

Michael Faust

Policy Implications

Ideas for a tricky issue

**Conference on
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for
Innovation and Development**

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Are science-based policy recommendations possible?

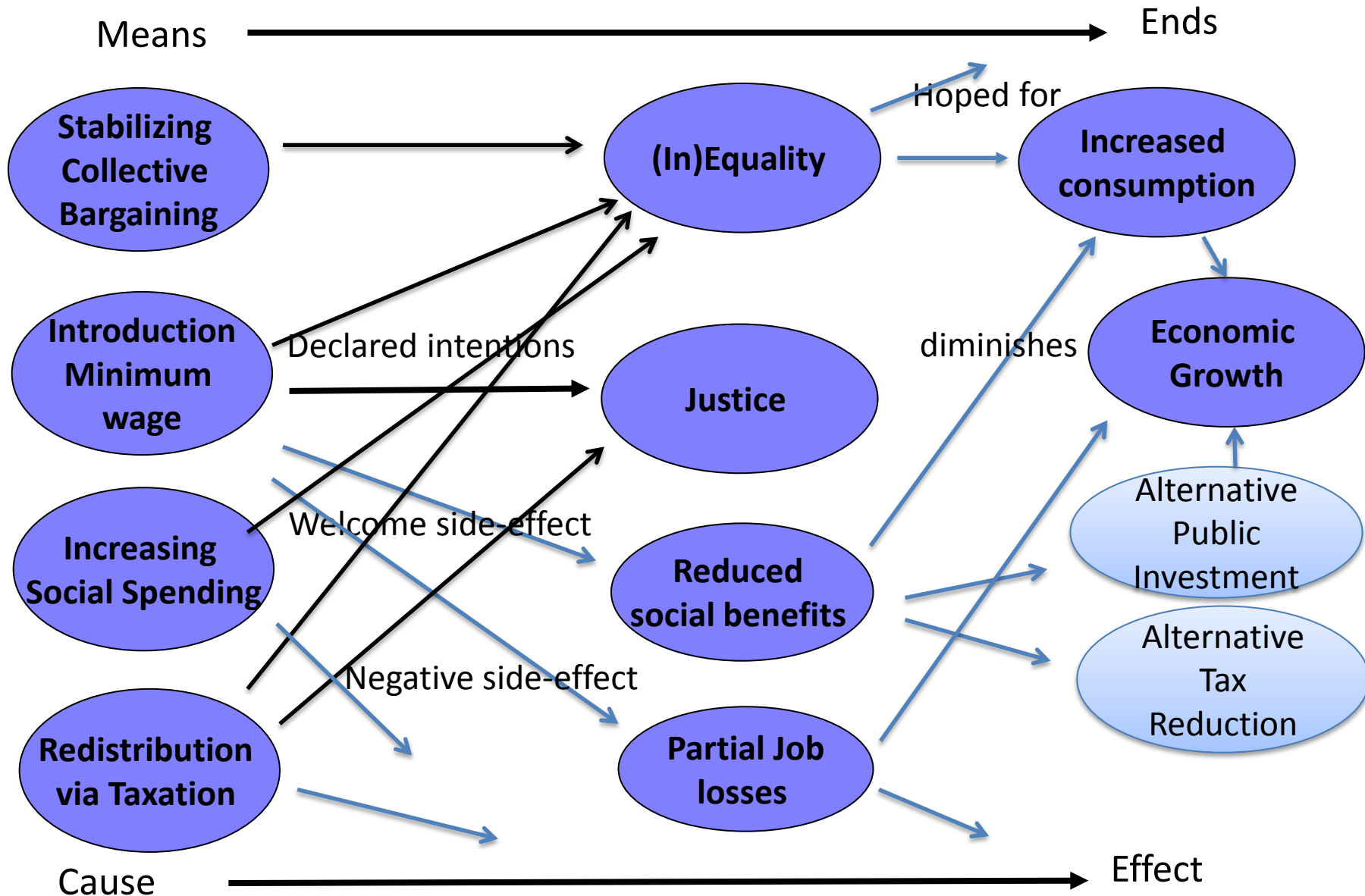
- Policy recommendations operate in a means-ends schema: valued ends can be identified and appropriate means applied.
- However, often ends are ambiguous and controversial/ambivalent and sometimes means turn out to be ends in themselves and ends turn out to be means for other ends.
- For policy recommendations the means-ends schema has to be backed by a proved cause-and-effect schema (while ‚real‘ politicians operate with cause-and-effect beliefs)
- However, the causal texture is complex and contaminated with non-intended, non-anticipazed side effects and functional equivalents (different means on offer for valued ends).

Are science-based policy recommendations possible?

- Much of what we consider as appropriate solutions to problems (e.g. codetermination, welfare state) today were the result of „Institutionenpolitik“ (Lepsius) emerging as contested compromises („lost properties“ not solutions by design of an all-knowing planner).
- If we consider complementarity between (coherent) institutional elements in different spheres of coordination (Hall/Soskice) available/ viable alternatives are reduced.
- Is it advisable to recommend the transfer of institutional elements from one country to another or should we help increase learning opportunities?
- Do we face the alternative of either utopian, holistic societal design or piecemeal drilling of thick boards/political bricolage or can both sides be kept informed by each other.

Complex causal structure and policy implications

Functional equivalents and non-intended/-anticipated effects



What can be done anyway? Pragmatic ways out:

General guiding ideas („Leitideen“) and different national ways of institutionalization

- a new Polanyian „double movement“ or counter movement to the neoliberal movement of the last decades (e.g. de commodification of labor); but most probably in different versions
- Not only (re)regulation of markets but also stabilizing economic organizations/the firm in terms of long-term orientation and social integration, but also as a prerequisite of the „innovative enterprise“
- Correct income and wealth inequality as a valued end and as means of sustainable growth; not only by ex-post corrections of market processes (taxation), but also by correcting market processes at the source of income creation (e.g. labor market/industrial relations; corporate governance)
- (Re)discover and (re-)accentuate previous solutions made invisible by ideological noise

What can be done? Exemplary Topics (firm level)

(1) Codetermination: defend and extend

Widely acknowledged as a means of social integration and cooperation and as a side-effect as facilitator of the innovative enterprise (strengthening the collective and cumulative aspects of the firm)

Defend

- At the moment no (not any more) head-on attacks but needs to defend codetermination against undermining tendencies: the case of the SE, European Corporation (Societas Europaea).

Extend

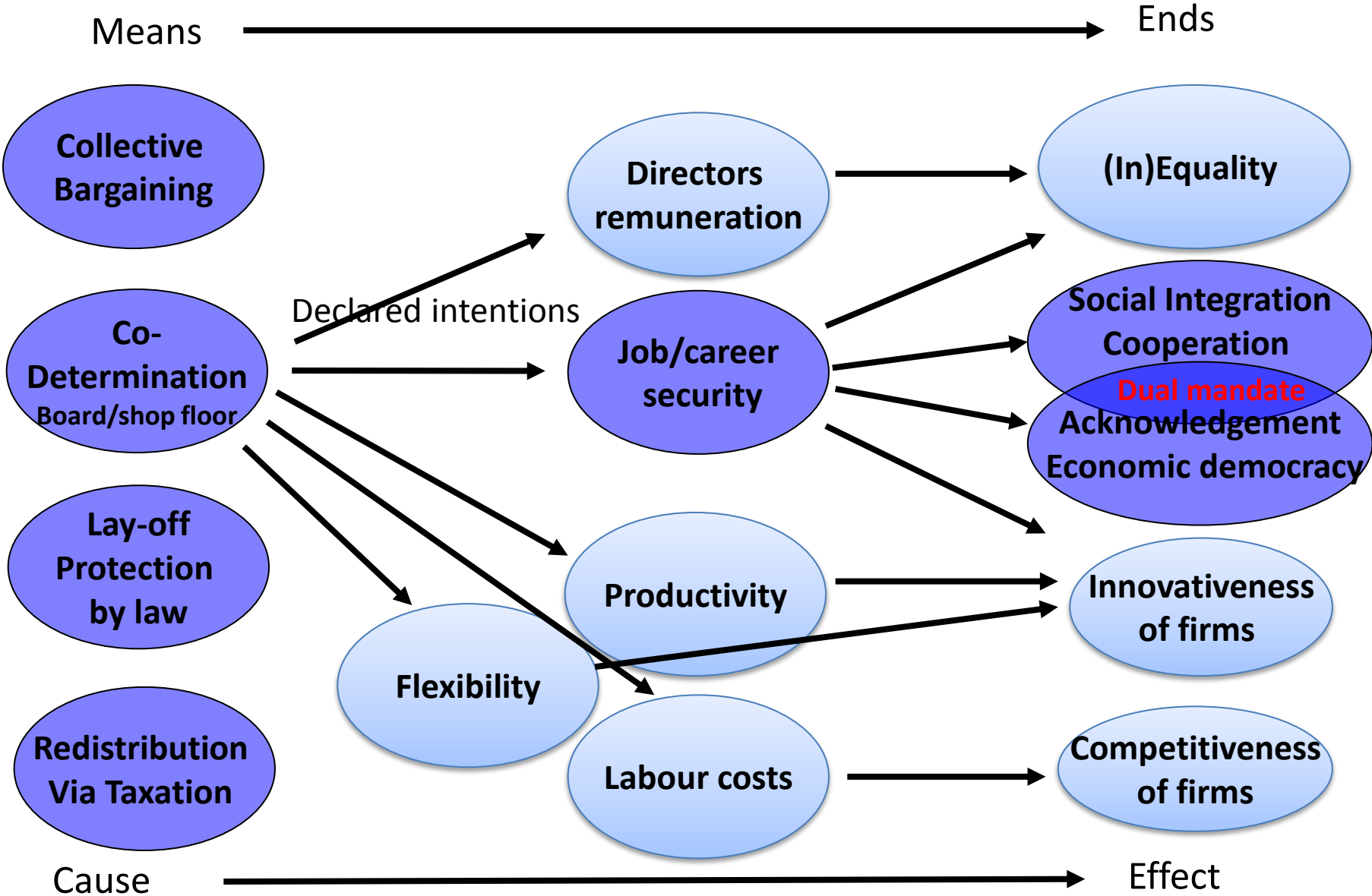
- Integrate and acknowledge employee representatives in European subsidiaries without codetermination rights (via SE model).
- VW extended codetermination rights as a role model (veto option)
- Unresolved institutionally but partly practiced: representation of Non-German employees

Embedding requirements

- Danger to overstretch expectations: the need for collective bargaining and de-commodifying labor law (labor leasing, service contracts)

Complexity reduced causal structure and policy implications

The Case of Codetermination



Inspired by: Luhmann (1973, p.268) and Ortmann (1995, p. 362)

(2) Rediscovery of Organized Capitalism at a Regional Level

Increasing Control Financialization

Dissolution of Germany Inc. and dispersed institutional ownership could create a market for corporate control and the danger of unfriendly takeover bids as a means to discipline management and to introduce „shareholder primacy“.

Functional equivalent to the legendary „Deutschland AG“ - organized capitalism at a regional (Hamburg) level. Bringing the state back in:

- **Beiersdorf AG:** Retreat of Allianz AG as a main shareholder; unwelcome takeover bid from Procter & Gamble, fear to lose Hamburg headquarters and industrial jobs while P&G predominantly exploits brand name. Hamburg Senate, backed by the unions and works council, creates a defending coalition including local family business (2002/2003).
- **Hapag-Lloyd AG:** Under pressure from institutional investors, TUI AG (Tourism) plans to sell Hapag Lloyd (ocean carrier) in order to concentrate on „core business“. Unwelcome takeover bid by Singapore NOL; fear to lose Hamburg headquarters (similar to Maersk) and lots of logistics business to competing harbours and logistic firms. Hamburg Senate organizes the maritime and logistics cluster as an alternative coalition of committed owners, supported by unions and works councils (2008-2012).

Organized Capitalism and Industrial Policy

The Hapag Lloyd Case

Hapag Lloyd AG

Shareholder Structure

HGV*	36.9%
Kühne Maritime GmbH* (Kühne Holding Integrated Logistics Group)	28.2%
TUI AG (former owner)*	22.0%
SIGNAL IDUNA (insurance)*	5.3%
HSH Nordbank AG	2.9%
M.M.Warburg Bank	2.9%
Hanse Merkur (insurance)	1.8%

Hamburg Investment Holding (HGV)

Main Holdings

- Public Transport (local trains and ferries)
- Utilities (water, recycling, public swimming pools)
- Real Estate and Urban Development
- Traffic and Logistics
 - **Hamburg Airport**
 - **Hamburg Port and Logistics AG (HHLA)**
 - **HHLA Container Terminal Altenwerder (CTA)**
 - **Hapag Lloyd AG** 25%-share ; 60% utilization
- Finance
 - **HSH Nordbank**
- Others (Hamburg Fairs and Congresses)

* = Member Supervisory Board

Maritime and Logistics
Cluster