Deindustrialization: The Structural Transformation of Nord-Ovest and the Ruhr Valley in Comparative Perspective

Forms of Glocalization: Economic Globalization and Political Regulation: The Role of Labour Relations in the Process of Deindustrialization in the Ruhr

Manfred Wannöffel – German Historical Institute - Rome – 19 April 2018
Economic restructuring in the Ruhr Valley today:

<table>
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<th>The collective agreement</th>
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<td>• The collective agreement between thyssenKrupp Steel Europe and IG Metall from December 2017</td>
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<th>September 2017</th>
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<td>• thyssenkrupp Steel Europe (TKSE) from Germany and TATA Steel India decided to merge</td>
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<th>Economic background</th>
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<td>• Overproduction on the world steel market</td>
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<th>December 2017</th>
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<td>• thyssenkrupp and IG Metall (German Industrial Metal Union) agreed on an collective bargaining agreement, which secures employment at thyssenkrupp until 2026 independently from site closures</td>
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Collective Agreement from December 2017 stands in the long tradition of political regulation of ecocomic restructuring processes in the Ruhr Valley: History is present
Content

- Three theoretical approaches: Glocalization – Labour Relations – Power resource theory
- Structural power resources: Role of workers’s representatives / work councils
- Organizational power resources: union density / cooperation with Socialdemocratic Party
- Institutional power resources: Works Constitution Act (1952) / Act on the Co-determination of Employees in the Supervisory & Management Boards of Companies in the Coal, Iron & Steel Industry (1951)
- Societal power resources: sociopolitical regulation of economy by employer organizations, unions and state (corporatism)
- Conclusions
Theoretical concepts I.: Glocalization

- A portmanteau of globalization and localization
- Entanglement of multi-dimensional processes of economic globalization
- Embedeness of economy in national, regional and local institutions (varieties of capitalism)
- Outcomes of economic restructuring processes (crises of coal and heavy steel industry) differ because of national path-dependency
- Different local, regional, and national effects and manifestations

Source: Robertson (1994)
Theoretical concepts II.: Labour Relations

Labour relations refers to the relationship between employers and employees in the economic field, and the political regulations on employment, working conditions and workers’ participation. Labour relations differ through national path dependency - structural features in Germany are:

- **Duality of regulation**
- **Intermediation between economic and social goals**
- **Juridification by labour legislation**
- **Centralization of workers’ voice**
- **Representation of interests**

Source: Müller-Jentsch (2017)
Theoretical concepts III.: Power resource theory (PRT)

The level of inequality in a society and the accompanying degree of redistribution by the state are results of the power resources of the working class.

**Micro**
- Structural power in business organization through workers' representatives

**Meso**
- Organizational, bargaining power through union density

**Macro**
- Institutional power to achieve political regulation on labour issues /social policy (collective agreements on enterprise, sector, and national level, labour laws)

**Meta**
- Societal power to integrate labour unions, employers' unions and governments that cooperated as "social partners" to negotiate and manage the development of national economy (corporatism)

Source: Korpi 1983, Stephens 1979
Structural power resources: Role of Workers’ representatives in the coal industry after the World War II

- Workers’ representatives – central functions in the process of de-nazification in the management of German industries (since October 1944)

- Recovery of coal industry – energy was essential for the German reconstruction process in total

- Control Act – April 1946: Formal recognition of work councils by the British Military government

- Recovery of the German dual system of labour relations (Weimar Republic)

- Work councils – central role in the field of social policy

- Coverage rate of workers’ representatives in the coal industry – 100%
Organizational power resources: High coverage rate of trade unions

- Recognition of trade unions in the coal industry under the control of Military governments (April 1944 – March 1945)

- December 1946: Formation of Industrieverband Bergbau (IVB) (320,000 members)

- Integration of different ideological wings (communist, social-democratic, and christian) - (single union principle - lessons learnt from the Weimar Republic)

- December 1946 German Coal Distribution, November formation of Deutsche Kohlenbergbau-Leitung (DKBL) and of employers' organization Ruhrbergbau (UVR) 1952

- Since 1947 IVB – member of advisory council: Objective: Cooperative economy

- IG Bergbau / IG Bergbau und Energie (1960) – growing coverage rate from 85% (1955) to 98% (1968) (600,000 members)
Institutional power resources: Act on the Co-determination of Employees in the Supervisory & Management Boards of Companies in the Coal, Iron & Steel Industry (1951)

- Law on co-determination of employees in boards and supervisory boards of companies in the mining and iron and steel industry: Political compromise concerning the involvement of the mining industry in World War II

- Union objective: Cooperative economy was failed

- But: Statutory parity between shareholders and employees (or unions) in the Supervisory Board

- In addition, a neutral person to avoid a stalemate (Labour Director)

- Significant power resource for the upcoming regulation of the crisis of coal and steel industry
Institutional power resources: Works Constitution Act (1952)

- **Information** (§80.2 and §111-113 WCA)
  - Work councils have to be informed continuously about the economic situation and its development

- **Consultation** (§90.2 WCA)
  - Work councils have to be informed in time about planned actions, that can affect the work place of the employees; WC are involved as advisors in the process, right to develop alternative plans
Institutional power resources: Works Constitution Act (1952)

- **Participation** (§92-98 WCA)
  - Work councils usually have a vote in employment matters and must approve the decisions before they are implemented.
  - Personal decisions (e.g. dismissal) can not be made without consulting the works council.
  - In the case of dismissals or plant closures, the works council may establish a **social plan** with the employer to make possible redundancies socially acceptable.

Close cooperation with the social network of Labour Directors.
Societal power resources: sociopolitical organization by employer organizations, trade unions and state

- 26th of September 1959: Protest march in Bonn; 60,000 miners demonstrated in Bonn against planned mine closures

- State regulations make energy production independent of the world market and give the mines planning security (e.g. Kohlepfennig & Verstromungsgesetz 1965)

- 27th of November 1968: Merging of remaining 23 mining companies into Ruhrkohle AG (RAG)

- 1969: Conclusion of Steelworks Agreement between RAG and the iron producing industry in Germany (Hüttenvertrag) (market control)

- The decline of the coal industry had been accompanied politically, social impact of economic restructuring process was regulated by social institutions
Conclusion

- Structural transformation of Ruhr Valley’s economy (specially coal industry) has been socially embedded

- Significant role of Work councils (Participation in social plans)

- High union density (IGBE) - close cooperation with Social Democratic Party

- Co-determination of Employees in the Supervisory & Management Boards of Companies in the Coal, Iron & Steel Industry (1951) as a key institution to regulate structural transformation process

- Modell of coordinated economy with strong involvement of social groups

- With decreasing importance it exists until to day: Collective agreement of thyssenkrupp from 2017

History is present in the Ruhr Valley
Literature


Literature


Thank you very much for your attention!

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