

## Book Reviews

Tobias Schulze-Cleven and Sidney A. Rothstein (eds) (2021) *Imbalance: Germany's Political Economy after the Social Democratic Century*, New York: Routledge, £120.00, pp. 274, hbk.

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Tobias Schulze-Cleven and Sidney A. Rothstein argue in the introduction to their insightful and innovatively edited volume that it is time to change the 'traditional narratives about German stability' since defining elements of Germany's political economy – such as institutional complementarity and relative power balance in industrial relations – have recently diminished and been replaced by increasing tensions and imbalance. Political economists considered Germany a prime example of a successful social market economy characterised by a remarkable institutional and structural stability throughout the 'social democratic 20<sup>th</sup> century'. Even two decades into the 21<sup>st</sup> century, many scholars emphasise coherence and continuity of Germany's political economy – often based on assumptions of the popular 'varieties of capitalism' (VoC) approach, with its introspective, consistent, and antagonistic ideal-typical models of capitalism. The central argument is that the coordinated German model – in contrast to Anglo-American liberal market economies, which are predominantly based on short-termism and flexibility – rests on the long-term cooperation of market participants, allowing for incremental innovations. Stability is facilitated by a relative balance of power between labour and capital and by functional complementarities between different institutional domains, like skill formation systems, industrial relations, and social protection, which create a framework of incentives for aligned strategies of corporations, investors, and workers.

At the turn of the century, scholars increasingly questioned whether the German model could defy structural changes (e.g. de-industrialisation) and pressures created by economic globalisation, leading to higher levels of competition and calls for deregulation. Manifold processes of transformation have been observed ever since, along with theorising about large-scale (though often incremental) institutional change. However, after successfully coping with the consequences of the 2008 economic crisis, the comparative advantages of the German model have been celebrated once again. Nonetheless, the increasing erosion of constitutive elements of Germany's political economy – empirically recognisable, for example, in welfare state retrenchment, labour market deregulation or the changed balance of power in the social partnership – cannot be dismissed. Against this background, the editors call for a welcome paradigmatic reorientation of research on Germany's political economy 'from stability to imbalance' and provide a wide range of high-quality empirical accounts that impressively support their postulation. While the authors are (more or less) unanimous in their basic diagnosis of increasing imbalance, they appear ambivalent regarding the consequences of this development that are investigated and discussed: an increase in social inequality, a dismantling of the social partnership, and burgeoning political extremism versus stable economic performance, including low unemployment, even in times of crisis.

In their highly original and broad conceptual approach to studying *imbalance*, the editors considered various prominent approaches for conducting comparative studies of political

economies, including different neo-institutionalist theoretical traditions like the functionalist and rational choice perspectives of the VoC approach, the historical view of comparative corporatism, and the sociological perspective of the knowledge regimes approach. By equally focusing on ‘company interests, relative class power and institutionalised ideas’, the conceptual framework combines heterogeneous viewpoints on the main forces that used to stabilise the German model. While the long-term orientation of investors and workers crumbles and discrepancies between corporate strategies and the institutional system increase, the power relations between labour and capital increasingly become imbalanced given growing market forces. Furthermore, these developments are embedded in changing or disrupting normative guiding principles of social insurance and Ordoliberalism that have been dominant for a long time.

Regarding the question of what drives the shift towards imbalance, the editors refer to ‘three vantage points’ that are loosely connected to the aforementioned dynamics in institutional settings, power relations, and ideational frameworks in order to help ‘illuminate central causal processes within the country and across the rich democracies’. First, ‘systemic properties of capitalism’ threaten the institutional foundations of Germany’s political economy through a general trend towards capitalist expansion and marketisation, increasing welfare state retrenchment, self-responsibility, and growing inequality. Second, ‘multivalent policy feedback’ may destroy or destabilise institutional complementarities and result in an undermining of the corporatist balance of power at the expense of employees. Third, a focus on ‘organizational foundations of creative adjustment’ emphasises the collective actor’s room for manoeuvring beyond the logic and imperatives of the overarching economic system, which can be realised in overlapping institutional constraints and experiments with new approaches, ‘thus creating new possibilities for consciously channelling ongoing processes of institutional recomposition’. The empirical contributions are organised in three sections whereby some chapters are based on integrative perspectives that take several of the three vantage points into account and analyse different dimensions of imbalance and their interrelations.

The first section focuses on central institutional constellations of Germany’s political economy formerly characterised by complementarities and evaluates the extent to which their transformation has enduringly changed the architecture of the German model. What is striking in this section is that several of the chapters focus on demand-side dynamics (e.g. corporate demand for capital or qualifications), which generally appears as a profitable perspective for further comparative capitalism research. Niccolo Durazzi and Chiara Benassi analyse how higher education is increasingly displacing the traditional dual training system in Germany in the context of changing qualifications needed in a knowledge-based economy. As a result, there is a general decline in coordination between social partners, which can also be observed in the liberalised dual training system. Furthermore, the formerly high potential for social integration of low achievers seems to be increasingly undermined by government efforts to expand higher education. Ute Klammer investigates changes in pension policy and shows that the dismantling of public programmes for early retirement has only been partially compensated for by the establishment of company- and sector-specific alternatives. Differences in the generosity of these programmes also reflect a growing imbalance in the social partnership and increasing labour market dualization. Benjamin Braun and Richard Deeg maintain that against the background of an export-led growth model, German companies are increasingly securing their financing through high corporate profits, which they realise through aggregate wage suppression. Since their need for patient capital is covered less and less by house banks, a significant weakening of the same in the former Deutschland AG is occurring. Thomas Haipeter discusses the limits of financial market capitalism for explaining recent changes in industrial relations and working conditions related to increasing cost pressure. Haipeter argues that simplistic

notions of institutional determinism fall short and calls for a more thorough analysis of social actors (e.g. trade unions and works councils) that cope with the impacts of financialisation in order to understand causal mechanisms behind these dynamics.

The next section sheds light on interest transformations and a shifting power balance in industrial relations. Stephen J. Silvia analyses attempts of German trade unions and employee representatives for international cooperation and initiatives aimed at the implementation of works councils in German transnational enterprises in order to improve the weaker position of foreign workers and prevent wage competition with domestic industry workers. However, the export of social partnership along the lines of the traditional German model encounters great difficulties and can have repercussions on the balance of power to the disadvantage of labour at home. Martin Behrens and Heiner Dribbusch analyse the trend in employers' resistance to established works councils and the election of new works councillors, which concerns manufacturing and private services alike, thus contradicting expectations of the dualization of employment relations. The observed shift in power relations connects seamlessly to the findings of the previous contribution and is especially present in medium-sized, owner-managed enterprises. Björn Bremer explores the evolution of paradigmatic ideas regarding the economic policy of the German social-democratic party and analyses how they shaped the development of Germany's political economy by, for instance, the post-corporatist strategy of Agenda 2010. Bremer argues that an inconsistent mixture of supply- and demand-side oriented policies caused by internal conflicts and further fuelled by electoral opportunism regarding conservative mainstream fiscal policies have undermined the party's ability to develop effective and coherent political measures after the 2008 economic crisis and the subsequent Euro crisis.

The final section is dedicated to the ideational and conceptual reinterpretation of the macroeconomic regime of Germany's political economy and the legitimation of inherent inequalities and imbalances, with a critical focus on the German growth regime. Brigitte Young examines the role of political discourses concerning the legitimation of the current success story of the German economy. She emphasises that ideational concepts, such as Ordoliberalism (e.g. manifest in rule-based fiscal orthodoxy), are used as a strategic tactic for concealment, intended to distract from the fact that Germany's current economic policy is primarily driven by national self-interests and based on the euro currency regime, which has favoured Germany's export-led growth strategy. Jan Behringer, Nikolaus Kowall, Thomas Theobald, and Till van Treeck focus on the interrelations of current account surpluses, corporate profits, and the growing wealth inequality within Germany. They argue that current account surpluses increase domestic economic inequality but tend to be underestimated by established accounts focusing on income inequality that do not record retained corporate profits. They recommend wealth and inheritance tax reforms that would stimulate domestic demand as a potential measure for rebalancing. The late Wade Jacoby masterfully links main insights of the previous two chapters about legitimation strategies and inequality by arguing that current account surpluses are legitimised by dominant German policy discourses based on hypocritical notions about the inevitable outcomes of market forces and demographic change, disregarding macroeconomic dynamics. While persistent German trade surpluses increasingly cause international conflicts and imbalance due to high capital outflow, they also go hand in hand with growing domestic inequality since they are associated with a decreasing labour income share of the GDP and low public investment. The edited volume concludes with a critical discussion of the empirical and conceptual findings of the contributions with a special focus on their implications for change and continuity in the traditional German conflictual partnership (*Konfliktpartnerschaft*) by Walther Müller-Jentsch, Britta Rehder, and the editors.

The innovative concept of imbalance, with its different analytical angles, offers a 'powerful conceptual repertoire' for the study of the transformation of Germany's political

economy. The empirical chapters provide a thorough analysis of various changes and growing tensions, critically reflecting on the implications of the German export-led growth model for increasing transnational macroeconomic instability. The fact that the individual contributions, despite their common objective, are not subordinate to a uniform and integrated theoretical approach makes it possible to capture a broad range of changes in different domains of Germany's political economy (from skill formation systems to corporate governance and industrial relations) and on the most diverse levels (institutions, power relations, and ideas). However, the central finding of a generally growing imbalance remains somewhat vague against this background, since it is difficult to theoretically link the consequences of the various developments back to the architecture of the German economy as a whole. This would require a more dedicated theoretical examination of an ideal-typical concept of balance, against the background of which the individual shifts and changes could have been systematically classified and evaluated. A starting point for further development could be a critical examination of the manifold meanings of the concept of complementarity (see Crouch 2010; Deeg 2007; Höpner 2005), which implicitly and at least partially represents the antagonist to the concept of imbalance. This could provide a more nuanced diagnosis of changes, their mutual interrelation and implications in order to evaluate in how far transformations have resulted in social, political or economic disadvantage. Nevertheless, a reorientation towards imbalance as a central analysis dimension would clearly be profitable for future comparative analyses of political economies beyond the German case study.

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Ute Klammer, Simone Leiber and Sigrid Leitner (eds) (2020), *Social Work and the Making of Social Policy*, Bristol: Policy Press, £26.99, pp. 256, pbk.

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*Social Work and the Making of Social Policy* provides critical theoretical and empirical insights into the heightened role of social work in the formulation of social policy. The book exploits three stages of the policy cycle as a primary analytical framework for integrating the chapters' recurring themes: problem definition and agenda-setting, policy formulation and decision making, and social work and implementation. The curated chapters covered a wide range of case studies on how social work influences the dynamics of social policy making in seven welfare state nations, allowing the findings to be easily generalized and applied to other welfare state country scenarios. The case study materials are extensive, including a wide range of topics involving social policy issues such as anti-poverty measures, trafficking, labor market activation