Dear colleagues, dear guests,

First of all a sincere welcome to all of you, and a special welcome to our special guests, our keynote speakers of today and tomorrow, Renate Mayntz and Ronald Dore. And of course, from the start thanks to Bill Lazonick, the spiritus rector of the overall research project and, not least many thanks to the Ford Foundation and The Hans Böckler Foundation who made this conference possible by financial and organizational support. The merits of Hans-Böckler Foundation go further than this conference as it is a major German research funding institution in the research field that we address with this conference. We as SOFI particularly appreciate the constructive relationship with Hans Böckler colleagues in the Research Funding department in developing research ideas of common interest.

At the time when we were planning this conference we did not think of the special anniversary that is related to Berlin these days: the fall of the wall that separated the two Germanies for almost three decades to be celebrated this weekend. I hope nobody had any troubles while travelling because of these celebrations (the railway strike was probably more effective) and maybe some of you, yesterday’s early arrivers, had the opportunity to take part in the ceremonies, maybe see the lightshow that illuminated the former course of the Berlin wall. Somehow our negligence regarding this anniversary shows that for us as “Wessis” (correctly West German citizens) the fall of the Berlin wall personally is not such an important event that we constantly have it in mind.

Irrespective of the mere contingency of events (our conference, the anniversary) there is a thematic connection between the two events. If we take the wider meaning into account associated with the 1989 events in Berlin, it leads us to the heart of our conference theme: accelerated institutional change in leading Western economies, particularly in Germany in the course of the 1990s. Just consider the following cues as a kind of very short story: the fall of the iron curtain allover in Europe, the transformation of the former state-socialist countries to (more or less) capitalist democracies, the concomitant
expansion or creation of new markets for Western firms; new opportunities for West European firms to expand their production networks to low wage, but rather high-skill environments in the neighborhood, including new opportunities for regime hopping regarding locational decisions, accompanied by new opportunities for blackmailing unions, works councils and even governments for transnationally operating firms; a new, so far unseen, costly welfare state expansion in the cause of the German unification process, and, last but not least an ideological upswing of neoliberal ideas associated with the “end of history” discourse (very literally in the corporate governance debate), putatively proved by the fact that there is no grand alternative any more. Of course, there is not any single cause of this overall change in economic structures, institutions and ideas. For instance, think of the emergence of a Single European market as another important political branching of that time. And of course, any definition of the beginning, of crucial events, and particular episodes of institutional change may be questioned. Regulations school scholars Postfordism, Streecks revival of the capitalist constant, and Krippners analysis of the rise of finance in the US, all prefer a different timing beginning in the 1970s in which the 1989 events would only mark a special episode. In any case, a proper punctuation of events in historical time is a too difficult task for such a short introduction, as any narrative would need a theoretical underpinning, give answers to the whys and hows in the temporal order of events. Nevertheless, we are save to say that our conference theme and the Berlin anniversary are closely connected by the fact that for quite some scholars the 1990s mark a phase of increasing institutional change of the German political economy. New Pan-European value chain architectures, processes of Control Financialization and the erosion of collective bargaining all start in the 1990s. We can leave it open here whether or not these phenomena have a common cause or are to be seen as different aspects of one larger phenomenon, called either Liberalization, Neoliberalism or Globalization. All these keywords in the diagnoses of time are on offer, often used interchangeable and, in my view, too often used without precise definitions.

To be honest, we ourselves at SOFI struggle with this task to develop a common, convincing theoretical framework to describe and explain institutional change or to make sense of concepts like “Financialization”. Nevertheless, most of the topics named before as aspects of the post 1990
change have been addressed by SOFI research. Some of these have particular relevance for the conference topics. I just name the broader research fields that have been addressed by series of research projects.

1) Firm-level processes of Financialization and consequences for Human Resource Management, industrial relations, “Sozialpartnerschaft”, particularly codetermination, and innovation. Or to put it the other way round, we are interested in the impact of codetermination on innovation and innovativeness of firms and the overall process by which financialization or Shareholder Value is translated or “negotiated” (Vitols) in an “adverse environment” (to pick up a phrase coined by Ulrich Jürgen in an early contribution to the research field (welcome Uli)).

2) The Expansion of value-chain architectures and changing value chain governance and its repercussions to Germany in terms of employment, competence structure and industrial relations. Research focused on both Middle and Eastern Europe and China, partly also India.

3) Inter-organizational processes of innovation (collaborative innovation), including new forms of community-based innovation processes (Open Source software projects).

4) The so-called “Energiewende” and the rise of renewable energies in Germany after Tschernobyl and (accelerated) after Fukushima and the impact of the ecological social movements and civil society organizations as innovators.

In all these research efforts the emphasis was on change over time. Somehow it is natural that we as contemporaries are predominantly interested in the impact of social change in our own country and related policy issues and so are many of the relevant research funding institutions. And indeed, regarding the development of the German political economy there seems to be considerable agreement that we witness non-trivial change of the German model in a variety of dimensions and policy fields at least since the 1990s. Most scholars also agree that institutional change was rather gradual (below clear-cut rule change) but that the result is never-the-less transformative over time (e.g. coverage of collective bargaining and the emergence of a low-wage sector). However, it remains controversial how far change has gone (full-blown liberalization or less fundamental), whether change affects the whole economy
or rather particular institutional subsystems while other sectors remain more stable which leads to an ambiguous institutional reconfiguration which does not fit into traditional models (e.g. liberal versus coordinated).

In some of our research projects we explicitly applied comparative perspectives together with US and UK colleagues, e.g. in some of the value chain architecture and governance research together with Suzanne Berger from the MIT Industrial Performance Center, Christel Lane from Cambridge and Gary Herrigel from Chicago. And of course we try to keep us informed about developments in other countries in our research field, e.g. explicitly in the research field of financialization. However, we have to admit that we could do more and profit more from explicit comparative perspectives. Even if we assume that the commonalities of capitalism have become more obvious in the last two or so decades, there remain enough non-trivial varieties or diversities both across countries and within countries that make comparative perspectives empirically and theoretically fruitful. I hope, more, I am convinced that we can make this point more clear throughout the conference. The general argument is: Research that is predominantly interested in change over time (in one locality) is in danger to both dramatize newness and to make the observed developments too necessary, too inevitable. Research in comparative perspective can be used as a corrective that informs us about not only thinkable but also viable alternatives elsewhere (provided that all caveats regarding proper research design are applied). However, comparative research itself is in danger to produce static, frozen pictures of the entities of comparison particularly if underpinned by functionalist short circuits that want to make us belief that certain varieties or diversities are necessary the way they are.

Let me give just one example to make the argument more clear that even if we assume more commonalities in present day capitalism it makes still sense to exploit the comparative perspective. Looking at the following figure (promised: the only slide here from my side) we can see that in most OECD countries from the mid 1980s to the late 2000s (the ones with available data for the time period) an increase of income inequality (measured by the GINI coefficient) can be observed. This is true for countries from different types of capitalism or welfare state organization and contradicts path dependency arguments. The
country with the formerly lowest Gini coefficient, coordinated or social-democratic Sweden, shows the highest rate of increase of inequality.

“Coordinated” Germany is also well underway in this respect. Hence, this can be read as a proof of increasing capitalist commonalities of the more problematic type. However, not reported here are three countries without any visible change (France, Hungary and Belgium) and two countries with a considerable decrease in inequality (Turkey and Greece). Moreover, despite the common increase among the 17 countries in the figure, the differences between say the US and UK and countries like Denmark, Norway, Sweden and the Czech Republic remain considerable. Thus, we face a double task. On the one hand we have to explain why and how the common increase of inequality
occurs over a variety/diversity of capitalisms – that is: capitalist commonalities. On the other hand, and especially if we are interested in remedies of the problematic development and do not want to reify it as inevitable, we should try to explain why some countries do not show any increase or even a decrease of inequality and why even among the countries with increase the differences remain remarkable. Revealed institutional and policy differences that make a difference may then help us to arrive at political and institutional remedies. To be sure, this is a task of its own and not the easiest one as my preparation for the policy panel showed me quite plainly.

In any case, it should have become obvious why we at SOFI were happy and grateful when Bill asked us to join his larger project as a German partner. It gives us the opportunity to present research related to Germany on some of the topics relevant for the conference. Therefore, we asked other Germans who work on these issues to contribute and to join our discussions. Thanks for coming ….

And even more important we want to encourage critical discussion from your side coming from other countries and would like to learn from your perspectives and to use it to calibrate our own. So, just let it happen.