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Producing flexi-corporatism: the restructuring of work in Germany

> We support a market economy, not a market society …
> Modern social democrats want to transform the safety net of entitlements into a springboard to personal responsibility…
> Part-time work and low-paid work are better than no work…
> (Tony Blair and Gerhard Schröder, 1999: 1–7)

The positioning of German state-society within the globalisation and restructuring debates is, in itself, highly contested between competing voices and claims. In a neo-liberal reading, evident across international economic institutions, academic analysis and media commentary, the 'low cost – low regulation' Anglo-Saxon programme is positioned as 'outcompeting' the 'high cost – high regulation' German social market (see OECD, 2001; Giersch *et al.*, 1992; *The Economist*, 8 July 2000). Some more critical social science commentaries have, perhaps inadvertently, reinforced the image of neo-liberal triumph by observing the dominance of a UK–US nexus of hyperliberal restructuring (Gill, 1995a; Van der Pijl, 1984), or by arguing that globalisation demands reforms from social democratic state-societies (Giddens, 1998). Gerhard Schröder's apparent embracing of the individualism and 'workfare' (Jessop, 1994) strategy of Blair's 'Third Way' in his 'Neue Mitte' concept may be read as indicative of an acceptance of the necessary restructuring imperatives of a global economy.

Yet, when we explore the debate taking place within and outside German state-society it becomes clear that the representation of Germany as a rigid and inflexible political economy in need of radical restructuring is by no means uncontested. An effective counter to neo-liberal claims is presented by those who emphasise the 'beneficial constraints' of close relationships between state, industry, finance and labour in 'Rhineland Capitalism' (see Albert, 1993; Streeck, 1992a; Soskice, 1996; Coates, 2000; Hutton, 1995). In this representation of Germany in a global era, the 'inflexibilities' and 'inefficiencies' of German capitalism are read as the resources of high innovation and high quality-based competitiveness. Put simply, perceptions of Germany in relation to globalisation, both inside and outside the state-society, are contradictory and contested. The media, for example, simultaneously proclaim that 'Tomorrow belongs to Germany', and that 'Germany is stalling' (*The Sunday Times* and *Evening Standard*, cited in Marsh, 2000: 76). Indeed, the images of Germany as inflexible 'laggard' and innovative 'leader' have even shared the same headline: 'The Sick Man of Europe Dances a Jig' (*The Guardian*, 12 August 1998: 15). What are we to make of the competing images of 'Modell Deutschland'[1] within the globalisation debate?

In this chapter I argue that 'Modell Deutschland' is being made and remade in contemporary times, constrained and informed by a range of historical institutions and practices, and exhibiting significant tensions and contradictions. As in the previous chapter on the making of a British programme of hyperflexibility, the emphasis here is on *how* it has been possible to represent Germany in particular ways within a debate on globalisation. The first section explores the multiple facets of 'Modell Deutschland' to reveal the competing meanings of globalisation that are constituted. The argument problematises the dominant modes of thought that see Germany *either* as 'squeezed' by global forces on to convergent neo-liberal lines, *or* as directly opposing neo-liberal restructuring, hence always either neo-liberal or non-neo-liberal. I then go on to explore the historical institutions and practices of state, capital and labour in Germany that have made possible particular contemporary programmes of restructuring. Finally, I discuss the contemporary restructuring of working practices in Germany, demonstrating the negotiated and mediated nature of reforms.

'Modell Deutschland' in the globalisation debate

In chapter 3 I argued that so-called 'models' of national capitalism are less coherent and more contradictory than they are commonly presented. In short, a 'model' of capitalism is imagined, produced and reproduced over time, enabling certain claims to be made about the nature of social reality, while impeding others. Drawing on a number of studies using Foucault's concept of 'governmentality', it was argued that governmental interventions (in our terms, programmes of restructuring) rely and rest upon the making of specific representations of a social problematic.[2] The representation of a 'Modell Deutschland', or a German model of capitalism, has been a particularly significant feature of the debates, both within Germany and from without, on what interventions are necessary in an era of globalisation. What is interesting about the 'Modell' is that it is not a singular, unitary or coherent entity at all, but a contingent metaphor that is made in different ways, drawing on a range of historical sources and points of reference. Given the competing representations of the Germany-globalisation relationship, the interventions that are discussed, proposed and implemented do not follow the deterministic logic of a global imperative of flexibility. Rather, they are paradoxical, convoluted and highly contradictory, displaying some affinity with hyperflexibility, yet also much that is anathema to that deregulatory and individualist schema.

In the contemporary remaking of Modell Deutschland, a central role has been played by the neo-liberal discourse that calls the institutions and practices of German capitalism into question. At the heart of the neo-liberal challenge is an appeal to the flexibility and speed of response required by globalisation, and to the rigidity and sluggishness of state-societies that seek to protect their welfare and labour market institutions. In the realms of production and work, embedded social institutions and practices become synonymous with structural rigidities that undermine the potential competitiveness of the labour market through disincentives to work and constraints on business management: 'Policies and systems have made economies rigid and stalled the ability and even willingness to adapt. To realise the new potential gains, societies and economies must respond rapidly to new imperatives and move towards the future opportunities. To many, the change is wrenching' (OECD, 1996).

The German strategy of 'diversified quality production' (Streeck, 1992a), lauded for its success in the 1980s and early 1990s, has had its sustainability questioned in the light of globalisation (see Streeck, 1997a; Zumwinkle, 1995). Commentators point to a number of factors to illustrate the incompatability of German capitalism with what they see as the 'global reality'. The lynchpin of the claims is that an inflexible labour market, combined with high production and labour costs, has made Germany uncompetitive. Commentators cite the high costs of German labour as the key explanation for the loss of the attractiveness of 'Standort Deutschland' (Germany as economic location).[3] A kind of 'Lexus effect'[4] is depicted, whereby German firms are under pressure to sustain their high-quality manufacturing in a context where they are making high cost social contributions in wages and taxes, and their competitors are closing the gap. In this context, much of the 'Standort' debate has focused on the exit of German companies to overseas production sites, with concern that high value-added manufacturing, such as the production of the BMW Z3 and Mercedes four-wheel drive vehicles, is moving to lower cost sites (Hancké, 1997; Gesamtmetall, 1997). With the unemployment rate at 8.3 per cent in 1999 (OECD, 2001), the neo-liberal case is bolstered by the argument that restructuring is required to loosen labour market constraints, reduce the employer cost burden and increase rates of employment.

Looking at the German programme of restructuring it is possible to find evidence that the neo-liberal logic of flexibility, drawing on the representation of the global conundrum I have outlined above, has taken hold. Following the election victory in September 1998, Gerhard Schröder appeared to embrace the market-friendly discourse of Tony Blair's 'Third Way'. Blair and Schröder's joint-authored statement appears as a direct manifesto for deregulatory reforms, in which globalisation is cast as an 'inescapable process' (Felhölter and Noppe, 2000: 241). Much of the text can be read as a direct challenge to prevailing German institutions and practices, pledging to 'accommodate the growing demands for flexibility' and to 'encourage employers to offer "entry" jobs to the labour market by lowering the burden of tax and social security contributions on low-paid jobs' (Blair and Schröder, 1999: 7). The 'Zukunftsprogramm 2000' (Programme for the Future, 2000), and the 'Steuerreform 2000' (Tax reform 2000), do indeed appear to grasp some of the neo-liberal nettles, including a lowering of corporate and income tax rates from 2001 and a reform of 'pay as you go' pensions. Yet, the restructuring programme has been labelled 'disappointing' by the OECD (2001), 'insufficient' by the IMF (1999) and 'still too rigid and expensive' by *The Economist* (2000: 17). Presumably this lukewarm reception by the advocates of hyperflexibility indicates that we should exercise caution in claiming that Germany has embraced the deregulatory agenda. There is another story to be told in the Germany-globalisation problematic, one that suggests that 'Neue Mitte' and 'Third Way' take on particular institutional forms and meanings in their different contexts.

It is possible, however, to shed a different light on both the representations of German competitiveness, and the interventions made on the basis of these representations. In contrast to figures on unemployment and labour costs marshalled to urge neo-liberal interventions, figures can indicate that the German economy grew by 3 per cent in 2000, the strongest rate since 1992 (OECD, 2001); unemployment rates are falling (OECD, 2001); inflation is low (Harding and Paterson, 2000); Germany has become a role model in venture capital (Harding and Paterson, 2000); and the high pound has seen unit labour costs per unit of output fall to around 16 per cent below the level of those in the UK (Marsh, 2000). The merger of Daimler and Chrysler, the prominence of Deutsche Bank in the City of London, and the acquisitions of Bentley, Rolls Royce and Rover cast some doubt on the representations of lost German competitiveness on which hyperflexible interventions rely. In terms of the apparent 'Third Way' discourse adopted by Schröder, this has subsequently been put at a distance, not least because it was contested by organised labour, a group that have effectively been 'integrated' into the restructuring process (Ryner and Schulten, 2002: 1). 'Schröder is no Tony Blair, no third way-ist, and he almost certainly regrets bringing out with Blair the policy document on Social Democrat party modernisation' (Marsh, 2000: 75).

Not only has the German political programme sought to distance itself from UK-US-style hyperflexibility, but it has also debated the social effects of radical restructuring. The hostile takeover of Mannesman by Vodafone AirTouch provoked what was described as 'a heated debate about globalisation and Anglo-Saxon corporate aggression' (*Die Zeit*, 19 November 1999: 3). These alternative depictions of the German debate of globalisation and restructuring suggest that we are not witnessing the linear history of a convergence around principles of hyperflexibility. As Ryner and Schulten have it, 'the "hard neo-liberal line" could not prevail in any West-European country, except the United Kingdom' (2002: 12). While it is clear that Germany is engaged in a programme of restructuring, the conundrum of transforming the labour market and working practices takes on a unique form. In the context of social institutions and practices that have precisely sought to 'embed' the economy in society, the making of a neo-liberal discourse that 'renders the social domain economic' (Lemke, 2001: 203) is problematic. A central distinction between the British programme of hyperflexibility and the German restructuring programme is that a debate is actually taking place in Germany, among competing groups across state, finance, industry and labour, leading some to conclude that we are seeing the emergence of a 'competitive corporatism' (Rhodes, 1997) or a 'regulated flexibility' (Fuchs and Schettkat, 2000: 211). Thus, we see a number of competing meanings attributed to globalisation, and a negotiation and contestation of these meanings across state-society in a kind of 'flexi-corporatism'. A caveat to this apparent negotiation of globalisation and restructuring is that this debate is inclusive only in the sense that it includes core workers in a highly protected labour market. For the increasing numbers of people excluded from the core labour market in Germany, this is a debate that is closed to them and is unlikely to reflect their experiences.

Historical representations of the social market

Both the proponents and the critics of the so-called German 'model' of capitalism tend to make appeals to the historical development of the institutions and practices of the German 'social market' political economy. For the proponents, the embedded structures of concerted investment and co-determination make for a 'social infrastructure highly supportive of industry' (Lane, 1994: 174). Viewed in this light, Polanyi's 'fictitious commodities' of land, labour and money are actively embedded in a range of social institutions that ameliorate the effects of commodification (see Glasman, 1996). For the critics, the historical legacy of German social institutions has made the economy sclerotic and inflexible (see Giersch, 1985). In this neo-liberal reading restructuring is designed precisely to transform past institutions and practices and to render them more compatible with the needs of an increasingly competitive global market. Thus, whether proponent or critic, social democrat or neo-liberal, the historical representations of social order, and their reflection in prevailing institutions, have framed the terms of contemporary debate in Germany. Global restructuring has been debated in terms that are drawn from Ordo-liberal conceptions of a social market economy, so that even neo-liberal-style deregulatory strategies have been pursued in a manner that seeks to reconcile them with prevailing practices.

State and market

Much of the contemporary German programme of restructuring has rested upon a discourse of reconciliation between the pressures of globalisation and state-societal visions of a stable and negotiated order. Such a discursive management of the potential antagonisms of restructuring, in turn, draws on a framing of the state-market relationship that, in contrast to the British distancing of the state realm from a market realm of self-responsible individuals, sees a mutually constitutive relationship between state and market. The intellectual tradition of Ordo-liberalism that is credited with the building of a post-war 'Soziale Marktwirtschaft' (social market economy), provides a set of concepts and understandings that can be invoked to bring the market into the realm of political intervention and social dialogue.[5] Writing from the time of the crises of the 1930s, the Ordo-liberals sought to critique laissez-faire liberalism, arguing that a social market economy required protective social institutions to be created and sustained through state intervention (see Röpke, 1942; Eucken, 1949):

> Unlike this negative conception of the state typical of liberal theory in the eighteenth and nineteenth centuries, in the Ordo-liberal view, the market mechanism and the impact of competition can arise only if they are produced by the practice of government. The Ordo-liberals believe that the state and the market economy are not juxtaposed but that the one mutually presumes the existence of the other. (Lemke, 2001: 193)

This conception of a state-market relation that reconciles social needs and values to the dictates of the market is a recurring theme throughout German social history, and is reinvigorated in contemporary debates on the possibilities and limits of restructuring. The Christian Democratic Catholic philosophies pervading the German experience of late nineteenth-century 'catch-up' industrialisation provided a defence of the principles of subsidiarity and co-ordination governing the relations between state, capital, industry, labour and family (Gerschenkron, 1962; Weiss, 1998). As Maurice Glasman has it:

> … a set of institutional practices embedded in daily working and religious life provided the ethical orientation which organised West German reconstruction. These were carried within the labour movement, Church and locality. No-one 'designed' post-war Germany, it was hewn out of more durable and sophisticated moral and ethical materials than those provided by economic theory or any other social science methodology. (Glasman, 1996: 55)

The durability of the social market economy conception lies in its capacity to be reinvented and reinscribed with new meanings in particular historical periods. In contemporary representations of the state and the global market, the social market is inscribed with a capacity to buffer the damaging features of globalisation. By way of example, in a BBC interview with the President of the World Bank, James Wolfensohn, and German Development Minister, Heidemarie Wieczorek-Zeul, the question of the relationship between society and globalisation was discussed and debated (BBC, 2000). Wieczorek-Zeul disagrees with the interviewer's suggestion that societies should be advised that 'globalisation is happening, here, get used to it':

> Globalisation should not become a situation in which the market economy decides everything in democracy, and social and ecological roles go down the river … within globalisation you have rules, you have social rules … we have a globalisation of markets, we have a globalisation of economy, of trade and what we also have, to a certain extent but have to develop further, is a globalisation of solidarity, a globalisation of values. (Wieczorek-Zeul, cited in BBC News, 2000: 2)

This debate depicted the tensions between neo-liberal conceptions of globalisation as an exogenous force that is 'larger than us', dictating terms to states and societies, and conceptions that render globalisation amenable to reconciliation with social values. I am not suggesting that the German conceptions of state and market are necessarily preferable to, or 'friendlier' than British conceptions, but that the differences are significant in that they reveal the political and social making of globalisation.

Finance and industry

The assertion of a close interrelationship between financial and industrial capital lies at the heart of explanations of the durability of German capitalism (see Hall, 1986; Hutton, 1994; Albert, 1993). Germany's rapid and late industrialisation is cited as the central driving force of bank-based 'state (monopoly) capitalism' (Gerschenkron, 1962; Arrighi, 1994: 163). While Britain's early industrialisation through textiles required relatively limited injections of capital, feeding a culture of individual entrepreneurship, and resulting in an 'industry-finance gap' (Coates, 2000: 67), Germany's industrialisation through heavy industries required the concerted harnessing of capital, framing an 'enabling' role for the state in structuring bank-industry relations. The capital requirements of indigenous industries – investments in production and materials, technologies, education and training – were legitimated as domains for state intervention (Hobsbawm, 1975: 41-45). During the period of post-war reconstruction, the tripartite relationships between state, banks and industries were revisited, with banks reinforced as the key providers of capital for industry and, indeed, given a function in the everyday decision-making of firms.

In contrast to the British making of the stock market as the legitimate source of industrial finance, the German financial system is historically founded on the principle of debt finance by banks (Woolcock, 1996: 183). It is through the lens provided by bank-oriented finance that contemporary questions of global finance are interpreted and framed. German banks have historically had a position on the supervisory boards of the firms in which they hold shares, also exercising proxy votes for shareholders who lodge their shares with the bank. As a result, it is often argued that German banks have competencies in industrial matters, playing legitimate roles in distributing regional development funds to firms, and holding knowledge resources for the benefit of clients (see Hutton, 1994; Albert, 1993), fostering a medium to long-term horizon in corporate strategies. When this industry-finance link is broken, as in Deutsche Bank's decision to sell its large stake in Deutsche Telekom in August 2001, the result is often fierce criticism and debate over the traditional role of German banks in holding shares and 'talking up' their corporate partners. The tensions between the short-term decisions fostered by the principle of shareholder value, and the consultative and longer-term dynamics of bank-based capital, have thus become central to German debates on the restructuring of bank-industry relations. As Michel Albert has it: '… in the Rhine model, the "golden boys" and their breathless exploits on the floor of the Stock Exchange are conspicuously absent. Banks, not stock markets, are the principal guardians of the capitalist flame in Germany' (1993: 106).

The primacy of bank-based finance, and the absence of the 'golden boys' has been challenged in contemporary debates surrounding 'Finanzplatz Deutschland' (Germany as financial centre) (see Story, 1997). The institutionalised relationships between banks and firms are brought into question by the ability of firms to move their production and their financial holdings between countries and to 'off-shore' sites. The large German banks have shifted their focus from credit to equities, reducing their stakes in firms and establishing a significant presence in the world's major financial centres. The shares in large German firms are increasingly in the hands of global institutional investors, and German society itself has doubled its individual share ownership from 10 per cent to 21 per cent over the 3 years to 2000 (*The Economist*, 8 July 2000: 28). Thus, on the one hand, we cannot say that there is no reform taking place in Germany, or that the deregulatory bias of neo-liberal restructuring has been entirely 'resisted'. Yet, on the other hand, we see that restructuring has taken on a particular form, with apparent concessions to neo-liberal flexibility matched by a shoring-up of prevailing institutions and practices – a defining feature of 'Finanzplatz Deutschland' (Story, 1997). For example, though major German MNCs have restructured in favour of equity financing and shareholder value, the vital small/medium size enterprise (SME) sector continues to be dominated by close relationships with the regional banks. Indeed, the OECD expresses its concern that the spirit of deregulated finance has not quite been grasped in the German programme, arguing that the state-owned banks should be privatised (OECD, 2001: 11). Far from abandoning past institutions and practices in favour of radical deregulation, the German debate revives past scepticism of shareholder value and renegotiates within a distinctive industry-finance frame of reference (see Schröder, 1996; Jackson, 1997; Moran, 1992).

Labour

IPE's engagement with labour in the global restructuring debate has tended to assume that, while capital 'promotes' globalisation, labour essentially represents a social force with the potential to 'resist' global dictates and to define alternatives. And, of course, labour has been a primary source of resistance and contestation to globalisation (see O'Brien, 2000; Stevis and Boswell, 1997). However, the role of labour in defining globalisation is somewhat more contradictory than a simple resistance strategy. While in the Anglo-Saxon 'hyperflexible' state-societies it may be more clear that labour is excluded from the defining of a programme of restructuring, the German programme is, at least in part, articulated through the institutions of organised labour.

Historical attempts to co-ordinate and mediate the capital-labour relation are revisited in contemporary German debates on the reorganisation of work. The German labour market has been constituted historically as a sphere that is delineated from markets in finance, goods and services, represented as a distinctly 'social' sphere, so that 'integration into the world economy was not accompanied by deregulated markets in labour and land' (Glasman, 1996: 51). Pre-war practices such as centralised wage bargaining and the institutionalisation of works councils, together with post-war practices such as the sectoral organisation of trade unions, have reproduced a co-ordinated system of labour organisation that positions core workers within decisions about production and changes in production (see Koch, 1992; Lane, 1994; Visser and van Ruysseveldt, 1996). The principle of 'Mitbestimmung' (co-determination) represents a legal intervention that establishes the right of organised labour to representation on advisory boards, and confers negotiative rights on works councils in corporate decision-making.

There is no doubt that Germany's system of labour organisation has been among the institutional aspects most criticised by neo-liberal commentators (see OECD, 1994, 2001). The centralised organisation of labour, the trade unions' ability to sustain a 'family wage' and job security, and the blocks on the development of a casualised work sector, have all been cited as responsible for uncompetitive wage levels, an inflexible labour market and high levels of unemployment. The OECD Jobs Strategy compares Germany, and other continental European state-societies, unfavourably with the UK, US, Australia, Canada and New Zealand, on the basis of its incremental restructuring programme 'at the margins': 'Instead of relaxing general employment protection provisions, some governments have preferred to introduce short-term contracts and liberalise employment protection for part-time workers in small firms (e.g. Germany, France, Belgium)' (OECD, 1997: 8). Despite some apparent concessions to the discourse of flexibility, seen for example in greater devolution of bargaining to the workplace and wage restraint since 1999, the German programme has continued to integrate core labour into the defining of programmes of change in the organisation of labour and work. Thus, restraint in wage bargaining has been secured via negotiations that effectively trade job security and employment creation in return for lower wage claims. The perceptions and realities of a historical interweaving of the institutions and practices of co-determination with German productivity and competitiveness have given rise to 'piecemeal' reforms (Vogel, 1996) that do not resemble UK-US-style hyperflexibility.

The contemporary restructuring of working practices

The contemporary German debates about the restructuring of work draw upon historical understandings of the relationships between state, market, finance, industry and labour. This is not to say that Germany has not felt the heat of neo-liberal exhortations to restructure its social institutions and practices, or that it has not engaged in a debate on the restructuring of work and labour. German state-society has negotiated the implications of globalisation and intensified competition *through* the frameworks of corporatist bargaining. This has not been an unproblematic or consensual exercise, and in most instances it is conflict and contestation that have limited or enabled particular restructuring interventions. Though I do not seek to offer an exhaustive account of the German programme, I am concerned to direct attention to the unique patterns of compromise and conflict that give shape to debates on restructuring work and labour. At the heart of German representations of the restructuring problematic there lies a fundamental tension with the neo-liberal image of hyperflexibility. Where Anglo-Saxon programmes have placed their emphasis on speed of response to global markets, and the self-discipline of individuals in an insecure working environment, the German programme has re-emphasised a protracted process of negotiation through national corporatist structures designed precisely to ensure security and stability for the social partners. I am not offering up the German model as a 'nicer' alternative to British hyperflexibility, or as a path-dependent system that cannot be transformed. Rather, I see the first step in a politicisation of global restructuring to be an exercise in identifying the distinctive webs of power that define the parameters of particular programmes. It is only through an understanding of these webs of power, of how they function and where their weaknesses lie, that we may open up potential spaces for critique, opposition and resistance.

'Functional flexibility', training and skills

The lean production discourse that has dominated much of the drive for flexibility, asserts the need for individual workers to 'multi-task', applying general skills across production, maintenance and quality functions. The rationale for this position is that globalisation accelerates the rate of change in market conditions, making it imperative that firms are able to respond rapidly and flexibly, changing the organisation of work through the reshuffling of production tasks. Despite an apparent thirst for the insights of lean production management models (the lean production 'bible', *The Machine that Changed the World*, made record sales in Germany), lean production and the functional flexibility it prescribes, has taken on a particular German form that is at odds with neo-liberal meanings (Benders and van Bijsterveld, 2000; Streeck, 1996). While UK-US-style prescriptions for functional flexibility emphasise a business-friendly environment in which employers define the necessary and useful skills within the firm, the German system of vocational training is concerned with occupations rather than discrete 'jobs'. The 'dual' system of training in public training institutes and in the workplace distributes the cost and responsibility for training among firms, governments and individuals (Culpepper, 1999). In contrast to the neo-liberal representation of skills and training as task- and firm-specific, German representations position skills as social resources. This has constrained the range of possible interventions so that, in short, nothing is restructured unless it can be agreed among a range of stakeholders – including local chambers of commerce, trade unions, works councils, employers' organisations and the Länder governments.

In terms of the everyday practices of training and skills deployment, there are fundamental tensions between the hyperflexible mantra of multi-skilling, multi-tasking and teamworking, and the negotiated occupational 'status maintenance' of the prevailing German institutions (Esping-Andersen, 1996: 67). Within existing arrangements there are constraints on the devolution of responsibility for skills and training to the level of individual firms, and on the blurring of demarcations between defined occupations. Rather than revising or deregulating existing legal frameworks and institutions, as in the British programme, in the German debate 'new' frameworks are added to existing regulations, negotiated with the social partners, often appearing to extend rather than limit the influence of organised labour – the antithesis of hyperflexibility. This 'restructuring by consensus' is characterised by the 'trading' of concessions between employers and organised labour. By way of example, during the 1980s the German metalworkers union 'IG Metall' conceded a reduction in the number of demarcated sectoral occupations from 48 to 6, conditional upon the demarcation of a new occupation of 'Anlagenführer' (equipment monitor) with overlapping competencies. It is precisely this general working function of quality monitoring and maintenance that the lean production thesis seeks to integrate into all working practices.

In contrast to the British skills flexibility debate, which has focused on the ability of an employer to access a flexible external pool of skills via subcontracting and outsourcing, the German debate has focused predominantly on the flexibility of the 'internal' labour market, arguably supporting a 'high-cost, high-quality' strategy (see Turner and Auer, 1994; Streeck 1992a, 1992b; Jürgens, 1991; Mahnkopf, 1999). The restrictions on 'hire and fire' practices, the embedded system of vocational training and the co-determination procedures that involve organised labour in the negotiation of change – all have combined to produce a distinctive web of power in the reorganisation of work. The German debate on teamworking (Gruppenarbeit), for example, has not inculcated the disciplinary individualisation of the British debate. Though teamworking is increasingly used in German firms, in practice it does not resemble the Toyota model, or the US management prescriptions for blurred boundaries between tasks founded on that model. The concept of teamworking was first defined in the German debate in the 1970s by trade unionled research into the 'Humanisierung des Arbeitslebens' (humanisation of working life). Though revisited and translated since then, the German trade unions have brought the issue of teamworking to the negotiating table of annual bargaining rounds, so that teams constitute semi-autonomous working groups with concrete involvement in the reorganisation of work.

The German debate on skills and training not only stands in tension with the hyperflexible dictates of the OECD's *Jobs Strategy*, but also exhibits unresolved tensions in its own terms. The negotiation of skills and training provision through corporatist channels does not result in a societal consensus around the programme. First, the mutual constitution of training arrangements between employers and core workers requires continuous reinscription and intervention. The influential trade union, IG Metall, for example, staged warning strikes in Baden-Württemberg in protest at what they saw as threats to their rights to consultation on training matters. At the time of writing the disputes had been resolved by an agreement between the union and the employers' organisation 'Gesamtmetall' that entitles all workers to represent their training needs, backed by a joint commission to resolve disagreement (EIRR 330, 2001: 7). The institutions and practices of occupational training do not simply remain static or natural features of German state-society – they are continually brought into question and rebuilt, and this is intensifying as the global discourse on flexibility gains ground.

Second, the greatest challenge to the prevailing programme of occupational status maintenance comes from the growing sector of German society that is excluded from the provision. The costs of the dual system intensify the exiting disincentives for German firms to employ new apprentices, exerting pressure on youth employment rates and giving rise to the possibility of a future skills shortage (Mahnkopf, 1999: 165). The training system itself was built on the tradition of a manufacturing-based 'male breadwinner' society. Unionised men who have experienced the dual system continue to exert their influence in sustaining it. Meanwhile, outside of this diminishing circle, women, unskilled and semi-skilled workers and migrant workers provide a buffer of dispensable labour within a web of power that excludes them. If Germany follows OECD (2001) exhortations to 'liberalise opening hours', removing some of the blocks on a private service sector, the tensions between insider, high-cost, high-skill manufacturing man, and outsider, low-cost, semi-skilled 'servicing' woman will be further intensified.

Working time and 'non-standard' employment

In a neo-liberal reading of flexibilised working time the emphasis is placed on the room for manoeuvre that an employer has to adjust working time within the firm, and to access a pool of contingent labour to stretch the temporal possibilities. For governmental programmes of restructuring this implies that the best practice is the deregulation of working time and employment protection to maximise employer freedoms. The temporal dimension of working practices, in this sense, is 'owned' and controlled by capital and not by the state, or by labour groups, or by workers seeking flexible hours to fit with family life. In the German debate, the statutory right to co-determination of working terms and conditions renders the deregulatory interpretation of working time highly problematic. Up until the 1994 Working Time Act, working time in Germany was regulated by legislation dating from 1938 (Fuchs and Schettkat, 2000: 235). The 1994 Act, reflecting consultation with the social partners, regulates working time to 48 hours per week, but allows flexibility in the calculation of hours so that up to 60 hours per week is permitted for a period up to 6 months. German firms are increasingly introducing 'working time accounts' that allow for flexible working within the statutory parameters, and German workers report increased use of flexibilised working time arrangements (ILO, cited in EIRR 274, 1996). Overall, what we can say is that a working time debate is taking place in Germany; what we cannot say, however, is that it converges on a neo-liberal reading of the imperatives of globalisation.

A central feature of the German debate on working time is its tendency toward a bargaining or 'trading' of firm-friendly temporal flexibility in exchange for job security for individual workers, and employment generation measures favoured by the unions. Within the parameters of prevailing institutions and practices that limit employers' access to external contingent labour, the practice of trading concessions has become a significant trend. A unique agreement at Volkswagen in 1993 established the terms of reference for flexibilising working time. Faced with a choice between large-scale redundancies, costly to both the firm and the workers, or a shortening of the working week, it was agreed that working time would be reduced from 36 to 28 hours, with a corresponding 12 per cent pay cut. The deal was extended to other firms in the engineering sector by IG Metall's 1994 bargaining round, arguably beginning a debate that has now been institutionalised in the 'Alliance for Jobs' programme:

> In a climate of high unemployment, threatened job losses and feared economic stagnation, the priority for trade unions has increasingly become the securing of job guarantees, usually as a trade-off against lower wage settlements and shorter working time with no or partial wage compensation. For employers, the main concern has been to increase working time flexibility in order to be able to respond to fluctuations in demand at minimal cost. (EIRR 268, 1996: 27)

Eight years on from the Volkswagen deal, the question of whether the firm's corporatist arrangements represent a 'vice or a virtue' in contemporary global capitalism remains a matter of much debate and controversy. The use of corporatist channels to negotiate 'flexibility deals' arguably has its own competitive benefits, though the same channels also 'break every taboo in the neoliberal code' (*The Guardian*, 19 June 2001: 12).

Where the German restructuring programme has engaged with the neo-liberal debate on the use of 'non-standard' forms of employment – part-time, contract or contingent work – it has done so through elaborate *reregulation* rather than direct *deregulation*. The regulations governing part-time working, for example, were redefined in 2001, extending the rights of part-time workers and giving full-time workers the right to move to part-time work. The legislation also codifies an ongoing controversy surrounding the use of fixed-term contracts of employment. The 1985 Employment Promotion Act relaxed the regulations governing fixed-term contracts, allowing their use for a period of up to 18 months. The controversies and contests that surrounded the reforms in effect put the brakes on restructuring. The regulation was revisited in 1996 when the permitted period for use of fixed-term contracts was extended to 2 years, and again in 2000 when the practice of concluding successive fixed-term contracts was curbed. The question of whether 'non-standard' employment should be limited in this way continues to be debated and contested – the German employers' organisations argue that the term of use should be extended to 5 years, while the trade unions oppose the use of fixed-term contracts in any circumstances. The OECD are uncompromising in their verdict that 'constraints on the renewability of fixed-term contracts reduces working time flexibility' (OECD, 2001: 9).

The German debate is in tension with much of the neo-liberal discourse on flexibility, with observers lamenting the government's 'cautious' approach to labour market reform, and Schröder's reversal of previous deregulatory strategies (Economist Intelligence Unit, 2001: 8; OECD Economic Outlook, 2000: 223). Aside from these ongoing tensions, the working time debate generates its own contradictions, and tends to conceal the experiences of marginalised worker groups. It is not at all clear that the working time deals that are made on the basis of job security and employment creation are actually having an impact on unemployment levels. Indeed, there is some evidence to suggest that the securing of working time deals by core labour groups could be further entrenching outsider groups in uncertainty and insecurity. For the approximately 6.5 million German workers in SMEs, and particularly for workers in the former East, the deals between the trade unions and employers' organisations are often inaccessible and do not shape the realities of everyday life in the workplace. Similarly, the working experiences of women tend not to be expressed in the working time debate. In a state-society where resources are channelled to social insurance and assistance rather than welfare services, the persistently low levels of women's participation in the labour market indicate that work in the home and caring roles provide an invisible temporal flexibility (see Anderson, 2000). The German debate on the restructuring of working time focuses exclusively on the corporate culture of manufacturing industries, concealing the work of women and migrant workers who provide much of the time flexibility, and excluding them from the debate on restructuring.[6]

Labour costs and collective bargaining

It is a central claim of the neo-liberal restructuring discourse that collective bargaining structures 'artificially' inflate labour costs, rendering a state-society uncompetitive in an era of footloose global capital. In essence, the devolved and deregulated bargaining structures of Anglo-Saxon state-societies are represented as more cost competitive than the dense regulatory constraints of German state-society. In a recent survey of the German economy, the OECD observe that 'labour market institutions are adjusting, but not yet sufficiently to cope with the substantial labour market imbalances persisting in Germany'. On the basis of this representation of the problem, they advocate deregulatory interventions, arguing that 'the authorities should support the process of introducing greater flexibility into the wage bargaining system' (OECD, 2001: 9). The debate over whether Germany can sustain its collective bargaining practices, and provide an attractive location for investment, the 'Standortdebatte', has replaced the 'Modell Deutschland' debate, drawing social democratic and neo-liberal commentators onto the common ground of 'location competitiveness'.[7]

When the terms of the Standortdebatte are explored, however, we find competing and contradictory discourses. On the one hand, we find the representation of Germany's collective bargaining structures as rigid, inflexible and uncompetitive:

> Now the emphasis is on the costs of regulation, bureaucratic red tape, high labour standards, short and inflexible working hours and high non-wage costs. Will Germany remain an attractive production location for global firms that can find highly skilled computer experts in India, hard working engineers in Scotland and low wages just across its borders in Poland, the Czech lands, or further east?' (Visser, 1995: 40)

In this reading total labour costs are argued to be uncompetitively high as a result of collective bargaining practices (see Table 4.1).

The German debate has certainly raised the question of whether any individual state-society can afford to sustain high-cost institutions and practices

Table 4.1 Average hourly labour costs in manufacturing industry, 1999 (DM)

	Wage costs	*Non-wage costs*	*Total*
Germany (W)	27.11	22.12	49.23
Germany (E)	18.70	12.50	31.20
USA	25.53	9.75	35.27
France	17.50	16.27	33.77
UK	23.21	9.56	32.77

Source: Institut der Deutschen Wirtschaft (2000).

in a 'beggar-thy-neighbour' world of regulatory competition. The German media has fed a strong discourse on the ability of German firms to 'shop' for cheaper labour and reduced regulation in Eastern European countries:

> Altogether, since 1990, German industry has invested around DM 216 Billion abroad, and created over half a million jobs – at the same time, in this country, around 2 million jobs were lost. For example, at the end of January, Porsche announced the future production of 5000 cars in Finland, resulting in 500 new jobs there. The lack of new jobs in Germany is caused by the unwillingness of everybody to accept flexibility. (Stern (1997) 7 April, own translation)

However, within the Standortdebatte a different set of representations can be made that legitimate more cautious interventions in the collective bargaining arena. Due in part to the weak Euro, 2000 saw German trade reach record levels, inward investment increase and outward investment by German companies decline (EIU, 2001). When productivity is taken into account and unit labour costs are calculated, Germany appears cheaper than either Britain or Norway, and only 10 per cent more expensive than the US (IDW, 2000). This 'performance paradox' casts some doubt on the confident claims that Germany is rendered uncompetitive by 'high cost' collective bargaining structures. Indeed, it is misleading to assess Germany against the hyperflexible criteria of Britain or the US, since the kinds of flexibility that are produced through corporatist structures are at odds with Anglo-Saxon practices. The Bündnis für Arbeit (Alliance for Jobs) initiative, discussed in greater detail in the section on industrial relations practices, has seen bargaining rounds since 1996 characterised by moderate pay increases, reflecting the trade unions' interests in bargains that extend beyond issues of pay, to include job security and employment creation.

Where programmes of restructuring in collective bargaining arrangements have been initiated in Germany, these have been negotiated and contested. The question of devolution of wage negotiations to the level of individual firms, a central feature of neo-liberal programmes, is not so straightforward in the German case. The German Government has adapted regulations so that firm-specific derogations from sectoral bargains can be made, though this has not been taken up in the way that the hyperflexibility thesis might assume. There are employers who resist firm-level negotiations because they fear that this will provoke wage competition between firms, manifesting in costs elsewhere (Fuchs and Schettkat, 2000: 224). Equally, there are works councils, particularly in the former East, who support firm-level bargains that allow them to secure the future of struggling firms.

Examples of what, according to a hyperflexibility logic, may seem unexpected twists in deregulation, abound in the German debate on collective bargaining. Regulations governing the provision of sick pay, for example, have vacillated back and forth as the social partners contest the programme. The

Köhl Government initially reregulated sick pay provision in 1995, reducing entitlement from 100 per cent to 80 per cent of net income. This was then subject to contest between IG Metall and Gesamtmetall, who finally agreed to restore the 100 per cent level in their sector. Viewed through neo-liberal eyes this is a bizarre example of firms agreeing to reject freedoms conferred on them by the government, ending finally in the Schröder Government's restoration of the 100 per cent level. The proposed reforms to the 1972 Works Constitution Act provide a further example of the non-conformation of German restructuring to a neo-liberal deregulatory model. Amid disputes with employers' organisations, the labour minister Walter Riester has proposed an extension of the powers of works councils, giving them a mandate beyond terms and conditions, to include consultation in the use of homeworking, subcontracting and outsourcing. The proposed Bill has provoked widespread criticism from neo-liberal commentators who see it as extending already 'protracted' decision-making structures (Economic Intelligence Unit, 2001: 17).

The maintenance (or even strengthening) of collective bargaining structures through the German programme has not merely provoked criticism from proponents of deregulation. The exclusivity of the 'bargaining club', as I have highlighted in the skills and working time debates, means that the image of a society-wide debate on the terms of restructuring is rather misleading. The trade unions have been anxious to extend collective bargaining across the whole of unified Germany, preventing the low wage 'undercutting' effect of the former East, but arguably also removing any chance of competitive advantage for these industries. As one commentator asked 'how would NAFTA have worked out for Northern Mexico if the US auto workers union had taken over the collective bargaining south of the Rio Grande?' (*The Guardian*, 19 June 2001: 12). The de facto reality for East German workers is that two-thirds of them are not receiving the wage increases agreed through sectoral bargaining, their employers having removed themselves from the agreement by leaving the employers' organisations (VSME, 2000).

The inequalities of access to the bargaining debate, though most acute in the divisions between East and West, are evident throughout German society. For the 'insiders', employed in traditional sectors with secure contracts and generous social insurance provision, the bargains struck in the course of restructuring reproduce an order that reflects their interests.[8] The overall trend is for secure and highly-paid workers to gain greater increases in bargaining rounds than their less secure and less well-paid colleagues. An increasing number of outsiders, excluded by virtue of their unemployment, their work in the informal economy or their fixed-term contracts, tend to be excluded from the German programme of 'restructuring within limits'. Birgit Mahnkopf identifies divisions between the interests and experiences of a nationally-rooted 'Arbeitsgesellschaft' (working society), and those of a globally-mobile 'Gesellschaft der Geldvermögenbesitzer' (wealth-owning society) (1999: 159–160). Yet, even within the working society, not to mention the extensive nonworking society, there are tensions and inequalities that are not resolved by the current restructuring programme. Ultimately, these divisions raise the question of whether, facing persistently high rates of unemployment, future government interventions in the rules governing the bargaining rounds will allow greater use of derogation. If the flood gates are opened on a feminised service sector, this is likely to create new inequalities based on insecurity, to replace the old inequalities based on unemployment.

Industrial relations and the 'alliance for jobs'

The German debate on the restructuring of industrial relations practices is tightly interwoven with the questions surrounding collective bargaining. However, I consider industrial relations here specifically in terms of organised labour's engagement with the programme of restructuring, and the debate on unemployment levels (see Table 4.2). In a neo-liberal reading, consensus-oriented industrial relations practices are held to inhibit competitiveness, growth and job creation. In a series of international reports Germany's high levels of unemployment have been linked to the bargaining power of the trade unions and the associated disincentives for employers to recruit new workers (OECD, 1994, 1997). Thus, for critics of the social market economy, prevailing institutions of industrial relations and collective bargaining inhibit job creation. In this sense, 'the crisis of the "German model" is, at its core, a crisis of the established system of industrial relations' (Mahnkopf, 1999: 161).

However, the industrial relations debate in Germany has not taken the form of Anglo-Saxon hyperflexibility in which trade unions are constrained in their activities and removed from many workplaces. In contrast to this

Table 4.2 Standardised rates of unemployment (as % of civilian labour force)

	1997	*1998*	*1999*	*2000*
Canada	9.1	8.3	7.6	6.8
France	12.3	11.8	11.2	9.5
Germany	9.9	9.3	8.6	7.9
Netherlands	5.2	4.1	3.3	2.7
New Zealand	6.6	7.5	6.8	6.0
Sweden	9.9	8.3	7.2	5.9
UK	7.0	6.3	6.1	5.5
US	4.9	4.5	4.2	4.0
OECD	7.2	7.1	6.8	6.4
EU	10.6	9.9	9.2	8.2

Source: OECD Economic Outlook (2001), compiled according to International Labour Office guidelines.

restructuring of industrial relations, the German debate has seen a *restructuring through* the corporatist channels provided by the social partners. The flexibilisation of labour and work is negotiated in a way that acknowledges the problems of global competitiveness and job creation, but seeks to reconcile these with societal corporatist (Rhodes, 1997). There is a notable absence of a clear-cut neo-liberal agenda of deunionisation, with employers unwilling to disrupt a system of industrial relations that imposes uniform constraints on themselves and their competitors, limits wage competition and promotes high value-added production (Tüselmann and Heise, 2000; Upchurch, 2000).

The Bündnis für Arbeit (Alliance for Jobs) initiative has provided a central terrain for the debate on consensus-led restructuring. First proposed in 1995 by Klaus Zwickel, leader of IG Metall, the programme began as a union initiative designed to promote job creation and apprenticeships and to limit practices such as overtime. The government, employers' organisations and trade unions engaged in a discussion of proposals designed to halve the rate of unemployment by the end of 2000. In effect the Alliance represents an attempt to achieve restructuring through compromise and accommodation – with the unions agreeing to wage restraint, the employers opening discussions on unfreezing recruitment and limiting overtime, and the government debating initiatives such as state-sponsored early retirement to take the pressure off the youth labour market. However, the Alliance is itself illustrative of the frictions and tensions that pervade a programme of restructuring (see Timmins, 2000; Fuchs and Schettkat, 2000). Though it has survived by adapting the agenda to lowest common-denominator agreement, it has stalled on several occasions when either the unions or the employers threaten to leave the table. The unions have contested what they see as a failure to match their wage concessions with job-creation initiatives. At the time of writing the unions are seeking 250,000 new jobs for 2001, and IG Metall warn that they will cease to exercise wage restraint in 2002 'unless there is evidence that pay moderation has been translated into new jobs' (cited in EIRR 327, 2001: 9). For their part, the employers' organisations threatened to leave the talks in 1999 in response to the unions refusal to define 'wage moderation'.

Overall, the German restructuring debate, conducted through industrial relations channels, is a highly contested and contradictory affair. On the one hand, for example, trade union membership has been in decline at around 4 per cent per year since reunification. This could support claims that organised labour has a diminishing role in the global political economy. On the other hand we find the launch of the new service sector mega-union 'Ver.di' in March 2001, suggesting that old style industrial relations practices are being revitalised for new sectors. The general secretary of the new union announced his intention to ensure that Ver.di adopted a 'fighting tradition', beginning with a series of warning strikes at Lufthansa to force a 3.5 per cent backdated pay settlement (EIRR 325, 2001; EIU, 2001). Though the unions have seized the opportunity, at least in their rhetoric, to reach out to workers who do not fit the archetypal industrial model, it is likely that tensions will continue to surface around excluded workers. The low-wage service sector continues to be neglected in the Alliance talks, raising the question of whether the restructuring agenda is simply 'co-opting' the unions and reproducing a 'Modell Deutschland' of working men in the manufacturing sectors of the West.

Conclusion

The discussion of Germany's programme of restructuring amidst globalisation has tended to offer two competing explanations. In the economistic readings of globalisation as inexorable 'process', the competitive flexibility of the Anglo-American models exerts a pressure that causes 'Modell Deutschland' to collapse, or at least to converge on neo-liberal interventions. For those who emphasise the national political 'projects' that shape responses to international pressures, by contrast, existing institutions frame somewhat path-dependent responses. Yet, despite their competing emphases, neither approach enables us to reflect upon how the notion of a 'German model' emerges over time, or on how this apparent model is negotiated, enabled or contested in the light of discourses of global restructuring. In neglecting the contingent historical making of the 'national' and 'global', the existing modes of understanding obscure the complex intertwining of these terrains of political life.

In this chapter I have used an IPE of social practice to shed light on the question of Germany's distinctive making of globalisation through programmes of restructuring. With regard to agency and the exercise of power in restructuring, I have argued that German state-society is not simply rendered *powerless* in the grip of global forces, as in the process reading. Nor is it the case that the social partners simply *wield* power in the political process in order to resist globalisation. Rather, a reading of the webs of power through which restructuring is exercised reveals a distinctive framing of globalisation, and a particular set of interventions made on the basis of this framing. In British representations of globalisation, there is a manifest 'distancing' of state from market, with the dominant restructuring question being 'in what ways can the state deregulate to allow greater market freedoms and attract inward investment?'. By contrast, the German programme represents markets as reconcilable with state and society, asking the question 'in what ways can the state-society restructure in order to enable German industries to compete more effectively?' Thus, it is not simply that national pathways of restructuring diverge, but that the representations on which programmes are based tend to reflect webs of power that are unique to particular social spaces.

In terms of the historicity that is highlighted by an IPE of social practice, the meanings that are attributed to globalisation and restructuring are framed by existing modes of understanding, prevailing institutions and practices. The historical framing of the relationships between state, finance, industry and labour, for example, have provided the parameters for a negotiated programme of restructuring. In contrast to the 'fast but fragile' time-frame of British hyperflexibility, the German programme is 'slow but sticky', pursued through the webs of power of the social partners rather than conducted as an assault on their known practices. This is not to say that the German political economy is 'ignoring' or 'resisting' globalisation, nor that it offers a 'friendlier' face of neo-liberalism. Instead, the pressures of globalisation are given a distinctive set of social and political meanings in the German debate, and as with the British programme, understanding how these have become dominant, and what their contradictions may be, is an important first step in the politicisation of global restructuring. It is important that the 'automatic' logic of restructuring is challenged and replaced by an acknowledgement of the making and the contestation of particular programmes.

Finally, the IPE of social practice unpacks the 'German model' to reveal the everyday practices that enable and confound its existence. Where the British debate has actively sought to depoliticise restructuring by confining the terrain almost exclusively to the level of individual workplaces and firms, the German debate has been more difficult for political players to constrain and limit. The German programme has relied upon the involvement and participation of the social partners in a kind of flexi-corporatism of traded bargains in order to embed restructuring within regulatory frameworks. Where we see the formulation of apparently hyperflexible deregulatory policies, these are subject to the tumult of industrial relations practices, and are frequently abandoned or moderated beyond recognition. This regulated and formal contestation within the parameters of collective bargaining institutions forms one aspect of the contestation of restructuring in everyday life in Germany. Arguably the most significant tensions of the German programme, however, lie not in the practices of those who are included in the debate, but in those of the excluded:

> The number of 'losers' is increasing. Now the working members of society sit in different boats, one of which quickly sinks, another sinks more slowly, while a third stays afloat. (*Stern* (1997), own translation)

This media comment on the fragmentary effects of global restructuring foretells something of the future challenges of the German programme. For the invisible and obscured workers in the informal economy, care and domestic services, the former East, and other vulnerable groups, the terms, time-frame and terrain of the restructuring debate are anathema. The terms of the 'Standortdebatte' apply only to those who are directly engaged in core financial and manufacturing businesses, the time-frame is much faster and less secure for unprotected workers and the corporatist terrain is familiar only to those interests who historically defined it. The working practices of the unprotected groups are increasingly fundamental to the securing of the core groups, in childcare and domestic work, for example, yet these practices remain unacknowledged in the debate. The continued reconciliation of state and market will face the significant challenge of addressing the dynamics of the informal, tacit and unregulated markets that trade on the flexibility denied in the formal economy.

Notes

1 'Modell Deutschland', or the 'German model' was a Social Democrat election slogan from the 1970s. According to Mahnkopf, over time the slogan became a 'synonym for the consensual incorporation of corporatist interest groups into a … "national economy modernisation" strategy' (1999: 153).
2 For some insightful examples of the use of Foucault's 'governmentality' to understand neo-liberal policy programmes, see Lemke (2001), Miller and Rose (1990) and Barry, Osborne and Rose (1996).
3 A number of agencies have marshalled comparisons of labour costs to caution against the maintenance of institutions and practices that may inflate labour costs. The Bank of International Settlements calculate costs in the UK manufacturing sector for 1995 at 45 per cent of costs in the same sector in Germany (cited in *The Independent*, 13 June 1996). The *Financial Times* focuses on labour costs in British and German plants of the same firm, Osram, a subsidiary of Siemens. Labour costs (including wages, taxes and related non-wage costs) are calculated at 66 per cent lower in Manchester, UK than in Augsburg, Germany (*Financial Times*, 21 March 1997).
4 In the year the Lexus car was launched, one model alone sold more vehicles in the US than the entire range of Mercedes models (Hancké, 1997).
5 The Ordo-liberal theory of the social market is broadly derived from the works of two groups of theorists: the Ordo-liberal economists and lawyers of the Freiburg school, notably Walter Eucken and Franz Böhm and the more sociological approaches of Alfred Müller-Armack, Wilhelm Röpke and Alexander Rüstow. The central contribution of these schools of thought is the notion that, far from representing a spontaneous and naturally efficient allocative device, the market requires state direction to encourage a decentralisation of decisions relating to social and economic life.
6 Brigitte Young argues that there is a 'flourishing black market' for domestic labour in Germany, predominantly provided *by* women and migrants from Yugoslavia, Turkey and Eastern Europe, *for* families with high income and little time (2001: 320). The unprotected and unregulated labour of domestic workers provides an informal working time flexibility that is not addressed by the dominant German debate, though it undoubtedly plays a role in enabling the debate to take place.
7 This shift arguably follows Porter's (1990) influential work on the transformation from comparative to competitive advantage. IPE scholars have long argued that the nature of interstate competition has shifted from an emphasis on resources held – territory, raw materials etc. – to an emphasis on market share and the climate for business (Strange, 1988, 1996).
8 The 1999 agreement between IG Metall and Volkswagen, for example, secured 3.2 per cent pay increases, but failed to establish permanent status for the 6000 workers on fixed-term contracts.