WEEK 2- Employment relations in Germany

Weimar republic- first democracy failed

* Fragmentation of political landscape
* Ideological division of trade unions contributed to fragmentation
* Role of Montan industry- facilitated Nazi regime (NSDAP)
* (montan)- mining and steel industry
* POST WW2
* Pol consensus – safeguards against fragmentation and dysfunctional conflict
* Unified trade union- control managers who supported pol directors.
* Guarantor of democratic Germany
* **Wirtschaftswunder (export) (economic miracle) 1950s/60s**
* High export dependence- G compete with other markets
* **Soziale Marktwirtschaft-** strong legal framework laying down rules of play for industrial democracy (Verrechtlichung- Judaification)
* Compromise (third way)- Ludwig Erdhart, soziale Marktwirtschaft his concept.
* **Collective bargaining**- sector regional level apposed to individual companies
* Works council- at establishment level (betreibsrate) certain right to influence manager position.
* Supervisory board- British/ American board of directors

Collective bargaining

* Tarifautonomie (freedom of collective bargaining) eg. Organize strikes, freedom from state interference.
* (collective agreement law)- state prescribes how collective bargaining is carried out. Tarifvertragsgesetz
* Peace obligation- trade union prohibited from calling strikes during collective agreement.
* Proportionality- strikes are legal but are a last resort, not for a minor issue. What is proportionate is based on case- law prescriptions
* Union wage is received regardless of if someone is a member of the union or not
* Pattern bargaining
* Sector agreement coverage- % of employees who are paid according to collective agreement. Decline after reunification
* Low strike frequency is low in international comparison
* Company level agreement less common due to different circumstances

Trade unions

* Unified movement- small number of large unions (8 in Germany)
* No pol or religious affiliations
* Supposed to be a single union per work place
* Preventing competition between unions, prevent fragmentation
* Reformist, ‘top- down’, rank and file military
* 8 DGB affiliates
* IG METALL, Ver.di, IGBCE= DGB, 80-90% of union membership
* Union density- % who are union members

Works council

* In- house, establishment level, trade union,
* Represent members of the establishment
* Weakest right is information right
* Consultation- works council must be heard
* Establish WC in all firms with more 5 employees, some don’t need a work council, but have the right to trigger a WC.
* No right to strike
* Independent from unions.
* Negation agreements at establishment level
* Can’t bargain about wages- remove most basic conflict of interest.
* Work for good of employees and establishment.

Shareholder side has slight upper hand above the employees

Special regulations for Montan industry:

* Trade unions have seat on the board
* Genuine parity- 2 sides have equal power.

ESSAY QUESTION CORREPSOND TO LECTURE CONTENT

Employment relations institutions under pressure

* Mass unemployment due to re-unification
* Employers in East didn’t participate in sector level collective bargaining, hesitant to participate, productivity was lower in comparison to west therefore made less money= wouldn’t be able to pay the same amount as in the west.
* ‘without agreement’ employers gain benefits without being subject to collective agreements
* Hardships clause- exempting certain employers from usual union rate. Eg. Companies can pay there employees less legitimately
* ‘wildcat’ bargaining in regard to pay, was supposed to be removed. Affected other intended functions.
* Route cause of decline: reunification, institutional imbalances

‘regime shopping’ in eastern Europe, able to compete on basis of cost.

* Large employers supportive of this system, they need high skilled expensive employees to improve productivity etc.
* Decline of CB has slowed down.
* Cultural support of this agreement