TRIPARTISMS WITHOUT CORPORATISM:
ORGANIZED INTERESTS THE STATE AND
PUBLIC POLICY IN POST COMMUNIST
EASTERN GERMANY

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Schmitter (1979: 9) has defined corporatism as “a system of ... interest representation ... linking the associationally organized interests of civil society with the decisional structures of the state”. This definition allowed him to distinguish between the two faces of corporatism; the first as a mode of interest mediation; the second as a system of policy-making (Schmitter 1982: 262-3). Conceived as a mode of interest mediation, corporatism explains the way in which patterns of socio-economic differentiation acquire organizational form. As a mode of policy-making, it signifies a system of public policy formation characterized by exchange between organized interests and the state. Schmitter's distinction underlines the defining feature of the corporatist paradigm as the “fusion” between interest mediation and policy formation. Corporatism thus purports to resolve the conflicts generated by social differentiation through an ordered system of interest mediation which at the same time relates social interests to the state (Cawson 1985: 8; Lehmburch 1982: 8).

Corporatist interest mediation at the macro-level is an outgrowth of the institutionalization of the cleavage structures of capitalist society, at the root of which is the categoric cleavage between employer and employee. Macro-corporatism emerges out of interaction between employer and employee, structured through stable networks of exchange between employer associations and trade unions. As exchange transactions intensify, employment relations cease to be private economy arrangements, becoming institutionalized in the public domain (Crouch 1993: 30). Accordingly, organized interests broaden the scope of their activities. If they are able to enter the political arena, their interaction develops into a network of “generalised political exchange” (Crouch 1993: 3; 53; Marin 1990; Traxler 1990), facilitating their incorporation into the public policy process. Typically, the state undertakes to
promote high levels of employment in return for trade union commitments to wage restraint, which provides an incentive for employers to exercise social responsibility in their investment and employment decisions.

In contrast to the class-rooted structures of interest mediation at the macro-level, meso-corporatism revolves around much narrower sector-specific interests, cutting across the class alignments which prevail at societal level (Cawson 1985: 12-14). The complexity and variability of state-sector relations precludes a clear-cut definition of meso-corporatism, but in broad terms it is indicative of cooperation between the state and sectoral interests in the formulation and implementation of industry policy. Interlocution tends to be technical in character, conducted through a discourse of specialist expertise rather than political partisanship. A common variant of meso-corporatism occurs in industries in structural decline, where government and sectoral interests conclude crisis management agreements which serve to defuse the social conflicts attendant upon industrial crisis. The costs of industrial restructuring are distributed between the state, capital and labour, with the state providing subsidies to support corporate restructuring, in return for trade union acceptance of plant closures and redundancies. Not infrequently, such agreements are the result of crisis cartels between unions and management lobbying government for financial support. Where a region's economy is heavily dependent on the declining sector, mutual reinforcement between sectoral and territorial solidary provides the foundation for regional corporatism.

**Corporation in Post-Communist Society**

Schmitter’s distinction between the two faces of corporation is a productive one in the context of post-communist society. As a system of institutionalized class cleavages,
corporatist interest mediation is unlikely to develop spontaneously in societies in which private economy relations are still too weak to generate a clearly defined pattern of social cleavages. Given the suppression of social difference under communism, societies in the early stages of market transition are unlikely to be sufficiently differentiated to generate the socio-economic issues and cleavages around which group interests and identities form. “In a society in which the labour market is unknown... the social structure lacks the requisite... differentiation of status, interest, and cultural identity that only a developed market society will generate” (Offe, 1991: 876-7). Most authors have assumed, however, that as the market economy expands and the communist legacy recedes, interest group policies will converge with the model with which we are familiar in the west. The evidence of eastern Germany suggests, however, that although market transition is accompanied by a more differentiated society, its predominant characteristics are fragmentation, individualization and the absence of the broadly based, solidaristic class formations on which macro-corporatism rests. Configurations of economic interests reflect the structure of capital, employment relations and labor markets. With business interests, reflecting the structure of capital, fragmented along the lines of corporate ownership, company size and profitability, and a similarly divergent spectrum of individual and collective interests in the labor market, the cleavage structure of post-communist society is hard to reconcile with the essentially bi-polar configuration of class interests postulated by the corporatist model of interest mediation.

Tendencies towards corporatist policy-making, on the other hand, reflect the intensity of state-society relations in the post-communist economic transformation. First, the state is architect of the economic order, creating the ground rules for the formation of
capital through the privatization process. Second, the instability and under-
development and of the post-communist economy intensifies the engagement of the
state in macro-economic management and structural policy (Bullmann and
Schwanengel 1995: 194). Third, the state is also called upon to manage the social
consequences of economic transformation, balancing the conflict between economic
discipline as a pre-condition of capital accumulation, and social peace as a pre-
requisite of democratic consolidation. In the absence of social foundations, however,
corporatist policy making is no more than a government strategy of institutional
innovation, designed for ordering relations between state and economy and pre-
empting social conflict by legitimizing transformation It has been characterized
variously as “pre-emptive” or “semi-corporatism” (Wiesenthal 1995: 38-40; Stykow
1996: 1-4), or as “tripartism without corporatism” (Reutter 1996).

Across eastern Europe tripartite arrangements have been adopted by hard pressed
governments struggling for legitimacy in the face of the social tensions accompanying
economic transformation (Hethy 1994). From its origins in Hungary in 1988, the
model has been adopted in the Czech Republic, Slovakia, Bulgaria, Russia, and
Poland. Although subject to cross-national variations in the commitment of the parties
to tripartite cooperation and in the results achieved, the institutional model varies
little. Its centrepiece is a commission or council composed of representatives of
government, the trade unions and business. Within this apparatus, the three partners
conclude “general agreements” governing a wide range of employment issues.
Initially, these agreements focused on trade union rights and collective bargaining
procedures, but with the establishment of the ground rules of industrial relations,
attention turned to the wider issues of wage regulation, social welfare provision, and
labor market support. Thus whilst employment issues are at the centre of tripartism, the agreements often range much more widely across the public policy domain. However, whilst this form of tripartism bears a superficial resemblance to the corporatist model, the pre-conditions for the emergence of consolidated corporatist exchange are almost entirely absent.

The absence of social foundations is reflected in the organizational weakness of the social partners. Neither business nor the trade unions possess the requisite organizational strength and cohesion for the emergence of stable corporatist exchange. Business organization has hardly begun to enter the collective bargaining arena from which corporatist exchange emerges, and its presence in tripartite institutions is often little more than symbolic. The organizational weakness of the trade unions is manifest in competition between rival union confederations, tenuous articulation between national headquarters and local branches, and weak membership ties. Organizational weakness undermines the unions’ ability to sustain stable “social contracts” with government. Identification with an unpopular government risks fragmentation and the loss of members to rival unions. Tripartite arrangements are thus susceptible to breakdown, consequent upon the withdrawal of trade unions for internal strategic reasons.

Eastern European tripartism is further weakened by the absence of the ideological bonds between trade unions and parties of the left which support corporatist relations in western Europe. Adopted for the most part by governments of the centre-right as a pragmatic manoeuvre for defusing social protest, tripartism reflects the weakness of party government (Waller 1994: 33; Myant 1994: 66). Lacking either social roots or a
mass membership, governing parties are ill-equipped to withstand the heavy demands which neo-liberal transformation strategies place upon their legitimacy. Retaining a mass membership base, trade unions provide the missing link with society. Excluded from the political arena trade unions are in a position to mobilize opposition to government policy. Tripartism entails making policy concessions to the trade unions, but it also serves as a means of binding them to government policy, neutralizing their potential for opposition, and securing social peace in the face of transformation conflicts. Governments thus find that the price of exclusion is higher than that of inclusion. Based largely on pragmatism, allied to a common commitment to an ill-defined conception of “economic reform”, relations between trade unions and government parties are tenuous, placing limits on the ability of the latter to “take a free ride” on the tripartite principle (Wiesenthal 1995: 38).

The stability of tripartite arrangements is also undermined by economic weakness. At the core of the corporatist bargain is a delicate trade-off with government offering policy concessions in return for restraint and discipline on the part of the trade unions. In practice, this trade-off is often undermined by sharply deteriorating economic performance, which constrains the ability of governments to fulfil their undertakings on incomes, employment and social policy. Tripartism is subject to frequent eruptions of conflict between governments treating their undertakings as no more than broad statements of intent, and trade union demands for the fulfilment of policy commitments. Conflict also arises over the scope of the arrangements, with trade unions complaining against the failure of government to include macro-economic policy in tripartite consultation (Hethy 1994: 324-5). Poland and Bulgaria exemplify the vulnerability of tripartism to periodic collapse following the withdrawal of the
trade unions (Thirkell et al. 1994: 113). The Russian experience further highlights the fragility of these kinds of agreement in the face of economic weakness. Here, tripartism is merely symbolic, with government making rhetorical commitments to social guarantees in return for rhetorical pledges of support from the trade unions.

Stable tripartism has been restricted to the Czech Republic where the relative success of economic reconstruction reduced the intensity of policy conflicts between the market economy and social solidarity. Economic success generated political stability, with a confident centre-right government enjoying strong public support for neoliberal strategies of transformation. Conforming to the government’s agenda, the trade unions restricted themselves to pragmatic bargaining over the balance between market and state in a “social market” economy on western European lines. Whilst political stability reduced government dependency on the trade unions, a “social coalition” retained expedient attractions in discouraging an alliance between the unions and the social democratic opposition (Myant 1994: 81). This stable constellation of relations was rudely disturbed by the economic and political crisis of 1997. The entry of the social democrats into government after the following years election may herald a realignment of the trade unions towards the centre left. Ultimately though, corporatist interventionism is incongruent with the liberal bias in the Czech strategy for economic transformation.

The fragility of tripartism in eastern Europe, then reflects its shallow social roots and the organizational weakness of the social partners. Consolidated corporatist systems are the product of dense networks of political exchange emerging out of sustained and repetitive interaction between the partners over a prolonged period of time. In the
absence of this type of generalized political exchange, tripartite arrangements are little
more than a pragmatic bargaining manoeuvre characterized by outbreaks of political
conflict and lacking stability and durability.

Institutions Without Social Foundations: Corporatist Concertation in Post-
Communist Germany

The German case is indicative of the limitations of institutionalized collective
bargaining in post-communist society. Preceding the emergence of the private
economy, the first wage rounds in 1990-91 were characterized by the subordination of
economic rationality to the political imperative of preserving social peace, resulting in
pay settlements which outstripped productive capacity and ultimately contributing to
the collapse of the east German economy. With privatization, employment relations
and wage bargaining were subjected to the forces of the market. However, the
fragmented spectrum of employer and wage earner interests characteristic of the
advanced post-communist economy is difficult to reconcile with the German model of
institutionalized labor market relations. The resultant strains were evident in the
exodus from the employer associations as the straightjacket of legally binding wage
agreements weakened the incentive structure of collective organization, and in
outbreaks of industrial conflict as the employers took unilateral initiatives to revise
earlier settlements. Far from providing the seedbed for stable exchange between
capital and labor, institutionalized employment relations degenerated to open conflict.

Against this inauspicious background, government attempts to coopt the employers
and trade unions into transformation crisis management were abortive. The
government’s adoption of a corporatist strategy in place of an initially neo-liberal
approach was precipitated by the collapse of the east German economy, which left the state bearing the financial burden of uneconomic wage settlements in the form of labor market support and structural economic assistance. The Solidarity Pact was the culmination of a protracted series of bilateral talks with business and trade union leaders designed to secure business commitments to investment in the east as a quid pro-quo for trade union acceptance of flexibility and restraint in wage bargaining, which the government hoped to secure through assurances of structural support for the industrial core of the economy.

The failure of the pact to meet government aspirations reflected the organizational weakness of employer associations and trade unions, and their inability to reconcile their functional role in macro-economic management with their representational vocation of interest advocacy on behalf of a demanding membership. Ultimately then, the structural weakness of collective actors led them to prioritize organizational self-interest over wider social interests, the logic of membership taking precedence over the logic of influence. Malfunction in the relationship between organized interests, the state and public policy can thus be seen in terms of Schmitter’s distinction between the two faces of corporatism, which underlines the weakness of tripartite policy-making in a context in which corporatist interest mediation lacks the requisite social underpinnings.

The Limitations of Institutionalized Collective Wage Bargaining

Institutional transfer extended the “economic constitution” of the Federal Republic to the new Länder, establishing the principle of free collective bargaining (Tarifautonomie) in which trade unions and employer associations are designated as
bargaining partners. This blueprint for the new order had strong attractions for both trade unions and employer associations, offering them a firm organizational foothold in the east, and countering tendencies towards company level bargaining already evident in the west. In the early stages of economic transformation, however, with the economy in the hands of the Treuhand, and with unions and employers still grappling with the task of organization building, the economic underpinnings of industrial relations were absent. In this new context, the German model resembled an *Apparat ohne Unterbau* (apparatus without infrastructure) with wage bargaining characterized by uncertainty and chaos (Schmid and Thiemann 1992: 150; Siebert 1993: 125-6; Bispinck 1991: 114) and the bargaining partners “flying on instruments” into unknown territory (*Frankfurter Allgemeine Zeitung*, 28 April 1990).

Uncertainty was heightened by the politics of unification. Industrial relations in post-communist society are highly politicized, bound up as they are with the distribution of the social costs and benefits of economic transformation (Myant and Waller 1994: 160-81). In Germany, politicization was particularly intense, as political citizenship created popular demands for commensurate steps towards social citizenship, and inclusion in the “economic democracy of consumers” in the west. Wage convergence with the west was seen as providing a “perspective for the future”, countering the wave of economic migration which accompanied unification. Employer associations were acutely conscious of the wider political significance of the settlement, regarding it as part of the process of economic and social integration. Whilst there was no formal brief from the government, it was clear informally that “a settlement giving people in the east a perspective on ... western levels of affluence would make a very welcome political contribution” (Interview Nordmetall, Hamburg). Thus the pay
bargaining rounds of 1990-91 were marked by the primacy of politics over economic rationality.

For the employers, the problem of politicization was compounded by organizational weakness. Explanations for the persistence of sectoral wage bargaining in the Federal Republic in defiance of transnational trends towards decentralization have centred on the strength and cohesion of the employers in relation to the trade unions. The collective strength of highly co-ordinated and disciplined employer associations, it is argued, off-sets the advantages of company bargaining. In the early post-communist economy, employer organization remained weak. In engineering, Gesammtmetall had rapidly established a presence in the new Länder, built on an alliance with east German managers in enterprises under Treuhand administration. Supported by public subsidy, free of the hard budget constraints of the private sector, and often sharing common perspectives with their employees, enterprise managers were fully supportive of wage convergence with the west. Thus the coalition of Treuhand company managers, alongside employer associations based in the west and holding little or no commercial stake in the east German economy was inevitably reflected in agreements unrelated to commercial reality.

**Macro-Corporatism; from Kanzlerunde to Solidarity Pact**

The German response to the crisis of post-communist economic transformation reflects a corporatist bias in its political economy, which has led some to label the Federal Republic as a “neo-corporatist democracy” (Hancock 1989; Sally and Webber 1994). This characterization has to be treated with a degree of caution. Prior to
unification, the German experience of macro-level corporatism was restricted to concerted action (Konzertierte Aktion) between 1967 and 1977, a largely deliberative body geared to consensus building rather than the conclusion of binding agreements. Nevertheless it indicates a potential for cooperation between the social partners in the interests of economic and social stability.

The economic summits convened by the chancellor from the earliest stages of the unification process bore a close resemblance to Konzertierte Aktion. In addition to the chancellor and key government ministers, the Kanzlerrunde included the Treuhand and Federal Labor Office, along with around 40 top officials from the “peak” organizations of the Federal Republic’s main economic interests. Once Land governments were constituted in October 1990, the minister-presidents of the new Länder took their place at the table. Little more than a loosely constituted forum for orchestrating the socio-economic dimension of unification, the meetings were never endowed with the official recognition implied by a formal title. Denied decision-making powers, the central function of the group was limited to consensus formation; promoting mutual understanding over the objectives of economic transformation, and mediating the claims of competing social groups (Kleinfeld 1993: 82-5).

The conduct of the Kanzlerrunde reflected these limited purposes. With the agenda set by the Chancellor, meetings consisted largely of government information briefings, participants responding with position statements. Proceedings assumed a somewhat more discursive format with the introduction of the economic recovery programme Gemeinschaftswerk Aufschwung Ost signalling a more interventionist orientation in government policy, and a marginal increase in the involvement of the social partners.
in the policy process although the absence of consultation in the formulation of the programme, however, is indicative of the limitations of the Kanzlerrunde from a neo-corporatist perspective.

The reorientation of government policy from neo-liberalism to crisis management was accompanied by an intensification of corporatist interaction. Although the Kanzlerrunde continued to meet, the core negotiations were now conducted in bilateral talks in the Chancellor’s Office, with government meeting key leaders of the trade unions and business separately. Bilateral top level talks (Spitzengespräche) on these lines were not new, having taken place sporadically over the previous two years. From September 1992, however, they became the centrepiece of Köhl’s attempt to negotiate a Solidarity Pact - a programme of government action linked to definite commitments of support by the social partners. Negotiations were more frequent than in the Kanzlerrunde, with over 40 meetings within six months. They were also more focused, with the government presenting participants with a programme of demands and concessions prepared in advance by the Chancellor’s Office (Sally and Webber 1994: 27-35).

Corporatist exchange in the Kanzlerrunde and Solidarity Pact talks centred on three contentious issues of economic transformation; the Treuhand privatization regime, wages policy, and the investment contribution of private sector business. Excluded from the Treuhand management board (Verwaltungsrat), the trade unions were able to use the Kanzlerrunde as an alternative forum in which to press for changes in the privatization regime. Critical of its subordination to narrow commercial criteria, IG Metall demanded that the Treuhand should be geared much more closely to regional
structure policy and the social consequences of company liquidation. Initially meeting a strong rebuttal from both Treuhand and Chancellor, these demands were subsequently recognized in a series of understandings accompanying the government’s progressive shift from neo-liberalism to crisis management. Solidarity Pact negotiations centred on the government’s offer to make provision in the Treuhand budget for the rescue of companies at the industrial core of the regional economy, conditional upon commitments to wage restraint on the part of the trade unions.

In contrast to the Kanzlerrunde, where the trade unions were largely successful in relying on the principle of free collective bargaining (Tarifautonomie) to exclude the issue from the agenda, incomes policy was central to the Solidarity Pact negotiations. In return for government undertakings on privatization, the unions were enjoined to accept greater flexibility in relation to the 1991 wage agreements in the east, and to exercise wage restraint in the face of deepening recession in the west. With its standing in the east based on a reputation as a fighting union, and with a membership already in deep decline, IG Metall had little scope for manoeuvre, but resolved its dilemma by combining a commitment to restraint in the west with a reiteration of the non-negotiability of agreed formulas for wage convergence in the east. Anxious to conclude an agreement ahead of the up-coming federal elections, Köhl had little option but to accept this limited bargain with the union.

Corporatist bargaining with business was equally limited in its results. From mid-1991, Kanzlerrunde meetings were punctuated by conflict over the contribution of west German business to economic reconstruction in the east. Business associations
responded to requests for patriotic commitment in investment decisions and order placement by pointing to the high wage costs arising from the 1991 pay round. Sharply critical of the government’s paralysis in the face of economic crisis in the east, business leaders condemned the sterility of Kanzlerrunde, underlining their dissatisfaction with a protest boycott (Deutsches Allgemeines Sontagsblatt, 11 September 1992). Although strenuously denied, the resignation of the BDI president in autumn 1992 was widely interpreted as the result of deteriorating relations between industry and government (Handelsblatt 4/5 September 1992). Despite these disturbances, however, Solidarity Pact negotiations were brought to a conclusion, drawing on entrenched routines of reciprocity between government and business in the Federal Republic. Government demands were pragmatically calibrated to commercial realities, and the readiness of business to fulfil their requirements. Insurance was asked to put up one billion Deutsche Marks in housing investment, with an equivalent investment was requested from the banks to float holding companies to finance the rescue of unsold Treuhand firms. For west German industry, the tasks were to boost the order books of companies in the east through targeted purchasing, and to support the labor market through the creation of apprenticeships. For the most part, business groups acceded to this catalogue of demands, although without sanctions to compel their members to comply they were reluctant to undertake quantifiable commitments (Sally and Webber 1994: 30-5)

Thus the outcome of the Solidarity Pact was largely symbolic, the investment commitments of business amounting to little more than normal commercial activities. Equally, the trade unions had given little away. Their incomes policy in the west would in any event have been subject to the constraints of rising unemployment;
in the east, IG Metall continued to resist the employers’ initiative on wage flexibility. Agreements with business and the trade unions were part of a wider political entente including Land government and the opposition SPD in a strategic agreement which bound the parties to government policy, reducing the potential for conflict in the run up to the 1994 federal elections. In real terms, the most significant outcome of the Solidarity Pact was the government’s industry policy commitment to a massive injection of public finance into companies, most of which would subsequently be disposed of to the private sector over the next two years, in a classic example of corporatist crisis management.

**Meso-Corporatism; Regional Crisis Cartels**

Regional crisis cartels are a variant of meso-corporatism, in which sectoral interests are reinforced by territorial solidarity in the face of industrial decline. It is at its strongest where the regional economy is concentrated in a single sector, linking the economic future of the region with the survival of the industrial core. A common interest in the preservation of the industrial core provides the focal point for cartels between trade unions, management, and Land government, transcending industrial relations issues and political partisanship. Crisis cartels typically perform three main functions; formulating survival strategies for the sector; concluding agreements over the distribution of the costs of industrial restructuring; and lobbying federal government for financial support. This type of meso-corporatist activity is most likely to emerge where there are strong regional networks of organized interest activity with access to a corresponding tier of sub-national government. The German federal system provides optimal conditions for regional corporatism, as can be seen
from the experience of cartel formation in the crisis torn steel and shipbuilding sectors in the 1970s and 1980s (Esser and Vath 1983).

Interlocking interests between sectors and regions are endemic to post-communist economic transformation, the geographical concentration of industry in the socialist planned economy leaving a legacy of single sector dependency. The syndrome was very pronounced in the new German Länder, with a giant chemicals complex around the Buna-Leuna region of Sachsen-Anhalt, shipbuilding in the coastal regions of Meckleburg-Vorpommern, lignite mining around Cottbus in Brandenburg, and machine building in the Chemnitz region of Sachsen. Crisis cartels were thus a response to collapse of leading industrial sectors which stripped out the core of the region’s economy.

Interest mediation and cartel formation reflected the structure of regional industry. The vast financial implications of restructuring gigantic industrial conglomerates in chemicals and ship-building required cartel formation at federal level. Sachsen-Anhalt’s chemicals steering committee (Lenkungsausschub Chemie) thus included federal government ministers, Treuhand officials, and the national chairman of IG Chemie along with Land government. Similarly in Mecklenburg-Vorpommern the rescue of shipbuilding was planned by the supervisory board of a holding company which included west German shipyard bosses and a banker, alongside IG Metall officials based in neighbouring Hamburg. Only after key decisions had been made were programmes opened up to local economic actors. In the other Länder, where industrial concentration was less intense, corporatist interest mediation had a stronger regional dimension. In Brandenburg, the future of lignite mining was the remit of a
Land government committee incorporating trade unions and enterprise management. Regional cartel formation was strongest, however, in Sachsen. Less monolithic than chemicals and shipbuilding, and with its pre-communist origins in Mittelstand ownership, machine-building was more easily privatized without recourse to massive federal government intervention. Nevertheless, Treuhand privatization resulted in large scale de-industrialization, and left the sector in structural crisis. Regional corporatism in Sachsen took the form of an interest coalition between IG Metall and Land government lobbying the Treuhand and Bonn for a change in the privatization regime, emphasizing the need to buttress the regional economy and labor markets against de-industrialization.

Underlying regional crisis cartels was an alliance between employers and trade unions, which as we saw in Chapter 2, emerged as a response to the unusual constellation of interests and organizational resources characteristic of post-communist economic transformation. For managers in Treuhand companies facing privatization, the organizational resources of the trade unions, and their capacity for mobilizing popular protest against Treuhand policy made them a valuable ally, especially in view of the weakness of industry and employer organization in Sachsen. IG Metall was strategically placed to form the interest association of Chemnitz machine-builders (Interessenverband Chemnitzer Maschinenbau) a cross-class interest cartel which embodied the unusual interest spectrum in the post-communist economy. In contrast to other new Länder where the union’s apparatus was annexed to a neighbouring western region, the Sachsen IG Metall was endowed with organizational independence, strengthening its potential as a regional actor (Interview: IG Metall, Bezirksleitung Dresden).
The organizational weakness of the employers was reflected in the structure of regional corporatism in Sachsen, built on an axis between IG Metall and Land government. Far from being a forum for interest mediation, the Sachsen model was based on an interest alliance, the purpose of which was to put pressure on federal government to take responsibility for regional industry and labor markets, and to bear the larger part of the cost burden. A regional interest coalition was of political utility to both parties. For the Christian Democratic Land government under Kurt Biedenkopf, it was a pragmatic strategy for managing the electoral fall-out from de-industrialization, transferring the political costs to federal government (Krumbein 1993: 216). For IG Metall, partnership with Land government played a counterpart to its militancy in wage bargaining, legitimizing and externalizing the costs of its high-income policy by transferring labor market responsibilities to federal government. The social partnership did not, however, encompass wage bargaining, and IG Metall was therefore able to make policy gains without concessions to private sector employer demands for pay restraint.

Relations between trade unions and Land government were governed by a pragmatic willingness to compromise. Unencumbered by the neo-liberal inclinations of an FDP coalition partner, the Biedenkopf government was receptive to the interventionist policy initiatives of IG Metall. The pragmatism of the state premier was matched by the union, with official ideology playing little part in the flexible programme of the leadership; “we’re very undogmatic in our engagement with concrete issues... we have to be able to develop alternatives” (Interview; IG Metall, Bezirksleitung Dresden). Thus the union was flexible in its industry policy strategy, embracing private
investors and banks alongside the Treuhand and Land government (Krumbein 1993: 214; 217)

Union strategy was to build a broad based coalition of interests with “a creative dialogue geared to solving problems through collective policy initiatives” (Interview IG Metall Bezirksleitung Dresden). The strategy was not unsuccessful; “on a number of issues, the Land government has taken up ideas that the trade unions have advocated for some time” (Interview, DGB Landesbezirk Sachsen). Despite simmering wage conflicts business organizations embodied the ethos of social partnership; “there’s a mutual exchange of views....that’s why were such close Gesprächspartnern” (Interview; Landesverband der Sächsischen Industrie). Thus despite its political character and asymmetrical composition, Sachsen’s corporatist experiment was not without substance. It provided a framework for a creative dialogue in industry and labor market policy in which IG Metall initiatives were taken up by Land government and subsequently adopted as a model for the other new Länder.

Sachsen shows that in a new political system and under the circumstances of economic transformation, neo-corporatist relations are less dependent on partisan affinities than in the west. Partisanship is less entrenched in the post-communist polity; “we’re open to a wider range of contacts than in the west” (Interview; IG Metall, Bezirksleitung Dresden); “institutions are less rigidly structured, ideology is not so engrained” (Interview, DGB, Landerbezirk Sachsen-Anhalt). Thus in Sachsen-Anhalt, a Christian Democrat led coalition made a rapid transition to corporatist crisis management, drawn into increasingly close contact with the trade unions through the
structural collapse of the regional economy; “initially Land government adopted traditional conservative strategies...consultation came later when it became clear that these formulas didn’t work” (Interview, DGB Landesbezirk Sachsen-Anhalt). However, whilst relations are not governed by partisanship, variations in the balance and intensity of regional corporatism nevertheless reflect political circumstances. In Brandenburg, a social democrat led coalition including the citizens’ group/environmental party Bündis ‘90 generated a distinctive pattern of corporatist relations, including the churches and environmental groups alongside economic interests in a broader conception of “social partnership” than that found elsewhere.

The limits to corporatist relations under centre-right government were indicated by the experience of Thüringen, where an unstable Christian Democrat led coalition was slow to adopt the sort of interventionist industry policy which served as the foundation of concerted action elsewhere. Alienation between Land government and the social partners led to the formation of a common front between trade unions and the regional employer confederation, united in condemnation of government passivity. Taking its cue from Bonn after the Solidarity Pact of 1993, Land government stepped-up its engagement in regional industry and convened a series of “economic summits” with unions and employers, but initiatives still lagged behind other Länder. Largely excluded from the policy arena, trade unions in Thüringen made more frequent use of mass mobilization as a means of bringing the government to the negotiating table.

The impact of partisanship was also evident in the changing dynamics of regional corporatism consequent upon turnover in party government after the Land elections of 1994. With centre-right governments replaced by CDU/SPD coalitions in Thüringen
and Mecklenburg-Vorpommern, and by an SPD led administration in Sachsen-Anhalt, the trade unions enjoyed a more sympathetic hearing, “social democrats and trade unions think on the same lines in structure policy and over the consequences of privatization” (Interview, IG Metall, Verwaltungsstelle Magdeburg; also Interviews; DGB Landesverband Mecklenburg-Vorpommern: IG Metall, Verwaltungsstelle Schwerin; IG Metall Verwaltungsstelle Erfurt). Conversely the employers found access more difficult with Social Democrats occupying key ministries (Interview, Landesvereinigung der Arbeitgeber und Wirtschaftsverbände Sachsen-Anhalt).

Partisanship is not the only political variable conditioning the policy process. Political stability is also a factor, with corporatist relations flourishing alongside stable, single party majority government with a clearly formulated strategy for regional development. Sachsen, and to a lesser extent Brandenburg, fulfilled these conditions. In Thüringen, by contrast, with an unstable government lacking a regional development strategy, corporatist relations failed to take root. In Sachsen-Anhalt, employer and business groups ascribed difficulties in their relations with the minority social democrat led coalition formed in 1994 to political instability and policy uncertainty (Interviews, Landesvereinigung der Arbeitgeber und Wirtschaftsverbände Sachsen-Anhalt; Industrie- und Handelskammer Magdeburg).

The Dynamics of Regional Corporatism

Despite variations in the intensity of regional corporatism across the new Länder, there is a striking uniformity in the procedural and behavioural conventions of interlocution. The diffusion of the procedural norms was closely bound up with the process of institutional transfer. In large part, “normative transfer” followed the
transfer of personnel from the Federal Republic. Most leading officials in trade unions and business associations were westerners. Equally, in the higher echelons of public administration some 57%, were civil servants seconded from similar appointments in the west (Glaesner 1996: 192). Western actors brought with them the procedural and behavioural norms learned at the interface of public administration and organized interests in the Federal Republic. To be sure, the diffusion of these norms across the east/west divide in public administration was initially hesitant; “the procedures and thought processes which are engrained in a western political culture had to be learned” (Interview, DGB, Landesbezirk Berlin-Brandenburg). Nevertheless, regional networks of corporatist exchange were established relatively quickly, at both the bureaucratic and political levels.

At the political level, there are a range of forums for exchange between economic interest organizations and Land government. Multilateral summits (Spitzengespräche) between top interest group leaders and the government occur quarterly, replicating the “concerted action” formula of the Kanzlerrunde. These “economic summits” are augmented by periodic bilateral talks between government and (respectively) the DGB and employers’ confederation. At the political level, talks range over a very broad issue agenda, “from vocational training to European policy and relations with the Czech Republic” (Interview, Landesverband der Sächsischen Industrie, Dresden), although the focus is usually on labor market, industry and economic policy issues. Between these set piece summits, interest group chief executives meet economics ministers, minister-presidents and civil servants.
(Staatssekretäre) at regular (typically monthly) intervals on an informal basis to discuss more specific issues.

The most intensive interaction, however, takes place at the “working level” of routine contact between senior interest group officials and sections heads (Abteilungsleiter) in Land ministries. This sort of routine exchange is uniformly reported by trade union and employer association officials across all five new Länder, and is seen as the bedrock of their relationship with Land government. Informal dialogue with officials takes place on a weekly or even daily basis, providing channels for the exchange of information and views, and promoting a cooperative approach to routine policy-making. Interest group officials rate this kind of exchange more highly than formal representation in the committee apparatus of Land ministries (Interviews, IG Metall; Verwaltungsstelle Magdeburg; DGB Landesbezirk Mecklenburg-Vorpommern; Landesverband der Sächsischen Industrie: Nordmetall, Schwerin).

A high level of policy expertise in most economic interest groups means that dialogue is conducted as between policy specialists, rather than between policy-maker and lobbyist. Technocratic exchange is largely independent of partisanship, and helps to offset difficulties arising from partisan conflict between interest groups and politically unsympathetic governments;

Political control over the [economics] ministry has changed, but we still have a dialogue at the working level (Interview; Nordmetall, Schwerin).

We try to maintain cooperation on specialist issues [Sachfragen]...basically its about promoting the region, and we try to keep these issues above party politics (Interview, Industrie- und Handelskammer, Magdeburg)
Exchange between Land government and economic interests, then consists of a multiplicity of interactions at both the political and working levels, acquiring a quasi-institutional status. Embracing a wide range of policy issues, it is characterized by a technical style of interlocution, with the capacity to transcend partisanship. In all these respects, relations correspond closely to the concept of generalized political exchange in corporatist theory.

Organized Interest and Political Parties
The organic linkages between organized interests and political parties which lie at the core of the classical model of corporatist interest mediation are missing from post-communist society. Party systems reflect the diversity and fragmentation of society. In the absence of socially structured partisanship, electoral choice is structured by the issues surrounding economic transition or the populist appeal of party leaders. The electoral profile of the parties in eastern Germany in an inversion of expectations derived from the west. In the first elections after unification, the Christian Democrats polled over 60% of the manual worker vote. Despite a tendency towards more “normal” patterns of group partisanship in 1994, the centre-right continued to exercise attractions in this quarter until the collapse of the CDU vote in 1998. The Social Democrat electorate exhibits no clear profile, its electorate distributed across the social scale. The experience of most western democracies suggests that socially structured partisanship is subject to long term secular decline, and that residual traces of class voting are a legacy of a past from which post-communist society is irretrievably cut off.
The political profile of the parties in the new Länder also lacks sharpness of definition, their amorphous social composition operating against clear ideological positions. Political identities have not yet begun to crystalize, with ideological eclecticism particularly marked in the CDU. Despite initially espousing the western party’s social market economy leitmotif, the CDU in the east harbours a strong orientation towards economic interventionism although it displays more conservative inclinations on social issues. In the SPD it is possible to identify two broad cultural groupings. Those with a background in the church and civil rights movements out of which the party emerged embrace a liberal humanism which sits ill with the more conservative and pragmatic perspectives of more recent recruits drawn from the technical intelligentsia (Padgett 1996).

The axis between the trade unions and the SPD are much weaker than in the west. “Relations are more flexible, looser, because ideological identities are not so hard and fast” (Interview, IG Metall, Verwaltungsstelle Erfurt). First, the orientation of the majority of their members towards the centre-right parties leads most unions to resist too close an alignment with the SPD. Second, the bias of the party towards the technical intelligentsia is not conducive to strong union links. Third, the policy orientation of the trade unions towards the rescue of the industrial giants at the core of the regional economy is at odds with the SPD’s inclination towards promoting SMEs in the service sector. “The SPD sees Magdeburg as a Dienstleistungszenrum; it doesn’t care about the problems of the industrial cores” (Interview, IG Metall, Verwaltungsstelle Magdeburg). Finally, anxious to disassociate itself from GDR socialism, the SPD has deliberately renounced organizational activity in the works councils in which party - union relations are based in the west. In the absence of
strong ties to the SPD, trade unions sometimes lean towards the ex-communist PDS. With its strategic objective of permeating civil society to compensate for its political isolation, the PDS places a priority on relations with organized interests. Although the DGB is strongly against cooperation, the PDS has been able to establish relations in particular sectors by mobilizing its membership within the union. Thus the union of commerce banking and insurance workers, (HBV), in recognizes the PDS and SPD equally, while the PDS also has links with the teachers’ union (GEW). The public sector union (ÖTV) is sympathetic in some regions, as are some IG Metall regional offices.

Organized business is similarly remote from the centre-right parties; “party loyalties are less engrained….there’s less fear of talking to people across party lines” (Interview, Normetall, Schwerin), “there’s little connection between the Verbände and the parties….in the west it’s often quite a close relationship … here it’s virtually non-existent” (Interview, Landesvereinigung der Arbeitgeber- und Wirtschaftsverbände Sachsen-Anhalt). The CDU is “rather distant from the thinking of business in the east” (Interview, Landesverband der Sächsischen Industrie). Its business auxiliary organizations have only a tenuous presence in the new Länder. Its Economic Council (Wirtschaftsrat) is centrally administered from Bonn, whilst the middle class association (Mittelstandsvereinigung) is weak. For their part, business group officials emphasize the importance of remaining above partisanship; “I have talks with the Mittelstandsvereinigung and with the economic committees (Wirtschaftsgremien) of the FDP; but I’m not bound to a party … that’s a source of strength” (Interview, Unternehmerverband Sachsen-Anhalt). Across the associational order, an aversion to
partisanship is explained as a reaction against the role of the party in the previous regime.

Organized interests then, are less politicized than in the west. Although at leadership and functionary levels interest groups have links to their “political allies”, the absence of common social roots means that the relationship is peculiarly inorganic. Weak partisanship and blurred political identities mean that there is more potential for cross-partisan alliances of the sort that we have seen operating in regional corporatism. On the other hand, corporatist structures lack the solid foundations provided by entrenchment in the overlapping networks of party-interest group relations. In an open political market, relations remain opportunistic and pragmatic, with temporary, ad hoc alliances rather than the stable and persistent patterns of exchange characteristic of the corporatist model. Moreover, without the legitimation provided by partisan alignments, economic interests will tend to remain outsiders in the political process, the associational order remaining subordinate to politics, and marginal to the parliamentary arena.

CONCLUSION

Schmittner’s distinction between the two faces of corporatism indicates its limitations in post communist society. In the absence of the institutionalized social cleavages which form the bedrock of corporatist interest mediation, tripartite systems of policy making lack social foundations. Little more than an attempt by hard pressed governments to coopt economic elites to the public policy process, the eastern European experience indicates the shallowness and instability of tripartism without corporatism.
Post-communist Germany shares some of the characteristics of this syndrome. Macro-corporatism reflected the political economy of the Federal Republic more than social relations in the east. This is not to say that eastern interests were not represented. An interest alliance of Land government and trade unions lobbied hard for federal government support for collapsing regional economy. Kanzlerrunde and Solidarity Pact negotiations however, were conducted along the lines of east/west resource dependency rather than bargaining between capital, labor and the state characteristic of the corporatist model. The outcome also failed to conform to corporatist expectations. In the Solidarity Pact, government undertook to underwrite industry policy without reciprocal wage concessions by the trade unions, or significant investment commitments on the part of business.

Narrower in scope and less dependent on broadly based social interest, meso-corporatism may be better adapted to post-communist society. In the German case, the regional variant of meso-corporatism flourished alongside industry and labor market programmes administered within the intergovernmental networks of cooperative federalism. With their organizational structures running parallel to the federal system, trade unions and employer confederations made ready partners for Land government. Far from emerging from the interplay of competing interest, however, regional crisis cartels were based on a common interest in preserving industrial cores and promoting the regional economy. Meso-corporatism may therefore be seen as a situational response to the upheaval of economic transformation, reflecting also the transfer to the new Länder of procedural and behavioural norms learned in the west.
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