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## **Financial Markets and Workers' Representation in Germany**

### **Abstract –**

The paramount importance which the financial markets have obtained for the formulation of company strategies is undoubtedly the most important change within capitalism, its German version included, since the 1990s – with far-reaching, mainly problematic consequences for labour and the industrial relations.

Financial markets in my view they represent an institutionalized public, where norms, rationalities, or even fashions for economic action are defined, generalized, or consolidated by the financial community. The stock markets and markets for financing are important sections of that public, but don't merge in it. The impact which the rationality of the financial markets has on business strategies of big, listed companies does not, or at least not primarily rest on financial dependency, e.g. from institutional investors as 'new owners' It rather rests on the change in socially recognized norms regarding a rational and legitimate economic behaviour. The transformation of these norms fundamentally transforms the conditions of workers' representation and the conditions of employment and job security as well.

I will outline the basic arrangement of German industrial relations (*Sozialpartnerschaft*) and its foundations. Furthermore, I will put forward some theses regarding the perspectives of this arrangement and the prospects and possibilities arising out of it all for the workers' representations in Germany.

I will however refrain from the specific conditions of the financial crisis (=credit crunch) and its consequences.

In the old Federal Republic the main features of industrial relations had been of a distinctly cooperative nature, based on power structures and the power of interpretation, which from time to time had to be readjusted by means of – sometimes fierce – labour disputes.

This basic arrangement, running under the name of social partnership (*Sozialpartnerschaft*), evolved since the 1950s during the time of the economic miracle but was able to link to older structures. The most important of these was the consensus between a corporate management, characterized by its mainly technical and scientific orientation, and a skilled work force as regards to the quality of products.

Since the 1990s this model of social partnership has been eroding in its central points. Especially two points are of central importance:

- The weakening of personnel management on the company level and its consequences on the level of the association is simultaneously weakening the workers' representations on both levels, because they are losing partners and opponents capable and prepared to fulfil their obligations.
- The new interpretation of the company as a variable portfolio of financial investments turns restructuring into a permanent feature. Thus the stable framework necessary for arrangements on a cooperative as well as on a conflicting basis gets lost.

I see two general tendencies of working conditions, social standards, and labour representation:

- The establishment and expansion of a redistribution economy in which the capital returns of the usually listed core companies are also being generated by suppliers and service providers with much lower social standards.
- Within the core companies we can observe a decoupling of the company's commercial development on the one hand and the employees' conditions of work and income on the other. And we see the erosion of the foundations of mutual trust as the downside of a permanent restructuring oriented towards key figures.

The question how forceful these developments make themselves felt in an individual case largely depends on two factors: on the company's production strategy and the collective competences of the employees on the one hand, the ability of workers' representations to effectively switch from cooperation to conflict on the other.