

Explaining Historical Employer Coordination

Evidence from Germany

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What explains the emergence of different kinds of industrial institutions across advanced democracies? In particular, why do highly coordinated employer associations form in some states and not others, and why do such organizations change or persist over time? Because the amount of employer coordination and the existence (or absence) of such institutions are linked to modern variation in unemployment, inequality, social policy, patterns of redistribution, and product innovation, scholars have given increasing attention to explaining their historical origins.¹ Recent arguments connect the emergence of employer coordination to historical electoral institutions or emphasize the importance of longstanding pre-industrial guild traditions.²

I propose an alternative account explaining variation in the development of highly coordinated employer institutions. I argue that recent literature on these institutions underemphasizes the importance of coordinated repression of workers. The crucial outcomes to explain are firms' decisions to initially adopt repression as a strategy and their subsequent decisions to switch from repression to collaboration to deal with workers. Major collaborative employer associations emerged largely out of redistributive threats to firms posed by workers' movements from the late nineteenth and early twentieth century through the inter-war period. When firms perceived that the redistributive threat posed by workers could be contained, they pursued strategies of collective repression of workers in the form of repressive employer associations. When the redistributive threat posed by workers was extremely high, firms agreed to form institutionalized arrangements with unions, such as encompassing collective bargaining institutions. This transition was often facilitated by state enforcement of new cooperative strategies with workers.

This explanation is more consistent with the evidence on the development of and evolution in activities of major employer organizations. It also accounts for why firms engaged in repressive coordination or strategies against workers, an outcome not adequately explained by current theories. While existing accounts focusing on electoral systems and guild traditions explain some of the observed cross-national and temporal

variation, the proposed theory can account for a wider array of firms' strategies, cross-nationally and over time. Given the recent attention to endogenous electoral and economic institutions and their long-term policy consequences, understanding their origins and the divergence in modern capitalist systems is of obvious normative and theoretical interest.

This article proposes and tests this alternative explanation using evidence from Germany between the late nineteenth century and the inter-war period. Germany is an instructive example because of its historical economic importance, its contemporary relevance as an "ideal type" coordinated market economy, and because of the large temporal changes in the outcome of types of firm coordination exhibited since the late nineteenth century. Of course, repressive employer associations formed in other industrializing states as well during the late nineteenth and early twentieth century.

Existing Conceptualization and Theories

Recent literature on the development of employer associations and systems of economic coordination focuses heavily on the roles of electoral systems and historical guild institutions or traditions. This literature builds on influential previous research that examined the origins of corporatist institutions.³ The most detailed recent explanation focuses on the relationship between electoral systems with greater proportionality and the development of highly coordinated employer organizations.⁴ Martin and Swank emphasize the role of multi-party systems that emerge under proportional representation rules (PR) versus two-party systems that emerge under majoritarian or single-member district (SMD) rules. They posit a number of interlocking mechanisms for why multi-party systems (as a consequence of electoral rules) would lead to increased employer coordination. A central mechanism is that because proportional representational systems are likely to produce multiparty systems, they are more likely to produce dedicated business parties. These business parties in their view have a number of incentives to encourage firm coordination. One incentive is that because they have a more homogeneous constituency, a party is better able to make a credible commitment to a policy platform.⁵ A second incentive for business-party induced cooperation is that because such parties are less likely to win electoral majorities, they have incentives to secure policies directly with workers as opposed to through the parliamentary process.⁶ Because highly organized employers' associations are less likely to win an electoral majority under a PR system, these associations have an interest in coordinating with workers outside of the party system. Besides the mechanism of the specific pro-social coordination business party, Martin and Swank posit that, in general, multi-party systems tend to increase cooperation among social or economic actors and to delegate policymaking power to such actors. Under multi-party systems, the cooperative political system "transfer[s] this spirit of cooperation among employers' associations."⁷

A similar set of arguments explains the opposite predictions for countries with majoritarian electoral rules. These countries are more likely to have two-party systems, and those parties are more likely to represent more diverse interests. This means that

no single political party represents firms' interests and that such interests are likely to be dispersed across the two parties. Therefore, firms that have closer positions to a party that is "catch-all" do not believe the party's promises to be credible, because party leaders cater to the median voter and have incentives to reverse positions once in office.⁸ From the party leaders' perspectives, politicians in two-party systems are more likely to win absolute electoral majorities, and thus they prefer not to delegate any authority to businesses. As a consequence of this, firms have less incentive to organize.⁹ This novel theory explicitly incorporates political institutions and partisan origins into explanations of cross-national historical variation in employer and industrial institutions (defined as institutions such as bargaining agreements that affect relationships between unions and firms). It builds upon more structural or economic theories that are less able to account for fast temporal change in such institutions.¹⁰

Another novel explanation for variation in employer organizations focuses on the structural factor of long-lasting historical guild traditions and systems of worker training; these are argued to be institutions which facilitated the development of employer coordination.¹¹ These early institutions of worker training in the form of strong pre-industrial guild gave incentives to firms to coordinate with one another to provide such training; countries lacking such institutions were less likely to develop this type of employer coordination. The main historical purpose of employer associations according to this theory was to secure or protect investments in specific skills for workers, skills which firms individually would have little incentive to provide.¹² Guild traditions created incentives for firms and unions to co-invest in skills, which facilitated cooperative institutions between firms and counterpart unions. Recent empirical work on the importance of initial skills-providing or vocational-training institutions identifies historical change in the nature of such institutions within countries, though the precise sources of this change remain unclear.¹³

Firm strategies, Coordination, and Repression The above theories can account for much variation in the development of employer coordination. But in their conceptualization of such coordination, they neglect relevant theoretical and empirical variation in the dependent variable. The most important simplification is that these accounts often implicitly define the term "employer coordination" as the existence of employer organizations that obligate member firms, or member associations comprised of firms, to comply with organizational rules that recognize and bargain with counterpart unions. Such rules can cover wage agreements, worker training, and industrial conflict procedures. This conception of employer coordination largely views coordination as a strategy of "collective collaboration" between firms and unions.

The quantitative indices designed to measure degree of employer coordination before WWII as well as the qualitative coding of different associations both conceptualize coordination in this way. Innovative quantitative work by Martin and Swank on historical employer coordination measures the degree of employer coordination in countries during certain time periods as having low, moderate, or high levels of employer organizations over four time periods between 1900 and 1938.¹⁴ Their scale

is an additive index of different measures of the scope of employer organization.¹⁵ (For example, Germany is coded as having a coordination score of 4.5 in the 1900–1910 period that increases to a relative maximum of 7.0 in the 1920s). This additive index builds on previous measures of corporatism or employer coordination that use similar constructs for the post-war period; this index largely extends the basic composite measures going back to the early twentieth century.¹⁶ Their conception of employer coordination is coded such that higher coordination means more encompassing employer associations that are involved with collective bargaining agreements and higher levels of cooperation with labor; this assumption is also made explicit in their theorizing of the outcome discussed above.

This single-dimensional conception of the dependent variable of high versus low employer coordination ignores the fact that firms have historically chosen to strategically repress workers or cooperate with them. In particular, the development of “collective repression” as a strategy played a critical role in inhibiting organized labor, but it is under theorized as a possible outcome. An important choice that firms discussed was which strategy—collective repression of or collaboration with workers—they should pursue. The resulting national-level firm strategies can be thought of as choices of firms to pursue repression. I argue that collective repressive strategies should be conceptualized as a distinct outcome. To distinguish these different purposes of employer coordination, I define employer associations that seek to undermine unionism and prevent workers from organizing as repressive employer organizations. These organizations contrast with the collaborative employer associations that recognize unions as bargaining counterparts. While both kinds of organizations are collective strategies that firms can pursue vis-à-vis demands of workers and unions, repressive organizations differ in their view of the rights and responsibilities of organized labor.¹⁷ Measures that only capture the “scope” of employer coordination do not tell us about the kind of coordination.

This broader view of the dependent variable better illustrates historical variation in the activities of employer organizations in current advanced democracies. Many employer associations initially formed to counter demands from organized workers and to inhibit union organization within firms as well as among firms. Such associations formed at the local, regional, and national levels of a country; they also formed in individual industries or across multiple industries. The most recent literature underemphasizes the threats posed by unions and workers’ parties to firms in the early twentieth century and inter-war period, and how such threats relate to repressive responses of firms. These strategies of employer associations were prominent during the late nineteenth and early twentieth century, and remain so in many developing economies.

What did such repressive employer organizations do? They engaged in strategies to help firms reduce the organizational capacity of workers, such as using a collective fund for locking out workers in response to or in anticipation of strikes;¹⁸ the use of this instrument could drain union funds and prevent further unionization. The employer association could target unions and union treasuries, with the aim of compelling workers to withdraw from unions or preventing them from joining. The lockouts could also be aimed at firms or workers not involved in the initial industrial conflict to prevent further

unionization. Other common instruments of collective repression include the use of strikebreakers and substitute labor during industrial disputes; monitoring workers' political affiliations; the use of blacklists to alert firms to employees' previous affiliations with unions or political organizations; and lobbying the state for use of coercive personnel to enforce lockouts, physically punish workers, or otherwise repress workers.¹⁹

This broader conception of firm strategies contrasts with existing views which tend to classify collective firm strategies as either collectively collaborative or non-existent and shows that the oft-cited examples in contemporary Western Europe constitute only a portion of the possible strategy and coordination space. It also demonstrates that additive indices that do not distinguish between collaborative or repressive associations are either overstating or obscuring types of employer coordination.

Transitions from Collective Repression to Collaboration Because existing accounts of variation in industrial regimes do not focus on the main strategic choice of collective repression versus collaboration, we need a parsimonious explanation that explains firms' choices for each. Historical evidence, discussed below, points to the obvious importance of the distributive threats to firms posed by workers. In examining the decisions of firms in most industrializing democracies in the late nineteenth and early twentieth century, the most relevant considerations were the responses to the threats posed by socialist or labor-supported parties and growing industrial or craft unions that made varying demands regarding managerial control in the workplace, working conditions, wage schedules, and, in some cases, foundational challenges to the social order.²⁰ The structural and strategic explanations of variation in the redistributive threat of workers have been extensively documented; what has been less theorized is the historical response of firms and employer associations to this threat.²¹ The sources of distributive threats from workers included rising demands from workers about workplace conditions and wages (and the attendant strikes following such demands), as well as increasing attempts from the state to intervene on such matters. Firms and nascent business organizations faced varying levels of uncertainty and magnitudes of threats from workers. Such threats confronted them with the choice of whether to battle against or cooperate with workers. This dilemma better captures the formation and dynamics of initial employer organizations and industrial institutions.

The redistributive threat to firms posed by workers best predicts whether firms engaged in repression or collaboration. This threat is characterized by the amount of redistribution that workers' organizations (unions and political parties) sought. The threat to firms posed by workers affects the incentives of firms to pursue collaborative or repressive strategies; as discussed below, it captures the costs of repression that firms have to undertake in response to demands from workers. If the redistributive threat to firms posed by political threat of labor is low, the cost of repression is correspondingly low, and we should observe the existence of some form of repression. If the threat from workers increases to moderate levels, firms will have a greater incentive to resist worker demands by forming collective repressive organizations, and there should be a higher probability of observing collective repression. When the redistributive threat from workers becomes higher, though, firms have incentives to pursue a strategy of inter-class

collaboration. Incorporating the threat posed by workers helps directly explain why in some country time-periods individual firms formed repressive or collaborative employer associations. This theory builds on previous hypotheses of “labor mobilization;” however, the outcome of interest is not average degree of national-level firm coordination, but rather the initial amount of repressive coordination as a response.²²

From the workers organizations’ perspective, direct strategies of redistribution included imposing costs on firms through strikes and making demands regarding wages, working conditions, and social policies. During the late nineteenth and early twentieth century as well as the inter-war period, the threat and use of strikes were a way to extract concessions, and an important aspect of this threat was strikes that could threaten the industrial order. The discussions of the initial unions spanning geographical or industrial boundaries, as well as those of the early left-wing political tacticians, are replete with contemplation of mass versus local strikes and the most effective means of improving working conditions and wages for workers.²³ Although much disagreement existed among union leaders and left-wing parties over the precise goals and the tactics which would best achieve ideological goals, firms decided whether collective repression or collective collaboration was the optimal response.

During periods of high worker mobilization where the redistributive threat posed to firms was highest, firms faced higher costs of expropriation and higher costs of repression; as a result, it was less costly to switch strategies and engage in collaborative agreements with workers. In economies where collective action was easier, such as in small European states, employer associations eventually emerged as collaborative associations. But even in these states, the initial strategies pursued by firms against demands from workers were repressive. When redistributive threats were much lower, such as the initial electoral contestation of labor parties and union mobilization, firms preferred to adopt collective strategies of repression. When the threat rose in terms of the increasing redistribution (such as in the forms of more stringent labor laws or direct taxation) or mass strikes, firms had an incentive to engage in collaboration.²⁴

How might changes in labor mobilization result in higher costs of repression? One explanation is that labor mobilization can induce firms to concede via non-state channels, such as direct bargaining agreements. Alternatively, but not mutually exclusively, labor actors can compel the state to use a set of instruments that results in firms’ engaging in collaboration. One important condition for state intervention is the state’s interest in facilitating or allowing the mobilization capacity of workers and in so doing increasing the likelihood that firms pursue collaborative strategies. The state can serve partially as a mechanism that translates changes in labor mobilization to changes in firm strategies. Governments can affect firms’ collective repression strategies through legislative or administrative action; such actions could also enforce collective agreements.

What would prompt the state to intervene in a way that would affect firms’ choices to engage in collaboration versus repression in favor of workers? The state’s interests can be served by intervening to allow repression or assist labor movements in collaboration goals via the aforementioned instruments. A number of factors can give the state incentives to intervene to permit or encourage a shift to collaborative strategies. These

incentives could include maintenance of industrial stability and output, both of which are reduced by prolonged industrial conflict. In the event of higher degrees of labor mobilization, the higher threat of conflict can incentivize the government to prevent firms from engaging in repression or punish them after the fact; furthermore, both the threat of, and actual, conflict can incentivize the state to legalize or permit collaborative demands of workers. These actions by the state can also pre-empt more extreme demands from labor, as discussed above with respect to firms. Thus, under some conditions states can find it in their interest to intervene on behalf of workers; this might be because labor mobilization can threaten to reduce output, pose an existential risk to the incumbent government, or, when it gains sufficient capacity, “wait out” lock outs and repression. Labor mobilization thus helps condition state responses; given a certain set of incentives (induced partially by exogenous economic conditions), labor mobilization and state interest jointly increase the probability of collaboration over the previous dominant strategy of repression at the national level.

Why might labor mobilization affect state incentives to intervene? A set of common exogenous changes can give governments greater incentives to intervene in the bargaining process, given higher labor mobilization. Economic or political crises can provide incentives for the state to assist in labor mobilization goals, as governments in those situations could be more vulnerable to output or stability issues due to industrial conflict. Military crises can also lead to sudden decreases in the labor supply, which increases the cost for firms to maintain collective repression. Obviously, not all such crises facilitate shifts to collaborative strategies; however, some degree of labor mobilization is required if firms are to face some cost associated with repression of workers. This cost can also provide incentives for the state to support changes in firm strategies to cooperate with workers.

As with other competing explanations, other factors besides the threat posed by workers may account for the onset of collective employer repression and the historical conversion to collaborative strategies in advanced industrialized states. Isolating pure exogenous changes in labor mobilization is difficult, as labor mobilization could be endogenous to firm repression. But it is difficult to conceive that firms’ strategic coordination responses would be divorced from the demands and potency of labor organizations. Some minimal degree of labor mobilization is necessary for the state to intervene on behalf of workers. Given the centrality of labor conflict to the formation of initial employer associations, theorizing about this threat seems a sensible starting point.

Collective Repression in Imperial Germany

In the next two empirical sections I present detailed evidence from Germany that demonstrates the importance of collective repression in early twentieth century Germany and evidence that firms converted to collective collaboration with workers only when repression became too costly: during WWI and the initial inter-war period. In Weimar Germany, such collaboration collapsed, partially due to the preferences of a repressive

faction of employers. Evidence from Germany is particularly instructive because it is held up as a representative coordinated market economy and an illustration of where early employer coordination developed.

The Prevalence of Collective Repressive Strategies Collective repression was a common strategy in Germany before 1914; it emerged and intensified in response to the electoral and redistributive threat posed by both the Social Democratic Party (SPD) and “free” industrial trade unions in the late nineteenth and early twentieth century. From the late nineteenth century until 1914, repressive strategies against workers in the form of repressive employer associations escalated. The overall legal environment in Imperial Germany was also hostile for workers.²⁵ The largest industries of the German economy during this period were in the raw production and processing of coal, steel, iron, and related industries; railways and transportation; and, to a lesser extent, chemicals and construction.²⁶ The explosion of production in heavy industry and manufacturing was characterized by high degrees of concentration, cartelization, and a proliferation of large firms. Major firms in such industries both individually repressed workers and were part of trade and employer associations that pursued many of the instruments listed above: lockouts, importation of strikebreakers and substitute labor, denial of workers’ demands, and lobbying for state assistance to carry out these activities.

The most important initial collective activities of firms were in cartels and trade associations in the industries of coal, iron, and steel manufacturing, and the finished goods used from those inputs. The emergence of employer associations that worked directly with such trade associations and cartels occurred in response to increases in mobilization efforts posed by industrial unions and the SPD.²⁷ Employer associations formed at the local, regional (*Länder*), and national levels and operated within a specific territorial scope and/or over a specific industry. Such associations of firms were also politically powerful, with connections to the conservative and nationalist parties and the national and Prussian bureaucracies. As of 1914, sector-level collective bargaining was absent in most major industries discussed above. These regional and sector-level associations came to overtake unions in numerical strength and defeated them in industrial disputes. In industries with largely skilled workforces, employment bureaus were still run by firms that dictated outcomes and punished union or SPD affiliation.²⁸

The most influential employer associations included the Association of German Iron and Steel Industrialists (*Verein deutscher Eisen- und Stahlindustrieller*, VdESI), which formed in 1874.²⁹ Within the VdESI, the powerful subgroup of the Northwest Group of Iron and Steel in Rheinland und Westfalen was directly involved in labor issues. A related association was the Association for the Protection of Common Economic Interests in Rheinland and Westphalia (*Verein zur Wahrung der gemeinsamen wirtschaftlichen Interessen in Rheinland und Westfalen*), appropriately dubbed the “*Langnam Verein*” (LNV) by Bismarck.³⁰ The LNV managed quota and price cartels and lobbied for transportation infrastructure spending and higher tariffs; it was founded by the major iron, textile, and coal concerns in Rheinland and Westfalen.³¹ The peak association of the Central Association of German Industry (*Zentralverband der*

Deutschen Industrie, ZDI) was formed in 1876 with its main membership comprised of heavy industry firms. The ZDI had close ties with the right-wing faction of the National Liberal party. From 1893 to 1912, both the LNV and ZDI were administered by Henry Axel Bueck, who was also a member of the right-wing and anti-worker Free Conservative (FC) party. These associations used their initial lobbying institutional apparatus to create employer organizations and lockout funds in response to threats posed by increasing unionization and support for the SPD.

Data on employer associations from the memoranda of the LNV demonstrate that they existed in important sectors and covered a significant fraction of the work force. These associations covered roughly 160,000 firms, many of which were the largest firms in Germany; their member firms employed almost 3.7 million workers.³² The LNV memoranda also optimistically pointed out that this number was much greater than the contemporaneous union density of 2.4 million and that associational growth was outpacing union growth. The major industrial sectors of minerals, mining, metal manufacturing, and construction had the highest number of employees who worked for firms that belonged to employer associations.

More systematic data on employer associations exist for the period 1911–1913.³³ According to the tabulations from yearbooks on the coverage of employer associations, 89 percent of associations collected data on member firms, and 77 percent collected data on the employees of the member firms; such data included wages and worker histories.³⁴ These data are also used in conjunction with 1909 industrial census data to calculate the ratio of the number of firms and workers in a given sector to the number of member firms and workers in the association, which are proxies for the coverage of the associations. For example, approximately 25 percent of all firms in the agricultural, poly-graphic, and construction industries were members of employer associations. If we consider the ratio of number of workers in the sector to the number of workers employed by firms that are members of employer associations, the most represented industries are the three aforementioned ones, as well as the most economically relevant industries of manufacturing, mining, heavy industry, and textiles. Approximately one-third of workers in manufacturing were in firms covered by employer associations; this ratio is estimated to be one-half for the textile and raw materials and minerals industries. These measures of “organizational scope” likely underestimate the substantive impact of these associations because in many key industrial sectors the most important members were the largest firms. This evidence demonstrates the proliferation of collective repressive strategies in the most important industries in Germany at this time period.

Beyond this evidence of coverage, the records of the first meetings of key employer associations from the early twentieth century emphasize the importance of the threat from workers in the form of trade unions after the lifting of the anti-Socialist laws in 1890, such as the massive 1889 mining strike (in which 87,000 out of 104,000 Ruhr miners struck). For example, the memoranda of the NWG and LNV discuss the importance of a counter-response to union mobilization and electoral contestation of the SPD. The reports praise the anti-labor and union restricting activities of employer associations, in particular their roles in defending against strikes and in managing employment

exchanges. The LNV credited employer associations with helping to exhaust union treasures during industrial conflicts and saving firms from drawn out lockouts. The memoranda also detail their opposition to collective agreements and the organization's support for peak associations' positions in recent industrial disputes. They also approvingly cite other peak employers associations' interventions in helping firms win those battles and the restraint of unions' radical tendencies.³⁵ The NWG report praised the reduced number of strikes as a result of the successful unification of firms and concluded that in light of unions' increased militancy, cooperative strategies were not possible. The reports also exhorted employer associations and member firms to recognize the importance of the political intervention in assisting firms.

Nationalization of Collective Repression These initially repressive employer associations expanded their institutional apparatus and coverage in response to an increase in the redistributive threat posed by workers. The 1903 strike of textile workers in Crimmitschau in the Kingdom of Saxony helped motivate business associations to expand repressive employer organizations.³⁶ These events help confirm that when the threat from workers moderately increased, further repression was pursued by firms. Approximately 8,000 workers struck for a ten-hour work day for five months and were supported by unions around the country. The failure of local and regional-level employer associations to address threats from Crimmitschau, as well as the backing of the local union by the general trade union and the SPD, led to a desire to form more peak organizations that could pool resources for common lockout funds and the networking of employment agencies.

After the intervention of the SPD and general trade unions, textile manufacturers and existing employer associations in other industries viewed the Crimmitschau conflict no longer as simply an industrial conflict, but as a larger struggle against the SPD and industrial unions. It became a question of whether firms would run their own businesses or be subordinate to the influence of labor.³⁷ Business associations responded by recruiting firms and creating sector and regional institutions to combat unionism, out of fear that support for the strike would increase radical labor support. Hermann Vogel, the chairman of the Saxon textiles employers' association, warned that a Social Democratic victory at Crimmitschau would constitute a major defeat for German industry.³⁸ In response to the strike, the ZDI board of directors called on member associations for financial assistance to the firms of Crimmitschau and began discussing the creation of a much larger formal employer association.³⁹

After the Crimmitschau strike ended in the employers' favor, the result of these deliberations was the formation by the ZDI in May 1904 of a peak employer organization to further institutionalize the anti-union policies that already existed in various member regional and industrial organizations. This association, the Central Office of German Employer Organizations (*Hauptstelle Deutscher Arbeitgeberverbände*, HDA), was the first peak-level employer association, and its object was to counter extreme demands by workers⁴⁰ and blunt the political socialist movement.⁴¹ Its member firms at the time of the founding employed nearly one million workers, making it the second

largest number of employees covered among such associations. The HDA had at its start two national-level federations, and sixty-seven district federations.⁴² The founding charter of the HDA stated its reason for existence was to protect firms against workers' strikes and boycotts and to assist firms in such events. The founding documents prioritize the importance of connecting existing employment agencies that shared information about workers and the authority of the committee to decide whether assistance to member associations during industrial conflict was warranted. Member associations had to comply with committee rulings about not accepting workers who were locked out and seeking new employment. The main tactics of the newly formed repressive peak federation were centralizing lockout funds among pre-existing member associations and creating institutional linkages among such associations.⁴³ The HDA confined itself to the organization and grouping of industrial associations, regarding the unification of the other associations as fundamental to its power.⁴⁴

The importance of collective repression was maintained even when the HDA negotiated and merged with other employer associations that initially had more accommodating postures towards workers, including the Association of German Employer Organizations (*Verein Deutscher Arbeitgeberverbände*, VDA). The VDA had at the time of its formation in 1904 some member associations which had concluded collective bargaining agreements with unions because their costs of repression were much higher.⁴⁵ Despite these differences between the associations, at the end of 1904, HDA and VDA representatives opened discussions about merging the associations, which would have meant an exchange of member lists and a common institutional and financial structure to counter strikes and boycotts. The co-existence of the HDA and VDA demonstrates the importance of collective strategies. In 1909 the HDA signed a cartel agreement with the VDA; this agreement laid the foundation for an eventual merger. The main reason given for this cooperation was the increased efficiency of managing collective strategies through a single office.⁴⁶ The resulting organization increased the number of workers covered by associations to nearly 2.5 million. The cartel arrangement that laid the groundwork for the eventual merger between these two peak federations was naturally objected to by unions, as evidenced by discussion of the agreement in the union publication *Soziale Praxis*.⁴⁷ Overall, collective repression was successful in terms of slowing the growth in unionization and played a major role in reducing worker successes in industrial disputes.

As this section shows, the initial impetus for employer associations, as well as decisions to expand them to the national level, came from increasing union and labor agitation.⁴⁸ Regarding the alternative hypothesis of the importance of the electoral system, some of the implications of that theory are less confirmed. First, Germany's multi-party system did not result from a proportional electoral system, but rather a two-round first-past-the post electoral system. Second, there is not much evidence that the more "business-dedicated" parties were more likely to facilitate cooperation with employers, or cooperation with unions.⁴⁹ Both large, initially repressive employer associations and the factions of the National Liberal (NL) and Conservative parties did not cooperate with industrial unions or the SPD. The potentially more "business-oriented"

NL party in the 1870s and 1880s favored extending laws banning worker and socialist agitation and organization; in 1903, the party contributed to and helped finance the founding of the National Association against Social Democracy (*Reichsverband gegen die Sozialdemokratie*).⁵⁰ Third, if some degree of cooperative spirit is an implication of the multi-party theory, there is insufficient evidence of electoral coordination between the NL party and the SPD in the 1907 national elections, either in the first or second rounds. In fact, in over half of the run-off elections in which the SPD contested, the NL either ran directly against the SPD or endorsed the opposition party.⁵¹ In short, even the more business-dedicated party was supportive of repressive employer associations designed to counter threats posed by workers, and not especially cooperative.

From Collective Repression to Temporary Collaboration

The Transition to Collaboration The previous section demonstrates how German employer associations initially pursued different repressive strategies in response to growing threats posed by workers. This section will further confirm the relevance of this variable by showing that an exogenous increase in the redistributive threat posed by workers led to a temporary alteration of strategies from collective repression to collaboration. The initial incarnation of the peak-level association VDA faced a much larger threat from workers and a higher cost of repression during and after WWI. These sudden changes induced a shift in collective repression to collective collaborative strategies, which were embodied in the Stinnes-Legien Accord between major firms and unions, and in the bargaining institutions of the Central Working Community (*Zentralarbeitsgemeinschaft*, ZAG). Germany's participation in World War I and the massive intervention of the state in all aspects of economic activity—in product and labor markets, as well as adoption of rations and prices controls—radically changed the legal position of workers and unions in the German economy and polity. In addition, the drafting of soldiers for the war meant the country faced a large labor shortage. The German government leadership and the Economic and Prussian War Ministries calculated that by 1915 the war-time effort could not afford labor disruptions in the forms of strikes or steady demands for higher wages.⁵²

In autumn 1916, the leadership's decision to expand the war effort involved a large increase in military mobilization efforts and a shift of bureaucratic initiatives to further ration the economy. The exogenous conditions and demands of the war forced the German government to declare by fiat that firms and the state had to recognize unions. This was encapsulated in the Auxiliary Service Law (ASL) of December 1916, the first official act that recognized unions.⁵³ The change in the relative threat posed by unions induced the state to recognize them, lest they be paralyzed by union intransigence during the war; the government was reliant on unions to prevent strikes. This law was a major change in the status of organized labor in German society and recognized German unions as legitimate bargaining counterparts, though employer associations at the time sought to make such recognition temporary. The ASL was a large departure from the previous doctrine which effectively allowed firms to pursue repression as a strategy. Under the

law, firms had to negotiate with trade union secretaries on war-time bodies and establish or recognize war-time worker committees in the plants.⁵⁴

The 1916 ASL and its attendant empowerment of organized labor happened because the costs that workers could inflict on firms had dramatically risen in the preceding two years. When the threat from workers and the costs of repression rapidly increased towards the end of WWI, firms preemptively formed cross-class collaborations with unions, encapsulated by the famous Stinnes-Legien agreement of 1918. The agreement authorized the first major institutions in Germany that legitimized unions as a bargaining partner in the workplace and guaranteed minimal working conditions.⁵⁵ The main provisions of the agreement were a guarantee of a maximum eight-hour day for workers and a basic collective bargaining framework between unions and firms that would be administered by the ZAG, which included the regional-sector employer associations as well as the main trade unions. The main peak association that would help oversee the business side of negotiations was the newly formed Reich Association of German Industry (*Reichsverband der Deutschen Industrie*, RDI).⁵⁶ As part of the 1918 agreement, an important concession that industrialists extracted from trade unions was their abandonment of the goal to overhaul the capitalist system. The agreement stipulated joint management of industrial relations between unions and employer associations.

This major shift in industrial institutions arose out of firms and employer associations' concerns with the costs of managing demobilization of soldiers and the potential chaos after the end of WWI. They feared that the war-time administrative authorities would either be unable to manage the demobilization or intervene with their own set of inefficient procedures. For the firms that had been members of repressive employer associations, the costs of repression increased. Thus, starting in 1917, business and union leaders met to negotiate and to present the German political authorities a preemptive agreement that would give unions and employer associations authority over industrial relations and minimize the role of state demobilization offices. The pace of the talks accelerated between the two groups as it became clear the German government would lose the war and would have little capacity to continue to enforce war-time established industrial bodies.⁵⁷ The agreement was presented to the German government on November 3, 1918, and merged existing government proposals with the new proposal for managing demobilization.⁵⁸ The advent and administration of this agreement constituted an enormous qualitative change in the strategies chosen by firms, from repression to collaboration.

The Persistence of Repression Even though the ZAG and the tenets of Stinnes-Legien eventually provided the ideological template for collective bargaining after World War II, during the inter-war period this collective collaborative strategy was not sustainable. The ZAG collapsed in 1925 due to exogenous changes in the enforceability of the agreement, resulting in the defection of key employer associations. After the passing of the initial economic crisis and hyperinflation, as well as the lower threat posed by the SPD and the General German Trade Unions (*Allgemeiner Deutscher Gewerkschaftsbund*, ADGB) in terms of their redistribution demands, firms which had engaged in collective repressive strategies prior to WWI had an incentive to renege and return to such strategies.⁵⁹

During the second half of the 1920s, after the collapse of the ZAG, many employer associations and member firms pushed for a return to pre-WWI strategies. They directly renounced the new labor law framework and the eight-hour day; employer associations in manufacturing lobbied heavily against the compulsory arbitration system that the government had decreed to help resolve industrial disputes when intra-ZAG procedures were insufficient. In the late 1920s, they engaged in a number of punitive lockouts designed to help undermine unionization, SPD electoral prospects, and the arbitration system. For example, Ruhr manufacturers in November 1928 locked out more than 250,000 metal workers, as a direct challenge to the SPD leader Hermann Müller and as a sign that repressive associations would not comply with existing labor law. The lockout was a major defeat for unions, as well as a weakening of the principle of collective bargaining. These repressive employer associations also sought to bring back individual firm-level unions to make participation in general trade unions unattractive. The aforementioned LNV also publicly clashed with the RDI and sought to undermine its influence on the government. In 1930, when moderate leaders of the RDI wanted to re-introduce collective collaborative strategies in the form of more support for collective bargaining procedures that had been enshrined in the ZAG, the same associations lobbied against it, threatening to veto such an idea.⁶⁰

Repressive organizations were also able to influence other industry associations, such as manufacturing-finishing industries, by “locking in” their participation with cartel agreements. Through these agreements, heavy industry and repressive associations were able to prevent their cartel counterparts from supporting union-friendly legislation, such as laws that would have helped workers in compulsory arbitration cases. This collective strategy that secured the cooperation of collaborative employer associations was characterized by the AVI (*Arbeitsgemeinschaft der Eisen Verarbeitenden Industrie*) agreements of 1924 and 1926. As part of these cartels, iron consuming industries had less market influence and were put in a position where they had to pass on prices to consumers. As a result, they had less flexibility in dealing with unions.⁶¹

Iron producers were able to use the AVI alliance to secure the support of finishing industries against the arbitration system. Under the agreement, they were able to automatically raise the cartel price for iron and steel in response to any arbitration decision which raised costs through higher wages, shorter hours, or both. Signatories of the AVI, including large finishing industry associations like the Association of German Machine Building Firms (*Verein Deutscher Maschinenbau-Anstalten*, VDMA), were obligated to accept price increases, and thus these industries were economically compelled to support repressive employer associations in criticizing government arbitration decisions. The result was that finishing-industry associations were constrained from supporting unions and higher wages.⁶² The AVI agreement allowed repressive employer associations to co-opt other industries and attack pro-worker social policies more directly.

Another instrument that repressive employer associations used during this time period was the support of anti-labor political parties and their affiliated organizations. But, in contrast to the multi-party logic, these parties represented firms’ interests largely in terms of supporting reversion to repression of workers. Employer associations’ political

strategies involved electoral campaign contributions to influence parties to support their positions against collective bargaining and the arbitration courts. The two parties that most represented the views of repressive capital and employer associations were the German People's Party (*Deutsche Volkspartei*, DVP) and the German National People's Party (*Deutschnationale Volkspartei*, DNVP). The right-wing faction of the DVP was particularly sympathetic to the views of heavy industry. These industrialists viewed politics as one of socialist versus non-socialist interests. For the 1928 Reichstag elections, they allocated their political funds among those parties they regarded as bourgeois and sufficiently anti-worker: the DVP, DNVP, and the Center party.⁶³ These funds were used to bargain for placement of favored nominees high on party's lists of candidates.⁶⁴ This basic evidence during the inter-war era in Germany demonstrates that only when costs of repression rose significantly did firms contemplate moving to strategies of collective collaboration. Further, during the Weimar era, despite improvements in labor law for workers, those strategies could not be maintained.

Conclusion

In this article I present an alternative conception and theory of employer coordination and used evidence from Germany, the canonical case of a coordinated market economy, to test the theory. I argued that coordinated repression has been insufficiently explained as an outcome and that such a strategy was designed to resist redistributive demands of workers. Such strategies were preferred when the costs of repression were low. When the redistributive threat posed by workers increased to high levels, firms found it costly to continue repressing workers and switched to collaborative strategies, embodied in cooperative employer associations. Further, such high costs (some occurring during periods of economic or political crises) gave the state incentives to support shifts to collaborative strategies. But many associations at the sector and national level were initially designed to inhibit unionization and the electoral gains of left-wing and socialist parties; major shifts in industrial institutions and regimes can be linked to the mobilization and radicalization of workers. This conception and theory can account for previously unexplained historical variation in firm behavior and industrial outcomes. The theory is consistent with previous literature that argues that the "power" of the left matters for social policy outcomes, but it more explicitly addresses the collective response of firms and distinct forms of coordination as the outcome and can address variation in types of employer coordination.⁶⁵

The patterns of German industrial relations from 1890 through the Weimar era and the specific evidence on the formation of major associations both support this alternative conception and theory. Initially, repressive employer association across many sectors formed in response to the distributive threat posed by workers in the 1890s and early 1900s, partially evidenced by growing membership in industrial unions and the SPD. The most influential peak associations had connections to anti-worker conservative parties or factions thereof. The transformation of the governing

structures and economy during WWI and the subsequent fear of revolutionary chaos resulted in an exogenous increase in the costs of repression, and thus firms had an incentive to adopt collective collaboration as a strategy. Once costs of repression fell during the inter-war period and the collaborative institutions established at the end of WWI collapsed, collective repressive strategies returned. The descriptive evidence of the most important associations in Germany is more consistent with this theory than theories that posit a longstanding cooperative form of employer coordination that has existed since the period of initial industrialization, or theories that emphasize the importance of the electoral system.

Considering the transition of the stance of initial employer organizations to the formation of Stinnes-Legien, it seems more likely that the reason for the major conversion to a collective collaborative strategy was not just about joint returns to specific assets, but about the prevention of state intervention and the higher threats from workers during the end of WWI. The evidence supports the theory that firms were only willing to engage in broad, collective-based collaboration once the redistributive threat was sufficiently high. The ZAG was formed out of fear that without some institutionalized cooperation, either workers or returning soldiers from WWI would become further radicalized and threaten production and the viability of the economic order. These reasons ultimately mattered more for why the ZAG was established.

This theory and evidence also contrast with accounts that focus on the electoral system. The evidence from Germany casts doubt on the claim that PR systems better assist dedicated business parties in attaining cooperative ends with workers. First, the fact that firm strategies changed so dramatically at the end of WWI and during the Weimar republic indicates that the electoral system cannot account for temporal changes. Second, the actual adoption of wide-spanning employer coordination slightly pre-dates the adoption of PR: it was the fear of chaos and attendant rise in the costs of repression that prompted important firms to switch strategies and seek unions' assistance in managing the demobilization. Third, existing accounts which focus on coding such coordination as collaborative neglect the importance of collective repression, which was important before and during the Weimar era. In fact, repressive factions of employers helped undo the ZAG. Fourth, the repressive positions of the political parties DVP and DNVP, and their participation in coalition governments, indicate that employer associations still invested resources in the government to have the state share the costs of and assist with repression when possible. This evidence means that distributive conflict, not just a spirit of cooperation, can characterize industrial relations within a proportional electoral system.

The proposed theory has some possible extensions and introduces an agenda for studying collective firm repression in both developed and developing economies. Within the distribution of amounts of political mobilization of workers, Germany represents a high value given the relative mobilization success of the SPD after 1890 and subsequent war-time exigencies, and also exhibited high degrees of collective employer repression. Other evidence should document that firms in the late nineteenth and early twentieth century generally first adopted collective repressive strategies and only switched

to collaborative strategies when the redistributive threat from workers increased dramatically. Second, more precise assumptions about when firms act collectively as opposed to individually to engage in repression versus collaboration can form the basis of a more complex theory. A third extension involves examining different instruments of repression more closely and theorizing which instruments are more costly. Such instruments can serve different purposes if initial attempts at crushing unions fail.⁶⁶ For example, determining when employer associations turned to the state for assistance instead of managing repression on their own is an important question for future study. These avenues indicate that the politics of collective business repression is a fertile avenue for further research.

NOTES

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1. On the importance of these institutions for modern variation in outcomes, see the voluminous literature on varieties of capitalism and the impact of industrial institutions. Peter A. Hall and David G. E. Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001); Peter Swenson, *Capitalists against Markets: The Making of Labor Markets and Welfare States in the United States and Sweden* (Oxford: Oxford University Press, 2002); Cathie Jo Martin and Duane Swank, "Does the Organization of Capital Matter? Employers and Active Labor Market Policy at the National and Firm Levels," *American Political Science Review*, 98 (November 2004), 593–611; Michael Wallerstein, "Centralized Bargaining and Wage Restraint," *American Journal of Political Science*, 34 (November 1990), 982–1004.

2. For the importance of electoral institutions for employer coordination, see the book and series of articles by Martin and Swank. Cathie Jo Martin and Duane Swank, *The Political Construction of Corporate Interests: Coordination, Growth, and Equality* (New York: Cambridge University Press, 2012); Cathie Jo Martin and Duane Swank, "Gonna Party Like It's 1899: Party Systems and the Origins of Varieties of Coordination," *World Politics*, 63 (February 2011), 78–114; Cathie Jo Martin and Duane Swank, "The Political Origins of Coordinated Capitalism: Business Organizations, Party Systems, and State Structure in the Age of Innocence," *American Political Science Review*, 102 (May 2008), 181–98.

3. Charles Maier, "Preconditions for Corporatism," in John H. Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (Oxford: Clarendon Press, 1984), 39–59.

4. Martin and Swank, 2008. An alternative theory is that the relationship is in the opposite direction, that initial systems of economic coordination explain the emergence of PR systems. See the exchange among Thomas R Cusack, Torben Iversen, and David Soskice, "Economic Interests and the Origins of Electoral Systems," *American Political Science Review*, 101 (August 2007), 373–91; Thomas R Cusack, Torben Iversen, and David Soskice, "The Coevolution of Capitalism and Political Representation: Explaining the Choice of Electoral Systems," *American Political Science Review*, 103 (May 2010), 393–403; Marcus Kreuzer, "Historical Knowledge and Quantitative Analysis: The Case of the Origins of Proportional Representation," *American Political Science Review*, 104 (May 2010), 369–92.

5. Martin and Swank, 2012, 36.

6. Ibid., 37.

7. Cathie Jo Martin and Duane Swank, 2008, 184.

8. Martin and Swank, 2012, 37.

9. The other main institutional variable of interest, though it receives slightly less attention in their account, is that of federal institutions. They argue that political centralization increases employer coordination. In more federal systems, business coordination that does emerge is more likely to be at the regional level.

10. See Geoffrey K. Ingham, *Strikes and Industrial Conflict: Britain and Scandinavia* (London: Macmillan, 1974); Peter Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca: Cornell University Press, 1985).

11. Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan* (New York: Cambridge University Press, 2004).
12. By specific skills, Cusack, Iversen, and Soskice (2007), refer to skills that require a technical or vocational training and are usually not provided by more general education systems.
13. Thelen, 2004.
14. Martin and Swank, 2012; Martin and Swank, 2008.
15. The component measures include the share of employers organized in peak national association; centralization of power; control over lockout funds in peak associations; and integration of peak associations into national policy-making forums. Martin and Swank, 2012, 31.
16. Many of these measures conceptualize employer coordination in an equivalent manner and use similar indices as Martin and Swank, but focus on the post WW2 period. Franz Traxler, "Employers and Employer Organisations in Europe: Membership Strength, Density and Representativeness," *Industrial Relations Journal*, 31 (November 2000), 308–16; Miriam Golden, Michael Wallerstein, and Peter Lange, "Union Centralization among Advanced Industrial Societies: Update to 1995/2000," (2006). For an alternative but similar historical coding see Colin Crouch, *Industrial Relations and European State Traditions* (Clarendon Press, 1993).
17. The terms "collective repression" or "repressive coordination" are used synonymously.
18. For examples see Swenson, 2002.
19. Repressive strategies are not necessarily mutually exclusive of collaborative strategies. For example, Swenson's account of the rise of centralized wage bargaining in Sweden in the early twentieth century demonstrates that employer associations and export-oriented manufacturing unions had similar incentives to sanction the behavior of sheltered construction unions. These initial employer associations succeeded by engaging in repressive strategies and only later adopted collaborative strategies.
20. For overviews of the massive literature on initial labor mobilization, see Stefano Bartolini, *The Political Mobilization of the European Left, 1860–1980: The Class Cleavage* (Cambridge: Cambridge University Press, 2000); Dick Geary, *Labour and Socialist Movements in Europe before 1914* (Berg Pub Ltd, 1989).
21. For discussion on structural limitations of electoral threats, see Adam Przeworski and John Sprague, *Paper Stones* (Chicago: University of Chicago Press, 1988).
22. The variable of interest is the amount of redistributive threat that such workers pose to firms, one measure of which can be labor mobilization. See Wälder Korpi, *The Working Class in Welfare Capitalism* (London: Routledge Kegan Paul, 1978).
23. Geary; Carl Schorske, *German Social Democracy 1905–1917: The Development of the Great Schism* (Cambridge: Harvard University Press, 1955).
24. One channel through which the threat posed by workers affects the choice of collaborative or repressive strategies was that of the level of the cost of repression. Firms must incur some cost for repressing these workers. This can be thought of as lost capital stock or reduced profit stream from expending resources to repress workers. For a representative discussion, see John Kennan, "The Economics of Strikes," in Orley Ashenfelter and Richard Layard, eds., *Handbook of Labor Economics* (New York: Elsevier, 1986), 1091–137.
25. Klaus Saul, *Staat, Industrie, Arbeiterbewegung Im Kaiserreich: Zur Innen- Und Aussenpolitik Des Wilhelmischen Deutschland 1903–1914* (Bertelsmann Universitätsverlag, 1974); Margaret L Anderson, *Practicing Democracy: Elections and Political Culture in Imperial Germany* (Princeton: Princeton University Press, 2000).
26. Martin Fiedler, "Die 100 Größten Unternehmen in Deutschland—Nach Der Zahl Ihrer Beschäftigten—1907, 1938, 1973, Und 1995," *Zeitschrift für Unternehmensgeschichte* 44, no. 1 (1999), 32–66.
27. Roswitha Leckebusch, *Entstehung Und Wandlungen Der Zielsetzungen, Der Struktur Und Der Wirkungen Von Arbeitgeberverbänden* (Berlin: Duncker Humblot, 1966).
28. Peter Ullmann, *Tarifverträge Und Tarifpolitik in Deutschland Bis 1914* (Frankfurt am Main: Peter Lang, 1977). Other industries that had lower industrial concentration, more intensive labor competition, and were composed of small firms—such as printers, construction workers, carpenters, painters, and tailors—did have some collective wage agreements. However, these industries, while important for other research on employer coordination regimes, composed a much smaller portion of output.
29. The first recorded employer association to form was the Association of German Master Printers (*Deutsche Buchdruckerverein*) in 1868, in response to strikes from the more centralized printers' union.
30. I refer to the organization by the LNV hereafter.
31. Josef Winschuh, *Der Verein Mit Dem Langen Namen*, vol. 182, *Geschichte Eines Wirtschaftsverbandes*, Berlin (1932). This discussion comes from the 1886 and 1907 "*Mitteilungen Des Vereins Zur Wahrung Der Gemeinsamen Wirtschaftlichen Interessen in Rheinland Und Westfalen*" (Düsseldorf 1886).

32. Wilhelm Beumer, "Mitteilungen Des Vereins Zur Wahrung Der Gemeinsamen Wirtschaftlichen Interessen in Rheinland Und Westfalen" (Düsseldorf 1909).
33. The count of associations includes associations at the national, regional (*Landes* or *Bezirk*), and local levels.
34. Statistik des Deutschen Reichs (Verlag des Königlich Preussischen Statistischen Bureaus, 1909).
35. See discussion in the 1909 "Mitteilungen Des Vereins Zur Wahrung Der Gemeinsamen Wirtschaftlichen Interessen in Rheinland Und Westfalen" (Düsseldorf 1909).
36. Leckebusch, *Entstehung Und Wandlungen Der Zielsetzungen, Der Struktur Und Der Wirkungen Von Arbeitgeberverbänden*.
37. Saul, 1974.
38. DAGZ, 1903, 2.
39. Wolfgang Krüger, "Employers' Associations in Germany," *International Labour Review*, 14 (September 1926), 320.
40. Ibid.
41. Elaine Glovka Spencer, *Management and Labor in Imperial Germany: Ruhr Industrialists as Employers, 1896–1914* (New Brunswick: Rutgers University Press, 1984).
42. The first unofficial meetings of the HDA in January 1904 were attended by approximately 80 individuals, representing roughly 90 employer organizations.
43. HDA, "Satzungen," Hauptstelle Deutscher Arbeitgeberverbände (1904).
44. Saul, *Staat, Industrie, Arbeiterbewegung Im Kaiserreich: Zur Innen- Und Aussenpolitik Des Wilhelmischen Deutschland 1903–1914*, 318.
45. Helga Nussbaum, *Unternehmer Gegen Monopole* (Akad.-Verl., 1966); Hans Peter Ullmann, *Der Bund Der Industriellen* (Vandenhoeck und Ruprecht, 1976).
46. Hauptstelle Deutschen Arbeitgeberverbände and Verein Deutschen Arbeitgeberverbände, "Kartellvertrag Zwischen 'Hauptstelle' Und 'Verein' (1904); Leckebusch, *Entstehung Und Wandlungen Der Zielsetzungen, Der Struktur Und Der Wirkungen Von Arbeitgeberverbänden*.
47. *Soziale Praxis*, April 24, 1913, 866–67.
48. This account is consistent with other historical evidence about the conditional opposition of firms to adoption of social policy expansion. See Thomas Paster, *The Role of Business in the Development of the Welfare State and Labor Markets in Germany: Containing Social Reforms* (London: Routledge, 2012).
49. For discussions of the connection between the two-round electoral system and party development, see Thomas Nipperdey, *Die Organisation Der Deutschen Parteien Vor 1918* (Düsseldorf: Droste, 1961); Carl Wilhelm Reibel, *Handbuch Der Reichstagswahlen 1890–1918: Bündnisse, Ergebnisse, Kandidaten*, vol. 1 (Droste, 2007).
50. Dieter Fricke, "Der Reichsverband Gegen Die Sozialdemokratie Von Seiner Gründung Bis Zu Den Reichstagswahlen Von 1907," *Zeitschrift für Geschichtswissenschaft*, 7 (1959), 237–80. Sperber discusses local level incidents of NL opposition to the SPD platform in key districts. Jonathan Sperber, *The Kaiser's Voters* (Cambridge: Cambridge University Press, 1997), 241.
51. Reibel, *Handbuch Der Reichstagswahlen 1890–1918: Bündnisse, Ergebnisse, Kandidaten*; *ibid*.
52. Gerald D. Feldman, *Army Industry and Labor in Germany, 1914–1918* (Princeton: Princeton University Press, 1966). My account contrasts with existing theories because it emphasizes the shift from repression to collaboration and the relative unimportance of the change in electoral system for this shift. The change in electoral system had been adopted in July 1918. For discussion of the adoption of the electoral reform, see Lucas Leemann and Isabela Mares, "The Adoption of Proportional Representation," *Journal of Politics*, 76 (April 2014), 461–78.
53. Gerald Feldman, "German Interest Group Alliances in War and Inflation, 1914–1923," in Suzanne Berger, ed., *Organizing Interests in Western Europe: Pluralism, Corporatism, and the Transformation of Politics* (Cambridge: Cambridge University Press, 1981).
54. Feldman, 1966.
55. The main negotiators after whom the agreement was named were the businessmen Hugo Stinnes, who had extensive contacts with employer associations, and the leader of the German trade union federation, Carl Legien.
56. Heinrich Kaun, "Die Geschichte Der Zentralarbeitsgemeinschaft: Der Industriellen Und Gewerblichen Arbeitgeber Und Arbeitnehmer Deutschlands" (Wirtschafts Hochschule, 1938).
57. AJ Ryder, *The German Revolution of 1918* (London: Routledge and Kegan Paul, 1959).
58. Hans von Raumer, the business manager of the Association of the German Electro-Technical Industry, was one of the major initiators of discussion. He expressed that there must be "action before the flood" and that preemptive action with unions would be necessary to prevent "civil war and Bolshevism." See the collection of relevant primary documentation in Gerald Feldman, "The Origins of the Stinnes-Legien

Agreement: A Documentation,” *Internationale Wissenschaftliche Korrespondenz zur Geschichte der deutschen Arbeiterbewegung*, 20 (1973): 325; Gerald Feldman, *German Business between War and Revolution: The Origins of the Stinnes-Legien Agreement* (University of California, Institute of International studies, 1976). Hans von Raumer, “Unternehmer Und Gewerkschaften in Der Weimarer Zeit,” *Deutsche Rundschau* 1954.

59. Kaun, 1938.

60. Bernd Weisbrod, *Schwerindustrie in Der Weimarer Republik* (P. Hammer, 1978).

61. For discussion of these cartel agreements and their constraint on finished-product industries, see Ulrich Nocken, “Inter-Industrial Conflicts and Alliances as Exemplified by the Avi-Agreement,” Paper Presented at the Internationales Symposium Industrielles System und Politische Entwicklung in der Weimarer Republik, Bochum, 1973.

62. Ibid.

63. Arnold J. Heidenheimer and F. Langdon, *Business Associations and the Financing of Political Parties: A Comparative Study of the Evolution of Practices in Germany, Norway and Japan* (Martinus Nijhoff, 1968); Henry A. Turner, “Ruhrlade, Secret Cabinet of Heavy Industry in the Weimar Republic,” *Central European History* (September 1970), 195–228.

64. Turner.

65. Walter Korpi, “Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists,” *World Politics*, 58 (January 2006), 167–206.

66. A complementary theoretical extension would be to examine if firms learn from previous successes or failures of collective repressive or collaborative strategies.