



**Speech by Federal President Frank-Walter Steinmeier
at the ceremony to commemorate the centenary of the
social partnership / Stinnes-Legien Agreement
in Berlin on 16 October 2018**

Here today, in this historic venue, we are commemorating a truly historic event in our country's history. I am afraid that not many people in Germany still know what Stinnes, Legien and the agreement they made together stand for – namely nothing less than the start of Germany's social partnership and free collective bargaining almost 100 years ago.

We are commemorating the very important role of this partnership in fostering prosperity and peaceful coexistence – and thus also democracy – in Germany now and in the future. At the same time, we recall the long and not always easy path of this partnership – a path that began in war and revolution, led through repression, dictatorship and the demise of the first democracy, and only developed into genuine and lasting cooperation during the second democratic period.

In order to understand this path, we must remember what was happening in the world and in our country 100 years ago.

Let us cast our minds back to 9 November 1918. Even the Supreme Army Command had been aware for several weeks that the war was lost. Sailors had been mutinying in Kiel for six days. The Kaiser abdicated. Philipp Scheidemann proclaimed a republic in Berlin – and Karl Liebknecht proclaimed the Free Socialist Republic of Germany.

On 10 November, Kaiser Wilhelm II fled to the Netherlands. In Berlin, the Council of People's Representatives was set up under Friedrich Ebert and Hugo Haase, and a day later, Liebknecht and Rosa Luxemburg announced the re-establishment of the Spartacus League.

On 12 November, a republic was also proclaimed in Vienna, while in Berlin, the Council of People's Representatives announced the introduction of women's suffrage and an eight-hour working day. The following day, factory owner Franz Seldte drew up the charter for a

right-wing reactionary paramilitary association known as the Steel Helmet.

On 15 November, the armed Red Soldiers' Alliance was founded. The radical forces in the country armed themselves in preparation for a civil war, and the conflict lines became more deeply entrenched over the following months.

This mere outline shows clearly that these were very turbulent days indeed in Germany. People were scarcely able to keep up with the decisions and responses that occurred at hourly intervals. Hunger and deprivation were already prevalent, but after the war people were also faced with frantic change from one day to the next. Before long, the fronts were entrenched, the conflict lines stark, and compromise and consensus a long way off. In its very first days, the new republic was at risk of descending into a spiral of violence. And yet, almost incredibly, on the same day, on 15 November 1918, something amazing and completely unexpected happened – the Agreement between Employer and Employee Associations, the Stinnes-Legien Agreement, was signed.

What incredible courage, willingness to make concessions and responsibility those involved demonstrated in order to seek consensus and agree a compromise in this heated atmosphere and against a backdrop of radical expectations! Courage and a sense of responsibility certainly paved the way to the start of the social partnership in Germany.

With a distance of 100 years, we can rightfully say that the foundations of what was only much later known as the social partnership, this widely acclaimed pact, were laid at a time of revolution. The Agreement was a political act during those weeks in which the principles of coexistence in our country, four years after the outbreak of the war and 70 years after 1848, were completely renegotiated.

The protagonists of the time were portrayed as virtual prototypes in their role and function. On one side, there was Hugo Stinnes, a mining magnate who was once caricatured by George Grosz as the "secret Kaiser" and the ultimate stereotype of the inhumane capitalist, and who later became a target of the Nazis' anti-elite propaganda. On the other side, there was Carl Legien, a moderate Social Democratic Member of Parliament and trade union official who faced radical revolutionary demands from some of the workforce, as well as resistance from the old regime, which wished to restore the pre-war order.

At this heated time filled with instability and uncertainty, the Agreement named after these two men was a joint attempt by employers and trade unions to ensure economic stability – and

naturally also a joint attempt to safeguard their own influence and scope. For their part, the employers finally, and after a certain delay, recognised the unions as representatives of the entire workforce. They declared their willingness to conduct collective negotiations and make binding agreements. One reason for this was certainly the very real threat of expropriation and nationalisation. The other side, the trade unions, agreed to uphold existing property relations and not to pursue wholesale nationalisation. Yes, they wanted to protect their members from the unpredictable impact of a revolutionary overthrow of the old order and complete chaos, but they also wanted to ensure their own survival and influence, as nationalised industry, managed by a socialist soviet state, ultimately has no need for separate, free and independent unions. That was the fear at the time and later, under real socialism, it became the bitter truth.

I do not want to give a lecture on all of the details of the Agreement today. Others can do so better than I can. However, I would like to emphasise one special feature of the Agreement. For the first time, a central body for cooperation between the social partners was created. Of course, they called themselves something else at the time, and indeed for many years. The Central Association, as it was known, spanned all industrial sectors and aimed to answer fundamental questions, such as the maximum working hours in a day. The employers and employees thus created something that had not previously existed in Germany, and indeed is still not commonly found all over the world, namely a binding, voluntary economic and social regulatory level between statutory regulations and freedom of contract on the free market. This, too, was a sort of revolution. And at the same time, it was an important milestone in the subsequent development of a social market economy – a strong pillar of democracy in our country!

And although the Agreement only held for a few years and the Central Association was dissolved in the crisis of 1923/24, it was certainly one of the prerequisites for the Weimar democracy coming about in the first place. The fact that subsequent state interventions in the economy in the form of emergency decrees and the conflicts these caused, particularly in the post-1929 crisis, became an accelerant for social unrest and the vilification of democracy and that the Nazis were only able to fully subjugate the German economy to its ideology and war and annihilation apparatus by nazifying associations and abolishing the autonomy of the social partners, shows one thing in particular, namely how important this regulatory level between state and market, this connection between economic freedom and social ownership, is for the stability and integration capacity of our democracy to this day!

And that is not just abstract theory. Day-to-day interaction in companies and enterprises, agreement on acceptable working conditions and peaceful conflict negotiation, largely without strikes or

lockouts – all that is something many people take for granted in this country. I have experienced this more than once during my political career.

Just think of the largest economic crisis in recent years, starting with the collapse of the Lehman Brothers investment bank in the US and leading to the dramatic public debt crisis in Europe. This crisis also had a massive impact on the German economy, from the banks and service providers right down to small and medium-sized enterprises and traditional industry. Families were at risk of losing their livelihood, and entrepreneurs their life's work. The prospect of unemployment and years of economic depression loomed. While working in another role in 2008 and 2009, I often received visits from CEOs, accompanied by members of their works council, who were united by their concern for their company and jobs, indeed sometimes for entire sectors.

There is no doubt in my mind that without the creative ideas and the prudence of social partners, employers and trade unions, without job guarantees, short-time working allowances and lower wages and salaries, without all that we, like others, would have slid even deeper into this crisis – and it would have taken us twice as long to get back on the path to stability and growth. I would like to take this opportunity to express my sincere thanks to you all for this on behalf of our country.

Today, too, we ought to look to the future. If the social partnership is democracy in practice, and if this democracy is close to our hearts, we need to create two things. Firstly, we need to develop an idea of the tasks facing the social partnership in the coming decades and secondly, we need to take concrete steps to preserve the foundations of this partnership so that it remains effective even when conditions have changed.

The first point concerns the question of what role constructive cooperation between employees and employers will play in the future. Over the coming decades we are all expecting to see radical changes in our world of work. From job profiles and training and career paths to employment conditions, the waves of technological innovation are having an ever more immediate and far-reaching impact on all areas of business and the world of work.

We are already observing the replacement of traditional activities, even entire job profiles, by technology on an increasingly wide scale. We are witnessing the rapid growth of the platform economy and, with the expansion of the click and gig economy, a move away from the company format. All this has vast consequences for the traditional role of the social partnership and its instruments in social cohesion and social security.

We should take these prognoses seriously, including the prognoses of all those who, in this context, warn of the polarisation of the world of work, that is, higher salaries for the highly qualified and the highly flexible, and less pay for lower-skilled activities.

Such predictions raise crucial questions – for the social partners, for policymakers and for collective labour law as a whole.

Who fulfils the role of employer in this changing world of work, and how can we define the rights and obligations that come with this role? To put it bluntly, how can we prevent the erosion of the traditional employer role, which is and must remain a vital pillar of any social partnership?

How should we define and remodel workers' rights in the digital economy? How can we balance growing flexibility in the working day with the right to be able to switch off and rest, for example?

How can initial and further training keep pace with technological advances so that more employees can benefit from the opportunities offered by the spread of digital technology?

And in what ways do we need to update our social security systems to ensure that they provide adequate protection for employees even if traditional career paths become less common, while new forms of work, such as switching between employment and self-employment, become more usual? How can we shape social security in the digital age in such a way that the changes inspire people to embrace the future rather than instil in them a fear of loss of status and income?

All that poses a huge challenge! And I urgently advise employers, trade unions, policymakers and academics to tackle it together and at an early stage. What we must not allow under any circumstances is for the debate in our country to drift apart and separate into a digital avant-garde that furthers technological progress and benefits from it, and social and political institutions that merely clear up the mess left by the social impact of this trend. Only if we jointly grapple with the unresolved critical questions that many people have with regard to the digital future and find joint answers to them will we retain our country's enthusiasm for innovation and its optimistic view of the future. If we answer these questions together, we will take the wind out of the sails of those who are currently trying to make political capital out of anxieties about the future and doomsday scenarios.

The second point, the foundations of the social partnership, particularly targets employers and trade union members in positions of responsibility. To effectively maintain this important partnership, the active involvement of both sides is needed. That is at risk of being eroded when levels of trade union organisation in new sectors remain low or when less than half of employers belong to employers'

associations. Dividing lines are constantly appearing, for instance between old and new sectors and between different regions of our country.

Staving off this division is what made us strong and has proved to be a cornerstone of the social market economy. The experiences of countries with a weak social partnership, involving non-union industrial action and political strikes, should make all of us stop and think. The memory of Germany's social fragmentation, to which Stinnes and Legien sought an answer 100 years ago, should also serve as a warning to us. We should make a new effort to strengthen the social partnership of the future. Employers' and employees' associations have a real task for the future here, one that will require courage and a sense of responsibility once again. And when I look at the joint initiatives launched by the social partners to acquire qualified professionals or during the Vocational Skills Week, their efforts to promote global-mindedness and solidarity in our society or their programmes on the spread of digital technology and the work of the future, I am pleased to see that they are already tackling some of these challenges with very specific measures.

The work that began with the Stinnes-Legien Agreement 100 years ago is, historically speaking, neither completed nor exhausted. Mr Hoffmann and Mr Kramer, I regard the fact that you have jointly invited the Federal President to today's celebration as a public promise by employers and trade unions to continue striving to work together over the next 100 years.

I am delighted that you are marking the occasion so intensively and also reflecting on it – and especially that you are not doing it alone, but rather in the company of our European neighbours and friends!

Your work is of the utmost importance for our country. I wish you and all of us all the very best for the next 100 years, and an enjoyable anniversary celebration today.