The crisis of the German economy

The German economy started to decline in September 2008, a development which continued through until the second quarter of 2010. Compared to other countries the economic downturn was particularly abrupt and profound because of German industry’s strong dependence on exports. Thus real GDP declined by 4.7% in 2009. However, crisis had a limited effect on the labor market due to 1) labor market policy measures and collective agreements concluded between trade unions and employers to reduce working time, 2) an increase rise in employment in the public and private services (Bosch 2011, 247) and 3) an economic upswing in 2010. Hence, permanent workers were largely shielded from the crisis. The same is true for young workers who benefited from the dual system of vocational training (Bosch 2011, Lehndorff 2015). Thus, the crisis neither led to a sharp rise in youth unemployment nor in unemployment in general. In this way flexibility within “internal labor markets” helped to overcome the impacts of the crisis.

However external adjustments were made to the less protected members of the workforces: about 468,000 workers in the manufacturing industries lost their jobs. Of these more than 100,000 were agency workers, hired during the economic boom preceding the crisis and following the deregulation of agency work as part of the labour market reforms (Hartz reform/Agenda 2010) under the Schröder government in 2003. Hence, agency workers were the main losers of the crisis in the German context although they are not the only ones. However, even here the picture becomes quite positive. Starting in the third quarter of 2010 Germany’s export-oriented industry showed great signs of recovery, resulting in a growth in real GDP of 3.7% in 2010 and 3.3% in 2011 (cf. Bosch 2011). As consequence this resulted in a corresponding growth in employment, especially in agency work which reached its pre-crisis level of
800,000 by March 2010, rising to 900,000 in October 2010 and 927,000 in August 2011 (cf. BA 2015d; Bosch 2011).

What becomes clear in looking at the consequences of the crisis and the developments before, during and after the crisis is that it needs to be considered in the context of recent developments and labor market reforms. These reforms were part of the Agenda 2010 programme, an austerity programme designed to cut public spending and liberalize the labour market (Keller 2014). During the crisis what was left of the German model after the “neoliberal upheaval” (Lehndorff 2015) could be used to buffer the effects of the crisis. After the crisis state politics continued to follow the reform-path established in the 1990s and 2000 and institutionalized constitutionally austerity politics (Schuldenbremse). The economic dynamic following the crisis is the result of a new wave of rationalization leading to further work intensification.

Public debates went hand-in-hand with the political and economic development in these years. During the crisis and in its immediate aftermath neoliberalism lost some of its dominance and legitimacy. Debates about capitalism and its damaging consequences, along with debates on the state’s role in the economy flourished. Furthermore, public attacks on unions and works councils declined and the positive role they played as social partners during the crisis was highlighted. However, as of 2011 neoliberal positions began to dominate public debates once again, the crisis of southern European states and the European Union, to a lesser degree on austerity measures in Germany, influential here. In these debates the contribution of the German economic development of the years preceding this crisis (cf. Lehndorff 2015) as well as Germany’s decisive role in the European austerity politics were for the most part ignored.

2 Workers most affected by the crisis

The German export-oriented industries were hit the hardest by the economic downturn between 2008 and 2010. Thus, companies responded to this situation through internal and external flexible processes, different forms of working time reductions of the core workforce. Some of these had been established in the context of previous economic recessions and were further expanded between 2008 and 2010 (cf. Bosch 2011) by policymaking on the federal level, in collective bargaining as well as on company level by agreements between works councils and the management. The most important instruments of work redistribution were reductions in the normal working week, reductions in overtime, the use of accumulated working hours (working time
accounts) as well as the publicly co-funded “short time working”. Within the public “short time scheme” workers in general received subsidies of 67 per cent of their hourly net income for hours not worked. In the metalworking and chemical industries collective bargaining agreements were concluded, topping up the subsidies from 67 to 90 per cent of the previous net income (cf. Bosch 2011, 252). At the crisis’ peak in May 2009 1,516,000 workers were affected by short time working. Overall, temporary working time reductions resulted in many cases in important temporary income losses of the workers affected.

In addition, external flexibilization resulted in almost 500,000 temporary workers and agency workers being layed off, who were in this way the most severely affected by the crisis. “The greatest decrease in employment in a single sector was in temporary agency work (a subsector of private services), which provides workers mainly for manufacturing industry” (Bosch 2011, 247). Agency workers in this group were mainly low qualified men, specifically young people as well as foreign nationals or people with migrant backgrounds.
2.1 Data on the German labor market before, during and after the crisis

As has already been noted, unemployment in Germany did not rise during the crisis. In the crisis’ aftermath the number of unemployed decreased considerably. As the number of non-German nationals and persons aged 55 and older on the labor market has increased recently (BA 2015b, BA 2015c), the number of unemployed members of these groups hardly decreased or even augmented slightly.

Unemployment in Germany before, during and after the crisis

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IAB (2010)
Similar to the development of unemployment for workers 55 years and older and related to this is the development of unemployment amongst disabled persons (*Schwerbehinderte*). The rising number of unemployed disabled persons from 2007 to 2014 contrasts with the declining number of non-disabled unemployed persons. However it is difficult to assess the crisis’ impact of this development (cf. DGB 2010, BA 2015a).

**Development of unemployment of disabled persons and non-disabled persons of different ages, differences to 2007**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Disabled</th>
<th>Not-disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>+ 1%</td>
<td>-24 %</td>
</tr>
<tr>
<td>15-25 years</td>
<td>-15 %</td>
<td>-29 %</td>
</tr>
<tr>
<td>25-55 years</td>
<td>-17 %</td>
<td>-36 %</td>
</tr>
<tr>
<td>55 years and older⁠¹</td>
<td>+55 %</td>
<td>+21 %</td>
</tr>
</tbody>
</table>

Source: (cf. BA 2015a, 8)

Overall employment has increased since 2007. The negative impacts of the crisis were compensated by job growth in the service sector.

**Overall employment**

<table>
<thead>
<tr>
<th>Employment</th>
<th>2007</th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>38.163.000</td>
<td>38.662.000</td>
<td>39.618.000</td>
</tr>
<tr>
<td>Women</td>
<td>17.272.000</td>
<td>17.691.000</td>
<td>18.425.000</td>
</tr>
</tbody>
</table>

¹ It must be noted, that this sharp rise is first of all due to a statistical effect (cf. BA 2015a, 8)
After the crisis the number of employed people however increased more quickly than the volume of paid working hours. This shows a general trend in the German labour market since 1991: The volume of work is distributed between more people and in an increasing asymmetrical manner. Employment increases by integrating mainly women and younger people into precarious jobs (cf. Dörre 2014).

**Development of the number marginal employment/Mini-Jobs (in thousands)**

![Graph showing the development of employment categories over time.](image)

Source: BA (2015e)
In line with the aforementioned job losses in the export-oriented industries during the crisis, numbers of workers entitled to “unemployment benefit I” increased during the crisis.

### Entitlement to social benefits

<table>
<thead>
<tr>
<th>Entitlement to social benefits</th>
<th>2007</th>
<th>2009</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment benefit I</td>
<td>1,052,577</td>
<td>1,171,110</td>
<td>887,442</td>
</tr>
<tr>
<td>Unemployment benefit II</td>
<td>5,109,009</td>
<td>4,931,613</td>
<td>4,412,278</td>
</tr>
<tr>
<td>Social benefits</td>
<td>1,893,425</td>
<td>1,747,469</td>
<td>1,713,378</td>
</tr>
</tbody>
</table>

Source: HBS: Key Data Germany

### 2.2 Agency work in Germany before, during and after the crisis

The Hartz reforms/Agenda 2010 in 2003 were the turning point for the use of agency work in Germany (cf. Promberger 2012; Benassi/Dorigatti 2015, 539), the reforms leading to a far reaching deregulation of temporary agency work. Once agency work was deregulated, the number of agency workers rose rapidly from 328,000 in 2003 to more than 700,000 in 2007 and 900,000 agency workers after the crisis. The percentage of agency workers of all employees liable to Social Security almost doubled during that period, as it rose from 1.5% in 2004 to 2.9% in 2011. Since 2012 the percentage of agency workers slightly decreased to 2.5% in the following years (BA 2015d, 8f) in the context of a certain legal re-regulation of agency work and has partly been replaced by work and service contracts.

The political and legal regulation of agency work has been further developed since 2003. Court decisions in 2013 improved possibilities of representation of agency workers by work councils and strengthened work councils rights of codetermination regarding agency work (DGB 2013, Artus 2014). In addition the CDU/CSU-SPD government proposed a new law regulating agency work as well as work and services contracts and determining new informational rights for work councils in these matters in November 2015. From unions perspective these new regulations are deemed insufficient to improve the conditions of such workers as well as to counter use of such forms of employment (interviews).

The employment conditions of agency workers can be characterized generally as less favorable than those of the core workforces: jobs are less secure, they are paid less, working conditions
are inferior, they are often auxiliary in character (*Helfertätigkeiten*), and the possibility of advancing within the organization and participating in training programmes are restricted (cf. Artus 2014, 113; Brehmer/Seifert 2007; Siebehüter 2011 [interviewIGMetall]).

Agency workers are employed in a wide range of sectors. Men employed as agency workers work especially in manufacturing industries, transport and logistics; women on the other hand in administration, social, educational and health services, as well as in transport and logistics (BA 2015d). About a fifth of the agency workforce is employed in the metal sector (Benassi/Dorigatti 2015, 541). Nevertheless some social groups are overrepresented in this segment of the labor market: men, the formally low qualified, young people and foreign nationals or people with a migrant background.
In particular, low qualified young workers with a migrant background are overrepresented here. In 2011 of the 531,000 young workers without formal professional qualification (ohne Berufsabschluss) employed in the German economy 13% were agency workers; and of these 257,000 young workers employed in agency work 27% were without a formal professional qualification. In this group foreign nationals and workers with a migration background are overrepresented (cf. Siebenhüter 2011). Not only in this group of agency workers are foreign nationals or people with a migrant background overrepresented. In 2014 of the agency workers employed 22.15% were foreign nationals, while their share of the population is 9.3% (Destatis 2015).

2.3 The prominence of certain categories of workers in national debates on the labor market
Regarding national debates on the labor market three phases could be differentiated. During the crisis short term workers clearly were at the center of public attention. This comes with no surprise as “short time working” was the major political measure to counter the negative consequences of the crisis and as such a publicly highly debated one.

As the crisis came to an end and the economy recovered the issue of agency workers became prominent in debates on the labor market [see below]. In the following period attention shifted to workers not directly affected by the crisis but nevertheless working in unfavorable conditions: On the one hand on the working poor and public sector workers affected by lasting effects of the labor market reforms of the 1990s and 2000 as well as the government’s austerity policies, and on the other hand on elderly workers and workers with jobs related distress symptoms or risks due to processes of rationalization in industries (cf. Pickshaus 2013).

3 Representations of the losers in the existing labor organizations

Although the core workforce and agency workers in export-oriented industries were negatively affected by the crisis, agency workers were clearly hit much harder. In the main this is due to the fact that agency workers remain on the whole unorganized, with core workers in the large industrial companies traditionally the backbone of IG Metall. Although the IG Metall has moved to integrate agency workers since 2008 they remain to all intents and purposes marginal within the union (see below).²

3.1 Processes of representation

During the crisis bargaining by “crisis corporatism” (Urban 2012) was the most important and the most prominent processes of representation of the losers of the crisis. It focused on the interests of the core workforces in the export-oriented industries. “Crisis corporatism” can be seen as a new form of corporatist arrangement between the state, employers and employer organizations, and unions and works councils respectively, to soften the economic and labor market impacts of the economic downturn for companies and employees alike. Its existence and

² Official and publicly accessible statistical data on the representation of different groups of workers in unions and works councils in Germany does not exist. Information given by the unions is scarce and its reliability is difficult to assess.
consequences is widely assumed to be a success for the IG Metall (cf. Dörre/Schmalz 2013, Urban 2012) and a key factor in the protection of core workforces during the crisis, although one whose middle- and long-term consequences and perspectives are difficult to assess (cf. Dribbusch/Birke 2014, Haipeter 2012, Schröder 2014, Tullius/Wolf 2012).

Most affected by the crisis were those workers whose interests were hardly or not represented during the crisis, especially agency workers. Their representation intensified only after the crisis (interviewIGMetall). Of utmost importance in this respect is the IG Metall campaign on agency workers which started in 2008 and gained in importance in the years that followed. The IG Metall agency work campaign raised peoples’ awareness of the problems associated with such employment, in particular the question of injustice (Dribbusch/Birke 2014) and blamed employers for their unfair treatment of employees (cf. Benassi/Dorigatti 2015, 547). This was an entirely new union approach to agency work.

First, for about three decades IG Metall opposed agency work. It was only in the wake of the Hartz reforms that IG Metall changed that position and made temporary work an issue to be addressed by sectoral collective bargaining. The resulting collective agreements were rather disappointing (cf. Benassi/Dorigatti 2015, Meyer 2013, Pulignano et al. 2015, Wölfle 2008). Starting a publicly visible campaign on agency work in 2008 IG Metall intended to influence public and political debates, sensitize works counselors and union officials and tried to unionize agency workers in the hiring companies and integrate them into the traditional structures of representation. The latter processes should contribute to strengthen agency workers’ position within companies and enable work councils to conclude agreements at company level setting better working conditions for agency workers (”Besser-Vereinbarungen”; interviewIGMetall).

Leading a campaign in that peculiar way IG Metall attributed unusual importance to bargaining processes at the company level and to the acting of works councils (cf. Dribbusch/Birke 2014). With that campaign the IG Metall was able to efficiently represent agency workers interests. This was favoured, as an external factor, by the post-crisis economic upswing of the German export-oriented industries. The representation of agency workers within the union was strengthened and 35,000 agency workers became members of IG Metall (cf. Benassi/Dorigatti 2015, 547f.); the representation of agency workers in works councils was also improved (cf. Benassi/Dorigatti 2015, 548). Regarding the latter renewed legal regulation and collective agreements which increased workers council’s codetermination rights further facilitated representation (cf. Artus 2014; interviewIGMetall). The main material improvement of the conditions of agency work concerned incomes: IG Metall, and later other DGB-unions as well, for
example the chemical union the IG BCE, were able to conclude collective agreements with the association employer agencies which set branch bonuses for agency workers and aim to close the gap between the incomes of agency workers and of members of the core workforces (cf. Benassi/Dorigatti 2015, Schwitzer/Schumann 2013; interviews). In the steel industry IG Metall even enforced equal pay for agency workers in 2010. Nevertheless, as recent studies show (Artus 2014, Barlen 2014) works councils continue to be faced by difficulties in representing temporary agency workers.). Furthermore, agency workers are still marginalized when this involves their presence in elective works councils and union bodies. Three motives have been identified to explain why IG Metall has actively promoted the representation of this group of workers formerly neglected by the union since 2008. First it has been pointed out in several studies that the spread of agency work starting was seen as a threat for core workers as of 2003 (cf. Holst et al. 2009). Thus union efforts to improve the employment conditions, and especially the wages of agency workers, to regulate their status, and to strengthen work councils rights could be interpreted as a strategy to sustain the position of IG Metall’s core constituencies (Benassi/Dorigatti 2015; interviews). Such an interpretation sees agency workers’ interests and their representation are important to the union because of their specific relationship to the interests of core workers. The choice to conduct a campaign on agency work could thus be read as part of a strategical orientation on the part of the IG Metall to strengthen core constituencies following an inclusive strategy. Second the campaign on agency workers could be seen more generally as contributing to an overall strengthen of union coverage in the industries by successfully accessing a new and rather non-unionized group of workers (Meyer 2013, 304). Besides these strategic motives one could certainly assume that the decision to focus on agency workers employment conditions is also based on unions’ normative commitment (interviewIGMetall).

3.2 The representation of agency worker as element of the post-crisis IG Metall strategy

While during the crisis trade unions’ and the public focus were on the impact it had on the core workforce this changed in the aftermath of the crisis. With the economic upturn agency workers fired during the crisis were hired again, which made their economic buffer function publicly visible and facilitated thus IG Metall’s campaign to bring to peoples’ attention the fact that
agency workers’ were underprivileged and poorly treated by employers. The IG Metall campaign was successful in improving the income situation and contributed to the public and political recognition of the specific difficulties of the agency workers’ economic situation. Here, political discourses immediately after the crisis played a key role, many not only critical of neoliberal politics but also in favor of tighter regulation of the financial markets as well as more effective protection of workers in the “real economy”. What can becomes obvious is the interdependence between the positive economic developments, politicized public discourses, union activity and political regulation, unions putting pressure on the social democrats within the first Merkel government.

In the same political context the minimum wage campaign of the DGB in favor of the working poor which had been started in 2004 gained momentum. In contrast, to the improvements in agency work which involved in the main agency workers in industry, the general minimum wage aimed at the low paid workers in the public service sector. Thus it was championed especially by the service unions ver.di and NGG (cf. Sterkel et al. 2006), two unions in the service sector which have long promoted the minimum wage, even when this involved opposition from the IG Metall and IG BCE (Dribbusch/Birke 2014, Nowak 2015; interviews). Only later on the campaign was pushed as a joint project of the unions unified in the DGB, and can be interpreted as a major political success for the DGB (Dribbusch/Birke 2014, Nowak 2015). In this campaign, too, the question of low wages was framed as a question of injustice. The minimum wage campaign was successful in implementing sectoral minimum wages from 2012 onwards, and in January 2015, a general minimum wage law was passed in Germany.

The minimum wage as well as the recent agency work regulations can be seen as measures to influence developments on the labor market which are directly linked to the Agenda 2010/Hartz reforms. But they are not elements of a substantially different non-neo-liberal socio-economic path. Rather they can be characterized as union efforts to correct shortcomings as well as to counter employers’ extensive use and frequent ‘abuse’ of the labor market instruments resulting from the union-backed deregulations of the early 2000s, criticized ever since, but mainly in vain, by unions (interviewIGMetall).

What is similar, too, in these two campaigns is the top-down approach: The representation of agency workers took place mainly by bargaining between works councils and management as well as by collective bargaining partners. In these campaigns industrial action did not play a important role. Hence there has not been a large mobilization of the members of IG Metall in favor of agency workers’ rights and working conditions and only minor protests and actions of
agency workers themselves. The first aspect may be linked to the predominant corporatist and company-centered strategy of IG Metall during and after the crisis, the second to the social and labor market situation of agency workers which contributed to their scarce resources to protest as well as to the highly institutionalized system German industrial relations.

4 New forms of representation and protest during the crisis

During and following the crisis new forms of protest in Germany only achieved minor importance and visibility. The losers of the crisis were not key actors of these protests. Two decisive factors contributed to that development: Firstly important segments/groups of the losers of the crisis in Germany were represented by the existing labor organizations, during the crisis (short time workers) or immediately after the crisis (agency workers); secondly within the population, unions and in the media the impression was widely shared that few negative consequences of the crisis in Germany could be felt and observed compared to the developments in other European countries. Thus the crisis did not spark popular anger, dissatisfaction, or despair. Even the contrary was true: Considering the devastating effects of the crisis in countries like Greece, Spain, Portugal, Italy and even in France people saw their own situation as fairly well given the stable economic development in Germany.

Although the overall situation was rather quiet new some forms of protests developed in Germany, too. The demonstrations in 2009 following the slogan “We don’t pay for your crisis” (“Wir zahlen nicht für Eure Krise”) may be seen as a form of joint protests of unions, left-wing parties and non-parliamentary groups of the radical left. However this coalition broke up almost immediately you to different political positions. Protests continued and were most prominently articulated by the “occupy movement”. They concentrated on the critique of the billion-euro-bailouts for banks, the so-called “casino capitalism” of the financial markets as well as on the unequal distribution of wealth and capital within capitalist societies (cf. Nachtwey 2014). Later the character of protests became more left-wing and radical, with movements like Blockupy turning their focus on the EU-crisis, its consequences and particularly Germany’s political contributions to it. In March 2015 anti-capitalist protests of the Blockupy Movement against the opening of the new headquarter of the European Central Bank (ECB) in Frankfurt clashed heavily with police forces. Both waves of critique and protest were carried foremost by members of the middle class and did not have a popular or working-class character (cf. Brinkmann et al. 2013). Links between the established labor organizations and new forms and actors of protests
were almost non-existent. Only very recently the protests against TTIP seems to have some unifying potential, encompassing trade unions, NGOs, left and radical left wing groups as well.

5 A short conclusion

5.1 Influence of the crisis on traditional representation models

Traditional union representation models were at least temporarily revitalized during the crisis. Corporatist arrangements in the industries renewed under specific economic and political conditions the tradition of corporatism (Sozialpartnerschaft) which characterizes the “German model” of industrial relations (interviews; cf. Haipeter 2012, Lehndorff 2015; Wolf/Tullius 2012). In particular, the IG Metall benefited in short and medium term from the strategic decision to secure employment for core workforces in collective bargaining and through the IG Metall related works councils in company-wide agreements in this largely corporatist and non-conflictive way. Attacks on union rights and works councils role within companies by the conservative media and the employer organizations ceased for a while, the IG Metall receiving recognition by the political and economic elite as well as by union members a ‘responsible partner’ for the positive role it played in the crisis (interviews). The decline of union membership has been stopped and recently even the slogan “Comeback of unions” (Schmalz/Dörre 2013) emerged in the debate. The resulting strengthening of the position of the IG Metall contrasts with the more difficult situation of trade unions in private and public services. In the public services conditions of corporatist arrangements have deteriorated because of intensified economic pressure, while in private services employers’ opposition to unions and even harsh strategies of “union busting” have increased (Behrens/Dribbusch 2014; Rügemer/Wigang 2014). At the same time there seems to be an erosion of the single union principle (Einheitsgewerkschaft) within the German trade union movement. Out of a position of relative strength or weakness respectively, unions are developing strategies to enhance their own position and to strengthen their autonomy (Deppe 2015, Schröder 2014). As a result the number and intensity of conflicts particularly between IG Metall and ver.di has increased and the future role of the DGB is disputed and far from clear.

In this light the campaign on a general minimum wage could be seen as a success for ver.di as well as NGG and at the same time proof of their current weakness because they were not able to establish such minimum wage standards autonomously as industry unions (interviews). The
campaign on agency work was addressed to a lesser degree by the federal government, it fo-cused on the public sphere, the company level and collective bargaining. From its break-throughs other unions benefited, too, as they were able to agree in its wake to branch-related bonuses for agency workers in many sectors. Further, on a positive note agency workers were strategically included in the IG Metall’s representative structures. Nevertheless the industry unions’ focus on core workforces, hence on core constituencies still prevails (interviews).
All in all there seems to be a dualization process of industrial relations (cf. Palier/Thelen 2010).
It is true that during the economic and financial crisis of 2008-2009 micro-corporatist pacts between the ‘social partners’ proofed to be an effective way of buffering the crisis effects. These well-regulated core sectors (e.g. in the metal and chemical industry) however co-exist along expanding zones of unregulated jobs with precarious or even non-existent institutions of employee representation and participation (cf. Artus 2013).

5.2 Topics for further research

- Work and service contracts
  - development of work and service contracts in Germany and its relation to general minimum wage and agency work
  - representation of self-employed/employees in work and service contracts in unions and work’s councils
  - union strategies towards self-employed/employees in work and service contracts (approaches of IG Metall and IG BCE)
- Framing conflicts on work and employment conditions as questions of injustice as a recent development of union strategies (see as further examples the strikes in municipal social and educational services 2009 and 2015; other examples?)
- Union positions to the labour market integration of the “new migrants”/refugees


Dörre, Klaus; Jürgens, Kerstin; Matuschek, Ingo (Hg.) (2014): Arbeit in Europa. Marktfundamentalismus als Zerreißprobe. 1. Aufl. Frankfurt am Main u.a.: Campus.


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7 Interviewees (names not to be published)

Günter Schölzel  
IG Bergbau, Chemie, Energie  
Vorstandsbereich 2  
Leiter der Abteilung Mitbestimmung

Verena zu Dohna-Jaeger  
Ressortleiterin  
IG Metall Vorstand  
FB Betriebs- und Branchenpolitik  
Ressort Betriebsverfassung und Unternehmensmitbestimmung