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## The Rise and Fall of the "Normalarbeitsverhältnis" in Germany

Toni Pierenkemper

March 2009

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## **ABSTRACT**

### **The Rise and Fall of the “Normalarbeitsverhältnis” in Germany**

The following paper attempts to trace the construction of the standard employment contract in Germany from the beginning of the 19th century onwards. It was from this point in time that wage labour slowly came into being and later on developed more broadly. At first, state regulations were implemented to protect the workforce against exploitation by industrial entrepreneurs (laws on working hours, trading regulations etc.). Later on, as the state grew wealthier, the opportunity arose to create a social insurance system, to protect working people against basic risks. Finally, workers' and entrepreneurs' organisations participated in the market and collectively agreed on regulations of employment relationships. Alongside the consolidation of the welfare state, this type of employment was reinforced in Germany in the 20th century and finally developed into the modern concept of the standard employment contract. However, due to the forces of globalization and the dynamics of capitalist market economies, it seems that the standard employment contract has turned into an obstacle in the way of modern economy's progress. Its achievements are threatened in many ways: the future will seemingly be determined by increasing work flexibility, rising working hours, falling income and increasing unemployment rates, rendering the standard employment contract anachronistic and obsolete.

JEL Classification: N33, N34

Keywords: economic history, standard employment, Germany

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In his astute examination of the present situation in Germany from an anglo-saxon perspective, Peter Pulzer arrives at the conclusion that there are evidently still far too many people who use the successful “Modell Deutschland” (“model Germany”) of the 1970s and 1980s as a point of orientation and who still try to hold on to it although the world has long since changed (Pulzer, 2007, S. 203, also Jarausch, 2008).

Germany seems to him to have become the victim of its own success because the once effective strategies for solving economic and social crises are also supposed to be maintained under different conditions, even though, from now on, new ground urgently needs to be broken. This especially applies to the labour market where considerable large-scale unemployment continues to dominate the picture. With currently more than three million applicants for work and a considerable inner reserve the unbalanced employment market will remain a key focus of the economic-political effort – not only in Germany (Krugman, 1994).

But the current labour market policy in Germany, which is devoted to the abatement of this increased unemployment continues to suffer from a massive misperception disorder and the resultant problem analyses and therapies are commensurately awry. For most German labour market researchers and policymakers who want to abate these insufficient conditions, the development of the job market during the last 30 years presented itself as a period of constant retrogression. Regardless of whether one focuses on the development of the number of the unemployed (H.-W. Sinn, 2003, S. 24) or the rate of unemployment, (H. Siebert, 2005, S. 105) in every case a cyclical increase of unemployment – since 1989 in east and west – is evident. But in my opinion this assessment of the situation is at best incomplete, if not totally incorrect.

Very recently, in view of actual unemployment-rates in Germany, the focus of the discussion has shifted from unemployment to incomplete employment arrangements. A considerable part of the observed decrease of unemployment seems to be caused by a rising proportion of persons who are engaged only in part time or in temporary occupations. But to me this leads only to a highly differentiated labour market, to segmentation, rather than full-employment because shortages of

qualified labour remain while unqualified labour is still abundant. Few qualified employed labourers will enjoy the privileges of a “Normalarbeitsverhältnis” (standard labour relationship) while more and more will miss privileges of this kind.

So, the observation of a constant long-term increase in unemployment in Germany has been orientated on the completely atypical situation of the sixties and seventies of the last century in the FRG when full employment with a rate of unemployment of less than 1 % of all labour force was reached and even then occasionally as “Überbeschäftigung” (“overemployment”) apostrophised. An extension of the time period under examination by a mere further 20 years earlier, back to the beginning of the FRG - because as is generally known the FRG was not first founded in the seventies – exposes the aforementioned view of a constant deterioration of the employment situation as a chimera. (C.-L. Holtfrerich, 2007, S. 23). It is not a constant increase in unemployment that is evident but rather an initially rapid decrease from a high base level at the beginning of the 1950s to a unique low level in the “golden age” of the sixties and early seventies. It is not until then that a considerably higher level of unemployment returns, which subsequently increasingly marks the situation of the labour market.

In this long-term perspective it is not the “Rückkehr der Arbeitslosigkeit” (“return of unemployment”) (Schmuhl, 2003, S. 501) that is the explanatory problem of German post-war history, but rather the opposite question of how it could be that the level of unemployment observable long term, could be so significantly undercut as it was in those happy sixties and early seventies of the last century. Contemporaries should have been aware of the fact that this situation was rather atypical as it must be remembered that contributions to unemployment insurance in 1972 had to be temporarily suspended because the coffers of the Federal Employment Office (Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung) were brimming. This idiosyncratic “nuisance” was abolished by the granting of new and additional benefits in relation to the employment promotion law (Arbeitsförderungsgesetz, 1976), i. e., by additional spending as well as by allocating new tasks to the underworked employees of the labour administration (Arbeitsverwaltung) such as the management of the family allowance.

The illusive idea to return to the historically unique situation of full employment as it was defined as a political aim in the planning euphoria (Nützenadel, 2005; also Schanetzky) and in the feasibility delusion of the seventies, in my judgement, hinders, and continues to hinder to this day, an achievable goal-oriented labour market policy. The unrealistic target-setting, contemporarily an unemployment rate of 0.8 %, amazes all the more because experts at that time had already competently predicted an increase of unemployment during the decades to come. The demand of workers and the available man-power were calculated in various scenarios with different rates of economic growth and for a variable influx of foreign workers to the FRG and required and available man-power up until the year 2000, and in all variants an unemployment figure of several million people was forecast. The Committee for Economic and Social Change had also already arrived at a similarly shattering conclusion. The “long running period of full employment” (Kommission, 1977, S. 113) already seemed over by the mid-seventies and a lack of employment opportunities seemed inevitable despite the “strategy of creating expansion” as propagated by the committee. With a sense of irony one could conclude that Germany has experienced the best predicted large-scale unemployment of its history since the 1990s.

These hints at errors and the failure of experts and politicians may seem accurate and lamentable: the historical misjudgement of the full employment situation in the FRG in the sixties and early seventies as well as the long prevailing ignorance of politicians and the public concerning the clearly forecast large-scale unemployment since the 1980s; - but what can be inferred from these insights for the present labour market policy?

My answer is that the present problems of the labour market and employment in Germany can only be correctly interpreted historically and it is only in this way that an adequate objective and successful strategy to fight unemployment can be developed. In my opinion the state of the labour market and the employment situation of the labour force are in every country are dependent on the path taken and an historically determined social construct. An analysis of the genesis of wage labour and the employment market can also communicate an accurate understanding of present problems. Thus it is not abstract market models that provide information about problems and possible courses of action for a sustainable labour market policy,

but empirical historical examinations that also reflect the basic institutional conditions of work's allocation. For the FRG neither economists' crisis scenarios about a dramatic deterioration of the employment market's conditions nor sociologists' vague prognoses about the end of "labour society" and possible alternatives to it (J. Rifkin, 1995; U. Beck, 2000) contribute to the clarification of the basic problems. And that is exactly my goal for this short overview, an historical analysis of the institutional arrangements regarding the allocation of societal work. My focus is to trace the genesis of wagelabour and the establishment of a labour market in Germany since the beginning of the 19<sup>th</sup> century. It becomes clear that in a protracted and conflictual negotiation process between the parties of the labour market, bidders and demanders of manpower in the market and the increasingly intervening state, something like a "Normalarbeitsverhältnis" (standard employment relationship) has emerged and been consolidated. This uniquely German historical construct serves as a yardstick and target setter for labour market policy right up to today. The question indeed is how stable and effective such a social construct can actually be in the future under changed circumstances.

## II

Around 1800, at the beginning of industrial development in Germany, a modern labour market did not yet exist in Germany or, more accurately, in the German territories. Only a very tiny minority of the population was employed by the allocation process of a free labour market. In addition these few people were often still only employed in temporary forms of wage labour; they still carried out the majority of their work, however, in traditional forms. The allocation of societal work was effected predominantly outside of a labour market, 73 % of all labour force was within the predominant traditional agricultural sector. They worked as partially self-employed workers in small rural enterprises, often combined with commercial home-work, or as employed persons, for instance as menial staff, gardeners, Instleute or Heuerlinge (special forms of land labour in Eastern Germany) et cetera in large feudal estates. Aside from agriculture, in the commercial sector which only amounted to 13 percent of all employees, classical trade or putting-out agents dominated the market as quasi-self-employed persons. With a total of 14 percent, functionaries, military



personnel and domestics took up the largest part of the service sector. Wage work could only be found in the service sector as extra work for employees with pre-modern occupations elsewhere, for instance in the carrying trade or as casual farming labourers. The number of employees in “large” concerns of the time, in mines or in one of the rare manufactories in 1800 is negligible. The maximum number of waged workers in Germany in 1800 is assumed to be around 100,000 – compared to an overall figure of approx. 12.5 Mio. in the labour force in total. That is to say then, that at this time less than one percent of the labour force found an occupation as a wageworker through modern labour markets.

During the course of the 19<sup>th</sup> century and especially after the break through of the industrial system in Germany around 1850, the entire employment system was radically rearranged. In all economic sectors forms of wage work continued to make inroads. A commercialisation and commodification of the labour force was observable and labour markets increasingly became a common phenomenon in the emerging industrial economy. In the early stages of this development, the conditions of the labour market were still nearly exclusively arranged through free labour contracts, a possibility which was first created during the reforms of the early 19<sup>th</sup> century and which made the previously valid working methods obsolete. A “Perestroika à la Prusse” (R. Tilly, 1996) functioned as a broad deregulation program against an outdated feudalism with its pre-modern working methods (Kosellek, 1981). For the labour market this meant that the fundamental disproportion of market power in the supply and demand of labour force observed in agrarian feudalism was reproduced in the new, and soon heavily bemoaned, deplorable state of affairs of early industrialization. The labourers were more or less defencelessly exposed to the enterprisers’ profit seeking and exploitation.

The first interventions to abate the adversity of the working classes in Germany could be observed at a local level and found within the communal policy of the poor people (Armenpolitik) (Genter- and Elberfelder-System). The beginnings of state legislation concerning health and safety at work can be attributed to the Prussian regulations of 1839, which dealt with the restriction of female and child labour. The Prussian state therewith acted as a third party in the labour market for the first time, next to the wageworkers and factory owners (Fabrikherren), and tried to participate in the

changed conditions and therefore in the working conditions in its own right. The Prussian trade regulations of 1845 marked a further step towards the regulation of the labour market. These showed workers the way to self-help, because, thanks to regulation, the outdated relief funds ("friendly societies") maintained by and for craftsmen in many trades were now accepted as an option for the newly-developed factory working class. Labourer amalgamations beyond these relief funds were still prohibited and this prohibition was insistently reconfirmed once more in the association law of 1850 before it was finally abrogated in the trade regulations of the North German Alliance (Norddeutscher Bund) in 1869. Only the very beginnings of an autonomous unionization of the workforce were recognizable, among such groups as the typographers and the tobacco workers; and this was partly due to the lack of workers with organizational talent. This did not change until the last third of the 19<sup>th</sup> century when it became possible to found worker associations after a sufficient rise in the number of wageworkers, who were able to push for an improvement of the working conditions by means of strike.

The state reacted to the strengthened workforce in conflicting ways. On the one hand, it developed political repression (Socialists' Law, 1878), on the other hand it allowed socio-political concessions (social insurance, 1882-1889). However, collective contracts of labour (collective agreements) were not widespread until 1890, because, up until then, both the employers and the working force were sceptical of such a general regulation of the working conditions. Both labour market parties felt restricted in the protection of their interests by collective agreements. Only through the organisation of the labourers in unions and of the employers in corresponding associations, could a solid organizational base for the development of collective contracts of labour and a nationally sanctioned collective employment law be created.

An advanced legal regulation of the working conditions, as it had been planned in the 1839 regulations, was not aspired to by the state in the late 19<sup>th</sup> century. A merely temporary abandonment of this national restraint occurred during the so-called "New Policy" ("Neuer Kurs", 1981), for instance within the international Berlin conference on employee protection (Berliner Arbeiterschutzkonferenz). Nevertheless, the wageworkers' situation had clearly improved by the end of the 19<sup>th</sup> century, even without further state intervention. The incomes of the wage-earners had risen significantly, their average working hours had decreased and employment security

had grown. Numerous other achievements have contributed to bringing the German workforce closer to the state and society. For instance through a basic insurance against the social risks of old-age, invalidity, ill health and occupational accident under the framework of social security, through collective contractual regulations concerning rates of pay, working conditions etc., as well as through a number of – admittedly limited – legal protective regulations. In short: a legally sanctioned “Normalarbeitsverhältnis” already began to appear in outline at the end of the 19<sup>th</sup> century.

This process of increasing regulation of labour market conditions intensified and continued in Germany in the 20<sup>th</sup> century on all three levels mentioned: namely in the field of legal protection, in the regulations concerning social insurance and in the collective employment law. Substantial progress was made in all areas in the creation of a working situation which favoured the wageworkers. The state as lawgiver, the providers of social insurance as well as parties to the wage agreements played an essential role in this and a “Normalarbeitsverhältnis” increasingly began to take shape. This was not a one-way development though; setbacks and delays occurred in the tumultuous historical development of German society in the first half of the 20<sup>th</sup> century.

At first it was the demands on the work force in the wartime economy of World War I that more or less forced both the state and employers to make considerable concessions to meet the claims of the workforce. An enforced general requirement to work (emergency service law (Hilfsdienstgesetz), 1916) for all German men during World War I could only be enforced by obliging the demand for recognition of the unions as equal parties in the labour market and for their representation in the enterprise (worker committees). The revolutionary situation at the end of World War I and during the early years of the Weimar Republic saw the workers and their political representatives in an even more powerful position compared to the employers, who were more frightened by the socialization of the economy, than they had been by the emergency situation of war itself. In this time of crisis, labour market and socio-political achievements were made possible for the workforce, which would hardly have been realisable under less turbulent circumstances. The 8-hour-day (8-Stunden-Tag) became recognised by law as the standard,

(Demobilmachungsverordnung), an unrestrained right to form unions and to engage in industrial action was legalized and massive increases in wages were achieved. A new conciliation act (1923) with the potential for mandatory state intervention provided the basis for long-term controversy over adequate wages – both during the inflation and in the period of relative stagnation after stabilization of the currency. The “Ruhreisenstreit” in 1928 put an end to the employers’ compromises and concessions towards the unions and started a development, which led to drastic cuts in the pro-worker regulations in the employment market.

Unemployment insurance (1927) had complemented the social security laws of the 19<sup>th</sup> century before and was now creating a fourth pillar in the social security system, which now took the place of the financial support for unemployed people (Erwerbslosenfürsorge), which was considered insufficient. A particular labour jurisdiction, which regulated disputes about labour laws, was also created and delivered rather labourer-friendly verdicts. Moreover, further demands from the employees were justified by numerous improvements – also in the domain of the outdated social security system. All these reforms contributed to an expansion of the “Normalarbeitsverhältnis” as further social attainments.

In the Third Reich, in an increasingly regulated defence and war economy, further improvements in the working conditions of the labour force were hardly to be expected. Instead, a cutback of employment rights and a tightening of the labour market and employment conditions for the German work force during World War II were the inescapable results of the war economy, to say nothing of the labour and living conditions of the millions of forced labourers. The re-creation and advancement of a regulated “Normalarbeitsverhältnis” was first raised as a subject again after 1945 once the immediate damage from the war and the serious privation of the early post-war years had been overcome. The high unemployment rate of the early fifties in western Germany was also quickly overcome and the state, unions and business leaders worked together to build a “Modell Deutschland” (Hertfelder and Rödder, 2007), in which – with regard to the labour market – an active labour market policy (AFG, 1969) would guarantee full employment, i.e. unemployment rates of less than 1 percent, through the support of steady growth. Apart from a quasi national obligation to guarantee full employment, many other legal and collective

agreement claims were pushed through, for instance clearly reduced working hours, extended holiday leave, protection against dismissal and rationalisation, an earlier age of pensionable retirement and dynamically increasing old-age pensions. This cumulation of social benefits led the chancellor of the time (Helmut Kohl) to warn against a “collective amusement park”<sup>1</sup> in Germany. All of this, all wage agreements, all labour-law related and social-law related demands concerning employment conditions culminated in what nowadays can be called a fully-developed “Normalarbeitsverhältnis”. The contemporary labour market and tariff policy is based precisely on this historical construct, without considering the fact that it is the result of a long historical process and a uniquely advantageous historical situation. Hence, demands for wage restrictions, flexible employment, an extension of working hours and an increase in the retirement age are defamed as “cuts in social security” (Sozialabbau). On the contrary, an even further extension of the welfare state is often called for from time to time and is propagandized to some extent as the answer to all labour market issues (for example, the 35-hour working week). Just a few years back, a labour dispute about the introduction of the 35-hour workweek ensued and the present-day demands for the introduction of minimum wages indicate further intended regulations of the German labour market.

Summing up these the developments, a clearer idea of the economic results of the depicted socio-political development in Germany can be gained by a study of some long-term data concerning the labour market. The formation and development of a German labour market in the last two hundred years can be characterised on the basis of just a few indicators. These are the constitutive factors underlying the conditions of employment: wage rates, working hours and the unemployment and employment rate, respectively. From their development, some general trends can be seen.

Firstly then, as far as what concerns the income development of the employees in Germany, the early 19<sup>th</sup> century was rather characterised by decreasing real wages and an actual improvement of the wage situation of the workers can first be observed from the 1870s (Pohl, 1979, p. 52). In the first half of the 20<sup>th</sup> century, during war, inflation, depression and war again, a drastic improvement of the income situation of

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<sup>1</sup> „kollektiven Freizeitpark“ (Helmut Kohl)

the work force can hardly be detected. For approximately fifty years, from 1913 up until the fifties, the real incomes stagnated somewhat before leading to a historically unique increase in wealth during the post war boom (Pierenkemper, 1987, S. 68).

Secondly, the pattern of working hours in Germany since the 19<sup>th</sup> century behaves conversely. These were still extraordinarily long at the beginning of the 19<sup>th</sup> century and on average amounted to anything from 60 to 80 hours a week, or 10 to 12 hours daily, six days a week. These extraordinarily long working hours, which stretched the physical capabilities of the employees to the limit – and certainly even beyond it from time to time – were progressively decreased over the course of the 19<sup>th</sup> century and eventually ended with the demand for the eight-hour day, and later for a 40-hour week. Nevertheless, this aim could not be achieved until the second half of the 20<sup>th</sup> century, but from time to time there were lower average working hours before then, although admittedly rather involuntarily due to unemployment, as in the early thirties for example.

Thirdly, as for the consistency of employment of wageworkers in Germany, the data of the unemployment statistics, which were initially only partly available from the end of the 19<sup>th</sup> century, provide only incomplete information. It would be inappropriate to talk about unemployment in the modern-day sense when referring to 19<sup>th</sup> century conditions. A measurable working time can only be specified when work and 'not work' (leisure time) are clearly distinct from one another. But this is not the case in pre-modern times. Hardly anybody could exist at that time without work; however work was not performed in the form of modern wage work. Underemployment and poverty characterised the living conditions of the population in Germany until the 19<sup>th</sup> century, but this was not unemployment in the modern sense. That requires the existence of modern labour conditions, which, as we have seen, were first apparent in the 19<sup>th</sup> century. But even as this was increasingly the case, at the earliest toward the end of the empire period, mass unemployment was not a major issue in Germany. In the first half of the 20<sup>th</sup> century, during two world wars, it was the obligation to work and compulsory labour that dominated. In the short period of time between the wars, different crises, including, in particular, the Great Depression with a mass unemployment rate never experienced before or since, enhanced the importance of employment issues. German post-war history, finally, is

characterised by the aforementioned misinterpretation of a starting point of a state of full employment (in the sixties) followed by a constantly rising level of unemployment, a perspective, I argue, which can be overcome by an historically grounded analysis.

### III

The “Normalarbeitsverhältnis” in Germany thus turns out to be a path-dependent, historic-social construction lasting more than one hundred years. And in any case, the idea of a “Normalarbeitsverhältnis” as a full-time, permanent, lifelong occupation proves to be exceptionally efficacious even until the present day. This concept is defined in Germany still today in terms of the gainful occupation of people in an individual professional career, considered as typical, as the following pattern of a professional career in the form of a “Normalarbeitsverhältnis”:

- following a regulated vocational education one enters
- a steady, permanent full time occupation, in which one finds
- an occupation with sufficient earnings,
- promotion prospects and
- with a holiday-leave policy and regulated working hours,
- which one keeps their whole life long until the pensionable age
- where one can enjoy an adequate and deserved retirement for as long as possible after that.

So much for the dominating beliefs, by which trade union claims, social policy and jurisdiction are still orienting themselves today, and by means of which they remain efficacious for the arrangement of future labour market conditions. It is forgotten completely that this “Normalarbeitsverhältnis” merely represents a social construction and simply forms the endpoint of a specific historic development, but is by no means an unshakable constant of industrial labour market conditions. Considered historically, the “Normalarbeitsverhältnis” therefore seems anything but “normal”, but rather a result of the extraordinarily fortunate circumstances of German post-war prosperity (Lindlar, 1997).

But what does the recognition of the social construction “Normalarbeitsverhältnis” mean for the conceivable future development of the German labour market and labour market policy in Germany? If we first follow the trend of the rough indicators of the labour market, as previously presented in the long-term development, namely the wage rates, the working hours and the unemployment, the future seems already clearly discernable.

Just recently it was heavily bemoaned that there has not been an increase in earned incomes in the German Federal Republic in the last twenty years; on the contrary, since the eighties, a stagnation of the real incomes of German employees could be identified. This development however is most of all due to a change in the employment structure (Dustmann, 2007), since the increasing development of part-time employment leads to a reduction in the average income. In comparison therefore, in the real hourly wages, slight accretions can be observed (Sinn, 2007). There is, however, an obvious spread in income and poverty that becomes increasingly noticeable in parts of the “Normalarbeitsverhältnis” too (Andreß, 2007).

The drastic improvement of the employees' incomes in the Federal Republic after 1950, with a constant growth, has obviously come to a standstill at present. In the future, stagnation, if not a decrease in real incomes is presumably to be expected in Germany, at best with slight rises (Sinn, 2007), which correspond to the historically noticeable secular trend of economic expansion of one to two percent p.a. (Buchheim).

A similar development can be expected in the near future for average working hours in Germany. The weekly working time is hardly expected to fall below forty hours in the long run and for numerous occupational groups, a tendency to increase the average working hours rather than to reduce them, looms again in full time employment. The long-term trend of a continuous decrease in the working hours in Germany thus seems to have come to an end and the dip in employees in full time employment with less than an average forty hour working week and a six-week holiday entitlement has been crossed.



For the expected extent of unemployment, the initial appraisal of an all too optimistic idea of its design and restorability is valid. A full employment aim with an overall unemployment rate of around one percent, long the goal of German economic policy, seems illusionary. There seems to be a “natural rate” of unemployment in an affluent society, which should possibly be estimated at between four and eight per cent. Both the arrangement of the social system and the population’s educational background have a decisive influence on the unemployment rate. The social system in effect defines the conditions of “no-work”, a minimum wage, below which nobody is willing to accept employment (Sinn 2004, p. 191-195), while the quality of the employed determines to what extent profitable jobs can be offered that are able to hold their own amongst international competition.

If it is still true that the future is uncertain and difficult to predict, it seems to me that the long-term trends of wage rates, working hours and unemployment as already quoted are recognisable in the present and applicable to the foreseeable future. But how can the “Normalarbeitsverhältnis”, equipped with numerous social accomplishments, maintain its ground under such changed conditions? Is there a risk of radical cuts in social security under the constraint of globalisation in Germany or just the pruning of “social overgrowth” which arose from historically unique circumstances?

Essential corrections in the structure of employment relationships are already apparent today. The rise of the pensionable age to 67 years appeals to an initial extension of the working lifetime, and the failure of a strict enforcement of the 35-hour working week points towards an increase in the average amount of hours spent working each week (now frequently more than 40 hours). The persistent pronouncement of mass unemployment in Germany, the extent of which is only insufficiently indicated by the official unemployment rate (Westerheide, 2007) and whose reduction has remained modest, despite numerous employment incentive measures and a presently accelerated economic expansion, indicates a noteworthy base of unpreventable unemployment. An aim of full employment, with an overall unemployment rate of less than one per cent, as in the past, appears to be illusionary for the future as well. This surely has something to do with the fact that in a complex, highly engineered world, part of the population will perhaps hardly be able to find

employment on the usual terms of the “Normalarbeitsverhältnis” due to a lack of skills, despite all educational efforts, yet a low-pay sector is in competition with the low wages in developing and emerging countries, as well as with the social system in Germany. Therefore, jobs would have to be created for the minor skilled labour force via adequate employment opportunities, whose minor productivity certainly would hardly permit sufficient wage rates, so that they would have to be granted complementary benefits. A minimum wage, provided that its limit would have an adequate impact on sufficient incomes, would go against these intentions and even have a crisis-intensifying effect (Ragnitz and Thum, 2007).

All in all, the codifications and inflexibilities of the labour market of the Federal Republic of Germany must be recognised and readjusted in order to be able to successfully adapt to changing circumstances in the future. These adjustments are indeed already underway, whether the involved actors like it or not. The increase of part-time work, the expansion of temporary work and other changes indicate an increased flexibility in the external labour market. There is also the fact that even numerous employment relationships in the internal labour market, which legally can be seen as “Normalarbeitsverhältnisse”, are handled flexibly, e.g. by individual working-times, flexible payments, sabbaticals and much more, and thus they hardly comply any longer with the ideas of a traditional “Normalarbeitsverhältnis”. However, to report on this is the labour market researchers’ business, not that of the historian, whose task lies in putting the present-day issues of the German labour market in their historical context and to thereby make them easier to understand and to configure.

One last point. . The establishment and retention of the prototype of the arrangement of the labour market relations of the Federal Republic of Germany in terms of a “Normalarbeitsverhältnis” has a “price” in comparison with alternative possibilities of the employment system. In Germany this price is paid by those groups of people who remain without a job due to the inflexible conditions of employment and in the Federal Republic these are mainly women and less qualified persons. The relatively high unemployment rate – especially among the less-qualified labour force in particular – and the relatively small female activity rate illustrate the reverse side of the potency of the “Normalarbeitsverhältnis” in Germany. However, there is no patent remedy for this dilemma, despite what is sometimes publicized (Holtfrerich, 2007).

Alternative arrangements of employment, the Anglo-Saxon model with widely open markets and individual adaptation processes as well as the Scandinavian one with its subsidized state employment segment and high tax burdens, show grave deficiencies as well (Espnig-Andersen, 1990) and would hardly be realisable in the German production system of diversified high quality work (Abelshauser, 2003).

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