxis. Ein Handbuch (Reinbeck bei Hamburg: Rowohlt Taschenbuch Verlag, 1979).
- Roehrich, Wilfrid, Politik und Oekonomie der Weltgesellschaft. Das Internationale System (Reinbeck bei Hamburg: Rowohlt Taschenbuch Verlag, 1978).
- Ronge, Volker and Guenter Schwieg (eds.), Politische Planung in Theorie und Praxis (Muenchen: R. Piper & Co., 1971).
- Roth, Wolfgang, Investitionslenkung (Reinbeck bei Hamburg: Rowohlt Taschenbuch verlag, 1976).
- Rovan, Joseph, Geschichte der deutschen Sozialdemokratie (Frankfurt: Fischer Taschenbuch Verlag, 1980).
- Rupp, Hans Karl (ed.), Die andere Bundesrepublik. Geschichte und Perspektiven (Marburg, Lahn: Verlag Guttandin & Hoppe, 1980).
- Scase, R., (ed.), Readings in Swedish Class Structure (Oxford: Pergamon Press, 1976).
- Schacht, Karl, Bilanz Sozialdemokratischer Reformpolitik (Frankfurt: Verlag Marxistische Blaetter, 1976).
- Schmidt, E., Ordnungsfaktor oder Gegenmacht. Die politische Rolle der Gewerkschaften (Frankfurt: Suhrkamp, 1971).
- Schmidt, Eberhard, Die verhinderte Neuordnung 1945-1952 (Frankfurt: Europaeische Verlagsanstalt, 1970).
- Schoenbohm, Wulf, CDU. Portraet einer Partei (Munich: Gyenter Olzog Verlag, 1979).
- Schumann, Michael, Gerlach, Frank, Gschoessl, Albert, Milhoffer, Petra, Am Beispiel der Septemberstreiks. Rekonstruktionsperiode der Arbeiterklasse? (Frankfurt: Europaeische Verlags Anstalt, 1971).
- Schuster, Dieter, Die deutschen Gewerkschaften seit 1945 (Stuttgart: Verlag W. Kohlhammer, 1973).
- Seitenzahl, Rolf, Einkommenspolitik durch Konzertierte Aktion und Orientierungsdaten (Koeln: Bund-Verlag, 1974).

Seitenzahl, Rolf, Gewerkschaften zwischen Kooperation und Konflikt (Frankfurt: Europäische Verlags Anstalt, 1976).

Self, Peter, Political Theories of Modern Government: Its Role and Reform (Winchester, Mass.: George Allen & Unwin, 1985).

Shonfield, Andrew, Modern Capitalism: The Changing Balance of Public and Private Power (London: Oxford University Press, 1965).

Siebert, Gerd and Barbara Degen, Betriebsverfassungsgesetz '72 (Frankfurt: _____, 1975).

Simon, Walter, Macht und Herrschaft der Unternehmerverbände BDI, BDA und DIHT (Koeln: Pahl-Rugenstein, 1976).

Skocpol, Theda, States and Social Revolutions (Cambridge: Cambridge University Press, 1979).

Smith, Eric Owen, The West German Economy (London: Croom Helm, 1983).

Sozialistische Studiengruppe, Das BRD-Kapital. Von der Prosperitaet zur Stagnation (Hamburg: VSA-Verlag, 1980).

Sozialistische Studiengruppe, Korporatismus und sozialdemokratische Hegemonie. Gewerkschaftliche Interessenvertretung im oeffentlichen Dienst (Hamburg: VSA-Verlag, 1980).

Sozialistische Studiengruppe, Kapitalistische Weltwirtschaft (Hamburg: VSA-Verlag, 1981).

Sozialistische Studiengruppe, Stagnation und Krise. Langfristige Tendenzen der kapitalistischen Oekonomie (Hamburg: VSA-Verlag, 1982).

Steiner, K. (ed.), Modern Austria (Palo Alto: Spross, 1981).

Steinhaus, Kurt, Streiks in der Bundesrepublik 1966-1974 (Frankfurt: Marxistische Taschenbuecher, Verlag Marxistische Blaetter, 1975).

Streeck, Wolfgang, Gewerkschaftliche Organisationsprobleme in der sozialstaatlichen Demokratie (Koenigstein, Ts.: Athenaeum Verlag, 1981).

Uthmann, Karl-Josef and von Wolff-Metternich, Hermann Freiherr, Der Bundesverband der Deutschen Industrie (Duesseldorf: Droste Verlag, 1974).

Varain, Heinz Josef (ed.), Interessenverbaende in Deutschland (Koeln: Kuppenheuer & Witsch, 1973).

von Alemann, Ulrich (ed.), Neokorporatismus (Frankfurt: Campus Verlag, 1981).

von Alemann, Ulrich and Rolf G. Heinze (eds.), Verbaende und Staat. Vom Pluralismus zum Korporatismus. Analysen, Positionen, Dokumente (Opladen: Westdeutscher Verlag, 1979).

von Beyme, Klaus, Challenge to Power. Trade Unions and Industrial Relations in Capitalist Countries (Beverly Hills: Sage Publications, 1980).

von Loesch, Achim, Die gemeinwirtschaftlichen Unternehmen der deutschen Gewerkschaften (Koeln: Bund-Verlag, 1979).

Weinstein, James, The Corporate Ideal in the Liberal State 1900-1918 (Boston: Beacon Press, 1968).

Wolf, Kurt, Das Tarifvertragswesen in der Bundesrepublik Deutschland (Koeln: Deutscher Instituts-Verlag, 1979).

Wolfe, Alan, The Limits of Legitimacy (New York: The Free Press, 1977).

Articles

Abelhauser, Werner, "The First Post-Liberal Nation: Stages in the Development of Modern Corporatism in Germany," European History Quarterly 3 (July 1984), 285-318.

Abromeit, Heidrun, "Interessendurchsetzung in der Krise," Aus Politik und Zeitgeschichte B11 (1977).

Abromeit, Heidrun, "Zum Verhalten von Staat und Wirtschaft im gegenwaertigen Kapitalismus" Politische Vierteljahresschriften 2 (1976), 2-22.

Abromeit, Heidrun, "Der Fuehrungsanspruch der Wirtschaft gegenueber der Politik" Aus Politik und Zeitgeschichte B11 (March 1981), 19-39.

Adam, Hermann, "Wer herrscht in der Bundesrepublik," Die Neue Gesellschaft 5 (1975).

Argatz, Viktor, "Beitraege zur wirtschaftlichen Entwicklung 1953. Expansive Lohnpolitik," WWI-Mitteilungen 12 (1953).

Ashford, Nigel, "The Neo-Conservatives," Government and Opposition 16 (1981), 353-79.

- Baumanns, Hans Leo and W. Bergsdorf, "CDU im dritten Jahrzehnt," Aus Politik und Zeitgeschichte B40 (1971).
- Benz, Wolfgang, "Rechtsextremismus in der Bundesrepublik," Gewerkschaftliche Monatshefte 8 (1980), 511-527.
- Bergmann, Joachim and Walther Mueller-Jentsch, "The Federal Republic of Germany: Cooperative Unionism and Dual Bargaining. System Challenged," in Solomon Barkin (ed.), Workers Militancy and its Consequences, 1965-1975 (New York: Praeger Publishers, 1975).
- Beyfuss, Joerg, "Die neue Wirtschaftspolitik - Konzeption und Kritik," Beitraege des deutschen Industrieinstituts 3 (April 1969), 5-31.
- Beykirch, Heinz, "Was 1970 erreicht wurde," Die Quelle 1 (January 1971), 23.
- Beykirch, Heinz, "Die Lage im Dezember" Die Quelle 1 (January 1971), 24-27.
- Beykirch, Heinz, "Tarifpolitik," Die Quelle (DGB) 2 (February 1971), 66-68.
- Biedenkopf, Kurt H., "Marktmacht ist die Eintrittskarte in den Klub der Entscheider" Der Volkswirt 31 (August 1968), 25.
- Biedenkopf, Kurt H., "Koalitionsfreiheit und Tarifautonomie als Strukturelemente der modernen Demokratie", in H. Duvernell, ed., Koalitionsfreiheit und Tarifautonomie als Problem der modernen Demokratie (Berlin: _____, 1968).
- Biedenkopf, Kurt H., "Ordnungspolitische Problem der neuen Wirtschaftspolitik", Jahrbuch fuer Sozialwissenschaft 19 (1968).
- Biedenkopf, Kurt H., "Rechtsfragen der Konzertierten Aktion", Der Betriebsberater 25 (1968).
- Blanke, Burkhard, "Verbaende in der Parteidiskussion," Aus Politik und Zeitgeschichte B8 (1972).
- Bleicher, Willi, "Stellungnahme von Gewerkschaften zur Kanzlerkandidatur von F.J. Strauss und zur Gewerkschaftspolitik der CSU," Blaetter fuer deutsche und Internationale Politik 10 (1979).
- Bredthauer, Karl D., "Was die Nominierung von F. J. Strauss zum Kanzlerkandidat bedeutet," Blaetter fuer deutsche und Internationale Politik 8 (1979).
- Brenner, Otto, "Mehr Schutz den Arbeitnehmern," Der Gewerkschafter, V (1967).

- Chalonpke, Guenther, "Vollbeschaeftigung im Alleingang?
Gewerschaftspolitik in Oesterreich seit der Rezession 1975,"
WSI Mitteilungen 4 (1979), 227-235.
- Christmann, Alfred, "Lohn- und Tarifpolitik in Rahmen der mittel-
fristigen Wirtschaftspolitik," Gewerkschaftliche
Monatshefte 5 (August 1969), 271-79.
- Clark, Jon, "Concerted Action in the Federal Republic of
Germany," British Journal of Industrial Relations 2 (1979),
242-258.
- Coombes, David, "Trade Unions and Political Parties in Britain,
France, and West-Germany," Government and Opposition 4
(Autumn 1978), 485-495.
- Cox, Andrew, "Corporatism as Reductionism: The Analytic Limits of
the Corporatist Thesis," Government and Opposition 1 (1981),
78-95.
- Davis, Mike; "The Barren Marriage of American Labour and the
Democratic Party," New Left Review 124 (1980), 43-84.
- de Wolff, Pieter, "The Netherlands and Germany," in Walter
Galenson, Incomes Policy: What can we learn from Europe
(Ithaca, N.Y.: Cornell University, 1973).
- Deppe, F. and H. Jung, "Zwischen Integration und Rezession.
Herrschaftssicherung in der Bundesrepublik 1945-79,"
Blaetter fuer deutsche und Internationale Politik (1979).
- Deppe, Frank, "Der Deutsche Gewerkschaftsbund (DGB) 1949-1965,"
in Frank Deppe, et al. (eds.), Geschichte der deutschen
Gewerkschaftsbewegung (Koeln: Pahl-Rugenstein, 1977).
- Deppe, Frank, "Das 'soziale Modell' des H. M. Schleyer," Blaetter
fuer deutsche und internationale Politik, 5 (1975).
- Deppe, Frank, Kaethe Gerstung, Witich Rossmann, Gerhard Weiss,
"Aktuelle Probleme der Gewerkschaftsbewegung (1966-1976), in
Frank Deppe, et al., Geschichte der deutschen Gewerkschafts-
bewegung (Koeln: Pahl-Rugenstein, 1977).
- Deubner, Christian, "Change and Internationalization in Industry:
Toward a sectoral Interpretation of West German Politics,"
International Organization 3 (Summer 1984), 501-535.
- Duerr, Ernst, "Die Eignung der Einkommenspolitik zur
Stabilisierung des Preisniveaus und zur Foerderung des
Wirtschaftswachstums," Konjunkturpolitik 13 (1967).
- Duerr, Ernst, "Reform der Geldpolitik statt Konzertierte Aktion,"
in Erich Hoppmann (ed.), Konzertierte Aktion. Kritische
Beitraege zu einem Experiment (Frankfurt: Athenaeum, 1971),

139-178.

- Dyson, Kenneth H.F., "The Politics of Economic Management in West Germany," European Politics 2 (1981), 35-55.
- Ehrenberg, Herbert, "Lohnpolitik 1963," Gewerkschaftliche Monatshefte 8 (August 1963), 454-460.
- Ehrenberg, Herbert, "Zur Staatskrise durch wirtschaftliche Abstinenz," Tatsachen - Argumente 220 (1966), 1-30.
- Ehrenberg, Herbert, "Lohnpolitik und Konzertierte Aktion," Gewerkschaftliche Monatshefte 5 (August 1963), 266-270.
- Eissel, Dieter, "Zielsetzung und Probleme der Formulierung und Durchsetzung einer alternativen Wirtschaftspolitik," Argumente-Sonderband 52 (1980), 22-43.
- Eschbach, Thomas K., "Korporatismus - Bericht von einer neueren Diskussion," Die Neue Gesellschaft 3 (1980).
- Feldman, Gerald D., "German interest group alliances in war and inflation, 1914-1923," in Suzanne Berger (ed.), Organizing Interests in Western Europe (Cambridge: Cambridge University Press, 1981).
- Friedrich, Carl, "The Political Ideas of Neo-Liberalism," American Political Science Review 49 (1955), 509-525.
- Fuelbert, Georg and Juergen Harrer, "Geschichte und Besonderheit der demokratischen Bewegung und der Arbeiterbewegung in der Bundesrepublik", in U. Albrecht et al., Beitraege zu einer Geschichte der Bundesrepublik Deutschland (Koeln: Pahl-Rugenstein, 1979).
- Gamble, Andrew, "The Free Economy and the strong State: The Rise of the Social Market Economy," The Social Register (1979), 1-25.
- Geipel, Ute, "Probleme der staatlichen Einnahmepolitik: Die Staatsverschuldung," Argumente-Sonderband 52 (1980), 126-142.
- Gerlach, Gerhard, "Neu tarifpolitische Strategien der Gewerkschaften in der BRD zur Sicherung von Arbeitsplaetzen und Besitzstaenden" WSJ Mitteilungen 4 (1979), 221-227.
- Gerstenberger, Heide, "Theory of the State. Special Feature of the Discussion in the FRG," German Political Studies (1975), 69-92.
- Glastetter, W., "Resignation, Sprengung - oder Reform? Zur Diskussion ueber das ordnungspolitische Leitbild der

sozialen Marktwirtschaft," Aus Politik und Zeitgeschichte B25. (1973).

Goetz, Christian, "Die Hoffnung auf eine 'neue Gesellschaft' erfuehlt sich nicht" Gewerkschaftliche Monatshefte 10 (1974), 630-640.

Goldberg, Joerg, "Zur Politik der Bundesbank. Wirtschafts und sozialstatistische Daten," Blaetter fuer deutsche und Internationale Politik 8 (1979).

Gough, Ian, "State Expenditure in Advanced Capitalism," New Left Review 92 (July, August 1975).

Graf, William, "Beyond Social Democracy in West Germany?" Socialist Register 1985, 98-136.

Guether, B., "Investitionslenkung und Investitionskontrolle," IMSF, Informationsbericht 18 (1975).

Harrer, Juergen, "Gewerkschaftlicher Widerstand gegen das 'Dritte Reich'", in Frank Deppe, et al., Geschichte der deutschen Gewerkschaftsbewegung (Koeln: Pahl-Rugenstein, 1977).

Heinze, R.G., K. Hinrich, C. Offe and Th. Olk, "Interessendifferenzierung und Gewerkschaftseinheit," Gewerkschaftliche Monatshefte 6 (1981).

Helm, Jutta A., "Codetermination: What Difference Has It Made?," West European Politics, (January 1986).

Helm, Jutta A., "Parties, Stability and Growth: West German Politics in Transition," Comparative Politics, (1984).

Hemmer, Hans-Otto, Borsdorf, Ulrich, "Gewerkschaftsstaat - Zur Vorgeschichte eines aktuellen Schlagworts" Gewerkschaftliche Monatshefte 10 (1974), 640-651.

Hemmer, Hans-Otto, "Staendestaat oder Mitbestimmung? Alternativen 'korporatistischer' Entwicklung" Zeitschrift fuer Parlamentsfragen 4 (1979), 464-467.

Hennig, E., "Zur Kritik der Konzertierten Aktion", Blaetter fuer deutsche und internationale Politik, 5 (1970).

Henschel, Rudolf, "Zum Jahreswirtschaftsbericht: Richtige Zeile - aber flasche Mittel," Die Quelle 2 (February 1971), 53-55.

Henschel, Rudolf, "Konzertierte Aktion - Autonomie und Planung" Gewerkschaftliche Monatshefte 4 (1967), 200-206.

Hesse, Friedel, Schaefer, Claus, "Vermögensbildung der Arbeitnehmer - Neuer Hilfsmotor zur Lösung der Beschäftigungskrise?" Die Mitbestimmung 3 (1982), 90-92.

Heuss, Ernst, "Makroökonomie und Stabilitätsgesetz," in Erich Hoppmann (ed.), Konzertierte Aktion. Kritische Beiträge zu einem Experiment (Frankfurt: Athenäum, 1971), 91-116.

Heyder, Gunther, "CDU-Programmparteitag: Ein Programm von gestern fuer die siebziger Jahre," Die Quelle 2 (February 1971), 50-52.

Heyder, Gunther, "BDA-Mitgliedsversammlung: Die Arbeitgeber wollen Reform bremsen," Die Quelle 1 (January 1971), 12-13.

Hinz, Horst, "Konjunktur und Herrschaft. Zur politisch-ökonomischen Analyse des Stabilitätsgesetzes," Konjunkturpolitik 5,6 (1967), 288-331.

Hopf, Hilmar and Gaby Mayr, "Die Entwicklung der Aussenwirtschaftsbeziehungen der BRD", in Joerg Huffschild and Herbert Schui, Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD (Koeln: Pahl-Rugenstein, 1978).

Hudson, Michael, "Concerted action: Wage Policy in West Germany, 1967-1977," Industrial Relations Journal 1 (July, August 1980), 5-16.

Huffschild, Joerg, "Die wirtschaftliche Konzeption der CDU-CSU," Argument-Sonderband 52 (1980), 58-74.

Huffschild, Joerg, "Historischer Hintergrund und gesetzmaessige Entwicklung der Wirtschaftskrise in der BRD", in Joerg Huffschild and Herbert Schui (eds.), Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD (Koeln: Pahl-Rugenstein, 1978).

Huffschild, Joerg, "Monopolisierung in der Krise. Entwicklung und Wirkungen von Konzentration und Zentralisation in der BRD", in Joerg Huffschild and Herbert Schui, Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD (Koeln: Pahl-Rugenstein, 1978).

Hughes, John, "Die Entwicklung der britischen Gewerkschaften in der Krisen der 70er Jahre" WSI Mitteilungen 4 (1979), 197-205.

Jacobi, Otto, "Tariffpolitik in der Wirtschaftskrise 1974,75," Kritisches Jahrbuch '75, (Frankfurt: Fischer, 1975).

Jaeger, Michael, "Integrationskrise der SPD," Das Argument 135 (1982), 688-704.

Josua, Werner "Funktionswandel der Wirtschaftsverbände durch die Konzertierte Aktion", in Erich Hoppmann, ed., Konzertierte Aktion. Kritische Beiträge zu einem Experiment (Frankfurt: Athenäum Verlag, 1971).

- Kastendiek, Hans, "Neokorporatismus. Thesen und Analyse-Konzepte in der westdeutschen Diskussion und in der internationalen 'corporatism'-Debatte," Prokla 38 (1980).
- King, Anthony, "Overload: Problems of Governing in the 1970s," Political Studies 23 (1975), 284-96.
- Klemme, Annemarie, "Veränderung der Klassenkampfsituation in der BRD in den 70er Jahren," IPW Forschungshefte 10 (1981), 7-39.
- Kolbe, Helmuth, "Zum sozialen Wesen der staatsmonopolistischen Regulierung der Klassenbeziehungen in der BRD," IPW Forschungshefte 2 (1981), 40-133.
- Koubek, W., et al., "Wirtschaftliche Konzentration und gesellschaftlich Machtverteilung in Bundesrepublik Deutschland," Aus Politik und Zeitgeschichte B28 (1972).
- Krueer-Buchholz, Wiebke, "Gewerkschaftliche Politik und Programmatik gegen Lohnabbau und Arbeitslosigkeit" in Huffschild and Schui, Gesellschaft im Konkurs? Handbuch zur Wirtschaftskrise in der BRD.
- Kuehne, K. "Einlenken der Sachverständigenrates," Die Neue Gesellschaft 1 (1979).
- Kuehne, K., "Ein gewisser Optimismus. Zum Jahresgutachten des Sachverständigenrates," Die Neue Gesellschaft 3 (1980).
- Laaser, Wolfgang, "Die Fiskalpolitik in der Wirtschaftskrise 1974,75" Prokla 28 37 (1977), 3-23.
- Langenbrinck, D., "Literaturverzeichnis zur Investitionslenkung," WSI-Mitteilungen 9 (1976).
- Lankowski, Earl, "'Modell Deutschland' and the International Regionalization of the West German State in the 1970s," in Andrej Markovits (ed.), Model Germany: Problems and Prospects (New York: Praeger, 1982).
- Lecher, Wolfgang, "Unternehmermitbestimmung und Tarifpolitik - die europäische Perspektive" WSI Mitteilungen 4 (1979), 178-187.
- Lehrner, Peter Ulrich, "Die österreichischen Gewerkschaftsbewegung seit 1960," Gewerkschaftliche Monatshefte B (1974), 486-497.
- Leinenbach, Volker, "Betriebliche Vermögensbildung als gesellschaftliche Aufgabe," Gewerkschaftsreport (Institut der deutschen Wirtschaft) 6 (September 1982), 14-19.
- Lembruch, G., W. Lange, "Die Konzertierte Aktion. Ansätze zu

- einem neuen Korporatismus in der Bundesrepublik," Der Buerger im Staat, 27 (1977).
- Lembruch, Gerhard, "Liberal Corporatism and Party Government," Comparative Political Studies 1 (1977), 91-126.
- Leminsky, Gerhard, "Gewerkschaftsorganisationen und Gewerkschaftsstaat," Gewerkschaftliche Monatshefte 10 (1974), 654-661.
- Leminsky, Gerhard, "Zum Grundsatzprogramm '81 des Deutschen Gewerkschaftsbundes" Aus Politik und Zeitgeschichte B25 (June 1981), 15-29.
- Lindemann, Helmut, "Das Politische Klima in der Bundesrepublik," Gewerkschaftliche Monatshefte 8 (August 1963), 444-453.
- Mandel, Ernest, "Weltwirtschaftsrezession und die gesellschaftliche Krise des Kapitalismus 1974,75", in Ernest Mandel and Winfried Wolf, Weltwirtschaftsrezession und BDR-Krise 1974,1975 (Frankfurt: ISP-Verlag, 1976).
- Markovits, Andrei S. and Christopher S. Allen, "Trade Unions and the Economic Crisis: The West German Case," in Peter Gourevitch, et al., Unions and Economic Crisis: Britain, West Germany and Sweden (Londo: George Allen & Unwin, 1984).
- Martin, Andrew, "The Politics of Employment and Welfare: National Policies and International Interdependence," in Keith Banting (ed.) The State and Economic Interests, volume 32 (research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada) (Toronto: University of Toronto Press, 1986).
- Mayer, U., "Mitbestimmung und Grundgesetz," Blaetter fuer deutsche und internationale Politik, 2 (1975).
- Meidner, Rudolf, "Our Concept of the Third Way," Economy and Industrial Democracy 1 (1980).
- Meier, Kurt, "Die Deutschen Gewerkschaften nach dem Zweiten Weltkrieg und in der Aera Adenauer," Zeitschrift fuer Politik 2 (1980), 173-197.
- Meissner, W. and J. Welsch, "Tendenzwende: Dekonomische Aspekte," Gewerkschaftliche Monatshefte 6 (1976).
- Miller, Doug, "Social Partnership and the Determinance of Workplace Independence in West Germany," British Journal of Industrial Relations 1 (March 1982), 44-66.
- Miller, Douglas, "Trade Union Workplace Representation in the Federal Republic of Germany," British Journal of Industrial Relations 3 (1978) 335-354.

- Miller, Douglas, "Trade Union Workplace Representation in the Federal Republic of Germany: An Analysis of the Post-War Vertrauensleute Policy the German Metal Workers' Union 1952-1977," British Journal of Industrial Relations 3 (November 1978), 335-354.
- Mire, J., "Industrial Relations in Austria," New Zealand Journal of Industrial Relation 6 (1981).
- Mueller, K., "Staatsmonopolistische Einkommenspolitik zur Regulierung des Ausbeutungsprozesses," IPW-Berichte 12 (1978).
- Mueller-Jentsch, Walther and Hans-Joachim Sperling, "Economic Development, Labour Conflicts and the Industrial Relations System in West Germany," in Colin Crouch and Alessandro Pizzorno (eds.), The Resurgence of Class Conflict in Western Europe since 1968, vol. 2, (London: MacMillan, 1978), 257-306.
- Mueller-Jentsch, Walther, "Strikes and Strike Trends in West-Germany 1950-1978," Industrial Relations Journal 4 (July, August 1981), 36-57.
- Mueller-Jentsch, Walther, "Die spontane Streikbewegung 1973", in Otto Jacobi, Walther Mueller-Jentsch, Eberhardt Schmidt (eds.), Kritische Jahrbuch 1974 (Frankfurt: Fischer, 1974).
- Neemann, Georg, "Einkommensverteilung wird 1971 besser werden," Die Quelle 1 (January 1971), 5-6.
- Nocker, Ulrich, "Korporatistische Theorien und Strukturen in der deutschen Geschichte des 19. und fruehen 20. Jahrhunderts," in Ulrich von Alemann (ed.), Neokorporatismus (Frankfurt: Campus, 1981).
- Offe, C. and H. Wiesenenthal, "Two Logics of Collective Action: Theoretical Notes on Social Class and Organizational Form," in Zeitlin (ed.), Political Power and Social Theory, vol. 1 (1980).
- Opitz, Reinhard, "Der grosse Plan der CDU: Die Formierte Gesellschaft," Blaetter fuer Deutsche und Internationale 9 (1965), 750-777.
- Oppenlaender, K.-H., "Wirtschaftlicher und sozialer Wandel durch technischen Fortschritt - Ueberblick und Ausblick," in "Wirtschaftlicher und sozialer Wandel durch technischen Fortschritt," Beihefte fuer Konjunkturpolitik, 18 (1971).
- Otto, Bernd, "Zur Geschichte der ueberbetrieblichen Mitbestimmung," Gewerschaftliche Monatshefte 10 (1971).
- Panitch, Leo, "Corporatism in Canada?" Studies in Political

Economy 1 (1979).

Panitch, Leo, "Recent Theoretizations of Corporatism: Reflections on a Growth Industry," British Journal of Sociology 31 (1980).

Panitch, Leo, "Socialists and the Labour Party: A Reappraisal," The Socialist Register (1979), 51-74.

Panitch, Leo, "The Development of Corporatism in Liberal Democracies," Comparative Political Studies 1 (1977), 61-90.

Panitch, Leo, "The Tripartite Experience", in Keith Banting (ed.), The State and Economic Interests, volume 32 (research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada). (Toronto: University of Toronto Press, 1986).

Panitch, Leo, "Trade Union and the Capitalist State," New Left Review 125 (1981).

Paur, Philip, "The Corporatist Character of Bismarck's Social Policy," European History Quarterly 3 (October 1981), 427-460.

Pehl, Guenter, "Die CDU ist weiterhin fuer Uebermacht des Kapitals," Die Quelle 2 (February 1971), 49-50.

Pehl, Guenter, "'Aktion Widerstand', Strauss und Springer: Blindwuetig gegen Politik der Vernunft," Die Quelle 1 (January 1971), 10-11.

Peschel, Peter, "Formen der Mitbestimmung in ueberbetrieblichen Institutionen," Gewerschaftliche Monatshefte 10 (1971).

Petschick, W., "DGB-Satzungsreform und innergewerschaftliche Demokratie", Marxistische Blaetter 1 (1971).

Petschick, Werner, Schleifstein, Josef, Schluter, Helmut, "Der gewerschaftliche Kampf der westdeutschen Arbeiterklasse," Das Argument 62 (1970), 322-344.

Plant, Raymond, "Hegel and Political Economy - I," New Left Review 103 (May, June 1977), 72-78.

Plant, Raymond, "Hegel and Political Economy - II," New Left Review 104 (July, August 1977), 103-113.

Pohl, Kurt and Frauke Werther, "Die Freien Gewerkschaften im Ersten Weltkrieg", in Frank Deppe, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung (Koeln: Pahl-Rugenstein, 1977).

Pohmer, Dieter, and Werner Goeckeler, "Konzertierte Aktion und

Finanzpolitik," in Erich Hoppmann (ed.), Konzertierte Aktion. Kritische Beitræge zu einem Experiment (Frankfurt: Athenæum, 1971), 69-90.

Quelle, "Gespræche mit Hans Katzer: Ein Mitbestimmungsmodel der CDU-Sozialausschuesse," Die Quelle 1 (January 1971), 7-9.

Rachel, Gabriel, "Der Neokorporatismus - ein reaktionæeres Konzept imperialistischer Herrschaftssicherung," IPW - Berichte 7 (1981), 8-13.

Reichel, H., "Recent Trends in Collective Bargaining in the Federal Republic of Germany," International Labour Review 6 (December 1971), 468-487.

Reidegeld, Eckart, "Staatliche Sozialpolitik in den ersten Nachkriegsjahren und in der Bundesrepublik" in U., Albrecht, et al., Geschichte der Bundesrepublik. Beitræge (Koeln: Pahl-Rugenstein, 1979).

Rondl, Hans, "Die Grossen werden noch groesser. Das Kartellrecht reguliert den Konzentrationsprozess," Blaetter fuer deutsche und Internationale Politik 7 (1979).

Rose, Richard, "Ungovernability: (Is there Fire Behind the Smoke)," Political Studies 27 (1979), 351-70.

Rosenberg, Ludwig, "Zum 1. Mai 1969," Gewerkschaftliche Monatshefte 5 (August 1969), 257-59.

Rupp, Hans Heinrich, "Konzertierte Aktion und freiheitlich-rechts-staatliche Demokratie," Erich Hoppmann (ed.), Konzertierte Aktion. Kritische Beitræge zu einem Experiment (Frankfurt: Athenæum, 1971), 1-18.

Schaefer, Claus, "Betriebliche Mitarbeiter-Beteiligung aus der Sicht der Gewerkschaften," in Michael Lezius (ed.), Vermögenspolitik bei Nullwachstum - Wende in der Lohnpolitik (Frankfurt: R. G. Fischer, 1981), 41-56.

Schatz, Heribert, "The Development of Political Planning in the Federal Republic of Germany," German Political Studies (1977), 41-67.

Scheer, H., "Ideologische Wende in der Bundesrepublik? Zu den Gruenden der Resonanz eines neuen Konservatismus," Gewerkschaftliche Monatshefte 6 (1976).

Schiller, Karl, "Stability and Growth as Objectives of Economic Planning," The German Economic Review 3 (1967), 177-188.

Schirmeister, Caspar, "Verbaende des Finanzkapitals. Zur Funktion, der Unternehmervverbaende im staatsmonopolistischen Herrschaftssystem der BDR," IPW Forschungshefte 4 (1972).

- Schlaaffke, Winfried, "Neo Konservative - Die neue Suendenboecke fuer alles," Gewerkschaftsreport (Institut der deutschen Wirtschaft) 6 (September 1982), 2-6.
- Schlecht, Otto, "The Role of the 'Concert Action' Programme in the Economic Policy of the Federal Republic," The German Economic Review 3 (1967), 255-260.
- Schlecht, Otto, Konzertiert Aktion als Instrument der Wirtschaftspolitik (Tuebingen: Walter Eucken Institut, Vortraege und Aufsaeetze, No. 35, 1968).
- Schmidt, Eberhardt, "Spontane Streiks 1972,73", in Otto Jacobi, Walther Mueller-Jentsch, Eberhardt Schmidt (eds.), Kritische Jahrbuch 1973 (Frankfurt: Fischer, 1973).
- Schmidt, Gerhard and Helmut Wolte, "Wirtschaft gestern-heute-morgen," BMWF, Referate Presse und Information (February 1972), 1-32.
- Schmidt, Ingo, "Ist die Konzertierte Aktion als konjunktur-politisches Instrument geeignet?," Zeitschrift Fuer Wirtschafts- und Sozialwissenschaft (1972), 421-439.
- Schmidt, Jutta and Wolfgang Seichter, "Die deutsche Gewerkschaftsbewegung von der Mitte der neunziger Jahre des 19. Jahrhunderts bis zum Ersten Weltkrieg," in Frank Deppe et al., Geschichte der deutschen Gewerkschaftsbewegung (Koeln: Pahl-Rugenstein, 1977).
- Schmidt, Manfred G., "The Politics of Domestic Reforms in the Federal Republic of Germany," Politics and Society 2 (1978), 165-200.
- Schmitter, Philippe C., "Still the Century of Corporatism", in Frederick B. Pikes and Thomas Stritch (eds.), The New Corporatism. Social-Political Structures in the Iberian World (Notre Dame: University of Notre Dame Press, 1974).
- Schneider, Wolfgang, "Einheit der Arbeitnehmer wird gefaehrdet" Die Quelle 2 (February 1971), 72-73.
- Schneider, Wolfgang, "Verhaeltnis Arbeitgeber - Betriebsrat - Gewerkschaften," Die Quelle 1 (January 1971), 31-33.
- Schregle, Johannes, "Die Arbeitnehmer-,Arbeitgeberbeziehungen in Westeuropa," Gewerkschaftliche Monatshefte 8 (1974), 457-477.
- Schultz, R., "Arbeitskammern und Wirtschafts- und Sozialraete als Instrumente gesamtwirtschaftlicher Mitbestimmung, Aus Politik und Zeitgeschichte BB (1977).
- Schumacher, Kurt, "Staatsmonopolistische Strategien und Politik

gegenueber den Gewerkschaften der BRD seit Mitte der 70er Jahre," IPW Forschungshefte 2 (1981), 62-138.

Seifert, Christfried, "Die deutschen Gewerkschaftsbewegung in der Weimarer Republik", in Frank Deppe, et al. (eds.), Geschichte der deutschen Gewerkschaftsbewegung (Koeln: Pahl-Rugenstein, 1977).

Sellier, Francois, "Die franzoesische Gewerkschaftspolitik angesichts der Krise" WSI Mitteilungen 4 (1979), 215-221.

Shamir, Boas, "Labour-Management Cooperation and West German Codetermination," Industrial Relations Journal 6 (November, December 1981), 57-67.

Sorge, Arndt and Werner Malcolm, "The Context of Industrial Relations in Great Britain and West Germany," Industrial Relations Journal 2 (March, April 1980), 41-49.

Streeck, W., "Gewerkschaftsorganisationen und industrielle Beziehungen. Stabilitaetsprobleme industriegewerkschaftlicher Interessenvertretung," Gewerkschaftliche Monatshefte 11 (1979).

Streeck, Wolfgang, "Organizational Consequences of Neo-Corporatist Co-operation in West German Labour Unions," in Gerhard Lembruch & Philippe Schmitter (eds.) Patterns of Corporatist Policy Making (New York: Sage, 1982), 29-81.

Streeck, Wolfgang, "Politischer Wandel und organisatorische Reform: Zur Ueberwindung der gewerkschaftlichen Organisationskrise der sechziger Jahre," Gewerkschaftliche Monatshefte 10 (1978).

Tacke, Bernhard, "Gewerkschaftliche Vorstellungen zur Tarifpolitik im Rahmen der Konzertierten Aktion," Gewerkschaftliche Monatshefte 5 (August 1969), 259-265.

Tacke, Bernhard, "Lohnpolitik 1971," Die Quelle 1 (January 1971), 2-3.

Taliani, Enrico, "Wirtschaftskrise und Gewerkschaftspolitik in Italien" WSI Mitteilungen 4 (1979), 205-215.

Tuchtfeld, Egon, "Social Market Economy and Demand Management - Two Experiments in Economic Policy," The German Economic Review (1973), 111-133.

Tuchtfeld, Egon, "Moral Suasion in der Wirtschaftspolitik," in Erich Hoppmann (ed.), Konzertierte Aktion. Kritische Beitrage zu einem Experiment (Frankfurt: Athenaeum, 1971), 19-68.

van der Hoeven, G. J., "Beschaeftigungslage und Gewerkschafts-politik in den Niederlanden" WSI Mitteilungen 4 (1979), 187-194.

Vesper, Dieter, "Zur Wirkung der Staatsausgaben im Konjunktur-verlauf," Argumente-Sonderband 52 (1980), 75-93.

Vetter, H. O., "1971 - Jahr der Bewaehrung fuer die Gewerkschaften," Die Quelle 1 (January 1971), 1-2.

Vetter, Heinz Oskar, "Humanisierung der Arbeit als gewerkschaftliche Aufgabe," in Heinz Oskar Vetter (ed.), Humanisierung der Arbeit als gesellschaftliche und gewerkschaftliche Aufgabe (Muenchen, Frankfurt/Main - Koeln, 1974).

Viktor Agartz, "Beitraege zur wirtschaftlichen Entwicklung 1953. Expansive Lohnpolitik," WWI-Mitteilungen 12 (1953).

von Alemann, Ulrich, "Theorien und Soziologie der intermediaeren Gruppen," Soziologische Revue, 4 (1981), 143-151.

von Beyme, Klaus and G. Ionescu, "The Politics of Employment Policy in Germany and Great Britain," Government and Opposition 1 (Winter 1977), 88-109.

von Beyme, Klaus, "The Politics of Limited Pluralism? The Case of West Germany," Government and Opposition 3 (Summer 1978), 265-287.

von Beyme, Klaus, "The Changing Relations between Trade Union and Social Democratic Party in West Germany," Government and Opposition 4 (Autumn 1978), 399-415.

von Otter, Casten, "Entwicklungstendenzen bei den Gewerkschaften in Sweden," Gewerkschaftliche Monatshefte 8 (1974), 472-486.

von Otter, Casten, "Sweden: Labour Reformism Reshapes the System," in Solomon Barkin (ed.), Workers Militancy and Its Consequences, 1965-1975 (New York: Praeger, 1975).

von Vieregge, Henning, "Zur politischen Bildungsarbeit der parteinahen Stiftungen," Aus Politik und Zeitgeschichte B7 (1977).

von Voss, Ruediger, "Kooperation und Konfrontation der sozialen Maechte" Aus Politik und Zeitgeschichte B11 (March 1981), 40-54.

Watrin, Christian, "Geldwertstabilitaet, Konzertierte Aktion und autonome Gruppen," in Erich Hoppmann (ed.), Konzertierte Aktion. Kritische Beitraege zu einem Experiment (Frankfurt: Athenaeum, 1971), 201-228.

Webber, Douglas, "A Relationship of 'Critical Partnership'?
Capital and the Social-Liberal Coalition in West Germany,"
Western European Politics 2 (1983).

Werner, Josua, "Funktionswandel der Wirtschaftsverbände durch
die Konzentrierte Aktion," in Erich Hoppmann (ed.),
Konzentrierte Aktion. Kritische Beiträge zu einem
Experiment (Frankfurt: Athenäum, 1971), 179-200.

Wilke, Helmut, "Zum problem der Integration komplexer
Sozialsysteme. Eine Theoretisches Konzept," Koelner
Zeitschrift fuer Soziologie und Sozialpsychologie 2 (1978),
228-252.

Wilke, Helmut, "Zur Integrationsfunktion des Staats. Die
Konzentrierte Aktion als Paradigma in der Neuen
Staatstheoretischen Diskussion," Politische
Vierteljahresschriften 3, (1979), 221-240.

Winkler, J. T., "Corporatism," European Journal of Sociology 1
(1976), 100-136.

Wolf, Winfried, "Westdeutsche Wirtschaftskrise 1974,75 und der
Bankrott sozialdemokratischer Politik", in Ernst Mandel and
Winfried Wolf, Weltwirtschaftsrezession und BDR-Krise
1974,1975 (Frankfurt: Internationale Sozialistische
Publikationen, 1976).

WSI, "Wirtschaftskrise und Gewerkschaftspolitik in Europa" WSI
Mitteilungen 4 (1979), 177-235.

Zeuner, Bodo, "Solidaritaet mit der SPD oder Solidaritaet der
Klasse? Zur SPD-Bindungs der DGB-Gewerkschaften," Prokla 26
1 (1976), 3-72.

Papers/Dissertations

Alexis, Marion, "The Role of German Trade Unions as Political
Actors in 'Neo-Corporatist' Solutions to Industrial
Relations," paper delivered at the 1981 meeting of the
European Council for Political Research.

Armingeon, Klaus, et al., "Neokorporatistische Politik in
Westeuropa" (mimeographed, Universitaet Konstanz, 1983).

Bonss, Wolfgang, "Gewerkschaftliches Handeln zwischen Kooperation
und Selbstverwaltung - Die Konzentrierte Aktion und ihre
Folgen," (unpublished paper, Starnberg, 1979).

Brumlop, Eva and Ulrich Juergens, "Rationalisation and Industrial

Relations in the West German Automobile Industry: A Case Study of Volkswagen," paper presented at the 1983 "Economic Crisis and the Politics of Industrial Relations" Colloquium, Kings' College, Cambridge.

Copper, Andrew Fanton, "Corporatism and Modern British Politics: The Transformation of British Agricultural Policy in the Inter-War Years," paper delivered at the 1981 meeting of the Canadian Political Science Association.

Czada, Roland and Gerhard Lembruch, "Economic Policies and Societal Consensus Mobilization. Sectoral Tripartism vs. Corporatist Integration," paper delivered at the 1981 meeting of the European Council for Political Research.

Czada, Roland, "Zwischen Arbeitsplatzinteresse und Modernisierungszwang. Industriepolitische Performanz und gewerkschaftliche Orientierung im internationalen Vergleich," paper delivered at the 1982 meeting of the Oesterreichische Vereinigung fuer Politischewissenschaft.

Heinze, Rolf G., et al., "Einheitsproblem der Einheitsgewerkschaften. Ueberlegungen zum Zusammenhang von Arbeitsmarktmacht und organisationspolitischen Vertretungschancen verschiedener Kategorien von Arbeitnehmern" (mimeographed, Universitaet Bielefeld, June 1980).

Heinze, Rolf G., "Neokorporatismus: Effektives politisches Regulierungskartell oder 'Akademisches Phantom'?" (mimeographed, Universitaet-Gesamthochschule Paderborn, June 1980).

Jacobi, Otto, "Economic Development and Trade Union Collective Bargaining Policy in the Federal Republic since the Middle of the 1970s," paper delivered at the 1983 Italien-German Conference.

Jacobi, Otto, "The Structure and Operation of the Collective Bargaining System in the Federal Republic of Germany" (mimeographed, Institut fuer Sozialforschung, Frankfurt, March 1983).

Jacobi, Otto, et al., "Durchsetzungsformen und Grenzen der Integration gewerkschaftlicher Interessenvertretung" (mimeographed, Institut fuer Sozialforschung, Frankfurt, June 1981).

Kablitz, Rainer, "Die Arbeitskaempfe in der Bundesrepublik - Aussperung und Streik 1948-1968" (unpublished doctoral dissertation, Ruhr-Universitaet Bochum, 1972).

Kastendiek, Hans, "Problemperspektiven und Forschungsstrategien der Korporatismusanalyse (Thesen und Fragestellungen),"

paper delivered at the 1978 Internationale Arbeitskonferenz der Zeitschrift PROKLA, "Oekonomische Krise und politische Strategien," March 27-28.

Kastendiek, Hans, "Corporatist Structures - An Organizational Network of Economic and Political Relations," paper delivered at the 1979 European Consortium for Political Research Joint Sessions of Workshops, April 17-21.

Kastendiek, Hans, "Konzeptionelle Probleme der Korporatismus-Analyse," paper delivered at the 1979 Arbeitstagung des Arbeitskreises "Parteien - Parlamente - Wahlen" der Deutschen Vereinigung fuer Politische Wissenschaft, February 23-24.

Lankowski, Carl F., "Germany and the European Communities: Anatomy of a Hegemonial Relation" (unpublished dissertation, Columbia University, 1980).

Lembruch, Gerhard, "Noekorporatistische Politikentwicklung in Westeuropa - Eine internationale vergleichende Untersuchung" (mimeographed, research proposal, 1980).

Lembruch, Gerhard, "Neo-Corporatism and the Function of Representative Institutions," paper delivered at the 1982 Conference on "Representation and the State," Stanford University.

Maitland, Ian, "Incomes Policy and the Viability of Corporatist Politics in Britain," paper delivered at the 1980 meeting of the Council of European Studies.

Markovits, Andrei S., Ch. S. Allen, "Trade Union Response to the Contemporary Economic Problems in Western Europe: West Germany," paper delivered at the 1979 meeting of the American Political Science Association.

Markovits, Andrei S., G. Kenneth, Ch. S. Allen, "Class Power and Industrial Conflict in Advanced Capitalism: The Interaction of Business, Labor and the State in the post-WWII West German Steel Industry," paper delivered at the 1980 meeting of the American Political Science Association.

Markovits, Andrei., Ch. S. Allen, "The Automobile Industry and the Metal Workers Union in the Federal Republic of Germany: Changing Relationships in Crisis Conditions," paper presented at the 1980 meeting of the Council of European Studies.

Meeks, Philip Joseph, "The Crisis of Governance and Economic Policy in Postindustrial States: The Politics of Corporatism and International Economic Relations in the United Kingdom, West Germany and France 1958-1978" (unpublished doctoral dissertation, The University of Texas at Austin, 1980).

- Meier, Kurt J., "Some Problems of Defining Corporatism as State, Interest Group Constellation," paper delivered at the 1980 First World Congress of the International Action and Voluntary Association Research Organization.
- Mertens, Dieter, "Zur Strategiefähigkeit von Vollbeschäftigungskonzepten," paper delivered at the 1979 DIM Symposium "Strategien zur Wiedergewinnung der Vollbeschäftigung," Berlin.
- Mueckenberger, Ulrich, "Relevance and Functions of Legal Regulations for Systems of Industrial Relations and for Trade Unions," paper delivered at the 1983 "Economic Crisis and the Politics of Industrial Relations" Colloquium, Kings College, Cambridge.
- Mueller-Jentsch, Walther, "Conflict, Adaptation and Re-Adjustment within the German Industrial Relations System During the 1970s," paper delivered at the 1983 Cambridge Colloquium, King's College.
- Panitch, Leo, "Corporatism and Capitalist Democracy," paper delivered at the 1982 IPSA XIIth World Congress.
- Prowe, Diethelm, "'Economic Democracy' in Post-World War Germany: Corporatist Crisis Response, 1946-1948" (mimeographed, not dated).
- Przeworski, Adam, "A History of Western European Socialism," paper delivered to the 1977 meeting of the American Political Science Association.
- Riemer, Jeremiah M., "The Rise and Fall of Model Germany. Progress, Retrenchment, and Disorientation in Economic Policy During the Social Democratic Era, 1966-1982," paper delivered at the 1983 meeting of the Council on European Studies.
- Roth, Wolfgang, "Strukturpolitik in der Krise? Zu einigen Ergebnissen der Kommission fuer wirtschaftlichen and sozialen Wandel," paper presented to the 1977 Referat vor dem Gespraechskreis Politik und Wissenschaft des Forschungsinstituts der Friedrich-Ebert-Stiftung, Bonn.
- Scharpf, Fritz W., "Interest Representation in Employment Policy," (mimeographed, Wissenschaftszentrum Berlin, August 1982).
- Schubert, Klaus, "Regulative Intervention: The Case of Banking," paper delivered at 1982 meeting of the European Council for Political Research.

Documents

BDA, Arbeitgeber. Jahresbericht der Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA annual reports 1967 and 1970).

BDA, Gespraech beim Bundeswirtschaftsminister im Rahmen der konzertierten Aktion (BDA minutes of the 1st to the 39th meeting of concerted action, with the exception of the 5th-13th meeting).

BDA, Sitzung des Lenkungsausschusses (BDA minutes of the steering committee meetings, January 9, 1974; July 5, 1976; December 22, 1976).

BDI, Jahresbericht des Bundesverbands der Deutschen Industrie (BDI annual report 1967-1969, 1971).

BMW, Ergaenzende Massnahmen gegen Preissteigerungen, (anti-inflation measures), Bonn, August 24, 1972.

BMW, Mittelfristige Wirtschaftsentwicklung bis 1971, (Ministry of Economic Affairs internal document, IA6 - 180004), July 5, 1967.

Bundesminister fuer Wirtschaft, "Vorbemerkung zur Projektion der allgemeinen Wirtschaftsentwicklung 1967," (mimeo), Bonn February 10, 1967.

Bundesminister fuer Wirtschaft, "Zweites Programm der Bundesregierung fuer besondere konjunktur- und strukturpolitische Massnahmen 1967/68," (Ministry of Economic Affairs internal document), July 12, 1967.

Bundesminister fuer Wirtschaft, Orientierungsdaten zur gesamtwirtschaftlichen Entwicklung 1975 (ministry of economic affairs document on economic development for 1975), Bonn September 23, 1974.

Bundesminister fuer Wirtschaft, Stichworte zur aktuellen Konjunkturlage (ministry of economic affairs economic report), Bonn, June 6, 1975.

Bundesminister fuer Wirtschaft, Stichworte zur konjunkturellen Lage (ministry of economic affairs economic report), Bonn, August 22, 1975.

Bundesministerium fuer Wirtschaft, "Zur Problematik des zukuenftigen mittelfristigen Wirtschaftswachstums," (ministry of economic affairs confidential memo), Bonn, October 27, 1975.

Bundesministerium fuer Wirtschaft, These zur mittelfristigen

gesamtwirtschaftlichen Problematik (ministry of economic affairs paper on medium-term economic problematic), Bonn, November 20, 1975.

Bundesministerium fuer Wirtschaft, Zur Problematik der derzeitigen gesamtwirtschaftlichen Situation (ministry of economic affairs paper the problematic of overall economic development), Bonn, January 13, 1975.

Bundesregierung, "Beschluss der Bundesregierung zur Sicherung der Stabilitaet," Bulletin, Presse- und Informationsamt der Bundesregierung, Nr. 104, Bonn, September 13, 1974.

Bundesregierung, "Nachtrag zum Bericht ueber die Wirtschaftsentwicklung im Jahre 1963 und die Aussichten fuer 1964 (Wirtschaftsbericht 1964)," Deutschen Bundestag, 4. Wahlperiode, Drucksache IV/1752, June 8, 1964.

Bundesregierung, "Brandt-Regierungserklaerung," Deutscher Bundestag, 6. Wahlperiode, 5. Sitzung, 28. Oktober 1969.

Bundesregierung, "Stabilitaetsgerechter Aufschwung. Programm zur Foerderung von Beschaeftigung und Wachstum bei Stabilitaet," cabinet document, December 12, 1974.

Bundesregierung, Regierungserklaerung vom 17. Mai 1974, Bonner Almanach, Bonn, Presse- und Informationsdienst der Bundesregierung, 1975.

Bundesregierung, Regierungserklaerung, Deutscher Bundestag, 5. Wahlperiode, 80. Sitzung, Bonn, 13. Dezember 1966.

Bundesregierung, "Jahreswirtschaftsbericht 1968 der Bundesregierung," Deutscher Bundestag, 5. Wahlperiode, Drucksache V/2511, Bonn, January 25, 1968.

Bundesregierung, "Jahreswirtschaftsbericht 1969 der Bundesregierung," Sektion B, "Fuer 1969 angestrebte wirtschafts- und finanzpolitische Ziele," Deutscher Bundestag, 5. Wahlperiode, Drucksache V/3786, Bonn, 31. Januar 1969.

DAG, "Zum Jahresgutachten 1968 des SVR und zum Jahreswirtschaftsbericht 1969 der Bundesregierung," Deutsche Angestellten-Gewerkschaft, Bundesvorstand, March 1969.

Deutsche Bundesbank, "Memorandum ueber die Lohn- und Preisentwicklung," Monatsberichte der Deutschen Bank (Januar 1960).

DGB Bundesvorstand, "Vorschlaege fuer ein Programm zur Bekaempfung der Arbeitslosigkeit," Duesseldorf, December 6, 1974.

DGB, 10. Ordentlicher Bundeskongress (Hamburg 25. bis 30. Mai)

(Hamburg:- Karl Heinz Loeding, 1975).

DGB, 9. Ordentlicher Bundeskongress (Berlin: Graphische Gesellschaft Grunewald, 1972).

DGB, Protokoll 8. Ordentlicher Bundeskongress Muenchen (18. bis 23. Mai 1969) (Muenchen: Carl Gerber, Graefische Betriebe, 1969).

DGB, Protokoll. 7. Ordentlicher Bundeskongress, Berlin (9. bis 14. Mai 1966) (Koeln: Druckhaus Deutz, 1966).

DGB, "Bericht ueber das Vorgespraech im Rahmen der Konzertierte Aktion am 22. April 1968 im Bundeswirtschafts-ministerium in Bonn," (DGB minutes of the bilateral preparatory meeting between trade union representatives and the Minister of Economic Affairs, Schiller), April 29, 1968.

DGB, "DGB Aktionsprogramm '65. Dabeisein, Mitbestimmen, Erfolg haben," Deutscher Gewerkschaftsbund, Kommission zur Durchfuehrung des Aktionsprogramme, May 1966.

DGB, "Dokumentation zur Verteilungs- und Vermoegenspolitik," DGB Bundesvorstand, Abt. Gesellschaftspolitik, 1979.

DGB, "Forderungen zur Kartellpolitik," Anlage 6, and "Neue Aspekte zur Preisstabilitaetspolitik," Anlage 7, (letter from head of DGB economic committee George Neeman to DGB participant in concerted action), July 6, 1974.

DGB, "Grundsatzprogramm des Deutschen Gewerkschaftsbundes," Duesseldorf, 1963.

DGB, "Neemann: Konzertierte Aktion darf Unternehmer nicht weiter beguenstigen," DGB Nachrichten-Dienst, ND 33/69, Januar 30, 1969.

DGB, "Zur konjunkturpolitischen Lage," DGB, Wirtschaftspolitische Informationen, Nr. 6/1974 vom 3. 5. 1974.

DGB, Abt. Wirtschaftspolitik, Thesen zur mittelfristigen Strukturpolitik, Duesseldorf, November 11, 1975.

DGB, Bericht ueber das Gespraech im Rahmen der Konzertierte Aktion im Bundeswirtschafts-ministerium (DGB minutes of the 4th-39th meeting of concerted action, with the exception of the 11th-12th, 14th-16th, 20th-26th meetings).

DGB, DGB-Erklaerung zur Konzertierte Aktion, DGB Nachrichten-Dienst, ND 3/74, Duesseldorf, January 10, 1974.

DGB, Ergebnisprotokoll der Sitzung des Lenkungsausschusses zur Konzertierte Aktion (DGB minutes of concerted action steering committee meetings May 3, 1974; November 11, 1975).

- DGB, Politische Bedingungen der "Konzertierten Aktion,"
Duesseldorf, 10. Februar 1967, (DGB internal memo).
- DGB, Vorgespraechе zur Konzertierten Aktion am 16. 12. 1969 im
BWM, (DGB minutes of preliminary talks to concerted action),
Duesseldorf, December 18, 1969.
- DGB, Vorstudien zur Strukturberichterstattung, Materialien zur
Konzertierte Aktion, Anlage 1, Duesseldorf, January 3, 1977.
- IG Bau-Steine-Erde, Protokoll ueber den 8. Ordentlichen
Gewerkschaftstag der Industriegewerkschaft Bau-Steine-Erde
fuer die Bundesrepublik Deutschland (Rhein-Main-Halle,
Wiesbaden, vom 4. bis 11. Juni 1969) (Frankfurt: Union-
Druckerei, 1969).
- IG Chemie-Papier-Keramik, Protokoll der Verhandlungen des 8.
Ordentlichen Gewerkschaftstages der Industriegewerkschaft
Chemie-Papier-Keramik (vom 31. August bis 6. September 1969,
Wiesbaden) (Frankfurt: Union-Druckerei, 1969).
- IG Chemie-Papier-Keramik, Protokoll der Verhandlungen des 10.
Ordentlichen Gewerkschaftstages der Industriegewerkschaft
Chemie-Papier-Keramik (19. bis 25. September 1976 in
Hamburg) (Hanover: Buechereiwerkstaetten Hanover, 1976).
- IG Metall, Antraege - Materialien (11. Ordentlicher
Gewerkschaftstag der IG Metall, Hanover. 15. September bis
21. September 1974) (Frankfurt: Union-Druckerei, 1975).
- IG Metall, Protokoll des neunten ordentlichen Gewerkschaftstages
der Industriegewerkschaft Metall fuer die Bundesrepublik
Deutschland (in der Bayerhalle in Muenchen vom 2. bis zum 7.
September 1968) (Frankfurt, Unions-Druckerei, 1968).
- IG Metall, Protokoll Zehnter ordentlicher Gewerkschaftstag der
Industriegewerkschaft Metall fuer die Bundesrepublik
Deutschland (Rhein-Main Halle, Wiesbaden 27. September bis
2. Oktober 1971) (Frankfurt, Union-Druckerei, 1972).
- OTV, Protokoll 6. Ordentlicher Gewerkschaftstag (Muenchen 30. Juni
bis 5. Juli 1968) 1 & 2 (Stuttgart, Union Druckerei, 1968).
- Rat der Europaeischen Wirtschaftsgemeinschaft, "Empfehlung der
Rats der Europaeischen Wirtschaftsgemeinschaft an die
Mitgliedstaaten auf Grund von Artikel 103 des Vertrags
Massnahmen zur Wiederherstellung des inneren and aeusseren
Gleichgewichts der Wirtschaftsentwicklung der Gemeinschaft
zu ergreifen," Deutscher Bundestag, 4. Wahlperiode,
Drucksache IV/1752, June 8, 1964, 19-21.
- Sachverstaendigenrat, Jahresgutachten (SVR annual economic
reports 1964/1965; 1965/1966; 1967/1968; 1968/1969;
1970/1971; 1974/1975).

Sachverstaendigenrat, "Zur Konjunkturlage im Fruehjahr 1967,"
Sondergutachten, (Stuttgart: Verlag W. Kohlhammer, March
1967).

SPD, Grundsatzprogramm der Sozialdemokratischen Partei
Deutschlands (Bonn: Vorstand Der SPD, 1959).

SPD, "Antrag der Fraktion der SPD im Deutschen Bundestag," Bundestag
Drucksache 2428, June 6, 1965.

Wissenschaftliche Beirat beim Bundeswirtschaftsministerium,
"Instrumente der Konjunkturpolitik und ihre rechtliche
Institutionalisierung," vol. 4, no. 77/78, July 3-8, 1956.

Wissenschaftlicher Beirat beim Bundesministerium fuer Wirtschaft,
"Stellungnahme zu den Grundfragen der Stabilitaetspolitik,"
Bulletin des Presse- und Informationsdienstes der
Bundesregierung, No. 44, 1973, 401.

WWI, "Der Wachstumsspielraum im Jahre 1969," WWI Mitteilungen,
(Januar/Februar 1969).

WWI, "Konjunkturberichterstattung," WWI Mitteilung 8/9
(August/September 1967).

WWI, "Stellungnahme zum Jahreswirtschaftsbericht der
Bundesregierung fuer das Jahr 1969," Wirtschaftswissen-
schaftliches Institut der Gewerkschaften, February 21, 1969.

WWI, "Stellungnahme zum Jahresbericht des Bundesregierung," WWI
Mitteilungen 3 (March 1969).

Newspapers

Allgemeine Zeitung (Mainz)

Berliner Morgenpost (Berlin)

Der Spiegel

Der Volkswirt

Deutsche Tagespost (Wuerzburg)

Die Welt (Bonn)

Echo der Zeit (Recklinghausen)

Einheit (IG Bergbau und Energie)

Frankfurter Allgemeine Zeitung (Frankfurt)

Frankfurter Neue Presse (Frankfurt)

Frankfurter Rundschau (Frankfurt)

Frankfurter Union (Frankfurt)

Freie Presse (Bielefeld)

Freiheit (Mainz)

General Anzeiger (Bonn)

Gewerkschaftsspiegel (IG Metall)

Handelsblatt (Duesseldorf)

Industriekurier

International Herald Tribune (Paris)

Kieler Nachrichten (Kiel)

Koelner Stadtanzeiger (Koeln)

Koelnische Rundschau (Koeln)

Muenchener Merkur (Muenchen)

Neue Zuercher Zeitung (Zuerich)

Neues Deutschland (Berlin-East)

Rheinischer Merkur

Rheinpfaez

Schwaebische Landeszeitung - Augsburgener Zeitung (Augsburg)

Stuttgarter Zeitung (Stuttgart)

Sueddeutsche Zeitung (Munich)

Unsere Zeit (Duesseldorf)

Vorwaerts (Bonn)

Welt am Sonntag (Hamburg)

Welt der Arbeit (Koeln)

Weser Kurier (Bremen)

Westfaelische Rundschau (Dortmund)

APPENDIX

RESEARCH STEPS

The research for this study unfolded in a number of successive stages. The actual research work was preceded by a preliminary round of discussions with German social science experts in the field, most notably Gerhard Lembruch at the University of Tuebingen, Rolf G. Heinze at the University of Bielefeld and Ulrich von Alemann at the Pedagogische Hochschule Rheinland, during a short field trip to Germany in October 1980. The next step was the analysis of secondary English language sources at Carleton University in early 1981. The research of secondary and primary German language sources took place in the Federal Republic between July 1981 and December 1982. The research in Germany was financed through contract research, freelance journalism and teaching.

With most of the actors in concerted action located in and around Bonn it was the obvious choice for a research base. The Federal Government and the German Assembly of Industry and Commerce (DIHT) are directly located in Bonn. The Federal Union of German Employers' Associations (BDA) and the Federation of Germany Industry (BDI) are located only a twenty-minute drive away in Koeln, while the German Trade Union Federation (DGB) is just an hour away in Duesseldorf.

Most of the research of secondary German sources took place at the University of Bonn and the SPD-affiliated Friedrich Ebert Stiftung in Bonn. Primary sources from trade union congresses

and annual business reports as well as documents from the Social Democratic Party (SPD) also were available at the Friederich Ebert Stiftung, which was very accommodating in their support of my research. Annual business reports and other official documentation from both BDA and BDI were made readily available by the BDI-associated Deutsche Industrie Institute in Koeln.

Research on the press coverage of the period leading to and the ten years of concerted action took place at the Press and Information Office (Presse- und Informationsamt) of the Federal government, which has an excellent news clipping service open to researchers.

Access to unofficial documentation on concerted action from the major participants - government, business and the trade unions - was more problematic and ranged from the almost to the impossible to the gold mine. As a result of the apparent unawareness by an official in the Ministry of Economy Affairs of an official secrets act for the fleeting moment of a day I had complete access to Department documents covering the ten years of concerted action. However, this was quickly ended when more senior official, over lunch, uncovered this breach of secrecy.

Gaining access to unofficial trade union documents proved to be a more successful task with the head of the DGB research institute (Wirtschafts- und Sozialwissenschaftliche Institut des DGB), Dr. Heinz Markmann, making available three boxes, of as yet unsorted personal files of ten years participation in concerted action. This proved to be the gold mine of the research. It included trade union minutes of almost all forty concerted action

meetings, DGB and trade union-internal communications, correspondence with government and business associations' officials, and government documentation on economic development, economic policy and related issue that were made available to the DGB and the trade unions within the context of concerted action.

Access to business associations files, predictably, proved to be a different task. After lengthy negotiations and after pointing out that the trade unions (i.e., Dr. Heinz Markmann) had open their files completely the General Secretary of the BDA, Joachim Bretschneider, provided two folders with an almost complete set of copies of BDA minutes from the concerted action meeting between 1967 and 1977.

At the end of 1982 the research in German was concluded with a number of interviews with official from all sides, they included; Heinz Markmann, head of the DGB Economic and Social Sciences Research Institute, August 3rd and again on October 26th; Joachim Bretschneider, General Secretary of the BDA, November 10th; Wolfgang Roth, SPD economic critic in the Bundestag, November 29th; Heinz-Oskar Vetter, the former head of the DGB, December 1st; Otto Schlecht, Deputy Minister of the Department of Economic Affairs since the early 1960s, December 9th; Peter Broischer, former General Secretary of the DIHT, December 13th; and Gerd Baumann, assistant head of the economic policy section of the BDI, December 15th. An interview with Georg Leber, the former head of construction workers' union (IG Bau-Steine-Erde) and then Vice President of the Bundestag, was canceled on short notice due to the fall of the Social

Democratic-Liberal coalition at the end of 1982. An interview with Karl Schiller, the SPD Minister of Economic Affairs between 1966 to 1972 in the end did not materialize because of my return to Ottawa at the end of 1982.

The arduous task of writing took place over the next five years, slowed down, initial, by trying to stay alive while rapidly sinking in the massive amount of collected data and trying to make it across the unfamiliar territory of economics. At the same time the task was slowed down by the need to make a living teaching as a sessional lecturer at Carleton University and the University of Ottawa from 1983 to 1985, and as a full time lecturer between 1985 and 1987 and St. Francis Xavier University. The task was finally completed in a year away from teaching in 1987-88.

END

07|07| 89|

FIN