The Politics of Institutional Transfer: Two Postwar Reconstructions in Germany, 1945-1995

by

Wade Jacoby

B.S., European Studies (1987) Brigham Young University

Submitted to the Department of Political Science in Partial Fulfillment of the Requirements for the Degree of Doctorate of Philosophy in Political Science at the Massachusetts Institute of Technology

February 1996

©1996 Wade Jacoby. All rights reserved

The author hereby grants to MIT permission to reproduce and to distribute publicly paper and electronic copies of this thesis document in whole or in part.

Signature of Author: ____________________________

__________________________
Department of Political Science
January 10, 1996

Certified by: ________________

__________________________ Suzanne Berger
Professor of Political Science
Thesis Supervisor

Accepted by: ________________

__________________________ Barry R. Posen
Chairman, Graduate Program Committee

MAR 13 1996
ARCHIVES
LIBRARIES
The Politics of Institutional Transfer:  
Two Postwar Reconstructions in Germany, 1945-1995  

by  
Wade Jacoby  

Submitted to the Department of Political Science  
on January 10, 1996 in Partial Fulfillment of the Requirements  
for the Degree of Doctorate of Philosophy in Political Science  

ABSTRACT:  

Through a series of case studies drawn from the post-World War II US occupation of Germany and from contemporary developments in Eastern Germany, my dissertation explores the conditions under which one society can use its institutions as "models" to reshape a second society in lasting ways. My major finding is that effective and enduring institutional innovation must be "pulled in" by the new society rather than imposed upon it. The new institutional design must be embraced by domestic actors who have an interest in its success. Whether innovations are pulled in from abroad is, in turn, a function of two central factors: first, the existence in civil society of groups that participate in and benefit from institution building, and, second, the degree to which flexibility in institutional design is built into the transfer process.  

The puzzle is that a poorly funded, piecemeal transfer from alien Anglo-American cultures after W.W.II often contributed to positive changes in German institutions, while a well-funded, systematic transfer from one half of the German nation to the other appears to be contributing to the ongoing dilemmas of institution building in Eastern Germany. Moreover, emphasis on the success or failure of policymakers' efforts to transfer institutions must be augmented by a broader analysis that surveys both long term effects on state-society relations, as well as any "unintended consequences" that result from attempts at institutional transfer.  

I argue that both within and between the two reconstructions, variation in the success of institutional transfer is attributable to differences in social organization and strategies of transfer. In short, the Americans sought to build institutions in Germany which were the "functional equivalents" of ones they valued in the United States. To do so, they encouraged the development of certain social groups and used them as co-architects in institutional rebuilding. By contrast, West Germany's "exact transfer" mechanism steamrolled indigenous groups -- whether of Communist origin or not -- and encouraged East Germans to join Eastern branches of FRG associations. Cases include industrial relations (employer and business associations, trade unions, works councils, codetermination and wage bargaining) as well as secondary education, including vocational training.  

Thesis Supervisor: Suzanne Berger  
Title: Professor of Political Science
THE POLITICS OF INSTITUTIONAL TRANSFER:
TWO POSTWAR RECONSTRUCTIONS IN GERMANY, 1945-1994

TABLE OF CONTENTS

Chapter 1 INTRODUCTION AND PLAN OF THE BOOK ......................... 11
Introduction .............................................. 11
Toward a Theory of Institutional Transfer ......................... 17
Post-WWII Industrial Relations: Taking Politics out of the Postwar Economy ........................................... 20
Education After WWII: Germans Confront "The One Best System" .......... 25
Industrial Relations in Eastern Germany: The Politics of Imitation ........... 27
Education in Eastern Germany: Does Borrowing 'Dull the Edge of Husbandry' ? ........................................... 30
Theoretical Propositions, Lessons for Technocrats and a Research Agenda ........................................... 32
Research Sources and Evidence .................................... 35

Chapter 2 TOWARD A THEORY OF INSTITUTIONAL TRANSFER .................. 37
Introduction .............................................. 37
Three Analytical Antecedents: Convergence, Diffusion and Policy Borrowing ........................................... 42
The Convergence Thesis and the Overcorrection of "Comparative Political Economy" ........................................... 42
The Diffusion Literatures: Apolitical Emulation? .......................... 46
Policy Borrowing ............................................ 55
Strategy and Borrowing ........................................ 56
Context ................................................. 58
The Manipulation of Evidence ...................................... 63
Institutional Transfer and the Study of Imitation ........................ 67
When Does Imitation Occur? .......................... 70
Who Possesses the Formal Authority to Engage in Imitation? .......................... 70
Why Imitate Others? .................................... 72
Which Phenomena Are Seen as Worth Imitating? .............................................. 74
How Does Imitation Proceed? .................................................. 77
What Can Result From Imitative Processes? .................................................. 81
Success, Failure, Performance and Persistence .................................................. 82
Methods, Cases and Valid Comparisons ....................................................... 84
Methodology ................................................................. 84
Two Blueprints for Democratic Capitalism ....................................................... 87
Background Conditions and Intervening Variables ........................................... 88
Cases ................................................................. 92

Chapter 3  INDUSTRIAL RELATIONS: TAKING POLITICS OUT OF THE POSTWAR ECONOMY? ......................... 96
Introduction ................................................................. 96
General Hypotheses About Institutional Transfer ............................................. 101
Labor Organizations .......................................................... 105
Building Unions: Collective Bargaining or Economy Democracy? .................. 110
Restriction as Imitation: Codetermination and Works Councils ...................... 127
From Means to End: The Limitation of Codetermination ................................ 129
Making the Best of a Bad Situation: Works Councils Under the Allies ............. 133
Employer Organizations Respond to Americanization ....................................... 136
Conclusion ................................................................. 145

Chapter 4  EDUCATION AFTER THE WAR: GERMANS CONFRONT "THE ONE BEST SYSTEM" ................................ 149
Introduction ................................................................. 149
Options for Institutional Change: Generic Modernization, Blueprints or Functional Equivalence? ................................................. 152
Chapter 6  EDUCATION IN THE EAST: DOES BORROWING 'DULL THE EDGE OF HUSBANDRY'?

Introduction ................................................. 266

GDR Schools Structures ........................................ 269

FRG School Structures ........................................... 272

Educational Reunification in the Eastern Lander ................ 276

Berlin .................................................. 280

Brandenburg .............................................. 280

Mecklenburg-Vorpommern ..................................... 281

Saxony .................................................. 282

Saxony-Anhalt ............................................ 283

Thuringia ................................................ 283

Late Bloomers in the "Elbow Society" ......................... 285

Towns Without Schools, Schools Without Pupils ............. 288

The Legitimation of Transferred Institutions ................ 293

Federalism Giveth and Federalism Taketh Away ............. 300

Vocational Training Since 1990 ................................ 304

Basic Features of the Dual System ......................... 305
<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>112</td>
</tr>
<tr>
<td>2</td>
<td>272</td>
</tr>
<tr>
<td>3</td>
<td>272</td>
</tr>
<tr>
<td>4</td>
<td>275</td>
</tr>
<tr>
<td>5</td>
<td>290</td>
</tr>
<tr>
<td>6</td>
<td>295</td>
</tr>
<tr>
<td>7</td>
<td>296</td>
</tr>
<tr>
<td>8</td>
<td>298</td>
</tr>
<tr>
<td>9</td>
<td>313</td>
</tr>
<tr>
<td>10</td>
<td>314</td>
</tr>
<tr>
<td>11</td>
<td>321</td>
</tr>
<tr>
<td>12</td>
<td>333</td>
</tr>
<tr>
<td>13</td>
<td>334</td>
</tr>
<tr>
<td>14</td>
<td>335</td>
</tr>
</tbody>
</table>
ACKNOWLEDGMENTS

This dissertation began with a single question scratched on a legal pad. Assuming the 350 page elaboration of my answer reflects new insights more than it reflects unrestrained verbosity, thanks is due to several institutions and individuals. For research funding, I want to acknowledge the Program for the Study of Germany and Europe at the Harvard Center for European Studies, the MIT Industrial Performance Center, the Jacob Javits Foundation, the Social Science Research Council, the American Council of Learned Societies and the Alexander von Humboldt Foundation. Harvey Sapolsky and Abby Collins put, at different times, the roofs of the MIT Center for International Studies and the Harvard Center for European Studies over my head. One looks like a warehouse and the other looks like a villa; but each made profound contributions to my understanding of the world outside the United States and brought me in contact with a large cast of stimulating visitors and wily regulars.

For helpful comments on the research design or on specific chapters, I would like to thank Jens Alber, Günter Albrecht, Chris Allen, Rose Batt, Peter Berg, Volker Berghahn, Donald Blackmer, Robert Boyer, Hans-Joachim Buggenhagen, Angelo Caragiuli, Robert Cox, Roland Czada, Pepper Culpepper, Joachim Domnick, Klaus Dörre, Burkard Eberlein, Ann Frost, Lily Gardner Feldman, Carola Frege, Eugene Gholz, John Griffin, Michael Fichter, David Finegold, Christoph Führ, Hal Hansen, Bob Hancké, Fred Henneberger, Rogers Hollingsworth, Ellen Immergut, Carsten Johnson, Jürgen Kädtler, Roger Karapin, Peter Katzenstein, Berndt Keller, Patrick Kenis, Herbert Kitschelt, Charles Maier, Michael Marks, Jörg Mayer, Claus Offe, William Patch, T.J. Pempel, Paul Pierson, Lucian Pye, Robert Putnam, Martin Richter, Stephanie Reulein, Manfred Schmidt, Rudi Schmidt, Michael Schneider, Karen Schober, Wolfgang Schroeder, Mike Shiner, Stephan Siemer, Steven Silvia, David Soskice, Sven Steinmo, Wolfgang Streeck, James Tent, Kathleen Thelen, Ulrich Voskamp, Jim Walsh, Eleanor Westney, Helmut Wiesenthal, Klaus-Peter Wittemann, Jason Wittenberg, Volker Wittke, and John Zysman.

I learned an enormous amount from my fellow graduate students in a joint MIT-Harvard dissertation seminar run by Peter Hall and Suzanne Berger. I especially want to thank Karen Alter, Brian Hanson, Martin Behrens, David Hart and Brian Burgoon -- indispensable friends and indefatigable editors. Helen Ray provided counsel, babysitting and Cheetos, Kevin Crim unsplit infinitives, and Karen Groves helped with manuscript
preparation. The Frenzel families of Cologne and Wernigerode lent profound insights into Germany, West and East.

Two people at each of four different institutions provided the intellectual support that kept this project moving through its different incarnations. In Germany, Horst Kern and Martin Baethge of the University of Göttingen were early and energetic critics (and hosts), who helped shape the questions asked here. Much later, Gerhard Lehmbruch and Wolfgang Seibel kindly hosted me for a year as a Humboldt Scholar. Konstanz was a wonderfully stimulating environment in which to write up the argument, providing me with an inexhaustible supply of interested and informed colleagues from several disciplines. At the Harvard Center for European Studies, Peter Hall and Andy Markovits provided sound advice, steady encouragement and good humor. The argument of the dissertation benefited enormously from their suggestions. My warmest thanks go to Suzanne Berger and Richard Locke from the MIT Department of Political Science. Since they wore whichever hat was needed, I came to know them as mentors, as bosses, as research collaborators, and, above all, as friends.

I want to thank my mother, who read me stories, and, most of all, my wife and daughters, who helped make researching and writing this project a joy. The three girls who came along on this ride always chose to see it as an adventure rather than a sacrifice. Kindra interrupted her own career to go to Germany. Taylor and Mackenzie left their friends behind and learned enough German to hold their own, without complaint, in strange schools and strange sandboxes.
INTRODUCTION

Can policymakers successfully "transfer" institutions from one setting to another? If so, by what process? How can we understand the performance and persistence of such transferred institutions? And what kind of politics is associated with the peculiar form of institution building that grows out of attempts to emulate or borrow institutional patterns developed elsewhere? This book explores the conditions under which institutions developed in one society can be successfully transferred to another, and it does so through a series of case studies drawn from the post-WWII allied occupation of West Germany and from German reunification at the end of the cold war. In some areas of state and society (but by no means all), the occupation changed German institutions in ways clearly modeled on British or American institutions. Since reunification, West German institutions have been transferred to Eastern Germany. Where and why have some of these projects largely succeeded? Where and why have others failed? And what have been the broader outcomes of these processes in terms of institutional performance and persistence?

This is a particularly timely moment to seek answers to these questions because the idea that some modern nations can function as blueprints for institutional change is back with a vengeance. In the new democracies of Eastern Europe, political actors are conducting a conscious process of institutional borrowing. Guided by the assumption that if democratic capitalism won, it must exist as an identifiable institutional complex, East European governments, often aided by Western
academics, have tried to build new institutions by using institutional designs developed in the West. Having emulated Western organizational patterns, these officials hope such institutional changes will call into existence concomitant social and commercial patterns. This process includes the borrowing of organizational forms for private actors (for example, labor organizations in the Czech Republic) and of the legal basis for public institutions (for example, welfare states in the Czech Republic and Hungary). Even after false starts and disappointments, many East European policymakers draw the lesson that other foreign models are simply better than the ones they originally borrowed.

But such phenomena fit uneasily into comparative politics theories built heavily on concepts of distinct "national models." As a result, what I call "initiative processes" have generally been blended out of most accounts of institution building. Concepts like modernization and privatization are clearly too broad to capture such developments. In addition, the absence of comprehensive theories of societal transformation makes middle range theories badly needed in the current debate. This book develops just such a theory to explain the dynamics of institution building through institutional transfer. In doing so, it specifies imitation in a way that may facilitate its inclusion in many other cases of institution building -- even in cases where imitation is not a central mode of institution building (as it was in the occupation cases) or the overwhelmingly dominant one (as in the reunification cases).

The book stakes a claim that "institutional transfer" is a political phenomenon worthy of serious analysis. This claim can be situated between two other implicit claims about institution building -- one that institutional transfer is inevitable and one that it is impossible. Pure neo-liberal accounts of institutional change, at least those concerning the economy, imply that competition will weed out less adaptive structures and will ultimately drive a convergence around some set of best practices. By contrast, accounts that stress the "embeddedness" of institutions in social, cultural and political contexts see in institutional transfer a kind of technocratic naiveté that makes
success unlikely. But each of these arguments about (success or failure, respectively) is more ideology than theory because each can explain only one kind of outcome. What is needed, and what my book attempts to provide, is a description of the conditions under which successful and unsuccessful transfer tend to occur. Prior research suggests that strong political authority, pre-existing cultural similarity or the transfer of groups of institutions at one time might account for success. But these hypotheses cannot explain why a poorly funded, piecemeal transfer from alien Anglo-American cultures after WWII often contributed to positive changes in German institutions, while a well-funded, systematic transfer from one half of the German nation to the other appears to be contributing to the ongoing dilemmas of institution building in Eastern Germany. Moreover, a narrow emphasis on the success or failure of policymakers' efforts to transfer institutions must be augmented by a broader analysis of the effects of such efforts. This broader analysis surveys both long term effects on state-society relations, as well as any "unintended consequences" that result.

The core of the argument developed below is that effective and enduring institutional change must be "pulled in" by social actors rather than decreed by policymakers alone. I attempt to develop this claim in the chapters which follow. For now, however, the notion of "pulling in" can be understood simply as an analytical preference for going beyond policy elites and including social actors in accounts of institutional construction. The new institutional design must be embraced by domestic actors who have an interest in its success. Whether innovations are pulled in from abroad is, in turn, a function of two central factors: first, the existence in civil society of groups that participate in and benefit from institution building, and, second, the degree to which flexibility in institutional design is built into the transfer process.

The focus on these two particular independent variables represents in some sense a choice for parsimony over completeness in explaining the dynamics of institutional transfer. But good theories presuppose analytical priorities, and the priorities here follow from two observations:
first, effective institutional change usually requires more than an improved design for more institutional efficiency; it often requires a shift in power and resources, and this shift may create some losers as well as more winners. Such changes are thus bound to be politically complicated, and, in the cases I examine, the adaptation of the transferred institution was always necessary: "imitation required innovation."\(^1\) Second, for this process to succeed, the strategies of the state for transferring institutions must retain flexibility, and there must also be social actors who can promote and implement institutional transfer. Foreign models can sometimes legitimate new directions, but they cannot anticipate many specific features of the borrowing society. In other words, the necessary capacity for adaptation lies outside the blueprint. While policymakers can use foreign institutional models to radically transform existing social actors, they can rarely create them out of whole cloth. Thus, the pervasiveness of unforeseen effects and the need for organizational and political resources that do not simply fall out of the redesign process justify the focus on flexibility and civil society.

As will be clear below, variation in flexibility and social organization exists even within the cases of occupation and reunification; but the argument begins with a striking difference between the two periods -- a difference that is central to the research design and that can be summarized as follows: while the occupation forces pushed institutional transfer, they did so with relatively looser reference to their own society than did the West German government after 1990. I develop the heuristics of "functional equivalent" and "exact" transfer as two ideal-typical modes of institutional transfer. Where the allies used the former, the FRG has (for quite comprehensible reasons) used the latter. Second, I begin from the claim that whatever the similarities in the motivations of the two regimes vis-a-vis the control of civil society, the East German Communist Party (SED) was much more effective than the Nazis in eliminating non-Party organizations. The implication of this claim, if true, is that civil society emerged from the GDR experience in 1990 with much less of an organizational basis than after 1945.

While the periods of occupation and reunification thus provide "most different" cases rather than "most similar" ones, these German cases are extremely useful in untangling our thinking on institutional transfer. Not only do the collective outcomes cast doubt on widely held conventional wisdom about when and how foreign models influence other societies, but each period serves to dispel other common myths. The post-WWII period demonstrates that, despite major historical and cultural barriers, foreign-inspired institutional changes can be both positive and profound. These successes cast doubt on claims that foreign-inspired institutional changes rarely fit the borrowers' cultural traditions. Moreover, the problems of the reunification period show that the vector of institutional transformation is not simply the sum of the relevant actors' preferences because "pulling in" requires capacity as well as will. Foreign experience may indeed motivate a major shift in institutional function, but the successful execution of such a shift requires actors with power, information and legitimacy that do not simply fall out of the redesign process. Absent these capacities, institutional borrowing can be meaningless or even perverse.

The policy areas I use to illuminate the politics of institutional transfer are industrial relations and secondary education. I chose these case because they are at the intersection of normative struggles about democracy and the economy, yet they also provide broad variation on key dimensions. Industrial relations is organized along sectoral, regional and national lines, while education is the prerogative of state-level politics in the West German federal system. Further, each policy area provides examples of both success and failure in ways that specifically reflect differences in the central explanatory variables. In this way, factors idiosyncratic to the policy area can be minimized if never totally eliminated. The successful transfer of industrial relations institutions in the post-WWII era was marked by an active civil society and a flexible strategy. Since reunification, however, industrial relations institutions have been transferred to Eastern Germany with minimal flexibility and without the benefit of indigenous social powers; if current difficulties continue, the process will have failed. The transfer of American educational
institutions to West Germany after WWII did fail because an inflexible strategy left the military government unable to mobilize the support of a social coalition demonstrably friendly to most of the occupation force's aims. Educational institutions in Eastern Germany -- secondary schools plus the dual system of vocational training -- are still in flux; the case is mid-range in terms of flexibility but as civil society was very weak, the outcomes remain open, though as yet, far from promising.

I define institutions as social relationships defined by public rules that have the status of law. Insisting upon the legal basis clearly narrows the scope of the study by excluding many things that might under other definitions be considered institutions, but the definition encompasses very important civil and public structures of interest to both policymakers and social scientists. Thus, in the case of industrial relations, I investigate both the legal structures which establish trade unions and employer associations as civil actors and also the complex of public rules -- such as codetermination -- which regulate the economy.

I define institutional transfer through three necessary conditions: first, an explicit reference to a foreign model by sovereign policymakers; second, an attempt on the part of those policymakers to identify the model foreign institution's precise mechanism, such as its legal framework, but also the social and political constituencies that implement the institution's functions; and, finally, an attempt to extend the jurisdiction of the original model institution, build a replica from scratch or remodel indigenous public or private institutions to fit the model. I define success primarily on the basis of criteria of those actors advocating the transfer. When have their efforts met their goals? A success occurs when the transferred institution acquires a legal framework, when it fulfills a functional role in the new society which is consistent with the most of the claims made for it during the decision to import it, and when it is reproduced over time (though presumably not without some subsequent changes). Yet beyond merely asking whether the institutional change meets the criteria of policymakers, we want also to ask broader questions about the effect of the
process on institutional design and institutional outcomes. The rest of this introduction lays out in some detail the argument to be developed in the subsequent chapters. Each section both clarifies the way the case is used to illuminate the politics of imitation and also explains how each case contributes to the overall argument.

TOWARD A THEORY OF INSTITUTIONAL TRANSFER

Chapter two has two basic parts. First, I review and synthesize three relevant literatures which have, nevertheless, obscured institutional transfer as an object of study; second, I develop the concept of institutional transfer as an increasingly important but neglected subset of broader processes of cross societal imitation. In doing so, I bound the study by noting some issues tangential to and therefore outside the present inquiry, although they do form part of an extended research agenda.

Scholars often mention the phenomenon whereby one nation's institutional models affect institutional design in another nation, but they have rarely studied this process directly or in detail. My most general claim in this first section is that previous literature usually conceives of institution building, and of institutional change more generally, in ways that obscure the process of institutional transfer. As a result, the importance of institutional transfer as a source of institutional dynamism has been underappreciated. But institutional transfer has not been completely blended out. Oddly enough, work from a wide variety of theoretical backgrounds has acknowledged the phenomenon, often without quite knowing what to call it and usually without much real effort to unravel how the process might work. First, there is a large literature on the purported "convergence" of previously diverse national systems around a set of institutional solutions to the common problems of modern society. Whether in their industrial or post-industrial variants, convergence explanations have little need for the heuristic of institutional

Wade Jacoby, MIT Department of Political Science Dissertation
transfer. If structural conditions are driving similar changes in diverse societies, then the process of institutional transfer would be, at most, a kind of epiphenomenal mechanism by which a homogenization process that is bound to happen anyway is actually completed.

A second literature concerns the "diffusion" of institutional innovation. This approach arose in the late 1960's partly in reaction to the logic of convergence arguments in which structures independently cause similar institutional changes across widely different background conditions. Rather than assuming such a homogenization process, the diffusion approach focused inquiry on where and when institutional innovations appeared and, especially, to where they spread. Many of the problems discovered cast doubts upon the convergence hypothesis, but quite often these large-n diffusion studies failed to investigate the actual mechanisms by which institutional innovations spread and almost never investigated the efficacy of the new institutions. Although the diffusion approach produced insights into the patterns of the spread of similar institutional designs across geographical or cultural regions, the dependent variable was the timing of adoption of the institutional design and not the broader issues of concern here: institutional performance and persistence.

The approaches that have come closest to the area of inquiry I focus on are those of policy learning and policy borrowing. In briefest form, the policy learning approach suggests that the iterative experiences of policymakers can lead to improvements in policy design. Building on this concept, an interesting literature on policy borrowing has emerged which has tracked the attempts of state officials to imitate foreign policies. While my broad definition of institutional transfer encompasses cases of policy borrowing, I raise certain objections to this research agenda as now constituted. With few exceptions, this approach has focused attention on the decision to actually borrow a foreign developed policy. It says little about the problems of implementing that policy and, more importantly, of linking policy innovation to broader changes in the capacity of the state or of civil society. Finally, it is overly state-centric to the extent that the constitution of the social
actors that make many institutions function is assumed to be unproblematic or simply prior to the analysis of "policy."

As the title of chapter two suggests, I am working toward developing a general theoretical explanation of institutional transfer. The second part of this chapter suggests how much of this ambition is actually realized in this book. A complete explanation would, in stylized form, need to explain the variety of motivations for transfer and the modes of transfer, and to specify the conditions under which those attempts tend to succeed and fail. This book cannot accomplish all these tasks. Rather than presuming that institutional transfer is an important phenomenon, I take the time to show that it is by developing in detail a number of cases in which the project has been undertaken with more and less success. In conducting this research, I necessarily touch on the different motivations and on a number of different modes of transfer used both by the occupation forces and the sovereign governments of West (and, until October 1990, East) Germany; but my discussion links these motivations and modes to certain social and state actors without generally attempting to explain them as outcomes of prior factors. My justification for this is simply that the effects of what these actors have sought to build and how they tried to build it is more important than the causes of their strategies.

Building on insights from previous literatures and the working hypotheses of the book, the final piece of chapter two then develops my own explanation. I reject the notion that a nation's institutional complex so reflects the deeper logic of its culture as to be impervious to the example of foreign models. I find equally implausible the idea that institutions are so superficial that almost any change can be implemented almost anywhere as long as it brings prosperity in its wake. Just because institutional transfer is sometimes more show than substance should not obscure the reality that it can be a mechanism for the most profound of changes. In times of uncertainty and stagnation, the apparent success of a foreign institution clearly can motivate policymakers to attempt to duplicate that institution in their own country.
Broadly informed by the historical institutionalist attempt to build explanatory models that incorporate both private and state actors, my core claims are that the key to successful transfer lies in the combination of an organized society and flexible strategy. Without a minimal prior organization of civil society, institutions that presume the exercise of real power lack the means to produce the outcomes for which they had become celebrated. The establishment of such a power basis may take the form of "alliances" between policymakers importing the institutional design and specific organized groups. On the other hand, there may be substantial disagreements between these parties, as indeed was the case during the American occupation. Such a clash of visions about institutional design can lead not only to innovative hybrid forms but can also endow these compromise institutions with a capacity for further change. The flexibility sown in the transfer process can be reaped later because the institutions that result are not only adapted to local socio-economic conditions and ideas about justice and fairness, but they also have the capacity to change as those conditions and ideas evolve.

**POST-WWII INDUSTRIAL RELATIONS: TAKING POLITICS OUT OF THE POSTWAR ECONOMY?**

The first empirical chapter describes the largely successful use of Anglo-American models of industrial relations in post-WWII Germany. Roughly speaking, the Nazis had forced the fragmented and stalemates Weimar industrial relations system into an authoritarian corporatism in which the single fascist labor organization was subordinated to business while business was subordinated to the Nazi Party. After the war, German labor was divided on issues of institutional design, but a strong majority clearly favored some form of centralized "unitary" union which could participate in corporatist councils of economic democracy. Postwar business and employer associations opposed the extended political agenda of the unions and sought to retain their self-
regulation and cartels. Under the allies, however, unions were separated from party affiliations, limited to collective bargaining roles and organizationally decentralized along industrial lines. Employer and business associations, which welcomed the allies' restrictions on labor's political ambitions, fought restrictions on their own political functions but ultimately came to accept allied promptings to build more cooperative and less confrontational labor relations. In all of these areas, the allies used a "functional equivalent" approach which allowed them to shift the balance of power within existing groups to the benefit of those whose institutional visions were most compatible with their own. In the face of a well organized civil society, this allied flexibility was crucial; indeed, in those areas of industrial relations reform where they tried to force their specific organizational forms (as opposed to the broader functions) on the Germans, the allies either had to back down (shop stewards) or had their work undone after they left (chambers of commerce).

I investigate the organizational forms and the functional tasks adopted by institutions representing the interests of labor and capital and show that the Americans and the British used institutional transfer to change fundamentally German industrial relations institutions from the Nazi era. To demonstrate that this institutional change was not driven only by the chastened and penitent Germans (and that it was not simply a return to the old Weimar system), I marshal evidence of the allies' role in institutional redesign, specifically with reference to models from the allies' own societies. Essentially, even as the New Deal lost momentum at home, it was being exported to both Europe and Japan in order to promote economic recovery, fight communism and save on occupation costs. But the "politics of productivity" that was promoted by the US and ultimately accepted by its British partners drew strict lines between economic actors and any political prerogatives or responsibilities. The central empirical task of this chapter is thus to establish the effect of this American and British insistence on separating political power and economic power had on the form and function of German industrial relations institutions. While the Americans generally led in restricting the political role of trade unions, the British were the most important
proponents of union decentralization; both occupation powers were committed to channeling union activity toward collective bargaining and away from efforts toward economic democracy.

The architects of allied industrial relations reform saw their work as among the most far-reaching and enduringly successful changes of the entire occupation. But these reforms were intensely contested. Both the unions and the business and employers' associations complained bitterly that their own organizational progress was being impeded because the occupation forces favored the interests of the other class. Each was right about its own experience but wrong in its interpretation of allied policy. In reality, because the Americans and the British were committed to models of decentralized industrial relations, they placed restrictions on both kinds of organizations that, while allowing them to retain some of their familiar organizational forms, channeled them into different functions that reflected Anglo-American understandings of democracy and capitalism. I call this the "functional equivalent" approach (as opposed to the "exact transfer" approach taken by the West Germans during reunification).

A key theoretical claim I advance is that a creative synthesis arose from the interplay of the allies' functional equivalent approach to replicating the rough structures of liberal capitalism and the Germans' more corporatist traditions. The institutions that resulted, while certainly not mirroring the American or British industrial relations systems, were shaped in crucial ways by those models. The restrictions imposed by the allies on German plans to reconstitute a variant of Weimar-style corporatism helped lead to a substantially new system of economic regulation in Germany. The central features of this system were three: private collective bargaining instead of corporatist economic democracy, decentralized industrial unionism instead of a centralized union movement, and voluntaristic membership in private business associations instead of compulsory membership in quasi-public ones. By the time a federal German state regained sovereignty in 1949, German capitalists had also regained much of their credibility. As a result, their willingness to expand labor's participation rights in economic regulation quickly ended, and the "economic
"miracle" legitimated the basic contours of liberal economic regulation even while prosperity allowed the unions to continue to win some gains in specific areas such as codetermination. The moment of real openness was over by the end of military occupation in 1949, and thereafter incremental changes had to take place against principles anchored in statute and constitution.

Labor unions were limited to economic functions -- primarily collective bargaining -- and restricted in their participation in politics. Where German unions wanted "economic democracy" through corporatist councils, the allies centered democratic control in parliament -- and promoted the early return of political parties. The chapter deals with labor's reaction to these restrictions as they tried to shift the locus of political control from *policy making* through "economic councils" to the *firm* through "codetermination." Again, the US sought to limit this possibility and vetoed state constitutional provisions calling for it. The British, however, were more inclined to accept some forms of codetermination. In addition, the employers in the large coal and steel firms, faced with the threat of allied dismantling, saw the possibility of protecting their companies by bringing labor into positions of responsibility in the firm. The model of codetermination that resulted did not, however, take root in the coal and steel firms of the US zone. The codetermination case is thus instructive of the way in which different strategies of institution building can lead to different outcomes, even under similar socio-economic conditions. Finally, the US also restricted and weakened the non-union works councils. And while the US and Great Britain initially used the traditional works councils to blunt the more radical unionists' claims to lead German labor, the allies really had no place for works councils in their models of industrial relations. In fact, the US tried briefly to establish a system of shop stewards, but German resistance and the fear that the strong works councils in the Soviet zone would dominate supra-zonal works council organs in the presumably soon-to-be-reunified Germany led the US to a grudging acceptance of works councils in their zone. By the early 1950's, these attenuated works councils became the basis for an ultimately new and productive division of labor within industrial unions, a result utterly unforeseen by the occupation powers.
Chapter three then moves from labor organizations to those of capital: business and employer associations and chambers of commerce and industry. This complex of institutions is important to the argument because here the allies confronted a set of institutions almost completely alien to their understanding of the proper organization of business interests. The allies' fundamental demands were that public functions not be delegated to business organizations and that the organizations ensure "vocational freedom" of the individual. In practice, this meant that these organizations gave up the licensing of firms and become strictly voluntary membership organizations and not compulsory quasi-public institutions. In the cases of business and employers' associations, the allies' general effort to move industrial relations out of the political arena meant they could rely on restricting the associations to lobbying and wage bargaining functions, respectively. The key struggles here were over the timing and level at which the allies would reauthorize the reconstitution of these associations and over the way in which the allies sought to use the associations to teach managers how to be more productivity oriented and less authoritarian. In the case of the chambers of commerce, however, the American insistence that they relinquish all public functions, especially in the allocation of labor and raw materials, cut to the heart of the chambers' self understanding. In the struggle that ensued, American zone chambers were forced, through a substantial expenditure of the occupation force's power resources, to officially jettison these functions. In the British and French zones, however, the more traditional structure and functions of the chambers remained intact, and, after the occupation ended, the American zone innovation was rescinded by the Bundestag. The Chamber of Commerce case is an example of a failed transfer of institutions, and this failure is attributable to the Americans' conscious and sustained inflexibility on key issues of organizational function. In sum then, the employer organizations maintained traditional structures, but some did become conduits for American ideas about industrial organization, ideas which helped lead to important changes in the German economy.
The second empirical chapter details the unsuccessful allied attempts to reform the German system of secondary education in ways that would promote democracy and make class boundaries more permeable. While the British began with objectives similar to those of the Americans, by the beginning of 1947, they had largely turned control over education back to the Germans. The Americans, on the other hand, chose this moment as the time to launch a "school reform" program modeled on the US high school. That effort is the focus of this chapter. The traditional German distinction between academic and vocational tracks, which the Nazis had maintained, was to be done away with and replaced with a common school attended by children of all classes and educational ambitions. The Americans believed with "Dewey-eyed optimism" that common schooling (along with changes in curricula) would bolster US efforts to promote democracy in Germany. The US efforts to secure institutional change were directed at the state governments, which were responsible for education law. The American approach was rejected outright in some of these states, notably in Bavaria, while in others it was tried but failed. In spite of positive changes elsewhere in German education, the Americans judged their central institutional effort as an abject failure because the Germans clung to their "undemocratic" and "pre-industrial" two track secondary school system. As in the case of chambers of commerce, the education case demonstrates that the functional equivalent approach did not always produce success. The Americans were right to see segmentation as a central feature of the German education system, but these officials both downplayed the other strengths of that system and misplayed their chance to change it.

Why did the school reform fail to gain wider acceptance, and, where it was attempted, why did it fail? Essentially, American education reformers in the military government shunned a coalition with receptive members of German society. The Americans failed to recruit the working class,
that substantial element of civil society which was committed to a more democratic education system and had long been inclined towards many of the specific measures advocated by the Americans. A major reason for this lack of common cause lay, once again, in the ideology of apoliticism held by the American reformers. Since the Progressive era, the ideology, if not always the reality, of American education had been that "professionalized" schools were ones insulated from popular political pressures by independent boards. By the 1920's the American working class had largely been removed from positions of influence in US schools. In postwar Germany, rather than trying to mobilize popular opposition to traditional schools, the Americans merely leaned on German elites to reform a system that these insiders saw no need to change. In the end, however, the American occupation forces refused to force these changes on the Germans over the objections of democratically elected state governments. By 1949, the effort for school reform was abandoned, and occupation education policy shifted to focus on educational exchange programs.

This case does show how even an unsuccessful attempt at institutional transfer can have lingering effects. On one hand, the exchange programs undoubtedly helped expose many thousands of pupils, educators and state officials to other educational systems. Not all these visitors returned as enthusiasts for doing away with the track-based system of education, but on balance, they certainly strengthened calls for pulling in educational innovations, large and small, from abroad. On the other hand, the failed American program for school reform actually set back reform in those places where there was a long working class tradition of efforts to democratize education. In these places -- social democratic strongholds like Hesse and Bremen -- the US project had come closest to succeeding. But the disastrous allied policy helped discredit school reform and tarred even latent allies with the same brush of failure. The effort for common schooling literally disappeared from the political agenda for almost a decade. And when it reemerged in the 1960's, Hesse and Bremen looked more to other European models of common schooling rather than risk public charges of a discredited "Americanization" of schools.
INDUSTRIAL RELATIONS IN EASTERN GERMANY: THE POLITICS OF IMITATION

This chapter covers the reconstitution of industrial relations actors (unions, works councils and business and employer associations) and their institutionalized functions (especially regional collective bargaining, firm-level codetermination and their role in industrial policy) in post-communist Eastern Germany. Where the immediate post-WWII period was marked by the gradual and contested definition of these actors and their functions, the aftermath of reunification was supposed to bring the "exact transfer" of West German industrial relations institutions to Eastern Germany. The key theme of the chapter is the limitations of exact transfer. The GDR system of industrial ministries and Party-dominated unions was replaced by the extension of West German labor law to Eastern Germany and the territorial expansion of established West German-based interest groups and peak organizations. I show that virtually all these institutions have failed to function in Eastern Germany in the ways policymakers and even the actors themselves predicted. More importantly, these institutions have found it difficult to adapt themselves in ways that would increase their effectiveness. This stagnation is due in part to the dogma of reunification, that East Germany must come to look precisely like West Germany, but it is also due to the specific ways that the exact transfer mechanism left East Germans with no solid institutional basis from which to formulate and articulate a set of alternatives. The unions struggle to cope with the effects of massive unemployment on their membership and bargaining power. For managers, any transaction cost advantages provided by the West German wage bargaining model were widely seen as being outweighed in the Eastern German context by the advantages of defection from the employer organizations. In the ensuing scramble, East German interests, whether inside the unions or the employer association, have only been promoted when they coincided with West German ones and when the state paid the costs of adjustment.
This chapter develops these arguments in several steps. I begin with the link between economic regulation and firms. The major barrier to the reproduction of the German industrial relations system in Eastern Germany lies in the exposure of a post-socialist economy to an industrial relations system oriented toward coping with global economic changes. Essentially, the German industrial relations model forces firms toward competitiveness or bankruptcy. It does so by setting high minimum standards for wages and benefits in each region and industry. These standards are negotiated by the unions and employer organizations. Firms that cannot pay these labor costs generally fail. Such a system imposes fairly tough discipline on even quite competitive firms, and with firms as weak as those in Eastern Germany the results were widespread bankruptcy. The massive job losses substantially weakened the bargaining position of labor and have left unions fearful that they will be too weak to negotiate and enforce meaningful minimum standards.

From employment promotion to active labor market policies and innovative efforts for industrial and regional policies, the unions in Eastern Germany have tried a range of programmatic responses. Unions have also stepped up their political activities, including, in some cases, challenging their traditional allies in the SPD during municipal elections. In this context, however, familiar institutions act in unfamiliar ways. For example, the works councils located in individual firms have, as a consequence of very loose labor markets, essentially lost their intermediation function between the interests of their particular firms and those more general working class interests represented by the unions. This capacity lay at the heart of the system's much vaunted flexibility and with this loss, tensions between unions and works councils have grown enormously. The institutions of capital are also struggling to adjust to the conditions just described. Recall that one legacy of the allied occupation was the voluntary status of employer associations. The primary incentive for businesses to join such groups has been that firms outside the association had to negotiate firm-based wage contracts with the unions. The unappealing prospect of facing the unions without the collective power of the region-based industrial employer
association had been sufficient to keep upwards of 90% of German firms in the associations. Absent the threat of strong unions, however, employers are staying away from the associations in droves and are able to pay wages well below the collectively bargained rates. The previously unknown characteristics of German industrial relations in a situation of high unemployment thus pose the first challenge to the exact transfer approach.

The second fundamental dilemma growing from the exact transfer approach is that East Germans were recruited to join interest groups whose structure, goals and leadership were determined in the West. Thus, if the legal institutions transferred to Eastern Germany were remarkably destructive of that economic order, the social institutions that speak for East Germans have not been particularly responsive in generating alternative solutions. The unions, as I discuss at length, represent only a partial exception to this trend. They are convinced of the need to repoliticize East Germans in order to defend existing jobs, but they are uncertain how to proceed. Of the three core interests of their members (better compensation, better work conditions and having a job in the first place), only the former two are the subject of well-institutionalized negotiations. Thus, to be clear, my argument is not that the West Germans have "colonized" East Germany and thus muzzled a "revolutionary" civil society. Without the union efforts, however uncertain, many East Germans would likely have been much more passive than they have been; certainly, the strike in 1993 was organized primarily by imported Westemer unionists. My argument is precisely that under the current system, it has been quite unclear to East Germans when, where or how they should take an active role on their own behalf. The great appeal of the "German model" at the time of reunification was the apparent certainty it offered in a time of great ambiguity. The current dilemma is precisely that the particular German language of institutional adoption provided precious little legitimacy for insititional adaptation.

These findings help us understand the ongoing crisis in German industrial relations and suggests that the kind of incremental, negotiated innovation now being attempted, and for which Germany
has become celebrated, offers no convincing way out of the current dilemmas. Economic recovery may lessen the current angst, but it will not re-equilibrate a system strained on as many fronts as the German one. And if incrementalism will not work, it is also an open question as to whether the more general model of negotiated change will be able to master the dilemmas of economic reform in united Germany. The clear implication and preliminary evidence is that the state role in industrial relations may expand dramatically as a result of the inability of social partners to reestablish workable parameters for bargaining. While exact transfer has thus far not generated the conditions for sustained economic activity in Eastern Germany beyond construction and retail sales, the tremendous fiscal burden of cushioning the blows of deindustrialization now hobbles the prospects for further innovation.

**EDUCATION IN EASTERN GERMANY: DOES BORROWING 'DULL THE EDGE OF HUSBANDRY'?**

Ironically, the GDR education system had done away with the early sorting of children into academic and vocational tracks against which the Americans struggled so unsuccessfully in postwar Germany. But like everything else in West Germany, the education system appeared to most East Germans in 1990 as a desirable model for adoption. A great many East Germans have since changed their minds. Unlike in many other policy areas, however, the need for instantaneous "big bang" changes seemed less pressing, and while exact transfer was planned, it was intended to take place slowly. Now, the reconciliation of the two systems planned for 1996 has been put off until at least the year 2000. This decision essentially ratifies a de facto development in which numerous instances of exact transfer notwithstanding, many East German states are encountering widespread dissatisfaction with the West German education model they are introducing. And despite deep West German ambivalence over common schools, some Eastern German states are now reconsidering the initial plans to scrap entirely their old
institutional structures. Some initially discredited institutions are enjoying something of a renaissance and are being reintroduced.

The key theme of this chapter is that institutional innovation can occur under the cover of the exact transfer process. Education as a policy area is less subject (though far from immune) to the kind of clash of interests between West and East Germans that have hindered efforts at institutional innovation in industrial relations. Since Germany's federal education structure provides for a system of mutual recognition of state-granted credentials and does not require institutional harmonization, it gives more scope for institutional innovation than is present in many policy areas (although, no more than is available in industrial relations). I recount how this scope was initially largely ignored as state-level partnerships established educational institutions and curricula that foresaw a fairly detailed replication of the West German system in Eastern Germany. But I also chronicle the increasing readiness of education officials in other states to experiment with hybrid GDR and FRG institutional solutions as the difficulties of reunification have persisted.

Given the more gradual approach to reform and the notorious difficulty of quickly evaluating educational reforms, judgments about success and failure would be, in this case, premature. Instead, the final section of this chapter draws a contrast between the prime motive for education reforms in the immediate post-WWII period -- democratization -- and the ongoing concerns about education reform in Eastern Germany, which emphasize training for future employment. In a sense the distinction is artificial, since OMGUS authorities voiced great concerns about the effects of educational policies on labor markets, while concerns about youth radicalism and anomie in Eastern Germany have been addressed through many educational initiatives. I develop the distinction, however, in order to highlight the potential for innovation in vocational education. I show the magnitude of the current problems in training students for jobs that do not exist. The situation is far from hopeless. Indeed, capacity for experimentation is built into the West German
system, with its hundreds of pilot programs and elaborate evaluation mechanisms. If there is any policy area where experimentation might allow the adaptation to new conditions of transferred West German or surviving GDR institutions, it ought to be in secondary education. Nevertheless, there are shortcomings in civil society that are derailing efforts either to faithfully replicate the old system or to create something fundamentally new. Case studies of Chemnitz and Leipzig show the relevance and limits of civic involvement in the implementation of state policies. The story, in short, is one of potential flexibility without, as yet, an engaged civil society.

THEORETICAL PROPOSITIONS, LESSONS FOR TECHNOCRATS
AND A RESEARCH AGENDA

The substantial differences in the mode of institutional transfer between the occupation and reunification periods emerges as a key finding. The allied occupation took a flexible approach to organizational design -- in part as a response to German resistance to allied proposals but also because the allies knew they needed German actors to sustain institutional change after the occupation ended. Conversely, reunification has proceeded rigidly, and some West German institutions are actually magnifying problems that they are unable to solve. The vaunted flexibility of the German model now appears fragile in the absence of powerful actors who can articulate some alternatives in the East. Institutions that matter, it turns out, are built upon actors that matter.

This lesson is reinforced by developments within periods as well as between them. When the occupation forces ignored the agenda of German social groups, they often found their initiatives repelled or their changes reversed. At the level of social and economic institutions, force could be used to restrict but not to compel. More speculatively, while the complicated institutional blueprint given the East Germans has almost nowhere functioned as imagined in 1990, politicized
East Germans find innovation much easier in educational institutions controlled by their own state governments than in industrial relations institutions dominated by long-established West German actors facing their own set of pressing concerns in a now-threatening global economy.

The book establishes that institutional transfer is often attempted but is only sometimes successful. These findings from the German cases are relevant to other policymakers' efforts to transfer institutions. Proposals for policy innovation should focus explicitly on institutional functions instead of, as is more often the case, on institutional forms. Also, as we shall see, institutional design extends beyond formal laws to include the very constitution of relevant actors that work within the institutional domain. The importance of finding an established group to exercise power on behalf of the institutional function is also developed, as is the need for the appeals to such potential "sponsors" to be both material and ideological. The book also explores the complicated ways in which the legitimacy of foreign-inspired institutions affects their acceptance in a new setting: the advantages of offering solutions that are simultaneously new and yet apparently proven (through success in the original country) must be seen in light of the disadvantages that can result from the taint of "foreignness."

Institutional transfer also generates a certain kind of politics. Institutions embody but can also obscure fundamental choices about democratic and economic organization. Specific institutional designs often reflect and reinforce certain political values over other values. This feature of institutions stands out during the process of transfer because the attempt to conduct such a transfer is usually motivated more by reference to desired outcomes than to unnoticed assumptions. Here is where politics reemerges. Institutional transfer is almost always accompanied by an initial "politics of symbolism" in which, during difficult and uncertain times, foreign institutions are simultaneously lionized and demonized by competing groups. Once the attempt at institutional transfer begins, this politics is superseded by a politics of resistance but also of experimentation/adaptation, each of which can provide incentives for political mobilization. In
essence, once it becomes clear that institutional design alone can rarely guarantee the desired outcomes, indigenous political actors begin attempting to reshape those institutions to fit their view of the circumstances at hand. Institution building is thus concerned with more than ensuring efficient outcomes by following a blueprint; it involves accommodating those institutions to existing concentrations of power and to ideas about the legitimate organization of government, economy and society. Resistance to institutional transfer comes not only from groups whose material interests may be compromised but also from those whose notions of justice are violated by what, in another society, appears as an effective and even "natural" institutional solution.

The questions pursued in this book raise others that form part of a broader research agenda. Three dimensions of the issue of timing in the process of institutional transfer are particularly important. First, I hope to expand on the heuristic of "moments of openness" (such as the one I argue was available to German labor before the onset of the Cold War). One powerful feature of institutional models is their capacity to suggest ready-made solutions in times of great uncertainty. How, precisely, are these models recognized and used by certain actors to change institutional landscapes and/or increase their own power or stature? Second, how does the stock of a particular foreign model rise and fall over time? Those who insist that what I call "exact transfer" was the only possible mechanism Germany could have chosen for reunification ought at least to imagine what would have been attempted had the GDR collapsed not in 1989, when West Germany was riding high, but in 1979, with the FRG reeling from the second oil shock and deeply ambivalent about its economic "model," or in 1969, with wildcat strikes, students in the streets and the German "educational disaster" coming to light. That is, what is the effect of changing assessments of the model's performance on the project of institutional transfer? Third, I suspect that as the density of public and private institutional networks grows over time, institutional transfer, as indeed policy change more generally, becomes relatively more difficult and complicated. While information on foreign models is more plentiful, their very complexity increasingly magnifies the challenge. Thus, the widespread institutional borrowing that is
occurring not only in Eastern Europe but also in the developing world (where, to take but one example, Mexico is trying to transfer US anti-trust and intellectual property laws in the wake of NAFTA) may be occurring at a time when such an endeavor is becoming more and more difficult.

The other major part of a future research agenda involves expanding the universe of cases. The most interesting set of cases for me remain those of the new democracies of Eastern Europe. Especially in cases where the outcomes of institutional transfer remain much in doubt, my research will focus much more on alternative motivations for and mechanisms of institutional transfer than on the issue of "success" per se. Because of their counterintuitive outcomes, the German cases I investigate in my book are crucial for demonstrating convincingly that much more than simple power calculations or cultural and organizational logics drive the variation in experiences with institutional transfer; these other cases will shed much more light on when institutional transfer is tried and how it is conducted.

RESEARCH SOURCES AND EVIDENCE

The book relies on a combination of American, British and German archives, interviews and secondary literature. The empirical basis for chapter three began with the OMGUS files at the National Archives in Suitland, Maryland. For the British occupation, primary source materials have come from document compilations and from inter-zonal communications appearing in OMGUS files. German documentary sources are primarily from published sources. This material is supplemented by an extensive German secondary literature that, while it has often been written without access to US sources, thoroughly covers German ideas about institutional design. Finally, I have conducted interviews with members of the US occupation forces who had responsibility for industrial relations issues. The material on education reforms in chapter four is drawn primarily from the National Archives, published German documentary compilations and from English and
German secondary sources. OMGUS and its successor organization, the US High Commission on Germany, both sponsored a "visiting expert series" in which American specialists assessed German institutional developments, often explicitly using American institutions as the standard of measurement. Several of these documents concerned education reforms, and I use them extensively.

Evidence for the fifth chapter is based primarily on fifty interviews conducted with representatives of unions, employers' and business associations, chambers of commerce and relevant state and federal ministries from 1990-1994. I primarily interviewed representatives in Eastern Germany, although these points of view were supplemented with interviews at the respective organization headquarters in Western Germany. Additional data comes from a rapidly growing literature on German reunification. Evidence for the sixth chapter comes from detailed data on East German attitudes toward the West German education system gathered by the Institute for School Development Research, and from data from two German government agencies: the Institute for Labor Market and Vocational Training (IAB) and the Federal Institute for Vocational Training (BiBB). Additionally, I interviewed officials in the East German state-level Ministries of Culture and conducted thirty additional interviews with local education officials and private vocational training institutes.
CHAPTER TWO
TOWARD A THEORY OF INSTITUTIONAL TRANSFER

INTRODUCTION

Humans often learn by watching others, but this basic observation has proven quite resistant to analysis. As the core difficulty, processes of learning by watching others are so diverse that they defy a common analytical conception. After all, the content of learning can be programmatic attempts to follow some leader or to avoid mistakes by taking a different path. Additionally, learning by watching can occur at a bewildering array of level, from individual through societal. Also, actors' perception may be so tied up with their interests that it proves impossible to separate cognitive from material processes.

This book concerns the more tractable question of imitation, specifically how policymakers imitate foreign institutions. Some basic research choices -- which concern the issues of indeterminacy, scope and parsability just mentioned -- make such imitation researchable. First, this study considers attempts to follow models deemed positive and thus is limited to cases of imitation. Issues of "negative lessons" arise in the study only as they connect to searches for "positive lessons." Second, the study is of institutional transfer. This means the object of imitation lies "higher" than technique or technology but "lower" than systemic transformation as is now occurring in Eastern Europe. In other words, the object of transfer is the social artifact and not the society itself. Thus, I investigate "reunification" not as one case of institutional transfer but as many. Finally, because both ideas and interests are important to my explanation, I use detailed historical case studies to distinguish the two as far as possible.
A general theory of imitation is both desirable and distant. Social scientists have often shown how, given common external factors, institutions can shape different political and economic outcomes. Yet this obsession with institutions has generated little value for policymakers to whom the research may suggest that they try to initiate the most effective institutions. Once persuaded that "institutions matter," policymakers may have strong incentives to pursue potential improvements. Of course, they need not rely only on scholars to learn about prevailing best practices. Today, from the business press to policy networks, news of "success" travels fast.

In addition to lines of communication, the scope for imitation has also increased in many regions. With the "wave" of global democratization many new regimes are seeking institutional solutions to vexing political, social and economic problems. Imitation processes are probably strongest in Eastern Europe and East Asia, where Western Europe and Japan function as constant examples. For the most part, Eastern European and East Asian policymakers see these examples as positive. In Latin America, the motives for institutional change may be less admiration of others than reaction to requirements of international lenders such as the IMF or World Bank. On the other hand, given the specter of Islamic fundamentalism, imitation may actually be declining in predominantly Muslim countries as it is currently safer, especially for secular governments, to look for ideas for institutional change in one's own past, rather than among non-Muslim societies.

But if communication and democratization have opened the door for imitation, it is unlikely that competitive pressures alone are pushing anyone through it. First, many institutions are insulated from economic competition by their apparently non-economic functions. Second, the much-heralded globalization of markets -- usually taken to mean the integration of trade and financial markets -- is as yet far from complete, leaving much of the economy unexposed to the whims of transnational investors. Third, those competitive pressures that doubtless exist may reveal a
weakness yet still provide no clues as to promising remedies. Fourth, even if competitive pressure is intense, policymakers can still seek to limit and counteract it, creating room for political choice.¹

Against this uncertain backdrop, what would a plausible theory of imitation look like? Put bluntly, it should be less universal than Gabriel Tarde's search for the "laws of society"² but also less contingent than mere historicism, less hydraulic than convergence, more overtly political than diffusion. What makes the quest for such a theory plausible is, first, the evidence that such processes are indeed ubiquitous: from technology transfer to state building, those in power consider limited numbers of ideas, are often uncertain about how to proceed and reflect on organizational change based on the experience of others.

Second, one glimpses common findings from those who have studied imitation. As the most important common claim, imitative processes are almost always connected with the need to adapt the model to local conditions. The attempt to unpack this process lies at the heart of this study, for what do we mean by adaptation? Who conducts it, why, and how? To foreshadow my thesis, institutional transfer results in enduring institutional change as a result of two factors. First, the possibility of adaptation must be built into the legal-administrative transfer process. Second, existing social groups, motivated by ideology or material gain, must sponsor the new institution. In exchange for the (often incomplete) incorporation of their aims, these groups provide the institution with information gathering capacity, political legitimacy, material resources or social sanctions.

When institutional transfer succeeds, it does so, I argue, on the basis of strong domestic support. One might object that with domestic support so crucial, the foreign model is less relevant. But

foreign models can matter in several ways. They are hard evidence that certain arrangements are even possible. The knowledge that an arrangement exists can spur policymakers because they need not fear "wasting their time" pursuing the impossible. Moreover, broader studies of the policy process emphasize the importance of early conceptions, so the foreign model that shows policymakers a possible institutional deficiency serves implicitly as a positive suggestion for reform. Also, the apparent success of foreign models can sometimes bestow the legitimacy of "best practice" on those imitating them. They can even be useful in acquiring material help since potential aid donors, for example, might balk for fear that without institutional change aid would be wasted.

On the other hand, one might see as tautological the claim that institutional transfer works best when sponsored by existing social actors. But as will be clear in the cases, an organized civil society far from guarantees success. There are potential opponents as well as potential allies inside organized societies. Thus, while this cause is fairly proximate, proximity seems necessary to develop a mid-range theory that can explain institutional transformation with reference to foreign models without falling back on the social theory of convergence or sharing the curious neglect of imitation in contemporary comparative politics.

Clearly, institutional transfer requires neither slavish adherence to foreign models nor the claim that institutional change emanates exclusively from foreign factors. Adaptation can go hand in hand with adoption while outsider-insider coalitions can boost the chances of success. A concept of institutional transfer that admitted only slavish reproduction driven entirely by outside forces would generate a small or empty universe of cases.

But if the possibility of innovation, adaptation and tacit or explicit foreign-domestic alliances is allowed, we need a sense of the boundaries of the concept of institutional transfer; broadening the concept is no help if we swamp it. Later in the chapter I locate institutional transfer within

Wade Jacoby, MIT Department of Political Science Dissertation
larger processes of imitation. For now, two modalities of institutional transfer mark its rough boundaries while foreshadowing my empirical findings. The easy pole to describe is that of exact transfer, my name for the strategy for transferring West German institutions to Eastern Germany since 1990. There were so few planned deviations from West German practices that one can speak, for comparative analysis, of an ideal-typical attempt at faithful reproduction. The exact transfer approach is "design oriented" in its focus on and commitment to replications institutional structures.

The second of these two modalities, the functional equivalent approach, is more "actor oriented" and less "design oriented". Policymakers using this approach, including those in the Anglo-American occupation, think first in terms of the functional tasks a foreign institution performs. They then try to find state and/or social actors in their own society who can perform this task, or some variant. This attempt generally involves shifting the self-understanding of the societal roles of established groups or political organizations and may also involve a radical increase in their authority or material benefits. Adaptations to functionally inspired institutional changes are a function of the imagination and capacity of the local actors. As with the exact transfer approach policymakers can use, the functional equivalent strategy at the level of constituting an actor, designing an institution or creating a policy. Neither strategy is suitable for creating democracy, capitalism or socialism, although democratization may involve many cases of institutional transfer.

In what follows, I embed the study of institution building through institutional transfer in a larger body of literatures concerning processes of imitation. I contend there have been three dominant traditions of approaching "imitative processes": convergence, diffusion and policy borrowing. The first two are significantly older and cross several disciplinary boundaries; the latter is a

---

3 The GDR government generally did not use this strategy between late 1989 and spring 1990 as it tried to stay in power. The reforming Communists and even the Round Table activists may have felt exact transfer would undercut their efforts for an independent "third way".

Wade Jacoby, MIT Department of Political Science Dissertation
relatively recent addition to political science literature. In the first part of this chapter, I argue that all three approaches have offered important insights about processes of institutional and indeed societal change, although there has been little effort to integrate their various insights. I then attempt such a synthesis in order to pinpoint disagreements and unanswered questions. In the second part of the chapter, I develop the concept of institutional transfer as an increasingly important and neglected subset of the broader processes of imitation. For a variety of reasons, all three literatures have neglected this process.

**THREE ANALYTICAL ANTECEDENTS: CONVERGENCE, DIFFUSION AND POLICY BORROWING**

**THE CONVERGENCE THESIS AND THE OVERCORRECTION OF "COMPARATIVE POLITICAL ECONOMY"**

The convergence thesis was ambivalent about what I am labeling institutional transfer. On the one hand, the idea that previously divergent societies were developing toward a common endpoint implied that institutions everywhere would become more similar. Implicitly, transfer could have been one route to this outcome. On the other hand, the focus of the literature on culture instead of politics and on necessity instead of strategy obscured the central issues of institutional transfer. The "convergence thesis" grew out of the modernization literature of the 1950s and 1960s. While a few Marxists still talked of a special Asiatic mode of production, most of the "pluralist" literature on development implicitly or explicitly assumed that there was a common form toward which different societies were "developing," in the metaphor of the day. At times the purported model was the United States; at others it was a more vague "industrial society." In any case, functional challenges were identified which, if met, would foster healthier democracies, stronger economies or both, depending on the version. As an important tenet of modernization theory, values and attitudes had to change to allow the diffusion of superior technologies and more efficient organizations needed for development. Diffusion was seen as
voluntary and painless, and the literature initially called little attention to the possibility that an enormous amount of force was often required to modernize. Early modernization theory was particularly silent on the impact of colonization, on the barriers to modernization the "advanced" states left behind. Instead, the theory attributes resistance to modern institutions to the values and attitudes of pre-modern societies. This approach did not, however, generally focus on organized opposition to modernization because it saw resistance as a transitional phenomenon associated with the high costs of adjusting to necessary changes. The convergence thesis that grew out of modernization theory gave an even stronger incentive to ignore the mechanics of imitation because, in the broader argument, institutional change reflected deeper technological or market logics that could occur independently and thus did not require diffusion. But if the two logics differed, they were often used in tandem to predict modernization.

Ironically, for all the wide-eyed optimism usually imputed them, the few modernization theorists who actually wrote explicitly on institutional transfer were a pessimistic lot. The most important collection of statements, including essays by Daniel Lerner, William Hamilton and Burt Hoselitz, was entitled The Transfer of Institutions. Lerner immediately and revealingly took issue with the title because it implied that institutions could be conveyed "from one surface to another." Suggesting the term "communication of codes" as more appropriate, Lerner and his co-authors went on to list the ways premodern codes obstructed the development of attitudes necessary for modern institutions. They used an essentially behavioral definition of institutions and suggested that the practices and norms of premodern societies would block the introduction of institutions

---


5 One branch of the diffusion literature has also emphasized the possibility of "polynuclear" as well as "mononuclear" sources of political innovation. See Robert Eyestone, "Confusion, Diffusion, and Innovation," in American Political Science Review, 71, 1977, pp. 441-447. At its limit, this work on the "spread of necessity" is essentially a micro-level specification of the convergence hypothesis because it implies that the same innovations are bubbling up from many sources. But whatever the proper balance between commonalities and differences, for our purposes neither variant says much about the process of cross-societal imitation.


Wade Jacoby, MIT Department of Political Science Dissertation
whose functioning presupposed modern attitudes. For the authors of this volume, the agenda for the developing world was, to take an illustrative example, simply to raise literacy levels by whatever means and not to attempt ambitious reformulations of school structures based on Western models.

Over twenty years later, Lucian Pye, an important voice in the original development literature, offered a related view of institutional transfer. Pye’s spirited reformulation and defense of some of the basic tenets of the modernization approach includes the claim that Asia, which, he argues, the modernization paradigm fits much better than Africa or Latin America, is "modernizing but in ways that are different from the Western experience." ⁸ In this account, the prospects for what I call institutional transfer are, even within Asia, quite dim. Pye, who develops an argument about the differences between Asian and Western conceptions of power, argues that people in all societies develop distinctive, largely society-specific mechanisms for dealing with superiors -- behaviors that help them defend themselves or even manipulate the powerful. Foreign organizational patterns threaten to reshuffle these power relations and undercut these coping strategies, and thus they trigger "hostile reactions" from those who would have to adjust.⁹ The socially vulnerable are loathe to give up their “home court” advantage. Even disadvantageous arrangements may allow them room to manipulate the system or at least avoid being manipulated by it, but only if they know it well.

There is little doubt such psychological elements are embedded in larger patterns of cultural resistance. Pye argues that institutional transfer will founder on its presumption that the psychological and cultural routines that allow defense against the exercise of power can be replaced. The problem is that resistance is not the only possible response to foreign institutional designs. People savvy enough to have made the best of a bad situation often still imagine they

⁹ Pye, p. 25.
could do better in one less prejudicial to their interests. For example, Eleanor Westney's detailed study of Meiji Japan demonstrates that, in fact, the regime borrowed its model for the Tokyo police from Paris. One is hard pressed to find an institution in which the potential for complicated "superior-subordinate relations" is greater than that of the police, yet the differences in those assumptions built in to the Parisian system did not make it unusable for the Japanese. Further, while Meiji government originally adapted the Parisian model to their understanding of local conditions, subsequent changes were actually more, not less, along Parisian lines. In Eastern Germany today, as in Western Germany after 1945, deep cultural differences do reshape transferred institutions. But far from automatically blocking institutional transfer, the hope of change can also strongly promote it.

A large body of work has attacked the normative assumptions and empirical findings of modernization theory and, by extension, the mechanisms of its purported spread in both the diffusion and convergence variants. It is beyond my aim here to review that literature. I wish only to point out how the reaction to the normative aspects of the diffusion literature and the empirical objections to the convergence hypothesis help account for the curious contemporary neglect of processes of cross-societal imitation and emulation -- a trend I call the "overcorrection" of comparative political economy.  

As Peter Evans and John Stephens have persuasively argued, the "newer approaches to comparative political economy" since the mid 1970s are a productive synthesis of Weberian and Marxist traditions, with the comparative history of national cases as the dominant methodology. I employ their claim of a common theoretical approach to political and economic development only to illuminate a common blind spot. The central concern of the work Evans and Stephens describe is not with charting "progress along a presumed unilinear path of societal development

---

11 Fear not, I deal with the few exceptions below.
but rather with uncovering, interpreting, and trying to explain distinctive patterns of development." 12 Perhaps more than Evans and Stephens anticipated in 1988, a central preoccupation of this work has become the focus on how institutional differences can account for the variance scholars observe in the timing and qualitative features of political and economic development. 13 This focus on diversity can be seen as a corrective to a generation of work on the diffusion of the "one best system." But while many of these studies have derived their theoretical impetus from beating the truly dead horse of institutional convergence, they have collectively generated a methodology of comparative national cases designed to highlight institutional differences (and their effects). The other major reaction to the development literature, the work on "dependency," also focused its attention in the 1980s on demonstrating variability in development patterns and has moved away from an earlier claim that development into the capitalist system was utterly impossible. Both approaches have invested much effort in showing how different institutions relate to different outcomes. They are part of a broader social scientific trend toward a "new institutionalism," of which Hall and Taylor have identified coherent variants in four different fields. 14 With this focus on institutional differences, it is small wonder that a study of institutional transfer is a methodological outlier and will appear to some as downright normatively suspect.

THE DIFFUSION LITERATURES: APOLITICAL EMULATION?

Like transfer and borrowing, diffusion is a metaphor; in this case, reference is made to a physical process in which particles move from areas of in which they are highly concentrated to areas of

13 Indeed, Evans and Stephens suggested that the notion of "new institutionalism" failed to capture how much of the work they reviewed focused on social structures upon which institutions were built. But as Jonas Pentusson has shown, "institutional" variables soon crowded out a number of classic "economic" variables. See his "From Comparative Public Policy to Political Economy: Putting Political Institutions in their Place and Taking Interests Seriously," in Comparative Political Studies, 28 (1), 1995, pp. 117-147.
lower concentration. Interest in the spread of human invention among and between various communities has roots in varied social scientific disciplines, including sociology, anthropology and, more recently, political science. While much of this research substantially predates theories of modernization, the genesis research on political development in the 1940s also corresponds with a renaissance in diffusion studies. This section repeats some key findings of diffusion research relevant to the present study, sketches briefly the historical development of the field and then lays out several key weaknesses of the literature, all to suggest how studies of institutional transfer can complement the findings of diffusion studies.

The convergence and diffusion literatures, while intellectually distinct, are often conflated in individual explanations. A well known example, Alfred Chandler's account of the rise and spread of "managerial capitalism" over "personal capitalism" uses both: an efficient organizational response to business opportunity first appeared in American firms which could exploit through mass production and the volume distribution their large home markets and the newly built railroad and telegraph infrastructure. Through competition, this innovation spread rapidly within the US, although in certain sectors, like lumber and leatherworking, prevailing technology allowed few economies of scale. By contrast, British firms generally resisted this innovation, reluctantly forming holding companies to coordinate markets but never adopting managerial capitalism. Eventually, however, some British firms did make such a move. One of the first, Nobel Explosives in 1920, "borrowed the necessary organizational techniques directly from its overseas ally, the Du Pont company of Wilmington, Delaware."15 Ultimately, the irresistible force of competition forced British firms after WWII to converge on the organizational structures of American firms. Central to this explanation are the notions of deep structural logics driving convergent processes, with diffusion as the mechanism. The strengths and weaknesses of diffusion as an analytical tool can be understood by looking at the

development of the concept. My central claim will be that the diffusion concepts mask the politics that the concept of institutional transfer reveals.

Rich research traditions in the study of diffusion reach back to early 20th century anthropological and sociological literatures. The key questions centered on the historical diffusion of practices among American Indian tribes, on the one hand, and on contemporary movements among US municipalities on the other. These distinct research approaches both stopped at the end of the 1930s. Anthropologists shifted from studies of chains of the spread of individual innovations to more intensive analysis of broader cultural patterns between interacting societies. Sociologists generally moved from the assumption of informal communication paths between innovators and adopters as the key mechanism for social change to a central interest in the mass media as a source of such change.

Disappointment with the primarily psychological variables of such media studies, however, soon brought many sociologists and anthropologists back to the study of social processes of diffusion. In postwar sociology, this research generally traced, say, the spread of farm practices, education reforms, or medical innovations. The focus on acceptance lay overwhelmingly at the level of the individual or the small group. Ironically, anthropologists paid much more attention to large group processes than did sociologists. Shifting from historical studies to more contemporary processes in the developing world, other researchers tried to identify patterns of innovation but also of "resistance." This anthropological diffusion literature heavily emphasized the "fit" of potential innovations with the host culture and focused, for example, on the "rational shopping"

17 A recent version of this approach is Jürgen Heideking (ed), Mutual Influences on Education: Germany and the United States in the Twentieth Century, (New York: Cambridge University Press), forthcoming.
19 See for example, Charles Erasmus, Man Takes Control, (Minneapolis: Univestity of Minnesota), 1961; George Foster, Traditional Cultures and the Impact of Technological Change, (New York: Harper), 1962.
of American Indians in their selective borrowing of innovations. When these studies moved from historical to contemporary analysis, however, there often arose a strong normative assumption that backward attitudes could block the diffusion of efficient practices. For example, Charles Erasmus described how, among Haitian farmers, norms against "too much" material success either blocked or delayed diffusion of advanced farming practices. Thus, strong affinities developed with the political science literature concerning obstacles to convergence previously.20

Like the current project, anthropological research differentiated between the "mere" adoption of an innovation and an effort to understand an innovation's meaning and implementation in its new setting.21 Also, a number of efforts sought to distinguish between initial adoption and what came to be called "sustained use." These studies concerned, for example, the adoption of Christianity by entire villages or on the spread of contraceptive techniques within villages. Efforts to move beyond single case studies tried to specify how variability in channels of influence and information was linked to differences in social structures. The methodological logic is analogous to that used here; however, where these researchers examined how forms of communication interacted with personal status and other sociological traits to affect diffusion at the individual level, I am trying to trace inter-social influences at the level of politics.

Sociologists, foreshadowing the development of the 1970s, when political scientists moved to study diffusion, developed a set of strongly mathematical techniques to measure the patterns of spread. To do so, they tended to blend out any variations in the meaning of the innovation across cases and simply focus on the "timing" of adoption. Thus, while anthropologists focused on

rates of adoption as a window on the characteristic differences between early and late adopting individuals, sociologists generally sought models to describe variations in patterns of flow.22

Until the 1970s political scientists essentially ignored the diffusion approach and have never contributed significantly to the broader social scientific discussion of the phenomenon. Nevertheless, one consistent source of political science writing on diffusion has been the American federal system. Jack Walker's seminal 1969 article, "The Diffusion of Innovations Among the American States"23 opened a field of research which has since spawned at least fifty studies.24 The general logic of these works takes a particular political phenomenon, often a legislative measure but also a judicial or administrative one, and traces its temporal and geographic spread.

The distinguishing feature of these studies is their overwhelming focus on explanations for geographic spread. Whereas non-political science research traditions in diffusion have actually focused much more on features of the "client" or "borrower," Robert Savage counted 45 political science studies which focused on geographic spread, only one of which dealt with the client. Says Savage, "This tendency is reinforced by the fact that the adopting units are collectivities whose decision processes are generally more opaque than those of either individuals or organizations."25 But Savage's speculation that the client-centered approach is appropriate only to individual level decisionmakers seems unwarranted. More likely, the neglect reflects more of the costs of the methodological commitment to large numbers of cases than any inherent

25 Savage, op. cit., p. 3.

Wade Jacoby, MIT Department of Political Science Dissertation
limitation in understanding more complicated decisions. Indeed, the challenge of the current study is precisely to begin to unravel the complicated process of societal imitation, under conditions of uncertainty, time pressure and abiding conflicts about institutional design. Methodologies designed to track the spread of tort reform from Connecticut to California are bound to be unsuitable to this question.

What have we learned from this approach which moves forward the study of imitation? The diffusion literature's first contribution is direct and indirect evidence that the kind of cross-societal institutional transfer I describe is not only possible but ubiquitous. As Myron Weiner has argued, "Diffusion is the most ancient of all processes of social change, more important perhaps than the less common method of invention."26 Of course, not all similarities across social and political units are results of diffusion, but a number of studies relating the copying of legislative down to even typographical errors raise confidence that institution building involves imitative processes. If social scientists have shown that societies are not constructed of modular, functionally interchangeable "sub-systems," this news has not always reached policy makers who continue to attempt imitations with fascinating, if often unintended, results.

Another important finding of the diffusion approach is the cumulative evidence of differences in imitative processes across policy areas.27 The point here is that the "built-in flexibility" of the transfer process, hypothesized earlier as a key variable, may actually be more easily built in to some institutional domains than others. I base this hypotheses on Everett Rogers' findings that the attributes of the innovations themselves play important roles in explaining their rates of diffusion. Rogers, who worked primarily on technology transfer, lists five dimensions of such variance: relative advantage, compatibility, complexity, observability and trialability. 28 Because

---

the number of cases in this study is necessarily limited, however, we will use these as a cluster of suggestive hypotheses rather than testing them systematically.

Diffusion research has also established the importance of affluence for "adoption proneness." In the empirical cases here the "adopters" are quite poor, at least relative to the source of the institutional innovations being transferred. American occupation officials in Germany after WWII assumed that near starving people in a physically destroyed society would embrace institutional change, and thus they often expressed amazement at German resistance to American suggestions for institutional reform. On the other hand, in Eastern Germany, the transfer of up to 200 billion DM per year from West Germany has undoubtedly made possible the particular kind of institutional transfer chosen without, however, generating anything like a stable set of institutional arrangements.

Finally, diffusion researchers have begun to overcome a bias toward "innovation" marked much of the diffusion work in the modernization tradition. A growing number of challenges have arisen to traditional models of innovation which suggest that earliest adopters are more "innovative" than "laggards" or "followers" who merely adopt models. Alfred Chandler's view of Japanese mass production firms centers on how they respond to technological opportunities in ways fundamentally different than their American and British precursors.29 Many studies of commercial organizations have stressed how followers might have certain advantages over leaders.30 For example, Michele Bolton argues that, in contrast to widespread belief that innovators outperform imitators, administrative pioneers in firms are often outperformed by laggards who "wait and watch." Such performance differences occur because imitators can shift

29 Chandler, op. cit.
risk to innovators who work out the early bugs in a system.\(^{31}\) In a related way, Thomas Ertman's study of state building in early modern Europe draws attention to the way in which "late-comer" states were influenced by the revenue raising strategies of "pioneer states."\(^{32}\) All four of these broad findings move forward the study of imitative processes. All four rest on substantial bodies of research.

Notwithstanding these gains from diffusion research, several important issues remain. Where non-political science approaches focused heavily on individual-level acceptance or seemed overcommitted to the notion of "fit" between institutions and cultures, one must also note other methodological differences between the diffusion approach in political science and the current study. Three brief points may help the reader see that the present exercise in theory building is not a laborious effort to reinvent a wheel already present on the showroom floor of another research tradition. First, since the political science diffusion literature begins from the observation that innovations often spread from one place to another, it has, plausibly enough, focused its attention on the structural conditions allowing for such diffusion. In doing so, however, it often implies that conditions which make diffusion possible also make it more or less automatic. Put bluntly, the methodology of large-n studies encourages the assumption that where diffusion happened, conditions for it were right. This approach blends out the interesting action -- the uncertainty of collectivities about what their real problems are and what solutions might be both effective as technical solutions and also compatible with the existing structure of interests.

Second, diffusion research focuses on the spread of innovation, and on institutional performance or subsequent modifications.\(^{33}\) In some cases, this focus appears to come from an implicit


normative approval of "innovation" which, as we saw, marked earlier diffusion research traditions. Given the late start of political science work on diffusion, however, it seems unlikely that such naive assumptions about progress are the core problem. A more likely difficulty may be the rather casual reasoning about causal relationships. As Savage points out, many diffusion researchers are inclined to assume that innovations produce expected outcomes. But Landes and Solomon's important study of compulsory school attendance showed that those states already having the highest levels of schooling were first to adopt compulsory schooling laws, while those with more unschooled children were the last. Unfortunately, only few diffusion studies are designed to treat historically the links between indigenous and outside sources of institutional change.

Finally, with the neglect of history and social context goes a striking neglect of power politics. We have seen that diffusion research generally focuses on individual laws, which are easier to measure. The political science literature on diffusion lacks systematic attention to the kinds of institutions more and more scholars have defined as important. Put bluntly, a high percentage of the studies treat in areas where "innovation" concerns a strikingly small number of policymakers and even fewer citizens. Many of the changes are so trivial that there is simply no evidence of political mobilization beyond the actions of a handful of concentrated interests who make sure that advantageous regulatory arrangements that exist in other states are extended to them. Such an adoption process will exhibit little need for adaptation. By contrast, I focus on institutions that are major sources of state-society intersection: the design of school systems, the constitution of actors of industrial relations and the laws which regulate work.

---

34 Savage, p. 17.
35 William Landes and Lewis Solomon, "Compulsory Schooling Legislation: An Economic Analysis of Law and Social Change in the Nineteenth Century," Journal of Economic History, 32, 1972, pp. 54-91. This is also one of the few diffusion studies to take a significant historical perspective. The field that has been far ahead in this regard, while it shares the problem of homogenizing institutional differences, is the population ecology approach in organization theory.
36 Studies that focus on the role of "change agents" generally focus on inter-personal networks and not, as the present study, on the politics of long-established social actors.
37 And in many cases, fit a barely implicit social theory that only "technical" things like regulations can be transferred.

Wade Jacoby, MIT Department of Political Science Dissertation
That diffusion theorists, including political scientists, have themselves occasionally raised these weaknesses, suggests that the diffusion and the institutional transfer approaches can be complementary, since they are interested in some of the same questions but the failure of the diffusion traditions to actually solve these problems, a failure anchored in the methodology of large-n comparisons, suggests that the approaches are not substitutes for each other. Rather, they are geared to asking fundamentally different questions.

POLICY BORROWING

The core assumption of this research community has been articulated most bluntly by Waltman: "Governments are, in this respect, like any other human organization...[N]ational governments, behaving like business firms, schools, hospitals, labor unions, and so forth, frequently copy the policies of other nations." They do so, Colin Bennett has suggested, with five objects: policy goals, policy content (statutes, laws, regulations), policy instruments (regulatory, administrative or judicial), policy outcomes and policy style (consensual or conflictual, incremental or rational, anticipatory or reactive, corporatist or pluralist).

I share with this approach the conviction that only case studies, despite their limitations, can unravel the complicated procedural dimensions and do empirical work on institutional transfer.

---

38 Variously known as policy borrowing, policy convergence, policy imitation or cross national lesson drawing, the focus of the approaches I have grouped under this heading is that they are interested in how states imitate policies which exist elsewhere. Beyond the works referred to below, important examples include David Finegold, Laurel McFarland and William Richardson (eds), Something Borrowed, Something Blue: A Study of the Thatcher Government's Appropriation of American Education and Training Policy, (Wallingford, UK: Triangle), 1992; Richard Rose, "What is Lesson-Drawing?" in Journal of Public Policy, 11 (1), pp. 3-30, 1991.


But the exclusive focus on state policy unnecessarily limits the research agenda, and as will be clear below, going beyond the state and beyond policy is desirable in many cases. Since the institutional transfer approach is meant to subsume the policy borrowing one, it useful here to review a number of important insights from existing research. Three issues in particular arise from the policy borrowing literature: borrowing strategies, cultural context, and policymakers' manipulation of evidence.

**STRATEGY AND BORROWING**

Bennett's useful typology of routes to policy convergence goes beyond emulation by policymakers to include elite networking and policy communities, harmonization through regimes, and penetration of the state by outside interest groups (especially multinational corporations). But Bennett focuses on state officials, especially in demonstrating that policy convergence of preselection need not imply state choices.\(^4^1\) This literature throughout focuses heavily on state bureaucrats and how they make their decisions. Perhaps its most powerful image is that of the "rational shopper," the policymakers who selectively search for institutional blueprints.

The standard example of such rational shopping is Meiji Japan. For example, Tomihide Kashioka looked at Meiji's study abroad program as a window into the empire's strategies for institutional borrowing.\(^4^2\) His thesis is that "in terms both of the fields of study and countries of sojourn, the Monbusho study abroad program was governed by shrewd considerations for practicality and utilization vis-a-vis the nation's developmental strategies." The study found

\(^{4^1}\) Bennett, ibid, pp. 231-33.

engineering, industry, law and education as the most important areas of influence, while the most important countries for Kashioka were Germany, Britain, France, and the USA, in descending importance. Kashioka argues that Meiji struck a judicious balance between random borrowing from a series of states and exclusive reliance on one national model (as he found former colonies tended to do). The argument thus endorses the rational shopper model.

Kashioka's key analytical construct builds on Merton's notion of a "reference group," in which individual behavior is shaped not just by the in-group socialization process (as previous work had stressed) but also by "reference" to other groups. Kashioka develops the concept of a "reference society," and a number of insights flow from this concept. First, a developing society can have both "normative and comparative" reference societies. For Japan, Germany filled the former role and China and Russia the latter. Second, reference societies can be either positive or negative (China was both at different times for Meiji). Third, societies change their evaluations of other societies and their suitability as reference points so that, for example, China regressed for Meiji over time. Fourth, societies need not pick just one reference society, but can rather "shop around" for them.

This approach to social change organized around foreign institutional models offers the substantial advantage of specifying carefully the channels of communication between borrower and model. But the broader relevance of the model seems limited. The study abroad students were a carefully controlled tool of an autonomous state. The approach sheds light today perhaps on the case of Singapore, which has a number of state bureaucrats engaged in systematic analysis of overseas technical and organizational innovations. As a key weakness of the approach, however, the carriers of knowledge, by virtue of their existence as a researchable data set, too often occupy center stage; university students actually determine the contours of social change much less often than they like to imagine. There is little focus here on organizations themselves

---

43 Schien, Sloan School Manuscript.
and even less on the complicated give and take between state and society that results in the reshaping of those organizational designs in order for them to have a substantial impact in their new setting.

An even more fundamental challenge to the rational shopper model comes from Eleanor Westney's study of Meiji borrowings from Western Europe of police organizational models, postal system and the idea of daily newspapers. While she does not cite Kashioka, she provides ample evidence the rational shopper concept as a tool of the state to legitimate what might otherwise have appeared as "mere imitation." Meiji leaders thus gave the process a veneer of rationality. In actuality, however, Japanese state and society made substantial adaptations in order to incorporate the European models.44

**CONTEXT**

As a prominent hypothesis in much of the literature reviewed here, institutions exist inside larger social and political contexts. The policy borrowing literature has raised the possibility that policies may not "fit" the new society. A variety of accounts illustrate this claim at both individual and group levels of analysis. Jean Dejeux suggested that individual Muslims in colonized societies "borrow without understanding," engaging first in a process of disorganized and superficial imitation and then moving to revolt.45 Dejeux emphasizes the utilitarian nature of this borrowing, showing how it leads to the borrower's perceiving only the "outcome," and not the "evolution," of civilization. A recent version of this argument at the societal instead of the

---

individual level appears in the work of Bernard Lewis, who emphasizes how "Muslim rage" flows in part from disillusion with both Western and Soviet institutional practices.\textsuperscript{46}

Mark Beissinger's study of the Soviet attempt to borrow Western management techniques provides an extreme example of efforts to integrate policy ideas from quite different systems.\textsuperscript{47} In the 1960s and 1970s, the Soviet state tried to import management techniques (mostly from the United States) for use in its state owned firms. Beissinger attributes the failure of these efforts to two basic sources: First, as in many other cases of "indigenous" economic reform of state socialism, the desire for ruling party control took priority over "professionalism," so the actual production process inside firms changed little. The emulation thus remained peripheral: as Beissinger wrote, "The factors which most affect the performance of the Soviet enterprise lie outside the boundaries of the factory."\textsuperscript{48} The result was a failure to innovate and a tendency to seek short-term rewards through plan-fulfillment.

The second cause of failure could be broadly called bureaucratic politics: ministries were oriented toward plan fulfillment rather than training managers, and they refused to invest in such retraining.\textsuperscript{49} Beissinger concluded that "overinstitutionalization" -- "a condition in which institutions had grown autonomous from society at the price of their adaptability" -- had led to a kind of organizational decay in the USSR which, left unchanged, was pushing the system to political crisis. The importance of such work is that it highlights the need for power shifts in any institutional change and cautions that institutional borrowing can be a sort of theatrical substitute for real institutional change. In Beissinger's words, "many of these imported methods have amounted to nothing less than a foreign limb grafted onto a somewhat gangrenous body."\textsuperscript{50}

\textsuperscript{46} Bernard Lewis, "The Roots of Muslim Rage," in \textit{Atlantic Monthly}.
\textsuperscript{48} Beissinger, \textit{ibid}., p. 463.
\textsuperscript{49} In military innovation, a sphere marked by constant borrowing of strategic and organizational innovations, Stephen Rosen has emphasized the importance of personnel systems in creating the personnel basis for organizational change.
\textsuperscript{50} Beissinger, \textit{op. cit.}, p. 463.
Beissinger also argues that the degree to which management tools and practices "take" will vary with their adaptability. Adaptability, in turn, varies with how close the practice is to the goals of the original organization. Thus, with "brainstorming" not directly linked to the goals of a capitalist firm, it could be adapted for Soviet use, while "business gaming," with close links to capitalist organizational goals, proved useless no matter how the Soviets tried to adapt it. The current study moves the lens one step upward to focus on the juncture not between technique and organization, but between organization and the broader society.

This link between organizational change and social conditions also figures in Dennis Muniak's study of four US deliberations about borrowing policies from Great Britain (urban enterprise zones, historic districts, public authorities, and new towns policies). The first three were all actually tried, and Muniak shows convincingly that all can fairly be called failures.

In contrast to the Kashioka piece, Muniak argues that "selective adoption" techniques lead to disappointing outcomes. His logic combines of cultural and organization-set arguments: "To understand how and why the policy initiative works successfully overseas may require recognition of how it functions as part of this broader, at least partly culture bound, interlocking policy system." Muniak stops short of saying policy borrowing is impossible. Indeed, he sees it as a way for politicians with short time horizons to cut policy "R&D expenses" by borrowing what already works elsewhere. His theme is that policymakers should be made aware of the "risks" of borrowing so that, when the United States does so, the pieces will not stand in "awkward isolation."

51 This is close to Everett Rogers' concept cited earlier.
54 Muniak, ibid., p. 2.
Muniak's work has the advantage of linking theory development to data and is admirably process oriented, but from our perspective it has three weaknesses: first, it talks only about failed attempts, leaving little sense for when borrowing meets policymakers' goals; second, it links successful borrowing, perhaps unhelpfully, to enlightenment; finally, it seems to view societies as jigsaw puzzles into which institutional pieces have to "fit". Albert Hirschmann's classic article on the "hiding hand" suggests that many ambitious and ultimately useful development projects would never have been undertaken had the original proponents known in advance of the difficulty and complexity which their realization required.55

In a related way, David Phillips' work on educational policy borrowing also stresses the complexity of interactions between institutions and the social setting: "It is the socio-cultural setting that keeps policies in place and that provides resistance to the implanting of ideas from other systems."56 Phillips quotes Michael Sadler, whose task as head of England's Office of Special Inquiries and Reports of the English Board of Education from 1895 to 1903 was to gather information on foreign, especially German, education.57 Like Phillips, Sadler was skeptical that educational borrowing was a promising route to institutional change:

In studying foreign systems of education we should not forget that the things outside the schools matter even more than the things inside the schools, and govern and interpret the things inside. We cannot wander at pleasure among the educational systems of the world, like a child strolling through a garden, and pick off a flower from one bush and some leaves from another, and then expect that if we stick what we have gathered into the soil at home. we shall have a living plant. A national system of education is a living thing, the outcome of forgotten struggles and of 'battles long ago'. It has in it some of the secret workings of national life.58

As this study will have ample opportunity to demonstrate, cross-national institutional transfer in education policy can indeed be tortuously complex, although the experience of Eastern

57 Today, Germany has a special office on education, but it is set up mainly to advise foreign visitors on vocational training rather than to look abroad themselves for other institutional designs.
58 Quoted in Phillips, p. 48.

Wade Jacoby, MIT Department of Political Science Dissertation
Germany since 1990 is that much more substantial changes are possible than most had imagined. But the larger issue raised by discussions of the socio-cultural embeddedness of institutions is that of institutional "fit." My position is that while attention must be given to broadly social (as opposed to technical) factors in the process of institutional transfer, an exclusive reliance on a purported "fit" does justice neither to the diversity of possibilities present inside different national institutional complexes at any one time, nor to the range of future possibilities.

That this range of the possible is wider than often implied is linked, in turn, to the insight that different pieces of national institutions are often assemble in ramshackle ways, not in coherent "sub systems." Indeed, different institutional solutions to fundamental social tasks compete for prominence even as they interact to face the problems of the moment. From this viewpoint, taking the societal context seriously leads not to the conclusion that foreign institutional designs are inherently unworkable, but to recognition that societies occasionally do realize they have something to learn from others. In some such cases, policymakers act on this audacious notion. Depending on the flexibility of the adaptation process and the qualities of their domestic allies, both social norms and the connections between institutions can change. In other words, culture shifts through the working of politics.

But if foreign models can inspire or legitimate changes, their siren song can also drown out calls for indigenously driven change. Consider the argument by Stanley Katz on constitutionalism in Eastern Europe since 1989. Motivated by his comparative research on constitutions, historical research showing significant formal and interpretative changes in the US constitution over time, and his unsavory experiences with "legal consultants" in Eastern Europe, Katz argues that outsiders can offer little help to Eastern Europeans in their constitution writing. In his view, true constitutionalism is not an institutional model but a style of politics that respects law and

59 Judith Goldstein makes a structurally similar argument about the evolution of trade policies in the United States.
codifies local traditions. He urges Eastern European states to sift through their own traditions for help.60

This view has much to recommend it. But emphasizing the value of respect for law presupposes, at some level, laws worthy of respect. In the German case, the long struggle for a bill of rights and for a form of judicial review to guarantee them, cannot be understood absent the admiration for US traditions of certain minority forces in Germany. That these concepts were understood and implemented in unique ways should not obscure the importance of the American model.61 Further, this book will show that the Anglo-American occupations' goals for institutional design, especially the early state government elections in 1946, were geared to promote certain kinds of substantial democratic participation. In Eastern Germany today, much as Katz found in Eastern Europe, some democratic institutions lower incentives for political participation and actually demobilize citizenry.

THE MANIPULATION OF EVIDENCE

A consistent theme in policy borrowing studies is the sloppy or selective gathering of evidence about foreign models. 62 These sins can be of omission or commission. In the latter, policymakers can intentionally shape foreign evidence to suit their purposes. Mauro Guillen describes Voltaire as "a master at the old tactic of praising a foreign way of doing things to scourge one's compatriots and advance one's favorite position on a particular issue."63 That this tactic continues is well established in the policy borrowing literature. Bennett shows how

61 See the articles collected in Deutsche Verfassungsgeschichte, 1849-1919-1949, (Bonn: Bundeszentrale für politische Bildung), 1989, especially those by Lange, Grimm and van Roon.

Wade Jacoby, MIT Department of Political Science Dissertation
evidence about a certain program in one country may be manipulated by policymakers in another: "Elites and activists have a number of interests in using policy evidence from another country; to put an issue to a systemic or institutional agenda, mollify political pressure, provide an exemplar, indicate the range of options or reinforce conclusions already reached. The interests of the importer dictate the nature, timing and origins of the evidence injected into policy debate."

Using this framework, Bennett shows how the US Freedom of Information Act was used as an exemplar in Canada and the reverse in Britain. In cases where the foreign model is presented as positive, such a use of such evidence may give policymakers incentives to try to adopt such a program.

On the other hand, urgency often leads policymakers to emulate without careful analysis. Of course, policies are not necessarily doomed to failure or ineffectiveness. Counterevidence abounds. Andrew Schonfield noted that institutional redesign can be based on quite incomplete information:

It is ironical to reflect that the first generation of French planners under M. Monnet, groping for a method of inflicting the long-term public interest on private enterprise, turned naturally to Labour Britain for their model. They found what they wanted in the industrial Working Parties, the precursors of the abortive Development Councils, established by Sir Stafford Cripps in the late 1940s. When the French established the commission de modernization for their key industries and used them as the basis for constructing a nation-wide plan with a clear order of priorities, they believed themselves to be taking over an essentially British device, merely adapting it slightly to their own purposes.

Such misperception comes in two basic forms. First, policymakers may naively borrow a model they assume to be functioning elsewhere when, in fact, it is only a relatively minor element or even a mere plan. Second, even if the "model" manifestly exists in the foreign society, it may actually be a range of institutional forms which differ geographically. The borrowing state may seek to emulate an ideal type, the median form or some particular variant. This point especially

---

64 Bennett, op. cit.
applies to how Eastern German states have drawn on the spectrum of West German local government forms since reunification.66

Focusing on one rather good study of policy borrowing helps illuminate the misperception issue. Harold Wolman's study of "policy imitation" between the US and Britain in the 1980s employs a "garbage can" model of policymaking in which British bureaucrats made very selective use of information about US policies.67 Wolman's data concerns two urban programs Britain tried to copy from the US: the "Urban Development Action Grants" (UDAG), implemented by the Thatcher government as "Urban Development Grants" (UDG); and Community Development Corporations (CDC), which the Thatcher government only considered importing.68 Wolman shows that these policy transfer ideas entered the domestic policy process following the urban riots in Britain in 1981. The Tories needed a program to address urban problems, and the American UDAG, as far they could tell, "worked." UDAG also dovetailed well with a broader Tory goal of cutting back the national state and "empowering" localities.

Wolman asks how policymakers learn about policy in other countries. He rejects both "systematic" and "ad hoc search" hypotheses and suggests that bureaucrats' formal and informal networks allow ideas to come from almost anywhere. He argues that Britain borrowed from the US because that country appeared to have similar problems but more aggressive solutions.

Additionally, national executives of the two counties shared during the 1980s an ideology of market-led solutions to social problems, while the common English language was also a crucial bridge. The institutional transfer approach attempts to move beyond this focus on the "supply"

68 Besides UDAG's and CDC's, Britain has also used American urban models for Private Industry Councils (which became Training Enterprise Councils in Britain), and the Neighborhood Housing Service. From Britain to the US have gone the ideas of enterprise zones and the sale of public housing.

Wade Jacoby, MIT Department of Political Science Dissertation
of ideas through networks of bureaucratic elites to broader issues of "demand" for institutional redesign which links policymakers to their own domestic clientele. By this reading, differences in social structure account for Britain's lack of interest in Continental European models more than the language barriers Wolman identifies.

Wolman next asks how policies under consideration for transfer are evaluated and shows that the Tory bureaucrats looked less for evidence of "success" in the US programs and more for a manageable program structure. Tory emissaries did not talk to opponents of UDAG in the US, but only to the Heritage Foundation, which supported UDAG's. (37) Wolman's interest in bureaucrats leads him to focuses on the "fit" with their programmatic agenda. But this useful insight leaves unexamined the questions of the malleability of institutions and the plasticity of the importing society. At minimum, one wants to know if the policy fits that of important social actors as well as it fits the agenda of opportunistic or threatened bureaucrats. The current study shows how the concept of borrowing or transfer can, used more broadly, shed light on the processes of constructing and recreating institutions.

Finally, Wolman asks how one can best characterize the policy transfer process. Merely observing that the process is not always "rational" is insufficient, since concepts of rationality do not illuminate normal policymaking either. Thus, one must specify what is really distinct about policy borrowing. Wolman focuses on three issues 1) are the problems the policy addresses in the donor similar to those of the host? 2) was the policy "successful" in the donor state? 3) are there any crucial differences in "setting" between the two states? My approach in the next section builds on all three issues while attempting to analyze social as well as bureaucratic actors. In doing so, the analysis includes two issues seldom addressed in policy borrowing literature: the processes of institutional adaptations to the new setting and efforts to build political legitimacy so that imitation yields enduring institutional change.
INSTITUTIONAL TRANSFER AND THE STUDY OF IMITATION

This section begins from the Weberian claim that imitation is a crucial category of social action. But how does imitation happen across different societies? We have just seen the limitations of other literatures that have add to our knowledge of imitation. The convergence literature saw institutional transfer as epiphenomenal or unnecessary while the "comparative political economy" backlash focused on national models, emphasizing enduring differences between societies. Diffusion literature offered impressive evidence of the extent of imitation, but at the cost of descriptive power. Finally, the work on policy borrowing went some way toward such description but has focused overwhelmingly on state actors.

We now consider institutional transfer as a kind of imitation. The goal is a "mid-range" theory subsuming many of the insights of the diffusion and policy borrowing approaches by building on insights of recent work on institutions. Such a theory does not now exist, although the central concept -- all enduring innovation must be pulled in by existing actors -- builds on Tarde's classic claim that diffusion of an idea precedes diffusion of the practice. The study is thus engaged in hypothesis generation and theory building rather than theory testing.

Institutional transfer happens against the backdrop of other politics. Those hypothesizing about institutional transfer depend, at least for now, on theories of comparative politics in which to embed accounts of institutional change. This juxtaposition is somewhat a mismatch. Because the dominant theoretical traditions in comparative politics have said little about institutional transfer, hypotheses can swing wildly between banality and implausibility. A term like institutional transfer will probably give different readers different images. I have tried to choose analytical categories concrete enough to match the goals of the actors involved in the imitative

process being investigated. When one takes the process of institutional transfer as difficult but possible, and complicated yet ubiquitous, many possibilities emerge for researching different parts of this broader puzzle.

What is imitation? How would one know it if one saw it? What I call "imitative process" has one negative and three positive specifications. As the negative, imitation is more than learning; put differently, it is, at minimum, learning from another society. Hugh Heclo's comparative study of welfare state developments, and those rational choice approaches that illuminate shifting strategies in response to past performance or domestic strategic environment, capture important social phenomenon, but ones I distinguish from imitation. The minimal methodological demand, captured in part of the definition of institutional transfer offered earlier, is explicit reference by policymakers to foreign institutions.

The positive specification of imitation begins, but does not end, with the point that societies can learn by observing each other. Cross societal imitation happens at both mass and elite levels, and I present evidence for the importance of each. But we cannot stop with the conceptual ("learning") element of imitation. Imitation involves strategy as well as insight. Blue chip panels may naively separate the question of where to go from that of how to get there, but the policymakers having to implement such recommendations for institutional reform cannot afford such reductionism. To get to the interesting political questions requires that we not reduce the concept of imitation just to processes of observation. Imitation, properly conceived, is not purely a process of perception and conviction, but also of implementation.

Beyond ideas for more efficient and/or just organizations, policymakers often find that both material benefits and control may accompany persuasive ideas. In the first instance, institutional

---

70 Hugh Heclo, Modern Social Politics in Britain and Sweden, (New Haven: Yale Univ.), 1972; as will be clear in the empirical chapters, policymakers' views of their own society's past are used along with their views of foreign societies; Peter Hall, "Policy Paradigms, Social Learning and the State: The Case of Economic Policymaking in Britain," in Comparative Politics, 25(3), April 1993, pp. 275-296.
change may be a prerequisite for EU membership or an IMF loan. Even if not as a direct quid pro quo, a nation may receive foreign aid earmarked to promote institutional change donors think beneficial. For example, German trade unions have long tried to promote industrial unionism throughout Europe and, especially in the late 1970s, made funds available for foreign experiments with such changes. In the second instance, a subset of cases shows imitation as an alternative to foreign threats. Meiji Japan, the French Third Republic and the GDR, in the six months between the fall of the Berlin Wall, and the acceptance of unification all tried to use imitation to preserve their own societies. A staple of US-Japan trade relations is the (usually American) threat that, without imitation of purported standards of fairness, sanctions will result. We will explore below the modalities of motivation for imitation; for now, the point is that the imitative process itself may stem not only from persuasion, but may also provide inducements or even help manage compulsion.

Since institutional transfer is a proxy for imitation, it is useful to consider in more detail the nature of that broader process. Like all typologies, what follows contains some rather arbitrary boundaries. It attempts to show clearly the connection of this study to other kinds of imitation. Thus, the following section does not attempt to specify the "laws of imitation," but provides an invitation for further research by specifying a "heuristic of imitation." Six blocks of issues emerge, running in rough chronological order from the context, motivations, scope and processes of imitation to its results.71 In each block I specify a broader range of possible lines of analysis of imitative processes and then state how much of that territory the present study covers.72 The six blocks are: when does imitation occur? who possesses the authority to make decisions about it? why do these authorities embark on imitative processes? which kinds of social, political or commercial phenomenon are seen as worthy of imitation? how does that process proceed? what is the outcome of the attempt at imitation?

71 I defend the assumption that such a chronology exists on analytical grounds of clarity rather than empirical grounds. Outcome might precede motivation.
72 I return again to complementary lines of research in the study's conclusion.
WHEN DOES IMITATION OCCUR?

The answer to this question establishes information crucial for the context of imitative processes. The first important dimension is that of society. Circumstantial evidence suggests that societies undergoing major transformative processes may more aggressively imitate others. While other imitative processes are set against relatively more continuous social and political backgrounds, the two periods here were ones of major discontinuities. A second dimension involves whether imitation is geared to exploit opportunity in a particular domain, or as a response to crisis. Imitation has often worked best where affluence already existed. Conversely, imitation may be hindered by a history of consistent strife and poor performance in a given policy area. Institutional transfer is often attempted when all "domestic" solutions have been exhausted. Under such circumstances (a record of policy failure and a lack of viable domestic allies to support the foreign imitation), one might expect transfer to take the form of a dead letter that, if ever meaningful, would be so only under unforeseen future circumstances. In other words, nations can borrow "possibilities" as well as institutions by injecting new designs into their national discussions, even if those designs remain weak or unimplemented for some time.

WHO POSSESSES THE FORMAL AUTHORITY TO ENGAGE IN IMITATION?

One wants crude measures of whether motivations for imitation come primarily from external pressure or from within society. This distinction can, of course, be taken too literally, since domestic and international factors, like economic and political ones, are notoriously difficult to disentangle. But as a first step, it seems important to distinguish between imitation under allied

occupation and that being conducted currently in Eastern Europe. German reunification, in its
different phases, represents both ends of this spectrum. The term is broad enough to cover both
voluntaristic "borrowing" and institutional change under duress.

While many imitative processes are so complex that "mere orders" cannot secure intended
results, the formal authority to begin imitation is still important. Thus, for example, conditions
of sovereignty will likely affect the process of imitation at the level of state institutions. One
key difference in the two periods investigated here concerns the conditions of sovereignty. In
both periods, changes in sovereignty led to important shifts in the processes of imitation. Allied
forces began the occupation with absolute formal powers which they then slowly relinquished
into German hands (or, in some cases, had unwittingly taken from them by the Germans, as in
Erhard's surprise economic liberalization in 1948). Calculations about the limited duration of
that sovereignty clearly played a role in stiffening German resistance to American educational
reforms.

After 1989, imitative processes were initially undertaken by the reforming communist
government in a failed attempt to preserve GDR sovereignty; later, with reunification, imitation
was used to promote, not prevent, the extension of the FRG's territory. Accordingly, at the state
level at least, the crude model distinguishing between voluntarist imitation by a sovereign actor
and forced imitation by a subordinate actor must be refined by adding the possibility of
overlapping authority. Finally, formal authority is not only a feature of state level imitation. At
a commercial level, property rights obviously empower some shopping lists of best practices
over others. Also, the legal constitution of social actors, especially though not exclusively when
connected with tripartite privileges, as in Germany, can play an important role in structuring
outcomes of institutional transfer. Thus, a foreign model may play as important a role in
defining whom a trade union represents as it does in establishing specific parameters of, say,
labor market regulation.
WHY IMITATE OTHERS?

Three common justifications for imitation are to promote efficiency, foster justice and secure autonomy. Each can result in borrowing institutional designs within or across national boundaries. The majority of imitative processes, especially in commercial spheres, are motivated by the desire for efficiency -- the hope of performing some task better. This is the "catch-up" approach associated with Alexander Gerschenkron's writing. For example, German vocational training has been so often identified as a source of increased productivity that many nations have sought to imitate either the principles or institutions of such training -- so much so that the Ministry of Education and Science has a special office to field such inquiries. Even within the German system, however, the constant search for improvements has generated an elaborate process of model experiments, supposedly accompanied by pedagogical assessment, for possible diffusion throughout the national system. In this case, imitation occurs inside national borders (through the diffusion of successful experiments) at the same time internal diversity is blended out to explain the "basic system" to foreign borrowers.

Other imitations purport to increase fairness or justice. As even many rational-choice theorists have concluded, the "transaction costs" of institutional change are often much larger than any efficiency effect the actors think the change will provide. If such actors nevertheless persist in pursuing such institutional change, the suspicion arises that more is at stake than just efficiency.74 Domestically, the spread among American states of progressive taxation of income or of child labor laws are prominent examples treated in the diffusion literature. Internationally, consider the relatively late end of laws permitting slave holding in the United States, or, in

---

74 For more along these lines, see the essays in Sven Steinmo and Kathleen Thelen, Structuring Politics: Historical Institutionalism in Comparative Analysis. (Princeton: Princeton), 1992.
roughly the opposite direction, the widespread use of declarations of individual rights in written constitutions, many inspired by the US Bill of Rights. Of course, conceptions of justice can motivate resistance to imitation.\textsuperscript{75} For every claim that imitation will increase efficiency, justice or control, others will argue it would bring waste, exploitation and chaos. The point is to recognize the broader context of imitative processes in order to focus precisely on these kinds of political struggles over institutional design.

Finally, some imitative processes serve to increase or maintain the control of some actors over others. Eastern Germans after 1990 were unpleasantly surprised at how the West German system limited their local autonomy, which they, in the wake of SED collapse and the euphoria of unification, had taken as virtually limitless. At the international level, state actors may also imitate leading competitors in order strengthen their own society. Eleanor Westney shows how Meiji Japan imitated Western organizational patterns in an effort to strengthen their society, win Western respect and thus avoid colonial takeover.\textsuperscript{76}

Whatever the generic motivation, authorities may find imitative processes attractive mechanisms for change precisely because they can obscure the difficulties of change. This process can work paradoxically in that the sharpness of "models" as analytical constructs boosts consensus by drawing attention away from contentious issues and toward the positive outcomes that made the model celebrated in the first place. In other cases, uncertain situations may privilege small cliques of decisionmakers who can parlay that uncertainty into brief influence or even enduring power.\textsuperscript{77}

\textsuperscript{75} For a pointed execution of such an argument see Ronald Dore, "Convergence in Whose Interest?" in Suzanne Berger and Ronald Dore (eds), Convergence or Diversity? National Models of Production and Distribution in a Global Economy, forthcoming.

\textsuperscript{76} Westney, op. cit.

\textsuperscript{77} On temporary influence see John Ikenberry, "A World Economy Restored: Expert Consensus and the Anglo-American Postwar Settlement," in International Organization, 46 (1), Winter 1992, pp. 289-321; on more enduring influence see Michel Crozier, The Bureaucratic Phenomenon. More generally, the utility of ambiguity in selling a program publicly has been well documented. A recent example is Chris Howell's study of the Earned Income Credit.
As the common thread in both points, descriptions of foreign practices are *stylized* by political actors to help simplify and channel political discussion. In the case of German unification, Gerhard Lehmann has argued that the transfer of West German institutions to Eastern Germany was motivated by a conscious effort at "problem simplification" in order to avoid the contentious issues sure to arise in a serious debate about institutional design. While a focus on such simplification can detract attention from other important features of the exact transfer process (not least its effect of promoting West German control of Eastern German associations), it offers a possible explanation for Helmut Kohl's pushing an economic system he had harshly and relentlessly criticized. Even a cursory look at Kohl's litany of German weaknesses in his constant talks about *Standort Deutschland* should make one wonder why Bonn wanted an exact reproduction of that system in Eastern Germany. At the Hannover Trade Fair just a year before the collapse of the GDR, Kohl characterized Germany as suffering from underinvestment in information technology and communications, short and inflexible work hours, the world's second highest wage costs, expensive energy, telecommunication and transportation, too little foreign investment, too much capital flight, a structural crisis in coal and steel, a poor growth and unemployment record compared to that of other OECD states, major demographic problems and far too much economic regulation.

**WHICH PHENOMENA ARE SEEN AS WORTH IMITATING?**

Processes of imitation occur in the realm of the state, society and commerce and at both formal and informal levels. This book focuses on institutions defined as social relationships having the

---

79 The control element has also been recognized by the liberal side, most forcefully by Horst Albach, whose version is literally a conspiracy theory; Albach argues that West Germans saw the awesome power the East Germans brought to bear against the SED and ran for the cover of their regulations and corporate groups: "What would the process of transformation in Eastern Germany have been like had it been possible there to diminish regulation and increase competition?" See his "Die Dynamik der mittelständischen Unternehmen in den neuen Bundesländern," Discussion paper FS IV 91-29, WZB Berlin, September 1991, p. 13.

Wade Jacoby, MIT Department of Political Science Dissertation
status of law. It is important to specify what this definition includes and does not, as it by no means includes the full range of possible modalities of social imitation. The study includes only formal state and social institutions and thus excludes the commercial level of the individual firm, for it begins analysis of economic imitation only with collectivities of economic actors in unions, employers' associations and chambers of commerce.\textsuperscript{80} In addition, I make no attempt here to analyze systematically the \textit{informal} norms present in every "organizational culture." Rather, reintroducing the concept of "institutional transfer" is an attempt to ratchet up our theoretical apparatus one more level to encompass cases of societal transformation, and not just those of changes in firms or policy transformation. The price of this broader approach is the focus only on formal institutions -- those codified in law.

Thus, this definition includes the possibility of analyzing the organization and the substantive content of important social and political processes.\textsuperscript{81} Lesser imitative changes in formal spheres, for example the American effort to implement student councils as mandatory parts of post-WWII German schools, are treated essentially as instances of "policy borrowing" connected to more central efforts of institutional transfer. This study thus subsumes the phenomenon of policy borrowing but moves beyond the policies themselves, seeking to understand imitative processes among the actors and within the institutions that generate, implement or codify such policies into law.

Policy borrowing and institutional transfer are susceptible to some, but not all, of the same features. For example, the Thatcher government's persistent neglect of evidence about outcomes in American urban policies is eerily similar to the way post-1990 East European welfare state

\textsuperscript{80} The definitive work on technology transfer remains Everett Rogers, \textit{The Diffusion of Innovations}. Work on the imitation of firm organizations has increased rapidly in recent years. See, for example, Martin Kenney and Richard Florida, \textit{Beyond Mass Production: The Japanese System and its Transfer to the US}, (London: Oxford), 1992.

\textsuperscript{81} For the utility of the present model for analysis of commercial imitation, see Wade Jacoby, "Learning, Tinkering or Building?: Speculations on Institutional Transfer in Advanced Economies," paper presented at the conference Economic Adjustment and Mutual Learning: USA-Germany, December 15, 1995, Berlin.
ministries decided that Scandinavian welfare institutions would best fit their needs.\textsuperscript{82} Similarly, Malaysia's effort to imitate Japanese and NIC industrial policies was so captured by local interests that no technology spillover effects have occurred.\textsuperscript{83} But such capture processes happen to institutions as well as policies. The distinction between institutional transfer and policy borrowing comes rather from the recognition that very different institutional arrangements can produce convergence on one policy outcome while having very different ramifications in other spheres. For example, over the course of the 1980s, several European states were able to bring monetary and fiscal targets in line with those in Germany without leading to substantial convergence of their institutions.\textsuperscript{84}

The book also focuses on the constitution of actors by looking at rules for defining the acceptable forms of social organization and the boundaries for their spheres of action. This is especially relevant in the chapter on post-WWII industrial relations reform in Germany, where disputes about the policy domains of trade unions lay at the heart of the Allied-German reform struggles. Ample reference will also be made to more informal processes to the extent that they bear directly on formal ones. For example, when Eastern German works councilors make handshake deals with their managers to disregard violations of wage contracts, the practice obviously has important ramifications for formal collective bargaining agreements and the collective actors which pursue them.

HOW DOES IMITATION PROCEED?

In this section, I make three distinctions corresponding roughly to breadth, depth and intensity of imitative processes, distinctions which relate directly to developing the concept of institutional transfer. The first is between wholesale and piecemeal transfer; the second, between exact transfer and the functional equivalent approach; the third, between continuous interaction and single moment transfer. These are three spectra of logical possibilities, and any attempt at institutional transfer may lie anywhere along each, making logically possible many permutations of the three. Some of these combinations seem much more likely than others, as, to take just one example, a wholesale, functional equivalent and single moment transfer would seem quite implausible since it would require a vast institutional redesign being done all at once.

The continuum between wholesale and piecemeal transfer should straightforwardly convey the difference between isolated institutional changes and those instances where institutional change occurs as a bundle of purportedly interlocking and mutually reinforcing institutions. For example, Christel Lane's study of European industrial relations emphasizes the historical and cultural embeddedness of institutions and suggests they cannot be uprooted from their working environment.85 This point evokes our earlier discussion of the organization-set, but here I want to draw the somewhat different conclusion that it is indeed quite difficult to tell where institutions -- especially those that work well -- begin and end. Take the almost paradigmatic case of Intel. This company, the global leader in chip production, has long attempted to "lock in" the design of the fabrication plant for each new generation of its pentium chips through a corporate policy called "COPY EXACTLY!" The program sounds simple: for each new factory, copy everything exactly from the designated model factory unless one has board approval for a deviation (and gaining such approval is a slow and difficult process). Closer inspection shows, however, that even in this case no one knows (or they disagree about) what must be copied and

---

what can be safely left out. Here one sees clearly the uncertainty of institutional boundaries
because one of America's more successful firms, in a business it understands better than anyone
else, still deals with substantial uncertainty over how to conduct this kind of "transfer" program.
In short, the question of "how much" to transfer is always likely to be contested and, often,
political.

The notions of exact transfer and functional equivalence are abstractions that seek to bound a
range of interesting possibilities by excluding some less interesting or less researchable ones.
Excluded are all those imitative processes that do not lead to formal institutional changes based,
meaningfully and identifiably on foreign models. An example of meaninglessness would be a
clearly domestically driven change process in which some cursory efforts at ex post public
legitimation refer to the virtues of a foreign design. This is public relations, not politics. An
example of unidentifiable imitation might be the purported "demonstration effect" of
democratization emphasized in Samuel Huntington's work on the "third wave." Huntington
suggests in passing, plausibly but far from conclusively, that democratization in some societies
suggested to "leaders and groups" in other societies that authoritarian regimes could be ended,
suggested how this could be done, and even suggested the pitfalls to avoid. These are all
enormously important processes. That the kind of research necessary to establish clearly such
connections is beyond our scope here should not obscure its relevance for our understanding of
imitative processes.

The concept of exact transfer is also straightforward. Exact transfer is the attempt to reproduce
exactly laws which constitute social and state actors or regulate their interactions. Three

86 See the study on COPY EXACTLY! by Eric Fears, "An Analysis of the Effect of Technology Transfer
87 Further, to the extent consensus on boundaries exists, the writings of social scientists have no doubt played key
roles in defining them. This circumstance makes the paucity of work on institutional transfer all the more troubling;
see David Strang and John Meyer, "Institutional Conditions for Diffusion," in John Meyer and W. Richard Scott,
101.
additional points that can be best illustrated in German reunification, the paradigmatic example of exact transfer. First, exact transfer does not imply an attempt to reproduce informal norms associated with the original institutions. Such a definition would limit the number of cases too much. Second, reference must again be made to the "breadth" issue since exact copying of one part of an institutional arrangement could obviously result in a different institution. Third, an institution transferred exactly may obviously fail to perform its function in the new society, or it may also perform that function to a much greater extent than originally. A striking example of the latter is the "employment and training company," developed by West German unions for economic crisis regions in the West. Only a minor institutional innovation in West Germany, it has, in the context of massive job losses, become a major part of the Eastern German labor market. Thus the concept of exact transfer is suggestive of the aims of policymakers as they attempt institutional transfer, but it does not rule out isolation, homogenization or isomorphism, which may occur in the process.

Where the exact transfer concept captures policymakers' focus on institutional design, the functional equivalent approach is likely much more prominent in larger scale processes. Here the focus is on actors and not on institutional design alone. As the core idea, policymakers, on their own or influenced by academic writing or political propaganda, abstract from a foreign institution a functional task which is, in their view, incompletely or poorly fulfilled in their own society. Suspecting that exact transfer cannot accomplish institutional change significant enough to be meaningful, the policymakers engage in functional analysis. Out of favor for good reasons as a mode of social scientific analysis, functionalism certainly lives on as a technique for imagining institutional redesign from the point of view of policymakers. Taking such an approach means that policymakers can seek to build some flexibility into the transfer process.

89 At the level of policy borrowing, one finds many other cases of exact transfer. Jack Walker reports that even the typographical errors in one original California law reappeared in the laws of ten other states; Eastern Germany is a special case only in its combination of wholesale transfer and exact transfer.

and perhaps also to consider which social actors could be used to sponsor the institutional innovation.

In the final dimension, that of intensity, the distinction is between a single decision to transfer and a continuous process of imitation. Of course, even in an ideal typical case of single moment transfer, the foreign model will presumably have interested potential imitators for some time. The distinction, however, calls attention to differences between cases where a single legislative act encompasses all the interchange between the two societies, and those where either personnel, money or some kind of power relationship accompanies the flow of institutional designs and ideas.

Three modalities for such a continuous process can be noted (but not explored) here. First, firms, social actors and state organizations can all monitor international developments and look to pull in the best innovations from elsewhere. Given this approach, some borrowing relationships develop over time, so that borrowing can be sequential. Kashioka's and Westney's studies of Meiji Japan both show how the Japanese borrowed multiple institutions from the same European societies, and also how, within a single institutional area, they returned to ask questions or borrow modifications. Second, formal partnerships often exist which can serve as channels of communication. Of interest since German reunification, state and city level partnerships between West and East German local governments have promoted institutional transfer. Third, and related to formal partnerships, personnel transfer can be important in the continuous exchange of institutional information. These issues will be explored in subsequent chapters; for now, as the common theme, borrowing strategy is indeed crucial in shaping institutional outcomes.
WHAT CAN RESULT FROM IMITATIVE PROCESSES?

Studying imitation presents a formidable dilemma in the dependent variable. Broadly construed, two outcomes are of interest. First, we can investigate how well the actors attempting imitation accomplished their aims. When is imitation successful (with success defined relative to the original advocates' objectives)? This book poses precisely this question for each of our empirical cases, although, with reunification only some five years old, final judgments about success and failure are certainly premature. But if the study of imitation can and should benefit policymakers with information about characteristic dilemmas of designed imitation, we cannot end our analysis with such questions.

The second kind of outcome, then, is from the perspective of academic social science, not of policy practitioners. Motivated by an appreciation of the complexity of social change and the frequency of unintended consequences, we can focus on broader kinds of outcomes than "success" or "failure." The categories most fundamental here are the persistence and performance of the imitations. Persistence encompasses issues of the rooting and reproduction over time of imitations, but also of the ways such imitations gain legitimacy in the new society. Performance moves beyond the range of anticipated benefits that might lead to a judgment of successful imitation to include unforeseen outcomes and also unforeseen effects on other actors and institutions in the new setting. These two categories come together in a third, called subsequent innovation or, more technically, "isomorphism."91 As will be clear in the case of post-WWII industrial relations, hybrid institutional arrangements which can themselves continue to innovate over time blur the lines between performance and persistence.

---


Wade Jacoby, MIT Department of Political Science Dissertation
SUCCESS, FAILURE, PERFORMANCE AND PERSISTENCE

For a study to be right, one wants to know if it can be proved wrong. As stated earlier, the present study does not test alternate explanations but concentrates on developing hypotheses. Nevertheless, one must consider the possibility that the outcomes of institutional transfer can be explained most convincingly at the more abstract levels of power, culture and organization-set mentioned in the introduction. Thus, if my more specific hypotheses about the importance of flexibility in design and the existence of an organized civil society are to have the requisite "brittleness," it should be clear that this study weakens to the extent one can show that important institutional transfer projects can be understood purely as vectors of power, culture and organization-set.

How brittle are the core hypotheses about civil society and built in flexibility? Attempts to test the theory I develop could take at least two approaches: First, the study is wrong to the extent that in other cases of institutional transfer, new institutional forms actually call into existence their own social bases of support. My study argues that existing social groups are crucial for authoritative implementation and effective modification; it is thus deeply pessimistic that transferred institutions can survive and prosper absent such organization. To be clear, this study is centrally concerned with the constitution of actors, especially the case of trade unions. That the transferred institution may itself independently affect social organization, perhaps ultimately changing it fundamentally, is a theme I explore in chapter three on post-WWII industrial relations. Yet it would be surprising if institutional design changes drove major changes in trade union strength, as opposed to channeling that energy in a particular direction (in this case, toward collective bargaining and away from "economic democracy"). The thrust of the broader argument is of a demand side theory of institutions, in which social actors intentionally or
unintentionally shift power arrangements. Of course, all institutions structure incentives for mobilization and political action. Doubtless, institutional design has important independent effects on the broad qualities of civil society or indeed on specific actors; but these effects are unlikely to be concentrated enough to generate rapidly conditions of support for perpetuating the transplanted institutions themselves.

The study can also be refuted by cases of transfer success in spite of stubborn inflexibility. Such cases do exist, so some clarification is in order. In some cases from the diffusion literature from the US states, as we saw earlier, administrative, judicial and even legislative changes occur with little public notice, let alone controversy. These are essentially cases of transfer without change. With no demand for adaptation, it is not surprising that none occurs. In other cases, such as the Japanese adoption of Deming’s management techniques, the borrowers probably pushed through the model much more substantially than ever happened in the US, and one could imagine similar cases at the level of state-society institutions treated here. Some might be tempted to call this change without transfer, since the innovation never actually existed in that form in the US; but such a characterization would go against the larger logic of the argument, which casts misunderstandings as inherent to the process. Put simply, such cases of “stubborn transfer” cut against the broader argument of the book. For example, to the extent that Eastern Europeans borrow Western institutions and then, in the face of fierce domestic criticism, eschew modification and hold rigidly to those institutional forms which then become effective and functioning pieces of their society, this study's thesis would be weakened.

---

Cases where institutional transfer did result in significant construction of previously non-existing social actors would presumably be those where the institutional function is totally new. In such rare cases, the foreign style may be seen as the “natural” or “professional” one and quickly generate a class of professionals to perpetuate it.

Wade Jacoby, MIT Department of Political Science Dissertation
METHODS, CASES AND VALID COMPARISONS

This section defends case studies as the methodology, lays out the dimensions across which the comparison between occupation and reunification is illuminating and considers the possibility that differences between the two periods may weaken my core hypotheses.

METHODOLOGY

This book uses case studies to generate and explore hypotheses about imitation. But why case studies, and why these particular ones? Their use follows from the hypothesis that institutional transfer is neither inevitable nor impossible. Within that context, the detailed exploration of individual cases can reveal the contingent links between competing conceptions of institutional design and political choice, links which I argue lie at the heart of processes of imitation. What is more, the cases allow the outcomes of institutional transfer to be judged based on both the immediate aims of policymakers as well as by standards of institutional performance and persistence.

The challenge in using case studies to show historically causal relations is keeping the number of cases larger than the number of hypothesized variables. As we have seen, the branch of imitation research that has done so most faithfully -- diffusion research -- simply has no analytical leverage on the central questions of this study. This book thus builds on the following three step research strategy: first, independent variables are limited to one "structural" factor (the features of indigenous associations -- civil society) and one "agency" variable (the strategy of institutional transfer chosen by the sovereign, especially provisions for flexibility). Second, by dividing postwar occupation and reunification into a series of attempts to constitute actors and reform institutions along the lines of existing foreign models, the number of cases is increased. Third,
the focus lies explicitly on generating concepts that are clear enough for others to test in a range of cases other than those which have generated the hypotheses.

Why these cases? The occupation and reunification periods can be especially helpful in untangling our thinking on institutional transfer. Not only do the collective outcomes cast doubt on widely held conventional wisdom about if, when and how foreign models influence other societies, but each period also serves to dispel other common myths. The post-WWII period demonstrates that despite major historical and cultural barriers, foreign-inspired institutional changes can be both positive and profound. This finding casts doubt on claims that foreign-inspired institutional changes rarely fit the borrowers' cultural traditions. Moreover, the problems of reunification show that the vector of institutional transformation is not simply the sum of the relevant actors' preferences, because "pulling in" requires capacity as well as will. Foreign experience may indeed motivate a major shift in institutional function, but the successful execution of such a shift requires power, information and legitimacy that do not simply fall out of the redesign process. Absent these capacities, institutional borrowing can be meaningless or even perverse. The reunification case also suggests that resources, formal authority and interlocking institutions -- all supposedly advantageous -- can still reproduce institutional forms that generate unexpected and unwanted outcomes. The claim is that better specifying these causal links can help us move beyond the truism that each case of institutional transfer is unique.

To use case studies to begin building a theory of institutional transfer, one needs cases rich enough to speak to the existing sophisticated rumors about institutional transfer, as well as to generate new insights that move us beyond received stereotypes. But moving into such cases presents a dilemma of its own: we may lose sight of the questions of imitation and institutional transfer and as we get into the much marshier ground of societal transformation. Concerning this danger, two points need emphasis: first, the present study is not intended as an abbreviated account of either the Anglo-American occupation of Germany or reunification. Large and
growing secondary literatures, documented here sort out the broad processes of social, political and economic change which form the backdrop for the current study.

Second, I make no attempt to argue that the performance of transferred institutions will cause successful societal transformation, whatever such a concept might mean. Put succinctly, the underlying assumption is that institutional transformation in one sphere, even one as important as industrial relations or education, has unpredictable effects on the larger society. To understand these broader effects is a worthy aim, but beyond our scope here. To the extent I investigate links between social transformation and institution building through imitation, my main interest lies in the reverse relationship: how does a period of sustained prosperity, like the economic miracle of the 1950s and early 1960s, affect the legitimation of foreign-inspired institutional designs being tried inside Germany? Thus, broader social, political and economic transformation processes are the background of the study, but not its object.

The methodological approach of the book is to compare different policy areas within two broader efforts in which formally sovereign powers attempted institutional transfer. The apparently unique opportunity to neutralize the effects of cultural and organization-set factors, as well as to demonstrate the obvious insufficiency of formal state authority alone, makes the broad comparison quite attractive. Nevertheless, the classic comparative case study approach, which calls for maximum similarity in all factors taken as external to the study, and for differences only along the dimensions hypothesized to "explain" outcomes, cannot be maintained here. Western Germany after 1945 and Eastern Germany after 1989 face any number of unique challenges. Reunification may be a "natural experiment," but it is hardly a perfect one. So one must take a closer look at the dimensions along which these broad cases are and are not comparable.
TWO BLUEPRINTS FOR DEMOCRATIC CAPITALISM

The premise of the book is that we can learn about imitative processes by comparing very different historical moments. What important similarities between the two periods researched here would justify such a premise? Do these similarities provide a basis for revealing comparisons?

The central justification for comparison is the explicit attempt by the core sovereign policymakers\(^93\) in each case to construct variants of democratic capitalism by radically reshaping institutions.\(^94\) That both democracy and capitalism have varied forms, each of which allow spheres of authoritarianism and state ownership of production, need not detain us. As the important point, ambitious and thoroughgoing institutional change was foreseen in both periods. Sovereignty changed in both eras, and the sovereigns agreed on the undesirability of the previous system and the need for thorough institutional change. Many, though not all, subjects felt joy at the arrival of "democracy," and there was a pervasive, if far from universal, sense of an end of enforced abnormality. so that society could return to a more normal path among a larger community of Western societies.

In each period, the sovereigns believed that the experience of dictatorship had changed individual psychology, raising an immediate need for new ideas imparted in new settings and in new ways. Economically, there was widespread industrial destruction or decay and fears of further deindustrialization. Also in both periods, the sovereign powers saw in their own societies useful models for redesigning the part of Germany they had recently come to control, although all were aware of at least some potential pitfalls. And all three sovereign powers embedded their strategy for institutional transfer in a larger one of social and economic change. After the breakdown of

\(^{93}\) Recall I have designated as "sovereign" in the respective periods the Anglo-American occupation forces and the West German government.

\(^{94}\) Other important actors in each period were trying to build democratic or undemocratic socialism.

Wade Jacoby, MIT Department of Political Science Dissertation
inter-allied governance, the Anglo-American functional equivalent institutional transfer was situated inside a strategy of economic regulation and integration of West Germany into the Western alliance. Since reunification, the exact transfer approach has been part of a broader effort to privatize and integrate the economy of Eastern Germany into that of West Germany.

BACKGROUND CONDITIONS AND INTERVENING VARIABLES

But what of the differences between the periods? If there are important common elements in the two transitions toward democratic capitalism, I now wish to argue that two very important differences between the periods -- those of political commitment and economic background -- further illuminate the already identified importance of state strategies of institutional transfer. Rather than include these as additional independent variables, in both cases the argument is that while these important background conditions powerfully shape strategies of transfer, they are in some ways too blunt to inform our questions about institutional transfer.

The first observation concerns possible differences in the degree of "exposure" of the sovereign powers to the results of their handiwork: put bluntly, while the Anglo-American occupation powers knew they would ultimately cross larger or smaller stretches of the Atlantic and leave Germany good, the problem since 1990 has been of one society absorbing another. One suspects that Bonn has had more at stake, and that this "exposure" has had an independent effect on institutional transfer. This observation is important, but its implication is not that the Bonn government after 1990 "cared" more than the Anglo-Americans after 1945; the success of institutional transfer was deemed crucial in both periods.  

95 Much was riding on the success of the Anglo-American occupation of post-WWII Germany. Beyond the horrible cost in civilian and military dead, the US had spent over 45% of its GDP on the war effort and Britain had spent even more. The occupation powers were determined to avoid another European war but were convinced that the Germans were deeply hostile to the reigning European balance of power, a hostility only worsened by recent military defeat. With the Cold War, German recovery became central to US hopes for European recovery, which was the foundation of American anti-communist policy toward Europe. The American people, it is true, cared a

Wade Jacoby, MIT Department of Political Science Dissertation
interest in reproducing familiar and proven institutions helped drive the particular strategy of exact transfer in the first place. For the Anglo-American occupiers, fewer concerns about unwanted "feedback effects" from German institutions made the functional equivalent strategy much less risky than it would have been for Bonn. Exposure affected strategy. This important difference between the periods can thus be channeled through the variable of transfer strategy. The analytical task at hand is to investigate some of the consequences of the differences in strategy between the two periods.

The question of an economic variable is more complicated, as it would not so much shape the choice of transfer strategies but either support or undercut them. One might imagine that the outcomes of institutional transfer, especially in industrial relations, could be driven largely by exogenous developments in the economy. In simplest form, might not institutional transfer in post-WWII industrial relations have succeeded not because of the character of cross-societal alliances established around institutional redesign, as this study suggests, but simply because the economy performed well for other reasons? Two important objections undercut this view. First, at least some of the crucial policies enabling the economic miracle to occur around export-led growth were directly linked to the Anglo-American strategy of functional equivalent institutional transfer. It is now clear that the rapid growth of the 1950s was not an inevitable result of the global economic structure of the postwar period. Rather, German exports of capital goods to Europe and North America depended on policy choices made in Washington DC and in European capitals. Rebuilding European production and infrastructure and supplying Fordist America with capital goods meant that German production (re)gained an important position in world markets. The absence of noteworthy trade disputes in this period, despite remarkably high

---

96 In chapter three we will see that some US officials did worry about the "feedback" effect of German cartel policy and especially about codetermination to the US; they took concrete steps to prevent such developments in Germany. 97 Fred Block, *The Origins of International Economic Disorder*. (Berkeley: Univ. of California), 1977. Block actually emphasizes disagreements between the US and Great Britain over the shape of the postwar economic order, but shows how those disagreements were resolved (unsatisfactorily, in his view) and how that resolution crucially shaped the economic possibilities in other European states.
exports as a percentage of GDP, suggests that the German economy assumed a complementary position in the international division of labor. In this way, the Anglo-American strategy of institutional transfer was embedded in a larger strategy of economic reconstruction, a strategy which they, more than any others, actively shaped.

But if the first point notes that institutional transfer strategies were not isolated, the second is that reference to economic recovery strategies alone is too blunt to explain many specific institutional changes of interest here. For example, it is simply not true that the economic miracle gave the Americans wide scope for institutional change, even with regard to the economy. From decartelization to anti-trust policy, the occupation forces struggled constantly to forge alliances for grafting their institutional designs into Germany in ways that appeared to them effective and sustainable. In 1956, at the height of the economic miracle, the West Germans rejected the American-mandated shift from quasi-public chambers of industry and commerce to private ones with strictly voluntary membership. In short, it seems much more plausible that positive economic outcomes reinforced some parts of the provisional and highly contested institutional reequilibration without legitimating them all, and surely without specifying what changes were "required" by the new international economy.

An understanding of these linkages between strategies of institutional transfer and broader strategies of economic change is also crucial in understanding reunification and underscoring the point that imitation rarely stands in total isolation from other mechanisms for encouraging change. In Eastern Germany since 1990, the dominant mode of economic change has been privatization, which might be a fundamentally more disruptive form of decartelization and decentralization than occurred after WWII. As the more important point, however, the strategy of exact transfer fits poorly with efforts to reintegrate the two German economies. That is, it has

---

98 This is an interesting hypothesis which the current study does not explore systematically, although it is raised again in the discussion in chapter five of why East German firms often choose not to join employers' associations. The implicit notion that changing property rights disrupts processes of institutional change is especially plausible.
proven quite difficult to construct similar instruments of economic regulation without simultaneously reproducing the structural patterns of the West German economy.

Because of existing capacity, the East German economy represented a competitor to the West German economy, rather than a complement. The West German system of economic regulation has never been particularly good at promoting new markets, relying instead on successive improvements in traditional markets like automobiles, machine tools and chemicals. Thus, the only real chances for a complementary role for major portions of the Eastern German economy would have been through their connections to markets in Eastern Europe, or as sites of either low wage or high-tech production of a kind not possible in West Germany. As we will see in the chapter on industrial relations, currency union killed the first possibility, while other political decisions attenuated the possibility of widespread use of the other two models. Every effort to make Eastern Germany different has run into difficulty with regulatory institutions which minimize regional and sectoral differences inside Germany. At this point, the only complementarities found are those inside firm boundaries, as when West German corporations augment existing capacities with acquisitions in Eastern Germany. Thus, the tensions between institutional reconstruction and commercial competition powerfully shaped the dynamics of institutional transfer in both the occupation and reunification periods. These forces are mediated through strategies of transfer already identified and thus do not require separate treatment as factors explaining institutional transfer outcomes.

---

99 The point that firms in East and West Germany stand in competition with one another can surely be taken too far. Complaints about “colonization” of Eastern Germany by West Germany are doubly wrong: first, it is an odd colonization indeed in which massive transfer payments flow out of the metropole (even if many soon make their way back in). Second, the Eastern German economy, unlike those in traditional colonial relations, is manifestly not supplying the metropole with things the metropole does not produce itself. State-led conspiracy theories are also weak in this case. Work on Latin America points to the possibility that states use deindustrialization as a tool for political demobilization, but there is no evidence that this happened in Germany during reunification. Deindustrialization has been breathtaking in scope, but the state had little interest in pursuing such a policy in the context of already rising unemployment in West Germany and the fact that German workers support the CDU almost as often as the SPD; if anything, support for the CDU among workers is even higher in Eastern Germany than in Western Germany. See Alfred Stepan, “State Power and the Strength of Civil Society on the Southern Cone of Latin America,” in Peter Evans et al (eds), Bringing the State Back In, (New York: Cambridge University).
CASES

The policy areas I use to illuminate the politics of institutional transfer are industrial relations and secondary education. Industrial relations includes the constitution of trade unions and employers' associations as legal actors with certain institutionalized prerogatives in firm-level codetermination, collective bargaining and industrial policy. Secondary education includes decisions about the length, content and form of schooling between primary education and the conclusion of the Gymnasium, Hauptschulen, Realschulen and/or Berufsschulen. I include vocational education (and in-firm training) both because of its overall importance to the German educational system and its purported relevance for other nations' efforts to reform vocational education. Finally, since vocational training also lies at the intersection of the two otherwise separate policy areas, its inclusion helps signal which phenomena might be idiosyncratic to a particular policy area and hence of less interest in building more general theories of imitation.

I chose these case because they mark the intersection of normative struggles about democracy and the economy, yet they also provide broad variation along key dimensions. Industrial relations is organized along sectoral, regional and national lines, while education is the prerogative of state-level politics in the West German federal system. Further, each policy area provides examples of both success and failure in ways that specifically reflect differences in the central explanatory variables. In this way, factors idiosyncratic to the policy area can be minimized, if never totally eliminated.\(^{100}\)

The successful transfer of industrial relations institutions in the post-WWII era was marked by an active civil society and a flexible strategy. American and British influences made possible a

reformulation of Weimar industrial relations on a much more stable basis. Since reunification, however, industrial relations institutions have been transferred with minimal flexibility and without the benefit of indigenous social support in Eastern Germany. Established West German actors have so far struggled in vain to reproduce patterns of institutionalized economic decisionmaking familiar in West Germany. Concerning education, the transfer of American educational institutions to West Germany after WWII faltered because an inflexible strategy failed to mobilize the support of a social coalition demonstrably friendly to most of the occupation force's aims. Educational institutions in Eastern Germany are still in flux. The case appears to be one of flexibility, in which there is little organized civil society to exploit the possibilities.

But this study concerns not only issues of success and failure as defined by the original expectations of policymakers. As we have seen, these expectations may be built on narrow aims and bad information, while the growing awareness of the "unintended consequences" of institutional reform also suggests a focus on the broader outcomes of attempts at institutional transfer. Moreover, social phenomena as complex as imitation are unlikely to be reducible to explanation through just a few variables. As a result, it makes sense to use different cases to explore different aspects of imitation. The complexity of disentangling foreign and indigenous influences mandates small numbers of cases, and small numbers of cases demands strict prioritization of the most important variables.

The post-WWII industrial relations case reveals the irony that "successful" transfer is likely to appear in retrospect as internally generated because the presence of necessary antecedents often obscures the creativity of hybrid forms. The post WWII education case exemplifies well the limitations of using only cultural factors only to explain "resistance" to institutional transfer. Despite the acknowledged closeness of educational systems to culture, the Americans actually had many potential allies in their mission to reform German education. Political failures actually
drained down a reservoir of cultural capacity long poised to democratize German education. The reunification industrial relations case reveals unexpected institutional interactions -- especially in wage bargaining -- even when institutions are not transferred piecemeal, and it also helps demonstrate the importance of old fashioned power relationships in holding together institutionalized forms of "cooperation." Finally, the reunification education case helps us better understand processes of the legitimation of transferred institutions, and it also helps reveal what civil society actually means in the Eastern German context.

In short, these cases allow us to cover most of the issues, sketched earlier in this chapter, raised by the study of institution. First, recall that the "when to imitate" question identified two poles: transfer after a history of failure and transfer as a tactic for perpetuating success. The emphasis in this book is on cases of the former, as the cases all follow major regime breakdowns. The broader argument pursued in the chapters to follow will indicate that the second dichotomy sketched above -- voluntary transfer versus imposed transfer -- is often overdrawn: even in cases where institutions most appear to have been imposed, it is quite likely that they were built with the active cooperation of some indigenous actors, perhaps ones who had previously struggled in vain to make such changes. My focus on the politics of institutional transfer softens this distinction and calls attention to the indigenous historical antecedents that make successful institutional transfer more likely. The third issue I outlined above, "why imitate?," revealed a focus on efficiency, justice and autonomy as central motivations; each of these motivations plays a central role in one or more of the cases below. Fourth, the cases cover the construction of formal state and social institutions, although they largely exclude commercial institutions like business practices. Fifth, the "exact transfer" and "functional equivalent transfer" heuristics allow me to cover issues of breadth, depth and intensity in addressing the question of how policymakers use imitation. Finally, what is the result of imitation? For each case, I include judgments about short-term success and failure from the perspective of the relevant contemporary actors and also a discussion of longer-term issues of institutional performance and

Wade Jacoby, MIT Department of Political Science Dissertation
persistence. I link this two-part dependent variable to variations in the politics of institutional
transfer, specifically to differences in the social structure and the political strategies used to
pursue the imitation of foreign institutions.
CHAPTER THREE
INDUSTRIAL RELATIONS: TAKING POLITICS OUT OF THE POSTWAR ECONOMY?

INTRODUCTION

The Anglo-American use of institutional transfer to change post-WWII German industrial relations produced remarkable successes, bitter failures and enduring effects. Because the most important parts of the occupation agenda toward trade unions were fulfilled in the period between 1945 and 1949, the union reforms were, from the perspective of those who sought them, a prototypical success story. Trade unions were reestablished with robust membership, organized along industrial lines with some procedures for formal internal democracy, and channeled toward collective bargaining and away from a central role in politics. Employers associations and trade unions, under a more equal balance of power than under Weimar, moved toward more peaceful and productive bargaining. The major defeats from the allied perspective -- the failure of anti-trust policies and the reversal of American efforts to reorganize chambers of commerce -- were surely a disappointment; but while such setbacks reminded everyone that German capitalism had hardly converged on the British or American versions, they could not tarnish the satisfaction at fundamental change in a source of constant, often deadly, strife in the Weimar Republic.

Since the early 1970's a number of works on the reconstruction of trade unions, and a smaller number on employer associations, have appeared. These works, along with archival sources, offer an unusual chance to demonstrate the linkages between German and allied actors in the reconstruction of these institutions. Successful institutional transfer, by definition, results in
organizations that become part of the fabric of society; hence, later efforts to disentangle their sources are bound to be difficult. Failures are perhaps easier to recognize, but not necessarily easier to explain. Postwar reforms were built on a framework of traditional Weimar institutions and upon older concepts appearing ripe for implementation because of the "lessons" of Weimar. But since those lessons, and indeed the merits of Weimar institutions, were deeply controversial within German labor and between labor and capital, allied institutional designs came to play central roles in the choices of new arrangements. This chapter also shows that one of the important features of the abstraction of an institutional "model" is how it blends out diversity in its suggestion of an ideal type; this chapter shows how that process served to progressively narrow the wide range of organizational forms. The sheer diversity of organizational forms and practices that emerged in the first months after war's end belies any notion that German labor was unified in its approach to postwar organizational reconstruction.

In establishing policies for their respective zones and, after 1947, for the combined US-British zone, the allies made use of "functional equivalent" models of institutions. They hardly expected Germans to copy all of their systems -- hardly possible given the large differences between American and British industrial relations -- or to copy exactly any pieces of the two models; indeed the allies often denied any such ambitions. But I show that their preferences for the fundamental form (decentralized) and function (collective bargaining) of trade unions did profoundly affect the outcomes of intra-German struggles. Further, both allies' experience with corporatist regulation during wartime led them to try to convince German employers of the benefits of accepting labor as an "equal partner" in a number of broad tasks of economic regulation. That this all seems highly ironic from today's perspective with a largely deunionized private sector in the US and with British labor radically weaker than its German counterpart, reminds us that imitation happens in a world that does not stand still. While American unions of the early 1950's embarked on a process of centralization, German trade unions, bitterly disappointed with the works council provisions mandated by the allies and confirmed by the
CDU, set to work to make the best of a bad situation and developed along the way a striking amount of flexibility at the shop level.¹

The argument that American and British occupation forces depended explicitly and implicitly on their own models of industrial relations does not mean that all the occupation forces' actions were informed by these models. While this is not a history of the occupation, it would be unacceptably reductionist to focus only on the strategies of institutional transfer. Institutional transfer was a crucial strategy because it could be used to operationalize a range of other strategies, especially democratization. Policy measures were also informed by specific understandings of the nature of Nazism, the historical context of German institutions, concerns about communism, and the specific challenges of rebuilding the society. This chapter seeks to give the context needed to show how explicit transfer strategies were embedded in larger policies and how Anglo-American institutions often served as less formal sources of "inspiration."

In terms of the main variables of the broader study, it is clear the allies could build on an active civil society trying very hard to become more active in the face of allied restrictions. On the other hand, the allies made clear choices about which existing actors they would support. On the side of capital, the allies initially sought to overcome the distinction between employer and business organizations by favoring the latter. On the side of labor, the antifascist committees that sprung up all over Germany were tightly controlled and, as organizations, generally did not survive the summer of 1945. Individual "antifa" members were channeled by both the Americans and the British into the trade union movement or into public administration. There are broad parallels between the fate of the organized resistance to dictatorship in 1945 and 1989 in the sense that neither became an important pillar of reconstruction. But unlike after 1989, there were, in the post-WWII period, a variety of other groups and leaders with which the allies

¹ On passage of the works council law, Viktor Agartz, a leading German unionist, called for the unions to "drive the parliament into the Rhein." The statement conveys a sense of both the dismay at the law in question and the inclination of left-wing unionists to protest parliament's relative political authority over unions.
could push their ideas about organizational forms and institutional functions. In so doing, the functional equivalent approach allowed the allies to walk an always nebulous line between allowing the Germans to develop their own traditions in more democratic ways, and forbidding developments the allies deemed unacceptable. Since this "flexible rigidity" marked cases of both success (union organization) and failure (anti-trust), this variable alone cannot account for the outcomes observed, but can do so only in conjunction with specific political coalitions forged with elements of German civil society.

Success and failure from the perspective of the instigators of institutional transfer is, however, only one outcome of interest in this book. This process of institutional transfer, one that allowed a flexible combination of negotiation with and restriction of a reasonably strong civil society, had the longer term result that its outcomes were durable and flexible. Tip O'Neill, longtime Speaker of the US House of Representatives, used to say that a true compromise was one where everyone was unhappy. As the occupation ended, there remained individual outcomes roundly cursed by the allies, trade unions and employer organizations. That the German "social partners" could then take those compromises forward into very new directions owed much to allied influence on the older Weimar framework of industrial relations. The allies pressured German actors to use familiar structures to perform unfamiliar functions and, in so doing, channeled political struggles in ways that also allowed German labor and capital to modify the unwanted system in ways that each could live with.

Transferring institution presupposed talking about the transfer process, but the allies were also aware of German fears of foreign-imposition after the experience of the Versailles Treaty. Against this backdrop, the allies never developed a common vocabulary to address the sticky problem of institutional transfer.2 "Americanization" was a pejorative in most cases. The occupation forces acknowledged the practical difficulty of institutional transfer by justifying it

---

2 Throughout this book, the "allies" refers to the American and British Military Governments between 1945-1949.
with reference to economic modernizations or democratization. In so doing, they also minimized the public relations problem of seeming to impose foreign institutions. Most of the tropes were flexible. General Clay favored the formulation that he was unwilling to force Germans to do things not yet achieved in the United States. Of course, this principle could be used not just to tame ambitious Military Government (OMGUS) personnel but also to disallow popular German initiatives like codetermination. Émigrés often developed their own ways of talking about the "appropriateness" of American institutions for Germany. The structure of most all of their suggestions was the tautology that the allies should change only what was changeable. But while some suggested changes more far-reaching than any OMGUS seriously considered, others judged Germany incapable of institutional reform. George Phillip Dietrich, a Weimar trade unionist who had emigrated to the US in 1939 and returned as an OMGUS visiting expert in 1948, gave a typical warning to OMGUS not to neglect the different orientations toward politics in the German and American union movements since "from the beginning, the program of German trade unions was directed towards influencing the entire economy. In order to achieve this goal, the unions always attempted to have their objectives embodied into law. . . . Due to the differences in development, American methods should not be imitated indiscriminately in Germany no matter how correct and successful they are in the US."  

What all these slogans, and the many more found in OMGUS documents, have in common is that they never say the allies could best effect institutional change by alliance with specific German groups. To say so ran counter to their own self-understanding as military organizations overseeing the indigenous reform of Germany. And yet only when the allies could find such allies did they stand a chance of realizing their designs for institutional change.

---

3 George Phillip Dietrich, The Trade Union Role in the Reconstruction of Germany, Visiting Expert Series #6, OMGUS Manpower Division, March 1949, p. 23.
GENERAL HYPOTHESES ABOUT INSTITUTIONAL TRANSFER

This is a particularly good case to explore a number of general hypotheses about institutional transfer. Rather than focusing directly on the process of transfer, those skeptical of the possibility of transfer usually make one of four other claims about how to characterize institutional change. All are based on important insights, but, as even a brief look at the postwar German case reveals, the skeptics often take these insights to theoretically and empirically unsatisfying conclusions. The first kind of claim is that a cultural or institutional tradition for precisely the arrangement supposedly transferred had already existed in the "importing" country. Thus, for example, one can cite the history of German federalism and dismiss the American efforts to construct federalism in occupied Germany.\(^4\) This basic structure of argument is common in discussions of post-WWII German constitutionalism. German scholars, responding to the American literature on the occupation that sometimes implied Germans were first introduced to the rule of law only in May 1945, have argued that earlier German constitutions had some provision for human rights or judicial review. Thus, the argument runs, these institutions could not have been "borrowed" from America. But this argument either implies that existing traditions were retained unchanged, or else it fails to explain why institutional solutions previously having only minority support are suddenly elevated to central positions. Germans had also had disastrous experiences with both independent and state-dominated central banks, but America's apparent success with and clear enthusiasm for the former was crucial in the actual drafting of the Bundesbank statutes. Large and complex modern nations are littered with proposals for institutional redesign. The analytic challenge is connecting these intellectual legacies with explanations of their public or private power bases, legal status and popular legitimacy.

\(^4\) Indeed, some argue that current state boundaries reflect ancient tribal divisions, see Carl Friedrich, "The Legacies of the Occupation in Germany," in Public Policy, 17, 1968, p 7.

Wade Jacoby, MIT Department of Political Science Dissertation
If the first kind of claim suggests the new was not all that new, the second is that outcomes appearing to result from the successful institutional transfer actually spring from the reform of traditional German institutions.\(^5\) By this account, Nazism was a perversion of German tradition. By the end of the war, it had lost its hold on Germany. Completely discredited by its own failure, Nazism's institutional changes were reversed by the Germans themselves, or would have been had not naive democratization programs been forced upon them. The economy flourished once it was freed from allied controls. Certainly, "indigenous" reform is an apt description of some policy areas of the occupation -- including school reform.\(^6\) But the idea that the institutional arrangements accompanying postwar economic success were merely a return to Weimar is difficult to square with much of the evidence presented below. This point is especially important in the case of trade unions, where there were a number of important institutional continuities from Weimar. A central burden of the chapter is to show that while the allies caused certain discontinuities, they also prevented others which labor hoped to achieve. Further, the striking point about the employer associations is not just their "continuity" with Weimar, but also with the Third Reich.\(^7\)

A third kind of claim accepts that institutional transfer occurred but maintains that Germany's political and economic recovery was driven by conditions of macroeconomic expansion and not by particular domestic institutions. Whether the institutions of industrial relations drove economic development or rode on its coattails is an important issue, but it cannot be resolved here.\(^8\) It does appear that the number of Germans who supported democratic views in opinion


\(^6\) Although the label would not even be appropriate for educational reform more generally.

\(^7\) This judgement is based not only on the very limited denazification of the associations but also on their postwar role in defending production arrangements developed under the Nazis in certain key industrial sectors; see Simon Reich, *The Fruits of Fascism: Postwar Prosperity in Historical Perspective*, (Ithaca: Cornell Univ.), 1990.

\(^8\) The debate was sparked by Werner Abelshauser's, *Wirtschaft in Westdeutschland 1945-48: Rekonstruktion und Wachstumsbedingungen in der amerikanischen und britischen Zonen*, (Stuttgart), 1975. The theme of "indigenous growth" goes hand in hand with the question of indigenous institutional development; even if Abelshauser is correct that the German economy was growing strongly well before Marshall Plan aid arrived, it is worth asking whether that growth could have been sustained without the continued European stabilization sought by the Americans.
polls in the 1950s and 1960s "grew in close correlation with the increase in the average weights of ever more satiated Germans." But the intense debates about institutional design took place long before that process occurred. It is also simply not the case that because of the "economic miracle," any institution could be transferred to Germany. Local government reforms were changed after the British left, while the determined American effort to make chambers of commerce into strictly private bodies was also reversed.

Finally, a fourth kind of skeptical argument focuses on the apparent political obstacles to institutional transfer. Rather than implying institutional transfer was cosmetic or irrelevant, some argue it was rejected. Such accounts point to cases where the allies were unable to persuade the Germans to adopt a particular institutional solution -- for example, the unsuccessful attempt to introduce a presidential system of government. They also point to cases where transfer was carried out against the combined will of the Germans but was reversed after the occupation ended. Certainly, many accounts of the occupation that focus on the "restoration" of traditional German institutions draw on these arguments. Further, this argument has both Left and Right variants, depending largely upon the analyst's normative judgment about the democratic makeup and functional effectiveness of Weimar institutions. But the important point is that, once again, the process of institutional transfer is treated ideologically -- this time, as an impossibility -- and thus no attempt is made to explain the conditions under which successful and unsuccessful transfer is likely to occur.

The rest of the chapter develops an empirically differentiated picture of the actual process of institutional transfer in post-WWII occupied Germany. In doing so, key insights are rescued from all of these arguments that can ultimately help explain the variation in successful and

---


10 Many of the British innovations in local government in their zone were reversed in the 1950s. This so-called "reverse course" process also occurred after the occupation of Japan; see Kurt Steiner, *Local Government in Japan*, (Princeton: Princeton Univ.), 1965, pp. 168 ff.
unsuccessful attempts to transfer institutions. I describe a process that ultimately produced adaptive and legitimate institutions different in important ways from their Weimar, British and American influences. The focus on disagreements among and between allied and German actors over institution building shows how the allies' understanding of capitalism and democracy was linked in fundamental ways to their own institutions. Through a combination of power and persuasion, the allies were sometimes able to effect remarkable changes in the goals of German actors and in the form and function of "traditional" German institutions. In this process, the allies' ability to recruit German actors who would commit their efforts and their credibility to allied designs was crucial. The occupation case is also illuminating because it illustrates how institutional conflict and compromise led to social organizations and to institutions -- some deeply allied-inspired, some profoundly conservative -- that had the capacity for change over time. Because they were forged in periods of conflict, these actors and institutions emerged as adaptive.

The rest of the chapter is organized as follows: first, I describe the reconstruction of institutions representing the interests of labor during the occupation in the American and British zones.\footnote{For two reasons, the French had much less enduring influence on institutional reforms. Their zone of occupation was smaller and less economically important than the British or American zones, and their refusal to accept the Potsdam Agreement to treat Germany as an economic whole meant they were often absent from discussion of Bizone or all-German institutions. On the other hand, France’s overall insistence on decentralization was arguably more important in stalling four-power governance of Germany than were the disputes between the Western Allies and the Soviet Union.} I follow three particular process in some detail: the debate about the degree of centralization and politicization allowed German labor, the scope and legal status of codetermination, and the reconstruction of a non-union works council inside individual firms. Second, I describe the reconstruction of business and employers associations during this period. In my concluding remarks, I briefly revisit the main themes introduced so far in anticipation of the subsequent chapter on school reform.
LABOR ORGANIZATIONS

With regard to the organization of labor, there are three key outcomes to explain, and the second and third follow directly from the first. First, while the allies were committed to rebuilding labor unions as a pillar of their democratization efforts, they had a particular type of union in mind. The allies sought to restrict unionism to economic goals and to constrain the unions from either becoming political actors or codifying their objectives in legislation. Collective bargaining was to become the core activity of German unions. Even when wages were still controlled, through 1948, the unions were channeled by the allies into economic instead of political actions. Because German unions were determined to achieve a more authoritative institutional position in the conduct of the economy, they tried to achieve "social codetermination." Consistent with the first outcome, however, codetermination ultimately became an end in and of itself, rather than a step toward "self-determination." Third, works councils at the firm level, which did not play important roles in Anglo-American models of industrial relations, were weakened. Works councils had also been relatively weak in the Weimar Republic, but given the apparent discrediting of German capitalists following the Third Reich, there were strong indications that works councils would play much more substantial roles than ever before.

In all these cases, the American and British relied heavily on their understanding of the role of unions in their own societies. They urged German unionists to build organizational structures that would be the functional equivalents of those of the allies. Thus, the union movements were somewhat different in the two zones until they were joined in 1948. These self-referential strategies came to the fore during two critical junctures in the struggle over the form and function of the postwar union movement. One juncture began in mid-1945 over the proper base upon which to rebuild the labor movement. The second occurred during 1945-1947 over the degree of centralization that movement would be allowed. While the allies took quite similar positions on
both issues, the US zone was ultimately most central on the first issue, and the British zone on the second.

The efforts at institutional transfer were linked to a broader concept of social partnership that had played an important role in wartime America and Britain. What Charles Maier has termed the "politics of productivity" established a larger policy framework for the issues of institutional redesign. A joint statement of the American and British Military Governors to the employer associations and trade unions emphasized in several places the central importance the allies attached to consultation with "workers, employers and farmers" and made clear that they expected the future German government to do so as well. The statement continued:

Moreover, it almost goes without saying that in matters which concern employers and workers jointly, and there are very few occasions when their interests are separated, the work of government will be facilitated if the joint voice of employers and workers can be heard. We need hardly stress, therefore, the supreme importance which we attach to a body or bodies which will enable employers and trade unions to get together, to iron out their differences, and concert plans of action not only in matters which may be the concern of governments but in those for which the authority and responsibility remain with the partners in industry.

This book treats the Military Governments of the US and Britain as the central organs for investigating industrial relations policies. Their superior organizations, SHAEF and its replacement as supreme authority, the Allied Control Council, rarely exercised direct influence over trade union development. By the time control officers of the various occupying armies were actually in place in the summer of 1945, SHAEF had been dissolved. The Control Council, on the other hand, while it was the de jure government of Germany, was, by virtue of the need for unanimity among the four allies, effectively blocked for long stretches of time. Aside from occasional decisions like the ACA Law 22 on works councils, most important decisions

---

12 Charles Maier, "The Politics of Productivity,"; Werner Abelshauser's work has pointed to the American pressure on Adenauer to control energy and raw materials as a key motivation for the development of postwar German corporatism, see his "Korea, die Ruhr und Erhards Marktwirtschaft," in Rheinische Vierteljahresblätter, 45, 1981, pp. 289-316. The Hattenheimer Gespräche, the first important step in restarting German corporatism after the war, were negotiations over codetermination sparked in large part by American pressure; see below.

13 Ironically, this plea for togetherness was read separately to the employers' associations (on February 15, 1949) and trade unions (February 28, 1949).
regarding the organization of industrial relations were taken by the military governments of the occupying powers in direct subordination to their home governments. OMGUS was headed throughout the period by General Clay, and the British Military Government by General Robertson. While American policy toward Germany was the object of fierce debate, all such debates had to pass through OMGUS for implementation. Thus, for a discussion of micro-level institution building, the debates inside OMGUS duplicate the most important broader debates about "the German question." In the British case, the Military Government was quite autonomous and, on industrial relations issues, inclined to be substantially more conservative than the Labour government it served.

To gauge the allied impact, one needs some sense of the Weimar system of industrial relations. Following Walther Müller-Jentsch, we can sketch the foundation of that system with reference to four complexes of institutions: the 1918 Stinnes-Legien Agreement on collective bargaining, the 1918 legislation on shop committees and also on collective bargaining agreements and their mediation by the state, and the 1920 agreement on works councils. Collective bargaining made a breakthrough in Germany only after WWI as demobilization forced heavy industrialists to negotiate a variety of issues with trade unionists. In the wake of the revolution, the Stinnes-Legien Agreement, named for the representatives respectively of heavy industry and the social democratic trade unions, recognized trade unions as the official representatives of the workers, legitimated collective bargaining in all branches, called for factory committees in firms with over 50 employees and established the eight hour work day. In December 1918, legislation laid the foundation for collective bargaining agreements, the possibility of their extension by the state to firms outside the negotiations and the role of the state in mediating conflicts over wages. This last point was a fateful decision as the state assumed a responsibility that eventually overwhelmed its capacities. The so-called "mandated-wage" (Zwangstarif) became a symbol of the Weimar state's inability to help mediate the core interest conflicts in Weimar society. As the


Wade Jacoby, MIT Department of Political Science Dissertation
trade unions weakened, they came to rely increasingly on this state instrument; conversely, the employers needed the unions less and less in the course of Weimar, and they launched offensives against the Zwangstarif, and indeed against the Republic, most notably in the Ruhr iron strikes of 1928.\textsuperscript{15} Thus, private "wage autonomy," because it was incomplete, actually burdened the state heavily.\textsuperscript{16} The changing balance of power between capital and labor made the institutional framework established near the beginning of Weimar dangerously anachronistic by its end. As Müller-Jentsch notes, "the system of autonomous collective bargaining was already dead by the time the Nazis officially suspended it."\textsuperscript{17}

Works councils also developed in the Weimar era. While unions and social democrats generally rejected the factory and worker councils erected in some firms in Imperial Germany, cooperation during WWI led to legislation mandating works councils across the economy. At war's end, the revolutionary council movement unsuccessfully pushed councils as an alternative to parliamentary democracy. But while the 1920 legislation carried the name of the council movement (Räte), it bore virtually no other similarity to the movement's demands. The law, which the council movement protested in demonstrations causing at least 40 deaths, created a compromise system of representation that was neither the "yellow" councils proposed by management nor the system of shop stewards favored by the unions. The works council represented the employees of the firm but had also to consider the good of the firm. Already in the early days of the Weimar Republic, the tension was clear between the works council system's possible roles as either a second pillar of negotiation between management and labor, or as an instrument of the trade unions for the monitoring of their agreements.\textsuperscript{18} While the employers had found the works council legislation acceptable for channeling the council movement back


\textsuperscript{17} Müller-Jentsch, op. cit., p. 321.

\textsuperscript{18} Kurt Brigl-Matthiaß, Das Betriebsräteproblem in der Weimarer Republik, (Berlin: de Gruyter), 1926, p. 30.
into union control, the clear weakening of the council movement removed their interest in the organ and, after 1924, the employers tried to paralyze the works councils and neutralize them.19

Besides the previous developments which actually achieved the status of law in Weimar, a final complex of proposals which never achieved this status must be briefly considered: those of "economic democracy." The core idea of their slogan, which covered a variety of different proposals, was that the "formal" political democracy of Weimar must be augmented with democratic control of the economy. This program, proposed by the SPD upon its reelection in 1928, has been variously seen as an *elaboration* of earlier concepts of a corporatist *Reichswirtschaftsrat* and/or the proposals of the union congresses in Breslau (1925) and Hamburg (1928), as an SPD *reaction* against the earlier Independent and Communist proposals for "council democracy," or as a *tactic* to justify union participation in the modest institutional reforms of Weimar.20 Whatever the precise mix of motivations, the concept, as laid out most extensively by Fritz Naphtali, suggested that capitalism had changed its character from *individual* to *organized* capitalism. The result was the possibility of a parliamentary transition toward socialism in which trade unions would play a crucial role in the centralized management of the economy.21 Economic democracy was attached to no specific program, but rather was committed to change through SPD leadership. While the Weimar SPD did not advance significant legislation to further this agenda -- and with the Nazi seizure of power, independent trade unions and employers associations were of course dissolved and replaced by the German Labor Front (DAF)22 -- various concepts of union participation in economic management at the

---

19 Müller-Jentsch, op. cit., p. 324.
21 Thus the rise of the economic democracy ideal thus was associated with the SPD dropping its call for socialization and increasing its opposition to the state regulation of trusts. Fritz Naphtali, *Wirtschaftsdemokratie: Ihr Wesen, Weg und Ziel*, (Berlin: Verlags-Gesellschaft des ADGB), 1928.
22 In the period after January 30, 1933, union leaders maneuvered to reach an accord with the Party. This attempt to "prevent organizational death by committing political suicide" ended on May 2 for the ADGB and on June 24 for the Christian unions.

Wade Jacoby, MIT Department of Political Science Dissertation
highest level played an important role in the wartime and postwar thinking of German trade unionists.

BUILDING UNIONS: COLLECTIVE BARGAINING OR ECONOMIC DEMOCRACY?

Aside from the case of Eastern Germany, it is unlikely one country has ever abandoned its industrial relations institutions to fully imitate those of another. Certainly this did not happen in post-WWII Germany, where the emulation of certain Anglo-American institutional features occurred under pressure from the allies. The US and British Military Governments consistently drew on Anglo-American models of industrial relations in regulating and shaping the reconstruction of German industrial relations. OMGUS especially had close links to the American Federation of Labor (AFL) and the Congress of Industrial Organizations (CIO) and drew many of its labor officers from both organizations, as well as from the National Labor Relations Board (NLRB). The most important allied influences were three: the limiting of unions to collective bargaining functions, the decision for industrial rather than unitary structures, and the procedures for union organization. Anglo-American models and Anglo-American Military Government influence were important in all three decisions.

Before looking at questions of union structure and function, it is important to recall the situation of German labor in 1945. A number of social, economic and political factors made the organizational construction of industrial relations quite difficult.23 The destruction of German cities, combined with the huge flows of refugees from Eastern territories, made housing a serious problem. In cities like Hamburg, Bremen, Dortmund and Cologne, from 50 to 70% of apartments had been destroyed. In the American and British zones there were about 23% fewer

dwellings in 1945 than in 1939, although within two years the population of the two zones had increased by about 20% as a result of immigration that substantially exceeded war deaths. While official caloric consumption stood at 1550 per day, many Germans received much less as General Clay struggled with Washington for funds to feed a starving population. Immediate material concerns dominated the day to day activities of the German population and shaped the tasks of union building since the unions had to deal with people's disinclination to commit to political activity and yet build organizations that could speak to these immediate problems.

Production was halted in many factories, and only near the end of military occupation did it reach levels of 1936. In the spring of 1945, production stood at some 12% of 1936 levels in the US zone and 15% in the British zone. These figures rose to around 30% in the first quarter of 1946 and 50% and 37%, respectively, by the end of that year. The combination of low production and the loss of many blue-collar males in the war confronted the unions with a difficult membership situation, one compounded by the entry of refugees into local labor markets. These refugees posed new organizing challenges for the unions and also reduced union bargaining power by slackening labor markets. Finally, union organization was practically hampered by the absence of higher levels of German political authority: the allies did not allow the unions to grow organizationally at a rate faster than the state. Since France especially was committed to decentralized state structures, this limitation on union organization was quite significant. In addition, local authorities in Germany often placed heavy bureaucratic obstacles in the way of trade unionists, making every application process an exercise in strict formality. Nevertheless, as the following table shows, membership grew rapidly in the newly constituted unions. The data show a rapid rise in the number of union members in the US zone.

Membership there was 1,730,197 in September 1948, a figure which represented a union density among all salaried workers of 37% and a density among all "employable" persons registered at labor offices of 24%. The corresponding figures for the other three zones were Britain 2,547,243
members (or 27.1% of the employable population); Soviet Union 3,675,900 (or 49.7%) and France 402,400 (or 16%).

Table 1: Membership development in trade unions in the US zone

<table>
<thead>
<tr>
<th></th>
<th>Bavaria</th>
<th>Hesse</th>
<th>Würt-Baden</th>
<th>Bremen</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 1945</td>
<td>95,000</td>
<td>40,000</td>
<td>122,000</td>
<td>6,000</td>
<td>263,000</td>
</tr>
<tr>
<td>Dec. 1946</td>
<td>359,000</td>
<td>300,000</td>
<td>291,000</td>
<td>63,000</td>
<td>1,013,000</td>
</tr>
<tr>
<td>Dec. 1947</td>
<td>647,214</td>
<td>371,126</td>
<td>399,629</td>
<td>88,844</td>
<td>1,506,813</td>
</tr>
<tr>
<td>Sept. 1948</td>
<td>773,949</td>
<td>409,586</td>
<td>443,118</td>
<td>103,544</td>
<td>1,730,197</td>
</tr>
</tbody>
</table>

Density June 1948 32.5% 36.0% 41.0% 50.1% 37.0%


Two organizational options for labor, the return to separate unions for different political affiliations (Richtungsgewerkschaften) and the takeover of the Nazi DAF, were rejected by both the allies and the majority of German unionists. The overwhelming majority of trade union leaders agreed that the traditional party affiliations of the trade unions would not be continued. German labor leaders, however, wanted labor unified into one union movement, so as to avoid the fragmentation along political and religious lines that had made labor's resistance to fascism so ineffective during the Weimar Republic. Thus, whereas in the Weimar period the social democratic unions had been linked to the SPD, the Christian union federation to the Catholic Center and other bourgeois parties and the Hirsch-Dunker unions to the German Democratic Party, virtually all actors agreed in 1945 that strict party affiliations would be ended. This broad consensus against party affiliation thus did not require the influence of Anglo-American models (indeed, TUC-Labour connections in Britain were and are tighter than any in post-WWII

---

Germany), although it seems likely that American ideals helped strengthen the German rejection of the Richtungsgewerkschaften.25

The decision against a centralized DAF-like organization was somewhat more controversial. Although decisively rejected by the allies, DAF features still functioned for a time as a kind of conceptual building block for many of the German union leaders who were rebuilding regional unions in the early months after the war.26 Fritz Tarnow was probably the strongest supporter of the conversion of the DAF into a trade union organization, having began the discussion as early as 1939 in Sweden. This and later variants of the plan were generally not supported by the majority of the exile leaders. Tarnow's extreme anti-communism led him to see in the DAF a mechanism for preventing a communist takeover of the trade union movement by capturing the organizational high ground for the social democrats.27 But other leaders, including Hans Böckler, Albin Karl, Gustav Schiefer and Markus Schleicher, found a number of the organizational features of the DAF interesting. These included the centralized organizational design augmented by non-autonomous industrial groups.28 The central organization would control the union finances and would have very wide competence vis-a-vis the industrial groups and regional organizations. Some considered the possibility of mandatory membership and dues (paid by the employer), arguing that mandatory membership reflected democratic principles "because the working conditions generated by union activity are a benefit to all."29 While the motivation here was partly one of the need to finance the organization, it was also an effort to deny free riders the "fruits of union labor." The other motivation was clearly to use mandatory

25 An exception was the Saar, where French annexation plans planned to link to the Saar is one of the few remaining strongholds of Christian trade unionism in the FRG.
26 Fichter suggests that SHAIF might have accepted a reformed DAF structure before the Morgenthau Plan made such a policy unthinkable, pp. 76-80.
28 Yet a small minority around Adam Stegerwald was attracted by the notion of labor unions as a quasi-public association like the chambers of commerce and industry; for the historical roots of this line of thought see Patch, op. cit., passim.
dues to prevent competing unions from appearing alongside the "unitary" union toward which the several leaders were clearly working. All these issues continued in the debate between proponents of industrial and unitary unionism. Whatever the outcome of that debate, the allies were unwilling to accept this "lesson" learned by some Weimar labor leaders about the costs of division and therefore to accept a reformed DAF.

The end of party-affiliated unions did not, however, mean that trade unions wanted to end their political activity. The key questions concerned the ends and means of the new union politics. But where the large majority of German trade unionists were committed to some form of economic democracy, the allies proposed fairly strong divisions between economic and political activities and rejected specific attempts to "democratize" economic relations. As a result, allied policy encouraged unions to focus all their organizational efforts on collective bargaining.

Against this understanding of unions, German labor's agenda for inclusion in a broad range of questions about the society and the economy through local, regional and a national levels of an "economic council" was frustrated by the relatively rapid reintroduction of party competition in state legislatures. While both allied military governments placed numerous restrictions on union organization, they encouraged a much more rapid development of political parties. General Clay pushed the parties to develop quickly, even when his decision to set local elections for early 1946 was much doubted by his own staff and protested by many party leaders in Germany. As the parties grew in importance as a locus of political decision making, union hopes for a broadly political role began to fade. OMGUS generally even resisted union efforts to achieve systematic inclusion in the denazification and decartelization processes, even though local trade union officials played large de facto roles in both efforts. OMGUS justified this narrow vision of labor's role in the rebuilding of German society with the claim that unions would need flexibility

---

30 Following convention, the Einheitsgewerkschaft has been translated here as "unitary" union. While contemporary German unions are also often referred to as Einheitsgewerkschaften because of their feature of including all workers in a secter within one union, the following pages demonstrate that this form of "industrial unionism" was an alternative to unitary unionism in the post-WWII debate.

Wade Jacoby, MIT Department of Political Science Dissertation
in bargaining over changes in wages and working conditions, and they should, therefore, focus on dealmaking, as opposed to legislation which might prove inappropriate for society's further development.

To the extent that the focus on collective bargaining was designed to ensure that wage setting was not the responsibility of the state, there was no essential disagreement between occupiers and occupied. The German social partners had learned well this lesson of Weimar. The Allied Control Council Law 35 set the basic framework in which it was eminently clear that responsibility for wage setting would lay with the social partners alone. And, unlike Weimar legislation, the FRG's 1949 law on collective bargaining clearly attributed responsibility for mediation to the social partners themselves, a principle reinforced by subsequent high court decisions.

The real issue was whether collective bargaining would be all that unions could do. The allies' emphasis on "business unionism" was contradictory as well as unpopular. In the actual situation, unions had a difficult time establishing themselves as economic actors, first because OMGUS controlled wages and work time along with prices and, second, because firms appeared so weak that unions feared that an aggressive push for economic benefits would cause the firms to fail. While the unions advocated new forms of codetermination because both the economic and political situations of Germany were so unclear, the occupation forces insisted the unions act the way a "normal" union would, even if times were admittedly abnormal. German labor's weakness

31 A proposal by German state authorities (Economic Council) in late 1948 for a "conciliation law" was rejected by both the unions and the employers associations as too interventionist. Each association would stand behind the deals it had made rather than blaming the state for faulty mediation. In this way, the inevitable friction of economic change would not destabilize the national economy. Laws should "direct these forces along peaceful lines, thus converting the factor of unrest into a stimulating agent towards progress"; Dietrich, op. cit., p. 16.
33 In practice, there have been a few instances of political intervention, especially early in the history of the FRG, and any number of threats from the state that a failure to solve their own problems might lead to state intervention. On the other hand, this pressure has generated an extensive system of private mediation.


Wade Jacoby, MIT Department of Political Science Dissertation
can be seen in how it was forced to act "normally" while everything around it was changing.\textsuperscript{34} Unions were told to act "flexibly" by foregoing institutionalized legal protections (in light of the "unusual nature" of the tasks of reconstruction) but, at the same time, to orient their organizational construction around the "normal" tasks of labor. OMGUS, with its AFL, CIO and NLRB personnel, had specific ideas about what was not "normal."

There were two competing models of union organization. The key principle of industrial unionism was "one plant, one union," in which one union would organize all the firms and workers in a single sector. These industrial unions would be largely autonomous actors with control of policy, wage bargaining, strikes and finances. The concept of unitary unionism radically extended this idea of one plant, one union across a geographical area. Each area would have one union, which could then contain industrial or craft "groups." The distinction was important because the policy autonomy and the control of finances clearly lay with the central body. Unitary unionism foresaw local, regional and ultimately national levels of operation. Among Germans and among the allies were proponents of both forms, although industrial unions were preferred by the allies, while unitary unions had majority support among Germans.

One of the reasons industrial unionism appealed to the allies was that it promoted organizational decentralization. Ironically, in Imperial and Weimar Germany, industrial unionism had actually been a tool of centralization. The social democratic union federation had generally tried to promote industrial over occupational unionism, and so reduced its number of affiliated unions from 55 in 1891 to 30 in 1931.\textsuperscript{35} The organizational principle that had led to centralization during Weimar could be used for decentralization after WWII, because the German aspirations

\textsuperscript{34} After the end of wage controls with Ordinance 58 on November 3, 1948, collective bargaining became once again a meaningful activity for German unions. But where the German Bizonal Economic Council passed Ordinance 68 in December 1948, which allowed the extension of a collective bargaining agreement to the entire industry, the allies (Bipartite Board) insisted that such extensions take place in relatively limited circumsstances. As US officials noted, this decision had the effect of encouraging the commitment of organizational resources to developing institutions of collective bargaining; see Dietrich, op. cit., pp. 13-14.

\textsuperscript{35} Müller-Jentsch, op. cit., p. 319.
for centralization had grown so dramatically. Indeed, many German trade union leaders continued to see industrial unionism as a tool for promoting centralization since it eliminated competition for members inside firms and branches. But where these leaders wanted to use homogenization to build a strong central movement, the allies used the industrial union principle to prevent centralization. Thus, organizational principles had different logics, depending upon the political context in which they were embedded.

The German ambitions for a unitary union were not, however, mechanically linked to blueprints for societal change. The proponents of unitary unions were far from unanimous in their plans for reforming state, society and economy. As during Weimar, demands for "economic democracy" covered much diverse ground. Moreover, representatives of industrial unionism, like Willi Richter in the US zone and Franz Spießdt in the British zone, also sought wide-ranging social change. That said, German proponents of the unitary union generally also favored more centralization than did backers of industrial unionism. Key motivations for a unitary union were the concentration of forces to push economic democracy, the hope of a powerful counterweight to the FDGB in the Soviet zone and also the realization of social functions such as educating youth and retraining adults in democratic concepts. The proponents of unitary centralization defended their plans against charges of excessive power with a set of arguments to which Johannes Kolbes referred as the "tyranny of proven democrats." The idea was that trade union leaders, more than officials of other organizations, could be trusted not to abuse organizational authority. The prevention of such a union organization was an outcome of an alliance between occupation forces and proponents of independent industrial unions.

It is clearly misleading to see allied trade union policy as a simple reflection of anti-communism. For the allies, more was at stake than fighting communism, especially in 1945-46. As Mielke has shown, other motives -- a desire for order and a particular view about democratization --

36 Richter was in Hesse and Spießdt in Hamburg. Mielke and Rüters, op. cit., p. 308.
37 Herrschaft der bewährten Demokraten, quoted in Mielke and Rüters, op. cit., p. 309.
played important roles in allied calculations about trade union organization. Both these principles were vague enough to direct against communists, but ample evidence shows the target of much of the organizational restrictions to have been fascists and the traditions of authoritarianism inside German trade unions. Social order is a fundamental concern for any occupation force, especially one as inexperienced as the US Army. The Army had struggled mightily with issues of order in its occupation of Italy and was determined not to repeat such mistakes in Germany. JCS 1067 had outlawed all political activity in Germany, and OMGUS exercised close controls over the process of union building. The widespread attitude among Germans that National Socialism was a good idea carried out badly was only one indication to the allies of a real danger of resurgent fascism or of civil unrest. Thus, tight controls were far more than a tool of anti-communism.

Further, the way in which such controls were structured reflected Anglo-American understandings of organizational democracy. Both the US and British Military Governments maintained strict licensing procedures for unions, and in several cases existing unions re-established in the immediate post-war period were dismantled for not following procedural specifications. And yet while the allies made no secret of their strong preferences for industrial unionism, both Military Governments allowed many unified unions to form, especially in 1945. The explanation of this apparent contradiction lay in a second aspect of the allies' view of what legitimates a union, namely shop elections. OMGUS especially laid substantial importance on the legitimization of unions in individual firms through shop elections and established detailed processes with strong similarities to NLRB certification elections. Works council representatives elected in secret ballots were allowed to construct a committee to apply formally for recognition of a union at firm level (and this step simultaneously disallowed an application in that locality by

those not connected to firms). The Americans insisted that the workers then express their desire for a union by acquiring the written support from 25% of their numbers. After submitting their application to the Military Government, local officials could begin building the union by recruiting members, electing a board and generating a program which had to be publicly discussed in a membership meeting. Generally, only then would the military government grant approval, and this process of certification had to be repeated for firm-level unions to join together in either industrial or unitary organizations. During 1945, many unitary unions were thus certified, including a good number with communist influence.\footnote{See Paul Krüger, "Wie Wir die Gewerkschaft in Wiesbaden augebaut haben," in Ulrich Schneider et al (eds), \textit{Als der Krieg zu Ende war: Hessen 1945}, (Frankfurt: Röderberg-Verlag), 1980.}

The formal process in the British zone was similar, and the generally strict adherence to such requirements meant that many union foundings were delayed and several were declared void or had to be restarted.\footnote{Franz Hartmann, \textit{Entstehung und Entwicklung der Gewerkschaftsbewegung in Niedersachsen nach dem Zweiten Weltkrieg}, (Göttingen), 1977, pp. 252 ff; Mielke, op. cit., 1979, pp. 77-78.} Former Weimar unionists who were active in establishing unions, especially in larger firms, clearly struggled with these regulations. These unionists generally built a committee for application purposes out of the networks that had remained intact at home and abroad over the fascist period. Then, while Military Government investigated their application, they went to work recruiting members and building a program. As in the US zone, the process of legitimizing union organizations reflected not only ideas about democratization, but the actual practices in the society of the occupying power. As a skeptical Military Government official noted to a TUC official in 1945, the works council elections in the British zone involved a "miniature parliamentary election complete with nomination by eight sponsors, election of a returning officer, division of the factory into constituencies and a number of other purely English practices."\footnote{Major E.A. Bramalls letter of September 15, 1945 to H. Tracey of TUC printed in Appendix to Steininger, Rolf, "England und die deutsche Gewerkschaftsbewegung, 1945-46," in \textit{Archiv für Sozialgeschichte}, 18, 1978, p. 98.} The allies' restrictive regulations forced unionists to spend considerable time on the internal democracy of their organizations. During the first years of

Wade Jacoby, MIT Department of Political Science Dissertation
union building, however, the balance of power shifted dramatically in Germany back toward the organizations of capital. Thus, by the time organizational prerequisites were fulfilled, the time for programmatic changes had indeed grown much less hospitable for labor.43

The idea that German democracy would be built on institutions that guaranteed internal democracy worked against labor’s efforts to build rapid momentum. The allies not only used these procedural checks to democratize unions internally, but also used the checks to push unions toward preferred organizational forms. In democratization efforts, functional equivalent logics were at work in both internal practices and union structures. The allies’ anti-communist motives were, however, somewhat less dependent on specific models. While Fritz Tarnow sought to use the DAF design in the service of fierce anti-communism, the allies held to the claim that decentralized unions would serve as a firebreak ensuring that the entire movement could not be taken over at once. The organizational implications of these anti-communist motives were thus compatible with the functional equivalent logics stemming from democratization efforts, but do not seem to have driven such a logic directly. Further, anti-communism could be pursued through personnel policy as well, and thus was somewhat less reliant upon organizational decisions.44 Most importantly, the claim that allied delays reflected anti-communist motives sits uneasily with the evidence from 1945 and early 1946. At that point, the most progressive forces inside Manpower were the ones who most often delayed union formation by insisting on strict linkages between shop-floor elections and union authorization. Thus, as we shall see, the strongest anti-communists were often the ones promoting a faster approach to union authorization.

During the first year of the occupation, the key disputes within the German trade union movement about form and function were reproduced inside OMGUS. AFL officials, working closely with officials from the OMGUS Manpower Division, pushed for "free trade unionism" in

43 Mielke and Rüters, op. cit., p. 25.
44 The major purge of communist unionists came in the 1950’s after the military occupation had ended.

Wade Jacoby, MIT Department of Political Science Dissertation
Germany. The key officials inside OMGUS also enjoyed the active support of George Meany, Irving Brown and James Riddleberger back in the US. The AFL position, which emphasized apolitical business unionism and strong control by unions over works councils, also advocated American support for labor leaders from the old Weimar union federation. Older union leaders, who had often lived in exile during the Nazi regime and had established their own contacts with the American and British labor movements, were considered by the AFL to be the foundation for a new union movement. The programmatic content of free trade unionism was thus linked to a "top down" approach to constructing labor organizations. A paradigmatic case of this free trade union approach was the Württembergische Gewerkschaftsbund. Founded in May 1945 by a handful of social democratic and Christian trade union functionaries, it consisted of a central office of 50-100 officials who then set about establishing a network of local and industrial affiliated unions and recruiting a membership.

Neither the free trade unionism approach nor the dependence on Weimar labor leaders was uncontroversial. Influential members of the Manpower Division, including its leader, General McSherry, doubted that the very union leaders who had proven themselves unable to help the nation resist fascism the first time would be able to do so the next time. These officers advocated a "grass roots" approach in which the labor movement would build substantially on the local antifascist committees -- the so-called antifas -- that had grown up in the last weeks of the war. The group of officers so inclined enjoyed support outside OMGUS from Sidney Hillman of the CIO, while Ernst Bevin, leader of the Labour Party, was also supportive of the grass roots ideal. The antifascist committees and shop locals themselves did not share the widespread notion that only a centralized labor movement could protect workers' rights. Further, the grass roots unionists -- from communists, social democratic and Left independent positions ---

45 The best account of the "free trade union" versus "grass roots unionism" dispute is Fichter, passim.

Wade Jacoby, MIT Department of Political Science Dissertation
were generally committed to a "root and branch" approach to ending fascism and to the notion that only local institutions can defend local democracy. As such, while the allies made occasional use of the antifas in denazification efforts, the Military Governments (and SHAEF before them) also distrusted them as potential competitors to political parties. The antifas, organized in at least eighty cities in the US and British zones, including virtually all of the large ones, were immediately limited by the allies to apolitical functions inside individual firms, where they made up the bulk of the movement for grass roots unionism. As articulated by their key proponent inside the Manpower Division of OMGUS, George Wolf, the grass roots position turned upon the use of the elective, rather than the appointive, process in trade union organization. It contemplated that the German people, including workers, required elementary exercises in the use of democratic processes at the lowest and simplest levels; that in the formation of trade unions, popular initiative and participation should be encouraged; that for the emergence of democracy in Germany a new elective leadership was required, which might prove a liberalizing influence and source of leadership beyond the trade union field; and that the indefinite continuance of an appointed leadership would necessarily impede the development of a democratic trade union movement.

The State Department officials and the supporters of free trade unionism in the AFL rejected a strict requirement that all union certifications grow out of shop elections and sought successfully to open up some possibility that trade unionists could restart locals prior to developing firm-based organizations. They argued that since the personnel who could start such unions were often returning from exile and were unknown in the firms, the grass roots demands were unrealistic and would have promoted communism. A bitter intra-organizational fight developed around the free trade union faction's approval of the Württembergische Gewerkschaftsbund mentioned earlier. The French, who had initially occupied the Stuttgart area, had first certified the union. Officials from the free trade union faction argued that it would thus be unfair to force its dismantling even though the earlier certification clearly contradicted OMGUS procedures. Wolf, in communications back to Washington, fed the fire by accusing the works councilors of being merely "self-appointed union officials" and comparing the union elections in Stuttgart to

48 Niethammer et al, op. cit., pp. 639-640; for figures on density, see the map on p. 721.
49 Wolf Report.
50 See Fichter, op. cit., p. 167.
DAF elections. In late 1945 and early 1946, the free trade union faction ultimately convinced General Clay to replace the OMGUS officers who had supported the grass roots position. OMGUS instead chose to build on those existing social actors relatively more favorable toward the OMGUS policy of economic unionism. But they faced the dilemma that while the Weimar unionists benefited from the victory of the free trade union over the grass roots faction, these leaders had their own ideas about institutional design, and these visions did not necessarily match those of OMGUS.

The relatively strict regulatory processes at local levels were mirrored by careful control by the allies of regional, Länder and zonal associations. Both allied powers strongly favored independent industrial associations rather than a unified union with strong central authority over relatively weak industrial, occupational and regional groups. An opinion poll of union members conducted in late 1946 by the OMGUS Information Control Division found that 69% preferred unitary unions against only 22% for industrial unions. Among new members, the proportions were even more striking: 75% vs. 12%.51 Mielke has shown, however, that trade unionists in the US zone were more open to the notion of industrial unionism than had been implied by many previous accounts.52 Not all local union organizations developed as unitary locals, although clearly most did. In Bavaria, as in the other Länder of the US zone, some local union organizations had been developed around one principle and some around the other.53 The Munich, Augsburg, Regensburg and Würzburg locals were all built as federations of industrial locals. In addition, some locals following unified unionism as their organizational form also contained industrial unions as members. Such was the case, for example, in Hof, Fürth, Ingolstadt and Rosenheim.

51 Fichter, op. cit., p. 197.
53 See Krüger, op. cit.
Also making the OMGUS position more acceptable was the gradual shift of support in favor of industrial unionism resulting from the problematic experiences with unified unionism in Bavaria. Established in March 1947, the Bayerische Gewerkschaftsbund was designed to have control of union finances and even to pay all the full-time employees of the subordinate unions out of its budget. Both these principles proved problematic, however, as four unions negotiated successfully for exemptions to the policy of central financial control while at least two other small unions hired their own officials because of concerns that the central organization was neglecting their sector's needs. A similar confrontation with difficulties inherent in unified unions occurred in Württemberg-Baden where, by the time of the first Land-wide conference in December 1946, the central organizational authority had been so much reshuffled to the advantage of the industrial unions that only one-third of the funds were still flowing to the center. Starting in 1946, with the end of its intra-organizational dispute, OMGUS and AFL and CIO officials offered strong and constant support for industrial unionism and material support for its German advocates. In the course of 1945-1947, they increasingly found converts to these principles. Thus, the introduction of industrial unionism in the US zone came through a long, slow construction of an alliance between OMGUS officials and a strong but ever growing minority of German union leaders. Industrial unions were constituted, although the branches were somewhat more inclusive than in the US unions, as the number of branches from the Weimar period was cut essentially in half.

While the British influence on the decision for industrial unionism was quicker and more decisive, the possibility of executing this decision also depended on minority voices in the British zone who favored industrial unionism. Franz Spliedt, who headed the industrial union movement in Hamburg, was the strongest supporter of British Military Government in this endeavor. When TUC officials visited the zone in the fall of 1946, they visited Spliedt first. As

we shall see, British Military Government allowed substantially more in the way of
codetermination. But regarding union organization, they moved even more quickly than the
Americans to push decentralized industrial unionism. While many of the unitary unions founded
in Germany were motivated by pragmatic considerations of organizational economies of scale in
localities with few members, the North-Rhine and Lower Saxonian unitary movements were
clearly driven by ideological conviction. As their leaders articulated time and again, they
considered the unitary union the only kind of organization that could concentrate working class
interests both to prevent any return to fascist conditions and to push toward a new economic and
social order. Once that new order was established, there would be much less need for classic
trade union functions like strikes of particular firms or branches. The unitary union was also
seen to help represent class interests in major social issues of the moment such as housing and
food. As in the American zone, only a minority of trade union officials agreed with Military
Government that such a union organization would be incompatible with democracy, initiative
and a lack of bureaucracy.55 Throughout the fall of 1945, British Military Government had
attempted to dissuade German unionists, especially Hans Böckler in North-Rhine and Albin Karl
in Lower Saxony, from such a unitary union. The primary mechanism for forcing this change
was legal restrictions on union organization. As long as unitary unionism remained the guiding
principle, few new unions were allowed and many existing ones were disbanded. Böckler, Karl
and many others were confronted with the possibility that insisting on a particular organization
would mean that the movement could simply not go forward at the expected pace.

The other key tool of the Military Government turned out to be the TUC. In the fall of 1945, the
TUC, to that point a peripheral participant in Military Government trade union policy, was
approached about going on a "mission" to the British zone.56 The objective of Military
Government was to convince TUC officials that German preferences for unitary unionism were

56 The definitive account of the mission is found in Rolf Steininger, "England und die deutsche
incompatible with democratic development or effective interest representation and reflected cultural inclinations toward authoritarian organizations. The TUC delegates, after a handful of stops inside the zone, fell into line behind Military Government and wrote on November 27 to Hans Böckler of their strong disapproval of the unitary union. On December 7, 1945, Böckler and the North-Rhine union officials then officially and reluctantly abandoned efforts to build the unitary union. Böckler noted that it "was time to finally get recognition so that we can move forward with our work. How can we do this? It will be possible if we change our plans. This means that we must for now build autonomous unions without losing sight of our longer term plans." But the obvious hopes for revisiting the issue were dashed; although Albin Karl held out for some time in Hannover, the unitary union was finished in the British zone.

If the influence of the British Military Government is beyond doubt, the issue of institutional transfer is muddy. As we have seen, the motivations for allied policies toward unions (military control, democratization, and anti-communism) were complex and often contradictory, and Military Government was pushing a policy of industrial unionism that certainly looked quite different than the predominantly craft-oriented British system. Yet the very ambiguity of national models of industrial relations was useful to the British in suggesting that they faced many of the same issues as the Germans and had found a superior form of organization. Consider TUC official E.P. Harris' rejection of Albin Karl's appeal for the unitary union, which highlights British experience in acknowledging centralism's temptations and urging Karl to resist them:

... in the [mission's] experience, a heavily centralized organization inevitably becomes bureaucracy. The British Trades Union Congress fought bureaucracy in this country during the war and succeeded, to some extent, in breaking down centralized direction into regional organisation in order to widen the base of consultation and discussion. The General Council of the [TUC] agree that there are too many Unions in Great Britain at the present time, but they would strenuously resist any attempts to create one Trade Union

57 Böckler on December 7, quoted in Steininger, p. 85.
58 Albin finally was forced to switch to industrial unionism after a zonal conference in August 1946 under pressure from British Military Government officials; see Barbara Marshall, The Origins of Post-War German Politics. (London: Croon Helm), 1988, pp. 118-121.

Wade Jacoby, MIT Department of Political Science Dissertation
from the organisations at present affiliated to [the TUC]. And however much you may
differ, the fact undoubtedly remains that if one centralised organisation handles all
finance then those who have control of funds will dictate policy and can lead to
bureaucracy.\footnote{59}

On the other hand, at essentially the same moment the TUC had supported unitary unionism for
Czechoslovakia and Austria. They defended this "apparent contradiction" in their policies by
noting that their visits with these union leaders had inspired confidence, whereas they were
simply less sure that all German trade union leaders, present and future, could be so entrusted.\footnote{60}
Thus, the TUC was also not convinced that such an organizational model was always preferable.
In this case, the "functional equivalent" approach was used in the broadest sense, in a way that
seemed more to justify policies chosen for a mix of other reasons. The TUC, given its
organizational fixation on founding the World Federation of Trade Unions, was more the
instrument of Military Government than an autonomous actor, as were the AFL and CIO.

\section*{RESTRICTION AS IMITATION: CODETERMINATION AND WORKS COUNCILS}

The next two sections on codetermination and works councils involve institutions favored by the
German labor movement but generally opposed by the allied Military Governments. The
subsequent establishment of codetermination and the persistence of works councils raise the
question of whether one can speak either of institutional transfer or of "success" in these cases.
The politics of each case, however, show how emulation can mean forgoing certain institutions.
At first glance, restriction as imitation may appear oxymoronic. On closer inspection, however,
these cases illustrate the dynamics of the liberal claim that when it comes to institutionalization
less is more. As many scholars have demonstrated, the term "deregelation" obscures the amount
of regulation employed by contemporary liberal economies like the US and Britain. Apparently

\footnote{59 Letter E.P. Harris to Albin Karl, January 8, 1946, reprinted in Steiner Appendix, pp. 117-118.}
\footnote{60 Steiner, op. cit., p. 85.}
similar deregulation strategies call forth specific and varied forms of reregulation.\textsuperscript{61} Moreover, the cases of codetermination and works councils are similar to the current dilemmas of Central and Eastern European states which now wish to adopt EU regulatory institutions without losing the social protections of their current institutions. As in the post WWII cases, there are pressures to give up institutional guarantees in favor of market regulations; this section attempts to understand this process more fully.

These cases were successes in two ways: first, in the narrow sense laid out in chapter two, the allies' "containment" strategies helped them set very substantial restrictions on both kinds of institutions. In the wake of WWII, the moment appeared ripe for a major transformation of labor's societal roles. Such a transformation would have had a number of far-reaching institutional implications. That the trade unions could not realize these ambitions can be attributed largely to the occupation forces, which insisted on industrial unionism yet also controlled the scope of union collective bargaining, limited works councils, suspended codetermination and socialization measures, controlled union publishing possibilities, influenced the composition of union leadership bodies, and suppressed the antifascist committees. The result was that, in Johannes Kolb's paradoxical formulation, "the new trade unions matched more exactly the organization of the Weimar period than would have been true without the intervention of the occupation forces."\textsuperscript{62} In both cases the allies faced a union movement much more united about the need for codetermination and works councils than about the precise form of union organization. In the face of this unanimity (which extended to substantial parts of the CDU), the allies fought a rearguard action, defending their restrictions with references to their own societies and with appeals about what was "good for Germany." Second, and more broadly, the allied restrictions did not prevent further evolution in these instruments. Institutional transfer

---

\textsuperscript{61} Steven Vogel, \textit{Freer Markets, More Rules: The Paradoxical Politics of Regulatory Reform in the Advanced Industrial Countries}, (forthcoming); Vogel touches on the use of the NASDAQ stock exchange model for Britain in the course of "reregulating" its financial markets.

often leads to rigid institutions but not in the case of industrial relations. In both cases, the allies found it ultimately useful for strategic reasons to allow limited forms of the desired institutions. Thus, the allies had an important influence on the shape of the instruments that did emerge, and while early limitations undoubtedly frustrated labor's broader agenda, they did not stall these efforts completely. In subsequent years, the German model thus moved farther away from the allied ones.

FROM MEANS TO END: THE LIMITATION OF CODETERMINATION

German unions certainly did not drop their effort to exert a broader influence over German society just because the two Military Governments tried to channel them strictly into collective bargaining. The most visible effort to achieve a political role came through attempts to acquire legal rights to codetermination in firms. In this context, codetermination involved the appointment of representatives of labor to supervisory and/or management boards of individual firms. As implied above, the current form of codetermination in Germany has changed substantially over that achieved by labor in the occupation period. That version of codetermination resulted from intense struggles in which labor's vision of codetermination, as a provisional step toward self-determination, had to be revised to become a goal in and of itself.

As in Weimar, the very vagueness of the concept of "economic democracy" appears to have brought it broad support since each could see in the slogan what he or she wanted. Franz Neumann, a German social democrat who went from helping draft the societal codetermination laws of 1928 to opposing their extension in 1951, noted that codetermination was incoherent because it was designed to appeal both to Marxists and to Catholic social thought.63 The core

---

63 Franz Neumann, "The Labor Movement in Germany," in Hans Morgenthau (ed), Germany and the Future of Europe, (Chicago: Univ. of Chicago), 1951, pp. 103-104; Naumann's second reservation was that since state officials would also be involved, the anti-democratic German civil servants would render such models ineffective for
idea was for unions to gain the legal ability to influence a broad range of social, political and economic questions through organs of economic councils. This labor agenda clashed with the allied understanding of proper union prerogatives. While the British Military Government actually preferred union representation on firm supervisory boards to the concept of works councils, it joined OMGUS in a profound skepticism about institutionalizing a voice for labor on management boards. But the development of state governments and parliaments that had been so important in undercutting labor's prospects for a direct political role ironically also offered an opportunity for unions to establish such a role indirectly if that prerogative could be codified in legislation. As it turned out, support for some form of codetermination was quite broad. Despite General Clay's warnings that he would not allow it, state governments in Hesse, Bremen and Württemberg-Baden produced legislation in 1948 -- albeit substantially weakened through negotiations with the Christian Democrats in parliament -- allowing codetermination in firms. In Hesse, 72% of voters confirmed their support for this provision in a referendum.

Yet Clay and the OMGUS Economics Division strongly opposed codetermination. The General argued that decisions effecting the German economy as a whole had to be left to the entire German nation to decide. Clay was urged by many of the labor leaders who had worked closely with the American occupation, and even by advisors within OMGUS, not to suspend the legislation since they argued that some democratization of German industry was inevitable and that codetermination was better than socialization. But in the fall of 1948, the General set aside the legislation saying that "trade union forces seem to survive very well in America without such.

promoting social democratic goals. Like Clay, he argued that legal privileges could not substitute for a lack of "militancy."

64 Volker Berghahn and Detlev Karsten, Industrial Relations in West Germany, (Oxford: Berg), 1987, pp. 176-77.
65 Clay responded that "In point of fact, national ownership might well form a better pattern than economic codetermination as the latter is, in my opinion, much more apt to retard the German economy." Letter to Draper January 18, 1949 in Jean Smith (ed), The Papers of Lucius D. Clay: Germany 1945-49, 2 volumes, (Bloomington: Indiana), 1970, p. 989 ff.
a law."  This decision proved highly unpopular in Germany, and debate continued past the founding of the Federal Republic in late 1949.

With the transition to the era of civilian occupation after 1949, US actors lined up on opposite sides of the codetermination debate. The AFL, which enjoyed only some firm-level codetermination rights in some collective bargaining agreements, successfully urged John McCloy, the US "High Commissioner," to advise the newly constituted Adenauer government to establish national legislation on codetermination or face the lifting of the suspension of the state laws in Hesse and Baden-Württemberg. When talks between unions and employers broke down in the spring of 1950, McCloy carried out his threat and lifted the suspension. The institution of these laws in the two states then raised the specter of an industrial relations regime that would differ within Germany, and helped spur the German government and employers into serious negotiation.  

As the German parties moved closer to legislation in 1951, however, the US National Association of Manufacturers entered the fray, threatening that American capital could not be expected to flow into Germany if the protection of stockholders rights could not be assured. In the course of subsequent debates, the AFL and the German unionists lined up on one side and the NAM and German industrial federation on the other, with no meaningful programmatic differences between allies in the two camps. The NAM defended its interest as an effort to "determine what US industry might do to halt the spread of this scheme in its extreme form," and because the German political Right needed help as it was, the NAM argued, paralyzed by its inexperience in dealing with the public, its association with Nazism and its fear of reprisals for public action should the Soviets later come to occupy Western Germany.  

---

67 Because he favored holding out for federal legislation, Böckler was actually lukewarm to the idea of lifting the suspension, and it appears that it would not have been done without AFL involvement.
68 Until 1950, the State Department had generally disallowed new US investment in Germany.
69 See the discussion in Werner Link, Deutsche und amerikanische Gewerkschaften und Geschäftsleute, 1945-75: Eine Studie über transnationale Beziehungen, (Düsseldorf: Droste Verlag), 1978, pp. 49 ff.
"survived very well without," the civilian occupation, under pressure from US domestic interests, actually helped reopen pressure on the FRG government to produce modest codetermination.

Firm-level codetermination had taken a somewhat different course in the British zone as the unions were able to acquire substantial rights in large industrial firms, especially in the coal and steel industry. Given traditional hostilities between labor and capital in these sectors, the outcome is highly ironic. The key impetus to the establishment of firm-level codetermination came from allied efforts to dismantle many large industrial concerns in the Ruhr. While the management of these firms had traditionally been quite hostile to the very strong labor unions in these sectors, the threat of allied dismantling made these traditional antagonisms seem less pressing. The managers began to see the possibility of recruiting unions to their side in persuading the occupation forces to limit industrial dismantling. One price for this cooperation was the union demand for more voice in firm operation.\(^70\) Hans Böckler worked together with Heinrich Dinkelbach, an ideologically moderate industrialist appointed by the British, to formulate a plan for the decentralization of the steel trusts. Over several months of negotiations, the two sides developed a model of codetermination in which labor's representation on the supervisory board was equal to that of management and in which each management board had a representative for labor who was approved by the unions. This form of codetermination applied only to firms in the coal and steel industry and was not codified by parliamentary legislation but was carried out with the approval of the British Military Government.\(^71\) But while the unions hoped this form of codetermination would be a foot in the door, growing Cold War tensions dramatically shifted the allies' calculations about the possibility of coexistence with the Soviets. With the occupation forces thinking much more about promoting German and European economic recovery, employers saw less and less need to secure labor's cooperation. While the


\(^{71}\) Berghahn and Karsten, op. cit., pp. 177-79.
coal and steel codetermination agreement was finally codified in 1951, progress on codetermination at the firm level came to an end until the 1970's.

Thus while the unions began the postwar era with hopes of de facto codetermination on social, economic and political levels which could be translated into constitutional prerogatives, they saw those hopes disappointed. Even without allied disapproval, legislative efforts to provide social codetermination were inherently unlikely once state parliaments assumed the initiative. In the end, a strong version of firm codetermination emerged only in the Ruhr coal and steel industries. This development occurred in response to a unique constellation of interests, with German management and labor united against allied plans for dismantling. All other firms were subjected to much weaker forms. In short, the allied conceptions of the limitations on the juridification of labor's role in society and the economy were clearly evident throughout this period.

MAKING THE BEST OF A BAD SITUATION: WORKS COUNCILS UNDER THE ALLIES

The substantial limitations on works councils is the third key outcome in the development of labor capacities during the allied occupation of West Germany. Since 1920, workers in German firms with more than five employees had been entitled to elect a works council to represent the entire workforce in managerial decisions affecting plant working and employment conditions. As we saw earlier, the 1920 works council law had actually produced works councils that were quite weak, and many German unionists were determined to achieve more authority after WWII. Works councils were quickly regenerated in the weeks immediately after the war's end and had been crucial to restarting production in many areas of the country. In a number of cases, leftist works councilors, jailed as political prisoners, were released to factories for war production as

---

72 That is, where production was allowed to restart at all. Paul Porter, "Germany, 1945: A Memoir," unpublished document in Paul Porter papers in Harry S. Truman Library, p. 25.
the allies' final offensives pinched the German military from both East and West. Present in the factories at the war's end, these individual works councilors restarted plant-level labor organizations almost immediately. But neither British nor American occupation forces displayed much interest in supporting factory-level labor organizations as entities independent of trade unions. What were the specific strategic calculations that led to the preservation of this dualism?

The US position vis-a-vis works councils can be understood in light of the conflict over free trade unionism and grass roots unionism detailed earlier. In their efforts to defeat the grass roots position, the free trade unionism advocates in OMGUS emphasized the US acceptance of the Weimar division of labor between works councils and unions. This acceptance implied that regardless of the strength and achievements of firm-level labor organizations favored by the grass roots faction, there was no justification for basing the union movement upon them. The free trade union majority inside OMGUS thus promoted dualism partly for the purpose of justifying the construction of the postwar union organization around former exiles with few connections to firm level organs. After resolving the dispute in favor of the free trade unionism faction, however, OMGUS found itself in the uncomfortable position of having defended for strategic reasons an institution for which it had no real use. Certainly, the American system that guided so much of their thinking had no provision for such a body. At one point, the free trade union forces actually considered trying to implement a shop steward movement after all. But that proposal was ultimately shelved for reasons of strategy vis-a-vis the Soviet zone. OMGUS feared that if no works councils were developed in the Western zones, then under German reunification, the works councils from the Soviet zone would dominate any national organization. Accordingly, they proposed keeping works councils in place but weakening their prerogatives and making them subordinate to the unions and ineligible for any extra-firm organization.

73 The following paragraph follows Fichter, pp. 177-78.
These goals were codified in Allied Control Council Law 22 of April 10, 1946. Generally rejected by both unions and works councils as a weakening of labor's voice in the running of firms, Law 22 gave OMGUS and the British essentially the kind of union-dominated labor structures they wanted. Thus, the US motives for restricting works councils were threefold: they wanted to limit a tool of potential Soviet influence, promote union control in firms, and restrict or avoid codetermination. The British supported this agenda and, if anything, added to works council restrictions by imposing rules for procedural democracy -- "miniature parliamentary elections" -- on the one labor institution that already had close ties to its popular base. The western allies' interest in weak works councils became even more pronounced as anti-communism replaced anti-fascism on the Anglo-American agenda. A marked shift occurred in the balance of power between labor and capital. With growing Cold War concerns and the allied promotion of German economic recovery, the employer associations became much less reliant on labor unions. Like the laws on codetermination, the law ultimately passed on works councils in 1952 was far weaker than labor had expected in the immediate postwar years.

But even more than in the case of the codetermination laws, the foundation left by the occupation proved quite adaptable. In the course of the postwar period, works councils indeed became key players in shaping German industrial relations. The main structural prerequisite for this adaptability has been a more equal distribution of power between labor and capital. Labor's power was, by overcoming previous religious and political cleavages within the movement, strengthened under the allied occupation in relation to its position in the Weimar Republic, if not in relation to its own postwar hopes and goals. Trade unions leaders then began the difficult task

74 The French, always committed to decentralization, were actually willing to grant the works councils more legal latitude. On the OMGUS use of Law 22 to subordinate works councils to unions, see Eisenberg, op. cit., pp. 64-65. For details of close works council-union relations in this period, see Klaus Koopmann, Vertrauensleute: Arbeitsvertretung im Betrieb, (Frankfurt: Büchergilde Gutenberg), 1981, pp. 71-73.

of gaining influence over works councils and creating a fruitful division of labor in interest representation.

In the cases of codetermination in the US and British zones and of works councils in the US zone, the allies allowed German labor a modified and restricted version of their aims. In each case, these outcomes reflected strategic tradeoffs (on democratization, decartelization and the free trade union-grass roots dispute, respectively). The allies drew on their own societies' "technical" institutional designs in setting these restrictions, while other more politicized influences were also evident (the intervention of the AFL and NAM as well as the Labour government's cautious interest in codetermination). In using these restrictions, the allies helped avoid a repetition of what might be called the Weimar problem, in which labor seizes an opportunity for institutional changes which they are not strong enough subsequently to defend. By discouraging recourse to legislation, the allies dramatically limited what labor could gain on paper. These restrictions bitterly disappointed many German unionists, but if the allies were not going to allow the destruction of the German bourgeoisie, they also kept labor from biting off more than the capitalists would let them chew. In turn, the German bourgeoisie restarted the slow process of coming to terms with German unions. It is to this process, tacitly but haltingly begun with Stinnes-Legien, that we now turn.

EMPLOYER ORGANIZATIONS RESPOND TO AMERICANIZATION

In immediate terms, the reconstruction of employer organizations was the least successful allied intervention since there was a striking degree of personnel, organizational and policy continuity. It was not that the Americans did not attempt to change these organizations, but more that their plan for doing so involved a complicated, multi-faceted shift of competencies that broke down in its very first step. OMGUS sought unsuccessfully to transform chambers of industry and
commerce into quasi-American organizations with voluntary membership, no control over market entry and no public functions in, for example, distributing raw materials. In the OMGUS vision, chambers could then perform a number of the functions previously carried out by other employer organizations and negotiate with trade unions on local issues of economic importance. On this basis, OMGUS allowed chambers to reopen immediately after the war. This plan, however, besides running into the fierce resistance of the chambers themselves, ultimately disintegrated under the ambitions of the unions to transform the chambers into corporate, bipartite bodies of economic democracy.\footnote{76 For the Hessian case, see Walter Mühlhausen, \textit{Hessen, 1945-1950: Zur politischen Geschichte eines Landes in der Besatzungszeit}, (Frankfurt: Insel-Verlag), 1985, pp. 205-217.} Against this backdrop, OMGUS moved toward allowing the old employer associations to return as "working groups for social rights." One of the functions these organizations would have, however, would be collective bargaining at the sectoral level. With this step and the earlier decision to allow the sectoral associations to reconstitute, the road toward traditional forms and functions of German employer organizations was cleared.\footnote{77 The bitter fight over chambers of commerce and industry continued until, in 1956, American-mandated restrictions on chamber functions were rescinded in a move to "homogenize" FRG regulations. The British had never tried to enforce similar changes while the French occupation, with similar structures in France, perceived quasi-public chambers as entirely unproblematic; see Gerda Wuelker, \textit{Der Wandel der Aufgaben der Industrie- und Handelskammern in der Bundesrepublik}, (Hagen: Linnepe Verlagsgesellschaft KG), 1972; Gary Herrigel, "Industrial Organization and the Politics of Industry: Centralized and Decentralized Production in Germany," Ph.D. dissertation, MIT, 1990, pp. 483-488.} The restrictions on the sectoral associations were designed to diminish the possibility of cartels, although OMGUS was utterly unable to convince the German government to pass meaningful legislation for preventing such combinations. On the other hand, while these efforts for formal change were largely frustrated, American models of management pulled in through particular employer organizations have had a significant long term effect on German capitalism.

This section discusses the occupation's influence on two main forms of German employer organizations. First, business and sectoral associations, led by the \textit{Bundesverband der deutschen Industrie} (BdI), mainly represent the interests of industrial employers in economic policy-
making. The peak association BDI has only industry-based member associations. Second, employer associations, led by the *Bundesvereinigung der deutschen Arbeitgeberverbände* (BdA), primarily engage in collective bargaining with unions. The BdA has both industrial and service sector employer associations, although the industrial ones are clearly dominant. While American employers organizations were important in sectors like aircraft production, where their main function was to lobby the government to continue purchasing planes, they performed substantially fewer functions than their German counterparts. Most importantly, in the United States, wages were generally negotiated between unions and individual firms and not between unions and employer associations.78

The German employer organizations appeared not only unfamiliar but also threatening to the occupation powers. The alliance between cartelized domestic industry and expansionist foreign policy had been eminently clear in the plunder that followed Nazi armies into both Western and Eastern Europe.79 As Volker Berghahn has shown, the American conception of cartels did not necessarily spring from firm size alone -- indeed, many American corporations were larger than their German competitors -- but from an ideology of competition explicitly challenged by the division of markets practiced by German cartels since the mid 1920s.80 German employers associations for collective bargaining had been forced into the DAF while the business and sectoral associations had been integrated into the *Reichswirtschaftssystem*.

While the American and British authorities in the first months of the occupation were extremely wary of the German industrialists, they did allow a fairly rapid reconstitution of local sectoral associations. At the end of the war, these associations, the so-called *Organisationen der*

78 In the course of the postwar period, American collective bargaining did indeed become increasingly centralized. The model being pushed abroad was actually in a state of flux at home; see chapter six on vocational training since reunification.
gewerblichen Wirtschaft, were initially banned by the Americans and the French. The British, noting that the organizations had not been deemed Nazi organizations by Control Council Law 2, allowed them to remain, and this position was later accepted by the other two powers provided that mandatory membership ended and all public functions ceased. With Technical Instruction 10 of October 30, 1945, the British then officially allowed business associations (Fachverbände) to form. These organizations could not require compulsory membership, were limited to one branch only and had to list their functionaries for cross-checking with denazification processes. US authorization for business associations came a month later on November 30, 1945 and included provisions that ended the weighted voting which had favored large firms. While the Americans allowed multi-sectoral associations to form in some cases, they forbade organization above the Land level. Throughout the process, the industrial importance of the British zone came to the fore as the associations were more quick to form there and existed at zone and not just Land level. The allies primary concern with the business organizations had to do with the concentration of market power, and thus a key objective was to restrict the size and scope of the associations, above all keeping them from market regulation functions. As the Cold War progressed, this restrictiveness lessened and by 1949, multi-industry associations became acceptable. Given the steps the allies took to promote internal democratization inside the trade unions, it is striking that denazification of both individual firm management and personnel within the associations was minimal.

The functional equivalent of American and British practices would have been to weaken the role of employer associations in collective bargaining and end the dualism of employer and business organizations. Indirect evidence shows this was the initial policy of both Military

---

81 Since the new associations were deemed to be "functional descendants" but not the legal descendants of the OGW, it took until 1956 to transfer the property of the OGW to the business associations, see Ingo Tornow, "Die deutschen Unternehmerverbände, 1945-50: Kontinuität oder Diskontinuität?" in Josef Becker et al (eds), Vorgeschichte der Bundesrepublik Deutschland: Zwischen Kapitulation und Grundgesetz, (Munich: Wilhelm Fink Verlag), 1979, p. 238.

82 This only changed with the February 1948 decision to allow the new German Economic Council to authorize Bizonal associations.

83 Berghahn, op. cit., pp. 48-51.
Governments. Employer associations were initially restricted much more than were business and sectoral ones, and, given the lack of collective bargaining over wages, their social functions were carried on by the business associations. In the British Zone, in a few scattered cases employers had received tacit approval from local Military Government officers to restart employer associations in 1945. In a number of cases, these organizations were multi-industry, just as the union organizations. In response, particularly strong proponents of economic democracy within the trade union movement, led by Viktor Agartz, leader of the German economic administration in Minden, called on the Military Government to restrict the employer associations. The British reacted by formally allowing single-sector business associations, but disallowing multi-sector and employer associations. But the employer association leaders argued that fusing business (lobbying) and employer (collective bargaining) associations would replicate Nazi practice. Additionally, other voices inside the trade unions sought a partner in industry with whom collective bargaining could take place on social issues beyond wages -- issues concerning which the unions depended on firm-level agreements. Since the unions had very uneven strength in individual firms, and especially since the strongest firm-level organizations were communist, these union leaders had a strong interest in reestablishing bargaining at a higher level. On May 5, 1947, British Manpower agreed to formally allow employee organizations. One month later, British zone metal employers founded working groups of all metal employer associations in order to remove them from the control of the business associations. OMGUS followed suit in October 1947 and allowed employer associations to form, although they denied permission for a bizonal peak association of all employer associations. Finally, in February 1949, with collective bargaining once again in the hands of Germans, Walter Raymond, the head of the "Central Secretariat of the Employer Associations," met with the two military governors to negotiate

84 The Soviet Military Government did not allow employer associations to reform; collective bargaining was initially carried out by the chambers of industry and commerce on behalf of employers. In the GDR, the industrial ministries nominally negotiated with the Communist trade unions over "framework collective agreements" which were then further discussed at the industrial conglomerate level with the firm union organization.
85 Tornow, op. cit., p. 243.
permission for a peak association. Clay and Robertson informed him that were such an organization formed, they would change the law to allow its continuance.\textsuperscript{87}

Rather than fundamentally reforming the employer associations, the allies then attempted to "balance" their power. This was done through three mechanisms. First, as we have seen, labor unions were encouraged to concentrate their energies on collective bargaining and to build capacity to mobilize their members in support of narrowly economic goals. Second, the levels of German industrial output were tightly regulated. Inter-allied disputes about precise "level of industry" allowances eventually came to occupy a central place in the broader discussion of the role of Germany in the European recovery, but, from the beginning of the occupation, controls also served as a check on the organized power of employer organizations. Finally, the allies, especially the Americans, made a concerted effort to move the Germans toward a more laissez faire competition policy that emphasized tough anti-trust legislation. In short, the allies did not dismantle the traditional dualist structure of employer organizations, but used unions, output restrictions, and decartelization to shape the influence of employers.

The hope of using anti-trust provisions to restrict cartels and promote an American view of competition policy was also disappointed. In general, the Economics Division of OMGUS was considerably more business-oriented than the Manpower Division, which oversaw trade union reconstruction.\textsuperscript{88} It was largely the OMGUS Economics Division which, by 1947, was pushing the development of employer organizations as part of a broader interest in supporting German economic reconstruction. In doing so, they recognized that not all Germans were hostile to American concepts of production. German industry had flirted with internationalization and mass production in the 1920s as firms like Bosch, IG Farben and Siemens had used export markets to increase economies of scale in production.\textsuperscript{89} Hoping to build on these interests,

\textsuperscript{87} Mallmann, op. cit., p. 251.
\textsuperscript{88} Fichter, op. cit., p. 250.
\textsuperscript{89} Berghahn, pp. 22-23.
American policy aimed at encouraging the coming national government to continue the occupation competition policies and institutionalize in law strong anti-trust provisions. But OMGUS and High Commission efforts to implement strong anti-trust provisions bore little fruit.

The failed efforts to promote American-style anti-trust law were not simply the result of ignorance of the German economy.\textsuperscript{90} Centered in the Justice and State Departments, "the designers of the German deconcentration program did not ignore German cartel law, but they discarded it as inappropriate to deal with the concentration established under Hitler."\textsuperscript{91} The postwar German industrialists were divided on the question of moving toward an American style mass production model, especially one which emphasized competition policy. The peak business association, the Bdl, was dominated by Ruhr heavy industrialists -- who had at least traditionally been strong supporters of cartelization -- plus a number of small-firm dominated industries that depended on cartels to stabilize their markets. The employers' collective bargaining body, the Bda, came under the influence of export-oriented producers like Hans Billstein, an auto-parts supplier who headed Gesamtmetall, Bda's largest member association, through its first decade. Billstein and a number of others had traditionally been both more accepting of labor unions and less dependent upon cartels to stabilize their markets. In loose coalition with German liberals like Ludwig Erhard and such elements inside the Bda, the Economics Division and later the High Commission exerted steady pressure on the Bdl to agree to a legislative program restricting the use of cartels. While never imposing a legislative solution, US occupation officials expended substantial effort to bring about such legislation under the Adenauer government. But, as Berghahn shows, the Bdl's power grew steadily.

\textsuperscript{90} There were divergent opinions from within the American business-policy community about how to handle the German cartels. US Steel's Benjamin Fairless actually wanted the US to adopt a cartel system while Paul Hoffman of Studebaker was the leading advocate of pushing a strong anti-trust policy on the Germans; Berghahn, op. cit., pp. 87-88.

\textsuperscript{91} Graham Taylor, "The Rise and Fall of Antitrust in Occupied Germany, 1945-48," Prologue, 11, 1979, p. 29; Herrigel has shown that the Americans were ignorant of the dependence of small firms on cartels, pp. 495-496.
Ultimately, the Bdl effectively resisted Erhard's allied-approved anti-trust legislation until a watered-down bill was finally passed in 1957.92

Notwithstanding the tension arising from the failed American efforts to promote meaningful anti-trust legislation, America's "cooperative" labor-management relations attracted attention from many German industrialists. Against the backdrop of traditional authoritarian German practices, many German managers became interested in the "socially responsible manager" of the Fordist US firm.93 Exposed to "Training within Industry" courses offered in the US zone and a flood of articles in Der Arbeitgeber, the official publication of the BdA, which began advocating the diffusion of US management methods, the BdA came to frame the debate about industrial relations institutions not in the Bdl's terms of "capitalism versus socialism," but in terms of "socialism versus community."94 At the same time, German managers were the targets of a larger American effort to export the politics of productivity. As CIO Treasurer James Carey said:

> The idea of simultaneously increasing production and the capacity of the community to consume is the most typical American product we have to export. It is, to my way of thinking, the best answer Democracy has to the Communist charge that conflict and collapse are the inevitable products of our type of economic society. Communism is fighting Democracy not only with guns but with ideas as well. We have found in our American experience the answer to Communism. Our friends in Europe want to explore this idea and adapt it to their own environment. I do not believe we should fail them even though some timid souls may call it 'interference'.95

As Luc Boltanski has said of similar French "productivity missions" to the US, "importing social technology had priority over transferring material technology."96 The European Reconstruction Program study visits of German businessmen to the US focused on industrial relations practices.

As the German Marshall Plan ministry noted after the initial trips:

92 Berghahn, op. cit., pp. 170-73.
93 As Heinz Hartmann's study showed, throughout the immediate postwar period, most industrial elites remained quite authoritarian; Authority and Organization in German Management, (Princeton: Princeton), 1959.
94 Berghahn, op. cit., pp. 247-249.
95 Quoted in Link, op. cit., p. 83.
96 Luc Boltanski, "Visions of American Management in Postwar France," in Sharon Zakin and Paul DiMaggio (eds), Structures of Capital: The Social Organization of the Economy, (New York: Cambridge Univ. Press), 1990, p. 345; and also as in France, this vision was particularly interesting to Social Catholicism.
This relationship is founded on the common goal of increased productivity. Both partners start with the recognition that every increase in productivity benefits the employees as well as the management; such an increase brings with it lower prices simultaneously with higher production and wages, a rise connected to the shorter production time. In scientific and practical research into all problems connected with the concept of productivity, as the German specialists were able to determine, the US has made considerable advances especially in recent years.  

More cooperative management practices were made possible and contributed to more accommodationist shifts within the labor movement as well. With the growing marginalization of communists, many KPD members left the unions and stayed only in the works councils, leaving the unions more maneuvering room vis-a-vis moderate managers. What remains less clear is the precise specification of the relative weight of the American production model in this gradual evolution. Alongside the emerging hegemony of the American production model were indigenous German traditions of mass production, and a judgment about the relative influence of these two sources awaits further empirical analysis. Berghahn's demonstration that a "generational change" was effected inside the German employer associations that led to a much less contentious form of industrial relations suggests, however, that the American model was a constant point of reference for a modernizing faction within these associations. There is little reason to believe that the resurgent influence of older Prussian traditions would have evolved over time in this fashion, whereas the continued success of the Fordist production model throughout this period no doubt drove increasing German interest in it.

In short, the narrowing of industrial relations issues to economic ones appears to have dramatically changed the calculations of a substantial group of employers as to the possibilities for an acceptance of unions as equal partners in the shaping of the economy. While the concerted American attempt to gain strong anti-trust legislation in Germany was unsuccessful despite the advocacy of allies like Ludwig Erhard, the more diffuse effect of the American

97 Quoted in Link, op. cit., p. 84.
production model appears to have had a lasting effect on the balance of power within the associations. While the case for institutional transfer as an analytical device is weaker here than in the case of labor organizations, it is still of considerable utility in highlighting the relative weight of external and internal forces in reorganizing the interest representation of capital in occupied Germany.

CONCLUSION

On the basis of this set of cases, what can be said more generally about the analysis of institutional transfer? As one clear point, even within these limited cases, several potential explanatory factors may influence short-term success or failure and longer-term institutional development. No factor on its own seems likely to determine a process as complex as matching the power, resources and ideologies congealed in a model institution to the material and social conditions of a new territory. Taken individually, the different weaknesses of the sophisticated rumors raised earlier are evident.

One popular notion about institutional transfer is that culture poses a formidable obstacle to importing institutions from abroad. But using this lens, how does one explain the enthusiasm of many Germans for American institutional changes? The occupation is hardly the story of single-minded resistance to Americanization, even if that theme was sometimes quite important. Culture, if seen as a collection of norms that make certain political means more legitimate in one society than in another, does give some purchase on the issue of institutional transfer -- whether in establishing the meaning of an institution itself or in modifying it to meet the sensibilities of the new users. These are issues which we will explore more fully in the case of school reform since reunification. But culture, imagined as a coherent, consistent set of "values" that determine the ends of politics, seems to provide little leverage in explaining the dynamics of institutional
transfer. Put differently, it was only where there were deep divisions among Germans that allied models were able to gain a foothold. Whatever the utility of cultural propositions in explaining micro-level institutional transfer, at the level of designing macro institutions, such an approach has serious flaws.

A straightforward argument about material resources might also be useful in explaining some variation in successful and unsuccessful institutional transfer. To the extent that interest groups -- even when ideologically or culturally motivated -- can be bought off, the new institution may find a breathing space in which to begin establishing its own legitimacy. Certainly, the AFL's material support for the free trade union leadership had some impact while OMGUS control of newsprint also helped this same faction. On the other hand, resources, as a monocausal explanation, clearly will not do. It is hard to imagine a better funded transfer of institutions than the one currently in progress in Eastern Germany, where many of the greatest difficulties are occurring in institutional domains into which the most funds have flowed. Material help can lubricate transfer under some conditions, but it can actually ease the pressure for changes under others. As we will see in chapter six on vocational training, structuring even the most generous public programs to support institutional transfer is extremely complicated.

The distribution of political power and authority also clearly matters in the process of institutional transfer. The allies had virtually unlimited formal authority in Germany, authority which they exercised to demilitarize the country, control the economy, license all political activity and distribute food and housing to the population. Yet despite strong dissatisfaction with many German institutions, they often believed -- as in the anti-trust example -- that attempting to impose institutions would be futile or counterproductive. In the case of reunification, Bonn's formal authority was also augmented by overwhelming popular support for the attempt to recreate West German institutions in Eastern Germany. Authority is, therefore, at best a necessary but insufficient condition for institutional transfer. In these cases, power was
used to narrow the range of possibilities under consideration -- to restrict rather than compel. Because "models" are an abstraction, they can be useful in covering up disagreements about a wide range of practical points and thus useful in placing proposals on an agenda in the first place. Beyond the consensus that Richtungsgewerkschaften had to be replaced, there were a wide range of ideas about socialization, codetermination, works councils and union organization. The American side also had a fundamental split in its own ranks between the free trade union and grass roots factions. Power entered the picture in forcing some of these ideas off of the agenda: Which models? Who chooses? The utility of power as a variable is better employed in answering these questions than in explaining why an attempt at institutional transfer is successful or not.

The general characterizations of the institutional dynamics of the transfer process discussed in the introduction also have at best partial utility. Recall that as a contrast to the claim here that institutional dynamics can best be understood as a case of functional equivalent institutional transfer, four other possibilities were addressed. The claim that the "transferred" institutions already existed can certainly not account for changes such as that to industrial unionism. On the other hand, the allies were never able to introduce successfully entirely new institutional designs (recalling that new management practices would not fit the formal definition of institutions in chapter two). The second claim, that all reform was indigenous, is impossible to square with the evidence of allied intervention into union foundings, structures, functions and leadership. The third claim is that macroeconomic change and not institutional change is the key to understanding post-WWII Germany, but we have seen that German industrial relations was first reformed under very difficult circumstances, well before living standards appeared even tolerable let alone the outcome of an economic "miracle."

The fourth claim, that transfer was actually rejected by the Germans, is confirmed in some cases but not others. Interestingly, the final rejection of the American design for the chambers of industry and commerce occurred at the height of the economic miracle, confirming that

Wade Jacoby, MIT Department of Political Science Dissertation
macroeconomic success could not automatically legitimate existing institutions. The other feature of the chambers case is that OMGUS had immediately reopened them before reforming them; as we will see in the next chapter, a similar decision helped doom American school reform efforts. Finally, we saw that the notion of institutional transfer also cannot encompass the full range of changes since the strategies of transfer were often demonstrated to be explicit or implicit ways of operationalizing prior policy choices like "democratization." Apparently, institutional transfer is generally embedded in a broader set of policies. These cases are useful examples of institutional transfer, but the heuristic itself cannot account for all the important political dynamics of the cases. Again, evidence from the extreme case of German reunification will confirm that even where imitative processes are most pronounced, analysts must focus also on sources of continuity and inertia.

It is to a case where inertia defeated efforts at institutional transfer that we now turn. In this case too, the Americans confronted an organized but divided civil society. This time, however, OMGUS failed to make common cause with the element of society committed to school reform ideals quite similar to its own. Against that background, no amount of flexibility could save the reform plans in the face of the implacable hostility of the German educated elite. The long term consequence of the spectacular failure was an unintended discrediting of the movement for common schools in Germany.
CHAPTER FOUR

EDUCATION AFTER THE WAR: GERMANS CONFRONT "THE ONE BEST SYSTEM"

"Where anything is growing, one former is worth a thousand re-formers."
-Horace Mann, as quoted by John Dewey

INTRODUCTION

This chapter considers the unsuccessful American efforts to transfer institutional designs inspired by American high schools to post-WWII Germany. American reformers worried about the self-perpetuation of a German educated elite that appropriated material privileges while opposing democracy. The proposed antidote was common schooling -- overcoming the German track based system or, at the very least, maximizing the number of years of common schooling before tracking commenced; ending tuition and fees for pupils; and requiring all primary and secondary teachers (not just those of the tiny cohort of the university-bound elite) to have university training. Of these goals, only that of removing tuition and fees was accomplished.

The three track German schools were and are unusual among European educational systems in the breadth of their differentiation and the length of their tracking. The basic structural outlines of German primary and secondary schools have remained remarkably constant over the 20th century, although the names of the school tracks have changed over time. For the post-WWII period, I use the then-contemporary German terms Volksschulen, Mittelschulen and Gymnasien. The former was the "school of the people," which had included, since Weimar, a four year elementary phase for all children and another four years for the great majority. After finishing these eight years in the Volksschule, well over 80% of German youth left full-time schooling. Most entered the dual
system of vocational training while others joined the labor force as unskilled workers. The "higher schools" — which began with grade five — were the Mittelschulen, for pupils oriented toward the professions, and the Gymnasien, for academic preparation.¹

The chapter has three parts: The longest describes the unsuccessful American attempt to restructure German schools so that they would look much more like American schools; the second sketches the longer term effects of those efforts on subsequent school reform after Germany regained sovereignty in 1949, and the last considers which American strategies might have produced a different result and why such strategies were never implemented.

This case is especially important in explicating more fully the book's core concepts of flexible transfer strategy and of organized civil society because both components were demonstrably available in this period, and yet no substantial institutional reform took place. The Americans were neither overly rigid nor without potential allies to sponsor their reform designs, I show how American strategy, nevertheless, negated that flexibility and ultimately helped weaken the very reform tradition in German education that they had come to promote. Institutional transfer was not impossible in this case; but to have met American aims in this policy area would have required a fast start, a strong organization and an effort to engage and re-energize traditional organized supporters of school reform as well as to win new supporters.

That none of these things happened in the case of school reform will be shown below. American disagreements about the desirability of transferring American-inspired school structures to Germany foreclosed any chance OMGUS had for a rapid start to reform efforts. With the Americans torn between punishing Germany and rebuilding it, a compromise position to allow the Germans to reform education themselves dominated the crucial initial period.² Only when it

¹ After 1964, the elementary schools were separated from the Volksschulen. The Hauptschule, Realschule and Gymnasium were then adopted as the standard names for the three secondary branches.
² OMGUS still controlled denazification, although, some US plans had called for giving this responsibility to the Germans as well.

Wade Jacoby, MIT Department of Political Science Dissertation
became clear that no substantial reform would be forthcoming did OMGUS respond. But for the Christian Democrats and the Catholic Church, the notion of "organic" structures in which institutions reflect deeper features of human society (in this case, natural differences in human ability) quickly became a kind of code word used to justify resistance to the American project of institutional reform.3 Once OMGUS had surrendered crucial organs of control, devoted scarce resources to the physical reconstruction of the traditional system, left traditional reform supporters to their own devices and made few efforts to win new allies, all its later efforts, however determined, were deeply compromised. Thus the flexibility shown during the subsequent attempt at institutional transfer (beginning in 1947) was neutralized by the initial permissiveness while the reform potential in civil society had been ignored.

The argument is not that Germans would be better off today with a high school, nor that strategic mistakes were the only cause of institutional continuity. The chapter simply shows that what the Americans urged in the name of democratization, a coalition of German forces successfully resisted as a lowering of educational standards. The American failure to secure institutional reform in German education, in conjunction with the ensuing economic miracle and the ample labor supply, meant that German educational reform did not reappear on the national agenda in any serious way until the early 1960s.4

An exclusive focus on institutional transfer would make the narrative about school reform unnecessarily reductionist.5 School reform efforts took place in a larger context of occupation policies toward Germany, policies which were, in turn, nested inside US foreign policy. Space considerations prevent a systematic appraisal of the various linkages to broader policy efforts. The

4 Had the US succeeded in pushing the differentiated common school, the changes would likely have benefited from the legitimating effects of the Wirtschaftswunder of the 1950's and early 60's. When reform efforts re-emerged in the early 1960's, they generated two forms of experimental common schools, the Gesamtschulen.
5 Even in the case of German reunification, where institutional transfer has been relatively more important than it was during the occupation, issues like privatization have had enormous independent impacts on institutional outcomes. This phenomenon is discussed in chapter five on industrial relations reform in Eastern Germany.

Wade Jacoby, MIT Department of Political Science Dissertation
key introductory point is simply that within occupation policy, OMGUS pursued a substantial and multi-pronged effort to "democratize" Germany. School reform was just one part of that effort alongside denazification, party and parliament building, public information and press policies. Additionally, the attempts at institutional transfer in the course of school reform were accompanied by efforts at curricular reform which are also not considered here. In short, this chapter is an extension of the broader theme of institutional transfer and is not a free-standing analysis of American democratization efforts in postwar Germany, or even more broadly of educational reform.

OPTIONS FOR INSTITUTIONAL CHANGE: GENERIC MODERNIZATION, BLUEPRINTS OR FUNCTIONAL EQUIVALENCE?

The US initially decided against attempts to transfer American style educational institutions to Germany. The official doctrines of both the State and War Departments -- who were jointly responsible for planning occupation policies -- was that Germans would be encouraged to reform their own educational institutions. By 1946, however, disappointment with the Germans' modest initial reforms combined with political pressure from the US public and Congress to produce an American decision to direct institutional change more aggressively. When this change occurred, OMGUS largely followed the functional equivalent approach outlined in chapters two and three.

Once institutional reform became an organizational goal of OMGUS in 1946-47, once can see strands of three different strategies coexisting. The eclectic approach to institutional change is especially clear in the most important allied document pertaining to postwar educational reform, ACA 54. Promulgated in June 1947 by the US, Britain, France and the USSR under the strong

---

6 Suggestions like that of Stephen Duggan, the director of the Institute for International Education, to use Germany as a proving grounds for progressive ideas that could, under some circumstances, be reimported to the US were also ignored by American planners; see Thron, Hans-Joachim, Schulreform im besiegten Deutschland: Die Bildungspolitik der amerikanischen Militärregierung nach dem Zweiten Weltkrieg, dissertation, Univ. of Munich, 1972, p. 44.

Wade Jacoby, MIT Department of Political Science Dissertation
encouragement of the US, the document contained a list of ten principles to guide institutional reform in German education in all four zones.

At the most general level, "democratization" of German education was a goal shared by all the Allied powers, and some of the institutional changes sought thus did not reflect exclusively American practices. Several tenets of ACA 54 are too broad to be characterized as functional equivalent and are best seen as vague areas of international agreement: educational opportunity for all; compulsory full time school attendance until the age of 15 and at least part time attendance until 16; a curriculum to promote international good will and understanding; school administration which is democratic and sensitive to the wishes of the people; and teaching civic responsibility and democracy through both the curriculum and the organization of the school itself.

At a greater level of specificity, however, OMGUS also promoted functional equivalent changes -- the object of interest here. The core efforts of American reformers during the occupation center around three of the ten tenets of ACA 54 which can be linked specifically, if not exclusively, to American practices and which I see as the core of the functional equivalent project: the guarantee of free tuition and materials for all primary and secondary pupils; the abolition of separate academic and vocational tracks in favor of consecutive levels of instruction; and university level teacher training for all teachers and not just those in Gymnasien.

Finally, OMGUS policy also foresaw and American education officers for a time promoted what could fairly be called an exact transfer approach to implement smaller changes like student councils and health education. ACA 54 contains some minor tenets that can be identified with specific American practices: professional, educational and vocational guidance to be offered by the schools themselves, and the incorporation of health supervision and health education as school functions.
The preceding paragraphs have argued that the functional equivalent strategy was embedded in a range of other mechanisms to promote institutional change. The argument I develop in this chapter is that when the struggle over school reform escalated in the course of 1947-49, the functional equivalent approach came to dominate the OMGUS agenda. At that point, OMGUS began pursuing a menu of institutional changes which show striking differences from educational practices in other European states of the time and which also differed from the policies being pursued by the other allied powers in Germany. To be clear: OMGUS did not insist that Germans exactly reproduce American educational institutions in Germany. Until the very last stages in 1948-49, OMGUS showed striking flexibility and was willing to allow variability across Länder on all of its core demands. Payne Templeton, the head of ERA Württemberg-Baden, who spoke out repeatedly on this subject, often remarked that "we understand that every educational system must be related to the culture and history of the particular Land, indeed we believe that the atmosphere of every locality ought to be tangible in its own schools. Nevertheless, we also believe . . . that the American program of democratic education has certain advantages which, when modified, can and should be built into the German education system."\(^7\)

ERA officials occasionally reminded themselves to focus on the core mission of educational reform and not to substitute smaller modifications for the key structural reforms desired.\(^8\) E.F. Lindquist, an OMGUS "visiting expert" from the State University of Iowa, argued forcefully for this position at an ERA conference:

[OMGUS'] exclusive educational goal . . . is the democratization of Germany . . . Anything done by American educational authorities in Germany must be justified in terms of its direct or indirect contribution to this one all-important objective. There are many ways in which German education could be "improved", in the sense of being made more efficient or more effective with reference to other educational goals. Many of these ways must seem almost painfully obvious to the American educator -- ways, for example, of "improving" the teaching of arithmetic, or of home economics, or present practices in vocational

\(^7\) Quoted in Thron, p. 69.

\(^8\) The Education and Religious Affairs Section, a small organizational unit inside OMGUS responsible for education policy. While ERA struggled with OMGUS for resources, the subordinate organization was generally responsive to OMGUS goals. Thus, unless the context implies otherwise, I generally use the two organizations interchangeably to attribute US policy goals.

Wade Jacoby, MIT Department of Political Science Dissertation
education, physical education, school building planning, etc. Many of these "improvements" could be readily effected, but even if effected, many of them would make no appreciable contribution to the one real objective. Nevertheless, the temptation to take the time to bring about such improvements appears to be very strong, particularly, perhaps, because of the frustrations that have been experienced in direct attacks on the major issue, and because of the natural desire to be able to point to some definite accomplishments. It is a temptation, it seems to me, against which American educators in Germany must be constantly on guard, lest they lose the real campaign while winning minor skirmishes.  

Whether motivated by similar calculations or forced by organizational weaknesses, OMGUS generally followed this advice.  

The remainder of the chapter proceeds in several steps. I describe very briefly the prevailing American conceptions of the high school which informed OMGUS education officers. I sketch previous attempts at achieving the common school during the Weimar Republic and note those changes in German education made by the Nazis which helped conservatives argue that traditional German education was a barrier to, rather than an ally of, German fascism. Next, the US wartime planning for German education reform is discussed. This planning resulted in an initial effort to return control of education reform to the Germans, and this (for OMGUS disappointing) period is sketched next. I then describe the transition to an aggressive effort at school reform focusing on the three key dimensions of common schools, teacher training and free texts and tuition. After describing the failure of these efforts and the shift to long term cultural exchange programs instead of immediate institutional reform, I conclude with a discussion of the effects on further developments in German education: did the political struggle around this attempt at institutional transfer prepare the soil for later reform, or did it rather scorch the earth?

---

9 Keller, Franklin, "Vocational Education in Germany: A Study of Present Status and Desirable Outcomes," OMGUS, October 1947. Located in RG 260, EDUC, box 61, 5/299-2/9, p. 8-9; the underlying assumption is that the functional equivalent approach is a better mechanism for large scale reforms because its structure encourages debate about both ends and means. In such situations, it becomes obvious that debates of that nature cannot exist without actors capable of conducting them.

10 John Taylor's speech in January 1947 and the Mission Report both contain a lot of bells and whistles (health education, student councils, etc.). Thus, while these key early documents do have the democratic core in the forefront, they also contain what Lindquist would consider "extras." See also Tent, 126-7 for the details of the speech; Jutta Lange-Quassowski demonstrates that the key efforts to reform "social studies" occurred after the failure of school reform; see her Neuordnung oder Restauration? Das Demokratiekonzept der amerikanischen Besatzungsmacht und die politische Sozialisation der Westdeutschen: Wirtschaftsordnung--Schulstruktur--Politische Bildung. (Opladen: Leske + Budrich), 1979.

Wade Jacoby, MIT Department of Political Science Dissertation
THE AMERICAN EDUCATIONAL MODEL: PERENNIAL OXYMORON?

This section establishes a background for understanding the ideals of American education reform efforts and gives an institutional baseline for comparison against developments in Germany. It is not necessary to give an exhaustive description of American education since the linkages between various features of American school organization and the OMGUS plans will be sketched below. It is undoubtedly true that OMGUS education officers -- the few hundred men and handful of women who oversaw school reforms from 1945-1949 -- brought to their work in Germany their own insights from their professions as American school teachers and administrators. Unfortunately, no systematic data exist that would allow us to see how their open convictions and hidden assumptions influenced their implementation of official policy. It is clear that, on balance, the education officers worked hard to promote the functional equivalent reforms I have highlighted, suggesting them informally to the Germans before 1946-7, then working hard to implement them as official policy, and retreating from that policy only reluctantly in 1948-49.

The ideological background of the American reforms can be understood under the broad heading of progressive education and the ideas of John Dewey. Summarizing Dewey is difficult and, for our purposes, unnecessary. By 1945, his ideas had long since merged in the public discourse with a bewildering host of both conflicting and complementary ideals propagated by the Progressive Education Society (which Dewey himself always refused to join). Despite his protestations to the contrary, Dewey's ideas were taken to mean that schools could be used to "remake the social order," and this was the project that ultimately came to dominate the American school reform efforts in Germany. James Tent, who has written the definitive historical monograph on American...
education reforms in Germany, notes that education officers translated Dewey into German and distributed the statements around the US Zone. Central to Dewey's work was a theory that learning came best through problem solving and not through rote memorization of facts. Dewey also argued that schools had the responsibility to teach democracy by "teaching democratic living" and that in a heterogeneous society, it was crucial that people have contact with other groups and classes, races and religions. From this latter claim, especially, came a call for renewed commitment to the effort to forge common schools, a call energetically pursued in America in the decades leading up to WWII.

The US, in other words, was hardly a complacent missionary in 1945. In the 1930s and 40s a number of efforts had been undertaken to understand the strengths and weaknesses of American education. The Educational Policies Commission (EPC) of the NEA and the Association of School Administrators met from 1937-1941 and produced a final report, written by Charles Beard, called "Education of Free Men in American Democracy." The EPC issued another report in 1944 called "Education for All American Youth." Similarly, the report "General Education in a Free Society" was issued as a result of James Conant's 12 member Harvard study which ran from 1943-45. More of these efforts continued after the war, including Truman's famous Commission on Higher Education. Such efforts only reinforced American notions that they were farther along a trajectory all democratic nations should ultimately follow. While Dewey's own bitter comments reflecting on the progressive tradition indicate that actual change fell far short of original ideals, there is little doubt that a conceptual link between schools and democracy had become a pervasive American ideology by the 1940s.

Post-WWII America was thus especially attentive to the links between schools and democracy because it was itself in the midst of a long-standing effort to clarify them. What the occupation

12 Thron, 48-52.

Wade Jacoby, MIT Department of Political Science Dissertation
was to find in Germany, one could already see clearly in the US, where "school politics, for some, meant the preservation of order; for others it has meant the avenue of opportunity and a lever for altering social structure." According to Katzenelson and Weir, "a coalition of professional educators allied with business people and politicians 'reformed' American public education in the first three decades of this century...The corporation replaced the political party as the desirable form of organization [for schools]." This "professionalization" of education occurred by sharply narrowing the channels which made schools responsive to popular pressures. New organizational forms, especially superintendents and independent boards, were designed to "protect" schools from political influence, especially that of the growing working class. In stressing "individual solutions to the problems of mobility, [t]he school system appeared class-blind even as it reproduced the class structure; its ostensible purpose was to transmit knowledge without class implications. These ideas of expertise, political neutrality, and classlessness were characteristic illusions of the era, which saw the progressive treatment of schooling as an aspect of democracy."

This finding also sheds light on the contemporary American idea that democracy must shield its schools from some forms of popular control. While the American occupation in Germany loudly stressed the function of education as "an avenue of opportunity and a lever for altering social structure," its approach to school reform lacked any sustained effort to include those German actors most committed to such changes. Thus, the policies inadvertently allowed German schools be used for the preservation of order. OMGUS did seek to include local actors in some programs to enrich youth activities, and it promoted what might be called individual civic involvement in local schools -- PTA's and the like. But on the fundamental issue of school structure, it invested almost no effort in recruiting and nurturing reform coalitions, relying instead on pressure on the top officials of the various Länder ministries of culture. Depending on their stance, this left

---

14 For the historical development of American schools, I rely on Katzenelson, Ira and Margaret Weir, *Schooling for All* (New York: Basic Books), 1985; see also Lange-Quassowski, 57-97.
15 Katzenelson and Weir, 86
16 Katzenelson and Weir, 87.
OMGUS either preaching to the converted or cajoling the bitterly opposed; OMGUS made too little effort securing tactical allies and swaying the ambivalent.

The example of organized labor as a potential ally in school reform illustrates the broader argument. The occupation education officers, drawn heavily from the ranks of US school administration, never bothered to look for working class support for their education reforms in Germany, despite a long tradition there of union support for common schools. In comparative perspective, America's early guarantee of educational access meant later difficulty incorporating labor politics into educational oversight. But labor's already weak participation in American education -- channeled almost exclusively through its role in municipal politics -- was fatally weakened after the turn of the century when schools were "progressively" insulated from municipal influence. There was "no working class political movement or party system capable of successfully opposing the dissociation of school administration from municipal politics that diminished the chances workers had to shape their childrens' schools," and working class capacities in this area quickly eroded.¹⁷

In short, then, the US in 1945 was itself in the midst of a set of reforms that were bound to put the links between democracy and institutional design at the forefront of all discussions of education policy. Additionally, particular features of American education suggested specific further "lessons" which it is reasonable to assume were widely held by the education officers. Dewey's pedagogical ideas were pregnant with structural implications that pointed toward increasing common schooling. And the actual practice of education reform in the generation in which these officers were trained suggested that civic participation in schools, while crucial, had to be channeled in particular ways and would include only familiar actors.

¹⁷ Katznelson and Weir, 93.
The occupation attempt to establish common schools\textsuperscript{18} came against the backdrop of a substantial history of school reform efforts in Germany. Before describing the Weimar school struggles, it seems useful to mention briefly the limited role that the perception of the American model played in Imperial Germany's education debates. By the late 19th century, German educational journals began to feature some articles on US schools. But while the US "common schools" were occasionally praised in German education circles, the preponderance of professional writing on the US education system was actually negative. For the most part, during the Weimar period the teachers organizations (especially the Gymnasium teachers) resisted even studying foreign models.\textsuperscript{19}

On the other hand, when Columbia Teachers College invited the Prussian Cultural Ministry to send an official to look at the US primary and secondary education systems, the Ministry sent Erich Hylla. Hylla, who later worked with OMGUS, wrote a book called \textit{Schools of Democracy}, translated Dewey into German and also proposed several changes in Prussia based on his US observations. Later, when Carl Becker, liberal reform champion and Prussian cultural minister, visited Columbia Teachers College in 1930, he said that "American educational ideas have stood as sponsors for [our reforms]. Many of the ideas championed by Professor John Dewey have been adopted, while other have had a direct or indirect influence in the actual reshaping of our system."\textsuperscript{20}

\textsuperscript{18} The German word "\textit{Einheitschule}" will be translated throughout as "common school," although, as will be clear below, there were both socialist and bourgeois conceptions of the \textit{Einheitschule}.
\textsuperscript{20} Goldschmidt, 32; Michael Taylor quotes one German expert as seeing American education system as a hybrid between Northeastern Puritanism, Midwestern sectarianism and Southern Anglicanism. The implied religious incompatibility with Catholic and Protestant Germany is striking, as is the contrast to the Roman, Greek and Christian roots of the German system. See Taylor, \textit{Education and work in the FRG}, (London: Anglo German Foundation for the Study of Industrial Society), 1981, pp. 98-103.
SOCIAL DEMOCRATIC SCHOOL POLITICS IN WEIMAR

The Americans were not the first sovereign power in Germany committed to common schools as a key tool for eroding class divisions and promoting democracy. The German Social Democrats in 1919 had shared that conviction and had used the constitutional changes in Weimar to establish a five year common elementary school as the first step of an ambitious common school design. But instead of a building block, common schooling had then remained an empty promise, one thwarted by ideological battles with the right, financial shortages and the party's own internal divisions.

This section lays out Social Democratic school reform policies during Weimar as a way of investigating the previous attempts at introducing the broadly democratizing measures the occupation came to promote in late 1946. Overall, the SPD failed to democratize the schools just as they failed to democratize the economy. SPD school politics, like the party's broader politics of this period, reflected deep divisions over whether revolution or reform was the immediate goal.21 The combination of internal party division, the challenges of coalition building with bourgeois parties and the chronic financial problems of the Reich left both the party's school reform utopias and even its more modest plans, largely unfulfilled.

The most fundamental statement of Social Democratic school goals was contained in the slogan "Weltlichkeit, Staatlichkeit, Einheitlichkeit, and Unentgeltlichkeit" (roughly: secular, public, unified and free). But in 1919 the Social Democrats were truly united in neither their goals nor their practical plans. Majority SPD (MSPD) reform proposals were constant targets for sniping from the Independents or the Communists on the party's left. The central goals of SPD school reform during Weimar were the expansion of mandatory education to a ninth year, the lengthening of the minimum required period of common schooling from four to five years, the requirement of

21 This section follows the argument developed in Wittwer, Wolfgang, Die Sozialdemokratische Schulpolitik in der Weimarer Republik. (Berlin: Colloquium Verlag), 1980.

Wade Jacoby, MIT Department of Political Science Dissertation
university level training for all elementary and secondary teachers, and the improvement of the part-time and full-time vocational schools. The SPD dilemma was that when it allied with the left, early in Weimar, it could pass its school reform proposals but could not keep parliamentary democracy intact; but when it allied with bourgeois parties, it could not get its reforms through the Reichstag.\textsuperscript{22}

The MSPD also suffered from the lack of a strong base among professional groups and in civil society more broadly. On the enormously fertile symbolic issues surrounding school reform, all Weimar parties (not just the Social Democrats) envied the Catholic Zentrum which had, since the Kulturkampf, developed a mass organization to advance its position on schools. The SPD tried to establish variants of this strategy but was much less successful.\textsuperscript{23} Wittwer sees as a key reason for this grave weakness of the SPD its close ties to utopians and experts and its slight interest in practical (mass) politics.\textsuperscript{24}

In the mid-1920s, however, the radical faction in Social Democratic school politics became somewhat less influential. This shift in inner-party politics made possible cooperation with bourgeois education reformers, but a deep division remained inside the party about whether schools were primarily to promote individual or societal development. The Social Democrats continued to criticize prophets of the former position, including Dewey, who had stressed individual solutions to the problems of social mobility. The SPD's conception of social progress also saw parental choices as ultimately secondary to the social good, and this view brought them into conflict with a key tenet of Catholic social thought.

\textsuperscript{22} Wittwer, 20.
\textsuperscript{23} The key efforts were with the \textit{Arbeitsgemeinschaft Sozialdemokratische Lehrer und Lehrerinnen}, the \textit{Reichsarbeitsgemeinschaft der Kinderfreunde}, the \textit{Sozialistische Arbeiterjugend}, and the \textit{Reichsausschuß für sozialistische Bildungsarbeit}.
\textsuperscript{24} Wittwer, 195-6.
During Weimar, the SPD was not the only party with an interest in common schools. Both the German Democratic Party (DDP) and the Catholic *Zentrum* talked about common schools (although the Catholics wanted confessional "common" schools in which social, but not religious, differences would be overcome). But both these parties promoted the principle of "progress of the talented" and not necessarily that of overcoming class barriers. The key distinction was that those bourgeois parties that did want common schools wanted them so that no individual could be blocked on his upward path simply because he had initially entered the wrong school. For these parties, individual opportunities were the end and the common school the means. For the Social Democrats the common school was an end, and these differences in priority made negotiations difficult. These differences can perhaps best be seen in the SPD's *Gemeinschaftsschulbewegung*, which functioned as a minority experiment in Bremen, Hamburg and Berlin. These schools were run by teachers, parents and children, and the core idea was to let each school administer itself and thus allow it to reduce not just social class but also age divisions. Thus, rather than reflecting current social divisions in which the schools became "race tracks for individual success," the schools were supposed to provide a sphere protected from society and state in which youth could learn together and prepare themselves for the coming more just society. Thus, while there were commonalities with some bourgeois reformers, the differences between the traditions remained quite fundamental.

In the negotiations for the Weimar constitution, the Social Democrats were only able to push through their demands for common, tuitionless schools at the elementary level but not at the secondary level. Thus, increasing educational opportunity for the working class became a key SPD legislative goal during Weimar. The two key SPD principles were the common school and the combination of school fee elimination and scholarships for the financially disadvantaged. Thus, the SPD saw a clear link between democracy and equality of opportunity in education. The evidence that social class and educational opportunity were indeed linked was impressive. For

---

25 "Aufstieg der Tüchtigen."
26 Wittwer, 204-06.
example, in winter semester 1925-26, of 49,000 students at Prussian universities, only 499, or 1%, were children of workers or farmers. At the technical universities, the numbers were even more extreme: only 88 out of 17,700, or .5%. These links extended down into the secondary schools as well. In Berlin-Wedding, a heavily working class section of the city, 90.5% of youth stayed in Volksschulen, while in middle class Zehlendorf and Wilmersdorf only 55.6% and 58.9% did so. Thus, even after reform of the elementary school, secondary school enrollment strongly reflected class differences. While the numbers of Germans going to higher schools and to universities exploded between 1911 and the late 1920s (despite population declines from WWI), the data show that workers' children still were not getting into the higher schools. In 1927-8 Bavaria, the higher schools had 8.2% workers' children and an additional 8.2% from "low-level employees." In Saxony in 1927, 7.73% of such students were workers' children. To the limited extent that the SPD was able to promote the further education of workers, they were forced to do so through institutions constructed outside the regular educational system because they were consistently defeated in their efforts to change the system from within.

With its effort at power sharing between the working class and the liberal bourgeoisie, Weimar ended up with substantially the same education proposals in 1932 it had started with in 1918. The same fights were fought out over and over. From an SPD perspective, the achievements were modest indeed: teachers gained more freedom from school administrators and were somewhat better paid; the four year elementary school was established, extended and made universal; vocational schools were improved (especially in some localities); and some efforts were made (usually outside the normal system) for advancing Volksschulen pupils to higher education.

---

27 Wittwer, 219.
28 "unteren Angestellten"
29 Wittwer, 266.
30 Wittwer, 278.
At the close of the Weimar period, the German educational system was controlled by the states and operated by localities; it was remarkably heterogeneous in its organizational forms. In most schematic form, it contained a four year common school for all children, after which some 10% of the cohort switched to some form of Gymnasium for preparation for higher education while the overwhelming majority remained in the Volksschulen for four additional years. While a very few of these youth could move into higher education later, the substantial majority went into an apprenticeship after the eighth grade while others joined the labor force directly as unskilled workers. The multi-year apprenticeship occurred primarily in a firm, although the apprentice also attended state-run vocational schools for something like six hours per week. The Gymnasien still charged fees for tuition and materials and employed teachers who had been university trained, whereas Volksschulen teachers were trained in institutes and the vocational school teachers often had little formal training beyond their specific craft.

Perhaps because the Weimar SPD school reformers were socialists (although in education they promoted the liberal goal of secularism much more strongly than did the liberals), they seem to have looked more at models from other European systems than at the US. During the Nazi dictatorship, socialist pedagogues appear to have emigrated more often to other European countries (as opposed to the US) than did refugees from other social sciences. Thus, it would be an oversimplification to say that the attempt after 1945 to bring American models to Germany was "deja vu all over again." The American model of common schools had served as a model only in the crude sense that common schooling existed in a land widely held, even in Social Democratic circles, to be a democratic one -- it had never been a blueprint for German reforms.

31 Goldschmidt, 45.
NAZI EDUCATION: 'BILDUNG' AS OPPONENT OF FASCISM?

Despite much talk about creating an egalitarian society, the Nazis did not engage in any systematic restructuring of traditional German schools. Some of the changes they proposed and even implemented did, however, threaten the privileges of the traditional conservative elite. The most important changes from this perspective were the closing of parochial schools (Bekenntnisschulen), a reduction in the number of humanistic Gymnasien (although not a reduction in the total number of Gymnasien), and a further shift in decision-making concerning education from parents to the state and from the localities to the central state. In all these areas, Nazi rhetoric about equality and party control of education far exceeded actual changes.

Since the Nazis had talked of changing German education, educational conservatives after 1945 could claim to be simultaneously tearing down Nazi structures while restoring traditional ones. Like many other groups who had been complicit in fascist rule, the educated elite painted themselves as victims of the Nazis. There is, however, overwhelming evidence for the broad complicity of the Bildungsbürgertum in the rise and rule of fascism. Ringer has shown convincingly that the "decline of the German mandarins" had preceded the rise of Nazism and that the educated elite saw in National Socialism a political vehicle for restoring their fading prominence. The collective challenge after the war was to interpret their forced compromises with the dictatorship as the outcome of "humanist" resistance to fascism.

MODEST PROPOSALS: US PLANNING FOR REEDUCATION

In his interviews with German educators in the early 1960s, Robert Lawson discovered that most of them believed the Americans had arrived in Germany with extensive and ready-made reform


Wade Jacoby, MIT Department of Political Science Dissertation
plans. Roughly the opposite was true. But while wartime planning had only a brief impact on actual OMGUS policy, it made a world of difference when that policy was changed. A clash of ideologies and a proliferation of actors made American wartime planning for postwar education reform Byzantine and the plans themselves ambivalent. Several fundamental points are established in what follows: American occupation planners enjoyed no consensus on postwar education reform and initially fell back on a plan to rapidly return control of education to the Germans; various institutional transfer plans were initially rejected, although functional equivalent-based institutional reform remained a strong minority opinion. Finally, conflicts among US foreign policy planners spilled over into the occupation in ways that undercut institutional reform efforts. That is, the more moderate reform efforts actually attempted were undermined by the inflammatory public rhetoric in Germany in favor of harsher plans.

The occupation initially concentrated its efforts on the pragmatic problems of reopening schools in the fall of 1945. These activities, in turn, reflected a more fundamental policy decision not to attempt a major school reform in Germany. The failure to act early on trying to achieve major changes resulted, itself, from a stalemate in policy planning discussions that reflected different ideas about how "harshly" the Germans should be treated after the war.

That US policy toward Germany was the object of struggle between various American factions is by now beyond dispute. The key fault lines were those between advocates of a harsh peace designed to punish Germany and prevent any economic, political or military reconstruction, and advocates of reconstructing Germany both to prevent the rise of German communism based on material despair and, later, to create a "bulwark" against Soviet communism. The former view, associated primarily with Henry Morgenthau, FDR's Secretary of Treasury, but also attributed to the President himself, had its high point in the autumn of 1944, a key time in the planning for postwar occupation. This "harsh peace" view was gradually eclipsed by the "reconstructionist" view, held by the majority of the State Department and prominently articulated by George Kennan.
Laura Reed shows how the rhetoric of the Truman administration perceptibly shifted from discussion of the "German problem" diagnosed by the first school, to that of the "Soviet threat" emphasized by the second.33

Each of these two contending proposals had harder and softer variants, as can be seen through the example of education policy. Advocates of harsh measures proposed either closing German schools and reducing German education to minimal levels or, in the softer version, conducting an elaborate reorganization of German education. Morgenthau had said that no German should have "higher technical education" and mused in August 1944 about having Soviet, British and US personnel reeducate the children of Nazis: "Do not you think the thing to do is to take a leaf from Hitler's book and completely remove these children from their parents and make them wards of the state, and have ex-US Army officers, English Army Officers, and Russian Army Officers run these schools, and have these children learn the true spirit of democracy?"34 The Morgenthau Plan of 1944 said little about education except for the need to denazify it and not to reopen schools immediately.

On the other hand, reconstructionists proposed either denazification alone or taking a "wait and see" approach to allow the Germans maximal reform initiative. Larger strategic issues aside, the deep and sustained intervention into German life called for by the first school grew increasingly unacceptable as the American public looked to "bring the boys home." Education policy was an area where relatively modest initial interventions were chosen, corresponding closely to the wait and see approach. The very weak organizational status of ERA flowed directly from these modest policy ambitions.35 Education officers were merely a section of a branch within a larger division until January 1946, when branch status was achieved. It was not until March 1948 that ERA finally became its own division.36

33 Laura Reed, MIT Political Science Dissertation, 1995.
34 Quoted in Thron, 22.
35 Both Thron and, especially, Tent draw attention to ERA's organizational weaknesses.
36 OMGUS changed the name to Education and Cultural Relations Division.

Wade Jacoby, MIT Department of Political Science Dissertation
The State and War Departments made the most thorough wartime plans for postwar occupation but did not coordinate them well with each other. Planning was essentially done on the presumption of a fairly strict division of labor between the two agencies. The central idea was that War would leave long range planning for the postwar occupation to State since War explicitly disavowed any interest in conducting the occupation itself. However, because War also insisted there be no civilian (i.e., State) interference during hostilities, War developed a small Civil Affairs Division (CAD) to plan and execute short term policies for territories conquered before the end of hostilities and for the period before the civilian administered occupation could commence.

The most important military planning body for German education policy was the German Country Unit (GCU) inside the Supreme Headquarters, Allied Expeditionary Forces (SHAFF) in London. The GCU only existed from March to August 1944, but in that time they produced a draft "Handbook" for the occupation. John Taylor, an army captain with a doctorate from Columbia Teachers College on Weimar youth groups and with practical experience teaching in Berlin, headed the GCU's education staff. Taylor, who would later head the ambitious effort to introduce common schools, had a major impact on the initial planning for the military occupation. Sitting in London, isolated from the many policy fights within FDR's administration, GCU had produced an essentially positive reconstructionist proposal which Morgenthau promptly attacked and which FDR apparently hated as well. In education, GCU called for a rapid reopening of schools with little change in school structures. It gave, in Tent's words, "maximum initiative to the Germans in all phases of reform, including denazification and, at a later date, the activities associated with structural and curricular reform." When FDR vetoed the general plans that lay at the base of the handbook, the much harsher SHAFF handbook became the official War Department plan for the

---

37 My discussion of American planning for the occupation as well as many of the details of implementation largely follows Tent's careful reconstruction.
38 After which Taylor and his staff of ten became part of the US Group of the Allied Control Council (USGCC).
39 Tent, 23-4.
40 Tent, 26.
occupation. But while the SHAEF handbook was tougher in all respects, including education, the USGCC education officers who began operations in Germany followed the spirit of the first handbook (which they had drafted as part of the GCU) rather than that of the second (SHAEF's). In this sense, actual education policies were a microcosm of broader occupation developments in which General Clay exploited clauses in the key occupation policy document, JCS 1067, which allowed him to circumvent its very punitive tone in the name of measures to "prevent disease and unrest."41

The State Department, under Cordell Hull, did indeed engage in a series of long range plans for German education, but it had little power inside FDR's administration. Tent shows that State Department planners considered a wide range of plans in many permutations of control and harshness. Compared to the situation in industrial relations, the State Department radically limited the impact of German refugees on the conception of occupation policy. While a number of prominent German refugees, including Thomas Mann, Alfred Döblin, Paul Tillich, Lion Feuchtwanger and Reinhold Niebuhr weighed in on aspects of reeducation planning, State kept them at a distance from the planning process.42 The remarkable diversity of those who had fled Nazi Germany is reflected again in the range of their proposals for reforming German education. For example, while a group of writers queried by the Office of Strategic Services urged "against attempting to impose an educational pattern on Germany from the outside," they also offered a broad range of quite draconian measures to eliminate Nazi influence from the educational system. Paul Tillich's Council for a Democratic Germany sought policies tougher than anything the State Department advised, including blanket dismissal of teachers and a radical restructuring of schools. On the other hand, the opposition expressed in 1947 by several German émigrés located at the University of Chicago toward the US school reform plans probably helped legitimate German resistance to the American plans. Thus, any claim that institutional transfer was based strictly on

42 Tent, 23-5.
American ignorance of the "cultural differences" between the systems must explain not only why many people intimately familiar with the German educational system thought that radical change must be attempted, but also how it came that it was actually the American occupation planners who were counseling the most modest reform attempts in 1945.

That American reform proposals were modest was, again, a reflection of fundamental disagreements about policy toward Germany. This gulf was so wide that no compromise for planning purposes was possible. But State feared that the lack of planning for reeducation might oblige the US ultimately to follow along as British, Russian or French plans moved to the forefront of allied policy. Archibald MacLeish, the Assistant Secretary of State for Cultural Affairs and coordinator of State plans for postwar German education reforms, pondered ways to reconcile State's core conviction that Germans must be involved in the active reconstruction of their own educational system with the growing awareness that there would be no central government in Germany once the war ended. The anticipated lack of a central government naturally raised the question of who in Germany might be able to reform German education. MacLeish himself was ambivalent about whether sufficient German personnel for thoroughgoing reforms would be available, saying, "... The basic question of the reeducation of Germany probably cannot be approached intelligently until we have occupied Germany and have learned whether or not the civilian personnel we need for our assistance actually exists [sic]."43

MacLeish's focus on the need for "civilian personnel" hints at the tendency to define the need for German partners in technocratic terms rather than in avowedly political or coalitional ones. Planners generally had a normative view of education as an apolitical endeavor, and they were looking not for groups or parties as allies, but rather for enlightened individuals to be entrusted with specific tasks. Given uncertainty about the availability of such personnel, MacLeish put detailed planning on the back burner and State developed the Long Range Policy Statement for

43 Quoted in Tent, 31.

Wade Jacoby, MIT Department of Political Science Dissertation
German Reeducation, or SWNCC 269/5. The essence of this statement was to delegate maximum prerogative for educational control to the Germans while foreseeing only a minimal and rapidly receding control function for US occupation forces. The report, released in the summer of 1946, did add that "when the emergency period is passed, the German education authorities should be encouraged to carry out periodic reorganization of the education system..."

Thus, by the eve of the occupation, both War (implicitly) and State (explicitly if not yet publicly) planned to reopen schools immediately and return control of educational reform to the Germans. While SWNCC 269/5 had not been publicly released, Taylor, who had come back to Washington from London to help draw it up, was already implementing its provisions. MacLeish's efforts to insert a clear statement on education into the Potsdam agreements of July 1945 also largely failed, as the only mention of education was that "German education shall be so controlled as completely to eliminate Nazi and militarist doctrines and to make possible the successful development of democratic ideas." Unable to decide what reforms to undertake, the US essentially decided to avoid the question by turning over the job to the Germans themselves.

In stark contrast to the modesty of US reform proposals was the initial publicity about American reeducation plans for Germany. If actual education policy had been hijacked by the reconstructionists, the punishment faction had control of the airwaves. As Harold Hurwitz has shown, OMGUS press policy was characterized by an effort to install committed anti-fascists -- whether returned from exile or from inside Germany. This personnel policy, combined with restrictive licensing by OMGUS of all press organs, resulted in an early blitz of anti-Nazi information which was also a channel for disseminating American suggestions that the occupation be thorough and harsh. At its extremes, this view suggested that the "German disease" was

---

44 Again, JCS 1067 foresaw that denazification would remain in American hands, although, the GCU handbook had called for that as a German responsibility as well.
46 Hurwitz, Harold, Die Stunde Null der deutschen Presse; die amerikanische Pressepolitik in Deutschland, 1945-1949, (Cologne: Verlag Wissenschaft und Politik), 1972.
incurable even by reformed institutions. Such was approximately the stance of people like Döblin and Feuchtwanger when they claimed the US needed permanent occupation German deindustrialization. While this view never drove official US policy, it did reflect a certain mindset that found some expression in the US-controlled press. "Reeducation" thus quickly got a bad name in Germany, and that reputation likely made opposition to later efforts at school reform much easier to mobilize. 47

In addition to harsh words, OMGUS conducted a second wave of denazification in 1946, especially in the universities. This campaign clearly brought US prestige among the education elites to a low point just as they were preparing for the school reform. 48 Tent speaks of the growing bitterness of "German intellectuals," not only on the right. The ambitious US denazification program required an accounting of individual responsibility for behavior during the Nazi period. To this end, the inherently technocratic mechanism of a detailed questionnaire was needed to "clear" education professionals for reappointment, and the process was slow and often perceived as arbitrary. While denazification was essential to the reconstructionist program of ERA, there was simply no way to implement it, given existing personnel shortages (only 43 officers in 1946). 49 Whether or not the broader goal of democratization was advanced, the atmosphere for school reform was, in some sense, further poisoned by the second purge.

The major policy shift in 1946-47 was not a function of personnel change, although the failure to implement the more ambitious policy of institutional transfer can be attributed in part to personnel weaknesses. Given the low status of the education bureaucracy inside the occupation, the failure of either the State or War Department to secure an American educator of any status to head the

47 Lange-Quassoswski, p. 266; she argues that the publicity the Morgenthau Plan received in Germany through the Military newspapers helped undercut even the relatively successful press policies of OMGUS. Citing Lazarsfeld's "two step flow of communication," she argues that the Morgenthau Plan probably led the German public to filter information selectively to the disadvantage of OMGUS aims.
48 See Tent, 95-105 for details on the "purge."
49 ERA was not the only or even the primary organization involved in denazification, but the program did further tax the group's already overstretched resources and also generated enormous hostility within the educated elite prior to the effort for statutory school reform.
occupation programs is perhaps unsurprising. John Taylor got the job by default. Taylor did recruit Professor Richard Alexander, his old mentor from Columbia, for the occupation. Alexander then succeeded Taylor as head of ERA in April 1947, when efforts failed to find someone who could better promote ERA goals inside OMGUS. One significant difference between education and industrial relations is that Alexander was probably the foremost American expert on German education, and Manpower had no one of that stature.50

As in industrial relations reform, OMGUS tried to find American specialists to fill its positions. But here too, ERA's low organizational status always made difficult the recruitment of adequate personnel. Most ERA officers were US school administrators or teachers; virtually none had experience in school reform, and their general level of knowledge about German education was modest at best. Erich Hylla, the Prussian educational official turned OMGUS consultant, reported that of the 80 educational specialists in Germany, only 3 or 4 spoke German well enough to exchange ideas with German teachers.51 While education officers were not homogenous in their reform philosophies, their differences were not reflections of allegiances to different US interest groups, as was the case in the AFL and CIO factionalism that played such an important role in German industrial relations reform. Education policy people in OMGUS did have the same problem as Manpower people, in that experts who had volunteered for service did not soon get out to the field and their morale was very low.52 There is some suggestion that German émigrés had the most difficult time as US occupation officers; Lawson argues that they had their own axes to grind and also engendered resentment for their absence in Germany during the Nazi period.53 Below the top layer, few OMGUS officials had expertise on German education; most were familiar only with the American system. Since the core of allied policy as articulated in JCS 1067, the

50 MacArthur's industrial relations reforms in Japan were, however, led by an American academic expert on Japanese unions, Theodore Cohen; see his Remaking Japan: The American Occupation as New Deal, New York: Free Press), 1987.
52 Tent, 316.
Potsdam Accords and SWNCC 269/5 did not foresee an active school reform, this deficiency appeared unimportant.\textsuperscript{54}

In short, the American failure to build a coalition to support German school reform had its roots squarely in the uncertainties and contradictions of the planning process. Contentions inside the planning apparatus were important in two ways. First, they help us see how an institutional reform of schools fit uneasily inside a larger effort to rebuild Germany. Second, the reconstructionist faction, which was most inclined to "ally" with German reformers, was the least inclined to push for institutional change while the faction insisting institutional change was necessary was committed to a view of Germany that suggested available partners would be few. When institutional change belatedly moved to the forefront of American policy, it was not accompanied by a concerted effort to convince and recruit a variety of German partners. Instead, OMGUS held to the broader occupation \textit{modus operandi} of working directly with German elites inside government ministries -- often people originally appointed by OMGUS. The amalgamation of intrusive new reform goals with modest prevailing means proved spectacularly ineffective. Instead of reinvigorating and pushing forward an older German debate, American clumsiness momentarily sharpened it and then inadvertently helped channel it out of the public agenda.

\textit{NEW PLAYERS, OLD PLANS: GERMAN PARTIES AND SCHOOL REFORM}

Whether hoping for indigenous German reforms or pushing actively for common schools, American school reformers in each Land dealt primarily with the two major political parties, the CDU-CSU and the SPD.\textsuperscript{55} Party channels appeared to OMGUS as the natural mode of

\textsuperscript{54} The contrast to the situation in Eastern Germany after 1990 is striking; there, enormous numbers of trained personnel have been involved in conducting a much more precisely planned school reform. See Chapter Six.

\textsuperscript{55} Among the smaller parties, the communist KPD supported the six year elementary and common schools while the liberals were ambivalent, reflecting both their bourgeois school reform traditions but generally also their opposition to necessary spending increases.

Wade Jacoby, MIT Department of Political Science Dissertation
influencing educational reform, and their use also conserved scarce organizational resources by allowing OMGUS to deal directly with state Ministries of Culture. Thus, the aims of these two parties are of interest to this study. This section shows that OMGUS would have had to construct an alliance for school reform with parties that were either opposed in principle (the CDU) or uncertain in practice (the SPD). CDU education policy was something of a paradox: in the CDU of the immediate postwar period, cultural policy was an obsession, yet school reform was barely mentioned. In the newly formed party, which welded together people of quite diverse world views and had not yet developed an organizational consensus on educational policy, "Christian values" was a slogan both vague and vibrant. Party leaders invoked it in all elements of policy formation, but it left the question of educational reform quite underspecified. The dialogue around education policy inside the CDU -- a party which existed at only local and state levels in this period -- was heavily influenced by an interpretation of National Socialism as the extension of already perverse liberal and socialist notions of progress, secularism and human perfectibility.56 The erosion of values -- usually unspecified but implied to be of "common Christian" heritage -- was a constant theme of CDU education experts who gave religious education clear priority over intellectual and vocational education. Essentially, the CDU called for the separation of state schools by religions, for additional state funding for "private" (church-run) schools, for the constitutional anchoring of parents' rights and for guarantees that clerics (and not public school teachers) give religious instruction in those cases where public schools were co-religious.57

The CDU strongly preferred the concept of "internal reform" of schools to institutional reforms. Internal reform was seen as a way to reconcile the larger party mission, establishing Christian values in all spheres of public life, with a defense against the further extension of the state monopoly on education. Despite some plans from the CDU in North Rhine-Westphalia to roll back state authority and transfer education back into private hands, the majority of the party was

57 Lange-Quassowski, 179.
content to defend traditional educational institutions provided that they could be used to promote Christian values. The slogan which captured party demands for limits to state prerogatives was that of "parents' rights." Thus, the institutional reform debate inside the CDU in this period was muted, reflecting a fundamental satisfaction with traditional educational structures. The organizational divisions of the school system were seen to reflect natural divisions in the population but not to perpetuate any such divisions which could, in any event, be transcended by common values.

If the early postwar CDU was unequivocal in its conception of education as a repository of cultural values to be preserved, the SPD was committed, at least rhetorically, to using education as a tool for changing individuals and society. The experience of Nazi dictatorship seemed to discredit Marx's claim that historical progress stood on the side of the proletariat. In the SPD, a sense of contingency and possibility, best articulated by Kurt Schumacher, took precedence in party discourse over notions of inevitability and control. In a postwar SPD seeking to move beyond strictly working class circles, the old dogmas about education changing more or less hydraulically with changes in production gave way to a discussion about what kinds of institutions could really best promote the "free development" of each individual. To traditional ideas about the strength of institutions in perpetuating social relations was added a new emphasis on the pliability of institutions and the possibility for democratic control of such institutions to reach down to the level of individual citizens. The leading personalities in the cultural affairs of the party -- most of whom were not in the US Zone -- often had bourgeois (Heinrich Landahl, the Senator for Schools in Hamburg and Adolph Grimm, Minister of Culture in Lower Saxony) and/or religious roots (Carlo Schmid, Prime Minister of Württemberg-Hohenzollern and Grimm). The SPD's postwar

58 Lange-Quassowski, 182, shows how CDU officials used pseudo-scientific research on "giftedness" to counter arguments about the links between social class and educational opportunity.
59 Hoffmann, 64-66, 515.
60 Hoffmann, 345-377.
61 Lange-Quassowski, 185.
call for equal educational opportunity also coincided with an acceptance of unequal outcomes based on differences in individual abilities.62

If anything, however, the quasi-liberal restatement of socialist ideals appears to have weakened SPD commitment to school reform. As well, the SPD emphasis on capturing the economics ministries may have distracted the party’s attention from cultural affairs. In the four US Zones in question (the SPD in the Western Zones had cut ties with the Berlin SPD), the ministry of culture was headed by a Social Democrat only in Bremen. The original occupation decision to place responsibility for education policy in German hands did help spur the SPD to call for a set of “School and Education Directives” well in advance of the effort to reformulate a comprehensive party program. On paper, these reform proposals were the classic SPD demands. Its "action program" called for free tuition and materials and a university education of at least six semesters for Volksschule teachers. On the structure of common schools, the Handbook of the SPD called for a variant of the common school pushed since the Weimar period by Paul Oestreich and his "association of decisive school reformers."63 The key elements of that proposal were the incorporation of the kindergarten into the school system and the delaying of attempts to differentiate pupils according to academic ability until after the seventh grade. To the argument from the Weimar period that the traditional system perpetuated class differences was added the claim that the three track schools with their uniform curriculum did not allow the free unfolding of individual possibilities allowed by common schools, where pupils could choose more of their own courses.64

The revision of social democratic thinking on educational policy left little tension between their institutional goals and those of the US occupation. If one could always find residual hostility in the SPD to seeing expanded educational opportunity used merely to promote individual talents and

62 Hoffmann, 393.
63 "Bund der entschiedenen Schulreformer."
64 Hoffmann, 383-88.
not to overcoming class differences, there was certainly a great deal of common ground concerning institutional reform. But the SPD, like OMGUS, initially gave little attention to implementing these goals. Like the CDU, the SPD was attempting to unite diverse strands of support under the auspices of a single party. Unlike the CDU, the SPD was handicapped by a history of hostility to religion. The effort to expand the party beyond the working class led to ambivalence among party leaders about how to address issues of religious instruction and about the precise form of the common school desired. Thus, in 1945, OMGUS had a tough row to hoe. They faced intransigence in one camp and indecisiveness in the other. Without decisive leadership to promote reformist agendas, dampen conservative resistance and win the uncommitted in both camps, no school reform was possible. By rapidly reopening German schools and allowing Germans to recruit personnel and reconstruct physical facilities along traditionalist lines, OMGUS closed off this possibility.

THE FIGHT FOR SCHOOL REFORM

THE POLITICAL CONSEQUENCES OF PRAGMATISM

The occupation arrived in Germany with no reliable or detailed guidelines on education, far less a blueprint to Americanize it. JCS 1067 called for a thorough denazification and then a rapid opening of schools. As we have seen, the decision not to attempt a thoroughgoing reform of German secondary schools in time for the beginning of the 1945 school year on October 1 was largely a reflection of the disagreements between broader factions around the question of punishing versus reconstructing Germany. Returning maximum control of education to the Germans was the practical plan resulting from this stalemate. The US Army's organizational concerns also encouraged a pragmatic policy of concentrating maximum energies on securing textbooks and buildings and vetting enough teachers so schools could be rapidly reopened. To put it bluntly, the
army's experience in its occupation of Italy had left it in favor of policies that would keep children off the street.\textsuperscript{65} Thus, for both strategic and organizational reasons, schools were reopened quickly and reform was left to the Germans.

OMGUS education policy was not made by education officers in individual OMG-Land offices, but by OMGUS headquarters in Berlin. ERA personnel increased to about 40 officers in the first year of operations, but personnel increases were agonizingly slow, and by 1947 they still had filled only 50 of the more than 80 authorized positions.\textsuperscript{66} These few officers were totally employed with the initial denazification procedures and the reopening of schools. In addition, ERA, like most OMGUS elements, suffered from high personnel turnover.

With the 1945 school year looming immediately before them, ERA's small staff went to work. Shifts in denazification procedures constantly disrupted ERA efforts at personnel recruitment, as categories seemed to shift constantly, but OMGUS cleared 20,000 teachers that first year -- at best, about half the number needed. Hylla reported that denazification resulted in the release of about 50\% of teachers, a number which Tent repeats. Merritt arrived at a total figure of two-thirds.\textsuperscript{67} In individual districts, the numbers released were often much higher. In Würzburg, 90\% of teachers were purged.\textsuperscript{68} As a result, the student teacher ratio in the Volksschulen in 1945 was over 80:1, and even then about 220,000 children between 6 and 14 could not attend school at all for lack of buildings, teachers and materials. In Hesse, for example, by December 1945, 75,000 of the 400,000 Volksschüler still had no school to attend while in the higher schools at that point only

\textsuperscript{65} The idea that schools should be reopened early in order to keep youth off the street resonates also with the situation after reunification: the rush of events led to the use of an existing model that was then difficult to reform; see below, chapter six.

\textsuperscript{66} Smith-Mundt Group Collection, 77-78.

\textsuperscript{67} Smith-Mundt Group Collection, 77-78; Tent, 69; Merritt, 10.6.

\textsuperscript{68} In late 1946 the Bavarian Ministry of Culture also began allowing previously banned teachers to return to their jobs. By July 1948, 11,000 of the 12,000 Bavarian teachers originally banned had returned; see Schott, Herbert, \textit{Die Amerikaner als Besatzungsmacht in Würzburg, 1945-1949}, (Würzburg: Freunde Mainfränkischer Kunst und Geschichte e.V.), 1985, pp. 118-119.

Wade Jacoby, MIT Department of Political Science Dissertation
2,400 of the 45,000 pupils were already back in school.\textsuperscript{69} Substantial energies were also invested in securing textbooks, often from the Weimar period, to replace those used under the Nazis.

Thus, unlike with the unions, the press and all political organizations, in education policy OMGUS did not use a licensing process but rather sought to reopen all schools together at the beginning of the 1945 school year. OMGUS was well into its first year of operations before any mention of school reform was made. In December 1945 Taylor announced ERA's interest in receiving short and long term goals and proposals from the state governments. He informed the ministries of culture that OMGUS wanted such statements because "in the process of reviewing and approving such documents... the occupation authorities [can] exert their influence in the most effective manner."\textsuperscript{70} These expectations were about to be dashed.

In keeping with the decision to return control over most aspects of educational affairs to German hands, OMGUS acted quickly to establish appropriate competencies. OMGUS began establishing state governments more rapidly than any other occupation power; Bavaria's was established first in May 1945, and the other Länder of the US Zone were established by September 19, 1945, although the states did not receive any real authority until January 1, 1946. One of the first measures was the writing of Land constitutions -- a process which OMGUS preferred to influence indirectly through contacts with the drafting committees. With regard to education policy, however, the Länder constitutions were disappointing -- an eye-opener for an organization bound to the hope that education reform would come from within. The constitutions said virtually nothing about school reform or school organization, and this silence dismayed ERA, which had worked to persuade Germans that education should be reformed. Only the Hessian constitution really fulfilled most of the rhetorical minimums requested by OMGUS. Those of Württemberg-Baden and Bavaria were much less satisfactory.\textsuperscript{71} And in Bremen, the first indications that school

\textsuperscript{70} Quoted in Thron, 41.
\textsuperscript{71} See the discussion in Thron, 84-38.

Wade Jacoby, MIT Department of Political Science Dissertation
reform there might be long and difficult came during the constitutional ratification -- a process which permanently slowed the momentum for reform.\textsuperscript{72}

In sum, there were both strategic and organizational reasons for leaving education reform to the Germans, and the broader objective of holding elections and encouraging constitutional development further compromised American control over education reform just as ERA discovered that "indigenous school reform" was likely to be an oxymoron. The immense practical tasks of reopening schools are often cited as a reason for the relative inattention to institutional issues.\textsuperscript{73} But it is precisely the sheer breadth of the physical destruction and the personnel limitations of the German schools that make the counterfactual so suggestive: instead of seeing the extent of the breakdown of the old system as a justification for rebuilding it, one could imagine a policy devoted to immediate institutional reform. Nothing could have helped justify the construction of common schools more than the stunning shortages of buildings and teachers.\textsuperscript{74} Certainly such consolidation would have been easier to justify in urban areas, where physical infrastructure was generally more damaged by war. On the other hand, it appears that the moral discredit of teaching personnel may have been higher in rural areas, given the great pressures that had existed for local notables to join the Nazi party. Under such a system, it may even have been possible to use resources saved through physical and administrative consolidation to offset some of the costs of tuition, texts and university teacher training.

THE SHIFT TO SCHOOL REFORM: WHEN AND WHY?

As it was, the shift toward a policy of American-led school reform did not occur until 1946. Why did the idea of an aggressive school reform, which had been discussed and rejected during wartime

\textsuperscript{72} Tent, 202-04.
\textsuperscript{73} For example, Goldschmidt.
\textsuperscript{74} The argument remains even if, as virtually all later plans foresaw, the vocational and academic tracks would have persisted inside the same building.

Wade Jacoby, MIT Department of Political Science Dissertation
planning, resurface during 1946 after the occupation had already commenced? In December 1945, Taylor called a conference of his ERA staff in Frankfurt to discuss the first six months of operations (which had, after all, contained their share of successes in reopening and equipping schools) and to look ahead. At that point, ERA collectively acknowledged that there were many Germans with whom they could work and that those people had been indispensable in the denazification and in the nuts and bolts phase of reopening schools. The staff discussed more "positive" goals. Taylor was clearly assuming that OMGUS could best bring changes by requiring Land officials to prepare long term plans on which OMGUS would then need to sign off, although, as it turned out, a requirement to submit such plans was not actually sent out until about a year later.\textsuperscript{75} Clay also seemed to share the view that practical obstacles plus denazification simply took first priority and that therefore, through 1945, there had been "little opportunity to implant our own teaching philosophies."\textsuperscript{76}

But these internal deliberations of ERA and OMGUS alone cannot explain the substantial shift in US policy toward German education which occurred in 1946. The modesty of initial reforms were fuel for advocates of a harsher peace. Several press reports in the \textit{New York Times} and \textit{New Republic} about old Nazis in high places helped catalyze a second wave of denazification purges in education (much more inclusive than the first). Pressure grew for the ERA to promote institutional change at a time when the branch had no prominent leader to defend its record in Washington against charges that virtually nothing had been accomplished. Another factor external to ERA was apparently the worsening relations in the Allied Control Council for Germany, a problem clearly apparent after the Paris conference of Foreign Ministers in early 1946. With agreements for a unified Germany breaking down, some additional room opened up for American-style innovation.\textsuperscript{77} This increase in maneuvering room was, however, modest since Clay, more than perhaps any other single principal, seemed committed to continuing Allied cooperation and control.

\textsuperscript{75} Tent, 69-73.
\textsuperscript{76} Tent, 78.
\textsuperscript{77} Lange-Quassowski makes this argument, 260.

Wade Jacoby, MIT Department of Political Science Dissertation
A second development occurred through State Department concerns, raised officially in the spring of 1946 through their representative in Bavaria, Parker Buhrman. The State Department, not least because MacArthur had had an education mission in Japan, also wanted an education mission to Germany. While Clay was generally successful in preventing outside interference in the running of the occupation, he was also very interested in MacArthur's occupation and was inclined toward the mission. Taylor opposed such a mission precisely because he felt there was little program, at that point, for civilian experts to evaluate, but he was pressured by State to reconsider. Counter to his expectations, however, the mission was staffed more for prominence than for expertise on Germany. As we will see, the mission's final report became the catalyst for a major shift from the Long Range Policy Statement for German Reeducation (SWNCC/267) with which OMGUS had been operating. In the end, the reconstructionist State Department, which had pushed for the mission, was both surprised by and unhappy with its recommendations that OMGUS promote a modified form of the American school system in Germany.78

THE US EDUCATION MISSION: A MANIFESTO FOR INSTITUTIONAL CHANGE

The US education mission arrived in Germany in August 1946 and visited educational institutions in Bavaria, Hesse and Württemberg-Baden while receiving briefings from ERA officials from Bremen and Berlin. Determining that JCS 1067, the Potsdam declaration and SWNCC/267 did not provide sufficient guidance for the actions of ERA officers, the mission's final report -- issued a little over a month after their arrival -- called for an ambitious set of reforms of German schools. The report was also translated into German and published on October 12, 1946 as "Der

78 Tent, 110-19.

Wade Jacoby, MIT Department of Political Science Dissertation
The Mission Report not only called for a common school but endorsed a broader system in which elementary schools would be six years in length and in which the higher schools would be housed in the same building and built upon each other in two "consecutive" three year blocks. The similarities to the US system were striking. The Mission Report was essentially adopted as a blueprint for school reform. Clay quickly committed to a variant of the plan with his support for a six year elementary and a common higher school. Clay's foreword to the German edition warned, on the other hand, that "real democracy cannot be imposed from outside. We will influence German education primarily through advice, encouragement and example." The Mission Report still explicitly endorsed the wartime decision to return postwar education to German authority, although it insisted that OMGUS retain for itself veto power over education reform. The Report also called for a strengthening of ERA as an organization, but this request long remained a dead letter. Thus, as an entirely new and ambitious reform agenda was being prepared, the organization and even its established mode of interacting with German partners remained essentially unchanged.

"IS THAT AN ORDER, SIR?": OMGUS SCHOOL REFORM DIRECTIVES

While OMGUS promoted a number of specific institutional changes in the wake of the Mission Report, there were three essential elements of the American effort to enforce institutional change in German schools: the effort to promote common schooling both by lengthening the elementary school and by reforming secondary schools, the demand that tuition and textbooks be free, and the

80 For a detailed comparison of the two plans, see Lange-Quassowski, 206-08.

Wade Jacoby, MIT Department of Political Science Dissertation
demand that all teachers receive university level training. ERA saw these elements as mutually reinforcing steps toward promoting a German educational system in which children were provided access to education, including higher education, in a way strictly independent of the social class from which they came. Common schools would prohibit early differentiation of children into different tracks; direct costs for public education would be reduced if not eliminated for all families; and all teachers would be given training of uniform quality to assure that pupils' later differentiation did not result in inferior instruction for that vast majority of German children who did not complete the Gymnasium.

In the wake of the disappointing Länder constitutions of 1945 and the critical Mission Report of 1946, the ERA's efforts beginning in 1947 sought to induce each Land to pass legislation which would secure these three goals. These efforts were carried out in three waves of activity, each corresponding to specific and increasingly angry demands on the part of ERA for school reform laws. While the different dynamics in each Land will be detailed below, it is possible here to sketch a general pattern which prevailed from 1947 until 1949. With preparations for the impending civilian HICOG period, OMGUS threw up its collective hands and switched its educational policy from institutional reform of schools to exchange programs. The military occupation ended with all control over cultural affairs reverting officially to the Germans. The apparent divergence of the Länder marked the first phase of school reform, growing concerns about implementation and intransigence the second, and unsuccessful threats of force the third.

The Bavarian resistance to US school reform efforts was, as we will see, an extreme example of what happened in all of the Länder. Of its three core objectives, OMGUS, by the early 1950s,

---

81 A memo by Franz Hikker, German advisor to US Education Mission to Germany, shows that the Education Mission had two aims on teacher training. First, they wanted a more standardized system across the different Länder -- a system which included 2-3 years of university training. Second, they wanted pedagogical training at the university level. See document reprinted in Rühl, Hans-Jürgen (ed), Neubeginn und Restauration: Dokumente zur Vorgeschichte der Bundesrepublik Deutschland, 1945-1949, (München: dtv), 1982, pp. 313-314.
82 The occupation statutes which ended military occupation were sent to the German Parliamentary Council in April 1949 and officially took force on September 20.

Wade Jacoby, MIT Department of Political Science Dissertation
could secure from the Bavarians only the promise of free texts and tuition. While substantially less confrontational, the experiences in Württemberg-Baden was nearly as bad from the perspective of OMGUS objectives. The experience in Hesse and Bremen, though initially very promising, left OMGUS bitterly disappointed in the end as well. Only in West Berlin, under a school law drafted in conjunction with the other Allied powers, were common schools maintained well beyond the end of the first phase of the American occupation, and even here these schools had largely returned to a three track system by the mid 1950s.

OMGUS did not expect overnight reforms, and in public fora they confirmed that they would have been happy with a system that changed in between five and ten years time. On the separate issue of the content of change, there is ample evidence that OMGUS was willing to accept, especially as time went on, a wide range of school reform possibilities. Additional "flexibility" came from the occasional sheer incompatibility of its own policies. American dogmatism on education reform grew out of broad claims about the democratizing functions of common schooling, but not out of a fetish for any particular institutional forms. They saw Germany as being farther down a common trajectory, and any "reasonable, wide forward step," as General Clay put it in his January 10, 1947 memo, would have sufficed.

The first round of school reform began on January 10, 1947, when Clay sent a memo to all of the American Land Directors of Military Government. The memo required each Land's ministry of culture to submit a list of general education objectives by April 1 and a more detailed long term plan for achieving those aims by October 1. Clay's memo specifically required the Länder to submit plans for a common school in which different schools built on each other in consecutive fashion

83 The actual end of such charges came, however, only in 1958.
84 Berlin is a fascinating case of multiple foreign models colliding. An analogous situation, albeit under quite different sovereignty conditions, occurred with the reform of Polish vocational education institutions after 1990, with German, British and American advisors all present. The complexity of the sovereignty issues make it difficult to analyze such cases under the assumptions of the current model.
85 Thron, 95.
86 Extended from the original July 1 deadline.

Wade Jacoby, MIT Department of Political Science Dissertation
and did not construct separate and exclusive tracks. Taylor and Alexander then fleshed out Clay's proposal in a series of strongly worded speeches at the cultural ministries in Bavaria, Hesse, and Württemberg-Baden. In those speeches Taylor called for a six year elementary education followed by a common higher school in which a six year academic track would exist alongside -- wherever possible in the same building, Taylor stressed -- a general track in which 90% of the pupils would be enrolled. While the general track would continue through the pupil's 15th year of life, the academic track would proceed in two three year blocks, only the second of which would be strictly differentiated and dedicated to preparation for university studies.\(^87\) Taylor also called for an end to tuition and course fees and for university level teacher training as prerequisites to the kinds of school organization OMGUS proposed.\(^88\)

OMGUS' initial responses to the resulting Ländere education proposals were mixed. Bavaria's first reform plan was seen not as fundamental reform but simply as window dressing of the old system.\(^89\) That of Württemberg-Baden, while proposing a six year elementary as the basis for a 6-3-4 system, was seen as too vague to confidently evaluate. On the other hand, OMGUS was enthusiastic about Bremen's original plan which called for a 6-3-3 system in which a six year common elementary would lead into three and six year tracks for vocational and academic preparation, respectively. Since even the three year Mittelschule would be heavily differentiated (although under same roof as the academic track), the differences from US high schools were plain enough, again indicating that ERA was not insisting on a close replication of the American model. All levels would be tuition free, and teacher training for Volksschulen teachers would be extended from two university years to three. The plan was to be experimental at first, with full implementation set for the beginning of 1948. OMGUS saw in the plan a major improvement over the traditional multitrack system and was willing to accept the plan providing it could be

\(^87\) Clay's memo reflected a decision not to follow the implicit recommendation of the Mission Report and attempt to force the vocational schools, which offered the theoretical and general education portion of dual vocational training, into the comprehensive schools.

\(^88\) Tent 124-25.

\(^89\) Thron, 102; Tent 129 ff.
implemented, saying it was "certainly outstanding in the soundness of its aims, its clarity of presentation, and the evident understanding and appreciation of the best of modern education."

Hesse's first school reform plan (a 4-4-4 system) was also seen as a very good start. OMGUS officials commented that "this plan contains revolutionary reforms hitherto unknown in the German education system." Thus, as the deadline for submitting detailed long range plans approached, OMGUS was confronted with two quite distinct sets of responses. It had suggested publicly it was willing to tolerate a range of designs, but the Bavarian plan was clearly beyond the pale and that of Württemberg-Baden only somewhat better. On the other hand, while the Bremen and Hessian plans were promising, they were still merely paper reforms and, as OMGUS was about to discover, talk was cheap.

The second round of school reform commenced with the October 1, 1947 deadline for detailed long term plans. Despite constant negotiations with the ministry of culture, ERA had clearly failed to convince the Bavarians to implement a common school, although some proposed minor modifications would have made transferring between tracks easier. The Bavarians proposed providing tuition help for children of poor parents, but they were unwilling to budge on textbook costs or teacher training issues. The Bavarian plan was judged by OMGUS to be "in many respects... even more reactionary than the first." In a frank version of an argument offered by CDU and CSU education leaders all over the US Zone, the Bavarians argued that "internal (pedagogical renewal)" reforms were much more essential than "merely external (organizational) changes." OMG-Bavaria judged that Alois Hundhammer, Bavaria's ultra-conservative Minister of Culture does not want a single track school system and real educational opportunities for all children. He does not want equality between secondary and elementary teachers. He does not want Catholic and Protestant children in the same classroom. . . . The Minister

90 Thron, 100.
91 The first two Hessian ministers of culture (before Stein) were Bohm (conservative) and Schramm (who proposed a common school but thought that society had to become democratic first and then schools would follow); see Lawson, 74.
92 Thron, 108.
furthermore does not want free education for all children, still less free textbooks and teaching materials. He does not want the masses of children in secondary schools, nor very large numbers in universities. ... He does not want to disturb the stratified class structure of German society.\(^{93}\)

On December 23, 1947, OMG-Bavaria officially rejected the second draft in a letter to Bavarian Prime Minister Hans Ehard.

Outside Bavaria, school reform also appeared to be slowing. The Württemberg-Baden plan was seen as an improvement, though scant, over the goals submitted in April, but OMGUS worried that the plan lacked both specificity and a timetable for implementation. While OMGUS was appalled by the Bavarian plan and further disconcerted by that of Württemberg-Baden, it was also disappointed with the noticeable slowing of reform in the other Länder. While the language of the drafts was sometimes seen as an improvement, concern grew about the paucity of implementation measures being developed and about the lack of a concerted public relations effort on the plans' behalf. OMGUS officials were particularly concerned about developments in Hesse, where they had long considered the maverick CDU Minister of Culture Erwin Stein to be working in close tandem with Hessian ERA officials. His October 1 plan, however, was in some ways a step back from the April plan and had also distanced itself from the recommendations of the expert working groups formed to advise the ministry on school reform. Stein's new plan foresaw the reintroduction of elective subjects -- particularly Latin -- as early as fifth grade, and Hessian ERA saw in this a move back toward early differentiation for Gymnasium pupils.\(^{94}\) In Bremen, a messy fight to finally ratify the Land constitution had included a rebellion by Catholics over provisions that threatened public funding for privately run schools. Also, the demonstration effect of Bavarian resistance and of the fierce opposition to school reform being implemented autonomously by the SPD in Hamburg and Schleswig-Holstein under British occupation

---

\(^{93}\) Thron, 112-113. In OMGUS' judgment, Hundhammer "attempted to return the educational system to its 1913 pattern"; quoted in Thron, 90.

\(^{94}\) Tent, 177-79.
apparently led Bremen's SPD Senator for education affairs, Christian Paulmann, to slow his own reform ambitions.95

As 1947 drew to a close, ERA saw intransigence from Bavaria and Württemberg-Baden in the South and backtracking from Hesse and Bremen in the North. In response, OMGUS conducted a final failed offensive of which the core was a combination of threats, orders and the avoidance of democratic processes that they had themselves established. ERA reacted to its perception of stalling by the Länder and began ordering elected officials to implement the key elements of ACA 54. At this point, OMGUS backed off on some of its demands for the reform of the secondary school but held the demands for six year elementary schools, free books and tuition and university level teacher training. Angrily accepting that neither the Gymnasium's importance nor accessibility would be seriously changed, ERA, in a battle for pride and principle, sought to salvage what it could before the occupation ended.

As the next section details, the use of orders (and the explicit threat to fire German officials who failed to carry them out) caused different reactions in different places.96 In Bavaria, Hundhammer responded to direct orders by giving ERA the exact draft that it wanted -- and then launching a public relations campaign to destroy it. In Hesse, ERA set up a new advisory body "streamlined" to avoid the public criticism directed at the original advisory bodies whose construction ERA had encouraged and indeed promoted for adoption by the other Länder. In Bremen, a dispute over an old Nazi law led to a fight inside OMGUS that once again exposed ERA's organizational weakness and frustrated ERA attempts to promote statutory changes.

Ironically, it was also at this time that ERA's constant complaints about personnel shortages to OMGUS headquarters finally began to get some results, but, as always in ERA, recruiting new personnel was a slow process. Thus, at the time ERA began giving orders instead of advice, it still

95 Tent, 206-07.
96 Only in Württemberg-Baden was no recourse made to direct order or explicit threat thereof.

Wade Jacoby, MIT Department of Political Science Dissertation
did not have the staffing to implement such an ambitious program; by the time the personnel were built up, the crisis had reached its boiling point and the policy had been changed. This series of confrontations went to the core of the dilemma of the Americans' desire to see major reform come through democratic processes.

THE ENDGAME IN THE LANDER: VARIATIONS ON A DISAPPOINTING THEME

HESSE

In Hesse, the "working groups" did represent an American attempt to engage the region's reform tradition in education. The experts in the working groups were appointed by the ministry with ERA approval. As critical public reactions to the school reform plans of the working groups increased, Hessian ERA officials and Minister Stein both attempted to change the structure of public participation. For ERA officials, the concern was that "uninformed" outsider: were dominating public discussions of the school reform drafts which had been the subject of long negotiation by the expert working groups. Stein's concern grew from the pressure he was receiving from groups representing parents and teachers of Gymnasium pupils, and from the unwillingness of the school reform committees to incorporate his suggestions for earlier differentiation of pupils. An organizational change to "streamline" the advisory committees and reestablish them under the direct auspices of the ministry appeared superficially to meet the needs of both parties, but the opponents of school reform continued to mobilize resistance. In the end, the CDU's Stein was caught between the demands of ERA and of conservatives, and his compromise proposal was ultimately blocked by a coalition of the Catholic church, the organization

---

97 Tent argues that the French and British experiences suggest that more personnel would not have changed the outcome. I agree that by 1947 the die was cast; but since these nations never tried the US functional equivalent strategy (the British stayed away from institutional reform while the French focused on promoting French culture), Tent's conclusion cannot be based on their experiences.
98 Lawson, 67-77.
of secondary school teachers and his own party. By late 1948 Stein was still publicly promoting both "internal renewal" and institutional change but was also maintaining that "an imitation of foreign models would mean the stagnation of intellectual development in Germany."  

In the end, no six year elementary school was achieved in Hesse. After exhaustive negotiations between ERA officials and Stein, OMGUS finally ordered the minister, on August 4, 1948, to ensure that no fourth graders in his jurisdiction would move directly into a higher school but would instead move on to a fifth elementary year after the 1948 school year. Stein's first countermove, however, was to convince the parliament to extend the beginning of the next school year by six months. Following this delay, he moved to negotiate with ERA. OMGUS and the cultural ministry each appointed four members of a negotiating board, a contrivance which then allowed Hesse yet another year before the extension of the elementary schools as demanded. By the end of that year, the new occupation statute had ended US authority over educational institutions.

Finally, although the Hessian Constitution had called for an end to tuition and text charges, the law stipulating this provision was not passed until February 1949, and even then one witnessed the strange sight of SPD and KPD representatives arguing against CDU efforts to keep tuition charges for wealthier families. The socialists and communists, far from chasing votes in the upper classes, were trying to ensure that a de jure expansion of educational opportunity would not be circumvented by de facto financial barriers which might be reinstituted on the basis of this precedent for fee payments. After seemingly endless negotiations, a complicated agreement moved teacher training to the so-called pedagogical institutes, which while still not universities, represented a lone bright spot in ERA efforts in Hesse.

99 Tent, 195-99.
Unlike Hesse, where the CDU minister was initially disposed toward school reform, ERA ran up against a committed opponent in Alois Hundhammer. Within a week of the official rejection of the second Bavarian plan, ERA ordered both Hundhammer and Prime Minister Ehard to produce a satisfactory reform proposal by February 1, 1948. While Ehard protested vehemently this shift from suggestions to direct orders, Hundhammer, as noted earlier, proceeded to construct precisely the plan ERA had called for. Simultaneous with this effort, he began a concerted public relations campaign to paint the reforms as the "Americanization" of German education, a concept for which neither the ends nor the means could be justified. Hundhammer's primary themes were the purported cost of US proposals and the destruction of the Gymnasium as a unique institution of learning.101

At the same time, OMGUS also feared that the Bavarians would try to sabotage the American-promoted bill not by defeating it but by passing all the provisions simultaneously before any prior preparations were made for implementation. Indeed, Bavaria had been careful to make no efforts at a curricular reform. ERA now demanded such a step, and even set up a fund to pay for its work.102 In vocational education too, OMGUS officials noted that while organizational reform plans had been laid out for demonstration projects in Bavaria, "care [was] required to prevent the use of demonstration schools as a method of 'stalling.'”103 While OMGUS officials discussed removing Hundhammer, the ERA in Bavaria tried to select those parts of their ambitious reform that could be implemented even with a hostile ministry. This led to a decision to back off on changing the elementary school structure and focus instead on teacher training.

101 Tent, 143.
102 Thron, 128-129; Recall that funds for a similar venture had already been allocated in Hesse.
103 Keller, 45.
As it turned out, however, the Bavarians refused to actually introduce the proposed legislation into their parliament, which would recess for the year in early June 1948. In April, under pressure from the Land Military Governor Murray van Wagoner, Hundhammer and Ehard agreed to a plan to remove fees for tuition and texts for the coming 1949 school year and to establish a commission to plan for implementing a six year elementary and university level teacher training. But Hundhammer began reneging on the deal within a month. After the further delay of the tuition and text bill until July 1948, the currency reform which had just been conducted then undercut Länder finances to such an extent that even the SPD voted against the bill in the Bavarian parliament’s budget committee.104 The situation escalated further when ERA brought in General Clay to declare that tuition and text charges would simply be billed to the Bavarian government as occupation costs; Ehard nearly resigned in protest. An agreement between Clay and Ehard on tuition and texts was finally passed by the parliament -- against the protests and maneuverings of Hundhammer -- on December 15, 1948. While ERA continued to pressure the Bavarians on the other issues, no further movement proved possible.

**BREMEN**

The endgame in Bremen remains confusing, even if the broadest outlines are clear. The most striking obstacle to school reform proved not to be just conservative opposition, but also a 1938 Nazi law which had codified traditional school structures in Bremen. Since the Bremen Constitution required any law which actually replaced an existing one to be passed with a two-thirds majority, the fact that Bremen was controlled by a leftist coalition of SPD and KPD, and had quite reform oriented education officials, was insufficient in and of itself to create the basis for statutory reform.

---

104 Tent, 153.

Wade Jacoby, MIT Department of Political Science Dissertation
Thus, Christian Paulmann, the top education official of the SPD-KPD majority, never did implement his original ambitious plans for a common school. Paulmann asked ERA to be patient until he could convince the *Bremer Demokratische Volkspartei* -- then in opposition with the CDU -- to get on board and give him the needed two-thirds majority. In the spring of 1948, OMGUS agreed to a delay in order to make time for a "vigorous publicity campaign." Paulmann then promised a law by Easter 1949, when the new school year would begin. OMG Bremen kept "constant pressure" on him, telling him that if no law was forthcoming before April, OMGUS would use direct orders to impose a reform.\(^ {105}\) Finally, on March 31, 1949, Bremen passed a law calling for a six year elementary school and for secondary schools which, despite substantial internal differentiation (four different tracks!), would at least house all the pupils in one building. While ERA officially called the plan "acceptable" and even expressed hope that other *Länder* would look to it for guidance, serious concerns arose about the subsequent need for the city parliament to actually implement the legislation.\(^ {106}\) In addition, ERA officials felt betrayed by later revelations that the six year elementary school would actually begin only in 1950. Paulmann, for his part, reported that with the passage of the law for free tuition and texts in May 1948, and with the "internal reforms" of the school system, "all of the privileges of birth, vocation and property in the area of education had been done away with."\(^ {107}\) This comment is not merely an expression of self-satisfaction but also a reflection of the SPD's waning interest in fighting school reform battles. Indeed, Bremen reversed its reforms in 1957 to the extent that it went back to allowing *Gymnasium* entrance after only four years of common elementary schooling.

---

\(^ {105}\) Tent, 216.

\(^ {106}\) Thron, 156.

Württemberg-Baden was the one Land in the American zone where no threat of force was used. After an initial proposal for a 4-4-4 system, the CDU cultural minister, Theodor Bäuerle, under pressure from ERA, moved back toward a plan for a six year elementary school, although in Württemberg-Baden prospects for a common higher school seemed dim from the beginning. Bäuerle introduced seven separate education bills into the Land parliament, each of which went nowhere, in part because of opposition to increasing costs in the wake of currency reform.\textsuperscript{108} While financial constraints doomed proposals for free tuition and texts, any progress on the issue of teacher training stalled in fights between elementary and secondary teaching associations. An additional obstacle to school reform came from the activities in the French Zone of Württemberg-Hohenzollern, which, it was clear, would eventually be rejoined in one Land with the American territory of Württemberg-Baden. The French poured enormous resources into cultural exchange programs \textemdash\ charged back to the Germans as occupation costs \textemdash but decisively rejected the American view that increasing access to academic education was an important priority; instead, the French greatly restricted university entrance. On the other hand, the French did more than any other occupation force to promote vocational training reform.\textsuperscript{109} Thus, their interest in institutional reform of the schools was generally quite low, and the only important point of agreement with American proposals concerned free texts and tuition.

As the fall of 1948 dragged on with no end in sight to the deadlock between the ministry of culture, which had finally introduced bills acceptable to ERA, and the finance ministry, which resolutely refused to pay for them, ERA officials considered using force to implement the policies, as had been done in Bavaria. But the Land Director of military government in Württemberg-Baden was

\textsuperscript{108} Tent, 232-33.
\textsuperscript{109} Taylor, 74-89.
opposed to such measures, and the American efforts died quietly as the bills progressed no further before the end of the occupation in 1949.\textsuperscript{110}

**VOCATIONAL EDUCATION: THE DUAL SYSTEM FACES DEMOCRATIZATION**

A brief discussion of vocational education completes this discussion of OMGUS difficulties with its policy goals. While a movement for vocational training reform grew throughout the occupation period (up to about 1952), no such reforms were realized. Essentially, once the economy took off, the state and the employers turned their back on reform. Early on, a key concern of both OMGUS and the Land governments was the problem of youth unemployment. Even in September 1949, well after currency reform, ERA officials noted that the Hessian government worried that "a large number of boys and girls between the ages of 14 to 18 seeking training in an occupation as apprentices will be unable to find employment."\textsuperscript{111}

ERA suggested improving the vocational schools to provide full-time, pre-vocational training for a period of one to two years; encouraging employers to take more apprentices; and increasing the time in the vocational school from six or eight hours to sixteen hours a week. The lack of training facilities lent some weight to OMGUS efforts to lengthen school time for the working class. ERA noted that "in view of the apparent inability to place apprentices this fall the office of Ministry of Education is contemplating extending the term of the *Volksschule* to 8 1/2 years; the last half-year may be partly a continuation of elementary training and partly pre-vocational training in the vocational schools." Thus, ERA efforts to increase mandatory school time occasionally dovetailed with ministry concerns, and school time was expanded to compensate for underprovision of training slots.\textsuperscript{112}

\textsuperscript{110} Tent, 237.
\textsuperscript{111} September monthly report of E&CR for Hesse. Located in E&CR records of OMGUS, September 1949 in RG260 7/54/42/4-5, Box 8. 2789.
\textsuperscript{112} ibid, 3.

Wade Jacoby, MIT Department of Political Science Dissertation
The occupation powers, including OMGUS, were not well informed about German training institutions. Consistent with the logic of the functional equivalent approach, large areas of the educational landscape for which there was no large corresponding piece in America were underattended by policy makers. This was even more true of the British zone, where policy makers almost completely ignored vocational training except to ensure that none was taking place in industrial areas with possible military potential.\(^{113}\) ACA 54's call for mandatory schooling through age 15 and part-time through age 18 indicates that OMGUS did not intend to try to end the dual system of school and firm-based training, although it did intend to promote the former by reducing the latter.

The Nazis had taken several steps to change the system of vocational training, including some standardization of the wide variety of apprenticeships available in the different Länder. The Party had also reduced the relative role of the vocational school in order to increase the number of hours spent in the firm. Indeed, the Hitler Youth often assumed some of the hours formerly allocated to vocational school attendance.\(^{114}\) These changes made the length and quality of general education, as it was available to the majority of German youth who entered vocational schools as part of the "dual system," look particularly wanting to the Americans.

According to the German expert who accompanied them, the US Education Mission was highly critical of German vocational training. This criticism did not, however, find its way directly into the final report, which merely emphasized the need for increasing the amount of social studies work these pupils received. The central claim of the American visitors was that modern industrial work demanded workers flexible enough to quickly learn rapidly changing tasks, instead of workers whose training was centered on one particular vocation. The kind of education required by a modern economy was seen as precisely the kind generated by a truly democratic educational

\(^{113}\) Taylor, 36.
\(^{114}\) Taylor, 26-27.
system. General education for the worker was thus preferable on both economic and democratic grounds, although if the goals conflicted, it was certainly "more important to be a good citizen than a good Handwerker."115 Notwithstanding such attitudes, vocational training reform was never an important part of the ERA mission. In part, this was for organizational reasons. Vocational training appears to have been the unloved stepchild of both ERA and Manpower, which was responsible for industrial relations.116

Even when ERA did focus on vocational education, it took relatively little notice of the industrial and economic impact of vocational training. Its motives for reforming vocational schools centered on the core theme of democratization. As Franklin Keller said, "Democracy can never develop among a people who restrict their educated class to one per cent, and choose that one per cent from those who have money or social positions."117 At the height of the school reform controversy, ERA's main theme with regard to vocational education was that all education should be simultaneously vocational and academic: that is, it should expand the individual's horizons without regard to economic utility. Vocational training was supposed be seen as part of secondary education while universities were to be recognized as also being "vocational" for the elite.118

ERA's key aims for vocational schools were to expand class time and introduce more social studies. As a result of the larger failure of the school reform effort, ERA focused its attention precisely on the twin aspects of citizenship building and personality training. The former concern is familiar from the broader debate while the latter American concern tapped into a long German literature on the deforming narrowness of vocational education. As it happened, ERA was able to bring together the vocational training authorities in the various Land ministries of culture in

115 Hilker Memo, 313-314.
116 See September monthly report of E&CR for Hesse.
117 Keller, 32.
118 Note the similarity to an oft-repeated slogan of the 1960's attributed to the Teachers' Union's Herr Frister: "vocational education is the general education of the ruled; general education is the vocational education of the rulers." ("Berufsbildung ist die Allgemeinbildung der Beherrschten. Allgemeinbildung ist die Berufsbildung der Herschenden.")

Wade Jacoby, MIT Department of Political Science Dissertation
November 1948 near Wiesbaden and persuade them to commit to a joint program under the title of *Menschenbildung*. The Wiesbaden chamber of commerce quickly calculated that the planned increase in school time would result in a total of 120 lost days of work for each apprentice over a three year training period. On the whole, changes under OMGUS were few, and the lively reform debates of the 1945-52 period soon disappeared. The first federal program for vocational training support occurred in 1950, but Taylor shows that after union efforts to gain more control over training were blocked in 1951-52, vocational training reform fell off the agenda as economic growth removed state and employer incentives for reforming the system.

**THE FALLOUT TO "REORIENTATION"**

In November 1947, Herman Wells, the President of Indiana University, replaced Richard Alexander as the head of ERA and by May 1, 1948, ERA was finally upgraded to division status with four branches including education, religious affairs, cultural affairs and group activities. Alexander initially stayed in OMGUS to continue pursuing school reform while Wells was charged with leading the organizational reform of the division. That this personnel change did not bring an immediate shift in policy toward school reform is clear from Wells' statement that "the battle on school reform is so important that if we lose it we might just as well go home." Nevertheless, Wells' key contribution was to lay the foundation for an ambitious set of cultural exchange programs financed through both private American donations and American government funds.

Alonzo Grace, Wells' replacement when Wells returned to the US, disagreed and declared that the first three years of the occupation had focused far too much on institutional change and had been

---

119 "Building the entire person"
120 Taylor, 105.
122 Quoted in Thron, 136.
123 Tent shows that previous efforts to establish exchange programs had largely floundered on Clay's reluctance; Clay feared that German students might not be accepted in America.
"more or less devoid of an educational and cultural relations effort." For Grace, "the true reform of the German people will come from within. It will be spiritual and moral. The types of school organization or structure, for example, are of less importance to the future of Germany and the world than what is taught, how it is taught, and by whom it is taught." Grace immediately threw himself into building up the exchange programs. Clay, wary of the German reaction to school reform and now convinced of the possibilities of exchange programs, soon ended the school reform initiatives. Thus, while Grace had a strong interest in American influence on German education, the cultural exchange approach that he emphasized marked a clear shift away from the functional equivalent approach to institutional transfer which characterized the previous two years of efforts.

If their effectiveness is difficult to measure, the exchange programs certainly proved enduringly popular. Merritt argues that while elites raged against "Americanization," most Germans were indifferent to such charges and certainly thought they could learn something about democracy from the Americans. The public opinion data he employs generally suggests that the average German favored the programs for promoting democracy and, while ignorant of those actually being implemented by OMGUS, would reply (when asked) that they thought such program would work. In any event, both laudatory and critical accounts of the exchange programs agree that their rise marked the end of a sustained effort at school reform.

124 Thron, 140.
125 Quoted in Thron, 142. Ironically, Grace resigned over the decision to relinquish control over education codified in the 1949 occupation statutes. While he advocated empowering Germans in justification of the strategic shift away from institutional reform of the school system along American lines, he rejected the idea that the occupation should relinquish all control of "cultural affairs." But Clay insisted that the document maximize German power and authority and be clear and therefore simple.
126 Tent, 306-11.
127 Lawson's data suggest that in Bavaria, they were the only part of the OMGUS agenda to enjoy any broad approval; even Alois Hundhammer, arch foe of Americanization, visited the US on one of the programs.
129 Tent and Lange-Quassowski, respectively.

Wade Jacoby, MIT Department of Political Science Dissertation
This section attempts two primary tasks. First, it establishes where and how a broad American claim to be working with German actors to develop an acceptable and enduring school reform degenerated into a frantic and failed series of orders to conduct one version of such a reform. To do so, I also engage in some counterfactual detective work to try to establish what potential there really was for such a reform and why it went unused. Second, I investigate the effect of this failed attempt on the subsequent willingness of German actors to reform their schools in ways broadly consistent with liberal and social common school movements and with the goals of ERA.130 Indeed, beginning in the early 1970s, the so-called Gesamtschulen were introduced in several German states, and these have been most successful in Hesse, Berlin and Bremen. Concerning this successful third attempt, did the breakthrough build upon efforts during Weimar and the occupation, or is it more likely that the occupation failures postponed and weakened the common school movement?

The claim that OMGUS neglected indigenous actors in education reform has been made but not demonstrated. John Gimbel, the leading historian of the American occupation of Germany, argued that the school reform proposed did not match German "traditions" and created extreme logistical problems. This, he argued, meant that "resistance to American educational proposals came from the potential democratic leadership as consistently and actively as it did from the conservatives and ex-Nazis."131 Harold Hurwitz has also pointed to ERA's failures to promote their own policies more effectively. For example, they did not encourage German supporters to organize across zonal and Länder lines. Jutta Lange-Quassowski has noted that the US had no serious programs to mobilize grass roots democracy or to incorporate active anti-fascists into the educational ministries,

---

130 Again, my intention here is not to connect this analytic process with a normative judgement about the desirability of such a reform.
as was the case in American press politics. 132 Hurwitz wrote, "Hence, instead of systematically stimulating whatever popular democratic potential did exist, instead of discreetly encouraging the self-organization of different pressure-group networks and joining forces with them selectively, from issue to issue, OMGUS relied heavily on the autocratic practice of formally submitting guidelines and formally rejecting the draft laws that failed to take the guidelines adequately into account." 133 While this claim hides some ERA efforts to promote certain actors and coalitions to help in the cause of school reform, the discussion to follow essentially amends and confirms it. To this end I look at ERA efforts to measure and win support from German public opinion, intermediate associations and political parties.

PUBLIC OPINION AND SCHOOL REFORM

At least on the surface, the German public seemed open minded about OMGUS school reform proposals. Public opinion polling conducted by OMGUS suggested that the general public was largely indifferent to education policy but, when asked to specify preferences, was willing to consider school reforms.

Education reform was not seen as a primary consideration in a country devastated by war and its aftermath. An OMGUS study in 1945 suggested that only about one fifth of Germans asked about schools thought there were major problems in education, and they tended to list problems such as teacher inexperience and shortages of buildings and personnel. 134 A May 1947 OMGUS survey in Württemberg-Baden, however, suggested that public perception of a need for reform had shifted over time. In that poll, while 62% of the 650 people queried thought the traditional schools and

---

132 Lange-Quassowski, 1981 article, 263-64.
134 Merritt, 10.8.

Wade Jacoby, MIT Department of Political Science Dissertation
curricula were adequate to meet the needs of German youth under normal conditions, 44% still thought that the education of the child was dependent upon the wealth and status of the parents (12% agreed with both statements). Only 30% of respondents thought that no such connection between socio-economic background and educational opportunity existed. Given the generally conservative outlook of the region, one might expect that number who saw the connection between socio-economic background and educational opportunity would have been even higher outside Württemberg-Baden.\textsuperscript{135}

What effect did public opinion results have on OMGUS policies? Findings like the one in 1945 that 97% of those Germans surveyed thought schools should give religious instruction (84% thought it should be compulsory) probably reinforced ERA's notions that there were limits to what kinds of American institutions had any prospect for adoption by the Germans.\textsuperscript{136} On the other hand, Merritt argues that the "masses... did not pay close attention to the reality of Allied policy or to the grumbling of their own educational 'experts'" thus leaving substantial room for institutional innovations.\textsuperscript{137} The view that the German public was open to substantial institutional change must, however, be qualified. First, even if 44% agreed that socio-economic status affected educational opportunity, this rather abstract connection is still a far cry from endorsing reforms that could close the village school. OMGUS had no measure of how strong such convictions were. Second, OMGUS had little sense of the stability of such opinions. Other actors could shift these opinions, as OMGUS learned when the Catholic clergy began opposing school reform from its pulpits.

ERA spent little effort trying to convince the German public about the importance of education reform, although one cannot sustain Thron's claim that ERA made no efforts at all to sell their

\textsuperscript{135} Two caveats are in order: first, the 1945 and 1947 studies are not strictly comparable in the structure of the question. Second, there was no substantial increase in the number of respondents who agreed that there seemed to be problems in education -- this number remained at around one-fifth to one-fourth of the sample. The data merely shows that some concern about opportunity was evident, and these concerns seem to have grown over time.

\textsuperscript{136} Merritt, 10.11.

\textsuperscript{137} Merritt, 10.8.

\textit{Wade Jacoby, MIT Department of Political Science Dissertation}
program because they believed education reform should emanate strictly from the Germans.\textsuperscript{138} ERA personnel spoke out for school reform in Bavaria, Hesse and Bremen in a variety of public settings, but usually only when pushed onto the defensive by conservative attacks. A fair judgment is that ERA's public efforts were simply modest, late and ineffective. Lange-Quassowski shows that the transition to cultural exchange programs brought with it a substantial increase in "grass roots" efforts by the now larger ERC.\textsuperscript{139} OMGUS' wariness about émigrés in this policy area also meant that no such program was established like the German Educational Reconstruction (GER), an émigré group in the British zone dedicated to reintroducing the distinction in British public discourse between Nazis and "good Germans." After the war's end, GER spent much time coordinating exchanges of common people and teachers between Germany and Great Britain.\textsuperscript{140} Finally, ERA had difficulty getting ministry of culture personnel to stump for the reform plans because, as confrontation grew, such personnel often tried to distance themselves publicly from American policies in order to maintain their own legitimacy. In doing so, these politicians were probably less impressed by the surface ambivalence of public opinion and much more taken with the focused opposition of certain organized interests.

INTERMEDIATE ORGANIZATIONS AND SCHOOL REFORM

If the public was largely indifferent to school reform, the many associations that surround German educational politics clearly were not. Even in Bavaria, school reform plans abounded: the ministry of culture, the main parties, the universities of Munich and Erlangen, the Bavarian Academy of Sciences, both churches, the teachers' unions and the chamber of commerce all created school reform plans.\textsuperscript{141} But while original US planning laid education reform squarely at the feet of

\textsuperscript{138} Thron, 107.
\textsuperscript{139} Lange-Quassowski, 200.
\textsuperscript{140} Lawson, 63-67.
\textsuperscript{141} See the versions reprinted in Merkt, Hans, \textit{Dokumente zur Schulreform in Bayern}, (München: Richard Pflaum Verlag), 1952.

\null

Wade Jacoby, MIT Department of Political Science Dissertation
German actors, OMGUS actually developed few tools to encourage and influence groups concerned with education.\textsuperscript{142}

OMGUS did encourage \textit{Länder} education officials to include in formulating reform plans not just those from their own ministry, but also other "affected parties," especially teachers. But only in Hesse, with its long reform tradition, did such steps occur from the beginning. When OMGUS returned the first school reform drafts to each Land in the spring of 1947, it again repeated the instruction to consult affected social groups.\textsuperscript{143} But Württemberg-Baden's second draft was heavily criticized for not creating the committees that were supposed to help devise curricular and organizational reform. Württemberg-Baden did not begin to institute such committees until after the third and most confrontational round of school reform. Bavaria was also a hold out concerning the procedural inclusion of social groups and used the lack of curriculum committees as a way to retard progress further.\textsuperscript{144} In the end, OMGUS proved organizationally incapable of promoting a policy of inclusive and democratic formulation of school reform policy. That failure led, as we saw in the last section, to undemocratic efforts to promote such policies.

The intermediate organizations represented the full spectrum of pro, con and ambivalent opinions. Within the educational establishment itself, the associations of \textit{Volksschulen} teachers and of the vocational school teachers supported reforms for longer elementary and more common schooling while the associations of \textit{Gymnasium} and other higher school teachers and administrators opposed them, sometimes bitterly. In Württemberg-Baden, after the \textit{Volksschulen} teachers charged the higher school teachers with inciting pupils and, by extension, their parents against reform proposals, the traditionalists accused these primary school teachers of being "collaborators of the occupation forces and therefore traitors to their fatherland."\textsuperscript{145} The Association of Higher School

\textsuperscript{142} Contrast this to the licensing procedures and control of newsprint for trade unions, along with care packages from private actors (AFL) for their favored unionists.
\textsuperscript{143} Thron, 104.
\textsuperscript{144} Thron, 117.
\textsuperscript{145} Quoted in Tent, p. 229.
Teachers in Hesse defended the traditional system as historically proven and biologically natural. Far from excluding children of certain classes -- classes whose existence in the wake of the war's destruction was often denied -- the case was simply that the less gifted and less industrious excluded themselves. The charge of authoritarianism in pedagogy was rejected with the argument that too many groups and organizations had oversight or involvement in the modern school for injustice to go long uncovered. This local control was also celebrated as an alternative to the dulling uniformity of the nationwide common school which was said to run counter to subsidiarity, the "grounding principle of the universe." 146

While both churches were opposed to school reform, the opposition of the Catholic church proved most sustained and damaging. Occupation clashes with Church officials seemed to bring out the worst in both sides. Incredibly, OMGUS also appointed, as the chief US negotiator on school reform in Bavaria, an ex-priest who was married to an ex-nun; this move enraged the Catholic hierarchy and further undercut the legitimacy of American school reform efforts there. 147 Associations of school psychologists and other agencies that provided services to schools tended to favor school reform but to be cautious in their support, often withdrawing from politicized issues into more narrowly professional ones. 148

Elements of the secular trade union movement had long advocated the democratization of German schools as a complement to their efforts to democratize the economy. On the other hand, they were also reluctant to engage in political disputes over the issue of school reform, given their concerted efforts to broaden their clientele to include religious workers. Thus, like the SPD, they were caught in a dilemma by the original US policy to let the Germans reform themselves. Such a tactical step by the left ran counter to its larger strategic priorities.

147 Tent, 139-40.
148 Lawson, 98.

Wade Jacoby, MIT Department of Political Science Dissertation
Finally, the representatives of employers were generally disposed against school reform, although they played little role in any of the disputes. It is hard to gauge Lange-Quassowski's argument that, given the benefits the employers enjoyed from the determined capitalist orientation of the American occupation, OMGUS might well have won their active support for the school reform project.149 Certainly, an organization that could have coordinated support across such lines would have been one other than the modest ERA. But if not active support, ERA might have received something like active tolerance from industry, provided that vocational training arrangements were left more or less intact.

As conflicts grew, proponents of reforms similar to those called for by ERA were careful to distance themselves from the Americans. For example, the Bavarian Teachers' Association,150 in the foreword to their school reform plan of 1947, which contained a proposal for a common school, emphasized that their plan was not an opportunist attempt to ride the American coattails, but one which "grew rather out of the pedagogical traditions of the BLV and similar associations and for the realization of which distinguished pedagogues have long fought."151 ERA's shift from persuasion to threats of force also, at least in Bavaria, undercut their school reform allies in the SPD because the party then lost its active role in pushing a school reform plan in the parliament. Clearly, the Bavarian SPD was particularly weak, as evidenced by the CSU's ability to keep the bill out of the parliament for so long (indeed, in the final analysis the parliament was simply approving a deal already struck between Clay and Ehard).152 But the shift to threats of force left the SPD vulnerable to the "collaborationist" charge, and it visibly distanced itself from OMGUS proposals.

149 Lange-Quassowski, 206-7.
150 Bayerischer Lehrerverein.
151 Merkt, 119.
152 Thron, 120; The SPD had introduced a school reform bill on July 17, 1947; it included all of the provisions ERA was pushing, but it went nowhere; Merkt, 94, ff.

Wade Jacoby, MIT Department of Political Science Dissertation
The Hessian case serves as an excellent example of the inherent weaknesses of the ERA strategy vis-a-vis established social groups. Even in the Land where ERA dedicated the most material and personnel resources to stimulating debate and contributions from civil society, it created a forum sufficiently disconnected from the public that it was unable to support a CDU minister dedicated to school reform. Thus, the most likely possibility for a reform success went unrealized.

The "working groups for new schools" 153 in Hesse consisted of 11 expert committees in three broad areas (primary, vocational and higher schools). The commission had a total of 229 members and met 202 times in all. The costs of these groups, which amounted to 40,000 Reichsmarks, were paid mainly from American sources. 154 The advisory groups generally supported school reform. They also liked many specifics of the American system, such as the student councils, which they thought could be pulled in: "Our task is not to copy the form of the American student council, but to take over its spirit and to find by experimentalism what form fits our conditions." 155 It turned out, however, that these committees were more useful for encouraging smaller innovations like student councils than in helping OMGUS and the CDU Minister of Culture, Erwin Stein, secure public support for school reform. The working groups were ultimately downplayed by Stein who, despite his own thoroughgoing plans for school reform, was displeased with the group's refusal to support early differentiation in the elementary school phase. Stein maneuvered the working group's recommendations, quite close to OMGUS proposals, away from the process of drafting the legislation, surprising apparently even those in his own ministry who had understood the committees to be working out the details of implementation of Stein's own legislation. 156

---

153 Arbeitsgemeinschaft "neue Schule."
154 Mühlenhausen, 470.
156 Wittwer claims that Weimar Gymnasium teachers might have accepted school reform to provide more educational opportunity but only if it did not compromise quality.
As Stein found himself caught more and more between the demands of OMGUS and the resistance of the higher school teachers and parents' associations, he worked to ensure that the new Landesschulbeirat (LSB), which replaced the working groups, was subordinated to his ministry. Arguing that the lack of political consensus on school reform precluded further discussion on institutional change by the LSB, Stein channeled their activities into issues of curricular reform.\textsuperscript{157} Once pulled inside the ministry, the LSB largely ceased being a source of original ideals for the structural reform of schools. Further, even inside the LSB, compromises on institutional measures then broke down as old fights reemerged during curricular discussions. It appears that structural reforms functioned as a big tent for diverse reform ideas whose heterogeneity quickly reemerged as the details of curriculum undercut the original reform "consensus."

ERA officers largely stayed away from this process and concentrated their limited energies on alternately lobbying and threatening officials inside the ministry of culture. Unfortunately, "successful" lobbying on their part was often merely a prelude to later backtracking by the ministry. The experience of Minister Stein when he sided with OMGUS on the issue of including the six year elementary in the draft law of 1948 offered a stark illustration of the dangers of allying with OMGUS. While his coalition partners in the SPD criticized the rest of the draft for not pushing the common school agenda more aggressively, his own CDU caucus publicly criticized the six year elementary recommendation while the Catholic Church, all four Hessian universities and a number of parents' and teachers' associations opposed it outright.\textsuperscript{158} In this case, the institutions of the school working groups could offer scant support to the minister and little help in publicizing the plan and breaking down opposition. Once again, the effects of waiting until the old system was reestablished were fatal. After 1948-49, reform efforts in Hesse were largely channeled into experiments like the Schuldorf-Bergstrasse, thus repeating the experience of the Weimar school reformers who found that real institutional innovation could take place only outside

\begin{footnotes}
\item[157] Mühlhausen, 470-72.
\item[158] Mühlhausen, 475-6.
\end{footnotes}
the established forms. OMGUS efforts to engage German civil society were, it turned out, a good idea carried out badly.

CDU-CSU AND SPD APPROACHES TO SCHOOL REFORM

Earlier we saw that Christian ideology covered over the cracks between a very diverse set of political directions in the party. Those directions ranged from proposals to roll back state control of education to the moderate reform proposals of people like Erwin Stein, whose proposed variant of the common school (had it ever been implemented) would have satisfied ERA objectives.\footnote{Franz Schramm, Stein's predecessor as CDU Minister of Culture, and a man with close links to the Hessian educational establishment, also proposed a common school-based reform.}

As in the case of Weimar school reform, the SPD concentrated most of its organizational energies on economic reform, especially the concept of "economic democracy" discussed in the previous chapter. The SPD was a relatively pragmatic party on education; that it did not assign a high priority to education can be seen in the Hessian case, where Prime Minister Christian Stock of the SPD allowed the CDU to have the ministry of culture under his SPD-CDU coalition. Not all SPD education officials were willing to go as far as the Americans. Before Hundhammer became minister in Bavaria, a social democrat named Franz Fendt held the position, and US officials had dismissed his reform proposals as an insignificant change from the traditional three track system.\footnote{Tent, 123-4.}

By having to work through German parliaments, OMGUS, as was its plan, gave up crucial forms of control over education. Later, it thus had to engage in a difficult process of specifying vague lists of functions and then rejecting German drafts. Personnel shortages go some way toward explaining the choice to work with ministry officials rather than directly with parties. The official
fiction of non-interference in educational affairs also contributed to the reluctance to approach non-ministry officials. But by the end, Bavarian perceptions of American heavyhandedness were widespread throughout the zone. Even the Bavarian SPD and FDP opposed ERA-backed legislation on free tuition and materials, in part because of OMGUS tactics. As OMGUS officials ruefully and rightfully acknowledged, "no party is going to lose votes in order to stand up for Military Government."\textsuperscript{161}

ERA's tactics produced a kind of democratic deficit in which elite level bargains turned out to be quite fragile when effects such as costs and the reorganization of local school systems filtered down to the localities. The nature of the resulting confrontations was quite striking: OMGUS felt betrayed by the \textit{Länder} ministry personnel whom they had trusted, conservative and progressive organizations alike felt ignored by politicians who were not willing to include them, and the public clientele of these organizations became politicized around misleading, often bizarre, descriptions of the proposals. In this context, change sounded risky and expensive, and the status quo easily prevailed. Further, it seems not to have especially mattered which party was in power since the essential point is that any Land government inclined to try to sell such a thoroughgoing school reform publicly would have needed substantial help from OMGUS in doing so -- help which ERA was unable to provide, given its low organizational status.\textsuperscript{162} Education "insiders" like Christian Paulmann failed while an education policy neophyte like Alois Hundhammer succeeded in blocking school reform. At bottom, neither the Social Democrats, the reformist Christian Democrats nor the Americans made education a high priority and devoted substantial resources to it; when they encountered organizations that did focus on education, they all ran into a buzzsaw of opposition.

\textsuperscript{161} John Elliot letter to Edward Litchfield, August 14, 1948; Thron, 152; OMGUS was also criticized at home for heavyhandedness. Senator Case, chair of the Subcommittee on Germany, issued a \textit{Report on Germany} in 1948 that criticized OMGUS for imposing American ideas on Germans that had not been unanimously agreed upon by Americans themselves, see Lawson, 83.

\textsuperscript{162} Which, again, grew out of its original mandate simply to oversee German reforms.
SKIRMISHES WON, CAMPAIGNS LOST

OMGUS efforts to promote school reform before the end of military occupation in 1949 clearly failed. There is also little to indicate that these efforts stimulated domestic proponents of such reforms so that "indigenous" reform could occur subsequently. Through most of the 1950s, school reform of the type promoted by the Americans and long pushed by the SPD literally disappeared from the agenda. It was eclipsed by efforts to consolidate smaller schools and by some moves to standardize school types within and between the Länder. Already in its 1948 program the SPD had dropped its explicit opposition to the traditional three track system, although it continued to call for the six year elementary and free tuition and materials. When Hesse returned a solid SPD majority in November 1950, the party made no moves toward further school reforms. In the 1952 party program, even the demand for the six year elementary school was removed. While institutional innovation in industrial relations continued throughout the 1950s, especially on questions of codetermination, school reform gave way to a consolidation of the German three track system. Some of the reasons for the waning of reform efforts lay in the precise way that the occupation failed.

Although the effort to increase common schooling through lengthening the elementary schools and reforming the secondary ones was blocked, we can still ask whether American policy succeeded through other routes. Thus, it is necessary to contextualize in two ways any judgment about the failure to successfully implement school reform. First, even if institutional transfer failed, did democratization of schools nevertheless succeed? Second, was ERA at least able to change educational forms and practices less central than those of the school structures themselves. Did the ERA enjoy victories in "minor skirmishes" which, when taken together, constituted a substantial American-led reform of German education? The second question rounds out our understanding of

163 Tent tends toward this view.
institutional transfer as a narrow question of success or failure while the first begins our analysis of the broader effects of attempted transfer.

The first question can be posed in a more differentiated way: did ERA's partial successes (on matters like free tuition) and its myriad exchange programs, when combined with indigenous German democratization processes, have some positive effect on democracy in Germany? One problem bedeviling any attempt to answer this question with classic behavioral data is the lack of separate surveys that look only at attitudes among school pupils. Concerning the general population, however, any claims that the status of democracy among Germans was raised by the bitter experience of war and fascism or by the occupation itself must be tempered with substantial evidence of a long hangover of authoritarian attitudes. Bungenstab's study of survey data from the early 1950s concludes that American policies did not noticeably democratize German attitudes. Further, Almond and Verba found in the late 1950s that Germans did not automatically reward institutional performance with acceptance: "Though there is relatively widespread satisfaction with political output, this is not matched by more general system affect. . . . Theirs is a highly pragmatic -- probably overpragmatic -- orientation to the political system; as if the intense commitment to political movements that characterized Germany under Weimar and the Nazi era is now balanced by a detached, practical, and almost cynical attitude toward politics. . . ." The oft-cited statistics about the majority of Germans which continued well into the 1960s to agree with the statement that National Socialism was "a good idea carried out badly" suggest the postwar democratic reorientation was, at minimum, incomplete.

If Germans were not talking about their opinions in ways that mollified the pollsters of the period, is there evidence from the micro-level showing they had at least changed their educational practices? This question conceals two further questions that ought to be separated analytically:

164 Bungenstab, 150-163.

Wade Jacoby, MIT Department of Political Science Dissertation
were smaller innovations in German education after the war attributable to American efforts? Did American efforts help or hinder like-minded German reformers in the period after the occupation? That there were, despite the failure of institutionalized school reform, a host of changes in German primary and secondary education after the war is beyond dispute. Besides the end of tuition and materials charges and the upgrading of teacher training in Bremen and Hesse, plus more modest and slow changes in those directions in Bavaria and Württemberg-Baden, other changes in institutions and practices occurred during and after the American occupation. For example, the teaching of social studies in schools was increased in scope and deepened in content.\textsuperscript{166} Health education, as called for in ACA 54, became a part of accepted curriculum in most \textit{Länder}. At the university level, the US promoted the addition of social sciences like political science, economics and public opinion research, although in practice Germans continued to conceptualize social science as a part of German philosophy, not American science.\textsuperscript{167}

The only available data concerning the sources of these and a range of other changes was gathered by an American doctoral student in education, Robert Lawson, in 1962. Inspired in conception though somewhat frustrated in execution, his surveys of teaching personnel in Hesse, Hamburg (British Zone) and Bavaria reveal the complexities of disentangling educational policy influences but shed much light on institutional transfer as a mode of institution building. Lawson first catalogued a range of changes in German education from 1945 until 1962. While the changes correspond well to items called for in ACA 54, Lawson argued persuasively that this finding alone is no evidence that the allies actually caused these changes. Consequently, he developed a questionnaire he sent to teachers and administrators at 56 urban and rural schools, in all three \textit{Länder}, with twenty of the schools being \textit{Gymnasien} and 36 being \textit{Volksschulen} or

\footnotesize
\textsuperscript{166} Lange-Quassowski, 237 ff; here too, however, the Americans suffered many disappointments and discovered that often the most willing "multipliers" of their reform proposals were somewhat eccentric Christian pedagogues who had been pushing related ideas since the Weimar period.


Wade Jacoby, MIT Department of Political Science Dissertation
Mittelschulen. A total of 300 questionnaires were sent, and over 150 personnel from 37 schools responded. Lawson asked his respondents to list the five most important changes in the German school system since 1945, designate the sources of those changes and then evaluate the overall influence of occupation policies. It is unclear, however, how many respondents had taught prior to 1933 and were therefore in a position to judge "before and after" changes from personal experience. The first interesting finding was how much reluctance there was, especially in Bavaria, about completing the survey. All the Catholic higher schools refused to participate. In addition to a low response rate, Lawson received from several unwilling respondents written rebuttals to the presumption that such influences could be ascertained, if indeed they existed at all.

The five changes listed by his respondents reflected key American goals, but they did not list the central goal of increasing common schooling as one of the key changes. More interesting still was the reaction to Lawson's invitation to code the changes the educators had themselves considered as important as springing either from "educational thought before 1933," "foreign influence during the occupation period," or to "new ideas independently developed by German educators after 1945." Interestingly, while some respondents complained it was difficult to distinguish between pre-1933 and post-1945 developments, none apparently cited the difficulty of sorting out post-1945 foreign-influenced developments from post-1945 "independently German" ideas. One possible explanation is that most respondents, like Lawson himself, saw the changes then afoot as driven by the necessities of modernization, which Germans could presumably appreciate "independently" of foreign influences. In actuality, German education during this period did not appreciably converge on that of other European nations, and this makes it less

---

168 In 1964, the current designations Hauptschulen and Realschulen were adopted for these two school forms nationwide.

169 The five changes judged most important were university level teacher training, free schooling, free instructional materials, the introduction of social studies, and the reform of the upper level of the Gymnasium; the memory of the six year elementary was good for 31st place, right after "whole word reading" and next to "international contact." Common secondary schools, of course, were never actually implemented and did not make the list; Lawson, 114-15.


Wade Jacoby, MIT Department of Political Science Dissertation
plausible that Germans were part of a broad wave of simultaneous discovery, as their collective answers and Lawson's contemporary analysis often implied.\textsuperscript{171}

Lawson's respondents generally thought that the allies had had a positive impact (as opposed to negative or none) on German education, yet the magnitude of that impact was considered quite low. Further, his respondents almost never attributed innovations solely to the occupation; rather, in those areas where foreign influences during the occupation were judged important, changes were always seen as also linked to either pre-1933 educational thought or independent post-1945 ideas.

In-school psychological assistance to pupils at school was, for example, seen as having been "accepted," but this was attributed to older German precedents and to the evident needs of the postwar situation. The inception of local parent councils was also "credited to the occupation period but traced back to early German ideas." Student councils, on the other hand, ran up not only against teacher's authoritarian mores but also against their suspicion of organized youth after the experience of the Hitler Youth. In addition, the functions of student councils remained opaque since German schools did not offer the range of activities that US student councils help oversee.\textsuperscript{172} Lawson also acknowledged strictly voluntary institutional borrowing: "All day schools [as opposed to the half day German norm] were introduced before the war, but the new interest in them after 1945 was said [by his interview partners] to be stimulated by information on American practices. This is an example of an area where information on American practice was influential but unrelated to occupation plans." Lawson's respondents also noted the internal "liberalization" of authority relations in schools at both teacher-administrator and teacher-student levels. These improved relations were attributed to older German ideas given new "impulse" by American efforts.\textsuperscript{173}

\begin{footnotes}
\item[171] See for example, Ringer, 1979; Goldschmidt.
\item[172] Lawson, 42-43.
\item[173] Lawson, 107.
\end{footnotes}
Thus, in answer to our first question, America's strenuous efforts seem to have had some positive effect in helping move German education toward a range of changes in institutional practices. Lawson's approach suggests that institutional transfer has two modes: ideas or influences from outside may be a catalyst to existing ideas that push those indigenous plans forward, or such outside impulses may be truly new, in which case they must be adapted to local conditions. Lawson's views on transfer are thus very much in line with the concept of "pulling in" foreign institutional models. But because his approach is fundamentally a history of ideas and not of the power bases behind those ideas, it is susceptible to the tautology that institutional transfer worked when Germans accepted it. For example, Lawson argues that, "the points of [ACA] 54, inasmuch as they took up earlier German reform efforts, or respond to social-educational needs of postwar Germans, are still having an effect on German education. Thus, free schooling, uniformity of teacher training standards, extension of compulsory education, and international emphases in historical and political instruction are living issues in German education today. Where an Occupation aim reflected a particular American characteristic, such as the comprehensive high school, there is little residual effect."

I hope I have demonstrated that the "social-educational needs of postwar Germans" were sufficiently in dispute to make the concept analytically useless as a cause of reform, unless the core of the issue is the extent to which Americans "took up earlier German reform efforts." There was a substantial reform tradition committed to comprehensive schools. The analysis has suggested, however, that American efforts were not geared toward mobilizing indigenous reform forces and, in fact, actually discredited some of the Germans who did work with OMGUS. When we focus on the politics of institutional transfer, we move beyond the claim that institutional transfer worked when Germans accepted it. First, "acceptance" in this case meant political persuasion. Second,

---


Wade Jacoby, MIT Department of Political Science Dissertation
America's modestly positive "catalyzation" of some German reforms must be weighed against the setback it dealt to the central goal of school reform.

There are two kinds of hypotheses about the longer term American effects on the movement for common schools in Germany. The first essentially assigns America the passive role of an example. This approach says that the US exchange programs allowed Germans to begin quietly using American education as a stock of ideas from which they had previously been cut off. Some circumstantial and much anecdotal evidence supports this claim. The implicit core of this approach is that Germany will find its own way toward a just distribution of educational opportunity. Its mechanisms for doing so will be incrementalism -- that modus operandi of the Federal Republic which has made the long journey from constitutional necessity to scientifically ordained virtue.

The other hypothesis is that American efforts actually boosted the chances for subsequent school reform, even if such attempts failed in the short term. This argument has intermediate and long term variants. The intermediate variant begins from the accurate observation that in the western zones of post-WWII Germany, the US was the most active advocate of school reform. Without such an effort, the argument continues, virtually no reforms would have been conducted. The implication is that America strengthened the German reform movement. Yet this seems unlikely since the preliminary evidence on the SPD and the trade unions during the 1950s is that both organizations dropped efforts to reform public and vocational schools. That the SPD moved much closer to the CDU on questions of school policy during the 1950s is clear. My suggestion

---

176 Tent and Lawson both emphasize this claim.  
177 Although, to my knowledge no systematic evidence has ever been gathered to support it; one of the broader claims of the dissertation is that until a persuasive analytical description of the process of institutional transfer has been written, evidence for the phenomenon will continue to be gathered anecdotally.  
179 Lange-Quassowski, 206-07.  
180 Hoffmann; Taylor, 134-37.
that the OMGUS school reform fiasco ultimately damaged the longer term prospects for increased common schooling in Germany is speculative; to sustain it would require more research into the reasons that the SPD dropped educational reforms oriented toward achieving common schools during the 1950s. But that outcome may simply be overdetermined: besides the lingering bitterness of many actors and the public perception that identified common schools with "Americanization," economic growth and immigration in the 1950s both lessened reform pressures while the GDR represented a negative example of the common school model.

The long term variant of the argument is that where the US had strong ties to local actors, the failure of school reform was merely temporary. Tent points to Hesse, which emerged as a center of the Gesamtschulen movement in the late 1960s, as evidence that the US helped build a community of reformers. That Hesse (and Bremen) had strong reform traditions that rebounded in the 1960s is evident enough, but that circumstance does not indicate that the US helped build those traditions further. The Hessian LSB, the one substantial American commitment to building a non-state advocacy for school reform, were never institutionalized. Further, when the Gesamtschulen were started, their architects generally relied on British and Swedish models, not American ones.181 Even if the US built the Hessian reform community in small and fragile ways, OMGUS, by discrediting the reform project in large ways, ultimately set back the reform community and hence the reform movement as well. The Gesamtschulen movement benefited from dissatisfaction with the traditional system, from strong political support in several Länder and from demographic trends which allowed it to build its own new schools instead of trying to convert existing ones. Yet despite these advantages, the movement quickly stalled, having run up against a limit in the percentage of the population which chooses the abstract (and unproved) benefits of common schooling.182 The immediate post-1945 period was a unique moment of supra-class thinking among German political elites, with "union" parties, "Einheits" unions and the "politics of

---

181 Goldschmidt.
182 Most studies show, however, that Gesamtschulen pupils and their parents are satisfied with the education given in these schools.

Wade Jacoby, MIT Department of Political Science Dissertation
productivity.183 It was probably the best chance for common schools Germany will have, and in this context, the effects on the reform community of trying are secondary to the larger disappointments of failing.

CONCLUSION

In all its phases, US school reform policy showed sufficient flexibility to allow a place for German traditions and the exceptional postwar circumstances. Potential partners for this project existed on the German left and center-left and among some elements of the right. Yet American reforms failed because American strategy was indecisive, inconsistent and insufficiently directed at building partnerships for school reform.

Neither the organization-set nor cultural arguments outlined in the introduction persuasively illuminate the case further. It seems clear that having transferred even more Americanisms to Germany would not have made the school reform process go better. Even if the initial planning for the occupation had settled on simultaneously reopening and reforming schools instead of performing those actions consecutively, none but a few German émigrés were really calling for a more ambitious Americanization project and, as their own doubts make clear, even the advocates of such a plan presumed that a long occupation would have been necessary to make it work. School reform did not fail because it lacked supportive institutions; it failed because it lacked supportive actors.

The cultural resistance argument is also suspect. It is more accurate to say that the German opposition to school reform attempted to define education as "culture" in order to protect it. In doing so, they made strategic use of an essentially tautological category: culture is anything which one does not wish to see changed. Weimar reform traditions and the reform ideas of the SPD in

183 Maier.
the immediate postwar period indicate that virtually all the US proposals had viable histories in the German education reform debate. Some had, indeed, been given a statutory foothold at national or state levels during the Weimar Republic, although resistance from bourgeois parties and lack of money had prevented their actual realization.

But if the crude version of the cultural argument in which culture determines national aspirations is unhelpful precisely because the German culture was so divided on school reform, what about softer versions of that argument? Dennis Bark and David Gress, for example, link the OMGUS failure to the Germans’ tendency to look at the education system with pride and see it as a "symbol of identity and hope." Germans were "unwilling to see that, too, disappear, and become something foreign and unrecognizable." Goldschmidt makes a similar argument when he claims that since life had been turned upside down, the Germans were simply in no mood for more change.

These authors thus connect the opposition to school reform to peoples' need for stability. But Germans could as easily have concluded that the failures of German conservatism called for change; indeed, many Germans came to just such a conclusion. As well, Japan accepted institutional change in education more than Germany without a noticeable destruction of its unique culture. It may indeed be true that weariness and the search for stability played a role for some, but other groups were ready to give Weimar reform ideas a chance. The coalitional approach employed in this chapter shows why OMGUS, despite its intentions, could not help them do this. Timing, resources and legitimacy are all important in building coalitions with civil society. Larger disagreements in US foreign policy drove timing, while budgetary concerns in the postwar demobilization made money for the German occupation very scarce. Against the backdrop of

---

184 Bark, Dennis and David Gress, *A History of West Germany*, (Oxford: Basil Blackwell), 1989, Volume 1, p. 169; this thinking points to the possibility that the exact transfer mechanism removes everything, even those norms and routines that give people some familiarity: the pessimistic complement to the organization-set argument, as it were.

185 Goldschmidt.

186 Especially after the Republicans took Congress in 1946.

Wade Jacoby, MIT Department of Political Science Dissertation
an inconsistent and underfunded policy, any legitimacy that American educational institutions possessed by virtue of their abstract association with the American democracy and economy was quickly negated by the concrete steps OMGUS took to implement the policy.
CHAPTER FIVE

INDUSTRIAL RELATIONS IN EASTERN GERMANY: THE POLITICS OF IMITATION

INTRODUCTION: THE GERMAN MODEL IN TRANSITION TO WHERE?

The German model of industrial relations is changing. In one sense, this should surprise no one. One of the hallmarks of German industrial relations since its reconstruction after World War II has been its ability to change in response to international and domestic pressures. Chapter three showed that the contestation of allied designs for reshaping and resetting traditional Weimar institutions helped build this capacity. But the current changes come in the wake of a reunification process that was supposed to extend the West German institutional system exactly to Eastern Germany. The irony of this prospect is plain enough: what was supposed to be an essentially conservative process (from the West German perspective) may end up leading to the largest institutional break point in the post-war period. At minimum, the drumbeat of calls for fundamental reform of the wage setting system in all of Germany is growing louder. Thus, while formal structures are in place, adaptations in the East look more like floundering than flexibility. By sketching the course of institutional transformation during the first five years of reunification, I suggest that the "exact transfer" process has now become an unnecessary barrier to badly needed institutional innovation. While the "model" provided clarity in a time of initial uncertainty, it now obscures other plausible options and deepens real dilemmas of economic reform.

The chapter extends further the broader argument about the importance of flexibility and civil society in institutional transfer. It is also a case well suited to investigating an important broader thesis about institutional transfer: that institutional transfer attempts are especially vulnerable to
the "organization set" problem that sees the outputs of one institution as the inputs of another. This problem results from the condition that organizations operate inside networks of interconnected institutions. The case of the exact transfer of industrial relations institutions suggests, however, that what is missing is not so much linkages to other institutions, for they have been transferred as well, along with the lion's share of organizational norms and routines. Rather the political context is different, and the missing political dimension in the organization set hypothesis is evident against this background. Institutions represent political compromises which must be held in place by competent actors. These actors often have alternate conceptions of how institutions should be designed but are often prevented, again by politics, from acting on such conceptions. This limitation does not rule out the possibility of amicable, cooperative or positive sum interactions between unions and employers, but it does make that cooperation context dependent.

Transferring these inter-organizational routines and maintaining them over time presupposed reestablishing basic balances of social power. As unions and employer associations scrambled to ensure such a basis of organizational strength in Eastern Germany, they constructed themselves in ways that maximized West German influence. No matter whether there were indigenous GDR actors (the case of unions) or largely were not (the employer associations), control has been securely in the hands of West Germans. Institutional structures and actual wage levels have been strictly oriented to those in West Germany. "Flexibility" has meant special provisions that buy time for Eastern Germany to adapt to the Western structures; but as we will see, many of these de jure structures are far less than fully functional.

In chapter two we saw that imitation often operates alongside competition. Meiji Japan and the French Third Republic borrowed institutional designs to protect their own independence. We saw in chapter three that Allied-inspired economic institutions were supported by a broader strategy of reintegrating the German economy into the European and global economy. The
present case demonstrates how economic and political interests can reappear in seemingly technical questions of institutional design. Even in this extreme case of imitation, long-standing West German conflicts have spilled over to influence institutional development in Eastern Germany. Put differently, this is not just a case of "inappropriate starting conditions" for institutional transfer. While the weak civil society and weak firms certainly disadvantaged the prospects of successful transfer from the start, we need also to recognize the element of competition and control to understand why building a system of industrial relations has been so problematic.

While the formal structures of this system are in place in the East, the unions' and employer associations' ambitions for exact transfer have not been fulfilled. At issue is not the unions' disappointment with membership numbers nor the organizational chaos resulting from their miscalculations. Had the ambitions of the "social partners" been for a functional equivalent process to establish some kind of non-state wage bargaining system designed for an economy of weak firms, then one could speak of an initial success and proceed to study the longer term implications of that kind of transfer. As it was, however, the much more ambitious expectations have not been met. At least in the narrow sense laid out in chapter two, the transfer is failing. The longer term effects of the attempt at exact institutional transfer will depend upon the capacity of these actors to create more differentiation inside West German industrial relations while at the same time somehow maintaining a truly national system. Since the inability of US unions to overcome weakness in the American South and build a national system of industrial relations was always a crucial Achilles heel -- in the sense of providing a reserve of non-union labor -- developments in Eastern Germany certainly bear watching. Of course, Eastern German industrial relations institutions do and will share many features familiar from the Western model. After all, in West Germany, a mixture of Weimar and American-inspired institutions after WWII produced a system that looked familiar but functioned in ways unprecedented in either "model."

Furthermore, certain key actors with strong organizational incentives to do so -- especially the
employer associations -- will continue to maintain that they intend to reproduce the West German model faithfully in Eastern Germany. But Germany is caught between the political costs of exposing the Eastern economy and workers to the full force of the Western system and the economic costs of cushioning such blows. Under cover of this dilemma, Eastern Germany is quietly building a different kind of political economy.

In setting the stage for the rest of the chapter, it is perhaps useful to clearly state the obvious: there is no consensus between the representatives of labor and those of capital about what steps toward institutional reform should be taken in response to reunification, European integration and the rise of high-quality and low-wage production. The unions' priorities for institutional change were, in 1989, based largely upon the success of the German model and built around a range of so-called post-modern demands relating to ecology, technology and women in the workplace. The emphasis on these issues has been diminished by the revelation of the industrial relations system's striking weaknesses in a wholly different socio-economic landscape, although IG Metall's commitment to further work time reduction has so far continued. Meanwhile, the Western employer associations remain internally divided between a deregulationist camp that would like to see much more firm-specific wage bargaining and an accomodationist camp more willing to work within the current system of "meso-level" agreements conducted at industry level.

In Eastern Germany, the differences between unions and employers came to a head in the metalworker strikes of 1993. In February of that year, against the backdrop of a much worse economic situation than foreseen at the signing of the five year agreement in early 1991 and of the unions' refusal to renegotiate that deal, metalworking employers canceled a valid contract for the first time in the history of the Federal Republic. IG Metall responded by launching a series of strikes which successfully defended the original agreement from substantial modification. The deal ultimately cut, however, did little to resolve the fundamental institutional issues, and
this chapter argues that the dilemmas which sparked the original conflict have not gone away. The unions face terrible *strategic* challenges while the employer organizations face *existential* challenges in the East. But if the West German actors are deeply divided on practical alternatives, the process of reunification has already eliminated any independent indigenous political actors outside of the reformed communist party (PDS). In the fifth year of reunification, the political economy of Eastern Germany is dominated by powerful, but uncertain, Western actors and dogged by the silence of the East Germans.

The balance of the chapter proceeds as follows. First, I specify three problematic elements embedded in the exact transfer process. Second is a cursory overview of what I take to be the German model of industrial relations, along with the changes in that model which have been evident in the East. Third, I discuss the extension of the West German social partners -- unions and employer associations -- to Eastern Germany and describe the continuity and change in the links between them and their respective firm-level counterparts (works councils and management boards). Fourth, I use two key modes of interaction among the social partners and the state in Eastern Germany -- wage bargaining and industrial policy -- to illustrate the character of current problems. Finally, I conclude with a discussion of three plausible visions of the future and discuss the implications of each for the German model as a whole.

"EXACT TRANSFER" IN THEORY AND PRACTICE

While the bulk of this chapter deals with unions and employer associations, the reunification process began with the state. As skillfully as Chancellor Kohl managed the prospects of reunification on the international level, he sought to build a consensus for it at the domestic level in both East and West Germany. Against the backdrop of a national election campaign, Germans

---

were promised that no one would be worse off and that sacrifice would be unnecessary.² Kohl's unlikely claim about the painless reconstruction of an entire society received a certain surface plausibility from the claim that the blueprint for East Germany was ready-made.³ The resources would come from private investors seeking to profit from the many business opportunities in Eastern Germany. Investment would flow because West Germany would function as the institutional blueprint. The twin pillars of this logic were mutually reinforcing: investors would be primarily from West Germany, and they would be drawn by the reassurance of familiar institutions while helping to build these institutions further through the acts of investing and doing business in the region. The state would ensure the legal foundation and West German actors would teach the Eastern Germans to animate the institutions and sustain them over time. Thus, from the start, expectations about the outcome of reunification were raised to a level no policy could sustain.

Given the GDR's many failures and sudden collapse, the shadow of West Germany would have loomed over any process of institutional reconstruction in Eastern Germany. Nevertheless, one must appreciate the ambition of the actual conception: the West was held up as the model not only in a legal-institutional sense, but also in terms of sectoral and firm organization and of the organization of interest representation and political participation. In the terms introduced in chapter two, it was an extreme case of an exact transfer, wholesale transfer and continuous interaction. The actual process born of this conception has had three important characteristics. First, it obscured deep disagreements among West Germans about what their "system" is. These disagreements could be masked effectively in the euphoria of the moment and by the prerogative captured by the state to design the reunification treaties. But conflict was bound to reemerge in more sober moments, especially after the government's actions were no longer automatically

² The memoir of Horst Telchik, a member of the Chancellor's staff, shows that electoral considerations colored virtually every important decision in the reunification process. 329 Tage: Innenansichten der Einigung, (Berlin: Siedler Verlag), 1991.
³ The claim that it had been done before was also prominent. In October 1990, the conservative mass daily Bild ran a week-long series on "economic miracles."

Wade Jacoby, MIT Department of Political Science Dissertation
legitimated by virtue of their association with bringing reunification. When disenchantment about the costs of reunification set in, any moratorium on aggressive competition between West German interests in Eastern Germany weakened rapidly.

The second result was that exact transfer brought, to firms from a decidedly aging command economy, an institutional system geared to a very modern capitalist one. That this was a "mismatch" was no mistake; indeed, it was part of the design: the new institutions would regulate and shape market competition to force a shift in firm boundaries toward much smaller units of production. These restructured units could then, in combination with other firms in both Western and Eastern Germany, exploit the substantial home and Eastern European markets that GDR firms had traditionally served. Instead, the East European market collapsed, and West German producers proved fully capable of supplying additional East German demand from Western production. What remained of the original plan was a modified version of the harsh environment the West German institutional landscape creates to discipline firms and encourage steady productivity increases. In such an environment, Eastern Germany, firms were disciplined right out of business. In briefest form, that harsh environment is a function of free trade, tight money, high wages, and weak industrial policy. This environment is normally tempered by some active labor market policies, subsidies in some sectors and the tolerance of cartels in some others, and unions that allow changes in technology and work organization. In Eastern Germany, the key modification has been the especially heavy subsidization of new investment and the massive retraining of workers. In general, investors in Eastern Germany find well over half their investment costs covered by the state. But alongside this, to say the least, heavily modified market environment for new investors, the conventional system of high wage floors was maintained. The resulting labor costs contributed to an impressive number of firm failures and a staggering loss of employment in those firms that have managed to survive to the present. The "disciplining effects" of the German model of industrial relations have since become a kind of Sword of Damocles hanging over the industrial remnants of Eastern Germany. The leading edge
of the blade has been the system of regional collective bargaining agreements between the employer associations and trade unions. By using the case of the metalworking sector -- which has generally functioned as a "pilot" sector according to which others have oriented their agreements -- this chapter seeks to illustrate this dilemma.

The third way that the process of reunification has hampered the reconstruction of Eastern Germany involves its effect on interest formation and representation. Put bluntly, East Germans were "recruited" to join interest groups whose structure, goals and leadership were based in the West. GDR unions were dissolved and the fledgling employer associations integrated into the West German ones. Of course, no reunification process could have ignored pre-existing concentrations of power in West German interest groups. Had the GDR continued to exist for some years, those actors would still have played an important role in influencing any reforms. To be clear, then, my argument is not that the West Germans have "colonized" East Germany and thus muzzled a "revolutionary" civil society. Indeed, against the backdrop of deindustrialization, West German unions sometimes tried hard to politicize East Germans. Without these efforts, many East Germans would otherwise have been even more passive than they have been. The point is precisely that under the current system, it has been quite unclear to East Germans when, where or how they should take an active role on their own behalf. sixteen million East Germans with a major industrial economy represent a great deal of potential political influence. But the magnitude and character of this potential is not "given" as if it were a ball at the top of an inclined plane; rather, it is important to see how the actual reunification process has had the effect of minimizing that potential at nearly every step. The contrast to the occupation period is especially striking: In the last episode of widespread institution building in Germany, the US and British occupation forces consciously sought to build up certain indigenous actors. They did so because they knew they were leaving, yet wanted their basic designs and policies to endure. West German actors have taken a different approach, in part
because they knew they were staying. It is worth pondering the effects of this much more
difficult form of institutional transfer on the ultimate responsiveness of those institutions.

Four assumptions underpin this chapter, and I would here like to defend them briefly. First, I
assume that a period of stress is a good time to observe the basic contours of an institutional
complex because strengths and weaknesses that might otherwise be obscured by overall success
come into sharper focus. Second, I assume that reunification is a time of substantial stress on
German institutions -- that the current mood in Germany is not simply a reflection of angst, and
that the system really is in crisis. In West Germany, even the most successful German producers
in engineering and machine tools have felt compelled to join forces and recast the familiar
contours of the firm and the sectors.\textsuperscript{4} Third, for purposes of simplifying this paper, I assume that
the German industrial relations system is uniform. In practical terms, this means that I de-
emphasize variation across regions in West Germany. Finally, also for purposes of
simplification, the paper takes unions and employer associations as the central areas of inquiry. I
discuss the privatization agency, the \textit{Treuhand}, and the role of the Federal and Land governments
only as they absorb functions normally reserved for the social partners under the West German
model or as they hive off those functions to the social partners.\textsuperscript{5} Data sources include three
rounds of interviews among trade union and employer association officials during 1993-94, a
collection of government documents and a number of secondary sources.

\textsuperscript{4} For one industry version, see the analysis in the Verein Deutscher Werkzeugmaschinenfabriken, "Strategie Papier für den deutschen Werkzeugmaschinenbau," 1993.

WHAT WAS THE MODEL THAT WAS SUPPOSED TO BE TRANSFERRED?

One of the central tenets guiding the postwar reconstruction of West Germany was that state power should be balanced by a strong civil society. Thus, after an initial struggle to define the terms under which they would be allowed to organize, labor unions and employer associations became central actors in the governance of the German political economy. As part of this division of labor, wage negotiations are the preserve of the social partners. In simplified form, each of the sixteen industrial unions negotiates, in a series of regional agreements, a wage and benefits package with the corresponding employer association. These agreements then acquire force of law for all shops in that region and industry, except that firms that choose not to join the employer association can usually negotiate their wage contracts directly with the union. In addition to regional industry wage agreements, the individual firms' works councils -- non-union elected bodies that represent all of the firm's employees -- can negotiate with firm management for additional bonuses and benefits, among other issues. Throughout the 1970s and 80s, this provision has been an increasingly important source of flexibility in setting wage and employment terms in individual plants. Finally, with respect to regional and industrial policy, the German model has become increasingly liberal. In the first postwar decades, the state targeted promotion of certain favored sectors, and drew intermittently on a palette of regional policies, especially for the Ruhr. While these policies never helped move firms into new markets, they did ease the transition of workers to new sectors. But during the 1980s these policies became markedly less generous. The older corporatist mode of dealing with problem areas gave way, as a much more reluctant federal state deferred to the agenda of managers in the industrial adjustment process.

---

9 The case of coal can be found in Jutta Helm, "Structural Change in the Ruhr Valley," in Peter Merkl (ed) The Federal Republic of Germany at Forty, (New York: NYU Press), 1989. For a more upbeat analysis of the steel case,
Five areas of change in this stylized model are of interest here. The first two are in the links between individual firms and the employer associations and between works councils and unions. The third and fourth are in the system of wage bargaining and in the role of social actors in the development of industrial and regional policy. Finally, broad shifts in the balance between state and social actors have resulted from these changes, and I discuss them in my concluding remarks. This is not the point for an extended discussion of the West German industrial relations model. Rather, I want to call attention to specific central features of each of these five areas in order to highlight how reunification has exacerbated some traditional tensions and created some wholly new ones. The claim is not that the developments one sees in Eastern Germany are, in every case, unprecedented in the West. In fact, most, though not all, of the tensions apparent in the East are familiar to students of German industrial relations. What seems different is both the extent of these tensions and the resulting range and simultaneity of unusual developments.

RECRUITING CIVIL SOCIETY: THE EXTENSION OF ESTABLISHED ACTORS

As the difficulties of German reunification become more evident, a number of astute observers of the Federal Republic have taken pains to point out the many strengths of the system and the substantial resources available to aid in the reconstruction of the Eastern German economy. Nowhere has this optimism been more evident than in discussions of the extension of the West German model of industrial unionism to Eastern Germany. The theme of much of this work is that while marketization may produce unemployment that at least temporarily weakens the


Wade Jacoby, MIT Department of Political Science Dissertation
bargaining position of labor, the transfer of rights and norms embedded in West German institutions will act as a compensatory stabilizing mechanism. It is argued that even if unemployment rises, the legal basis of co-determination and region-wide collective bargaining agreements, and the employer commitment to extending that system to Eastern Germany, will likely protect labor from an erosion of the institutional prerogatives it has heretofore enjoyed.\textsuperscript{13} Thus, the "institutionalization" of the broader West German industrial relations system will likely prevent the development of a substantially new and weaker form of labor participation in Eastern Germany. This work stresses the norms of negotiated adjustment and the ideology of management-labor cooperation in certain industrial sectors. The finding is that West German managers have learned to cooperate with unions, and the strong implication is that these processes, whether institutionalized or informal, will be carried over into Eastern Germany. The 1991 decision to equalize wages in the metal sector -- a decision which spread quickly to other sectors -- is taken as evidence of this cooperation. Further, IG Metal's defense of this pact is seen as evidence that unions are doing very well in Eastern Germany.\textsuperscript{14}

When writing about Eastern Germany, it is rightly obligatory to say that it is too early to predict the region's economic development, let alone the character of organizations that ultimately will emerge there; Turner, an "optimist" on both scores, may prove right in the end. My premise in suggesting otherwise is embarrassingly simple: where optimists focus on institutionalization as the first line defense and stress an ideology of partnership and cooperation between capital and labor as a fallback position, I focus on the need for market and political power to enforce and define those institutional guarantees and to keep that ideology ahead of other popular notions about unions that circulate inside West German managerial circles. Struggles within and between the social partners have, despite their protestations to the contrary, spilled over into Eastern Germany. Competing visions of institutional design for West Germany have been

\textsuperscript{13} Jürgens, Turner, Klinzing, op. cit., p. 3.
overlaid onto a fundamentally different set of functional tasks with a much different organizational landscape -- namely, a very weak civil society -- in Eastern Germany.

Massive drops in production and employment have made labor's power position extremely weak. The strike in the metalworking sector in spring 1993, which I discuss below, represents only a partial exception to this general trend. In much of Eastern Germany, the ideology of cooperation has been neither durable nor portable. Norms of bargaining and even constitutional prerogatives to equalize living conditions across regions will not become meaningless, but they may increasingly appear unrealistic and unreachable. To understand these dilemmas, we must return to the original process through which unions and employer associations were constructed in Eastern Germany.

UNIONS: FROM BOOM TO BUST?

As reunification became a certainty in the wake of the March 1990 East German elections, West German unions quickly decided that, rather than maintain a reformed version of the Communist Party's labor organization, the Freie Deutsche Gewerkschaftsbund (FDGB), individual Western industrial unions would pull members from their counterpart industrial unions in the East. This development can be traced to a combination of concerns about the very low legitimacy of the FDGB and its member unions among East German workers at that time, and to the obvious attraction of substantial membership increases for their own unions. At this point, individual West German unions, which have great autonomy from the weak central body, the DGB, took a range of different approaches to transferring their organizations eastward.15 The chemical workers' union, IG Chemie, integrated a reformed East German union leadership into its own organization. The metalworkers' union, IG Metall, on the other hand, relied much more heavily on personnel transferred from Western locals to lead Eastern locals and on generally extending


Wade Jacoby, MIT Department of Political Science Dissertation
the domain of existing Western regional units to include Eastern German territory. Only in the
case of Saxony was a purely Eastern German regional allowed to form. In terms of membership
numbers, the early enthusiasm of East German workers for membership in the Western unions
has since dampened considerably, especially in the face of heavy job losses. After initially
increasing substantially in 1990 and 1991 to the point where densities reached 50% of the
working population (as against just over 30% in West Germany), membership soon fell off
rapidly. During 1992, for example, the DGB unions lost 766,000 members in Eastern Germany
but only 19,000 in Western Germany. This represented a membership loss of 18.4% in the East,
compared with 0.2% in the West.16 Another 500,000 left in 1993 and membership declined
further in 1994 and 1995. While official densities in the East remain roughly comparable to
those in West Germany, the additional reality is that often over half of the members are
unemployed. This means that they draw heavily on union services, especially in legal
representation, while paying dues of only a few marks per month.

The actual recruitment process was not without tensions. The lack of competition for
membership between different German unions has often been seen as one reason for the
cooperation between unions that leads to a cohesive labor movement despite the weak formal
powers of the central organization.17 But while DGB unions in West Germany had rarely fought
substantial battles over which union was entitled to organize which firms, the opportunities for
substantial membership growth among the thousands of suddenly unorganized firms in the East
led to several nasty (and in some cases still unresolved) border wars.18 Thus, whereas historical
links between unions and firms go largely uncontested in the West, opening up the East led to
competitive pressures among established West German unions. If unions fought among

17 See, for example, Thelen, op. cit., p. 14
18 Hanjo Gergs, Rudi Schmidt and Rainer Trinczek, "Die Claims der Einzelgewerkschaften sind umstritten": Zu den
Abgrenzungsschwierigkeiten der Organisationsbereiche im DGB: eine Problemskizze," in WSI-Mitteilungen, 3,
1992, pp. 149-157. The most difficult problems were between the public sector union ÖTV and the miners’ union.

Wade Jacoby, MIT Department of Political Science Dissertation
themselves for competitive advantage, it should not be hard to imagine that they did the same vis-a-vis the employers.

Ideological and programmatic differences between West German unions and Eastern German members are, however, ultimately more important than membership quarrels. One early concern was that the addition of the Eastern membership would fundamentally unbalance progressive coalitions inside Western unions. For example, on the question of the unions’ programmatic agendas, Birgit Mahnkopf suggested that the Eastern constituency would be uninterested in a number of efforts developed over the course of the 1980s by the Western unions. Initiatives to increase worker control over technology in the workplace, increase the presence of women in the workplace and place greater emphasis on ecology appeared, with reunification, in danger of derailment.19

There is some evidence that this shift is occurring. With regard to technology, after so many years of working with substandard equipment, and given the easy availability of replacements, East German workers so far seem little inclined to resist the introduction of modern equipment. Women have been forced out of the labor market in two ways: first, sectors like textiles that employed a high percentage of female workers have suffered extremely high job losses. Second, within firms, employment reductions often targeted administrative workers, where female participation was relatively higher than in production areas. With regard to the environment, the record is mixed. Large numbers of the worst polluters have been shut down, and a very important component of active labor market policies has been environmental clean up. Thus, unions actually have many members whose current livelihood depends upon ecological problems. But unions themselves seem little interested in ecology at the cost of jobs. Even in the most poisoned areas of the GDR’s industrial core, workers have placed employment above

ecology. Given substantial existing overcapacity and the sector's richly deserved reputation for polluting the environment, Western unionists were initially inclined to support the wholesale dismantling of the massive chemical production complexes in Saxony-Anhalt. But the fear that jobs so lost would not be easily recreated elsewhere ultimately led the generally pragmatic IG Chemie to fight hard for the retention of the Eastern chemical sector.20

Traditional distributive issues are challenging the "post-materialist" agenda developed by West German unions at the end of the 1980s.21 This carries over into labor's links to politics. In the early period of reunification, it was unclear what impact the Eastern constituency would have on the combined union movement in Germany. Some speculated that the rank and file's support of the CDU meant that the unions would move away from the SPD toward political neutralism.22 Others argued that the presence of former FDGB functionaries in the new works councils might push the unions leftward. Both speculations have so far proven irrelevant because the East Germans have had relatively little voice in broader union policies.23

West German unionists were aware of the possibility that the new members would imbalance old internal forces. For example, IG Metall leaders worried about a rekindling of that union's old internal divide between progressives, who had successfully pushed the modernizing agenda described above, and traditionalists, who saw the union as the political instrument of a relatively undifferentiated working class. This possible rekindling was to some extent countered when the union transferred itself eastward by extending the boundaries of existing West German-based districts into the new territories. This structure meant that existing districts would exercise control of personnel in Eastern Germany. Saxony, the district with the most innovative policies

20 Interview.
23 Interviews.

Wade Jacoby, MIT Department of Political Science Dissertation
to date, was the only purely Eastern district allowed to form. Saxony is exceptional for several reasons, but union leaders maintain that this organizational independence has been a crucial factor in keeping the district’s focus on the peculiar problems of Eastern Germany. And developments in Saxony, as I show later, suggest that traditional aims are not necessarily being promoted through traditional instruments. In a situation where a de facto 30% unemployment rate slackens labor markets and transforms dues paying members into pure service takers, traditional instruments are unlikely to suffice.

A key place where unions have been forced to rethink their strategies is the relationship to works councils. The challenge of linking union locals (Verwaltungsstellen) to the works councils of individual firms and production plants remains vexing, even after a century of experience. The unions have long chafed at their inability to bring the works councils under union control, and a central tradition of labor scholarship has sought to link German labor's structural weaknesses to its failure to reestablish strong representation in firms in the immediate post-WWII period.24 As we saw in chapter three, an important reason for this failure was the combined resistance of the American and British occupation forces and, somewhat later, of the CDU government, to strong works councils. These forces opposed such councils, in part, because they were generally well to the left of the unions and were advocating various forms of "economic democracy." With the institution of a 1952 works council law that again mandated that works councils consider the "interests of the individual firm," an institutional framework was established in which these works councils moved to the right of the unions. As Kathy Thelen has shown, however, concerted union efforts to integrate union and works council strategies have allowed German labor to speak with a reasonably unified, yet flexible, voice. In her words, "the political strength and savvy of works councils determines how the law operates."25 Union fears that works councils would form "productivity coalitions" with managers and promote the interests of the

25 Thelen, op. cit, p. 149.
internal labor market over the union aim of increasing employment were gradually overtaken by the development of clear synergies between national and plant level labor representation.

This cohesion has, however, been fundamentally challenged by the losses in labor's power resulting from high unemployment. While *IG Metall* did successfully take the offensive in the mid-1980s, despite historically high unemployment, the levels in Eastern Germany obviously dwarf anything to which that actor has previously been exposed. In this context, works council-union relations have been strained. Beyond the familiar dilemma of promoting the interests of current workers or of those on the external labor market, Eastern works councils have had to participate in massive layoffs of their own workers. In some cases, works councilors are people who had long thought the firm should be run on a more "rational" basis during the GDR years, and who are now suspected of too easily accepting each new round of management calls for employment cuts. In this situation, these works councilors see union pressures for maintaining employment as incompatible with firm survival, and they keep unions at arm's length or use them only for the services they can provide. The unions, on the other hand, were initially much more concerned with enrolling new members and providing services to individuals who had lost their jobs than with building links to the works councils.

Many communication problems also occurred in the early period before unions had shop stewards in place in the individual firms. As time has passed, these differences between Eastern Germany and Western Germany appear more than just transitional. From the start, the unions also sought to convince Eastern works councilors that the de facto union-works council cooperation in Western Germany had been a good deal closer than prescribed in the law, and that tighter links were also desirable for Eastern Germany. But given fears that their firms would fail, Eastern works councilors have been resistant to these suggestions.\(^{26}\) Where Theien emphasized the ways in which labor often used its mobilization potential to gain substantially more material

\(^{26}\) Only recently has *IG Metall* allowed their works councilors to speak of "my firm" rather than "the firm in which I work." Interviews.

---

*Wade Jacoby, MIT Department of Political Science Dissertation*
and procedural benefits than prescribed by law, labor is now in Eastern Germany often getting substantially less, and in many cases is allowing managers to set aside provisions of the law in order to increase the firm's chances for survival. A much higher percentage of firms in Eastern Germany are altogether without works councils than is the case in West Germany, although the percentage of works councilors who are union members is approximately the same as in West Germany.

Wages, not works councils, were the unions' initial focus. The 1991 industry-level agreements between unions and employers to equalize wages rapidly to Western levels served union interests in avoiding low wage competition inside their own state. The equalization schedules also met with broad approval from the Eastern population, the employed members of which gained symbolic as well as material benefits from the deal. With the potentially contentious issue of wages seemingly behind them, the individual unions focused enormous efforts on providing services to individual workers. This kind of activity dovetailed nicely with most East Germans' visions of the function of a union. The FDGB, as a "transmission belt" of the Communist Party, had been primarily responsible for distributing a wide range of services to individual members. There were some concerns within the unions that resources expended in service provision could be better invested in building up strength in the firms, through both establishing shop stewards and strengthening the links to the firms' works councils. The tenuous nature of their linkages to works councils weighed heavily on the leadership of IG Metall as they contemplated whether to call a strike in the spring of 1993.

Eastern works councils can also use the de jure limits of the law to avoid involvement in political fights they believe will harm the firm. While the ultimate decision to strike generally

---


Wade Jacoby, MIT Department of Political Science Dissertation
reinvigorated these links, there were interesting exceptions. In one region of Saxony, the works council that had done the most to mobilize political opposition to the Treuhand policies leading to job losses in their firm was the first to declare the 1993 metal strike useless and to refuse to participate. Thus, even where political power has been mobilized, it has also been guarded against "appropriation" by the union for a broader agenda. It is uncertain whether the qualified victory of 1993 can be parlayed into continued influence under which the union-works council partnerships can be built further. Works councils in Eastern Germany have been most active in reacting to perceived abuses by the Treuhand or their individual managers and in mobilizing against those targets.29

In their interactions with management and the unions, the works councils seem highly reliant on personal contacts as well. One open question is whether this "style" is an artifact of the importance of personal contacts during GDR times that has carried over to today and, if so, whether it is merely transitional -- a short parenthesis in a Weberian shift from personalized to routinized interaction. It is perhaps too soon to tell, but the difference is very real, and it has lasted for almost five years. This style helps make more imaginable the current widespread practice whereby Eastern German employers pay wages substantially below the scale negotiated by the union. To do this, the employers need the blessing of the works council since employees of the firm could take such an informal agreement to court. Anecdotal evidence suggests that this practice is common, and some employer associations suggested it was universal in their districts. Even the DIW, the think tank of German industry, recently released figures suggesting that over half of all metal firms pay below the legal minimums.30 Thus, one indicator of the unions' current dilemma is that they can perhaps best accommodate works councils by tolerating the widespread illegal practices in which the councils are involved.

30 Interviews.

Wade Jacoby, MIT Department of Political Science Dissertation
EMPLOYER ASSOCIATIONS: MEMBERSHIP PROBLEMS AS EXISTENTIAL DILEMMA

Employer associations were also subject to a series of internal debates largely forgotten at reunification but since exacerbated.\textsuperscript{31} The central tension is a long-standing dispute between small and large producers. In the metalworking sector, which has traditionally been used by the unions to lead the annual collective bargaining rounds, large manufactures like Daimler-Benz and Bosch are accused by smaller, often less modern, metalworking firms of buying labor's cooperation at a premium price.\textsuperscript{32} Prior to reunification, the agenda of smaller employers had centered on a more flexible collective bargaining system that used wage "ranges" instead of fixed percentage increases. "menus" of benefits rather than fixed packages and the abolition of the laws that extend regional collective bargaining agreements to all firms in the industry.

The mechanism by which employer associations were transferred to Eastern Germany was somewhat different than that of the unions. Whereas West German unions were active in encouraging reform processes in GDR unions in the first months after the fall of the Berlin Wall, the employer associations were not interested in helping the GDR reform itself. As in the immediate post-WWII period, the employer associations were initially restarted on a regional level. Managers in the socialist economy had always relied heavily on their individual industrial ministries for advice and coordination. Thus, the West German concept of an association of employers originally appealed to many East German managers as a continued source of business coordination. In some sectors, the newly formed regional associations were greeted eagerly by the firms in transition toward market conditions. Clearly, many managers expected the employer

\textsuperscript{31} Good treatments of these developments, from which the following paragraph borrows, are found in Fred Henneberger, "Transferstart: Organisationsdynamik und Strukturkonservatismus westdeutscher Unternehmerverbände – aktuelle Entwicklungen unter besonderer Berücksichtigung des Aufbauprozesses in Sachsen und Thüringen," in Politische Vierteljahresschrift, 34 (4), December 1993, pp. 640-673; Silvia, op. cit.; and Walther Müller-Jentsch, "Das (Des) Interesse der Arbeitgeber am Tarifvertragssystem," in WSI-Mitteilungen, 46(8), 1993, pp. 496-502.

\textsuperscript{32} Andrei Markovits, The Politics of the West German Trade Unions, (New York: Cambridge Univ.), 1986, pp. 164-5.

Wade Jacoby, MIT Department of Political Science Dissertation
associations to become conduits for funds and expertise to be used for transforming the companies.

When it became clear they would not be the primary channel for investment and training subsidies, interest in the associations among firms declined considerably. On the other hand, the enthusiasm of the West German associations for the East German regional associations was growing. Once reunification became immanent, these regional associations began receiving substantial support in terms of material and personnel from the West German associations. On March 9, 1990, the peak associations of the employers and unions (BdA and DGB) agreed to help extend West German style bargaining to the East. In the course of 1990, virtually all the GDR associations were merged into West German associations. In the bewildering landscape of German employer organizations, the key actors were the so-called Land-level sectoral employer associations because they coordinated the transfer of the wage bargaining from their state. Since the new Länder would be taking over the form of collective bargaining agreements in their "partner" state, there was some competition among West German states for Eastern German partners. The Bavarian employer association actually refused a proposed partnership with Thuringia in order to block a planned partnership between Saxony and Baden-Württemberg. Baden-Württemberg has often been IG Metall's "pilot" district, and other employer associations worried that the regulations there were too strict. In the end, Bavaria took Saxony while Hesse was matched to Thuringia, and Baden-Württemberg received no official partner state. Another significant development of these partnerships was the acceleration of a recent trend toward combining the functions of economic associations (lobbying) and employer associations (wage bargaining). As we saw in chapter three, the US occupation was unable to alter this traditional division of labor. In recent years, however, a number of West German Länder had moved

33 Interviews.
34 The (relatively insignificant) exception is the Unternehmenverband der DDR which still has an active group in Saxony. Interview.
35 Landesfachverbände.
toward an "integrated" model and, because of the structure of partnerships, four of the five new Länder also have the integrated model (only Saxony has the divided form).\textsuperscript{36}

Like the unions, the employer associations have had renewed headaches with firm-level actors. Eastern employers initially imagined the associations would be useful, but subsequent developments left managers much less enthusiastic. Eastern employers have rejected membership in the regional associations at much higher levels than have been known in West Germany. Recall that one of the central pillars of German industrial relations is the regional nature of collective bargaining agreements (works councils can bargain up from these floors for special bonuses in individual firms, but the contracts do not have the same legal status as collective bargaining agreements). In West Germany, individual firms always had strong incentives to join the employer associations, not only because of the services provided, including funds during lock-outs and strikes, but also because firms that dealt on an individual basis with the unions usually paid much higher wage bills. But by the same logic, labor's current bargaining weakness in Eastern Germany allows firms to negotiate deals that fall below the regional agreements.\textsuperscript{37} In the Western metalworking sector, despite the tensions between large and small firms, about 80% of the firms covering over 90% of the labor force were organized in the nominally voluntary associations. In Eastern Germany, however, a far lower percentage of firms are members of the associations. The official statistics are that 36% of industrial firms are organized -- a number that subsequent interviews with regional associations suggests is itself inflated. Even in the construction sector, where business is booming and labor markets are much tighter than in other sectors, only about half the workers are in firms organized by the employer association. The numbers would no doubt have been worse had not the state, in the form of the Treuhand, put substantial pressure on its managers to join the associations. The magnitude of state backing for the traditional associations suggests that there may be little depth of

\textsuperscript{36} Henneberger, op. cit.
\textsuperscript{37} Firms which leave the employers' associations can bargain collectively with the unions or, after waiting until the current regional agreements have expired, can bargain with workers on an individual basis.
commitment to the associations on the part of Eastern German firms that have joined, and there is some data to support this speculation. Of the industrial firms currently belonging to the associations, over one-fourth say they contemplate leaving. In the craft sector, the numbers are only slightly more positive for the associations, with 43% of firms in the associations and a bit less than one-fourth of those contemplating departure. There has also been a trend in which the associations have managed to retain a high percentage of firms that initially joined the associations but have been much less successful in attracting the membership of new start-ups.

Of course, since the employer associations depend heavily as organizations on their role in negotiating collective bargaining agreements, they remain, even in the East, fully committed to extending the Western model. Firms in Eastern Germany are less convinced of the merits of the system. In Thuringia, shell employer associations have been constructed which have no wage bargaining function at all. These bodies are supposed to entice firms to maintain some connection to the employer associations. Firms can, with the approval of their "normal" association, remain in this halfway house for up to two years. The example is confirmation not only of the kinds of temporary adaptations of which German industrial relations has been capable in the East, but also of the extent to which those adaptations are not alternatives so much as ways of buying time. If the economy comes around quickly, the old system might be stabilized. If producers find they can live outside the traditional model and avoid the regulations, hopes will dim that the employer associations can retain their importance in wage bargaining.

---

38 The associations themselves are trying to gauge the strength of these ties, and a major new data set will be available in early 1996.
39 Interviews.
40 Interviews.

Wade Jacoby, MIT Department of Political Science Dissertation
CONTESTED GROUND: SOCIO-ECONOMIC FUNCTIONS IN TRANSITION

WAGE BARGAINING

The state and social partners originally envisioned that wages and investment would be organically linked in the process of helping Eastern Germany converge on Western Germany; the justification for planning very large nominal and real wage increases was the idea that West German investment in the East would drive a process of job creation at productivity levels that justified wages equal to West German ones. In 1991, a series of wage agreements were negotiated in the various sectors that called for the step-by-step equalization of wages between the two parts of Germany to take place by the mid-1990s (the year varied by industry). The unions were interested in avoiding the development of a low-wage region in the East which might pull investment away from West Germany while the attainment of immediate wage increases was also expected to benefit them in membership recruitment.

Two important background conditions to the wage deals of 1991 were the actions of both individual Eastern employers and of the state. The first wage deals in Eastern Germany in 1990 occurred before the associations were established. GDR firm managers, looking to the possibility that in the near future they themselves would become employees, and confident of the state’s deep pockets, negotiated a series of generous increases with the plant-level union. The first regional agreements signed by the employer associations then guaranteed that no layoffs could occur until 1991. Only then was the state, which in early 1991 still owned the vast majority of Eastern German firms, forced to reckon with the consequences of layoffs from the privatization policies. Wildcat and organized strikes, demonstrations and plant occupations quickly convinced the government to purchase union acceptance of privatization with a policy of rapid wage equalization.41

But the employer associations were also quite interested in pursuing rapid wage equalization. Their motivations reflected both ideological and material interest-based logics. Part of the explanation is undoubtedly that the ethos of reunification -- a slavish imitation of West Germany -- could simply not be squared with wages much lower than Western ones. Another likely incentive for the employers' willingness to raise Eastern German wages rapidly was the concern, especially in manufacturing sectors where productivity could hardly be expected to quickly reach that of West Germany, that service sector firms paying high wages would pull away the employment base. An unlikely organizational explanation is that the employer associations were so fragile and new that they were simply taken in by the unions, who were then better organized. This seems unlikely given the active Western involvement in all facets of institutional construction of Eastern Germany. A somewhat more plausible organizational argument is that since employer associations only represent existing firms (and not even all of those in Eastern Germany) they may have signed on to a deal that the managers of start-ups considered hopelessly unrealistic. But this explanation cannot account for the fact that the very employers who signed the deal soon renounced it.

The organizational arguments appear incomplete at best. It is important to further recognize that particular West German industrial interests were protected by the consequences of rapid Eastern German wage growth. Put bluntly, weak East German employer association were highly dependent on the advice of West German employers in their wage negotiations. Existing West German firms, especially in sectors already suffering from unused capacity, were not keen to see the maintenance or extension of potential competitors in Eastern Germany. When pushed to acquire firms by state pressure or the threat of foreign investment, Western firms sometimes simply acquired Eastern capacity and then closed it down. But the employers also worried about

---

the prospect of the state managing a large industrial agglomeration under the Treuhand. In this context, the push for higher wages made firm survival very difficult, drastically reduced capacity, and shifted the burden of adjustment from industrial policy to active labor market policy. There is no documentary evidence that the associations themselves were involved in any conspiracy to limit competition through high wages. In fact, the most careful recent analysis of the metal sector suggests that the discourse inside the associations reflected Western calculations largely convinced of the viability of Eastern German firms selling in Eastern European markets until after the wage deals of 1991. It seems most likely that the collective delusion among West German managers and associations simply endured so long because, if it were wrong, the costs of miscalculation would be borne in the East.

As production and employment plummeted in the wake of the removal of market guarantees for East German production, the employers began to claim that both existing and new investment was incompatible with a high wage region in Eastern Germany. Eastern employers argued that their wage bills made most firms economically unviable. Throughout 1992, Gesammtmetall began to pressure IG Metall to revise the contracts which called for an increase in East German workers' base pay to 82% (from 71%) of that of West German metalworkers. The union argued that without markets, wage cuts would make little difference to firm survival, and it rejected the call for new negotiations as attempt to impose the costs of reunification on the workers alone. The employers, they said, had predicated their investment in Eastern Germany on all manner of subsidies and then tried to argue that wages should be calculated on a "market" basis. IG Metall tried to portray the strike as political, one concerned with protecting the

45 Silvia notes that the 72% base represented only 56% of actual wages and benefits since it was calculated on the basis of West German minimum standards in the sector, op. cit, p. 21.
integrity of regional wage agreements without which it foresaw no possibility of mobilizing enough power to keep Eastern Germany from becoming a low-wage region.

In February, Gesamtmetall unilaterally canceled the contracts and instituted a 9% wage increase. From April 26-28, 85% of the union's Eastern membership approved the proposed strikes. In May, the unions struck a growing number of plants for almost two weeks. Given the Eastern workers' wariness toward the unions, the strike was an impressive show of support. One saw in the mobilization effort a balance of political and material messages. IG Metall argued that given the massive layoffs that had already occurred, striking could hardly be more detrimental to future employment prospects than not striking had so far been. They also reminded Eastern workers that if unemployment came, it would be better to be laid off at a higher wage than a lower one since unemployment benefits were based on the last monthly wage. Martin Behrens has persuasively argued that the union's most convincing argument vis-a-vis hesitant members was that the cancellation represented a breach of trust. Eastern German workers had quietly accepted unprecedented lay-offs but had reacted very strongly only where management had promised an end to lay-offs and then asked for yet another round. Similarly, the union was able to paint the strike as an appropriate response to employer betrayal.

After negotiations, the cancellation of the contracts was rescinded, and some modest wage concessions were made by the union. The revised contracts called for wage equalization in the metalworking sector by 1996. More importantly, they also allowed for the possibility of a "hardship" clause that allowed firms to petition a joint board of the union and employers' representatives to be allowed to pay wages below the floor set in the regional agreement. Approval of such a hardship petition is predicated on a firm's demonstration that it could only

47 For more details, see IG Metall Strike documentation, op. cit. and Turner, 1995, op. cit.
48 One saw this logic repeated in the subsequent deal in which Volkswagen workers agreed to a thirty hour work week in exchange for lower wages. The compensation cuts were made exclusively in fringe benefits and bonus pay, so base wage rates for insurance and pension purposes would remain at the previous levels.

Wade Jacoby, MIT Department of Political Science Dissertation
remain in business if wages were lowered and after all other measures had been taken. On May 17-18, 77% of the union members voted to approve the settlement.\(^{50}\) To this point, the unions have been very resistant to actually granting such hardship approval. At one point, only 15 of 45 applications had been approved, and the union has been extremely resistant to granting hardship clauses to Treuhand firms.\(^{51}\) The hardship clauses are a compromise in the face of a demand for "opening clauses" in which works councils are given the legal right to approve of below contract wages. These opening clauses are at the top of the agenda of small employers in West Germany, and the employer associations aggressively sought them in the East. At one point in the strike, Norbert Blüm, the CDU minister of labor, threatened the unions with a legislated "emergency opening clause" if no agreement were reached.\(^{52}\)

In short, the transfer of West German wage bargaining has kept Eastern German firms under intense cost pressures. It has led to de facto flight from the associations which, in the firms' eyes, do not represent their interest in wages that more closely approximate relative productivity (unit labor costs in the metal sector are from 40% to 80% higher than in the West, depending on the measure chosen). Since Eastern German wages are pegged, the yearly increases in West Germany drive up costs even higher. The resulting unemployment has cost trade unions dearly in terms of employed membership. In this situation, where the two social partners represent ever small shares of capital and labor, the possibility of "extending" collective agreements to all parties might maintain the feature of comparatively uniform wages at least within industries.\(^{53}\) But this possibility might involve the state in playing an ever larger role (albeit an indirect one quite unlike the forced arbitration of Weimar) in determining wages in Eastern Germany.

\(^{50}\) IG Metall, "Wir verteidigen unseren Tarifvertrag," Strike documentation, 1993.
\(^{51}\) IG Metall officials now express consternation that the union's hard-line on hardship clauses in Eastern Germany is being used by the employers' associations as evidence that the union would take similar positions in the proposed "opening clauses" in Western Germany. The crucial difference between the hardship clauses and the proposals for opening clauses is that the former are negotiated by the unions and not by the works councils. One thus sees both the concern of unions for maintaining regional wage agreements and the way in which experiments in Eastern Germany feed back into the West German debates.
\(^{52}\) Reinhard Bispinck in WSI-Tarifarchiv, 1992, pp. 122-123, 132-133.
\(^{53}\) In 1994, there were 92 extensions of collective agreements which involved all or part of Eastern Germany; see Reinhard Bispinck, Tarifpolitisches Taschenbuch, 1995-96. (Cologne: Bund-Verlag), 1995, pp. 53-54.
INDUSTRIAL POLICY

At this point, we must consider the links between wage developments and investment policy. Raising East German wages increased pressure on the Bonn government to subsidize investment in the East. While the promise of wage equalization helped make rapid privatization politically sustainable, it also made privatization practically quite difficult. Difficulties occurred because wage costs, among other factors, made investment in the East less attractive than Bonn had anticipated. Moreover, demand elasticity for Eastern assets turned out to be quite low. Even greatly depressed Treuhand asset prices could not lure investors in the hoped for numbers, and investment incentives were rapidly accelerated. Subsidization of this magnitude was clearly unprecedented. West German regional policy and industrial policy instruments have traditionally been relatively modest. The state has made some allowances to mitigate the effects of competition on industries thought to be of strategic or social importance. These policies have included investment preferences for domestic over foreign-owned auto production in the first postwar decades, sustained subsidies to coal and steel concerns in the Ruhr industrial area and, more recently, state support for European-level cooperation in defense and civilian aerospace production. In general, however, key state policies have usually sought to promote capital formation in general and have not targeted particular industries or regions. The results have been mixed. Investment preferences had substantial positive effects on domestic auto production in the 1945-63 period. But in the Ruhr, despite massive subsidies, it appears that very few firms have developed new markets. Land level policies augment federal ones, and private

54 As Gerlinde Sinn and Hans-Werner Sinn have pointed out, selling everything at once also pushed down prices; see their Jumpstart: The Economic Unification of Germany, (Cambridge: MIT Press), 1992.
56 Reich op. cit., passim.
57 This was true both among firms that sought new markets inside their traditional ones and firms like Mannesmann that tried branching out quite aggressively.

Wade Jacoby, MIT Department of Political Science Dissertation
firms in some industries and regions developed strategies for the collective promotion of R&D, the provision of skilled labor and even joint marketing.\textsuperscript{58}

At its most successful, German industrial policy has occurred during periods of economic growth and has required national-level political bargains over subsidy levels complemented by both EC-level bargains over the pace of adjustment, and firm-level bargains with works councils over the development of social plans for layoffs.\textsuperscript{59} These policies have arguably made some steel firms more profitable and leaner, but it has been substantially less successful in coal. In neither sector have firms been able to diversify out of their original industries. In sum, while the West German model has some impressive private coordination capacity in some of the most modern parts of the economy, the state-society bargains around older sectors have helped firms shed labor but have not led to new markets.

None of this would seem to provide an auspicious basis for an East German industrial policy. Social actors were weakly constituted at both the federal and firm levels, so there was only weak pressure from East Germany to force any early state attention to regional policies. Given existing sectoral overcapacity, West German corporate interests were aligned toward preventing the growth of a large state-subsidized economy in the East, yet they themselves had little incentive for new investment there. Once state subsidies for building infrastructure indicated that East German markets could be served from West German production, and after currency developments ended the advantageous position of East German firms in Eastern European markets, the preferred strategy of Western firms was to acquire the best industrial and real estate assets at modest prices and then favor state subsidization of individual worker training over the subsidization of existing firms. This strategy would allow the reconstitution of East Germany's economic life to be guided by private investment. The precondition of this strategy was the

\textsuperscript{59} Esser and Fach, op. cit., p. 247-8.
acceptance by the East German population of positions in training and the secondary labor market, instead of jobs in the primary labor market. In Eastern Germany, the West German trend of the 1980s toward more firm-led industrial policies was combined with massive state support of individual training. Privatized firms shed labor at a tremendous rate throughout 1991 and 1992 while the Treuhand firms were restructured very little, as the organization's leadership maintained that "privatization is the best method of restructuring."60

The unions were fairly quiet during this process, focusing on membership recruitment, promoting the absorption of individual workers into secondary labor market positions and in retraining, publicizing Treuhand layoffs, and hoping that new investment would come before deindustrialization was complete. Traditional union assessment tended to call the industrial policy developments in the Ruhr a success because the unions there were able to conduct a successful holding action. Holding actions, in the form of saving the industrial cores, long constituted the key basis of union calls for industrial and regional policy in Eastern Germany as well. In the early period after reunification, the unions issued many such calls for coherent regional and industrial policies; however, they appeared to devote few organizational or political resources to developing them.61

As job losses continued virtually unabated and new investment remained low, the unions began to develop and push a more activist policy on the Treuhand and state governments. As firm failures continued throughout 1991 and 1992, IG Metall -- a union that had been much slower to embrace industrial policy than had IG Chemie, IG Bau, Stein und Erden and IG Bergbau und Energie, which had made their peace with capitalism much earlier -- began to move beyond the original "industrial holding" concepts. The union groped toward a more activist policy,

60 This is not to say that the Treuhand undertook no restructuring at all. For a discussion of its most innovative aspects see Horst Kern and Charles Sabel, "Zwischen Baum und Borke," in SOFI Mitteilungen, 1992.
motivated by the recognition that actions to maintain employment are the only way to preserve labor's power at both the political and firm levels. While early developments had brought the unions many new members, it became clear that job losses ultimately meant membership losses and political weakness. Their market and political position was weak, but time was clearly also working against them, so in 1992, *IG Metall* decided to counterattack before it was too late.

A disappointing first step was the *IG Metall* involvement in the ATLAS Program in Saxony. ATLAS was an amalgamation of nonprivatized *Treuhand* firms about which the Saxon ministry of economics could make proposals to the *Treuhand*, subject to input from labor and the employers. ATLAS was a disappointment primarily because there was no real decision-making competence, and the Land Saxony, the *Treuhand* and *IG Metall* all maneuvered to shift the burdens and the blame. 62 Mecklenburg-Vorpommern developed a similar program -- the ANKER Program -- designed to save its "industrial cores," even though they are much smaller than the key firms in Saxony, which, in turn, are far smaller than Ruhr concerns.

The next step began in early summer 1992, when the *Aufbauwerk Sachsen* -- a council of *IG Metall* -- the employer association and the DGB was erected with the help of the Land government of Saxony. Again, the joint goal was to pressure the *Treuhand* into a specific policy to save the industrial core of the region. But it was soon apparent that the sectoral employer association opposed the holding plan because they favored the creation of smaller firms, and a stalemate quickly ensued. In response, in January 1993, *IG Metall* proposed an industrial holding company that would remove the key remaining firms from *Treuhand* control and restructure them under joint auspices of the social partners. 63 The Land government had shown an initial interest in the plan, but then the dispute over wages and the resulting strike moved attention away from industrial policy.

63 Kern ibid., pp. 18.
In the immediate wake of the strikes, IG Metall has gained in confidence and stature in Eastern Germany. This has coincided with a rethinking of the previously skeptical attitude in the union toward industrial policy. Along with regional policy, industrial policy has now become one of the main components of IG Metall's economic policy. Union officials routinely assert that the union can and must push specific proposals for saving and restructuring existing firms. Given the general weakness of the SPD in Eastern Germany, the lack of funds at the Land level and employers' worries about sectoral overcapacity, unions will be important actors in mobilizing pressure for regional policy. While they face major barriers both because of their own power position and the relative lack of state capacity to engage, they have clear incentives to push for employment promotion before they are weakened further.

In this context, several developments are noteworthy. The developments reflect the combination of innovative ideas and political weakness of organized labor in Eastern Germany. First, Saxony IG Metall officials pushed for the construction of umbrella organizations for sectoral restructuring. Instead of Land and Treuhand officials making restructuring and management decisions, unions proposed that private managers be allowed to recombine pieces of still unprivatized firms (including parts of the ATLAS program) into more productive units. The original proposal was for a small number of separate "Management KG's" linked together in one regional organization. Management KG's had been unpopular in East Germany purportedly because they reminded the stronger firms of the disadvantageous positions they were in under the industrial combine structure in the GDR. But those firms still unprivatized as the Treuhand closed its doors at the end of 1994 were in a weak position to avoid incorporation, and ultimately several of these KG's have been constructed, including ones built around the machinery building plants in Chemnitz and the auto-subcontractors in the so-called "Sachsenring."

---

64 Interview.
65 "Kommanditgesellschaft." This legal form is distinct from the standard limited liability and public corporate forms usually encountered in Western Germany.
The Chemnitz example illuminates the larger possibilities of union involvement in regional and industrial policy. In response to huge job losses in Saxony's machinery building region and to the bitter fights inside the public administration about appropriate responses, IG Metall pressured the employer association to form a sectoral "interest association" called the Interessenverband Chemnitzer Maschinenbau (ICM). The ICM is unlike anything previously seen in Western Germany. The initial intent was to bring together the union and the employers, the chamber of commerce, the city government, the Technical University and the trade college as a way to coordinate employment promotion measures. Wage and work time issues were consciously left out of the mandate, as was vocational training. While the textile machinery sector was originally excluded, the unions later won its admission in order to make the interest association a regional instead of a merely sectoral body. The ICM has had some success in making joint purchases for the firms, thus saving on input costs. Plans for joint R&D have been moving more slowly, as have plans for joint marketing.

Many obstacles still plague the unions' efforts in Chemnitz. Perhaps most importantly, the city's CDU administration has taken a consistently neo-liberal approach to employment policy and has used any subsidies to promote new start-ups rather than maintain existing firms. In response, the unions have attempted to mobilize politically to promote changes. This effort has been difficult because, as previously noted, works councils are loath to engage in extra-firm "politics." Thus, the usual linkages between parties, unions and works councilors that are often embodied in single individuals have been very difficult to reproduce in Eastern Germany. Unions themselves are forced to wear different hats. In Chemnitz, they have been active in promoting particular infrastructure developments to the municipal administration, they have actively sought private investors for local firms, and most importantly, they have mounted an explicit political challenge

to the SPD at the municipal level. Accusing the SPD of failing to actively counter the city administration's policies, IG Metall and the DGB in Chemnitz organized a party list to run in the 1994 municipal elections. The platform of this "leftist electoral compact" (linker Wählerbündnis) was the protection of the remaining firms and their employees.\textsuperscript{67} To this end, the unions have, through the ICM, proposed a number of organizational, capital acquisition and marketing strategies. While the DGB regional offices in Dresden were skeptical of this move, they did not forbid their DGB local's involvement. Ultimately, however, the SPD offered the union candidates spaces on the party election list (including the number one position) in exchange for dropping the separate list.

The prospect of unions acting as parties involved in making industrial policy is a clear departure from West German patterns. One firm in the ICM, after privatization by a leading West German machinery company, was not allowed to remain in the group because of the resulting proximity of the union to firm decision making. More substantial obstacles to coherent regional policy spring from the organizational focus of industrial relations along branch lines. As mentioned, there was substantial difference of opinion among the actors in the ICM about whether textile machinery firms would also be allowed to join the association, although they ultimately allowed. The employment and training companies -- brigades of workers undergoing further training in hopes of future employment -- are also structured along industrial lines, which, union leaders imply, leaves them much less flexible in ICM's effort to develop markets that cross individual branches. While much remains to be done, the outlines of a very different kind of union activity are visible in Chemnitz. Unions understand that the magnitude of the challenges in the East precludes the development of any magic bullet, and some unions are trying, as the Saxony experience shows, to integrate themselves into a larger number of decision points across the institutional landscape.\textsuperscript{68} Whether this presence will be achieved over the medium-term will in

\textsuperscript{67} Chemnitzer Freie Presse, November 6-7, 1993.

\textsuperscript{68} IG Metall has been begun similar initiatives in its Coastal district but has been substantially less effective in its Hannover and Frankfurt districts. Unlike Saxony, all three of these districts include both Western and Eastern territories.
large part depend on their strategy and vision. But whether it will endure will be mostly a function of their ability to mobilize members. Given their continued commitment to wage equalization, IG Metall's industrial policy ideas seem tentative, and their capacity to push even these ideas seems tenuous.

CONCLUSION: THE POLITICS OF IMITATION

The institutional transfer approach directs our attention to the possible longer term effects of this imitation of West German structures. The analytical ambiguities of deciding whether the aforementioned changes in the German model of industrial relations are temporary, permanent or transitional mirrors the region's political uncertainty. There are three logical schools of thought about the future of the ongoing efforts to build effective industrial relations institutions in Eastern Germany. These three logics should not be taken as coherent statements of any particular state or social actors, but as stylized outcomes that indicate different possible broader trends in the German model.

The first vision argues that Eastern Germany needs different institutions than West Germany, but only for a temporary period in order to catch up to the West's level of economic development. From this perspective, current differences between the two regions are transitional. These current differences spring from objective economic differences whose narrowing will allow institutional convergence over the ensuing decade or so. This perspective can point to several special measures that have already been phased out, and it tends to forecast an imminent increase in West German investment motivated by a combination of special incentives and fundamentally familiar institutions. Nothing in the logic of this vision would rule out new institutional experiments in Eastern Germany, but it does imply that these experiments will not be "institutionalized" in the sense that they become codified in law or become part and parcel of the
key social actors' conceptions of normality. It should be noted that prohibitions against institutionalization would be important in a system like the German one in which actors' conceptions of who they are derive in important ways from what they do.

A second vision is increasingly agnostic about the prospects of the equalization of the economies of Eastern and Western Germany but insists that the core of the German model depends on a degree of institutional homogeneity that is threatened by institutional experimentation in the East. In this view, strength allows unions to be flexible in Germany, and solidarity provides that strength. Differences in collective bargaining agreements across regions, sectors or between smaller and larger firms must be minimized in order to maintain incentives for firms to remain in high value added product markets which can deliver profits both to sustain investment and benefit all of the employed. It is better, from this perspective, to accept the growth of the welfare state than to allow the fragmentation of labor markets that may be necessary to promote more investment in Eastern Germany. Nothing in this vision rules out the possibility that a combination of investment subsidies, welfare payments and patience may ultimately produce in Eastern Germany an economic structure approximating that in West Germany. The key point, however, is that even if this best case scenario does not occur, the hard-won accomplishments of the West German industrial relations model will not have been risked on the hope that a different model might have functioned as well in the West, but even better in the East.

A third vision begins with the observation that contemporary troubles in Eastern Germany are a function not only of the underlying weaknesses of the firms, workers and managers inherited from the GDR, but also of the outcome of a largely unseen competition with West Germans. The process of reunification has shaped that competition in ways that have important consequences for Eastern Germany. To suggest that a hidden competition has accompanied the public morality tale about the cooperative and generous stance of the West Germans does not mean one holds a conspiracy theory about capitalists. It is true that the legal constitution of individual sectors was
driven heavily by West German commercial interests. Investment flows have also clearly left substantial East German capacity vulnerable to West German competitors who buy capacity and then shut it down. But the unions also saw wage equalization as a mechanism to prevent the development of a lower wage sector in the East that could drag down West German wages, even though high wages would clearly damage employment in the East. And the state's policy of restitution of property instead of compensation made investment much more difficult for everyone while the Treuhand's fire sale approach depressed asset prices and kept investment capital out of the hands of East Germans. In short, the kind of competitive, calculating, strategic logic that one expects of mature and experienced interest associations and state actors was evident in many aspects of the reunification process. In all of this, the East Germans were in positions of extraordinary weakness, and that weakness was only masked further by their incorporation into powerful interest groups dominated by West Germans. While the GDR existed, the possibility of "exit" to the FRG atrophied the "voice" of the East Germans. But in the united Germany, Easterners are finding that Western willingness to speak for them carries its own set of costs.

69 But it is also true that West German interests did not always achieve their maximal demands. The doctors' associations did successfully insist that East German physicians establish private practices despite the enormous expenses and questionable payoffs thus incurred. See Claus Offe, "Die politische Kosten der Vereinheitlichung des Gesundheitssystems," in W. Schmähl (ed), Sozialpolitik im Prozeß der deutschen Vereinigung, (Frankfurt: Campus), 1992. But this pattern did not always prevail. West German farmers fought intensely for the dissolution of collective agriculture, but failed to force convergence; see Gerhard Lehbruch, "Dilemata verbandlicher Einflußlogik im Prozeß der deutschen Vereinigung," in Wolfgang Streeck (ed), Staat und Verbände, PVS Sonderheft 25, 1994, pp. 375-378. In terms of convergence on West German structures, a case that lies between health and agriculture is that of energy; see Martin Richter, "Sektoriale Transformationsprozesse der ostdeutschen Ökonomie am Beispiel des Umbaus von Strom- und Gaswirtschaft," manuscript, University of Konstanz, 1995.

70 The most notorious case was of potassium production, where Eastern German miners in Saxony-Anhalt went on a hunger strike to protest the closing of their mine while West German ones remained open. Even in construction, Eastern Germany's fastest growing sector, the West German construction industry, which did not have overcapacity at the time of reunification, has acquired a very large number of Eastern German firms as wholly-owned subcontractors. Thus, it is plausible that East-West tensions might also arise in this industry when business finally slows.

71 For a discussion of this mechanism, see Sinn and Sinn, op. cit.

The third vision holds that East Germans must begin building a different kind of economy than that present in West Germany. Such a vague notion can function as a big tent for a wide range of ideas about reform -- in work organization, capital markets, regional policy, corporate organization and industrial relations. These reforms must be tied to explicit ideas about product markets since institutional changes must promote more successful commercial activity than do current arrangements. The reform ideas will not all be complementary, but this condition is both unavoidable and potentially constructive. In the post-WWII period, nothing contributed more to the building of organizational and political capacities of the social partners than the struggle over competing visions of the political economy.\footnote{The political weakness with which labor began the post-WWII era was an enormous hindrance to the institutionalization of its vision throughout the entire era. Since the 1970s, high unemployment has been an additional burden for the unions. In East Germany, unions would presumably inherit some of the institutionalized strength won by West German unions, but they would face structural weakness due to unemployment for a very long time. Thus, the third vision does not wish away labor's weakness but acknowledges it squarely, rather than suggesting that unions can depend upon the generosity or cooperative ideology of employers or even on the employers' interest in the current system.} Most importantly, new arrangements might weaken the direct competitive pressures between West German and East German capitalism. Just as a Fordist America helped rebuild Germany by purchasing its capital equipment, a united Germany might work its way toward an economy that is more complementary than competitive. This cannot come through the mechanism of the extended workbench, in which every recession results in orders being pulled back to the West German core. And that such a strategy would require new markets suggests that policies other than those developed in the Ruhr will be needed. This barely hidden competition between Eastern and Western Germany will not disappear. Indeed, ideas like local content laws for East German domestic production might be the equivalent of the undervalued currency that West Germany long enjoyed for export markets. But since voluntary approaches organized by the employer organizations themselves have utterly failed, meaningful steps may depend upon the force of law.

The collective illusions about the course of economic development in Eastern Germany which made possible in the first place the attempt at exact transfer of industrial relations institutions

Wade Jacoby, MIT Department of Political Science Dissertation
have been shattered. Depending on the arrangements that develop in Eastern Germany, Western investors might have incentives to shift investment there, or those arrangements might feed back into pressure for changes in Western Germany. Either way, the implication is that we are at the beginning of a process of important changes in both the East and West German production models. If one of the two more or less static options are chosen by strategy or default, Germany may find itself periodically confronting the same dilemmas for years to come, but without the measure of social health and material wealth it now enjoys. In such a context, the institutional arrangements chosen might well reflect a very different set of ideas about how the burdens of production and adjustment should be distributed.
THE POLITICS OF INSTITUTIONAL TRANSFER:  
TWO POSTWAR RECONSTRUCTIONS IN GERMANY, 1945-1995

CHAPTER SIX:  
EDUCATION IN THE EAST: DOES BORROWING DULL THE EDGE OF HUSBANDRY?

INTRODUCTION

Chapter six explores the institutions of secondary, including vocational, education in Eastern Germany since reunification. The chapter is divided into two parts, dealing respectively with the track-based secondary education system and the dual system of vocational training. The chapter serves three purposes in the broader study. First, it describes two different logics of the shifting of competence away from the central state in the process of institutional transfer. One of the key claims of the book has been that effective institutional transfer often presupposes shifts in authority above and beyond better designs. In the first case, competence for secondary schools was shifted from the GDR regime to the newly constituted state governments in Eastern Germany. In the second case, central state competence was shifted to private actors and their associations, who largely conduct and oversee vocational training in the West German system. The second aim is to provide data about the legitimation process which all transferred institutions must undergo; this data is presented primarily in the section on secondary education. The third aim of the chapter is to explore more fully the dilemma that arises because institutional redesign based on foreign models often presupposes power constellations in civil society that do not exist. This point extends the discussion begun in the previous chapter and does so primarily through the case of vocational training.

School reform is an excellent complement to the case of industrial relations since 1990 and to the school reform case after 1945. The first comparison reveals some of the patterned differences between the transfer of state institutions (education) and social ones (industrial
relations). While I use the heuristic of "exact transfer" to describe both reunification cases, the transfer of social institutions was dominated by this logic somewhat more than was that of state institutions. The use of the exact transfer label in this policy area is appropriate because virtually all proposals for indigenous educational reform in the GDR, from the fall of the wall until the decision for unification some months later, foresaw internal pedagogical reform but substantial institutional continuity. The actual school reforms which then occurred in the wake of reunification, however, drew heavily on existing West German school models in terms of both institutional structures and pedagogical content. The reforming GDR clearly planned some limited functional equivalent transfers; reunification brought exact transfer.

On the other hand, the possibility of adaptive institutional changes in education reflected the location of policy competence in the West German model. Since education is a state policy, institutional designs were deferred until after the constitution of state governments, an event simultaneous with reunification. Other public institutions were also transferred with much more attention to the possibilities of "improvements" in Eastern Germany. In some cases, local and state government institutions were the site of attempts to circumvent the worst inefficiencies of the old Federal Republic. Since formal reunification also coincided roughly with the beginning of the school year, only tentative internal reforms occurred initially. Provisions for temporary institutional changes were delayed until the 1991-92 school year, and permanent changes were to be in place by 1993. Thus, some "built in flexibility" resulted from the combination of German federalism, which allowed a range of choices, and the decision to first establish provisional structural changes. On the other hand, the lack of indigenous organized interests in educational policy -- so unlike the post-WWII period -- meant that the school reform laws quickly became the playground for West German associations seeking to establish purer versions of their favored institutions than those established in the West German states. The comparison to the case of

---

post-WWII education reform is also revealing in the vastly increased importance of vocational training. In light of the grave concerns over vocational education in this period, I devote the second half of the chapter to it. I begin, however, with the case of school reform. The essential institutional questions of school reform involved changing the GDR system, one of a ten-class polytechnical secondary school (POS) and an extended secondary school (EOS) that led to a university entrance certificate, into a series of elementary schools plus secondary Hauptschulen, Realschulen, comprehensive schools and Gymnasien.²

In this case, the institutional transfer perspective has two important advantages and one considerable disadvantage. The first benefit is the demonstration of the paradox that while federalism allowed the possibility of some deviation from received West German models, that same federalism may limit flexibility just when suffering Eastern German regions most need it. The second virtue of the institutional transfer approach here is that this case comes closer than any other to the developments in Eastern Europe since 1989, in which new state actors have drawn on different approaches and modified them further as time has passed. The disadvantage of a focus on institutional change is the difficulty of capturing the dynamics (or lack thereof) of what goes on inside the schools. Just as the lack of institutional change after WWII did not mean that German education stood still, so can the breathtaking structural changes of the past few years provide no final word on the character or extent of changes in Eastern German schools.

The remainder of the first half of the chapter proceeds in the following way: after brief descriptions of the GDR and FRG school institutions, I will describe the ad-hoc reforms under the GDR and the various Länder initiatives which followed reunification. I pay special attention to provisions for making the different tracks more permeable since the deep divides between academic and vocational education are, from the liberal perspective, the original sin of German education. I then address one of the two major shocks on the "demand side" of education in

² Detailed descriptions of these structures follow below.

Wade Jacoby, MIT Department of Political Science Dissertation
Eastern Germany, namely the precipitous drop in birth rates since unification and the unexpected challenge this poses to institutional reform. In the final section, the striking data on fluctuation in the acceptance of new educational institutions in Eastern Germany (and related shifts in the retrospective assessment of GDR education) will be explored, using the concept of the legitimation of institutional transfer.

GDR SCHOOLS STRUCTURES

GDR schools represented a curious mix of German and Soviet-style structures all formally subjugated to the control of the Communist Party. Although the Party included a variety of ancillary organizations in the task of education, the schools clearly represented the Party's primary means for educating youth. This necessarily brief section focuses on what was always the most striking aspect of the schools from Western perspective, the common school structure. The key school structures were the ten grade "polytechnical school" (POS) which included consecutive elementary, intermediate and secondary levels and the "extended higher school" (EOS) which gave about 10% of each youth cohort a two year university preparation course. Virtually all youth who did not enter the EOS entered the GDR version of the dual system apprenticeship.

The Soviet occupation forces and the German Communists and Social Democrats set about building the foundations for common schools quite soon after the commencement of the occupation. But the actual implementation of their plans -- against the background of the

---

3 The second major demand side shift, the very high preferences for school-based as opposed to dual system-based occupational qualifications, is dealt with in the section on vocational training.
4 For a review of other key dimensions especially the often difficult integration of schools with other Party organizations and the effort to instill the Party's political goals through the schools, see Dietmar Waterkamp, "Schule in der DDR: Eine Bilanz," in Jahrbuch der Schulentwicklung, Volume 6, (Weinheim: Juventa Verlag), 1990.
5 This chapter does not deal with the Kindergartern, which were integrated into the POS in the GDR, nor with the post-secondary education system.

Wade Jacoby, MIT Department of Political Science Dissertation
prevailing track-based school system -- was a long and arduous process. The first major step was taken in 1946 with the introduction of the eight year mandatory common school. This period of common schooling -- a full two years longer than what the Americans had sought in their zone -- allowed some differentiation during the seventh and eight grades and also secured coeducation of the sexes. In 1959, the eight year school was de jure expanded to ten years, a process that took until the mid 1960s to realize in practice. During this period, "polytechnic education" -- a core course for all youth of manual training, technical drawing, tending school gardens and theory of "socialist production" -- was added in order to compensate the interests of vocational training, as the length of apprentices had been shortened in order to accommodate the extended common schooling. The final major step in the construction of common schooling was the dismantling in 1983 of a de facto differentiation of the ninth and tenth grades of the POS -- a measure which had helped the better pupils prepare for entrance into the EOS.

The Party also standardized content and pedagogy for both POS and EOS pupils. In practice, as in theory, the schools were quite tightly bound to centrally produced curricular plans, and in both schools the opportunities for pupils to choose courses was limited -- mainly to a second foreign language in the POS. The GDR demonstrated its commitment to pushing common schooling by many supportive measures, including mandating smaller pupil-teacher ratios to compensate for classroom heterogeneity and also by structuring classroom incentives around collective outcomes. In order to motivate better performance, instead of threatening the weakest pupils with repeating the class, the system was geared toward collective motivation. Waterkamp suggests that the weakest and the strongest paid "the highest price for the common schooling ideal" in that special classes at each end were relatively rare.6

Aside from these formal structures, a crucial aspect of the actual GDR practice of common schooling was the way in which the original motivation for using such schools to increase the

6 Waterkamp, p. 112.
mobility of underprivileged classes gave way social conservatism. While the beneficiaries of the first waves of reforms did continue efforts to increase common schooling in the POS, they also allowed the reconstitution of differentiation at higher levels. Thus, while in the 1950s the percentage of workers' children in the EOS and the post-secondary schools approached that in the East German population, a certain self-reproduction of the new elites soon occurred. By 1982, the youth entering universities and other post-secondary education were once again the children of parents who had also had access to higher education. Thus, as the tables below demonstrate, children of both skilled, and especially of unskilled, workers reached the universities in noticeably smaller numbers than their percentage of the total population. This trend accelerated over the decade so that in 1989, over half of GDR university students had at least one parent who had also attended the university; the corresponding figure for the FRG was about one third.

7 see Thomas Baylis, *Communist Elites and Industrial Society: The Technical Intelligentsia of East German Politics*, (Berkeley: University of California), 1968.
8 Assuming, which is reasonable, that university educated people did not have substantially larger families than working class ones.

Wade Jacoby, MIT Department of Political Science Dissertation
Table 1: Sociological profile of students beginning post-secondary education as compared to the educational achievements of their mothers. (1982)

<table>
<thead>
<tr>
<th></th>
<th>Certificates of mothers of beginning students</th>
<th>Certificates of all 40-50 year old women</th>
<th>Ratio of columns 1 and 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>15</td>
<td>3</td>
<td>5.0</td>
</tr>
<tr>
<td>Technical school</td>
<td>27</td>
<td>11</td>
<td>2.5</td>
</tr>
<tr>
<td>Master</td>
<td>2</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Skilled worker</td>
<td>47</td>
<td>51</td>
<td>0.9</td>
</tr>
<tr>
<td>Unskilled worker</td>
<td>9</td>
<td>34</td>
<td>0.3</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>100%</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Table 2: Sociological profile of students beginning post-secondary education as compared to the educational achievements of their fathers. (1982)

<table>
<thead>
<tr>
<th></th>
<th>Certificates of fathers of beginning students</th>
<th>Certificates of all 40-50 year old men</th>
<th>Ratio of columns 1 and 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>39</td>
<td>11</td>
<td>3.5</td>
</tr>
<tr>
<td>Technical school</td>
<td>22</td>
<td>14</td>
<td>1.6</td>
</tr>
<tr>
<td>Master</td>
<td>13</td>
<td>10</td>
<td>1.3</td>
</tr>
<tr>
<td>Skilled worker</td>
<td>25</td>
<td>53</td>
<td>0.5</td>
</tr>
<tr>
<td>Unskilled worker</td>
<td>1</td>
<td>12</td>
<td>0.1</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>100%</td>
<td>1.0</td>
</tr>
</tbody>
</table>


FRG SCHOOL STRUCTURES

Chapter four provided an introduction to West German educational structures which must be modified in two important ways. First, developments in the American zones occurred parallel to
somewhat different processes in the British and French zones, although the basic track-based
system of four year common elementary school extended by either continuing on in this
Volksschule until grade nine, the Mittelschule until grade ten or the Gymnasium until grade
thirteen, was the norm. The second important modification is that German schools have changed
in many important ways since the early 1950s, although, the distinctive three-track feature
remains.

Many comprehensive studies of West German education exist, and this short section makes no
pretense to covering the range of relevant structural features and political issues. Three key
areas seem absolutely essential to modifying the picture presented in chapter four: the
establishment of some mechanisms for reconciling inter-state educational differences and
providing for the mutual recognition of certificates, the contours of the large expansion in
educational effort that began in the early 1960s and the establishment of some modified pieces of
the common school agenda. Thus, modest coordination of state differences, enormous overall
expansion of education and a relatively small amount of fundamental structural reform
characterize German education since the 1950s.

The first issue is the modest coordination of inter-state differences. The West German Basic
Law originally provided for no federal competence in policy over schools, reserving this capacity
strictly to the Länder. Nevertheless, the states have the responsibility to make practicable that
same constitution's protection of the right to live, learn and work anywhere in the FRG by
making school certificates compatible. The most important permanent institution for inter-state
educational policy is the "Standing Conference of the State Ministers of Education and Cultural
Affairs" (KMK), which was established in 1948. The Conference is basically a forum in which
the Länder discuss and negotiate uniform policies on a range of issues. Thus, while the

10 Two useful works which do are the Max Planck Institute for Human Development and Education (eds). Between
Elite and Mass Education: Education in the Federal Republic of Germany. (Albany: SUNY Press), 1983 and
Christoph Führ, Schools and Institutions of Higher Education in the Federal Republic of Germany. (Bonn:
Internationes), 1989.
Conference is unremarkable in its formal powers (it can only recommend legal changes to the individual states and even its recommendations must be unanimous), it is a forum that has been useful in preparing major harmonizations of the German education system in Düsseldorf (1955) and Hamburg (1964). With the addition of Federal competence over schools in the late 1960s (in the midst of the large educational expansion), a new body, the Federal-State Commission for Education Planning, was established which, for a time, overshadowed the KMK, which had become blocked by political rivalries over school reform. The core justification for introducing federal competence, a change requiring a constitutional amendment, was to increase precisely this coordination capacity, especially in light of the proliferation of partial reforms that occurred in the mid-1960s. The national level "education planning," however, proved unworkable. High coordination costs across many lines of government, the resistance from parliamentarians to administrative planning and the resistance of the states to federal initiatives all helped defeat the effort at educational planning. The reassertion of Länder control of schools has been accompanied by an increase in the share of education spending that comes from Länder budgets. While the states paid 66% of total education costs in 1965, that figure had risen to 78% by 1985.

A second major feature of West German education since the immediate post-war period is its striking "expansion" measured in terms of the increasing numbers of pupils who stay in school for higher certificates. Georg Picht's dire warnings of an impending "educational disaster" painted the German education system of the early 1960s as a premodern outlier among industrial nations. As Andrew Schonfield did in his analysis of the economy, Picht made special reference to France which, he emphasized, despite its smaller population, prepared almost three times the number of pupils qualified for university entrance. A bit later, Ralf Dahrendorf began emphasizing education as a basic right, and this theme was also picked up in the broader debate.

---

11 Führ, p. 20.
13 Weiss and Weishaupt, p. 97.
In the 1960s a remarkable shift in attendance among the three tracks occurred, and the vector, if not the magnitude, of that shift continued throughout the 1980s and into the 1990s. From a system in which, during the occupation, the lowest track enrolled over 80% of pupils, a system emerged in which attendance was almost equally divided among the three main tracks.

Table 3: Percentage distribution of pupils in the Secondary Level I (eighth grade) in selected years.

<table>
<thead>
<tr>
<th>Type of school</th>
<th>1960</th>
<th>1970</th>
<th>1980</th>
<th>1986</th>
<th>Change since 1960 (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hauptschule</td>
<td>70.2</td>
<td>55.0</td>
<td>40.5</td>
<td>38.0</td>
<td>-45.9</td>
</tr>
<tr>
<td>Realschule</td>
<td>13.2</td>
<td>21.9</td>
<td>28.2</td>
<td>29.2</td>
<td>+121.2</td>
</tr>
<tr>
<td>Gymnasium</td>
<td>16.6</td>
<td>23.1</td>
<td>27.3</td>
<td>27.6</td>
<td>+66.3</td>
</tr>
<tr>
<td>Integrated comprehensive</td>
<td>0</td>
<td>0</td>
<td>4.0</td>
<td>5.2</td>
<td>n.a.</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>


The final feature to be touched on is the modesty of institutional reforms since the 1950s. As the above table makes clear, the comprehensive school option pushed during the occupation has never made an important dent in overall enrollment. But where did this option come from in the first place after its spectacular defeat in the late 1940s? The central political debate that shaped school policies over the period of educational expansion in the 1960s was a reformulation of many of the fundamental questions asked by the Americans about educational opportunity. While the CDU continued to raise the specter of "unemployed academics," the SPD criticized the German education system as subjugated to the needs of the economy. In the later 1960s, however, with unemployment still almost non-existent, it became plausible that education might be somewhat delinked from the immediate needs of the economy.14 Against this background, a tentative agreement was reached between the two major parties to experiment with the comprehensive school (Gesamtschule).

---

14 Führ, p. 5.
Comprehensive schools, generally of grades five through ten, were established on an experimental basis by the KMK beginning in 1969. The driving force behind this step was clearly the SPD and the trade unions. Although the CDU was willing to consider experiments with different school structures, the CDU state governments strongly resisted SPD attempts to push comprehensive schools beyond the experimental stage. In the course of the 1970s a series of political battles was then fought inside the KMK over mutual recognition of the comprehensive school certificates and over the decision of several SPD-governed states to elevate comprehensives to normal schools -- a step which the CDU argued violated the 1964 Hamburg Agreement. The formal experimental stage ended in 1982, but the comprehensive has remained the center of controversy as changes of government in the states often lead to rapid shifts in policies toward comprehensives. While the political fury had abated somewhat in the late 1980s, reunification brought a new opportunity to play out old arguments about educational opportunity in Germany.

EDUCATIONAL REUNIFICATION IN THE EASTERN LANDER

From the perspective of institutional transfer, the striking point about the process of institutional design in Eastern German education is how formal flexibility (relative to other policy areas during reunification) has still resulted in remarkable influence for Western German actors. This has not been because Eastern Germans have been unaware of the interests of West Germans in shaping Eastern German education, but rather because civil society there has been very weak and East German state actors have depended heavily on their national parties for guidance on education policy.

The West German educational system has influenced East German school development in three important ways since 1989. First, Wes. Germany acted as a model in the sense of who should be
competent for educational policy. During the initial post-Wall months, most reform proposals took relatively little notice of West German models since their assumption was that a centralist albeit reformed GDR state would continue to exist. As talk of reunification increased, however, West German state-level education control came to command a crucial function. West German states had a common interest in maintaining Länder sovereignty over education and thus insisted in 1990 that institutional reform be the prerogative of yet-unformed Eastern German states. The second source of influence of West German models came in the form of political actors seeking to influence Eastern German decisions about structural reform. While the Western states' school structures represented modern schooling for many Eastern Germans, West Germans preferred not to leave the specific decisions to chance and sought to influence them through a variety of mechanisms. The most important sources of design ideas came through political party connections and the formal partnerships that emerged between West German and Eastern German Länder. Secondary sources of pressure for particular institutional changes were West German associations of teachers, the teachers union (GEW) and the associations for the promotion of comprehensive schools.

Finally, West German pedagogy functioned as a model from which reformers could pick and choose. Indeed, East German education practitioners appear to have had a differentiated picture of West German education, one that took some account of both strengths and weaknesses as compared to their own system. A survey of GDR teachers in July 1990 revealed a quite complex picture of this collective judgment. Almost half (47%) thought the GDR provided more equality of educational opportunity and only 11% thought the FRG superior on this dimension; similar proportions thought the GDR approach to linking school and workplace better than that of the FRG. On the other hand, GDR teachers were much more impressed with such FRG achievements as the ability-orientation of schools, promotion of both advanced and disadvantaged pupils, preparation for everyday life, and artistic and aesthetic education.\textsuperscript{15} Thus,

West Germany functioned as a model on the dimensions of competence, structure and pedagogy. This chapter focuses primarily on the structural question.

From the fall of the wall in November 1989 until the elections in March 1990, a variety of proposals to reform GDR education were floated in both parts of Germany. The vast majority of these focused on internal reform, especially pedagogical changes and teacher education. In opinion polls, the teachers also emphasized internal reforms, with only about 20% agreeing that the established common schools required fundamental structural reform. But with the growing realization that unification was on the horizon, strategy in Bonn and Berlin shifted toward providing a suitable framework. In May 1990, negotiations began between the national governments of the FRG and the GDR quickly produced a consensus at ministerial level to take over the broad structures of West German education. The lack of established interest groups in education left the state with an essentially free hand in defining the broad contours of education reform. While the GDR had initially stated its intention to keep a few minor points that reflected GDR "traditions and conditions," the ultimate legal framework produced by the "Joint Education Commission GDR-FRG" called, in July 1990, for the complete takeover of the Hamburg Declaration of 1964 and a range of related measures decided by the KMK in the intervening period. The GDR delegates in the commission reported that there was no West German pressure for the broad takeover and described their motivation as that of avoiding a "two-class educational system." This set of recommendations was then codified in the unity treaty in August, which provided for a set of temporary measures for the school year beginning immediately in fall 1990. While the elementary schools were shifted immediately to four years and the upper-level of the Gymnasium replaced the EOS, the secondary school part of the POS generally remained in place throughout the first year, with differentiation in class choices

18 See Weishaupl and Zedler, pp. 417 ff.

Wade Jacoby. MIT Department of Political Science Dissertation
(especially foreign languages) being allowed after the seventh grade but with no effort to prejudice Länder decisions on the actual organization of the schools. The states were to have school reform laws in place by June 30, 1991, in time to take effect for the 1991-92 school year.19

Weeks before formal reunification on October 3, 1990, the 1990-91 school year thus began in Eastern Germany with relatively few institutional changes in place. Each ministry of culture began a process of vetting school officials and teachers for political background and competence, and the ministries scrambled to find texts to replace those in use in the schools under the Communist regime. But the very newness of the Länder and their ministries precluded any thoroughgoing institutional reform in time for the first school year.

The unusual and diverse outcomes of school reform laws in the six states reflect familiar West German party preferences overlaid onto particular Eastern German conditions. In only one state in Eastern Germany, Mecklenburg-Vorpommern, has the traditional Hauptschule, Realschule, Gymnasium structure been established. East Berlin adopted the West Berlin structures, while Brandenburg introduced the comprehensive as the main school form while also introducing the Gymnasium and some Realschulen. The other three states, Saxony-Anhalt, Thuringia and Saxony, have established Gymnasien plus a new school form that combines the Hauptschule and Realschule branches under one roof. This school has different names in each of the three states. For purposes of simplicity, I use the name "middle school." While the majority of secondary schools in Berlin and Brandenburg (which plan to merge into one land in the next decade) are comprehensives, such schools are found in only small numbers in the other three states. How these differences came about and how reform coalitions in each state were forced to revise their original plans is laid out next.20

19 In Saxony, beginning with the 1992-93 school year.
20 The material on legislative reform is based on articles from regional and national newspapers and on Wolfgang Schmidt, "Die Neustrukturierung der allgemeinbildenden Schulen in den neuen Bundesländern," in Aus Politik und Zeitgeschichte, B37-38, 1991.
BERLIN

The immediate effort of West Berlin's SPD-Alternative List coalition during 1990 was to establish only comprehensives in East Berlin and, indeed, to use the reunification of the city to draw up a new city-wide school reform (which foresaw the preservation of, for example, the hot lunch system in East Berlin schools and its extension to West Berlin). All these calculations changed when the December 1990 elections brought in a coalition of SPD and CDU. The CDU demanded a coalition agreement that included retaining for all of the city the "multiplicity" of schools found in West Berlin. After this decision was taken, however, the number of parents hoping to send their children to Gymnasium turned out to be substantially more than planned while the number for comprehensives, Hauptschulen and Realschulen was substantially less. The original SPD-Alternative List plan had been to open about 135 comprehensives, 25 Gymnasien and no Hauptschulen or Realschulen. This planning was changed, once to accommodate CDU preferences and again to accommodate the parents' wishes. In the end, 54 comprehensives, 46 Gymnasien, 24 Realschulen and 8 Hauptschulen were opened in the first year of reformed schools. Thus, the West Berlin model was extended fairly unreformed. Hauptschulen are much less accepted than in West Berlin and, ironically, many East Berlin Gymnasium have permission to admit pupils after only four years of elementary school. This ruling -- the West German norm but long resisted by West Berlin -- was justified as likely to appeal to the families of government workers who will be moving to the new capital in ever higher numbers.

BRANDENBURG

With the end of the left government in Berlin, Brandenburg became the hope of the left for a progressive school reform. The Brandenburg coalition of SPD-Alliance '90/Greens-FDP passed
a provisional school reform plan in April 1991 which called for a six-year elementary followed by a secondary system of 392 comprehensives, 79 Gymnasien and 68 Realschulen, the latter a concession to the FDP coalition partners. The Brandenburg Gymnasien run through the thirteen school year, which makes them like those in West German states but unlike the twelve year Gymnasien established by the other Eastern German states. Brandenburg also has ten year compulsory schooling, even though the Brandenburg CDU fought unsuccessfully for a twelve year Abitur and nine years of compulsory schooling.

Brandenburg's ministry of culture, run originally by Marianne Birthler, a citizen activist in the GDR, also decided against wholesale dismissal of teachers. Arguing it was immoral to connect judgments about political suitability with an organizational need to cut teaching staffs, Brandenburg offered teachers reduced salary in exchange for reduced hours and thus avoided mass layoffs.\(^{21}\) The ministry did, however, in order to break up "old connections," move teachers around very significantly and in some cases inadvertently undercut efforts by citizens initiatives who, during the course of 1990, had hand-picked teams to run particular new schools.\(^{22}\) In general, the hope that activist groups would step forward and become engaged in building a new kind of school system in Brandenburg have, despite scattered success, gone unfulfilled.

MECKLENBURG-VORPOMMERN

Mecklenburg-Vorpommern is interesting in that it was ruled by a CDU-FDP coalition but advised by SPD governments in Schleswig-Holstein, Hamburg and Lower Saxony. Interview partners in the ministry of culture suggested that Schleswig-Holstein especially sought to loan

\(^{21}\) Frankfurter Rundschau, September 5, 1991. (clip 28)
\(^{22}\) Frankfurter Rundschau, January 9, 1992. (clip Was die Lehrer...)

Wade Jacoby, MIT Department of Political Science Dissertation
only SPD-oriented civil servants to Mecklenburg-Vorpommern for purposes of building up the school system -- a practice that at one point led to a heated discussion between the Prime Ministers of the two states. These measures apparently had more impact on pedagogical decisions than on actual structures, however. The coalition agreed in April 1991 to a new school structure that took over the full range of West German school types and, alone among the East German Länder, foresaw independent Hauptschulen and Realschulen. The SPD, unable to push through a general allowance for comprehensives, has tried to use its power base in cities like Rostock to push on the ministry a handful of "special applications" for comprehensives.23

SAXONY

The CDU's absolute majority in Saxony led to the adoption of a school reform law in July 1991 which essentially excluded comprehensive schools altogether. The bill was revised seven times between October 1990 and July 1991 as a result of party disagreements which centered on the exclusion of the comprehensives. Notwithstanding the support for comprehensives of about one third of Saxonian parents polled, the CDU revised its original proposal from December 1990, which foresaw comprehensives bit proposed excluding them on the basis of two arguments: first, the CDU Minister of Culture Stefanie Rehm argued that Saxony's establishment of a combined middle school already provided a form of comprehensive school and thus mitigated the need for the typical West German form. Second, the CDU argued that their proposal for an "orientation stage" in fifth and sixth grade made comprehensives superfluous. On the other hand, such an orientation stage had already been proposed in the original October 1990 school reform draft, at a time when the comprehensive school was still part of CDU education planning. Saxony was also novel in that its school reform law was not a temporary measure, but a permanent one.

23 Frankfurter Allgemeine Zeitung, March 21, 1991. (clip 68b)
SAXONY-ANHALT

The CDU-FDP government in Saxony-Anhalt produced a temporary school reform law in May 1991 which was valid until the end of 1992. After a four year elementary, pupils move on to a Gymnasium or to a middle school that contains an orientation stage during fifth and sixth grades and then separate Hauptschule and Realschule classes under the same roof. After the election of a SPD-Green-Alliance 90 minority government in 1994, the ministry announced plans to expand the orientation level to include pupils who would otherwise have begun the Gymnasium with the fifth grade. The bitter denunciation of this proposal in conservative circles included the charge that this plan was an import from West German Länder ruled by the SPD and the claim that the KMK had only accepted the Eastern German de facto two-track systems because CDU governments had guaranteed that adequate differentiation would be maintained. In the new government's approach, educational conservatives saw an attempt to reduce the Gymnasium to a "rump Gymnas:um" of only six years in length.\(^{24}\)

While the original Saxony-Anhalt school reform drafts foresaw no comprehensive school, the eventual bill did provide for comprehensives as an experimental school, although only a handful of such schools have been established. Since there is no evidence that parents in Saxony-Anhalt had fundamentally different attitudes toward comprehensives than parents elsewhere in the new Länder, the institutional disadvantage for comprehensives that comes from the school reform laws in Saxony-Anhalt, Saxony and Mecklenburg-Vorpommern is striking.

THURINGIA

Thuringia also was ruled in 1991 by a CDU-FDP coalition government, and its school reform was remarkably similar to that of Saxony-Anhalt. In the first school reform plan, which covered

the 1991-92 and 1992-93 school years, a four year elementary was followed by an orientation level inside a combined middle school. Getting to this point took a lot of maneuvering. Previous to the elections which constituted state governments in October 1990, a "working group on education" in Thuringia had produced a school reform draft that called for a differentiated ten year Realschule and Gymnasium only. At that point, a six year elementary was also under consideration. The CDU Minister of Culture Christine Lieberknecht, however, delivered her own reform plan in January 1991 which called only for the above mentioned middle school in addition to the Gymnasium. Lieberknecht was unable to secure the acceptance of free-standing Hauptschulen, although in rural regions the secondary schools attached to the elementary schools will be de facto Hauptschulen. Comprehensives were not mentioned in the reform plan. This omission caused some protest and delay in the bill's ultimate passage, but proponents of the comprehensive school were only able to achieve permission for comprehensives as "exceptions," and only three have been allowed so far. The six year elementary was supported by both the SPD and the CDU's coalition partners, the FDP. This constellation led not to a six year elementary but to the vague observation that early differentiation did not "exclude" the possibility for schools to establish a common fifth and sixth grade.

In sum, party constellations have largely driven the educational landscape in the new Länder. The shifting coalitions, as in Berlin during 1990 and in Saxony-Anhalt in 1994, has had a major effect on the kinds of reform proposals offered. Public interest in education reform was, by all accounts, fairly low in 1990 and 1991, with relatively high numbers of people agreeing, at that point, that West German structures were preferable to Eastern German ones. Public hearings on school reform proposals revealed little controversy, leaving the impression that school reform was the purview of elite party politics.

25 Thus, the Saxonian "Mütteschule", the Saxony-Anhalt "Sekundärschule" and the Thuringian "Regelschule" all include both Hauptschule and Realschule tracks and offer classes 5-9 or 10, depending on the certificate sought.
It is not true, however, that dominant coalitions simply ran roughshod over opposition parties. The original reform plans in each state were revised further in the course of the debates of 1991. The circumstantial evidence, in the form of personnel transfers and the statements of actors involved, is that party preferences for school structure in East Germany closely followed preferences of the parties in West Germany in the sense that each state's ministry of culture initially sought a more pure variant of the system traditionally favored by their party. That is, CDU-led governments in Mecklenburg-Vorpommern, Saxony-Anhalt, Saxony and Thuringia all sought to eliminate the possibility of comprehensives as an official school form, while the ministries in the SPD-governed states of Berlin and Brandenburg sought initially to exclude the Hauptschule and Realschule options and establish comprehensives and Gymnasien only. Opponents were, however, often able to include more options (the Hauptschule and Realschule in the cases of Berlin and Brandenburg and the comprehensives in Saxony-Anhalt and Mecklenburg-Vorpommern).

*LATE BLOOMERS IN THE "ELBOW SOCIETY"*

At the confluence of Eastern German traditions of common schooling and Western German traditions of separate educational tracks is the issue of how children are assigned to particular tracks and under what conditions they can switch. In principle, the CDU position is that permeability poses no threat to the track-based system. The logic is that the three-track system reflects fundamental differences in the capacities and interests of youth and that should any individual youth find him or herself in the wrong track, transfer ought to be unproblematic. But the party insists that educational progression take place along well-defined paths in which certificates from one course become prerequisites for another. This has the effect of making early choices crucial in defining the scope and practicability of later opportunities. The SPD position is that longer common schooling could contribute to refilling the reservoir of social
solidarity while keeping open broader individual options past the tender age of ten. The practical result is a policy which de-emphasizes strict channels of progression and seeks to open more pathways toward adult and higher education, a prominent example being the demand that youth who have successfully completed an apprenticeship be allowed to enter universities. While much more could be said on the issue, the result of the philosophical differences between the major parties is a true political dilemma in that all measures to increase permeability beyond the current levels are heavily contested.

Against this background, the current regulations for choosing and switching tracks in Eastern Germany seem fairly liberal, but at the cost of being quite complicated and bureaucratic. The most "liberal" ruling would be one in which youth (and their parents) decided which school the pupil would visit, and the least liberal one would be that in which the state decided. The irony is that where in post-WWII Germany "parental choice" was the slogan of the right in the service of efforts to allow parents to "choose" the Gymnasium over the proposed common school, parental choice is now the slogan of the left in the service of efforts to force the higher tracks to let in more pupils. Parental choice, which once helped save the exclusive place of the German Gymnasium, now appears as a dire threat to the institution which finds it increasingly difficult to "defend" itself against weaker pupils whose parents choose to send them there.

Aside from the difficulty of predicting the future worth of different certificates in times of social upheaval, the sheer newness and complexity of the school systems has left Eastern German parents puzzled. Preliminary investigations confirm that Eastern German parents felt extremely confused about the array of available options in anticipation of the introduction of the new school

26 Although the state could clearly use either more or less legitimate criteria. Thus, the use of test scores as a decision mechanism is likely, in a democracy, to appear as more legitimate than selection by social criteria such as parental occupation. The existence of affirmative action laws suggest, however, that democracies do sometimes use social criteria to distribute education.

27 Occasionally, the implicit claim that the SPD is seeking to destroy the Gymnasium in Eastern Germany by swamping it with pupils of varied abilities is made explicit; see Frankfurter Allgemeine Zeitung, March 16, 1992. (clip 64).
systems. Separate studies in Saxony and Brandenburg found that about than 90% of parents felt "poorly informed" about the new schools.\textsuperscript{28} Further surveys in 1993 still found very high numbers of parents who felt ill-informed about school choices.\textsuperscript{29}

While several West German states use the fifth and sixth grades as common "orientation levels" during which relatively free transitions between all tracks are possible, Eastern German states have generally chosen instead to develop rule-based transitions beginning with grade five.\textsuperscript{30} Mecklenburg-Vorpommern, Brandenburg and Saxony-Anhalt all allow parents the initial choice of which school their children attend after the elementary. However, both Thuringia and Saxony require that youth who seek enrollment in the Gymnasium without the recommendation of their elementary teachers pass a one or two day entrance examination. In both of these states, pupils in the combined middle schools can transfer to the Gymnasium after grade five or six, and about 5% do so.\textsuperscript{31} Of the three states that have combined middle schools, only Saxony-Anhalt allows parents the choice of whether their child attends the Hauptschule or the Realschule track after the sixth grade. In Mecklenburg-Vorpommern, the liberal regulation after the elementary is attenuated by the absence of provisions for parental choice after the sixth grade. Even the conservative Frankfurter Allgemeine Zeitung noted that in one school in a provincial city (Parchim), only one pupil had transferred up from the Hauptschule to the Realschule in the first three years since unification.\textsuperscript{32}

Finally, all of the states have provisions that allow youth who have finished the Realschule track after the tenth grade to continue on toward the university entrance certificate, often in a "vocational Gymnasium." In many cases, the formal rules for transition into these specialized

\textsuperscript{28} Frankfurter Rundschau, February 10 and July 23, 1992 (clips 34 and 169).
\textsuperscript{29} Detlef Fickermann, "Das neue Thüringischer Schulsystem im Meinungsspiegel der Eltern," manuscript, Institut für Allgemeine Erziehungswissenschaft und Empirische Bildungsforschung, Erfurt, 1994.
\textsuperscript{31} Manfred Kuthe, "Ungleichheiten im Thüringer Schulwesen," manuscript, Institut für Allgemeine Erziehungswissenschaft und Empirische Bildungsforschung, Erfurt, 1995, p. 9.
\textsuperscript{32} Frankfurter Allgemeine Zeitung, October 16, 1993. (clip 241).
Gymnasien are more liberal than in the FRG. In Thuringia, for example, almost one fourth of Realschule pupils eventually try to achieve either the limited or unlimited university entrance certificates. In most cases this process involves an extra year, so that the Abitur is achieved after thirteen instead of the usual twelve years in Eastern Germany. What is uncertain at this point is whether these formal provisions will in reality be negated by the undersupply of such specialized Gymnasien in regions with rapidly declining populations -- in Thuringia only 20 of the 35 counties have such Gymnasien. As we will see, the sheer magnitude of demographic change in Eastern Germany -- the result of outmigration and decreases in birth rates -- poses a stiff challenge to the educational system there. The main point of this section is that the track-based educational system presupposes reasonable confidence about the consequences of initial educational choices -- a confidence which few Eastern Germans can be expected to possess in a region where de facto unemployment runs well over 30%. As a result, the exact transfer of track-based education has necessitated very complicated rules about transfer between the various tracks. A second dilemma brought by institutional transfer can be seen in the way that West German standard operating procedures limit Eastern German responses to massive demographic shifts.

TOWNS WITHOUT SCHOOLS, SCHOOLS WITHOUT PUPILS

Demands for flexibility are placed on transferred institutions not just by inherited culture, norms or traditions but also by new problems. Since institutional transfer usually happens in the wake of institutional failure, the new organizational designs are usually taxed with substantial, and often quite new, problems. We saw this clearly in the case of industrial relations, where strict

33 Kuthe, 1995, p. 12. Only about 2% make the direct jump to the normal Gymnasium.
34 Brandenburg and Berlin have adopted the West German standard of the 13 year Abitur. The remaining Eastern German Länder have provisionally realized a CDU objective of shortening school times by introducing the twelve year Abitur. The KMK originally allowed this experiment until 1996, when a common standard was to be achieved, but this harmonization has now been put off until after 2000.

Wade Jacoby, MIT Department of Political Science Dissertation
adherence to standard West German-style wage deals literally threatened to drive most Eastern firms bankrupt. Demographic developments in Eastern Germany will also tax any amount of "built in flexibility" in educational structures. As in the case of industrial relations, transferred institutions face really quite difficult tests -- so much so that if they survive these tests, then one can really say they are remarkably adaptable. But as in industrial relations, the new institutions will have to reconcile competition between the two parts of Germany in order to endure in the long term.

At first glance, the suggestion of a demographic "drop" seems incongruent with the reports from Eastern Germany about the striking lack of vocational training opportunities. Aren't there actually "too many" youth rather than "too few"? It is indeed true that the number of pupils actually rose about 20% between 1990 and 1995. But of course, this is the result of fertility patterns from the late 1970s. As we will see in the second half of the chapter, these temporarily higher numbers of pupils strain the efforts to provide adequate opportunities for all youth. But the focus of this section is on the effects of demographic development since unification on efforts to secure meaningful educational opportunity in Eastern Germany.

Two kinds of demographic changes have combined to decrease very substantially the number of young people in Eastern Germany: migration and fertility. About one million people migrated from Eastern Germany to West Germany between 1989 and 1993. While the amount of outmigration varied dramatically by region, it has in most cases fallen in the meantime to modest numbers. Fertility drops have, however, continued unabated. After modest decreases in the annual number of live births in the GDR between 1985 and 1989, demographic developments in the East have been virtually unprecedented in the depth and rapidity of their fall. Between 1989 and 1993, live births dropped 60% from 182,000 to 72,000.
Table 4: Numbers of live births in the GDR/Eastern Germany (excluding East Berlin)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Brandenburg</th>
<th>Meck.-Vor.</th>
<th>Saxony</th>
<th>Saxony-An.</th>
<th>Thuringia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>264,463</td>
<td>46,000</td>
<td>37,407</td>
<td>82,526</td>
<td>53,630</td>
<td>44,900</td>
</tr>
<tr>
<td>1970</td>
<td>222,460</td>
<td>36,878</td>
<td>29,004</td>
<td>71,424</td>
<td>45,278</td>
<td>39,876</td>
</tr>
<tr>
<td>1975</td>
<td>170,050</td>
<td>28,990</td>
<td>24,356</td>
<td>54,723</td>
<td>32,206</td>
<td>29,775</td>
</tr>
<tr>
<td>1980</td>
<td>227,606</td>
<td>40,154</td>
<td>33,096</td>
<td>71,240</td>
<td>43,089</td>
<td>40,027</td>
</tr>
<tr>
<td>1985</td>
<td>210,493</td>
<td>38,824</td>
<td>30,581</td>
<td>64,337</td>
<td>40,037</td>
<td>36,674</td>
</tr>
<tr>
<td>1986</td>
<td>204,801</td>
<td>37,005</td>
<td>29,803</td>
<td>62,496</td>
<td>39,375</td>
<td>36,122</td>
</tr>
<tr>
<td>1987</td>
<td>207,560</td>
<td>37,576</td>
<td>30,608</td>
<td>63,358</td>
<td>39,874</td>
<td>36,144</td>
</tr>
<tr>
<td>1988</td>
<td>197,854</td>
<td>35,872</td>
<td>28,495</td>
<td>60,156</td>
<td>38,462</td>
<td>34,869</td>
</tr>
<tr>
<td>1989</td>
<td>181,985</td>
<td>32,997</td>
<td>26,403</td>
<td>55,857</td>
<td>35,128</td>
<td>31,600</td>
</tr>
<tr>
<td>1990</td>
<td>163,030</td>
<td>29,238</td>
<td>23,503</td>
<td>49,672</td>
<td>31,837</td>
<td>28,780</td>
</tr>
<tr>
<td>1991</td>
<td>99,057</td>
<td>17,215</td>
<td>13,635</td>
<td>31,278</td>
<td>19,459</td>
<td>17,470</td>
</tr>
<tr>
<td>1992</td>
<td>80,541</td>
<td>13,469</td>
<td>10,875</td>
<td>25,298</td>
<td>16,284</td>
<td>14,615</td>
</tr>
<tr>
<td>1993</td>
<td>72,252</td>
<td>11,669</td>
<td>9,446</td>
<td>23,490</td>
<td>14,534</td>
<td>13,113</td>
</tr>
</tbody>
</table>

1993:1989 39.7% 35.4% 35.8% 42.1% 41.4% 41.5%


It is not entirely clear what has caused the drops in births, although, roughly put, there are two contending theories. The first attributes the drop to the dislocation of reunification, especially in terms of vocational prospects. The second essentially holds that East German families, especially East German women, have quickly exchanged old norms for those of West Germany, where fertility is highest at the end of the twenties, rather than at the beginning. To the extent the first explanation proves accurate, one would expect fertility changes to reverse with increased

---

35 For a useful discussion of these issues with a focus on regional variation inside Eastern Germany, see Rainer Münz and Ralf Ulrich, "Was wird aus den neuen Bundesländern? Demographische Prognosen für ausgewählte Regionen und für Ostdeutschland," Working paper of the Institut für Soziologie, Humboldt Universität Berlin, 1994.
economic and social stability in Eastern Germany. To the extent the second explanation is more accurate, fertility would rise again rapidly around the turn of the century. Since the most prominent explanations have radically different implications for educational planning, a good deal of circumspection about the near future is in order. On the other hand, no matter how future developments take place, the effects of the recent demographic shift will have a major effect on Eastern German schools as they work their way through the system.

The drop in birth cohorts is indeed already affecting elementary schools, even while secondary schools often struggle with high numbers of pupils as a consequence of strong birth years in the mid-1980s, and of the failure of many youth to find apprenticeships. But as the weak cohort moves through the system, it, in combination with trends toward higher qualifications, may well lead to irresistible trends toward school consolidation. This consolidation can happen in two ways: first, it may well lead to a much tighter integration of the Hauptschule and Realschule tracks within the three states with middle schools. Second, it is bound to result in pressures to close many schools entirely. Under pressure of declining youth cohorts, there will essentially be three options: to bus children to far away schools, reintegrate the newly differentiated systems or allow the pupil-teacher ratio to fall by simply keeping on most of the teachers despite falling numbers of pupils.\textsuperscript{36} In some cases, states are making provisions to allow classes with pupils of different ages so that schools can be maintained, or, in less extreme cases, allowing the fifth and sixth grade orientation levels to occur at the elementary. The situation varies from state to state, but in general it appears that because Gymnasien tend currently to have three to four different classes per age cohort, while the middle schools and the elementary schools have at best two and often only one, the effects of the demographic drops will hit the latter two types of schools particularly hard.\textsuperscript{37} For example, another 80 elementary schools (of 849) were closed.

\textsuperscript{37} Weishaupt and Zedler, p. 411.
for lack of pupils in Thuringia after the 1992 school year. If standard West German rules, which require a minimum of 14 pupils per grade for an elementary, are applied, then fully half of the Thuringian elementary schools now open would eventually fall below the number needed to stay open. Even relaxing the rules substantially to require only ten per grade would still mean that every third elementary would be in danger of closure. Case studies in several Eastern German regions suggest that up to 60% of the Realschulen could disappear by 2000, while numbers of Gymnasien could drop by up to half in some regions, as these schools shrink considerably in size in virtually all regions.

Eastern German cities are also substantially more, and rural regions substantially less, densely populated than is the case in West Germany -- a consequence of city planning in the GDR with its focus on urban life and strict limitation of suburbs. While urban areas may be able to reshuffle teachers, buildings and pupils in ultimately manageable ways, even in the face of severe population changes, in the more than half of the counties in Eastern Germany (135 out of 216) which are predominantly rural, the prospects for such adjustment are slim. In the wake of reunification, about 6000 Eastern German schools have already been closed. Even then, the schools are often already at the lower limit of regulations about class size, despite the fact that they may draw from as many as 10 to 15 different villages. In Brandenburg, these rural development problems threaten the existence of many of the small comprehensive schools, while in other Länder policymakers must either accept a further fusion of Hauptschulen and Realschulen or pay the additional costs of running smaller schools in the hope that future economic and demographic developments will justify the investment. Such provisions have supporters on the left who emphasize the benefits in educational opportunity, as well as those from the right who emphasize the differentiation of the schools. Given the dilemmas just

41 Budde and Klemm, p. 135.

Wade Jacoby, MIT Department of Political Science Dissertation
sketched, the only arguments left to ministry of culture officials in the various states will be a kind of educational Keynesianism in which they maintain that, precisely in a period of demographic drops, it is essential for each region to invest heavily in the education of the fewer youth they have left. But such investments would continue to be a function of transfers from Western Germany. The acquiescence of the KMK to such regulations is far from assured. As it turns out, West German states will be facing rising numbers of pupils (and students) at a time of stagnant funding: education spending as a percentage of GDP in West Germany was 4.1% in 1990 (1975: 5.5%) and represented 13.4% of total government spending (1975: 15.8%).\(^{42}\)

Thus, as in industrial relations, old fashioned distributive conflicts, largely defined away in an institutional transfer process designed to help Eastern Germany catch up to West Germany, have reappeared in ways that compromise the institutions now in place. Should Eastern Germans come to see themselves as disadvantaged by "technical" rules designed in West Germany, the legitimacy of the transferred institutions, already a source of concern, could drop further.

\textit{THE LEGITIMATION OF TRANSFERRED INSTITUTIONS}

This section makes five brief points. First, there is some evidence that Eastern German teachers, pupils and parents have come to accept the new school structures, although there are specific points of dissatisfaction as well. Second, the general assessment of both the West German schools and GDR schools has changed remarkably over time to the detriment of FRG schools. Third, Eastern German parents want different things from schools, even though they want their children to develop the same personal qualities as West German parents want for their children. Fourth, not all current dissatisfaction stems from the loss of certain attributes of GDR schools since some feel that Eastern German schools have simply not changed \textit{enough}. Fifth, on a

\(^{42}\) Budde and Klemm, p. 158.
theoretical level, we see that the legitimation of transferred institutions involves issues of meeting particular expectations but also that the effects of more general assessments of reunification feed back into assessments of individual policy areas. This association lends additional plausibility to the claim that transferred institutions after WWII were legitimated in part just by their association with the economic miracle.

That there has been a qualified acceptance of the new schools in Eastern Germany can be seen in the results of the poll in Thuringia mentioned earlier. Of course polling data is only a proxy for the measurement of attitudes, and, as we will see shortly, opinions on schools in Eastern Germany are far from stable. When asked whether the new schools had brought them advantage, disadvantage or neither, all groups said they had more advantages than disadvantages. Despite the fact that teachers had generally been in favor of "internal reforms" only during the uncertain months of early 1990, they were, as a group, more inclined than either parents or pupils to claim advantage from the new system. Around 55% of teachers saw advantages for themselves while a bit less than 20% saw disadvantage. Among parents, about 45% saw advantages and less than 20% disadvantages while just under 40% of pupils saw advantages, with about 25% seeing disadvantages for themselves. On the other hand, while Eastern Germans tend to rate the new school forms as acceptable, they also rate some of them lower than the corresponding GDR schools. Thus, as the following table shows, the new elementary schools are rated as "good" or "very good" somewhat less often, depending on the category, than the first four classes of the old GDR POS. The old POS grades 5-10 consistently received higher marks than the middle school. Only the Gymnasium was rated more highly by virtually all groups than its GDR counterpart (the EOS). It also appears that across the board, teachers tend to approve of the kind of school they teach in but are more skeptical of the other new forms.

---

43 Weishaupt and Zedler, p. 422; in the disaggregated data, one group, Hauptschule pupils, actually said they were worse off.

Wade Jacoby, MIT Department of Political Science Dissertation
Table 5: Percentage of Thuringian teachers, pupils and parents who awarded new and old schools either a "good" or "very good" rating. (1993)

<table>
<thead>
<tr>
<th>School type</th>
<th>Teachers</th>
<th></th>
<th>Pupils</th>
<th></th>
<th>Parents</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>elemen</td>
<td>middle</td>
<td>Gymn.</td>
<td>middle</td>
<td>Gymn.</td>
<td>elemen</td>
</tr>
<tr>
<td>Elementary (new)</td>
<td>82.2</td>
<td>76.6</td>
<td>64.8</td>
<td>69.2</td>
<td>77.9</td>
<td>83.5</td>
</tr>
<tr>
<td>Middle (new)</td>
<td>53.8</td>
<td>53.9</td>
<td>33.9</td>
<td>59.3</td>
<td>51.8</td>
<td>62.4</td>
</tr>
<tr>
<td>Gymnasium (new)</td>
<td>65.1</td>
<td>47.4</td>
<td>71.8</td>
<td>44.9</td>
<td>80.6</td>
<td>74.5</td>
</tr>
<tr>
<td>Comprehensive (new)</td>
<td>70.1</td>
<td>56.9</td>
<td>53.8</td>
<td>47.9</td>
<td>57.3</td>
<td>71.8</td>
</tr>
<tr>
<td>GDR POS grades 1-4</td>
<td>78.8</td>
<td>82.1</td>
<td>84.9</td>
<td>67.5</td>
<td>77.1</td>
<td>84.4</td>
</tr>
<tr>
<td>GDR POS grades 5-10</td>
<td>49.5</td>
<td>46.7</td>
<td>40.7</td>
<td>62.3</td>
<td>69.1</td>
<td>71.1</td>
</tr>
<tr>
<td>GDR EOS grades 10-12</td>
<td>54.8</td>
<td>53.6</td>
<td>54.6</td>
<td>56.3</td>
<td>71.7</td>
<td>65.8</td>
</tr>
<tr>
<td>Sample size</td>
<td>536</td>
<td>514</td>
<td>268</td>
<td>3252</td>
<td>3540</td>
<td>1097</td>
</tr>
</tbody>
</table>

*The final column represents data taken from an Institut für Schulentwicklungsforschung (IFS) poll of parents. ** The IFS poll did not differentiate between levels inside the POS. Source: Weishaupt and Zedler, p. 420.

A second issue is the extent to which positive evaluations of the new schools are stable.

Certainly, opinions on the quality of new and old schools have swung substantially since the first polls were taken in 1990. A recent representative poll of 1000 Eastern German adults, commissioned by the newsweekly Der Spiegel, confirmed a widespread appreciation in Eastern Germany for certain aspects of GDR life. While only 15% of those polled agreed with the statement that they "wished there had never been a reunification" of the two countries, there was substantially more appreciation for the relative merits of different policy areas. Thus, whereas in 1990 GDR citizens rated the GDR as superior to the FRG in only three of nine areas (see table), Eastern German citizens in 1995 rated the GDR as having been superior in seven of the nine.

Changes in the relative evaluation of GDR vocational training and schools are striking. Where 36% of Eastern Germans in 1990 held that West German schools and vocational training were superior (and 28 and 33% thought the GDR superior), the numbers have now radically shifted so
that around two-thirds now say GDR schools and training were superior. The number who say that FRG education was superior has dropped to 11 and 12%, respectively.

Table 6: Relative merits of subsystems in GDR and FRG as assessed by Eastern Germans

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Responses in 1990</th>
<th>Responses in 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% FRG superior</td>
<td>% GDR superior</td>
</tr>
<tr>
<td>Standard of Living</td>
<td>91%</td>
<td>2%</td>
</tr>
<tr>
<td>Protection against crime</td>
<td>13%</td>
<td>62%</td>
</tr>
<tr>
<td>Equality for women</td>
<td>10%</td>
<td>67%</td>
</tr>
<tr>
<td>Science and technology</td>
<td>87%</td>
<td>2%</td>
</tr>
<tr>
<td>Social security</td>
<td>16%</td>
<td>65%</td>
</tr>
<tr>
<td>Schools</td>
<td>36%</td>
<td>28%</td>
</tr>
<tr>
<td>Vocational Training</td>
<td>36%</td>
<td>33%</td>
</tr>
<tr>
<td>Health system</td>
<td>65%</td>
<td>18%</td>
</tr>
<tr>
<td>Housing</td>
<td>34%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Der Spiegel, 27, 1995, p. 43.

What is, of course, unclear from such data is whether the relative evaluation has changed because Eastern German assessments of FRG education have gotten worse, or because their retrospective evaluation of GDR education is more positive. There is, however, some clear evidence for the latter trend as the IFS polls from 1991 and 1993 show remarkable differences in the retrospective evaluation of GDR schools. Responses to one question in particular give a sense of the magnitude of the shift toward more positive evaluations of GDR education. The question read, "The school system in the former-GDR is now in transition. Which opinion of the three listed

44 It is also unclear whether Eastern Germans base their evaluation of "FRG schools" or the new schools in their own states, although it is quite likely that they do. As we have seen, there are a few differences between the structure of schools in the old Federal Republic and the new states in the East, most importantly the colocated of the Hauptschule and Realschule tracks in one building.
below most closely reflects your own?” The three choices were: 1) The educational and school system in the former GDR was an effective system; nothing should have been changed. 2) A reform of education can only succeed when both the form and the content of schools are changed. 3) It was right to end the Party-dominated pedagogy of the GDR, but it would have been better to retain the key structural features of the GDR system (comprehensive schools close to home, the EOS and apprenticeship system and the possibility of dual qualifications). Representative samples of just under 1000 respondents were taken in 1991 and 1993. In 1991, 5% would have favored no changes, 38% favored the decision for both internal and structural changes while 57% would have favored internal reforms only. In 1993, the number of respondents who say they would have favored no changes jumped to 20% while the number who approve the total changes dropped by half to only 19%. 61% of 1993 respondents felt that internal reforms with structural continuity would have been preferable.45

The trend toward more positive evaluations of the old GDR education system can also be seen in more detailed ways. The table below lists answers to the question, "The following list contains elements of the ex-GDR’s education system. Which elements do you believe had proven themselves and which had not?" In the latter two categories -- the provision of after school day care and the principle of local schools -- already extremely high levels of acceptance actually dropped a bit. But concerning all of the first three elements, relatively negative evaluations of the GDR system have given way to substantially more positive ones in 1993.


Wade Jacoby, MIT Department of Political Science Dissertation
Table 7: 1993 poll results on "proven" and "unproven" elements of the GDR educational system.

<table>
<thead>
<tr>
<th>Element</th>
<th>proven</th>
<th>partly proven</th>
<th>not proven</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polytechnic education</td>
<td>67 (57)</td>
<td>28 (31)</td>
<td>4 (13)</td>
<td>100%</td>
</tr>
<tr>
<td>State directed voc.-training</td>
<td>49 (31)</td>
<td>37 (38)</td>
<td>14 (31)</td>
<td>100%</td>
</tr>
<tr>
<td>Common schools to grade 10</td>
<td>64 (57)</td>
<td>29 (28)</td>
<td>7 (15)</td>
<td>100%</td>
</tr>
<tr>
<td>Day care at schools</td>
<td>84 (86)</td>
<td>13 (13)</td>
<td>4 (2)</td>
<td>100%</td>
</tr>
<tr>
<td>Principle of local schools</td>
<td>81 (87)</td>
<td>17 (12)</td>
<td>3 (1)</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Numbers in parentheses are results from 1991. All results in percent. Sample size: 992.
Source: Jahrbuch der Schulentwicklung, volume 8, p. 29.

The third element of a discussion of legitimacy is to try to isolate which improvements Eastern Germans most desire. Do they want schools to teach different things than West Germans want for their children? Do they expect from their schools different things than West Germans? From the available data, it appears that the answer to the first question is no, while the answer to the second is yes. ALLBUS polls from 1992 show that when given lists of personal qualities that they might wish their children to develop, Eastern German and West German parents consistently choose the same characteristics with about the same frequency (in both parts of Germany, the leading answers were honesty, capacity for judgment and a sense of responsibility).

Detailed polls of pupils in both parts of Germany also reveal virtually no difference in the things they expect to learn in school.46 On the other hand, when asked about which functions they expect the schools to perform better, West German parents emphasize better teaching of general education while Eastern Germans focus on the need for more attention to teaching working together and discipline.47 In addition, the poll in Thuringia revealed a continuing interest by respondents in increased opportunities for full day schooling or for vastly improved after school

---

46 Max-Planck-Gesellschaft Spiegel, 4/93, p. 11.
47 Weishaupt and Zedler, p. 426.
activities. It seems reasonable to infer from these findings that the GDR experience with local schools, after school activities and day care continues to inform Eastern German perception of what makes for good schools. As the experience of American schools suggests, however, it is possible to "overload" schools with functions, including those tied to social welfare, until the schools can no longer concentrate on pedagogical tasks. West German schools, in part because of their nature as half-day schools, tend to stick quite strictly to functions of passing on knowledge and intellectual skills. Imparting "social competency" is seen to belong primarily to the realm of family and church. Thus, the West German model may present real limits to the desire of Eastern Germans to reintegrate some familiar tasks into their schools.

The fourth issue is that it would be wrong to suggest that all current dissatisfaction with the new schools in Eastern Germany can be linked to the loss of such functions as those just mentioned. An additional, though less quantifiable, portion must also be linked to the sense that not enough has changed. No systematic evidence has been collected on this issue, although fragments can be pieced together from different sources. For example, while 79% of teachers in the Thuringian poll agreed that the de-ideologization of schools was necessary, only 48% of them thought this had actually occurred. Only 30% of the teachers thought that freedom of opinion for teachers and pupils had been established. On the other hand, many would say that the old teachers are also part of the problem. While many GDR teachers were released because of either political or vocational unsuitability, it remains the case that virtually all teachers in the reformed schools are people whose original pedagogical training occurred under the GDR regime. Two-thirds of Thuringia's teachers suggested that they had a need for continuing education, and fully four-fifths of Gymnasium teachers felt that way. Any number of anecdotal reports suggest that pedagogical renewal is progressing much more slowly than institutional change.

---

48 Hal Hansen dissertation.
49 This is in part linked to fear of losing their job.
50 Kuthe, 1994, p. 3.

Wade Jacoby, MIT Department of Political Science Dissertation
In sum, we have seen how the legitimation of transferred institutions involved meeting particular expectations, some of which stem from the particular functions of GDR schools, but also that the decline in satisfaction with FRG schools and the increase in esteem for GDR schools mirrors more general assessments of reunification. Disenchantment with the difficulties of reunification appears to have fed back into assessments of individual policy areas. To attribute this all to crude nostalgia, however, is perhaps hasty. Indeed, Eastern Germans still seem eminently capable of differentiating the elements of the old schools which they admire from those which they continue to reject.

FEDERALISM GIVETH AND FEDERALISM TAKETH AWAY

This brief sub-section resets the discussion of the way in which institutional transfer both requires and promotes shifts in formal competence. The preceding section on school reform has explored this theme through a focus on the shift of authority from the GDR government to the newly constituted Länder. The next section looks at the shift of competence for vocational training from the central state to social actors -- the chambers of industry, commerce and craft as well as trade unions and employer associations. Before turning to that discussion, we can briefly review the findings of the previous section in light of the two main kinds of outcomes of interest in the study: the narrow question of success in terms of the aims of policymakers, and the broader question of the effects of the process of institutional transfer on both institutions and actors in the policy area.

Both the magnitude and mechanism of change in Eastern German schools since 1990 are striking. While education as a policy areas has been notoriously resistant to attempts at institutional transfer, the first part of this chapter has demonstrated that Eastern German states
used West German models to radically reshape the structures of their schools. In doing so, Eastern Germans generally only asked one major concession of the standard West German model: namely, that the independent Hauptschule not be a part of the design. Ninth grade certificates had been the equivalent of drop-outs in the GDR, and with the end of state-controlled access to channels of education, Eastern Germans were looking for higher, not lower, certificates. The West German states, through their representatives in the KMK, ultimately agreed, in part because the three states seeking to build middle schools were all ruled by the CDU. This political alignment increased the confidence of CDU officials in the West that the intent of the middle schools was not to undermine the track-based system but to give it a chance by making a credible guarantee that youth who wanted to move upward could do so, often within the same building.

Have the states succeeded in their plans? In no state were the original designs of the ministry of culture officials in the ruling government ever formally passed into law. As we saw, in each state, opposition parties, groups of parents and coalition partners forced revisions in the actual school reform laws which were passed. Thus, we can only consider the fortunes of the compromise plans, although each gives a good flavor of the original proposals in that opposition forced revision more than total revamping. The first thing to note is that there have been no major discontinuities in school structures since 1991 even though the provisional nature of the reforms would have made such changes possible. Despite the fact that teachers in both SPD-led Brandenburg and CDU-led Saxony received their school assignments just a few weeks, and their curricular guides only a few days, before schools opened, the fears of chaos on a large scale simply never were realized.

At some fundamental level, the exact transfer mechanism appears to have made a remarkable institutional transformation imaginable, and thus possible, by providing some clear indicators of the necessary tasks. Only when the definition of these tasks appeared as political rather than
technical was the process slowed. For a variety reasons outlined earlier, Eastern German states planned some deviations from West German models. So far, neither Brandenburg nor the three states with middle schools have been forced off their separate paths. Further, the original KMK plan of forcing a 1996 reconciliation of the twelve versus thirteen year Abitur has been put off until after 2000, and Saxony has already passed its twelve year Abitur into permanent statute and indicated it has no intention of changing.

But despite the apparent fulfillment of the goals of state policymakers on broad structural questions -- even once plans were revised to incorporate opposition views -- it is nevertheless too early to call this a success even in the narrow sense. As we saw, the new structures will soon confront a massive demographic challenge at a time when their acceptance by the population has already declined. Ironically, the same federalist system that provided a variety of institutional forms for Eastern German states to consider, plus material assistance in setting up the new systems, also acts as a brake on further development there. This is because cooperative federalism in Germany is also conflictual federalism, in that distributional issues are a permanent feature of inter-Länder discussion. In order to meet the demographic shift in a way that maintained distinct tracks, took account of the desire of Eastern Germans for local schools and left open the possibility that economic recovery may eventually occur, Eastern Länder would need special provisions and transfer payments from Western Länder. At a time when their own educational spending is profoundly strained, it is not obvious that either the allowance or the funds will be forthcoming. If not, then we must question the long term durability of the five year old structures in the East. Success, even in narrow terms, is far from assured.

Moving to the second question, we are reminded that institution building through institutional transfer often involves constituting actors as well. Recalling the post-WWII case of school reform, we see that in both cases, in keeping with federalist traditions that were interrupted by the Nazis, overturned by the Communists and supported by the Americans, control of education

Wade Jacoby, MIT Department of Political Science Dissertation
was placed squarely in the hands of the *Länder* even before they had been formally reconstituted as actors. In both cases, allowing for variation in the design of educational systems was held to be part of the real democratic development of larger state governments. Of course, in the post-WWII case we saw that only some social groups were mobilized over education while others were conspicuously neglected. In the reunification case, it has been even more difficult to engage a poorly organized civil society on issues of educational reform. This has been especially troubling in a state like Brandenburg where the school reform laws presuppose an engaged public willing to fill out the framework given by the state with schools whose characters fit local desires.

Additionally, while states like Bremen worried that American comprehensive school designs would leave their education system incompatible with those in other German states, institutional transfer since 1990 has nominally guaranteed mutual recognition. This feature has no doubt helped make institutional transfer a more palatable project, but as we have seen, the federalist blessing can come with a curse. Whereas *Länder* differences in the post-WWII period were reconciled slowly and haltingly over the course of the 1950s, culminating in the Hamburg Agreement of 1964, the Eastern German states were immediately confronted with very real checks on the kinds of structures they, as state actors, could develop, and even on the kinds of bureaucratic rules of thumb and standard operating procedures which could be implemented. West German officials have used the KMK to make clear that there will be little tolerance for lower teacher to pupil ratios than exist in West Germany -- not even if somewhat more integrated classes in the East might necessitate somewhat smaller class sizes. Thus, there are real limits to the claim that institution building in Eastern Germany has been democracy in practice. To put it metaphorically, while the East Germans were allowed to order their own meal, the menu was limited, substitutions were not welcome and the chefs were easily insulted if the specials were ignored.
We turn now to a discussion of vocational training as another effort to shift competence in the course of institutional transfer. Once again, the process results in a reopening of fundamental questions of politics that lie at the basis of institutional design.

**VOCATIONAL TRAINING SINCE 1990**

The second section of chapter six continues the discussion of shifting competence during institutional transfer. The focus is on the move from central state authority in GDR vocational training to a complex division of labor between state and society in the West German dual system of vocational training. Since institutions that matter are built upon actors that matter, and building the former generally involves efforts to (re)construct the latter. In this context, institutional transfer can provide either the legitimation or the pretext for such a shift in competence. The section builds on two observations that dramatically complicate the task of institutional transfer: first, for a variety of reasons, the dual system in West Germany is facing a dramatic challenge in the early 1990s. Efforts to establish it in Eastern Germany come under the shadow of very serious problems in West Germany. Second, as we have seen in previous cases, Eastern German civil society is remarkably weak. There were few indigenous actors able to pull in this innovation. On the basis of these two observations, the narrative to follow builds two central claims: namely, that problems with vocational training in Eastern Germany are helping accelerate pressures for changing the system in all of Germany and, second, that notwithstanding the weaknesses of social actors in the East, some localities have managed the dilemmas much better than others.

---

52 Sections of the argument in this chapter were developed together with Richard Locke and form the basis for our paper, "Local Politics and Institutional Change: Reshaping Vocational Training in Eastern Germany," forthcoming in Lowell Turner (ed), The Political Economy of the Reunified Germany.

Wade Jacoby, MIT Department of Political Science Dissertation
The remainder of this section proceeds in five steps. The first section sketches in highly stylized terms the key features of West Germany's "dual system" of vocational training. Part two describes training arrangements in the former GDR and the process through which the West German model was transferred to the East. The third section presents evidence documenting the difficult and uneven transfer of these practices. I examine both aggregate data for the East as a whole, as well as information from a case study of two major industrial cities in Eastern Germany: Leipzig and Chemnitz (the former Karl-Marx-Stadt). The fourth section then explains the divergent outcomes observed in these two cities by analyzing how the same institutional practices were transferred to and embedded in two localities with distinctly different underlying patterns of associationalism and inter-group linkages. After discussing the general problems of transferring the training regime to the East and the variations in local capacities there, I return in the conclusion to the broader theme of the chapter. I do this by connecting these findings about institutional transfer to a discussion sparked by Joel Rogers and Joshua Cohen about the possibility of building more fruitful state-society divisions of labor in a range of policy areas -- a task for which German vocational training is an explicit model.

**BASIC FEATURES OF THE DUAL SYSTEM**

The dual system of vocational training hardly needs an introduction. Celebrated in song and verse for its contribution to the industrialized world's lowest youth unemployment rate, the system has been much admired, although its complexity has made copying it another matter.

There is an abundance of published material on various aspects of the German system of training, much of it with an eye to replicating these practices in other national settings. The first striking

---

53 For a recent useful summary, see Richard Koch and Jochen Reuling (eds), *Modernisierung, Regulierung und Anpassungsfähigkeit des Berufsausbildungssystems der Bundesrepublik Deutschland*. (Bonn: BiBB), 1994. German vocational training has appealed to industrialized and developing nations alike; on its use in the latter, see Horst Biermann, Wolf Dieter Greinert and Rainer Janisch (eds), *Systementwicklung in der Berufsbildung: Berichte, Analysen und Konzepte zur internationalen Zusammenarbeit*. (Baden-Baden: Nomos Verlagsgesellschaft), 1995; on
feature of the dual system is its coverage: around 70% of German youth (16-19 years of age) undergo the typically three year apprenticeships. At its heart, the system strives to combine work and learning. Apprentices often receive full-time employment contracts with the firm in which they train, although the *occupationally-based* certificates they receive also help make the skills portable. By matching youth to prospective occupations and firms, the dual system also functions as an allocation mechanism, critical not only in smoothing the school-to-work transition but also in reducing overall youth unemployment. And because the system provides German firms with highly skilled workers, it is often seen as facilitating firm-level adjustment and the introduction of new technologies.

Other key features that characterize the German training system include the role of the social partners in developing the content and regulating the implementation of training programs; the shared investment in training made by the government, private employers, and individual apprentices during the training process; and the role of the local chambers of industry and commerce (or craft chambers) in certifying the quality of the skills gained through training.

"Dualism" in the German system refers not only to the *structure* of the various training programs (primarily in-firm training augmented by vocational schooling) but also to their *content* (a mix of theoretical learning and applied skills) and *financing* (primarily private). In the dual system, apprentices attend one or two days a week of public vocational school, where they are taught general subjects like mathematics, history, and languages as well as the underlying "theoretical principles" associated with their future occupation. The remainder of the week is spent working at a firm, where apprentices acquire practical skills in the firm’s learning center and also in the ongoing production process. The workplace component of training is based on a training contract between the individual apprentice and the employer. While the required general school training is funded by the state governments, the costs of in-firm training are covered by the firms.

---


Wade Jacoby, MIT Department of Political Science Dissertation
As part of their contribution, youth accept wages that are between 25-44% of the skilled wage rate for the three-year apprenticeships. These "stipends" are negotiated through collective bargaining.

As in other advanced industrial nations, firms in the Federal Republic choose whether or not to engage in training, and only about 20% of West German firms have typically done so. A web of laws and regulations sets the standards to be met by training firms, develops and periodically revises the curriculum offered in the schools, and institutionalizes the participation of the unions and employer representatives at federal, state, sectoral and local levels. According to the Federal Vocational Training Law of 1969, all youth under 18 are eligible for training in any one of the 374 (1991 figure) recognized occupations. The content of the training programs on the shop floor is determined in a tripartite manner at the federal level. Unions, employer associations, and the federal government (through the Federal Institute for Vocational Training -- BiBB) negotiate the curriculum and the types of occupations to be covered by an apprenticeship. At the plant level, training is provided by firm employees certified as trainers and monitored by the works councils. National standards are maintained through a set of exams that are administered locally and which cover both the theoretical and practical aspects of training. Apprentices who pass these exams receive a certificate which is recognized all over Germany. Certification and quality control of training programs ensures the portability of these skills.

Central to the functioning of the German system are the supporting institutions associated with the apprenticeships, especially the local chambers of industry and commerce, craft or profession. Aside from examining individual apprentices and determining the eligibility of individual firms to train apprentices, these local chambers employ full-time staff to provide an array of services to assist firms in developing and/or improving their training capacities. Representatives from the chambers also meet regularly with union leaders, local school administrators, and officials from the local office of the government employment agency (Arbeitsamt) to negotiate adjustments to
local training profiles and ensure that the training provided meets well established standards. In short, the German system of vocational training rests on an articulated network of other organizations and private and quasi-public associations (chambers, unions and employers associations) in order to function properly.

As alluded to in the introduction, there are a number of problems currently facing Germany's vocational training system. While a long and complicated discussion has been underway in Germany about the sources of these problems, it is sufficient for our purposes to identify a "demand" problem and a "supply" problem, each with a few key facets. The demand problem can best be encapsulated in recalling the long-standing trend of German youth toward the Gymnasium, a trend noted earlier in this chapter. While some 16% of West German pupils attended the Gymnasium in 1960, the figure had essentially doubled by the end of the 1980s. While some youth with the Abitur do go on to complete an apprenticeship, the sources of the traditional clientele of the dual system, especially the Hauptschulen, have long been shrinking.

The "demand" of firms for apprentices is also problematic. A long term concern has been the importance of training in smaller, more artisanal firms. While the German dual system originated in artisanal firms in the late 19th century, the quality of training and likelihood for long-term employment in such firms is generally less than in industry or the public sector. Traditionally, craft training accounted for about one-third of all apprenticeships, but in recent years has become relatively more important because of large reductions in the number of industrial and public sector apprenticeship slots. The most striking case is that of the metalworking sector, where the number of new apprenticeships in metal and electrical occupations fell from 80,000 in 1987 to 57,500 in 1991 and 41,000 in 1994. Other critics have

---

54 One useful recent overviews of these problems is Antonius Lipsmeier, "Das duale System der Berufsausbildung: Zur Reformbedürftigkeit und Reformfähigkeit eines Qualifizierungskonzeptes," in M. Kipp et al (eds), Kasseler berufspädagogischer Impulse. (Frankfurt), 1994.

Wade Jacoby, MIT Department of Political Science Dissertation
recently argued for a need to adjust the occupation-centered focus of the current system so that it can respond to (rather than hinder) firm efforts to restructure along new, more flexible lines.\textsuperscript{56}

In 1990, these problems, while perhaps not so advanced as today, were still well known among specialists in the field. For our purposes, however, the key is that none of these concerns found expression in the official efforts to extend West German training to Eastern Germany. The process of institutional transfer has further exposed some of the major problems and/or weaknesses inherent in the West German training arrangements. But even in the face of grave problems since reunification, the reservoir of societal legitimacy of the dual system has proven itself nothing short of tremendous; even when the large sums committed to perpetuating the dual system threaten to undercut the essential logic of private financing, virtually no one in Germany makes a political issue of this existential anomaly. Rather, since reunification, the logic of exact transfer has prevailed, as West German employers’ associations, chambers of industry and commerce, government institutions, and unions have invested enormous resources in efforts to recreate dual training practices in the East. Before examining this process of institutional transfer, the next section will briefly outline the pre-existing training arrangements in the former GDR.

\textit{VOCATIONAL TRAINING IN THE GDR}

The central feature of the East German system was state authority over training, a feature which led to important differences with the "dual system" in the West. The GDR developed a hybrid form of training that was essentially a compromise between traditional German apprenticeship arrangements and the COMECON practice of unified firm-based training. Unlike in West Ger-

many, vocational schools in the GDR were actually located in the firms, and both pillars of the GDR training system executed centrally planned curricula on a tightly controlled schedule.

The crucial differences between West and East German vocational training systems lay, first, in the GDR’s much tighter integration of theoretical and practical instruction, albeit over an apprenticeship period of two years as opposed to three in West Germany; second, in the GDR’s much tighter concentration of training in large firms and its relative neglect of training in small artisanal and craft firms; third, in the GDR’s focus on training for industry and not for service occupations; and finally, in the obligation of East German citizens to take up an apprenticeship.\(^{57}\)

Training facilities in the GDR were located inside firms. Many firms, especially those in the same industrial conglomerate, shared training facilities, and by 1989 one in three apprentices was trained in a firm other than the one with which he or she had a training contract. As in the FRG, firms were expected to finance their own training. They could use the production of trainees towards the fulfillment of their production goals, but the costs of training had to be paid out of their own investment accounts.

While vocational schools in the FRG are financed by and under the jurisdiction of the cultural ministries of the various state governments, most GDR vocational schools were de facto subordinated to the directors of the conglomerates. Originally, the East German regime had planned merely to extend the traditional German system of apprenticeship training by building autonomous vocational schools. But in 1948, the SED began placing the schools under the authority of large firms, in part because party control was greatest in these firms. As Party control solidified, state authority over the vocational schools was consolidated, and by 1965 state authority over the in-firm schools was officially confirmed; in practice, however, the combine officials had enormous influence over the schools.\(^{58}\) Most East German youth entered vocational

---


\(^{58}\) Interviews.

Wade Jacoby, MIT Department of Political Science Dissertation
schools after successful completion of the ten-grade universal POS. Apprenticeships usually lasted two years, although for youth who left the POS before the tenth grade, they lasted three years. Finally, as in the FRG, the GDR employed individual training contracts to govern relations between individual youth and training firms.

GDR vocational schools had two principal forms: those located inside firms and those located in the community. The former enrolled about 68% of the GDR apprentices in 1982 while the latter taught 32% of the apprentices in the same year. Small firms, especially in sectors which could not afford their own training facilities, generally sent apprentices to the community schools. Over the course of the 1980s, the trend towards the firm-based schools continued so that by the final years of the GDR, about 80% of all vocational training was located within large firms.

As in the FRG, the GDR had a constitutional clause guaranteeing free choice of occupation. But unlike in the FRG, GDR citizens also had a constitutional duty to finish at least a partial apprenticeship. Although central planning heavily restricted the range of vocational choices available to East German youth, individual preferences played a greater role in determining vocational patterns than many accounts have implied. Beginning in the 1970s, local governments developed offices to advise youth about their choices, and by the late 1980s, about 50% of East German apprentices received training in their first choice occupation or a related field. Thus, although there was substantial channeling of trainees into vocations which were priorities of the state, many East German youth still had choices. Surveys indicate that the

59 Betriebsberufsschulen and Kommunaleberufsschulen.
61 Ulrich Degen, Günther Walden and Klaus Berger, Berufsbildung in den neuen Bundesländern (Berlin: BiBB, 1995). In addition to the two forms of part-time vocational schools, full-time Fachschulen were also an important part of the GDR system. Some students went to Fachschulen after their apprenticeship for more specialized or advanced certificates while others went directly to the Fachschulen from the POS to learn a school-based vocation.
occupational preferences of East German youth, like those of their peers in the West, were influenced much more by family and friends than by the state.\textsuperscript{62}

Over time, East German vocational training changed in structure and in content. The structural reforms and rationalizations of the 1960s and early 1970s led to the emergence of the massive, sector-based industrial conglomerates. As a result, a major curricular reform in 1977-78 produced very detailed content and testing manuals. As in West Germany, curricular changes were a major focus of training policies during the 1980s, and by 1988-89, 92% of the apprenticeships had been revised once again. As in the FRG, this reform process brought about a dramatic decline in the number of vocations offered: from 922 in 1957 to 318 in 1984.\textsuperscript{63} The content of training included both general knowledge and more specialized applications linked to the particular occupation. Despite curricular reforms, however, the prohibitive costs of technologically sophisticated training equipment — especially in the wake of the microelectronics revolution — clearly affected the content of training in the former GDR. Moreover, throughout the 1970s and 1980s, spending on vocational training actually represented a declining share of East German GDP.\textsuperscript{64} As a result, only about 20% of the apprenticeships (official estimates) underwent curricular change in light of the "scientific-technological revolution" represented by microelectronics.\textsuperscript{65} In the metalworking industry, apprenticeships with training in hydraulics and computer numerically controlled machinery were virtually nonexistent.

Apart from crucial differences in the structure and content of training between West and East Germany, there were differences in the kinds of firms in which training was conducted. Firms that trained in the GDR were generally much larger, trained many more apprentices, and were far

\textsuperscript{63} This was the number of subspecialties in the 28 broad occupational groups; see Zimmermann, op. cit., p. 330.
\textsuperscript{65} Anweiler, op. cit.
more concentrated in industry than is the case in West Germany. Small firms engaged in craft and artisanal work were often denied access to apprentices in the GDR. Thus, while in 1950 80% of all East German apprentices were trained in small firms, by 1989 the figure was only 3%. In the Federal Republic, by comparison, 35% of all apprentices were trained in small craft enterprises. Moreover, while 80% of GDR apprentices were trained in industrial firms and only 20% trained in service occupations, the West German figures were 52% and 48%, respectively. Thus, by the time of German reunification, the East German training system appeared, from a West German perspective, to be "backward" (because of the heavy reliance on industrial training) and "compromised" (because of the predominant role of the state).

Table 8: FRG and GDR employment in various sectors in 1989.

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>FRG</th>
<th>GDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce</td>
<td>49%</td>
<td>10%</td>
</tr>
<tr>
<td>Industry</td>
<td>32%</td>
<td>41%</td>
</tr>
<tr>
<td>Transport/Communication</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td>Construction</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>24%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

---

66 Degen, Walden and Berger, p. 16.
67 Degen, Walden and Berger, p. 36.
Table 9: Percentage of total employment in firms of various size in FRG and GDR in 1989.

<table>
<thead>
<tr>
<th>FIRM SIZE</th>
<th>FRG</th>
<th>GDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small (less than 100 emp.)</td>
<td>17.6%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Medium (100-499)</td>
<td>29.4%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Large (500-999)</td>
<td>13.2%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Very large (more than 1000)</td>
<td>39.8%</td>
<td>73.2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
(Source: Horst Siebert and Holger Schmieding, Restructuring Industry in the GDR, Kiel Working Paper no. 431, July 1990, pp. 7-8.)

Against the backdrop of these differences, the architects of reunification planned to breathe new life back into the skeleton of dual training in Eastern Germany. To do so they planned to transfer central state authority to the new Länder on the one hand, and to newly privatized or newly constituted firms on the other (especially small firms and those in service sectors). Thus, despite the continued existence of quasi-dualist institutions, both a change of competence and a change of structure were foreseen.

Unfortunately, privatization and green field investments have, up to now, not generated enough firms willing to train Eastern German youth. Between the implementation of the currency union in July 1990 and April 1991, East German production collapsed to less than one-third of 1989 levels before beginning to grow again. As a result of this economic collapse, employment has fallen dramatically. The number of persons in paid employment has dropped from just under 10 million in 1990 to around 5.5 million in 1995. Registered unemployment has risen to 1.2 million, although the de facto unemployment rate (the so-called underemployment rate) is twice the official rate of 15%, with the difference attributable to the massive deployment of active and passive labor market policies in the East. This economic situation holds deeply significant.

---

68 Labor market statistics are from the Federal Labor Office in Nürnberg, especially IAB Werkstattebersicht, Number 1.3, March 15, 1995.
implications for the process of the institutional transfer of training. The collapse of major industrial sectors and the on-going difficulties facing both newly established and recently privatized enterprises has restricted these firms' ability, let alone willingness, to train new apprentices. It is against this backdrop of the underemployment of a large part of the East German population that the dual system has faced its greatest challenge to date. In its most basic form the challenge is this: weak firms can draw on external labor markets instead of training to meet their modest personnel needs while Eastern German youth, horrified at the current lot of skilled workers they know, are reluctant to tie their life chances to a dual system apprenticeship. Yet, as we will see in a moment, the impact of the economic crisis on the reconfiguration of vocational training practices in the East, while great, has also been quite varied. Although the establishment of a West German-style "dual system" of training has experienced great difficulties in certain localities, in others, it appears to be making progress in training and placing youth in private firms. We now turn to a more detailed analysis of this process of institutional transfer and reform in the new federal states.

**EMULATING THE WEST: THE REDESIGN OF EAST GERMAN VOCATIONAL TRAINING**

The supposition that the East German economy could metamorphose toward the West German model was based on, among other things, the idea that East German workers had good skills and could acquire even better ones. Training was a cornerstone of many hopes to restructure the Eastern German economy. Following the establishment of monetary union in July 1990, the GDR parliament adopted the West German *Berufsbildungsgesetz* (BBiG) of 1969, the West German *Handwerksordnung* (HwO), and the West German provisions for training in the professions and in agriculture. The BBiG provides the legal framework governing training in industry and commerce while the HwO regulates training in the artisanal and craft occupations,

---

69 In addition to the enormous effort to establish initial vocational training, the subject of this paper, an even greater amount of resources was devoted to retraining adult workers; see Martin Baethge, et al, *Endbericht*.
which include most construction trades along with vocations like bakers, electricians, auto mechanics and hairdressers. With these steps, the most important legal basis for the unification of vocational training arrangements was laid. BiBB took over about one-third of the personnel from the GDR’s Zentralinstitut für Berufsbildung and extended its own responsibilities to Eastern Germany. Thus, even before the political reunification of the two Germanys, the reconstruction of vocational training in Eastern Germany was dominated by efforts to reproduce the actors and institutions found in West Germany.

Following reunification, this process entailed establishing a new legal foundation for training, transferring formal competencies, and creating actors capable of exercising oversight. There was no effort to accommodate particular individual East German approaches to training, nor to address problems which had long vexed the West German training system. For example, the close cooperation between vocational school teachers and the in-firm trainers which characterized the East German system was seen by West Germans as an outgrowth of centralized training and as such incompatible with the dual system. In reality, however, closer cooperation has long been a desired goal in the FRG, but because most training in West Germany takes place in many smaller firms, coordination with schools is much more difficult to achieve. The East German practice of allowing some youth to integrate academic and vocational credentials in one apprenticeship, a step which some West German employer associations have since publicly called for, was then opposed by the West German chambers of commerce and damned as a political tool for privileging an SED elite. West German training authorities did initially agree to recognize some thirty East German vocational profiles, although in most cases the process stalled before official regulations were ever written. In short, the overwhelming thrust of efforts to reform East German vocational training was geared toward reproducing West German structures.


Wade Jacoby. MIT Department of Political Science Dissertation
and practices as closely as possible. Individual GDR techniques or policies were seen as unsuited to the larger logic of the dual system or as tainted by political interest.

After October 3, 1990, the five new Länder each placed representatives on the expanded governing board of BiBB, while representatives of the unions and employers from the new states also took their places in BiBB’s corporatist governing body. Authority for the vocational schools was transferred to the newly established state and municipal governments. In practice, this meant that physical facilities located inside the large East German conglomerates were given over to local authorities. In the first year of reunification, over half these schools were then reorganized as branches of larger community-run schools. The physical facilities in the vocational schools are, despite some modernization, generally in very poor shape -- certainly much worse than the in-firm and extra-firm sites for practical training which have been generously refurbished with federal and EU funds.

While state and local authorities were acquiring control over the vocational schools, the municipalities began transferring their oversight of in-firm training to the craft chambers and the chambers of industry and commerce. The craft chambers had existed during the GDR period but had overseen only the training of the master craftsmen while the chambers of industry and commerce had been completely dismantled in the later years of the GDR regime. An enormous cooperative effort on the part of West German chambers, along with substantial investment subsidies from the federal government, led to the relatively rapid establishment of formal competence by these chambers. No systematic evidence exists on the extent to which personnel from the municipal governments carried expertise in training oversight into the chambers, but anecdotal evidence suggests that virtually every chamber received at least some such personnel.

---

73 Interviews; See also the discussion in Johnson, op. cit., pp. 12-14.
The FRG and GDR regimes had negotiated a number of special provisions aimed at officially recognizing GDR certificates (important because of the system of prerequisites for further training in West Germany), and at the continuation of ongoing apprenticeships. Youth who were already in training during the reunification process were given a choice of continuing under the GDR curriculum or switching to a new curriculum adopted from the West. Much more important were a series of ad hoc programs designed to ease the transition toward a West German-style dual system. These programs were directed, first, at building training capacity in Eastern Germany and, second, at providing training for youth for whom traditional in-firm training was not yet available. The first kind of measures included the bundling of European Union, federal, and state monies to provide incentives for firms already having training facilities to maintain and renew these capacities. Total spending on physical infrastructure from the federal government alone equaled 450 million DM from 1990-1994. In addition, a variety of programs were developed to encourage other firms to train youth. A high priority was assigned to training in the craft and professional (tax advisors, legal assistants, medical technicians) areas. Each state developed programs which provided between 4000 and 10,000 DM for each new apprenticeship offered by small firms, usually those with under 25 employees. By contrast, industrial and commercial firms received relatively less public funding. For the period up to 1994, firms in industry and commerce received just over 10% of public subsidies in Saxony, with the rest going to craft, artisanal and white collar employers.

74 See IG Metall, "Informationen zum jetzt geltenden Recht der beruflichen Bildung in den neuen Bundesländern," January 1991; this document lists seven minor rule changes designed for transitional purposes.
75 With a contract signed before August 13, 1990.
76 Most interview partners suggested that youth overwhelmingly chose to switch to the West German curriculum offered for their occupation.
77 Combined spending from ministries of education and economics; in some cases, these facilities could also be used for further training of adults. See Degen, Walden and Berger, p. 136.
78 Interviews.

Wade Jacoby, MIT Department of Political Science Dissertation
A combination of economic crisis plus targeted policy initiatives from both the state and the social actors engaged in West German training programs have fundamentally shifted the structure of training in Eastern Germany. The sheer volume of change since reunification is striking. Reduction of industrial training in large firms has been accompanied by vigorous efforts to promote training both in small and medium sized firms from a broad variety of commercial branches, as well as in the public sector in administrative and service occupations. Whereas in 1989 only 3% of the GDR youth cohort were trained in craft firms and over 80% in industrial firms, by 1993 49% of the youth in the East were being trained for careers in industry and commerce, 38% in crafts, 5% in professional occupations and 2% in agriculture. When one includes only classic in-firm training, the shifts appear even more stark: 50% in crafts, 30% in industry and commerce (18% and 12%, respectively), 11% in the public sector, and 5% in the professions. Among men, fully 67% of those apprentices with an in-firm slot are in the craft sector with only 21% in industry and commerce and an additional 10% in the public sector.

Carsten Johnson has persuasively linked the increase in craft-based training to three factors. First, there was pent up demand from the GDR period for craft and artisanal work -- demand that had never been accommodated because of the shortage of craftsmen. Second, the boom in craft training has continued in part because the boom in the craft economy has continued. Especially in the construction trades, which in 1994 represented 32.4% of the Eastern German industrial economy, the rebuilding of Eastern German cities, housing stock, commercial properties and transportation has resulted in a demand for skilled labor. Finally, targeted programs by both the federal and state governments have favored the creation of new apprenticeships in the

---

smallest firms.\textsuperscript{82} Craft firms have made an enormous contribution to easing the shortage of firm-based apprenticeship opportunities, although, on the negative side, construction firms are more dependent than any other branch on state subsidies.\textsuperscript{83} Such programs have offered payments from about 3000 to in some cases 10,000 DM for the creation of extra apprenticeships.

Along with the substantial shift away from training for industrial occupations and toward crafts, a significant number of non-firm based apprenticeships have been created in Eastern Germany. The original unification statutes foresaw both the use of the standard West German provisions for the training of educationally disadvantaged youth at "extra-firm" sites, along with the creation of a special program which aimed at promoting extra-firm training through the 1992-93 school year.\textsuperscript{84} The original hopes of Germany's policy-makers that substantial extra-firm training would be limited to the first three years have now been shattered. Extra-firm training did decline from 37,000 slots in 1990 to 20,700 in 1991 and only 13,200 in 1992. But as these special provisions neared their expiration dates, it became clear that extra-firm training was still needed, especially to cope with larger cohorts which will appear in the near future as a result of both strong birth rates in the mid-1970s and the demand from those youth who had earlier stayed in school because of a lack of training opportunities.

Each spring, German newspaper headlines have trumpeted the large gaps between the number of youth seeking apprenticeships and the number of apprenticeships advertised by firms at the local employment offices. As the figures in Table 10 demonstrate, extra-firm training made a sub-

\textsuperscript{82} Johnson, op. cit., p. 16.
\textsuperscript{84} West German labor law includes two kinds of "extra-firm" training: \textit{"außer-betriebliche"} training usually occurs when the training firm is unable to provide certain elements of required instruction -- often because of a lack of expensive equipment. This training can then be provided outside the firm at a "training center" run by a private firm or by the chamber of commerce; \textit{"über-betriebliche"} training is much less common and occurs when youth cannot find a firm willing to train them. In some cases, the labor offices will pay for their qualification entirely at one of these training centers. When this essay speaks of "extra-firm" training, it means the latter concept, which has been greatly expanded in Eastern Germany.
stantial contribution to total training in each of the first five years after reunification. Further, the demographic figures suggest that youth cohorts, after rising from an average of about 175,000 per year during the first four years of reunification, will, from 1994 through 2000, run at an average of 210,000 per year. In other words, state efforts to retreat from financing the non-school portion of vocational training are colliding head on with the recalcitrance of firms and with demographic developments which have exacerbated the shortfall of apprenticeships.

Table 10: Firm-based and extra-firm training in Eastern Germany

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicants</td>
<td>145,700</td>
<td>138,300</td>
<td>145,600</td>
<td>171,100</td>
<td>203,000</td>
</tr>
<tr>
<td>Total apprenticeships</td>
<td>99,700</td>
<td>95,800</td>
<td>97,200</td>
<td>114,600</td>
<td>n.a</td>
</tr>
<tr>
<td>Extra-firm slots</td>
<td>37,000</td>
<td>20,700</td>
<td>13,200</td>
<td>27,100</td>
<td>n.a</td>
</tr>
<tr>
<td>Firm-based slots</td>
<td>62,700</td>
<td>75,100</td>
<td>84,000</td>
<td>87,500</td>
<td>n.a</td>
</tr>
<tr>
<td>Ratio of firm-based slots to applicants</td>
<td>.43</td>
<td>.54</td>
<td>.58</td>
<td>.51</td>
<td>n.a</td>
</tr>
</tbody>
</table>

Source: Schober, op. cit., p. 4; Berufsbildungsbericht, 1995 (draft).

Thus, notwithstanding the substantial efforts of a number of political and social actors, firm-based vocational training has not yet been established in Eastern Germany in ways that reconcile financing by firms of their own labor market needs with the aspirations of Eastern German youth.

85 See Johnson, op. cit., p. 17; own calculations.
That is, Eastern Germany suffers from particularly acute versions of ills that had increasingly plagued West German training. Firms increasingly view training as a cost to be controlled while youth increasingly see higher education as necessary insurance against unpredictable labor markets. Moreover, policies designed to make training more attractive for firms almost invariably make vocational training less attractive for Eastern German youth. To the extent that the federal and state governments try to resolve this dilemma with financial incentives, they run the risk of being forced to permanently assume financial responsibility for a sizable portion of vocational training. This would not only strain state budgets but presumably also reduce the capacity to continually adapt the curricula of training in ways consistent with actual changes in the economy. Before moving to a discussion of the possibilities for addressing this dilemma at the local level in Chemnitz and Leipzig, it is worth considering its broader outlines here.

Compounding the challenge to the dual system that arises from the expiration of special transitional programs and a growth in demand for apprenticeships is the much greater danger that East German firms are collectively unenthusiastic about training. Systematic data on this point is hard to find, but Eastern German chambers of commerce and industry cite figures suggesting that only 5-10% of their member firms are engaged in vocational training. More worrisome still, the firms that currently train appear ambivalent about continuing. A 1994 survey of 1575 East German firms that trained apprentices revealed that in the next three years far more were planning to reduce their training efforts than to expand them. Another study of approximately 100 East German firms that did not currently train youth revealed that they had quite varied reasons for not training. The firms, nearly three-fourths of which were, by their own judgment,

86 Interviews; IHK Südwest Thüringen conference.
87 Firms engaged in training in both the industry and commerce and craft jurisdictions were asked whether they planned to increase, sustain or decrease their training in three kinds of occupations: productive, white-collar and other service-oriented occupations. While a plurality of firms projected that they would maintain the status quo, for those who did expect changes, substantially more foresaw decreases than increases. Thus, in production occupations, 14% projected increases, 59% foresaw stability and 27% expected decreases in future training. For white collar occupations, the numbers were 12, 48 and 41%, respectively. For other service occupations, the figures were 9% increase, 54% status quo and 37% decrease. As is the case in these firms' more general employment projections, firms with more than 250 employees, industrial firms, current and ex-Treuhand firms and firms with low orders were the most pessimistic; see Degen and Walden, op. cit., pp. 2063-2064.
either fairly modern or in the process of becoming so, and of which 55% saw their economic health was "very good" or "excellent," claimed that they did not train because of the time and resources required for training, their lack of need for new apprentices, a lack of training personnel, and the uncertain future of the firm.88 Both of these studies indicate that the broader problem of training in Eastern Germany is linked to financial assistance from the state. State financing is highly desired by East German firms for a variety of reasons, but without such financing about one-third of firms suggest they would stop training.89

The heavy reliance on public funding to support training in Eastern Germany has become a contentious issue in contemporary German politics. In order to prevent a "training catastrophe" in Eastern Germany, the government has heavily subsidized training in many firms and has also established large numbers of extra-firm training slots. Whereas public funding for extra-firm training in the old federal states amounts to a mere 7000 spaces annually, various reports from the East suggest that between 50-80% of all apprenticeships in the new federal states are either partially or fully funded by the state.90

Even in Saxony, the most prosperous of the new federal states and the least inclined to grant subsidies, Ministry of Economics and Labor officials claim that 47% of all training slots receive partial or complete funding from the government. In short, labor market developments in Eastern Germany have stubbornly refused to conform to the West German practice of private sector funding for apprenticeship training. Whereas German policy-makers envisioned a rapid phasing out of state subsidies for both in-firm and extra-firm training, the need for such funding

89 Degen and Walden's data show that among the 30% of firms that appear "dependent" upon state subsidies for their willingness to train, small firms with under 20 employees and firms belonging to the crafts chambers (as opposed to industry and commerce or the professions) are strongly overrepresented; see pp. 2072-2073.
90 The Frankfurter Rundschau, February 18, 1995 reported 60%. In a Landtag speech in Potsdam on March 23, 1995, Brandenburg's Minister of Labor, Regina Hildebrandt, claimed the figure was about 80%. In 1994-95, Brandenburg will spend about 84 million DM to promote vocational training.
has remained steady. For the 1994-1995 school year, approximately 35,000 in-firm slots were being subsidized by the federal and state governments at a total cost of 400-500 million DM.\footnote{Frankfurter Rundschau, January 9, 1995.}

Looking beyond the financing problem, however, a number of other factors hinder firm-based training. Among the key functional tasks requested both by firms currently engaged in training, and by firms not currently training but which might be persuaded to do so are: training for their \textit{Meister}, more and better advising on training, more and better information on training, the construction of cooperative training partnerships among individual firms, better coordination with the vocational schools, and concentrated help in preparation for the vocational exams administered by the chambers. In all these areas, the possibilities for retaining firms that currently train, as well as for convincing new firms to undertake training, seem closely connected with the ability of local actors to provide a number of these functions. In the next section, we will investigate, through the examples of Leipzig and Chemnitz, whether or not, and if so how, individual chambers of industry commerce and crafts have coordinated their work with local unions, employment offices and vocational schools to maximize the attractiveness of the dual system for local youth and for the firms in their regions.

As the above section illustrates, there are several major challenges to the establishment of a dual system of training in Eastern Germany. A combination of economic crisis, massive unemployment, and shifting demographics has led to a significant mismatch between numbers of youth interested in pursuing apprenticeships and numbers of firms able and/or willing to train. As a result, the federal government as well as the various new state governments in Eastern Germany have had to provide significant levels of funding both to subsidize in-firm training in those Eastern German firms that do train, and to create extra-firm training slots for a variety of different occupations. Although these measures were initially seen as temporary and transitional, officials worry openly that these "atypical" funding and training arrangements will have to
continue for the foreseeable future, lest large numbers of each year's cohort be released onto slack labor markets without occupational training. As a result, it often appears as if efforts to establish a West German-like system of dual training in the ex-GDR are failing.

Yet on closer examination, it is clear that this process of institutional transfer is not, in fact, a complete failure. Instead, it is encountering mixed results in different localities in the East. In certain localities, vocational training practices appear to be developing along well-established and stable lines, whereas in others, dual system arrangements continue to appear weak and/or precarious. What explains these differences and what do they tell us about the broader issues of institutional transfer and performance? The claim developed below is that the capacity of local actors to engage in a variety of information gathering, persuasion, and monitoring tasks -- tasks integral to the dual system -- and to make optimal use of various public and private resources available to promote training in Eastern Germany is, in turn, dependent on the underlying structure of associationalism and intergroup relations of the localities in which they are embedded. Whereas in some localities, socio-political relations are structured in a way that promotes information-sharing and the pooling of scarce resources, in others, local actors are divided among and suspicious of one another -- making collective endeavors difficult to imagine, let alone implement.

This working hypothesis can be examined by looking at the development of vocational training practices in two cities in Saxony: Chemnitz and Leipzig. In both, deindustrialization was massive but did not reduce industrial employment to the truly insignificant levels found in other parts of Eastern Germany. In relation to other Eastern German cities, both Chemnitz and Leipzig have high numbers of associations and interest organizations, including many which have been active in countering the disruption of economic and social change.\footnote{Petra Karrasch, "Gewerkschaftliche und gewerkschaftsnähe Politikformen in und mit der Kommune: Leipziger Erfahrungen," in Susanne Benzler, Udo Bullmann and Dieter Eibel (eds), Deutschland-Ost vor Ort: Anfänge der lokalen Politik in den neuen Bundesländern, (Opladen: Leske+Budrich), 1995; Katharina Bluhm, "Regionale Unterstützungsnetzwerke in der ostdeutschen Industrie: Der Interessenverband Chemnitzer Maschinenbau," in}
location relatively far from the old FRG border has meant that daily commuting for employment or apprenticeship opportunities in the West has been quite limited.

The analysis centers on Saxony because in many ways it represents a "best case" scenario for the successful establishment of West German-style vocational training practices. Dual vocational training depends on a healthy underlying economy and Saxony is, by all accounts, the Land with the highest levels of absolute and per capita economic activity in all of Eastern Germany. The unit of analysis is the labor market district which, in both places, includes a small portion of the rural area around the cities. Although the two cities were hardly socio-economically identical in 1989, there were several commonalities in terms of industry structure, demographics, and institutional supports which suggested they could serve as matched cases to compare and assess the viability of the argument concerning the importance of local socio-political relations. On the basis of a range of quantitative and qualitative measures, Chemnitz appears to perform more or less on average with other Eastern German cities in terms of the development of dual system training arrangements, whereas Leipzig has performed well above the norm. The differences appear to be due to the alternative underlying structures of socio-political relations in these two cities.

A TALE OF TWO CITIES

Leipzig, the tenth largest city in Germany, is situated in the western part of Saxony. Its position on important trade routes permitted the city to become one of Germany's leading commercial and cultural centers by the early eighteenth century. In the nineteenth century, trade in books, yarns, furs and textiles continued to dominate the local economy, but with the opening of the Leipzig-Dresden railroad in 1839 (the first in Germany), the city's banking, textile, and metalworking


Wade Jacoby, MIT Department of Political Science Dissertation
industries began to develop. By the turn of the century, Leipzig was a major industrial city and leading center of the German labor movement.

In the last years of World War II, major areas of Leipzig were destroyed. Yet during the GDR regime, the city was rebuilt and once again emerged as a major industrial center. The city's principal industries included book publishing, large-scale engineering, electrical products, textiles and apparel, chemicals, and machine tools. The Leipzig Fair, held every spring, became one of the most important trade forums between Eastern and Western Europe.

In 1989, Leipzig was the center of the citizen protest movements which led to the collapse of the GDR regime. Organized around the city's Protestant churches, a variety of loosely affiliated groups and movements converged into a mass protest movement in the fall of 1989. Unlike the predominantly left-liberal religious groups in Berlin, the church-based movement in Leipzig was more conservative and was able to work closely with the CDU. The revolution begun by the citizens of Leipzig brought enormous changes not only for the GDR, but also for the city. Like virtually all Eastern German cities, Leipzig experienced a significant loss in population after the revolution (from 530,000 in 1989 to about 480,000 in 1994). Following German reunification and the collapse of Eastern European markets, Leipzig's industries went into a severe crisis. The rapid privatization policies of the Treuhandanstalt, the government agency responsible for selling state owned firms, led to plant closings and job losses in Leipzig, as everywhere in Eastern Germany. Industrial employment dropped from 109,153 in 1989 to 19,117 in the summer of 1993 -- a loss of 82.4%. This figure of less than 20,000 industrial workers appears even more dramatic when compared to such figures for similar sized West German cities: Stuttgart with industrial employment of 126,000, Hannover, with 96,378 industrial workers, and Nürnberg with 76,100 industrial jobs. In Leipzig's important metalworking sector, employment

---

93 Karrasch, op. cit, p. 103.
in 1989 amounted to about 79,000 jobs. By 1993, metalworking employment in Leipzig was reduced to about 5000.

For the first two years after reunification, the municipal government of Leipzig did little to combat directly the rapid de-industrialization of the local economy. Instead, it focused its efforts on building a new convention center in order to promote trade fairs and attract investment by West German banks and insurance companies. The hope was that a flourishing service economy would compensate for the huge job losses in the industrial sector. Only in 1992 did the city administration turn its attention (and modest resources) to developing a plan for a more balanced local economy.94

These economic developments have posed dramatic challenges for both public and private actors as they seek to establish dual-system vocational training in Leipzig. As in other parts of Eastern Germany, previously conglomerate-based training centers have been converted into public-funded vocational schools, and thus the school-based component of training is well-established in Leipzig. But the massive plant shutdowns and industrial bankruptcies that have taken place, not only in Leipzig but throughout Eastern Germany, have rendered the firm-based component of vocational training especially difficult to develop. As we saw above, the vast majority of East German firms do not train. Given their uncertain economic situation, as well as the abundance of skilled, underemployed workers found in the local labor markets, they see few incentives to engage in initial youth training.

Notwithstanding these challenges, however, dualistic training arrangements appear to be taking root and developing in Leipzig. For example, one important if somewhat crude measure of local "success" in developing vocational training arrangements is the actual number of apprenticeships offered and, since it controls for population size, the percentage of youth whose efforts to find an

94 Karrasch, op. cit, p. 105.
apprenticeship can be accommodated. In absolute terms, the Leipzig employment office district offers more apprenticeships than any other in Eastern Germany. The district has shown an impressive and steady rise in the number of firm-based apprenticeships offered, from 4,769 in 1992 to 6,364 in 1993, and rising again to 7,482 in 1994.\(^{95}\) Increases in the supply of in-firm apprenticeships have also meant that the backlog of youth remaining in schools because of lack of possible job or training opportunities is now relatively smaller in Leipzig than in other Eastern German cities. Thus, although official supply-demand figures for Leipzig (102.0) are only modestly above the official East German average (99.9) (a measure that carries significant political valence and thus, through government subsidies and other policy measures, is kept virtually uniform across Eastern Germany), the ratio in Leipzig has been maintained despite a large increase in demand in recent years.

A second indicator of the successful development of vocational training arrangements in Leipzig is the range of apprenticeships offered. The assumption underlying this measure is simply that youth who confront a broader range of career choices are better off than those who have fewer. BiBB data from 1994 put Leipzig's overall supply-demand ratio in thirteen selected occupational categories as the highest of any employment office district in Eastern Germany.\(^{96}\)

A third measure of how well West German-style training practices are performing in Leipzig is the relative reliance on extra-firm training to accommodate the demand for training by local youth. The basic assumption underlying the German dual training system is that in-firm training is far better than extra-firm training (better for youth because it links them to potential employers; better for employers because it permits them to recruit, screen, and train future employees; and better for the government because it splits the costs of training with the private sector). The limit to this assumption, however, is that there be sufficient numbers of firms

\(^{95}\) 1992-1993 data from Ausbildungsstellenmarkt 1994; 1994 data from Landesarbeitsamt Sachsen, Table 2.2.

\(^{96}\) BiBB Erhebung of September 30, 1994, Table 1/1.

Wade Jacoby, MIT Department of Political Science Dissertation
willing to train. Given that this is not the case in Eastern Germany, and given the employment offices' immediate concern to place youth in some form of training program, extra-firm training in Eastern Germany has grown again in recent years. Accounts abound of youth being trained to be florists, auto mechanics, or hairstylists in numbers that the local labor markets will clearly be unable to absorb. Yet, even the trade unions, which bitterly denounce what they perceive as employer efforts to shift the costs of skill formation from the private to the public sectors, have generally supported extra-firm training with the agreement that "some training is better than none at all." Nonetheless, the danger is clear that youth are being trained for jobs that do not and perhaps will not exist. Federal Employment Office data show that in November 1993, 62% of youth in in-firm apprenticeships gauged their employment chances after completion as "good" or "very good," whereas only about 47% of those in extra-firm training were so confident.97 Union representatives claim the situation is actually a good deal worse than these youth expect, with only about 20% of those who finish extra-firm training actually landing jobs in that occupation.98

Leipzig was, at one point, considerably ahead of other labor market districts in Eastern Germany in the percentage of total training slots that were firm-based. In 1992, 98% of Leipzig's apprenticeships were firm-based, easily the highest rate in Eastern Germany.99 In subsequent years, Leipzig's distinctiveness on this dimension has narrowed. However, Leipzig still relies less than most other Eastern German districts on extra-firm training to compensate for shortages of in-firm training. More importantly, it has maintained this high percentage of in-firm training at a time when it dramatically increased the number of apprenticeships. Ceteris paribus, this is obviously preferable to an above average ratio with stagnant or negative overall supply trends. In short, it appears as if Leipzig, notwithstanding its severe economic difficulties, is making significant progress in developing a viable dual-system of vocational training.

97 Schober, op. cit., p. 20.
98 Interview.

Wade Jacoby, MIT Department of Political Science Dissertation
Chemnitz, the former Karl-Marx-Stadt, is also located in Saxony, and like Leipzig, its development was triggered by its location on two important trade routes. With its early monopoly in textile bleaching, Chemnitz emerged as a major textile and linen center. In fact, the first spinning mill in Germany was operated in Chemnitz. In the nineteenth century, Chemnitz developed other industries as well. The first machine tools and the first German locomotive were built there. During the industrial revolution factories were built at such a pace, and pollution was so great, that the city was nicknamed the "Manchester of Germany." Prior to WWII, Chemnitz typically was the municipality with the highest turnover tax receipts per capita in all of Germany.

The city was severely damaged in World War II, but it was largely rebuilt and then held up by the GDR regime as a showpiece of modern town planning. Some traditional Chemnitz firms did escape SED control by relocating to West Germany -- the Audi plant in Ingolstadt, Bavaria, is only one example. Most firms, however, stayed, and during the GDR regime, Chemnitz served as a transportation hub and a major center for light and heavy engineering, textiles, automobiles, commercial vehicles and chemicals.

Like Leipzig, Chemnitz experienced a decline in population after German reunification, from 302,000 in 1989 to 279,000 in 1994. And similar to Leipzig, the industrial base of Chemnitz also underwent an enormous contraction in the first years following German reunification. The traditional machine tool, textile machinery and automobile industries suffered especially heavy losses. For example, in the local metalworking sector, 80,000 people were employed in 1989. By 1993, metalworking employment in Chemnitz remained at about 15,000 people.100

As well, the first several years following reunification appear to have been rife with political conflict in Chemnitz. The most fundamental conflict centered around the issue of what, if anything, the local government should do to "save" traditional firms and promote an economic

100 Interviews.

Wade Jacoby, MIT Department of Political Science Dissertation
recovery for the city. The fight pitted the local CDU, which opposed any type of structural policy for the region, against the SPD and the unions, who sought to pressure the Treuhandanstalt and the state government of Saxony to help the region. Although certain forms of collaboration did emerge in Chemnitz, especially the Interessenverband Chemnitzer Maschinenbau (ICM) -- which linked together unions and business interests in shaping the rationalization and resisting the liquidation of local machine tool companies -- for the most part, the city was characterized by little cooperation among local actors.

Chemnitz has been much less successful than Leipzig in establishing vocational training in the five years since reunification. On the simple dimension of total supply, Chemnitz has remained stagnant, providing about 4,000-4,500 training slots each year between 1992-1994. Thus, whereas total supply in Leipzig has increased 59% in recent years, supply in Chemnitz has grown by less than 1%. As a consequence of the shortage of apprenticeships, youth in Chemnitz have remained in the public schools waiting for the situation on the training market to improve. Chemnitz officials now estimate that about 38% of all 12th and 13th graders will ultimately enter a dual system apprenticeship, and these officials speculate that many youth will continue on toward the Abitur simply because they have not found attractive opportunities in the dual system.

Chemnitz also lags behind Leipzig in breadth of training opportunities. Of the 50 occupational groups listed in the Federal Employment Office statistics for 1992 and 1993, Leipzig offered, after controlling for the size of the districts, substantially more opportunities than Chemnitz in 14

101 Although, as chapter five demonstrated, the cooperation between the SPD and trade unions in Chemnitz was also problematic.
102 See note 44. Data from the current year are not yet available, but in March 1995 Chemnitz had so far reported a 15.3% decrease in the number of firm-based apprentices available as compared to March 1994. Arbeitsamt Chemnitz, "Kritische Entwicklung auf dem Ausbildungsmarkt," April 6, 1995, p. 2. Officials in Leipzig said preliminary data showed a "slight increase" over the previous year.
103 Arbeitsamt Chemnitz, ibid., p. 3.
occupations, while Chemnitz offered advantageous conditions in only four.\textsuperscript{104} Leipzig's supply advantages come from a number of different sources in the economy. Service and construction apprenticeships make up more of these opportunities than do industrial jobs, but Leipzig has expanded industrial apprenticeships as well. While apprenticeship slots in industry and commerce declined by 600 in Chemnitz between 1992-1993, they rose by about 600 in Leipzig during this same period. BiBB data from 1994 confirm this picture of an almost across-the-board advantage in the availability of training opportunities in Leipzig. Of the thirteen occupational categories listed, Chemnitz offered a better supply-demand ratio in only two (interestingly, both are service sector occupations). Leipzig led in all other occupational groups.\textsuperscript{105} Finally, although the percentage of in-firm as opposed to extra-firm training slots in Chemnitz is about the same as in Leipzig, the supply of in-firm slots in Chemnitz has remained essentially flat in recent years, whereas it has experienced a substantial expansion in Leipzig and also a modest but still significant expansion in the rest of Eastern Germany during these same years. (See Table 11).

Table 11: Total and firm-based growth of apprenticeships in Chemnitz and Leipzig.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leipzig</td>
<td>98%</td>
<td>90%</td>
<td>87%</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Chemnitz</td>
<td>88%</td>
<td>90%</td>
<td>88%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>EG avg.</td>
<td>81%</td>
<td>n.a.</td>
<td>n.a.</td>
<td>6%</td>
<td>16%</td>
</tr>
</tbody>
</table>


Thus, measured along several dimensions, the differences in vocational training outcomes in Chemnitz and Leipzig appear quite striking. Although both cities have a relatively high

\textsuperscript{104} In the remaining categories, no significant differences existed once population differences were controlled for; BiBB, Ausbildungsstellenmarkt 1983-1993, sections AA 075 and AA 073.

\textsuperscript{105} See note 45.
percentage of total training slots in firms, both the actual number and range of new training opportunities in Chemnitz are much more limited than in Leipzig. How do we explain these differences, especially given that both cities are embedded in the same institutional environment?

**ALTERNATIVE EXPLANATIONS CONSIDERED**

Given the importance of economic activity for the functioning of dual training, and the fact that Eastern Germany has experienced a severe economic crisis since reunification in 1990, one's first instinct is to attribute differences in the performance of training arrangements in Leipzig and Chemnitz to differences in either the overall *levels* of economic activity in the two cities or the *composition* of their local economies.

Certainly some economic differences exist. For example, the official current unemployment rate in Leipzig is 12.4% while in Chemnitz it is 15.7%. Yet underemployment in the two cities is comparable at about 33% in Chemnitz and 32% in Leipzig.\(^{106}\) As table 12 shows, the composition of the two local economies differed somewhat in 1989. Chemnitz was a slightly more industrial city than was Leipzig, and since reunification a combination of de-industrialization and new investment in banking and services has continued to make Leipzig a less industrial city than Chemnitz.

**Table 12: Composition of the local economies of Chemnitz and Leipzig in 1989.**

<table>
<thead>
<tr>
<th></th>
<th>Industry</th>
<th>Crafts</th>
<th>Construction</th>
<th>Transportation</th>
<th>Trade</th>
<th>E, C &amp; H*</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leipzig</td>
<td>34%</td>
<td>4%</td>
<td>8%</td>
<td>9%</td>
<td>13%</td>
<td>26%</td>
<td>6%</td>
</tr>
<tr>
<td>Chemnitz</td>
<td>42%</td>
<td>3%</td>
<td>7%</td>
<td>8%</td>
<td>11%</td>
<td>22%</td>
<td>7%</td>
</tr>
</tbody>
</table>


---

\(^{106}\) Underemployment includes people involved in short-time work, job creation schemes, further training programs, and early retirees; IAB *Werkstatthericht*, Number 1.3, March 15, 1995; Karrasch, op. cit., p.115.

Wade Jacoby, MIT Department of Political Science Dissertation
Although the two local economies are not identical, the above data indicate they are not all that different either. In other words, Leipzig and Chemnitz clearly differ in their current unemployment rates and sectoral composition, but these differences are not sufficient to explain the divergent patterns in training between these two localities. For instance, although there is relatively more industry in Chemnitz than in Leipzig, the number of apprenticeship slots in industry in Leipzig actually grew by about 600 in recent years, whereas in Chemnitz there was an equivalent decline during the same period. Likewise, a look at the breakdown of apprenticeship slots in the two cities reveals no important differences in the basic composition of training opportunities in Chemnitz and Leipzig in terms of industry and commerce versus crafts, administration and agriculture.

Table 13: Breakdown of apprenticeship slots by sector in Chemnitz and Leipzig.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry and Commerce</td>
<td>52</td>
<td>47</td>
<td>57</td>
<td>49</td>
</tr>
<tr>
<td>Crafts</td>
<td>33</td>
<td>42</td>
<td>28</td>
<td>39</td>
</tr>
<tr>
<td>Administrative</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Own calculations based on Federal Employment Office Statistics.

Another factor which casts doubt on the hypothesis that economic performance alone could explain variation in the supply and quality of apprenticeship slots is the indication that many flagship firms in Eastern Germany are nevertheless very reluctant to train. A prominent example is the Opel plant in Eisenach, which only recently agreed to take on a few apprentices. Unlike in West Germany, where large firms train almost without exception, neither size nor firm health is a
reliable predictor of training in Eastern Germany. Thus, economic vitality and/or structure alone cannot account for the divergence of training patterns between Leipzig and Chemnitz.  

A second possible explanation for the differences observed focuses on policy differences between the two cities. Perhaps Leipzig benefited more from particular public policies and subsidies than did Chemnitz. Yet the most important programs affecting vocational training promotion come from either the federal government or the individual states. And given that both Leipzig and Chemnitz are located in the same state (Saxony) and thus are eligible for the same programs and funds, policy differences between the two cities are also controlled for. Even if Leipzig had obtained more government funding than Chemnitz (it was not possible to collect data on this question), the issue to be explored would not be the amount of funding received by each city, but rather why Leipzig was more capable than Chemnitz of tapping into funds available to all cities in Eastern Germany and/or Saxony. In other words, closer examination of local politics, and not of federal and state level programs, would be required.

A third possible explanation centers around the qualitative features of civic life in the two localities. In his recent book on regional government in Italy, Robert Putnam has argued that the "vibrancy of associational life" is important in promoting alternative patterns of social solidarity and institutional performance in Italy. According to Putnam, localities with greater numbers of associations will be more "civic" and hence their institutions will perform better than settings with fewer association and less engaged inhabitants. Thus, perhaps the differences in vocational training patterns observed between Leipzig and Chemnitz are the by-product of different associational patterns and civic cultures in the localities.

---

107 How much the qualitative features of civil society matter is currently being tested in Brandeburg, where state officials have encouraged the formation of new county-wide vocational training coordination bodies in the state's three poorest counties. See below.
Yet, at first glance there do not appear to be striking differences in associational patterns between Leipzig and Chemnitz. Indeed, in the context of Eastern Germany, it seems clear that both localities have active associational cultures. Since 1990, 2455 organizations and associations have registered in Leipzig's Landkreis.\textsuperscript{109} Chemnitz registered about 1740 active groups in those same years.\textsuperscript{110} Thus, when controlling for population differences, Chemnitz does not appear to suffer from a poverty of organizational life, at least not in comparison to Leipzig. The same is true as well when Chemnitz is compared to other Eastern German cities of comparable size. Magdeburg and Halle have registered, respectively, 1138 and 1295 association and groups during this same period.\textsuperscript{111} Thus, number of associations alone does not appear to explain the observed differences between Chemnitz and Leipzig.

Richard Locke has argued that perhaps more important than actual numbers of associations are their qualitative features and patterns of interaction.\textsuperscript{112} Industrial associations differ in how they aggregate and represent interests; such differences occur in their qualitative features such as leadership accountability, inclusiveness of group membership, and cooperative modes of interaction with other groups. These differences, Locke demonstrates, can have a tremendous impact on both local patterns of political and economic behavior and on the types of connections that link local interests to regional and/or national-level policymakers. Moreover, local political, economic, and social actors are connected to one another in very different ways, and this too will have consequences for their ability to share information, pool resources, and collaborate on joint projects. According to this argument, local-level actors linked to each other through multiple, horizontal ties will more easily be able to share information, form alliances, build trust, and resolve conflicts through negotiations than will other socio-economic actors embedded in more

\textsuperscript{109} Vereinsregister, Leipzig, February 1995. The Landkreise include areas larger than the labor office districts, but as it turns out, about 90% of registered groups are located in the cities. For reasons of comparability, figures include all groups who have registered, including those since dissolved. Chemnitz does seem to have a relatively high rate of such dissolutions.

\textsuperscript{110} Vereinsregister, Chemnitz, February 1995.

\textsuperscript{111} Vereinsregister, Magdeburg and Halle, February 1995

fragmented or hierarchically structured networks. In short, differently structured socio-political networks will shape in different ways the understandings, resources, and hence the strategic choices of local actors.

A re-examination of the two cities reveals how their differently structured sociopolitical networks have shaped the ability of key local-level actors, such as chambers, schools, government employment agencies and firms, to collaborate (or not) and promote dual training. Resource constraints made impossible a rigorous network analysis of the interactions and linkages among different local groups and associations in either Leipzig or Chemnitz. Instead, the relationships among local actors were established through in-depth interviews with business, union, school, and public officials in both cities. Throughout these interviews, the focus was on the various kinds of ties or relationships that existed among different local actors. From this information emerge the rough contours of the different sociopolitical networks underlying the local economies of Leipzig and Chemnitz. Extending Locke's concept, Leipzig appears to approximate a "polycentric" local economy in the sense that local actors are linked together through many horizontal ties, whereas Chemnitz appears to be a more "polarized" setting, with different local groups tightly clustered together into two opposing camps. By structuring relations, information-flows, and the distribution of resources among local actors in different ways, these divergent sociopolitical networks create alternative mixes of incentives and constraints influencing how the local actors cooperate in promoting, among other things, vocational training arrangements.

THE TWO CASES REVISITED

It is obvious that great effort is required to convince firms of a long-term interest in skill provision and to convince youth to enter the dual system. Local actors have, given the
constitution of the German vocational training system, a limited range of options; thus it is crucial that those options are chosen carefully and implemented resolutely.

The key weakness of German vocational training -- its dependence on the willingness of firms to finance training -- is also the central opportunity for local actors to make a difference. As we have seen, it is no mean feat to convince firms that can presently meet the vast majority of their personnel needs through external labor markets to invest time and resources in training. In the "high-equilibrium" explanation of training in West Germany, large industrial firms were said to train because the finance system allowed long-term planning, and the industrial relations system pushed firms to produce high quality, high wage goods and yet made it hard for these firms to poach skilled workers from others.\textsuperscript{113} Thus, even though training was expensive, large industrial firms found retraining another firms' apprentices for their firm-specific tasks even more expensive. While many small firms did not train, the argument was that those who did, did so because the benefits in cheap and flexible labor outweighed the training costs. Thus, firms trained for straightforward economic reasons, as long as they could be reasonably guaranteed the benefits of the investment in human resources.

Yet such accounts place little emphasis on possible non-economic motives for training. In the early 1980s there were appeals from politicians and the national level business associations for firms to offer more training opportunities, but convincing firms to train was not an important function of the chambers or the employment offices. In Eastern Germany, however, the chambers and employment offices must devote enormous efforts to identifying firms that could train, insuring that the material and pedagogical conditions for training are met, and encouraging the firms to take on apprentices. But the kind of chamber that is helping maintain established training infrastructure is not optimally designed for generating new training opportunities. The chambers have a range of instruments to ensure that firms provide quality training and to prevent

\textsuperscript{113} See, for example, David Soskice, "Reconciling Markets and Institutions: The German Apprenticeship System," WZB Berlin working paper, July 1992.
the use of apprentices as sources of cheap labor. They also have instruments to insure that training is broad and consistent with national standards, and not merely firm-specific. But none of these instruments are all that relevant in a situation where any apprenticeship a firm offers is generally accepted as good enough. The point, however, is not that training in Eastern Germany is generally of lower quality or overly firm-specific; no systematic data exist to support such claims, although ample anecdotal evidence indicates that both chambers and unions look the other way when substandard in-firm training occurs. The point is, rather, that for chambers and employment offices to meet the main challenges in Eastern Germany, they have to elevate a relatively minor organizational function -- recruiting firms to train -- to a place of central importance. Not all labor market districts have had equal success in doing so. Leipzig and Chemnitz differ in the way in which local actors are linked to each other for purposes of promoting dual system training. Those differences reflect, in turn, older historical legacies and different responses to economic crisis since 1990.

COOPERATIVE INSTITUTION-BUILDING IN LEIPZIG

Of the many labor market districts investigated, Leipzig's clearly took the most comprehensive approach to convincing youth to consider the dual system and to convincing firms to take them. In every employment office district, the tripartite "vocational advising committee" is tasked with, among other things, discussing issues of supply and demand for apprenticeships in the district. But the main task of this organization is to negotiate local interpretations of broader guidelines, and the organization actually has few tools for addressing the most pressing problems in Eastern Germany. In Leipzig, however, the regular meetings of this committee are augmented by a biweekly meeting of a "coordination round" that includes some regular members of the committee but is oriented more toward "practitioners." Thus, alongside the standard spring offensive of the chambers to win firms for training -- Leipzig's program involves five intensive

114 In addition, the unions have been boycotting the committees at all levels, including the local ones, since November 1994, as part of an effort to win more control over further training.
weeks of firm visits by the employment office advising staff -- the district also uses the coordination round as a more constant program for convincing firms to offer apprenticeships and for placing youth in them. The composition of the coordination round includes the representatives of the employment office advising staff, the chambers of industry and commerce, the crafts chamber and the office of schools. The participation of the latter is interesting in two ways. First, the presence of the school representatives marks one of the rare efforts one sees to recapture one of the strengths of GDR vocational training -- close communication between teachers and firm-based trainers. While such communication is much more difficult to sustain in a network of smaller training sites than in a large industrial combine with its own vocational school, virtually all vocational training personnel from the GDR regret the incapacity of the West German system for such communication. Second, and perhaps more importantly, the school officials in Leipzig are able to use their ties to the Ministry of Culture to find funding for worthy local projects.

The motivation for establishing the coordination round was to avoid duplication of efforts to promote the dual system to firms and youth. Employment office officials are accompanied on firm visits by the training specialists of the respective chambers. These authorities visit plants to discuss the need for sound long term personnel policies, and they bring with them information about state subsidies and local training capacities, as well as lists of local youth who might be appropriate for the firms. The employment office personnel receive, in turn, insight into the labor market planning of local firms, and they maintain that this information helps them in their advising functions.

Leipzig has also undertaken extensive efforts to counter the messages that youth receive from parents and the media that suggest industrial work has no future in Leipzig. In fact, since West German labor law forces firms to lay off first their younger, more mobile workers, the
workforces of Eastern German firms have aged rapidly since 1989. For the last three years, the Leipzig chamber of industry and commerce has held a one day event to which it has invited all of the youth who have sought, but not yet found, an apprenticeship through the local employment office. Firms who have found no apprentice are invited to introduce their company at this event. The chamber hopes to promote the mindset among firms that they need to engage in public self-promotion as part of a long-term strategy for meeting their own labor market needs. Firm prestige was, of course, far from unknown in the GDR, as youth aspired to apprenticeships with flagship firms like Robotron and Zeiss. The relentless flow of bad news from the industrial labor market is now being countered in small ways. In addition to the metal sector firms who are strongly represented at these annual events, the chamber allows employers from outside its jurisdiction to compete for the attention of the youth still seeking an apprenticeship. The police, for example, also use the event to recruit apprentices. During the 1994 event, about 800 Leipzig youth participated, and about 300 actually signed an apprenticeship contract.

POLARIZED BARGAINING IN CHEMNITZ

While some employers' representatives describe cooperation in Chemnitz as "generally good," the unions describe it as a war of all against all in which reliable information about training is scarce and in which all actors strictly "look out for themselves." Before the CDU mayor of Chemnitz was ousted in 1993, the city was notorious for its conflict ridden local administration. Partly in reaction to the blockage of municipal administration, the aforementioned ICM was founded in order to put political pressure directly on the state and the Treuhandanstalt. In light of the unusual constellation of trade unions and employer associations inside one interest organization, however, a number of potentially conflictual issues had to be

115 See IG Metall study, Chemnitz, 1993.
116 The SPD official who replaced the old mayor was confirmed in office in 1994 with 73% of the vote.
removed for the organization to pursue its primary goal of influencing privatization and industrial policies. Vocational training was thus not included in this organization's mandate.

By all accounts the vocational training commissions themselves do nothing to increase the number of available apprenticeships; indeed, they only meet about three times per year in both their industry and commerce and craft versions. Chemnitz also has a so-called coordination round, but it meets only once per year, as opposed to the corresponding organization that meets biweekly in Leipzig. Also in contrast to Leipzig, no school representatives are involved in this body. If cooperative measures have not been notably widespread, individual actors are also hard pressed to help increase the supply of training on their own. For example, a recent chamber of industry and commerce event on vocational training reportedly was attended by only one firm from the over 100 that had been invited. Of course, the Chemnitz chamber helps advise firms on state-level subsidy programs, but these activities generally consist of rather isolated efforts.

There are some positive signs from Chemnitz. For example, the chamber of industry and commerce acquired information from the employment office on which interested youth were still without a training contract. After ascertaining what kind of occupation these youth sought, the chamber printed out a list of all their firms in those branches and went around asking them again to take on an apprentice. Should a more cooperative political environment arise, Chemnitz is not without certain foundations on which to build. The main sustained effort has been the development of a "trainers working group." Begun in early 1992 by representatives of a for-profit training corporation run by employers in Saxony, these thrice-yearly meetings have been geared toward securing the continued participation of those firms already training. The ALAK (Ausbildungsleiter-Arbeitskreise) has apparently had the consistent cooperation of the chamber of commerce and industry in Chemnitz, as well as of the state employment office for Saxony, which is located in Chemnitz. These connections, along with a series of visits to training sites in

117 Interview.
West and East German firms considered by the employers to be model trainers, have no doubt had some benefits for the 20 or so firms which have participated. But there is no evidence that the lessons learned by the participants have spilled over into the overwhelming majority of Chemnitz firms who are not training. The ALAK has attempted to enlist the participation of the schools, but has by its own admission not been notably successful in doing so.\textsuperscript{118}

In one pessimistic account, there is a sense that Chemnitz is resigned to "waiting for the birth-weak cohorts to come along and solve the supply-demand problem, neglecting both the generation of youth without occupational skills and the fact that the local firms' labor forces are getting older."\textsuperscript{119} Were this suspicion true, it would hardly set Chemnitz apart in the difficult task of establishing dual training. But both the style and the outcomes present a striking contrast to efforts in Leipzig, where efforts to "avoid duplication" appear to have helped generate a sizable growth in firm-based training.

\textit{CONCLUSION: COMPETENCE SHIFTS, CIVIL SOCIETY AND ASSOCIATIONAL DEMOCRACY}

Linkages in Leipzig between associations, firms, teachers and state agencies are more numerous, more frequent and more regular than in Chemnitz. By choosing two cities with active civil societies -- as measured by the numbers of associations -- we can see that it is how the key organizations interact which matters more than their crude numbers. The actual way in which this coordination produces superior outcomes is, in turn, instructive of the larger process of institutional transfer in Eastern German vocational training. Some accounts of different individual policy areas since German reunification have coded institutional transfer as "successful" simply because the formal structures and/or actors are in place, even as the authors

\textsuperscript{119} Interview.
acknowledge that severe problems still exist.\footnote{120} But we have seen that in fact some of the dilemmas of training in Eastern Germany spring from the weaknesses of the institutions themselves -- weaknesses that must be recognized and compensated for by local actors. These developments should refocus our attention on the concept of institutional transfer. It is essential to include more in this concept than the mere construction of a legal basis for institutions, or the appearance for some time of the designated institutions. Equally important, we want to understand how transferred institutional designs shape politics by suggesting to political actors which problems must be tackled and how. We also want to note the effect of unexpected difficulties on the original institutional design. This brief conclusion takes up those two questions and links them to an important debate on recasting state-society relations -- the thesis of "associational democracy."

Transferred institutions provide a kind of template for problem solving. But for \textit{which} problems? In Leipzig, we saw local actors trying to overcome institutional limitations in recruiting firms and trying to convince youth that industrial careers need not be dead ends; it is important to note the novelty of dedicating so many organizational resources to these tasks. West German firms trained because they had strong economic incentives to do so. Aside from a period in the early 1980s, exhortations about "civic responsibility" were important only at the margins in getting firms to train youth.\footnote{121} Chambers oversaw the quality of training and helped prevent poaching, but their role in expanding training capacity was really limited to providing information and guidance to firms who sought apprentices for straightforward economic reasons of internal labor market production or access to cheap if temporary labor.\footnote{122} This was fine in the latter part of the

\footnote{120} see Johnson, op. cit. on vocational training.  
\footnote{121} There is a story going around Bonn that Kohl now asks managers who will accompany him on overseas trips what they have done to increase vocational training opportunities for youth in their firms. Those who have nothing to show are left behind. The anecdote reveals both the magnitude of current worries about training in Germany and the limitations on means available to address the problem; \textit{Frankfurter Rundschau}, April 1, 1995.  
\footnote{122} The extent to which West German firms have recently cut apprenticeships suggests that strict economic calculations could not have been the whole story to their earlier willingness to train at such levels. One possibility is that economic calculations were augmented by a sense of social responsibility that led to some portion of training beyond need. The other possibility, though not mutually exclusive, is that economic calculations just were not that strict. The shift of accounting to the level of profit centers has led each to propose spending radically less on

Wade Jacoby, MIT Department of Political Science Dissertation
1980s when the problem appeared to be finding enough youth willing to enter the dual system in order to close the "skilled worker gap." All industrial sectors suffered from an undersupply of qualified applicants for their open positions. This situation also made the task of "advising" manageable by local employment offices. If no one knew exactly which were the "jobs for the future," one could at least give youth a broad range of choices in long established firms that had fairly stable markets.

In Eastern Germany, the environment for the functional tasks of exhorting and advising is essentially reversed by slack labor markets. Given the availability of unemployed skilled workers and the constraints of firm undercapitalization, a very small percentage of firms train. Large numbers of inexperienced and/or unwilling firms must thus be won for the task of training. Absent a well developed set of mechanisms to convince firms to train, political leaders and the quasi-public chambers have fallen back on exhorting firms to engage in "long term thinking." But some firms can afford to look no farther ahead than next week's order book, while others consider their current reliance on external labor markets to be precisely a form of long term thinking. And difficult as the current situation is, it will worsen before it improves. As we saw, BiBB data suggests that Eastern German firms plan to provide fewer rather than more firm-based training slots over the next five years. In this context, the efforts of the Leipzig employment office, schools and chambers to coordinate their effort to win firms for training is an important example of collective institutional experimentation and isomorphism. Added to the chamber efforts to increase firms' willingness to train are the employment office efforts to get the slots officially reported and thus accessible to the widest audience, and to use information gathered in firm visits in its advising function. Such steps are especially important in overcoming the deep reluctance of youth to consider industrial occupations for fear that no industrial jobs exist -- a trend which could become a self-fulfilling prophecy.

---

training. Anecdotal evidence suggests that some "reengineered" sub-units of prominent West German firms have proposed zeroing dual system training entirely.

Wade Jacoby, MIT Department of Political Science Dissertation
Different tasks have thus resulted in local divisions of labor different than those in West Germany. The importation of West German traditions (and the fear of lingering East German ones) means that nowhere in Eastern Germany is skill provision being discussed on a regional level in ways that could truly facilitate good local advising. Absent any kind of "planning," Leipzig is doing what it can at least to react quickly to the needs of local firms. It goes almost without saying, that while underdeveloped capacities of the West German training system appear now in relief, previous strengths must, of necessity, go unused. The much lauded capacity of the chambers to guarantee the quality of training -- a form of long term protection for both firms and workers -- is less relevant in a situation where the chambers' clear first priority is to promote more firm training. Union youth secretaries routinely concede that they are loath to pressure firms providing shoddy training for fear that the slot will simply disappear.

Given this new set of tasks, it is evident that one will not simply be able to read developments in training off of the local economy alone. Whether the structure of local civil society can contribute to improved vocational training outcomes over the long run is unclear. Where Locke investigated localities whose basic features often remained unchanged through major national policy initiatives, it is too soon to know whether the situation in Leipzig will continue to pay dividends for the local economy. Perhaps the hardest test case of the hypothesis about local coordination is now being conducted under the SPD government in Brandenburg. Starting in early 1995, the three economically weakest of the state's counties have begun to develop individual working groups to combat supply-demand ratios that hover dismally around four applicants per available in-firm apprenticeship. Additional discussions with firms that do not currently train are unlikely to bring a further increase in supply. In all three counties combined, there are only three firms with more than 500 employees, and the smaller firms show little inclination to begin training. Thus, the labor ministry in the state has attempted to bring together

---

a group of relevant actors in order to promote training "compacts." The idea of these compacts is to encourage firms which lack the technical or personnel resources needed for full apprenticeships to sign a contract with an apprentice and then use the capacities of other firms or of non-firm training centers to complement their own resources. It is even possible to let the apprentice spend the entire first year at a for-profit training center, with the state picking up most of these costs.

Both the BBiG (22 Abs. 2) and the HwO (23 Abs. 2) provide for the possibility in West Germany of complementary training outside the firm. But again, the magnitude of the reliance on this measure in Eastern Germany must be considered novel: as in the case of extra-firm training and measures like the "vocational training preparation year" for slower learners, what were once crutches have now been redefined as pillars. The dual hope is that firms can be won for training in a learning by doing process that seems less demanding than the full apprenticeship program and also that existing training capacities can be retained. The structure of the Brandenburg working groups is very similar to that found in the Leipzig "coordination round," with the chambers being joined by representatives of the employment office and the school and youth offices. In addition, the working groups also include a representative of the economic development office of the county (Landkreis). Finally, the support program has been structured so that for-profit trainers have a financial incentive to bring together firms that are willing to train but do not possess the full capacity to do so. While the working groups are explicitly trying to build on previous linkages from earlier efforts at convincing firms to train, it

124 Ausbildungsverbund. These are also being promoted elsewhere in Eastern Germany; Brandenburg is unique in the way it has linked the compacts to newly established working groups.

125 Large firms have also tried to get access to the subsidy programs now being offered in Berlin and Brandenburg but have so far been unable to persuade the Ministry of Labor to include them. See Olaf Sund, "Das duale System der Berufsbildung," draft conference paper for FES Conference in Wittenberg, April 27, 1995, p. 5.

126 Youth may even benefit from the chance to see a broader range of occupations and firms and establish personal contact with more potential employers. On the other hand, the coordination between firms will demand attention because firms may well worry about exposing themselves to the apprentices of their competitors and may worry that their own apprentices will not be socialized deeply enough into "their" firm.

127 Interviews.

128 The exclusion of formal trade union representation is striking, given their normal parity representation on vocational training bodies and the fact that a majority SPD government is supporting the program.

Wade Jacoby, MIT Department of Political Science Dissertation
is unclear to what extent connections that originated before the end of the GDR are important. It is too early to know whether the working groups can actually promote the compacts, but any significant success would lend additional credence to the hypothesis that institutional transfer is dependent upon a politics whose existence it does not, in and of itself, guarantee.

The confusion sown in the wake of shifting competence for vocational training from the GDR central state to private and Land-level actors in the FRG system also has implications beyond the issues of institutional transfer raised here. Some of the most provocative general proposals in recent years for reshaping public policy have been the suggestions of Joshua Cohen and Joel Rogers for a conscious politics of democratic associationalism. In a series of articles, Cohen and Rogers have built the case that, in a wide variety of policy domains, a more fruitful division of labor between state and society might be built. One of their core claims is that the American state should offload a wider range of tasks onto social actors, and they see the German model of vocational training as an explicit example of an organizational structure which does just that.\textsuperscript{129} Cohen and Rogers suggest that such redesigns of public authority are possible in a range of cases, and they argue that the lessons from areas such as German vocational training "be more explicitly generalized to include non-traditional stakeholders, and that where necessary appropriate supports for that generalization be deliberately constructed."\textsuperscript{130}

Should the Brandenburg state succeed in its efforts to literally construct new actors (county-wide coordination groups) in hopes of forestalling the demise of a healthy state-society division of labor in vocational training, that success would lend support to one of the key claims about associational democracy, namely that the state can help generate competent social partners. More generally, however, what is striking about the case of training in Eastern Germany is the way in which such a division of labor has been difficult to maintain even in a policy area where it


\textsuperscript{130} Cohen and Rogers, 1994, p. 147.
had been long established. In the attempt to create such structures in Eastern Germany, state budgets have been strained, but established competencies may yet be threatened. Given the evidence above, we can safely say the failures occur not for lack of trying. Ironically, because the commitment to the dual system has been so utterly unquestioned, private interests (firms, for-profit training corporation and the chambers, and unions and employer organizations themselves) have found it relatively easy to profit from the state's dependence upon them for providing and overseeing training. But the more the state finds itself forced to pay for training, the less one can speak of a dual system in the standard sense. The state even pays the wages (through employment creation schemes) of many of the chambers' own personnel who work in advising. Moreover, municipal "profit centers" for electricity generation and waste disposal are also eligible for training subsidies. Thus, the structure of local autonomy in German public administration also means that the state can even end up paying promotional bonuses to other state actors in order for them to train. These developments are, to say the least, of a sort not normally associated with the dual system.

Employer organizations have, through their heavy engagement in supporting extra-firm training, pushed especially hard for state funding for training while defending continued private control. But there are both good economic and democratic reasons to limit employer control over training. Since firms generally train less when their order books decline, total employer control limits the use of training as anti-cyclical policy tool. Also, as we saw in chapter four, the German dual system has always engendered concern about training for citizenship and the whole person. Absent private financing of training, these perennial objections to employer prerogatives gain in importance. Moreover, the chambers of commerce and industry are in a position actually to profit from the lack of in-firm training slots by virtue of their importance as providers of extra-firm training (the employer associations and trade unions have also set up their own training centers). This circumstance may eventually contribute to a public perception that private actors live off state funding and provide little public good in return.
The trade unions have responded to this situation by calling once again for the transfer of authority over training from the chambers to the Federal Employment Office. In the SPD ruled state of Brandenburg, the labor ministry has been talking publicly about complementing the heavy state role in financing training by acquiring more authority over content. The basic argument from the ministry is that global competition has produced a movement for "lean production" all over Germany, a development which makes occupation-based skill acquisition obsolete. The social partners are far too slow to reform the curricula; at the same time, changes in the competitive environment make such an effort suspect regardless. In the short term, so the thinking goes, the FRG should try to reintegrate advantageous pieces of the GDR system -- such as dual academic and vocational qualifications -- back into their own system, while in the longer term, the FRG might aim to reintegrate much of the basic natural science/engineering curriculum back into schools and tertiary education, leaving firms to concentrate on further-training of adult workers (and use the French training model of mandated firm training budgets to ensure that this training is paid for by firms).\footnote{Olaf Sund, op. cit.}

Against the background of developments such as these at the Land level, and of the increasing state competence over industrial policy at the national level, there is evidence that the "semi-sovereign" state is gaining responsibilities it is ill-suited to bear. Because the state has assumed tremendous financial responsibilities, we may also see a shift of formal competence. Such a shift has already happened in industrial policy and may occur as well in vocational training, where the largely private organization had been a model not only for other nations but for a new style of associational democratic politics. In the face of a very weak civil society in Eastern Germany, exact institutional transfer has been fraught with unforeseen challenges.
CHAPTER SEVEN

THEORETICAL PROPOSITIONS, LESSONS FOR TECHNOCRATS AND A RESEARCH AGENDA

The guiding ambition of this book has been to reintegrate imitation as a factor into the analysis of institution building. The concept of "institutional transfer" has been developed as a heuristic for use in this reintegration. The central argument has been that institutional transfer should be conceived as an explicitly political process in which both actors and institutions are built and in which imitation is likely to run parallel to innovation. The emphasis on politics is important because -- from the building of Eastern European capitalism to the spread of "lean production" -- there is a tendency among practitioners to interpret imitation as a technical, indeed an inevitable, process of adaptation to prevailing competitive conditions. Borrowing is common where people believe that there is "one best way" to organize some process. Yet this assumption tends to hide politics since people who favor borrowing are predisposed to see the model as a purely "technical" solution that is about "efficiency."

Why should we care that imitation has been blended out of so much analysis of institution building? After all, social science depends on its ability to reduce the complexity of real events in order to understand larger patterns. The main reason imitation should be considered more carefully is that a range of unintended consequences result from the efforts to transfer institutions. Peculiarities in preexisting concentrations of social power mean that the new institutions may end up being exploited for purposes other than those for which they were originally intended. Sponsorship may be transformed into capture. But expanding benefits for one already powerful organized interest is rarely the goal of reformist policymakers. Thus, beyond the important but
narrow issue of success and failure, there occur a range of what can fairly be called (at least from the original vantage point) unintended consequences.

The attempt to theorize about institution building in this way is difficult because "institutional models" are themselves intellectual constructions. In politics, models simplify complex organizations and their interactions for use in political debate. To describe institutional transfer is difficult enough; to theorize about it is to talk in the abstract about transferring models which are themselves abstractions. In short, there are both substantive and methodological challenges to understanding this phenomenon. Each of the four main cases contains implications for the study of imitation and also suggests specific ways in which the phenomenon of imitation can be reintegrated into the institutional development agenda of comparative politics.

The following paragraphs propose the key concepts of the study as useful for a broader discussion of imitation, synthesize the main points from the actual cases investigated, explore the broader implications of these findings, and propose a range of future research on institutional imitation.

**EXPLANATORY PROPOSITIONS REVISITED**

In the course of exploring the core hypotheses about civil society and flexibility, several points about these concepts became apparent. Both variables, unless further specified, are susceptible to a kind of "Goldilocks fallacy" in which the magnitude of the causal variable must not be too much or too little, but rather "just right." Too much flexibility could lead not merely to adaptation but to changes that vitiate the original functional intent. Too much civil society could coagulate politics and block the space for outside ideas.
The book began with the hypothesis that different starting points with regard to civil society help explain (among other factors) the variations in both kinds of outcomes (short term success/failure and longer term effects). The existence of a well-organized civil society could benefit institutional transfer because it would not be necessary to build actors and institutions simultaneously. Existing actors could help state policymakers "pull in" institutional designs from outside their society and put their information gathering capacity, organizational resources, power, or name at the disposal of the new institutional arrangement. That these actors might benefit from such an institutional redesign could be one important motive, but ideas about normatively more efficient or fairer institutions could also be their motivation.

Incorporating the concept of civil society aids the specification of the conditions under which transferred institutions are likely to "take" in their new setting. One can consider such a situation an option between two different kinds of accounts of those prospects. The first one might call "blueprint optimism," which assumes that institutions are legitimated by success and success alone. At its extreme, this approach leads to the conclusion that any institution could theoretically be implanted anywhere, with no fear of offending the sense of justice of those affected, provided it yielded efficient outcomes. At the other end of the spectrum is the equally implausible idea that "culture" is such a formidable and omnipresent obstacle that it will always block institutional transfer.

The empirical material suggests that the concept of civil society requires differentiation in at least three ways. First, there is the existential issue, in which social organization is a necessary if insufficient condition for transfer. The comparison of the two main periods followed from the hypothesis of differences in the "thickness" of civil society at the points, respectively, of armistice after WWII and the fall of the wall. The hypothesis suggested that institutional transfer was, ceteris paribus, likely to be more successful after WWII than after reunification. Because civil society survived national socialism much more intact than it survived the SED, one does see a much higher
capacity for indigenous actors to reshape transferred institutions and adapt them to local conditions. While the jury is out on the long term effects of reunification, in the short term the initial weakness of civil society has plagued the employer associations, the system of vocational training and attempts such as those in Brandenburg to involve citizens' groups more actively in the shaping of local schools.

Second is the strategic issue. It not only matters whether or not civil society exists, but it is also important to trace the politics of the indigenous actors: do they actively try to pull in the institutions or do they mobilize against the "foreign design" and try to damn it as an inappropriate and unworkable intrusion into their culture? Answering this question requires attention to policy preferences. This dimension is crucial for explaining different outcomes within either the occupation or reunification. Since states that try voluntary institutional transfer -- such as Meiji Japan or the French Third Republic -- often do so in several policy areas, it is important to be able to explain differences in outcomes between the various efforts. Foreign industrial relations models had an important impact in post-WWII Germany while school models had very little effect, and these outcomes can be explained in no small part as an outcome of coalitions between occupation forces and certain German groups. In the post-WWII union case, for example, we saw that at the start there were in fact two possible bases of worker society that survived Nazism: illegal worker organizations (many oriented toward local anti-fascist resistance) and the old trade union leadership, often returning from exile abroad. These two elements of civil society ultimately were the basis for two competing visions of trade unionism; the latter, in coalition with occupation officials in the two zones, won out.

Third is the capacity issue. While the first issue was whether actors even existed which could promote new institutional designs, and the second was whether such actors were inclined toward such a task, the third point asks about their capabilities for such promotion. Even within a single policy area, some Eastern German localities have developed what have elsewhere been called
problem oriented networks while other localities have not (the case of vocational training in Leipzig and Chemnitz).\textsuperscript{1} While the need to distribute massive amounts of public support has created "networks" everywhere in Eastern Germany, in some places their qualitative features allow them to squeeze the best performance out of an institutional design while in others the networks are fragmented or nothing more than conduits for the state. In either case, suboptimal performance results. In short, the specification of its existential, strategic and complementary aspects makes the concept of civil society a useful device for understanding institutional transfer.

The second main hypothesis of this study has been that because important institutions affect a wide range of interests while confronting complex political problems, it is virtually always the case that some modification will be necessary prior to, during or after the formal process of establishing the transferred institution. In short, there is a need for built-in flexibility in the process of transfer. Three broad levels of formal processes -- regulatory, statutory and constitutional -- each generated choices for the sovereign policymakers about the degree of flexibility to allow. These levels are heuristics that help differentiate the transfer strategies in the various cases, but they also represent a usable template for thinking about other cases of voluntary borrowing. While we saw examples of flexibility in all of the cases, we have seen that the functional equivalent approach provided much more room for adaptation than the exact transfer strategy. Indeed, in many ways the choice of a functional equivalent strategy represented a recognition of the extraordinary difficulties and questionable utility of exact reproduction of foreign designs.

Ironically, however, it is the use of the exact transfer approach in Germany since 1990 that best gives us insights into the dangers of flexibility. Even when exact transfer was accompanied by "transitional" exceptions, such as in the case of state subsidies for vocational training, policymakers have been extremely keen to avoid allowing feedback effects into West Germany. Put differently, West German policymakers have also used exact transfer to tie their hands to the

\textsuperscript{1} Patrick Kenis, Unpublished paper, University of Konstanz, July, 1995.

\textit{Wade Jacoby, MIT Department of Political Science Dissertation}
mast of normal policy and avoid the siren songs of industrial policy, state ownership or fundamental reform of labor market policy. The purpose of Eastern German exceptionalism is to buy time for the "normal" system to gain a foothold. It is from this angle that we see clearly that flexibility carries its own set of dangers, at least for those with an interest in the status quo. In similar ways, when Eastern European policymakers borrow Western European designs, they may also be borrowing strictures that limit, in certain ways, state capacity to intervene. The more general point is thus that not all imitation of institutions is geared toward enhancing state capacity. Borrowed institutions can limit as well as facilitate competence. If a government is pursuing a central goal, it may well circumvent or change statutory and constitutional strictures. But if the government is less interested or the policy area is deeply contested, such strictures make it easier for policymakers to avoid controversial actions by making a constitutional virtue of the choice for stasis. One does not need a conspiratorial or Marxist theory of the state to speculate that neo-liberal Eastern European governments will invoke European Union statutes in rejecting certain political demands generated by their societies. Similarly, neo-communist East European governments could invoke the Common Agricultural Policy to limit modernization of the primary sector, which forms a key part of their electorates. In these ways, as in many others, the politics of institutional transfer may be hidden by notions of "normalization," "catching up," or achieving purportedly neutral "technical standards."

We have also seen that flexibility is needed, in part, because formal political authority is necessary but insufficient for transferring institutions. These have been good cases for demonstrating the limits of power. In all of the cases, formal authority was quite concentrated, but raw political power was seldom a central tool in transferring institutions. In the occupation cases, power mattered mostly in the ability to use regulation as a source of pressure for institutional change by disallowing certain organizations until changes were made. In the case of codetermination and socialization, General Clay also used military government authority to suspend democratically derived statutory and constitutional provisions. Thus, while power could clearly be used to
restrict, it was less useful for compelling the Germans to do entirely new things. The example of management techniques was the one area where Germans actually picked up very new ideas from the US; but here the role of force was, as we saw in chapter three, quite peripheral to the use of exchange programs and training materials to expose German managers to new forms of cooperative management. As the occupation wound down, even the utility of restriction diminished since it was becoming clear that the allied authority would soon end. In the school reform case, OMGUS actually did begin trying to order educational changes to the Länder before, from their perspective, it was too late. But in doing so, they became embroiled in some arcane fights about the details of school reform laws. This struggle demoralized the OMGUS education officers and helped the conservatives, especially in Bavaria, make the case to the public that OMGUS was overruling democratically elected leaders and micro-managing education reform. The resort to using orders instead of persuasion was thus accompanied by a lack of flexibility on specific points of institutional construction. By early 1949, OMGUS had given up on meaningful school reform.

Flexibility was necessary because formal authority alone was not enough. Formal authority is insufficient whenever the state depends upon non-state actors for some component of institutional performance. The existence of civil society, in turn, makes more clear the need for flexibility to adapt the foreign model. Without a social actors pushing a variety of alternative proposals, it is much easier for policymakers to argue that there is a one best system. But while a weak civil society increases the chance that institutions will be transferred unmodified, it also increases the risk that the institutions will become ineffective or counterproductive since there are no powerful groups that can work through them. Opening up an institutional frontier requires strong "supply side" incentives in order to build actors to homestead the new policy area. More commonly, however, institutional transfer occurs in an established policy domain, and thus it must deal with established actors. It is here that "pulling in" is most important. The "demand side" approach to institutional transfer is especially important in policy areas marked by a history of failure -- precisely the ones where state policymakers are most inclined to borrow. The methodology

Wade Jacoby, MIT Department of Political Science Dissertation
mirrors the following political logic: policymakers who have been failing may already be short on resources and authority. In such circumstances, they may be able to use a foreign model to shift to a pareto superior institutional sub-system. But it is likely that some constituencies -- often the one most capable of facilitating institutional performance -- may gain relatively more than the others. Precisely such benefits accrued to advocates of industrial unionism after 1945.

FOUR CASES, FOUR FACES: IMITATION AS A COMPLEX PROCESS

One of the most prominent claims to emerge from five years of research on unified Germany is that of Renate Mayntz who has argued that research on reunification has contributed remarkably little to theory building. Given the argument developed since chapter two, one central reason for this frustration should be evident: we have no plausible theories of imitation which might be bolstered by the wealth of empirical material generated by this "natural experiment." The central feature of the reunification process fits uneasily into the received theory of institution building. The problem is that imitation is a diverse and complex phenomenon which cannot be fully "explained" by single variables or even tightly related clusters of them. The important analytical challenge is to accept this complexity and not narrow the concept of imitation to one only concerned with establishing the formal basis of institutions. Seeing imitation as a political process in which institution building and actor building are interrelated, and in which adaptation of the institutions is almost always necessary, entails dropping the hope of neat and exclusive lines of causality. That said, the following section builds the claim that we need not give up generalizations. Each of the four main cases contains implications for the study of imitation and also suggests specific ways in which the phenomenon of imitation can be reintegrated into the institutional development agenda of comparative politics. Thus, from each of the cases can be distilled important substantive and methodological generalities.
One reason that imitation has been blended out of most accounts of institutional development is that it is methodologically very difficult to demonstrate. This difficulty is hard to circumvent but is at least relatively easy to understand. Since transfer succeeds best when indigenous, usually "minority" traditions already exist, the analysis must first understand the set of demands and capacities in the borrowing society before analyzing the effect of foreign-inspired institutions. The case of industrial relations after WWII functions in the study as an exemplar of this difficulty. In this case, the "lessons" learned by the German trade union movement during the Nazi dictatorship resulted in calls for a much different kind of unionism - one that could not have been contained in the mere construction of an "industrial relations system," but which sought to democratize capitalism. Given the widespread discrediting of capitalism, there were good reasons to believe some variant of such a new system was achievable. The allies, however, using their own societies as guides, limited these ambitions through regulatory, statutory and constitutional intervention. Through an explicit coalitional strategy, they promoted leaders within the union movement who were committed to or could be won over to variants of allied designs. The ironic result is that the allies used functional equivalent institutional transfer to promote institutions in post-WWII Germany that, at least superficially, looked more like Weimar institutions than the majority of German unionists had wanted. The German unionists (even the anti-communist unionists) sought a range of radical changes, yet the functional equivalent approach channeled those demands into much more moderate directions.

One broader lesson of this case is that culturally-based explanations often exaggerate the unanimity of resistance to foreign models. Claims that there was a "German" position on union form and function after WWII are belied by the bewildering diversity of actual practices implemented in the phase of union foundings. From the perspective of the policymaker, the implication of this diversity is that ideas about institutional design must be matched to actors who are willing to sponsor a particular design. Allied trade union models functioned as both procedural and functional models of organization. Allied *procedural* models, like the certification process,
generally ruled out organizational initiatives that could not muster victories in shop elections while functional models provided constant reminders of what the allies desired.

More broadly, the case shows that institutional transfer is embedded in a larger political arena. There are two important dimensions to this embeddedness. First, policies to promote institutional transfer occurred alongside a range of other policies -- denazification or demilitarization, for example -- that were not at all geared to pushing imitation. Generally, when state policymakers transfer institutional designs, they do so in the context of many other policies which affect institutional construction. Measures to shore up some traditional elements of an institution can be used alongside those geared to redesigning other elements according to a foreign model. Thus, the argument that systematic attention be paid to imitative processes should not be radicalized into an approach that looks only at imitation. This is precisely the weakness of the apolitical diffusion literature, reviewed in chapter two, which focuses only on imitation. While imitation has been blended out, in reincorporating it we should recognize that it can also be, to use a boxing metaphor, the undercard and not the main event. This effort to contextualize institutional transfer can bear fruit in a second way as well, namely by showing whether efforts to promote imitation are connected with a growing or shrinking pie. Critical to the legitimation of industrial relations reforms often disliked by both capital and labor in post-WWII Germany was their connection to unprecedented period of economic growth. This export-led growth would not have been accomplished without the American-led Fordist expansion which German capital goods producers helped supply. Industrial relations reforms since reunification have faced a much greater challenge on this front since West German plants compete against Eastern German ones.

The second case -- that of failed institutional transfer in the US zone school reforms -- brings into relief the point that the mere existence of social actors committed to similar reform proposals does not guarantee the success of institutional transfer. The most likely allies of American school reform plans, once they were engaged well into the occupation, were on the German Left. But

Wade Jacoby, MIT Department of Political Science Dissertation
latent coalitions were not activated since, with the Cold War growing frostier each month, an explicit alliance with the Left was out of the question. OMGUS chose instead to pressure state governments for institutional change. OMGUS allowed the Germans to modify the reforms until they were essentially meaningless and then took firm stands on some points that were not central to the occupation’s goals. In the face of this kind of political resistance, flexibility was useless.

Methodologically, we see how attention to imitative processes -- even, perhaps especially, to those that fail -- helps us understand subsequent institutional dynamics. The failure of an ideology often leaves deep tracks, and the claim that a foreign institutional design would be far superior is often a reflection of (and can itself be) an ideology. In the case at hand, the striking thing was that the political movement for school reform essentially disappeared in the wake of the US efforts. Why? In part, the effort to push common schooling became problematic for German reformers because those states that had SPD governments had to be wary of the charge of "Americanization" spread by other states (Bavaria) and social groups (Friends of School Reform). The case thus points to the important symbolic dimension inevitably played by foreign institutions. The purported strengths and weaknesses of foreign institutional designs almost inevitably enter the political discourse long before any attempt to copy those institutions. Large number of teachers and administrators were in fact willing to consider all manner of American-inspired institutional changes once these changes were disconnected from the politically sensitive subject of Americanization. Thus, it may be that if the taint of association with Americanization were strong enough, then one apparent precondition of successfully rooting a transferred institution in a new society -- namely, advocacy by indigenous social actors to sponsor the change -- may be the very condition that blocks the transfer in the first place. Seen in the context of the labor case, because the OMGUS and Weimar trade unionists' visions about institutions were substantially different, insiders and outsiders could more safely cooperate to build a new system, whereas, to the extent

2 For other reasons behind the cessation of reform efforts, see Chapter four.

Wade Jacoby, MIT Department of Political Science Dissertation
that OMGUS was urging reformist Germans on the Left to do exactly what they already wanted to do, their German allies appeared simply as the illegitimate servants of the occupation powers.

Since reunification, we have seen that while formal structures in Eastern Germany have been implanted, this step has not necessarily resulted in stable institutions. The indicators of problems were different in the different cases -- in industrial relations it was the weakness of both social partners and the widespread undermining of official bargains; in vocational training, the dependence on heavy state subsidies; and in education, the growing disaffection of the East German population. The problems in the first two were grave enough that, by the definitions employed here, the original aspirations will have failed if the current problems persist. A wage bargaining system that de jure covers fewer and fewer firms and de facto allows most firms it does cover to undercut its own provisions, and a dual system paid for largely by the state can, from the original vantage point, only be called failures. Even if the "degree of difficulty" was high, the point is that the central aspirations will not have been met. The interesting and open question will then be what effects these attempts at institutional homogenization have on further institutional development.

The key substantive point for the further study of imitation that arises from the industrial relations case is that institutions reflect underlying and sometimes unseen political compromises. Since the structures emanate from the interplay of ideas backed by influence, further influence is generally required to sustain the institutional design in the face of competing demands. It is thus much easier to transfer the ideas than to transfer the political power relations that have sustained them. This is quite apparent in the case of industrial relations because the same actors responsible for the West German system have completely controlled developments in the East. Unlike in public administration, where existing GDR structures were reformed and old personnel retrained, the West German actors controlled not only the policies but also the organizational routines of the unions. Unlike the many cases of policy borrowing referred to in chapter two, there was thus
really very little chance for communication breakdowns. It is apparent that the real difficulties in sustaining Eastern German industrial relations result from the effect that the "harsh firm environment" has on weak firms. The results, as we saw, are lessened incentives for firms and workers to join employer associations and unions. These organizational weaknesses, in turn, result in inter-organizational processes that look more like shells than "institutionalized" patterns of industrial relations.

The implications of this finding for our understanding of imitation are substantial. The concept of the organization-set in which the outputs of one organization serve as the inputs of another has nowhere been as intuitively plausible as with economic institutions. Any number of works in comparative political economy end with a brief aside as to why the institutional system the author had just analyzed is so interconnected as to be unportable to other societies. What this case suggests, however, is that even when an institutional "package" is assembled as completely, and with actors as well informed in their operation, as is ever likely to happen in the real world, the precise problems identified by the organization-set thesis can still occur. The ready response might be to argue that this result demonstrates that imitation can never work. But we cannot square this judgment with evidence that imitation is common and does not always fail. In its crude form -- which is how it generally appears in these brief discussions of the futility of imitation -- the organization-set hypothesis exaggerates the smoothness of inter-organizational connections. But societies can be put together in ramshackle ways, so talk of "systems" and "sub-systems" often exaggerates the strength of these connections. Methodologically, in order to reintegrate imitation as a factor in institutional development, we can pay closer attention to these power balances. In doing so, we see that the emphasis of the organization-set hypothesis can, if modified, be quite helpful: we can ask what are the outputs and why are they not being put out?

Asking these questions, however, shifts attention to actors and somewhat away from organizational design -- a point that policymakers considering institutional borrowing would do
well to consider more than they usually do. What results is largely a demand side account of institutional construction. In this account, cases in which new institutions actually call into existence organized interests which were previously latent or non-existent are the exception. The latter cases do sometimes occur. For example, Steve Vogel’s work on Britain and Japan has shown that those who benefited most from regulatory reform did not even exist at the time of the reforms’ inception. The example reminds us of the instrumentalist/intentionalist pitfalls of functional analysis. Institutional designs are not usually intentional creations of one group acting alone. But it should also be clear that imitation is a special subset of institution building in which these intentionalist assumptions are actually verifiable. These are the interesting cases where historians can find the smoking gun of intentionality if they just know where to look. Yet what is interesting is not that these designs are realized without a hitch, but that even the best-laid plans must be content with a range of unforeseen dilemmas.

Finally, the cases of school and vocational training reform focused explicitly on shifts in jurisdiction in the course of institutional transfer. Here again, the wider relevance can be made explicit. In cases of voluntary borrowing, the heart of successful reform often involves using foreign examples to build a domestic coalition in favor of institutional redesign. In the debate about US health care reform in the first two years of the Clinton administration, one of the key uses of the “Canadian model” (even after the administration explicitly rejected this model as appropriate for the US) was to help suggest that lines of authority be fundamentally reshuffled. The heart of institutional redesign in Eastern German schools was to shift formal authority from the central state to Länder (schools) and to para-public authorities in the chambers and trade unions (vocational training). In comparative perspective, what is most interesting about these cases is the way that German federalism lent a much different character to decentralized inter-state institutional imitation than is the case in US federalism, where the diffusion literature is established. The key difference is that in German federalism, the individual states are often more obliged than in the US

---

4 Steven Vogel, Freer Markets, More Rules, forthcoming.
to negotiate the implications of institutional variation. While it is not necessary here to go into the reasons for this, we can note that there is a constitutional provision that living conditions be equalized throughout Germany. Cases are often brought before the Supreme Court on the basis of this provision, and elaborate mechanisms for negotiating settlements have long been in place.

This regional egalitarian ideal has institutional consequences which might be generically referred to as "aggregation mechanisms." The term is meant to convey the way in which the amount and the effects of decentralization are authorized or countered by mechanisms to ensure that Germany does not grow apart. The important implication here is that German states borrow from each other in a political context that generally requires the mutual recognition of their standards. Germany's governing coalition has, in recent years, sought to structure European federalism along similar lines, with "mutual recognition" replacing efforts for explicit "harmonization." Especially for the broader study of imitation in Eastern Europe, it important to note the different character of institutional borrowing in cases where a kind of universal standard has been established. It is also important to note, however, that Eastern European governments have had virtually no say in what those standards should be, since realistic aspiration for their membership postdate even Maastricht, let alone the endless negotiations over standards which came before. Eastern German states have at least had some influence over common standards, especially in the discussion over the twelve versus thirteen year Abitur. Understanding the dynamics of these aggregation mechanisms through the case of German federalism can give us a greater insight into processes of imitation in Eastern Europe than can examples from the diffusion literature on American federalism, where no analogous pressure exists for such aggregation. The methodological point then follows closely from the substantive one: when analyzing processes of institutional transfer it is important to recognize that policymakers respond not only to demands from society, but also to larger statutory and constitutional constraints on what can be borrowed.
A RESEARCH AGENDA

The central concept of institutional transfer has been used as a way to integrate the study of imitation into that of institution building more generally. In some cases, such as those investigated in this study and many others referred to in the footnotes, the relative importance of imitation in the institution building process (or the attempt to build such institutions) has been very great. In such cases, transfer is a heuristic that helps capture the contested, political nature of the process much more than does the diffusion literature. The focus on institutions preserves the emphasis of the policy-borrowing literature on state actors but goes well beyond this to consider a range of social actors as well. In many other processes, the relative weight of imitation is less and does not merit analysis as a separate case of institutional transfer. Even in these cases, however, foreign models can play significant roles, and the hope is that the concepts developed here can be of use in reintegrating this dimension into our more general accounts of institution building. In such cases, it may be that a different definition of imitation is necessary -- one that acknowledges that while certain political actors may hope to emulate foreign institutions, this hope is often not explicitly formulated in the formal policymaking stage. Just as states generally do not explicitly announce the "grand strategy" of their foreign or military policy, state actors may find it beneficial to mask aims to copy foreign institutions. A "looser" definition of institutions would also greatly expand the universe of cases to cover more of the substantial ground between the present study and the host of research on technology transfer and the diffusion of organizational techniques.

Even using the concepts as presently constituted, however, a number of other sets of cases can be envisioned. Within the occupation and reunification, a number of other policy areas can be investigated which could further elaborate the findings here. For example, American and British influence on judicial review, central banking, federalism, media organization and structures of local public administration were quite substantial, and, because so many other factors can be controlled
for, these cases could be used to reveal policy area effects. The reunification case could be especially useful in studying the differences in outcomes given different residual legal rights of Eastern German private actors in different "political sectors." The external validity of the "functional equivalence" approach could be tested against the American occupation of Japan (although the relative lack of exile Japanese to serve as interlocutors often resulted in more literal copying of American institutions, including several constitutional provisions). And while the US and Britain used the functional equivalent approach, the Soviet occupiers made great efforts to reproduce more exactly their own system in Eastern Germany. Study of the transfer of Soviet institutions throughout the socialist world would also provide an important test of hypotheses about civil society under conditions of weak but not non-existent civil society. Finally, the examination of the many cases of institutional borrowing throughout Central and Eastern Europe since 1989 would be particularly useful in shedding more light on the motivations and mechanisms of transfer. Here, the distinctions introduced in chapter two between exact and functional equivalent transfer, between wholesale and piecemeal transfer, and between continuous interaction and single moment transfer have relevance for choosing cases.

A broader research agenda on imitation should also move beyond the questions considered in this book. Three dimensions of the issue of timing in the process of institutional transfer seem particularly worthy of more study. First, there is a need to expand on the heuristic of "moments of openness" (such as the one I argue was available to German labor before the onset of the Cold War). The obvious problem with this "moments of openness" argument is that it generally is used in tautological fashion: if discontinuities occur, the analysis demonstrates how the moment was ripe

7 While France was willing to accept many German institutions which the US sought to change (school structures and the chambers of commerce and industry are two prominent examples), they were trying to decentralize Germany at a time when traditional French etatism was being strengthened. Thus, of all the occupation forces, France was least inclined to insist that its institutions be replicated in Germany. On the other hand, no other occupation force devoted such a proportion of total resources to propagating its own culture production inside Germany.

Wade Jacoby, MIT Department of Political Science Dissertation
for such change. If not, it is often easy to suggest that the system was not ready for change. More helpful would be accounts in which substantial change was possible but not exploited. The relevant feature of institutional models vis-a-vis such moments is their capacity to suggest ready-made solutions in times of great uncertainty. Much work on policy formation has emphasized the "bounded rationality" of the search for solutions. According to Anne Schneider and Helen Ingram, for example, "The research on policy invention and pre-decision processes suggested that individuals reason by analogies, search through large amounts of information using decision heuristic rules to simplify their efforts, make successive comparisons, and copy or simulate patterns of information."  

8 If this is an accurate account of how policy ideas are generated, then it is important to understand how foreign models might supply these analogies. Gerhard Lehmbuch's work on reunification has also called attention to the way in which institutional transfer allowed the state to simplify problems into ones the existing administrative and political apparatus could deal with.  

9 How, precisely, are these models recognized and used by certain actors to change institutions and/or increase their own power or stature?  

The second issue of timing is how the stock of a particular foreign model rises and falls over time. What is the effect of changing assessments of the model's performance on the project of institutional transfer? As cited earlier, Tomihide Kashioka's study of Meiji Japan showed how over time China's status as a source of institutional ideas for Japan declined.  

10 The reunification case makes this point especially clear. No doubt very powerful electoral and pragmatic considerations shaped the decision to remake Eastern Germany in the West German image. Those who insist that what I have called exact transfer was the only possible mechanism Germany could have chosen for reunification ought, however, at least to imagine what would have been attempted had the GDR


collapsed not in 1989 -- when West Germany had just become the world's leading export power -- but in 1979 or 1969. Both earlier periods were ones of serious economic crises in the GDR, but in both cases it seems much less likely that an immediate political consensus could have been built around exporting West German institutions to the East. In 1979, the FRG was reeling from the second oil shock, deeply ambivalent about its economic and social "model," and on the verge of a major change in the party system with the rise of the Greens to national prominence. In 1969, as the GDR entered a phase which ended with Erich Honecker's replacing Walter Ulbricht as party leader, West Germany had problems of its own, including wildcat strikes, students in the streets and a discussion about what even the OECD was soon calling the "German educational disaster."
The point is not that the GDR almost collapsed earlier (the 1953 worker revolt would have been a more likely moment than either 1969 or 1979); the point is rather to use the counterfactual to break with the strategic determinism that insists that exact transfer was the only choice: the kind of institutional transfer chosen by the West German government and polity reflected not only objective challenges, but also subjective self-judgments.

Third, it may be that as the density of public and private institutional networks grows over time, institutional transfer (and policy change more generally) becomes relatively more difficult and complicated. Some argue that the growth of the instruments of the state has produced a situation where the organs of government are simply inherently resistant to new initiatives.\textsuperscript{11} Even if this situation with its resultant impasse has not yet occurred in newly democratized states, whose "political space" is not yet totally occupied, the institutions they borrow come increasingly from totally alien societies. This circumstance implies that while information on foreign models has become more plentiful because of greater communication, and more detailed because of academic scholarship, growing societal complexity increasingly magnifies the challenge of institutional

\textsuperscript{11} For a historically grounded version of this argument about the US, see Stephen Skowronek, \textit{The Politics Presidents Make: Leadership from John Adams to George Bush}, (Cambridge: Harvard Univ), 1993. There is also a related literature on "overinstitutionalization" in which institutions grow apart from the society which has generated them; see Mark Kesselmann. "Overinstitutionalism and Political Constraint: The Case of France" in \textit{Comparative Politics}, vol 3, 1970, pp. 21-44.

Wade Jacoby, MIT Department of Political Science Dissertation
transfer. Thus, the widespread institutional borrowing that is occurring not only in Eastern Europe, but also in the developing world (where, to take but one example, Mexico is trying to transfer US anti-trust and intellectual property laws in the wake of NAFTA), may be occurring at a time when such an endeavor is becoming more and more difficult. In this sense, a number of themes identified in the modernization literature as cultural resistance might be revisited with concepts developed here.

Institutional transfer affects a society by either adding an institutional tradition or by adding to an existing tradition. Either way, the new institution enters a politicized environment of other institutions and competes with them for preeminence. For example, in Germany, comprehensive schooling competes with track based education, and industrial unionism with unitary and political unionism. But such alternative institutional configurations do more than compete with each other. Each also plays a functional role within a negotiated division of labor: industrial unions enroll the vast majority of German workers, but white collar and Christian unions siphon off tens of thousands more. Similarly, neither private schools nor the public Gesamtschulen seriously threaten the dominance of the track-based public system, but each still serves a significant clientele. And, as in America, the option of private religious education serves as a pressure valve to reduce ideological demands on the public schools. The plurality of options thus allows "purer" forms and itself serves to drive more competition between institutional designs.

The functional division of labor that results, however, is generally full of gaps and overlaps and is constantly contested by societal interests favoring one institutional form over the others. In other words, a given nation's institutional landscape contains both a hierarchy of competing solutions and a division of labor of loosely interlocking solutions. Within that landscape, individual institutions must both compete and cooperate. Institutional transfer, by upsetting both of these always-provisional balances, generates a unique politics rich in surprise and symbolic appeal.

Wade Jacoby, MIT Department of Political Science Dissertation
SECONDARY WORKS CITED


Dietrich, George Phillip, The Trade Union Role in the Reconstruction of Germany. Visiting Expert Series #6, OMGUS Manpower Division, March 1949.


Erasmus, Charles, Man Takes Control, (Minneapolis: University of Minnesota), 1961.


Granick, David, Managerial Comparisons of Four Countries: France, Britian, United States and Russia, (Cambridge: MIT), 1972.


Hartmann, Heinz, Authority and Organization in German Management, (Princeton: Princeton), 1959.


Herrigel, Gary and Charles Sabel, "Craft Production in Crisis: Industrial Restructuring in Germany During the 1990s," manuscript, 1994.


Koch, Richard, and Jochen Reuling (eds), Modernisierung, Regulierung und Anpassungsfähigkeit des Berufsausbildungssystems der Bundesrepublik Deutschland. (Bonn: BiBB), 1994.

Kolb, Johannes, Metallgewerkschaften in der Nachkriegszeit. (Cologne: Bund-Verlag), 1983.


Lane, Christel, Management and Labour in Europe: The Industrial Enterprise in Germany, France and Britain. (Aldershot: Edward Elgar), 1989.


Offe, Claus, "German Reunification as a 'Natural Experiment,'" in *German Politics*, (1)1, April 1992, pp. 1-12.


Fontusson, Jonas, "From Comparative Public Policy to Political Economy: Putting Political Institutions in their Place and Taking Interests Seriously," Review essay in *Comparative Political Studies*, 28(1), 1995, pp. 117-147.


Rüthers, Bernd, "Tarifautonomie: Ist das deutsche Modell überholt?" manuscript, University of Konstanz, 1993.


Wittwer, Wolfgang, Die Sozialdemokratische Schulpolitik in der Weimarer Republik, (Berlin: Colloquium Verlag), 1980.


