Trade Unions in Europe
facing challenges and searching for solutions

Jeremy Waddington and Reiner Hoffmann
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Preface

Throughout western Europe trade unions were central to the institutions of the post-war settlement. The legal position of trade unions was formalised by states, which implemented Keynesian economic policies. Centralised or industrial-level collective bargaining arrangements encouraged particular forms of trade union organisation and activity within the labour market. Relatively low levels of unemployment, coupled to the growth of mass production industries, enabled unions to achieve relatively high levels of unionisation, thereby further consolidating trade union influence. The end of the long post-war boom during the 1970s gradually brought these relationships into question. Three developments, in particular, challenged the position of trade unions: the acceleration of the pace of economic internationalisation; the adoption of neo-liberal economic management practices in preference to Keynesian policies; and the wide-ranging reform of production regimes, including the shift from manufacturing to private sector services. This book examines how different national trade union movements have responded to these challenges and reviews the impact of these responses.

Four inter-linked issues emerge from the responses of trade union movements to the challenges posed by the developments since the 1970s. These concern the articulation of trade union organisation and activity between different levels of operation, including the assimilation of a European level of activity; the development of forms of representation appropriate for ‘new’ groups of workers; the issues arising from closer working between unions and restructuring by means of mergers, which, in practice constitute a rejection of previous forms of organisation, such as industrial unionism; and the growing importance of union activity at the workplace, which has led many to question whether trade unions can support increasingly diverse memberships employed at a larger number of smaller workplaces. Although no single national trade union movement has discovered appropriate solutions to all of these questions, the search for solutions in terms of a reform
agenda is underway in all the countries examined in this volume. This search for a reform agenda is contested within and between union movements, reflecting the variety of traditions within European trade unionism and the policies pursued within the different national states in response to economic and social change.

The book is structured around sixteen country chapters, which cover the member states of the European Union (with the single exception of Luxembourg), Norway and Hungary. In addition, a chapter examines trade union organisation at European level. The opening chapter introduces the dimensions of the challenges faced by trade unions and charts the labour market developments to which trade unions must respond if they are to restore their former influence. Although it is by no means obligatory, it is thus recommended that each country chapter be read in conjunction with the introductory chapter in order that the relative scale of labour market change within each country can be assessed by reference to developments elsewhere.

The editors have benefited from wide-ranging support received during the production of this volume. We have encouraged authors to develop those issues that are central to an understanding of present-day trade unionism in their own countries. There is thus no structural blueprint imposed on each chapter. The contributors have revised their contributions on several occasions in order to achieve an appropriate balance between historical detail and issues of analysis and interpretation. These revisions have been undertaken with an unwarranted forbearance. In addition, our colleagues at the European Trade Union Institute, Alfons Grundheber, Kathleen Llanwarne and Carmen Lorenzo, have unstintingly worked on the preparation of this volume and its translation into French and German. This has been a fraught and time-consuming task, which they have undertaken with patience and good humour.

Jeremy Waddington
Reiner Hoffmann
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Notes on contributors

*Sabine Blaschke:* Lecturer, Institute of Sociology, University of Vienna.

*Jean-Yves Boulin,* Head of Research, CNRS/IRIS/Université Paris-Dauphine.

*Harry Coenen,* Professor in Labour Studies, Department of General Social Sciences, University of Utrecht.

*Jon Erik Dølvik,* Researcher, Institute for Applied Social Science (FAFO), Oslo, Norway.

*Guy Van Gyes,* Senior Research Associate, HIVA, KU-Leuven, Belgium.

*Peter van der Hallen,* Director Steunpunt WAV, HIVA, KU-Leuven, Belgium.

*Jürgen Hoffmann,* Professor, Hochschule für Wirtschaft und Politik, Hamburg.

*Reiner Hoffmann,* Director, European Trade Union Institute, Brussels.

*Christos Ioannou,* Director, Hellenic Institute for Occupational Health and Safety (ELINYAE), Member of the Body of Mediators and Arbitrators, Organisation for Mediation and Arbitration (OMED), Athens, Greece.

*Timo Kauppinen,* European Foundation for the Improvement of Living and Working Conditions, Dublin.

*Andrea Kirschner,* Researcher, Institute of Sociology, University of Vienna.

*Anders Kjellberg,* Associate Professor in Sociology, Lund University, Researcher at the National Institute for Working Life, Norrköping.
Jens Lind, Senior Research Fellow, Institut for Sociale Forhold og Organisation, Aalborg Universitet.

Faustino Miguélez Lobo, Professor, Universitat Autònoma de Barcelona, Grupo de Estudios, QUIT.

Kevin O’Kelly, European Foundation for the Improvement of Living and Working Conditions, Dublin.

Ida Regalia, Associate Professor, Department of Social Sciences, University of Turin.

Marino Regini, Professor of Industrial Relations, Institute of Labour Studies, University of Milan.

Alan Stoleroff, Researcher, Instituto Superior de Ciencias do Trabalho e da Empresa, Lisbon, Portugal.

András Tóth, Research Fellow, Institute for Political Science of the Hungarian Academy of Sciences and Researcher, European Trade Union Institute, Brussels.

Franz Traxler, Professor, Institute of Sociology, University of Vienna.

Ben Valkenburg, Lecturer in Labour Studies, Department of General Social Sciences, University of Utrecht.

Jeremy Waddington, Reader at the Manchester School of Management of the University of Manchester Institute of Science and Technology (UMIST), UK, and Project Co-ordinator at the European Trade Union Institute, Brussels.

Hans De Witte, Head of the research sector Labour, HIVA, KU-Leuven, Belgium.
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List of abbreviations

ABVV  Algemeen Belgisch Vakverbond
AC  Akademikernes Centralorganisation
AC  Algemene Centrale
ACLVB  Algemene Centrale der Liberale Vakbonden van België
ACTU  Australian Council of Trade Unions
ACV  Algemeen Christelijk Vakverbond
AD  Aliança Democrática
ADEDY  Anotati Diikisis Enoseos Demosion Ypallilon
ADGB  Allgemeiner Deutscher Gewerkschaftsbund
AF  Akademikernes Fellesorganisasjon
AFL-CIO  American Federation of Labor and Congress of Industrial Organisations
AKAVA  Akateeminen Yhteisvaltuuskunta
AKAVA-J  AKAVA-julkisen alan neuvotteluorganisaatio
AKAVA-JS  AKAVA-julkinen sektori
ASI  Althydusamband Islands
ASZSZ  Autónom Szakszervezetek Szövetsége
ATGWU  Amalgamated Transport and General Workers’ Union
AVC  Algemene Vak Centrale
BNS  Blocul National Sindical
BSRB  Bandalag Starfsmanna Rikis of Baeja
Byggnads  Svenska Byggnadsarbetareförbundet
CDLS  Confederazione Democratica dei Lavoratori
           Sammarinezi
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Name</th>
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<tr>
<td>CMHA</td>
<td>Centrale van Middelbare en Hogere Ambtenaren</td>
</tr>
<tr>
<td>CNT</td>
<td>Confederación Nacional del Trabajo</td>
</tr>
<tr>
<td>CNV</td>
<td>Christelijk Nationaal Vakverbond</td>
</tr>
<tr>
<td>CPCS</td>
<td>Conselho Permanente da Concertação Social</td>
</tr>
<tr>
<td>CRB</td>
<td>Centrale Raad voor het Bedrijfsleven</td>
</tr>
<tr>
<td>CSC</td>
<td>Confédération des Syndicats Chrétiens</td>
</tr>
<tr>
<td>CSIF</td>
<td>Confederación Sindical Independiente de Funcionarios</td>
</tr>
<tr>
<td>DA</td>
<td>Dansk Arbejdsgiverforening</td>
</tr>
<tr>
<td>DAG</td>
<td>Deutsche Angestellen Gewerkschaft</td>
</tr>
<tr>
<td>DBB</td>
<td>Deutsche Beamtenbund</td>
</tr>
<tr>
<td>DEH</td>
<td>Public Electricity Corporation</td>
</tr>
<tr>
<td>DGB</td>
<td>Deutscher Gewerkschaftsbund</td>
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<tr>
<td>DI</td>
<td>Dansk Industri</td>
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<tr>
<td>DISK</td>
<td>Türkiye Devrimici İsci Sendikaları Konfederasyonu</td>
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<tr>
<td>DOE</td>
<td>Federation of Teachers in Primary Education</td>
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<td>DPG</td>
<td>Deutsche Postgewerkschaft</td>
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<tr>
<td>ECB</td>
<td>European Central Bank</td>
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<tr>
<td>ELA/STV</td>
<td>Solidaridad de Trabajadores Vascos</td>
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<tr>
<td>ELINYAE</td>
<td>Hellenic Institute for Occupational Heath and Safety</td>
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<tr>
<td>EMU</td>
<td>Economic and Monetary Union</td>
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<tr>
<td>ESEE</td>
<td>National Confederation of Greek Commerce</td>
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<td>ESZT</td>
<td>Értelmiségi Szakszervezetek Szövetsége</td>
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<tr>
<td>ÉT</td>
<td>Érdekegyeztető Tanács</td>
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<td>ETUC</td>
<td>European Trade Union Confederation</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>EWC</td>
<td>European Works Councils</td>
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<td>FA</td>
<td>Finanssektorens Arbejdsforbundet</td>
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<tr>
<td>FEN</td>
<td>Fédération de l'Education Nationale</td>
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<tr>
<td>FENAM</td>
<td>Federação Nacional dos Médicos</td>
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<tr>
<td>FENPROF</td>
<td>Federação Nacional dos Professores</td>
</tr>
<tr>
<td>FEPES</td>
<td>Federação Portuguesa dos Sindicatos de Comércio, Escritórios e Serviços</td>
</tr>
<tr>
<td>FESETE</td>
<td>Federação dos Sindicatos dos Trabalhadores Têxteis, Lanifícios, Vestuário, Calçado e Peles de Portugal</td>
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<tr>
<td>FESHOT</td>
<td>Federação dos Sindicatos da Hotelaria e Turismo de Portugal</td>
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<td>FESITE</td>
<td>Federación Sindical Independiente de Enseñanza</td>
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<tr>
<td>FESTRU</td>
<td>Federação dos Sindicatos de Transportes Rodoviários e Urbanos</td>
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<td>FF</td>
<td>Fellesforbundet</td>
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<tr>
<td>FGTAH</td>
<td>Fédération Générale du Travail de Belgique</td>
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<tr>
<td>FIE</td>
<td>Federation of Irish Employers</td>
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<tr>
<td>FNSCCMM</td>
<td>Federação Nacional dos Sindicatos da Construção, Madeiras, Mármores e Materiais de Construção</td>
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<tr>
<td>FNSFP</td>
<td>Federação Nacional dos Sindicatos da Função Pública</td>
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<tr>
<td>FNV</td>
<td>Federatie Nederlandse Vakbeweging</td>
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<tr>
<td>FO</td>
<td>Fellesorganisasjonen</td>
</tr>
<tr>
<td>FOA</td>
<td>Forbundet af Offentligt Ansatte</td>
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</table>
FSIABT  Federação dos Sindicatos das Indústrias de Alimentação, Bebidas e Tabacos
FSICCVP  Federação dos Sindicatos das Indústrias de Cerâmica, Cimento e Vidro de Portugal
FSM  Federação dos Sindicatos do Mar
FSSP  Federação dos Sindicatos do Sector da Pesca
FSTFP  Federação dos Sindicatos dos Trabalhadores Ferroviários Portugueses
FSTIEP  Federação dos Sindicatos dos Trabalhadores das Indústrias Eléctricas de Portugal
FSU  Fédération Syndicale Unitaire
FTF  Funktionærernes og Tjenestemændenes Fællesorganisation
GENOP-DEH  General Federation of DEH Employees
GEW  Gewerkschaft Erziehung Wissenschaft
GF  Grafisk Forbund
GPA  Gewerkschaft der Privatangestellten
GSEBEE  General Confederation of Craft, Small and Medium-Sized Enterprises
GSEE  Geniki Synomospondia Ergatikon Ellados
GWU  General Workers Union
HAK-IS  Türkiye Hak İşci Sendikaları Konfederasyonu
Handels  Handelsanställdes förbund
HBV  Handel, Banken und Versicherungen
HK  Handels og Kontorfunktionærernes Forbund i Danmark
Trade unions in Europe: facing challenges and searching for solutions

HRHL Hotelli-ja Ravintolahenkökunnan Liitto
HRM Human Resource Management
HSH Handels – og Servicenæringens Hovedorganisasjon
HTF Handelstjänstemannaforbundet
IBEC Irish Business and Employers’ Confederation
ICFTU International Confederation of Free Trade Unions
ICTU Irish Congress of Trade Unions
IGB Industriegewerkschaft Bau
IGC Industriegewerkschaft Chemie-Papier-Keramik
IGM Industriegewerkschaft Metall
IGMe Industriegewerkschaft Medien
IMPACT Irish Municipal, Public and Civil Trade Union
INTG Intersindical Galega
INTO Irish National Teachers’ Organisation
JTA Julkisten Työalojen Ammattijärjestö
KAD Kvindeligt Arbejderforbund i Danmark
KESK Kamu Emekçileri Sendikaları Konfederasyonu
KIÉT Költségvetési Intézmények Érdekegyeztető Tanácsa
KÉF Közalkalmazotti Érdekegyeztető Fórum
Kommunal Svenska Kommunalarbetarförbundet
KOZ-SR Konfederácia Odborových Zväzov Slovenskej Republiky
KTK Kommunaltjänstemannakartellen
KTV Kunta-alan Ammattiliitto
Trade unions in Europe: facing challenges and searching for solutions
NCHP  Nederlandse Centrale voor Hoger Personeel
NHO  Næringslivets Hovedorganisasjon
NFS  Nordens fackliga samorganisation
NKF  Norsk Kommuneforbund
NKV  Nederlands Katholiek Vakverbond
NMBS  Nationale Maatschappij voor Buurtspoorwegen
NVV  Nederlands Verbond van Vakverenigingen
OEKIDE  Federation of Workers in Textiles, Apparel and Leather Trades
ÖGB  Österreichischer Gewerkschaftsbund
OLME  Federation of Secondary Education Teachers
OME-OTE  Federation of OTE Employees
OOSEE  Federation of Trade Unions of Construction Workers
OSPA  Federation of Trade Unions of Aviation Employees
OTE  Hellenic Telecommunications Organisation
OTOE  Federation of Banking Employees
ÖTV  Gewerkschaft Öffentliche Dienste, Transport und Verkehr
PCP  Partido Communista Português
PCW  Programme for Competitiveness and Work
PESP  Programme for Economic and Social Progress
PNO  Panhellenic Federation of Shipping Workers
PNR  Programme for National Recovery
PODKREPA  Bulgarian Confederation of Labour
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<td>POEDHN</td>
<td>Panhellenic Federation of Employees in Public Hospitals</td>
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<td>POE-DOY</td>
<td>Panhellenic Federation of Employees in Tax Offices</td>
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<tr>
<td>POEEYTE</td>
<td>Panhellenic Federation of Workers and Employees in Restaurants and Tourism</td>
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<tr>
<td>POE-OTA</td>
<td>Panhellenic Federation of Employees in Local Government</td>
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<td>POS</td>
<td>Panhellenic Federation of Railworkers</td>
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<td>POEM</td>
<td>Panhellenic Federation of Metalworkers</td>
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<tr>
<td>PPD</td>
<td>Partido Popular Democrático</td>
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<tr>
<td>PSD</td>
<td>Partido Social Democrata</td>
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<tr>
<td>PS</td>
<td>Partido Socialista</td>
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<tr>
<td>PSD</td>
<td>Partido Social Democrata</td>
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<td>PTK</td>
<td>Privattjänstemannakartellen</td>
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<tr>
<td>RAS</td>
<td>Rahoituslan Ammattiliitto Suora</td>
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<tr>
<td>RBF</td>
<td>Restaurations og Bryggeriarbejderforbundet</td>
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<td>RSU</td>
<td>Rappresentanza sindicale unitaria</td>
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<td>RSZ</td>
<td>Rijksdienst voor Sociale Zekerheid</td>
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<tr>
<td>SACO</td>
<td>Sveriges Akademikers Centralorganisation</td>
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<tr>
<td>SACO-K</td>
<td>SACOs kommunala förhandlingskartell</td>
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<td>SACO-S</td>
<td>SACOs statliga förhandlingskartell</td>
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<tr>
<td>SAF</td>
<td>Svenska Arbetsgivareföringen</td>
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<td>SAMAK</td>
<td>Arbetarrörelsens Nordiska Samarbetskommitté</td>
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<td>SAJ</td>
<td>Suomen Ammattijärjestö</td>
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<td>SAK</td>
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<tr>
<td>SALA</td>
<td>Sammenslutningen af Landbrugets Arbejdsgiverforeninger</td>
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<tr>
<td>SD</td>
<td>Socialdemokratiet</td>
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<tr>
<td>SEB</td>
<td>Confederation of Greek Industry</td>
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<td>SEK</td>
<td>Synomospondia Ergaton Kyprou</td>
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<td>SEKO</td>
<td>Facket för service och kommunikation</td>
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<td>SiD</td>
<td>Specialarbejderforbundet i Danmark</td>
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<td>SIF</td>
<td>Svenska Industrijäntemannaförbundet</td>
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<tr>
<td>SIPTU</td>
<td>Services, Industrial, Professional, Technical Union</td>
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<td>SKTF</td>
<td>Sveriges Kommunaljäntemannaförbund</td>
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<td>SOC</td>
<td>Solidaridad de Obreros del Campo</td>
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<td>Toimihenkilökeskusjärjest</td>
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<td>SUD</td>
<td>Solidaires, Unitaires et Démocratiques</td>
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<tr>
<td>SZDSZ</td>
<td>Szabad Demokratás Szövetsége</td>
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<td>SZEF</td>
<td>Szakszervezetek Együttműködési Fóruma</td>
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<td>SZOT</td>
<td>Szakszervezetek Országos Tanácsa</td>
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<tr>
<td>TCO</td>
<td>Tjänstemännens Centralorganisation</td>
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<tr>
<td>Acronym</td>
<td>Full Name</td>
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<td>---------</td>
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<tr>
<td>TCO-OF</td>
<td>TCOs förhandlingsråd för offentliganställda</td>
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<td>TCO-S</td>
<td>TCOs statliga förhandlingskartell</td>
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<td>TEEU</td>
<td>Technical, Engineering and Electrical Union</td>
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<td>TIB</td>
<td>Forbundet Tre-Industri-Byg i Danmark</td>
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<td>TT</td>
<td>Teollisuuden ja Työnantajain keskusliitto</td>
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<td>TUC</td>
<td>Trades Union Congress</td>
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<td>TÜRK-IS</td>
<td>Türkiye İşçi Sendikaları Konfederasyonu</td>
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<td>TÜRK-SEN</td>
<td>Kıbrıs Türk Sici Sendikaları Federasyonu</td>
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Chapter 1
Trade unions in Europe: reform, organisation and restructuring

Jeremy Waddington and Reiner Hoffmann

Throughout much of western Europe the terms of the post-war settlement consolidated the position of trade unions. The state formalised the legal position of trade unions within the nation. Centralised or industrial collective bargaining arrangements encouraged particular forms of trade union activity, based on co-ordinated bargaining. Furthermore, the expansion of mass production regimes allowed trade unions access to a growing and relatively homogeneous membership. Key to these developments was the pursuit of Keynesian economic policies, and the conduct of different forms of exchange in which trade unions became involved with the state, in pursuit of higher levels of welfare benefits and full employment. There are, of course, variations within, and exceptions to, this general account, but the point is that trade unions were central to the institutions of the post-war settlement. The end of the long post-war boom during the mid-1970s set in train three developments which challenged the position of trade unions: an acceleration in the pace of economic internationalisation; the adoption of neo-liberal economic policies; and the reform of production regimes. The book examines how trade unions have responded to these developments in western Europe and Hungary.

The final breakdown in 1971 of the Bretton Woods system of international regulation was accompanied by widespread restructuring of world markets and policies of economic management. An increasing internationalisation of economic activity, concentrated on activities within the Triad of Japan and east Asia, USA, and western Europe, is marked by the extension of economic interdependence, an emphasis on economic competitiveness as the motor of restructuring, and a more prominent role for international regulatory institutions. In the specific
context of western Europe, the development of the European Union (EU) has created an unparalleled supranational regulatory tier. These developments have led some to argue that the nation state is in decline (Horsman and Marshall 1994; Ohmae 1996; Streeck 1998). As it is within the nation state that trade unions have traditionally sought and achieved considerable influence, such a decline may jeopardise the position of trade unions. A further international development with which trade unions must contend is the growth of multinational companies (MNCs) that are beyond national regulation. In short, a coherent international agenda is required by trade unions if they are to retain their position and secure influence beyond the level of the nation state. Trade union reliance on activity and engagement at the national level is no longer a viable option.

During the twenty years following the end of the long post-war boom many states loosened their adherence to Keynesian policies of economic management. Neo-liberal policies became increasingly prominent, at the centre of which were attempts to ‘free’ markets from the rigidities seen as arising from trade union organisation and activity. Measures to deregulate labour markets were introduced; the coverage and content of collective bargaining was curtailed; employment protection legislation was amended to encourage numerical employment flexibility; and full employment policies were abandoned, in practice if not in principle. Privatisation became widespread, thus changing the employment circumstances of large numbers of trade union members. Furthermore, in several countries the neo-liberal programme of ‘rolling back the state’ involved curtailing trade union participation and involvement in macro-economic policy formulation. The political position of trade unions was thus challenged at the level of the nation state, as regulatory regimes were reformed.

Concurrent with the wider adoption of neo-liberal policy options were developments in production regimes. Such developments have been characterised as the rejection of mass production or ‘Fordist’ regimes in favour of some form of ‘post-Fordist’ mode of production (Kern and Schumann 1984; Ohmae 1990; Womack et al. 1990). While the nature of this transformation is subject to intense debate (Williams et al. 1987 and 1992; Hirst and Zeitlin 1991), recent changes to production regimes
present trade unions with a series of challenges. Shifts in the composition of the labour force away from manufacturing towards private sector services have reduced employment levels in the areas of traditional trade union membership strength. Additionally, the declining proportion of the workforce employed on full-time contracts in assembly line production requires trade unions to develop recruitment and representation strategies appropriate for the ‘new’ constituencies of women workers, part-time workers, temporary workers and those employed at small sites. Decentralisation also requires trade unions to formulate policies at regional and local levels, while ensuring some form of co-ordination is achieved between groups of members working in different localities. Furthermore, management has changed production regimes with the aim of raising commitment to enterprise goals, often bringing into question the commitment of workers to trade unions. Aspects of the human resource management (HRM) agenda have been used to erode the capacities of unionists to impose workplace controls and, in certain circumstances, have jeopardised union democracy (Parker and Slaughter 1988; Eaton 1995; Oetjen and Zoll 1994).

It is important not to exaggerate the pace and extent of these external changes. Nation states, for example, continue to exert considerable influence (Milward 1992), mass production regimes remain in place, and MNCs have yet to abandon their country of origin as their base of operation (Ruigrok and van Tulder 1995). The changes that have taken place, however, have compelled unions to embark on a series of wide-ranging reforms. As the chapters of this book illustrate, reform will not follow the same pattern in each country. The historical divisions between trade unions of function, religion and political affiliation, differences in the extent of trade union centralisation and confederal authority, and contrasts in national traditions of interest aggregation and political alliance building, will ensure that the pattern of reform remains differentiated, divergent and uneven. Irrespective of this historical variation, the issue for trade unions is to adapt to changes in national labour markets, which have tended to weaken their influence, while concurrently extending influence internationally and ensuring the representation of the ‘new’ groups of workers.
The purpose of this chapter is to specify the nature of the challenges faced by trade unions in Europe. The peculiarities of each nation are analysed in the country-based chapters that form the body of the book. In particular, relations between unions and the polity, the social movement aspects of trade union activity and macro-economic policy involvement in active labour market policies are examined within the country-based chapters. The final chapter of the book examines the development of international trade union structures, policies and activities within Europe.

Four inter-linked themes are found in most chapters of this book, albeit in different forms. The first of these concerns the articulation of relations between different levels of trade union organisation. An articulated trade union is established around cohesive and coherent inter-relationships between workplace, regional and national levels of organisation and activity (Crouch 1993; Kjellberg 1983). Where unions fail to achieve articulated structures, workplace activity is often isolated and relatively ineffective. Furthermore, the absence of articulation between different levels of union organisation often weakens union resistance to employers and slows internal union reform. The chapters of this book indicate that trade union articulation is under pressure. Challenges arising from the need to develop international policy and activity, combined with the decentralisation of bargaining, necessitate that trade unions articulate between international and workplace levels. In many of the countries covered in this book, trade unions have yet to find appropriate solutions to these twin challenges in the form of articulated union structures.

A second theme of the book is the emphasis placed by trade unions on recruitment and the development of forms of representation appropriate for ‘new’ groups of workers. In short, trade unions have failed to recruit workers employed in private sector services in sufficient numbers to replace those lost from areas of traditional strength. While a wide array of initiatives have been launched by trade unions to address this shortfall, the national chapters illustrate that considerable further progress is required if a permanent trade union presence is to be extended throughout private sector services. Similarly, many unions have established representative structures for under-represented groups, in
order to encourage higher levels of participation in union affairs. These measures constitute marked improvements on the earlier situation, but have yet to meet with the approval of the groups to which they are directed and, hence, are not associated with the intended levels of membership participation.

A third theme is the restructuring of unions by mergers and forms of closer working, such as cartels of unions. In practice, the restructuring of the labour market and changes in the patterns of interest aggregation and bargaining have rendered inappropriate many traditional forms of union structure. By way of adaptation, unions have merged or developed new forms of alliance. It remains to be seen whether such developments are the basis for extended union activities or merely a response to forestall further decline. Whatever the case, mergers raise questions of union representation in circumstances of rising membership heterogeneity, of new forms of relationship between union officials and members, and of how to generate membership commitment to new organisations.

A fourth theme that appears in many of the book’s chapters is the growing importance of union organisation and activity at the workplace. Although the specific manner in which union activities in the workplace are undertaken varies, these activities are central to reform. Such activities include the recruitment of new members, articulation with the wider union, and relations with works councils or similar institutions and representation of individual members. The decentralisation of bargaining has further increased the burden of activities undertaken within the workplace, and has posed the question: can trade unions support members and union activities at the workplace?

In order to locate these themes, this introductory chapter charts the parameters of change within the countries covered in the subsequent chapters. It does this in two parts. Part One charts the dimensions of the challenge faced by unions. It focuses on changes in the labour market, on employers’ approaches to trade unions, and on changes in national rates and levels of unionisation. Part Two reviews some of the responses introduced by unions to address these challenges. It examines the different approaches to membership recruitment, retention and
organisation, and the range of merger activity entered into by trade unions in western Europe. Relations between trade unions and the polity are not considered in this introduction. As we assume that institutions influence behaviour, variation in the political approaches of trade unions is consigned to the national chapters, where the impact of different institutional arrangements can be explored in detail.

**Part One**

**Charting the dimensions of the challenge**

Part One identifies the challenges faced by trade unions in western Europe. It argues that changes are underway in the labour market and in employers’ behaviour that jeopardise forms of activity on which unions have relied since the implementation of the post-war settlement. It thus unearthed those areas of union activity in which reforms are sought. To these ends, there are four sections. The first section illustrates some of the key changes to national labour markets, thus identifying the employment characteristics of potential members. The second section reviews the key developments in relations between unions and employers. In particular, it examines the trends in the coverage of collective bargaining and workplace representation, and the impact of union exclusion on workplace activity. The third and fourth sections present data on the rate of unionisation and the different explanations of the membership decline experienced in many countries since the late-1970s.

**Labour market developments**

This section charts several of the key developments in national labour markets since the end of the long post-war boom. It reviews the effects of these developments on trade union membership, and thus moves towards identifying the recruitment challenges faced by European trade unions. The constituency that formed the bedrock of trade unionism
throughout the first half of the twentieth century – male, full-time workers, employed in manufacturing industry on permanent or ‘standard’ contracts – is in decline. This decline has accelerated since the mid-1970s, with the consequence that trade unions are required to reform systems of representation if they are to recruit members from expanding areas of employment to replace those lost from traditional areas of strength.

The changing composition of employment

Table 1.1 illustrates the overall changes in national labour markets since 1967. Civilian employment grew in all countries between 1967 and 1996 except Finland, where a decline of 16,000 is recorded, due to the particularly steep recession of the early-1990s (see Chapter 5). Putting aside Germany, where the unification of East and West constitutes special circumstances, growth in civilian employment averaged 19.2 percentage points, with a peak of 56 percentage points in the Netherlands and lows of 4 percentage points in Italy and Spain. Growth in civilian employment between 1967 and 1996 was most marked in the smaller economies of Austria, Greece, Ireland, the Netherlands, Norway and Portugal, which averaged expansions of 32.8 percentage points; compared with average increases of 7.8 percentage points in the larger economies of France, West Germany (until 1990), Italy and the UK.

A significant proportion of the rise in employment is accounted for by the increasing participation of women in the labour market. By 1996, for the countries listed in Table 1.1, the average participation rate in civilian employment of women was 60.7 per cent compared to 79.9 per cent among men. Taking the eleven countries for which data are available for both 1972 and 1996, reveals the extent of shift towards the employment of women. In 1972 the average participation rate for men was 88.7 per cent and 46.6 per cent for women. By 1996 the average for men had declined to 79.5 per cent whereas that for women had increased to 61.5 per cent. In 1970 only in Finland did women fill more than 40 per cent of the jobs in civilian employment. By 1996 they did so in all western European countries with the exceptions of Greece (35.9 per cent), Ireland
Table 1.1: Changing Levels and Composition of Civilian Employment, 1967 - 1996

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## Chapter 1: Trade unions in Europe: reform, organisation and restructuring

### Trade unions in Europe: facing challenges and searching for solutions

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**Sources:** OECD, *Labour Force Statistics*, various years, for all countries except Hungary 1976 and 1986 (Frey and Timar 1993).

**Notes:**

1. Agriculture includes agriculture, hunting, forestry and fishing. Industry includes manufacturing, electricity, gas, water and construction.
2. Services includes wholesale and retail trade, restaurants and hotels; transport, storage and communication; financing, insurance, real estate and business services; community, social and personal services; and activities not adequately defined.
(38.8 per cent), Italy (35.8 per cent) and Spain (35.2 per cent). In other words, the expansion of employment since the end of the long post-war boom is largely due to the increased participation of women. While trade union membership among women has increased during the same period, in most countries union density remains lower for women than for men. Only trade unions in the Nordic countries and Ireland have achieved equal rates of membership among women and men. A key priority for trade unions in many countries is thus the recruitment and organisation of larger numbers of women, together with the introduction of the means to encourage higher rates of participation in union activities among women.

The shifts in the sectoral composition of employment shown in Table 1.1 also require trade unions to alter their recruitment emphasis. Employment in agriculture declined in every country illustrated in Table 1.1. This decline was consistent both in terms of absolute numbers of employees and as a relative share of total employment. Only in Greece (20.4 per cent), Ireland (10.7 per cent) and Portugal (12.2 per cent) does employment in agriculture now account for more than 10 per cent of civilian employment.

The proportion of civilian employment located in industry increased until the end of the post-war boom. Thereafter, decline became more widespread and was universal in proportional terms between 1985 and 1996. Greece is unique in that employment in industry was larger in both absolute and proportional terms in 1996 than in 1967. However, in Ireland, Portugal and Germany, allowing for the effects of unification, absolute increases in the number employed in industry are recorded over the same period. Steep proportional declines are recorded in the UK (18.2 percentage points) and Belgium (16.2 percentage points), reflecting the shift of jobs away from manufacturing industries in these countries. Given that trade union membership in 1967 was heavily concentrated in manufacturing, the decline of employment in industry indicates the extent to which trade unions have to shift their recruitment priorities away from these areas of traditional strength to the areas of employment growth.
Whereas there is a tendency for employment in agriculture and industry to contract, in services absolute and relative employment growth has been universal. In 1967 employment in services comprised more than half of civilian employment in three countries, Belgium, the Netherlands and the UK. By 1996 employment in services constituted more than 60 per cent of employment in all countries except Austria, Germany, Greece, Hungary and Portugal. Initially this growth was concentrated in the public sector as Keynesian policies were implemented in attempts to stabilise employment levels after the end of the post-war boom. In more recent years, and particularly after about 1985, employment growth in services has been stronger in private sector services. It should come as no surprise that those countries with the largest shares of employment in services, the Netherlands (73.3 per cent) and the UK (71.0 per cent), have relatively large private services’ sectors. As the public sector tends to be relatively well organised by trade unions throughout western Europe, it is from private sector services that the new recruits must be drawn to replace those lost from manufacturing. Furthermore, as is illustrated below, this shift towards private sector services is associated with other labour market features that also mitigate against trade union organisation, such as the proliferation of small sites and large numbers of workers employed on part-time, temporary or casual contracts.

The expansion of part-time and temporary work

The growth of part-time working since the end of the long post-war boom is illustrated in Table 1.2.

Two central issues are illustrated by Table 1.2. Firstly, in most countries, the proportion of total employment constituted by part-time working has increased since the end of the long post-war boom. Only in Denmark and Norway was the proportion of part-time employment lower in 1997 than in 1973. However, both these countries were exceptional in that over 20 per cent of total employment was already employed on a part-time basis in 1973. While there are considerable differences between countries, three principal reasons explain the growth in part-time employment:
employers’ attempts to increase working time flexibility, particularly in private sector services, where part-time workers have been increasingly used to increase the duration over which the service is available, such as to cover for longer shop opening hours;

• the choice of workers to work for shorter hours and/or at times which are appropriate for their private lives;

• the result of negotiation between unions and employers aimed at protecting employment levels by reducing the hours worked by individual employees.

Table 1.2: Growth in the proportion of part-time working in western Europe, 1973-1997

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</tr>
</tbody>
</table>

Source: OECD. Employment Outlook, various years.

Notes: 1: National definitions of part-time work are used. These vary from country to country, see OECD Employment Outlook for details.
2: Data refer to 1996. 3: Data refer to 1994.
As was noted above, the increase in the relative size of private sector services in most countries continues apace. Furthermore, the number of cases where working time reductions are implemented in order to protect employment levels shows no sign of abating. It seems likely, therefore, that part-time work will continue to increase as a proportion of total employment. In other words, it is essential for trade unions to identify the interests of part-time employees, to implement internal reforms to ensure their representation, and to incorporate issues appropriate to part-time workers within policy agendas, if trade unions are to recruit part-time workers in greater numbers than hitherto.

Table 1.3: Growth in the proportion of temporary working in western Europe, 1983-1994

<table>
<thead>
<tr>
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<td>7.1</td>
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<td>10.3</td>
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<tr>
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</tr>
<tr>
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<tr>
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<td></td>
<td></td>
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<tr>
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<td>6.3</td>
<td>5.4</td>
<td>5.3</td>
<td>6.5</td>
</tr>
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</table>

Source: OECD. Employment Outlook, various years.

Note 1: National definitions of temporary work are used. These vary from country to country, see OECD Employment Outlook for details.
A second central issue to emerge from Table 1.2 is related to the increasing participation rates of women. In each of the countries listed in Table 1.2 women constitute more than 60 per cent of part-time workers. In Austria and Belgium this percentage rises above 89 per cent. A significant proportion of the rise in the participation rates of women is thus accounted for by the rise in part-time employment. The recruitment imperatives for trade unions to increase membership among women workers and part-time workers are thus inextricably inter-linked.

An additional development associated with attempts by employers to increase numerical flexibility is the introduction of temporary working. In many countries workers employed on such contracts are either eligible for reduced dismissal protection or are unprotected. Table 1.3 illustrates the trends in temporary working since 1983.

The use of temporary work varies markedly among the countries shown in Table 1.3. Spain is an obvious outlier in that more than one third of workers are employed on a temporary basis. Other countries fall within the range of five and thirteen per cent. Since 1983 growth in the use of temporary work has been steepest in Spain, France and the Netherlands. Country studies suggest that the use of temporary contracts is cyclical. During the initial phases of an upturn, employers rely on overtime working from existing employees to cover additional demand. Only if the upturn continues will employers take on additional staff on temporary contracts to meet additional demand (see Rubery et al. 1993; Visser and Hemerijck 1997). Furthermore, in the UK employers are prepared to employ workers on a succession of temporary contracts, rather than move them from a temporary contract to a permanent contract (NACAB 1993). By this mechanism employers keep such workers outside of many legal protections.

Three central points arise for trade unions from the increasing use of temporary workers. Firstly, the increase in the use of temporary work represents a further move away from the traditional employment pattern of full-time and permanent contracts on which trade union recruitment was dependent until the late 1970s. Secondly, the use of temporary contracts is often associated with increases in the rate of labour turnover, to which trade unions must adapt. Thirdly, greater mobility
between industries and sectors is also associated with temporary contracts. Such mobility brings into question traditional trade union structures based on industry. As Chapter 15 on Spain illustrates, new methods are required in order to increase membership retention in such circumstances.

Table 1.4: Unemployment rates in Europe, 1967-1997

<table>
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Persistently high rates of unemployment

A further feature of labour markets in Europe since the end of the post-war boom is the persistently high rate of unemployment. Table 1.4 shows that, as the recession set in during the 1970s, unemployment rates rose sharply. Greece was alone in having a lower rate of unemployment in 1980 than in 1970. Furthermore, having risen throughout the 1970s, unemployment rates tended to remain high, relative to pre-1970 levels, throughout the 1980s and 1990s. Responses within the different regulatory regimes of western Europe did no more than mitigate the extent of the rise in unemployment. By 1997 the unemployment rate in Finland, France, Germany, Greece, Ireland and Italy was more than 10 per cent, and in Spain more than one fifth of the labour force was unemployed.

Unemployment is not equally distributed across the different sections of the labour force. Unemployment rates among young, unskilled and women workers tend to be higher than national averages. The ‘shake-out’ in manufacturing industries throughout the 1970s and 1980s also led to higher rates of unemployment among men of more than 50 years of age. Furthermore, the extent of long-term unemployment is rising and was estimated to constitute 48 per cent of the total in the EU (Klosse 1994).

For trade unions the implications of these persistently high rates of unemployment are wide-ranging. Firstly, as the rise in unemployment led to a questioning of the role and terms of welfare states, trade unions defended welfare systems. As these had been implemented when unemployment rates were lower, trade unions, in practice, advocated higher levels of public expenditure which was a source of tension with governments intent on cutting costs in these areas. Secondly, many trade unions offer a limited range of services to the unemployed and are thus unable to retain unemployed workers in membership. Thirdly, more emphasis was placed on changes to working time as a means to maintain employment levels. Activity in this area comprised macro-level campaigns to reduce the length of the basic working week and company-based initiatives to introduce short-time working to protect jobs. Fourthly, in several countries trade unions entered wider national exchanges with governments and employers, with the objective of
generating joint approaches to the reduction of unemployment. Such arrangements necessitated greater co-operation between unions and confederations of unions. As the chapters of this book illustrate, this co-operation resulted in new alliances between unions and new forms of closer working.

**Relations with employers**

Shifts in the composition of the labour force and high rates of unemployment were accompanied by changes introduced by employers, intent on adapting to new forms of international competition. This process of adaptation has influenced the form and character of bargaining relationships between employers and unions. In particular, bargaining tended to be decentralised and its coverage narrowed (see Fajertag 1998). Increased international competition also promoted the search for greater workplace flexibility and mechanisms to generate higher levels of employee commitment. In the public sector privatisation, increased use of contract labour and restrictions arising from tight limits on public sector spending influenced the pattern of labour relations. Both private and public sector employers developed a range of measures to handle unions.

These employer-led processes are neither universal nor even, but have had marked effects on the relations between national trade union structures, institutions of workplace representation and union organisation at the workplace. Although collective bargaining coverage remains relatively high in most countries of western Europe, the decentralisation of bargaining places a greater emphasis on the workplace than hitherto. Union organisation within the workplace is thus in the forefront of change, yet the data reviewed here indicate the weakness of union organisation at the workplace in terms of presence and activity. In pursuing greater flexibility employers have exposed weaknesses in the articulation of activity between different levels of union organisation.

**The coverage and decentralisation of bargaining**

Neo-liberal economic orthodoxy suggests that the coverage of collective bargaining should be reduced in order to limit trade union ‘inter-
ference’ with the operation of ‘free’ markets. As neo-liberal policies have been more strongly advocated by employers in recent years, efforts have been made to reduce the coverage of bargaining. Some employers have left employers’ associations in order to pursue independent wage policies and others have de-recognised trade unions. Multinational companies, particularly US-based operations, have also attempted to resist inclusion in collective bargaining agreements. Similarly, a relatively large number of employers based in the Eastern Länder of Germany have not affiliated to employers’ associations and are thus not covered by formal collective agreements (Rupert and Shroeder 1998). The coverage of collective bargaining in western Europe is illustrated in Table 1.5.

Table 1.5 is based on the proportion of employees covered by collective agreements. This measure is limited in two respects. The results indicate a higher coverage of bargaining ‘by employees’ than if the data were compiled on a ‘by company’ basis, because of the concentration of employment and unionisation in larger workplaces. For example, data for West Germany indicate no coverage of collective bargaining at 38.4 per cent of companies compared to 16.9 per cent of employees (Kohaut and Bellman 1997). This point suggests that the smaller workplaces in private sector services are most likely to be excluded from the coverage of collective bargaining. A further limitation of the data is that coverage by collective bargaining is not directly associated with a union presence at the workplace. In France, for example, 90 per cent coverage by collective bargaining is accompanied by a unionisation rate of 9.0 per cent. In several countries trade unions have been able to increase the coverage of collective bargaining by recourse to extension mechanisms laid down in labour law, rather than through the development of workplace union organisation. Furthermore, where national political exchanges or social pacts are agreed, the coverage of bargaining is recorded as widespread, although unions may be absent from the workplace. Table 1.6 thus presents data showing the extent of employee and trade union representation at workplace level in ten countries of the EU.
### Table 1.5: The coverage of collective bargaining, 1980-1996

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</tr>
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<td>83</td>
</tr>
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Notes:
1. Collective bargaining coverage rate is the proportion of employees covered by collective agreements.
<table>
<thead>
<tr>
<th>Country</th>
<th>Any form of workplace representation %</th>
<th>Works councils or joint consultation committee %</th>
<th>Trade union representatives %</th>
</tr>
</thead>
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</tr>
<tr>
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<tr>
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<td>8</td>
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<td>4</td>
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</tr>
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</tr>
<tr>
<td>Sweden</td>
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</tr>
<tr>
<td>UK</td>
<td>61</td>
<td>13</td>
<td>32</td>
</tr>
</tbody>
</table>


Note 1: The data relate to larger workplaces: those with over 25 employees in the cases of Denmark, Ireland, the Netherlands, Portugal and Sweden; and above 50 employees in the cases of France, Germany, Italy, Spain and the UK. The data are thus likely to overstate the total level of representation.

There are marked disparities between the presence of workplace representation and the presence of trade union representatives. In each country, trade union representatives are found at a smaller proportion of workplaces than workplace representation. By comparison with works councils or joint consultation committees, however, the extent of the trade union presence is more variable and is influenced by the institutional arrangements prevailing in each country.
Of the countries listed in Table 1.6 it is only in Sweden that there is a trade union presence at more than half of the workplaces. This, of course, raises questions concerning recruitment and representation. Although Betreibsratsmitglieder, délégués du personnel, or others involved in institutions of employee participation, may engage in recruitment activities, the absence of union representatives limits the opportunities for recruitment and union-based activity. The absence of union representatives is most marked at small workplaces and in private sector services where the most intensive recruitment efforts are required if the membership losses sustained since the mid-1970s are to be reversed.

The weaknesses of European trade unions at the workplace are likely to be exacerbated as employers press for the further decentralisation of collective bargaining arrangements. The decentralisation of collective bargaining clearly has different specific implications within different regulatory regimes. A number of common implications for trade union organisation and activity, however, can be identified. Firstly, the number of bargaining units will continue to rise with bargaining decentralisation. Trade unions will thus have to service and support more bargaining units. Where single channel bargaining arrangements persist, this increase is direct in the sense that it is local union lay representatives that require support. Where dual systems operate the union support function will require co-operation with the activities of the works councils. Secondly, the decentralisation of bargaining also requires trade unions to co-ordinate local activities more extensively to ensure that the different local settlements are informed by ‘best practice’ elsewhere. Undertaking these functions places great demands on union support facilities and requires some form of union presence within the workplace. As Table 1.6 shows, the presence of union representatives at the workplace is insufficient to undertake these support and co-ordination functions.

**Union exclusion at the workplace**

The absence of trade union representatives at workplace level is not the only major challenge to address in relations with employers. A wide range of measures are being introduced by employers to secure greater workplace flexibility and higher levels of employee commitment to the
goals of the enterprise. In workplaces where there is no union presence, such measures may render union recruitment initiatives less effective. At unionised workplaces such measures may by-pass or exclude union structures.

A broad range of measures associated with the HRM agenda have been implemented with the objective of enabling employers to communicate directly with workers. The coverage of team-working, quality circles and total quality management, for example, increased sharply throughout the 1980s and 1990s. The intention underpinning such schemes is to exploit the ‘voice’ option through direct participation and communication (Regalia 1997; Oetjen and Zoll 1994). Traditionally the ‘voice’ option was exercised via the channels of either works councils or trade unions. Direct participation mechanisms, however, exclude works councils and trade unions and thus may lead to a diminution of their influence at the workplace (see Parker and Slaughter 1988).

During the 1980s a myriad of studies reported that direct participation mechanisms were not leading to exclusion or loss of workplace influence. This situation was confirmed in countries operating the single union channel of representation and the dual system. The situation changed markedly during the 1990s. The exclusion of local union organisation became more widespread within single-channel systems: team working systems were established from which local union representatives were excluded; facility time for local union representatives was reduced, preventing them from undertaking the additional duties arising from direct participation; and direct communication systems were used to secure agreement between employee and employer without union involvement (Smith and Morton 1993; Williams 1997). Greater concern is also expressed within the context of dual systems of workplace representation. In particular, the extension of Öffnungsklauseln (opening clauses) to cover wages and salaries, as well as a range of work organisation issues, and their increasing use without trade union rights of veto, has brought into question the operation of the German model (Schnabel 1998; Flecker and Schulten 1999). Among the issues questioned are the provision of greater levels of support by unions to unionised works councillors, and the extension of works councils into private sector services and small companies in manufacturing. Similarly,
in the Netherlands FNV-Dienstenbond (the service sector union) issued a policy statement that conditionally accepted workplace re-organisation, yet was unable to participate in the introduction of team-working at the largest Dutch supermarket chain because of the absence of union organisation at the workplace (Leisink 1997).

The trade union movements of southern Europe have traditionally placed great emphasis on a strong national-level union presence, rather than intricate networks of local union representatives. As Chapters 14 and 15 on Portugal and Spain illustrate, the relative absence of local networks has allowed employers to pursue ‘unilateral’ policies in connection with the HRM agenda. In Italy, however, the reallocation of responsibilities from national to local union unions has regenerated local union organisation, which had been moribund throughout much of the 1980s (Locke 1990). In order to address these weaknesses, the three confederations in Italy and the two main confederations in Spain have entered into workplace alliances, the Rappresentanza sindicale unitaria (RSU) and unidad de acción (unity of action) respectively. These are intended to generate uniform union positions and to limit the effects of management strategies intended to play one group off against another.

Accompanying measures to encourage direct participation are management schemes intended to promote employee commitment to the enterprise. Although extensive national differences remain, the range of financial participation schemes, which link pay to company performance, and share ownership schemes has increased sharply in most EU member states since 1980 (Kester and Pinaud 1996). Traditionally most unions have been sceptical, if not opposed, to financial participation schemes, as they tend to be unilaterally introduced by management, to widen workplace inequalities and to reduce the influence of collective bargaining. In France, however, financial participation schemes are regulated by legislation that obliges management to settle the terms of profit-sharing schemes with worker representatives. Trade unions have thus adopted more pragmatic approaches, based on securing agreement on the terms of implementation. The contrast between the French approach and that in Belgium and the UK, goes some way to explaining the views of unions towards such schemes. In Belgium and the UK financial participation
schemes tend to be introduced unilaterally by management, which have often used them as part of a strategy to exclude unions (Vaughan-Whitehead 1996). Some local unions, however, are now attempting to influence the implementation of such schemes, due to the interest expressed in them by members. In other words, opposition from unions at national level is being undermined by developments within the localities.

The direction of change in unionisation since 1955

From the outset it should be acknowledged that the levels of unionisation in western Europe are generally, but not universally, higher than in the United States, density of 14.2 per cent in 1995, and Japan, density of 24.0 per cent in 1995 (ILO 1997). However, western Europe tends to be unionised to similar levels as attained in the adjacent central and eastern European countries and the Baltic states.

Table 1.7 illustrates the pattern of change in trade union membership and density since 1955. Two features are apparent within the pattern of change. Firstly, membership and density tended to rise between 1955 and the late-1970s, albeit at different national rates, followed by decline in most countries during the 1980s and 1990s. The end of the post-war boom during the 1970s thus marks the beginning of a period of contraction in the level and rate of unionisation. Belgium, Denmark, Finland and Sweden are the exceptions to this general pattern of development in that membership has increased in the three Nordic countries since 1980, and has remained at a relatively stable level in Belgium. The reasons for this variation are discussed below. It is also apparent that the weaker trade union movements, in terms of the level of unionisation they had achieved, tended to decline earlier than their more organised counterparts. In other words, during the late-1970s stronger union movements were able to deploy resources that delayed the onset of decline.

A second feature in the trend of unionisation is that the range of union densities among the countries shown in Table 1.7 has tended to increase since 1950. The range of union densities in 1950 was 37.1 percentage points, varying between a peak of 67.3 per cent in Sweden to a low of
30.2 per cent in France. By 1995 this range had extended to 78.9 percentage points with a peak of 87.5 in Sweden and a low of 8.6 per cent in France. The increase in the range of union densities is a feature of the period characterised by membership growth and that marked by decline. Union densities have thus diverged since 1955.

Within these aggregate patterns of development, there are five interlinked features arising from analyses of disaggregated data. These features have been present for much of the post-war period.

First, men tend to be more heavily unionised than women. The Nordic countries constitute exceptions to this general trend in that rates of unionisation by sex are similar, if not higher, among women. The difference in rates of unionisation by sex in Ireland is also less than two percentage points (Roche and Ashmore forthcoming). Evidence suggests that differences in the rate of unionisation between men and women arise from features associated with the segregation of employment: the employment of women is concentrated in private sector services; the contractual arrangements of many women, specifically the relatively large number of part-time and temporary contracts; and the concentration of the employment of women in small workplaces where union representatives, who recruit workers into unions, are relatively scarce (Sinclair 1995).

A second feature of disaggregated analyses is that the rate of unionisation tends to be much lower among younger workers than among their older counterparts. Increasing age by ten years is estimated to increase the probability of union membership in the EU by over 24 per cent (IRS 1998). The average age of trade unionists in the UK is 46 and in the Netherlands density among 15 to 24 year olds is 15 per cent compared to a level of 40 per cent among those aged 45 or more (TUC 1997; Visser and Hemerijck 1997). Similar structural reasons to those that explain the relatively lower unionisation of women also contribute to the lower rates of unionisation among young workers. In particular, the employment of large numbers of young workers in private sector services, and at small sites where there are high rates of labour turnover, tend to depress unionisation rates. In addition, some argue that younger workers are more ‘individualised’, as a result of the social changes
during the 1980s and 1990s, with the consequence that they are less susceptible to the collectivism that underpins trade unionism (Valkenburg and Zoll 1995; Hoffmann et al. 1993). Furthermore, the formality of trade union practices may also inhibit younger people, more used to the greater informality of the movements in which they participate, such as those concerned with the environment, animal rights or anti-racism.

A third feature of disaggregated data is that white-collar workers tend to be less unionised than their manual counterparts, although since the mid-1960s the gap in unionisation rates between the two groups has tended to narrow. This difference reflects the traditions of union organisation among manual workers in manufacturing industry. The higher rates of unionisation in the public sector have significantly contributed to the narrowing in the occupational rates of unionisation. In many countries manual and white-collar workers are organised by different unions which may affiliate to different confederations. This has led to the proliferation of trade unions. In some countries it has also led to disputes between unions regarding the occupational status of potential recruits. As the distinctions between manual and white-collar work become more opaque, it seems likely that such disputes will continue and may inhibit recruitment.

A fourth feature of disaggregated studies is the relative weakness of trade union membership among migrant workers and workers from ethnic minorities. Survey data from the UK, for example, indicate that while aggregate union density is 30 per cent, that among Indian workers is 29 per cent and among Pakistani/Bangladeshi workers is 16 per cent (Gully and Woodland 1998). Similarly, in the Netherlands the rate of unionisation among the ethnic minorities is 13 percentage points lower than the average rate (Olney 1996). In Germany the presence of large numbers of foreign workers was shown to have a significant effect on lowering trade union density (Schnabel 1989). The introduction of larger numbers of union officers from the ethnic minorities and representative institutions for workers from the ethnic minorities is thus a priority if this degree of under-representation is to be reversed.
A fifth feature arising from disaggregated analyses are the sectoral differences in the rates of unionisation. In general terms, union density in the public sector tends to be higher than in other sectors followed, in order, by manufacturing and private sector services. Although density in manufacturing has remained fairly stable in many countries, the decline in manufacturing employment has resulted in large-scale membership losses. The central issue for unions to address is that membership remains concentrated in the public sector and manufacturing where employment levels are tending to decline, whereas in private sector services unionisation is relatively lower, yet employment is expanding.

**Explaining the pattern of unionisation**

A number of models have been developed to explain the pattern of unionisation shown in Table 1.7. Several of these models are inter-related. Furthermore, particular explanatory factors are not equally influential in all countries and may be overridden by more powerful factors. With these points in mind four explanations are examined here, not with the intention of assigning precedence to one or another, but with the objective of identifying the range of policy questions that trade unions could usefully address in order to reverse the decline in unionisation.

**The influence of the business cycle**

In classic formulations of the business cycle model movements in unionisation are explained in terms of shifts in inflation, wages and unemployment (Commons et al. 1918; Wolman 1936; Ashenfelter and Pencavel 1969; Bain and Elshiekh 1976). Proponents of business cycle explanations expect inflation and union membership to be positively associated, as workers unionise in order to protect their standard of living and as employers are more likely to concede union demands when prices are rising. Rising wages are also anticipated to stimulate union membership because workers assign these rises to the efforts of trade unions. An inverse relationship between unemployment and unionisation is expected by business cycle theorists for three reasons: unions offer relatively few benefits to unemployed workers; the costs of membership are high for unemployed workers; and employers are more able to resist recruitment campaigns when unemployment is high.
Table 1.7: Trade union membership and density, 1950 - 1997

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<td>946.5</td>
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<td>1,150.6</td>
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<td>642.5</td>
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</table>
Chapter 1: Trade unions in Europe: reform, organization and restructuring

**Sources:** Data for Austria, Belgium, Denmark, Finland, France, Germany, Ireland, the Netherlands, Norway, and Sweden are taken from Ebbinghaus and Visser (2000). For these countries total trade union membership is reported. The density figure is calculated by expressing total membership as a proportion of the ‘gainfully employed’ (Austria, Belgium, Denmark, Germany); ‘net density, dependent’ (Finland, France, Sweden) and ‘gross density, employed’ (Ireland, Netherlands, Norway). The data for Greece were kindly supplied in personal communication from Christos Ioannou. Membership data: refer to members that vote in the elections that take place in years of trade union congresses. Density data: express the membership data as a proportion of total employment. The data for Hungary are taken from ILO (1997). Membership data are drawn from records held by the major union confederations and are likely to include self-employed, retired and unemployed trade union members. Density data express membership as a proportion of employed labour force. The Italian data are from Regalia and Regini (1998). Membership data exclude the UIL before 1970; before 1980 they include unemployed and retired members but from 1980 include only employed members. The density data express membership as a proportion of the employed labour force. The Spanish data are taken from Jordana (1996) for 1977-1990 and from Ebbinghaus and Visser (2000) for 1995 and 1997. All membership data exclude pensioners, but include the very few unemployed workers that retain union membership. Density data express membership as a proportion of the employed labour force. The data for the United Kingdom are from Waddington (1992) from 1955 to 1985 and from the Labour Force Survey for 1990-1997. Membership data: 1955-1985, exclude as far is possible all unemployed and retired people that retain union membership; 1990-1995, exclude all retired and unemployed. Density data: 1955-1995, membership expressed as a proportion of the labour force excluding employers, self-employed and registered unemployed.

**Notes:**
1. East and West Germany combined, all preceding years refer to West Germany alone.
2. Data refer to 1977.
5. Data refer to Great Britain; that is, they exclude membership from Northern Ireland.
None of these three relationships is consistent in every European country. There is variation between countries in the nature of the relationships, that is whether they are positive or negative (Bain and Elshiekh 1976; Roche and Larragy 1990; Schnabel 1989), and their strength (Freeman 1990). Furthermore, the relationships proposed within the business cycle vary within countries over different historical periods (Pedersen 1982; Carruth and Disney 1988). It is also evident that institutional features, such as the presence of income policies and the extent of legal support for unions at the workplace, influence the effect of the model (Western 1997:102-121).

The effect of institutional differences can be most clearly illustrated by reference to the impact of unemployment. Table 1.4 showed that unemployment rates have risen since the mid-1970s, albeit with cross-national variation in the rate and timing of the increases. The impact of unemployment has been particularly hard-felt in manufacturing where the employment ‘shake-out’ had adverse effects on unionisation. It was noted above that in four countries (Belgium, Denmark, Finland and Sweden) unionisation rates have either risen or remained stable during the period of rising and high unemployment. In these four countries a variant of the Ghent system is in operation. In the Ghent system, trade unions perform a role in the administration of unemployment benefits. While the precise nature of this role varies between the four countries (see Western 1997:50-65), it ensures that there are benefits of retaining union membership during periods of unemployment. The rising levels of unemployment after the mid-1970s were thus not as damaging to the rate of unionisation in these countries as elsewhere. Indeed, in Belgium the level of unionisation among the unemployed in 1993 is reported as 61.3 per cent compared to 44.6 per cent among the employed (IRS 1997). The same source reports that in Denmark 79.7 per cent of the unemployed are union members. Compare these figures with levels of unionisation among the unemployed in 1993 of 6.0 per cent in West Germany, 13.0 per cent in Italy, 9.5 per cent in Ireland, 6.7 per cent in Portugal, and 10.5 per cent in the UK where the Ghent system is not operated (IRS 1997). Rising levels of unemployment have thus contributed to the patterns of decline in unionisation since the end of the post-war boom in all countries except those where trade unions
perform a function in the administration of unemployment benefit. In other words, the impact of unemployment on unionisation rates is influenced by institutional circumstances.

**Sectoral shifts in employment**

Sectoral shifts in the composition of employment are estimated to account for about 40 per cent of the decline in western European trade union membership between 1970 and 1992 (Ebbinghaus and Visser 1998). This figure does not diverge much from country-level analyses for the Netherlands and the UK (Visser 1991; Waddington 1992), although it markedly overstates the national effect attained for West Germany (Schnabel 1989). These analyses, however, do not take into account a variety of other factors associated with shifts towards private sector services including, for example, higher rates of labour turnover; more employment at small sites; and the greater use of part-time, temporary and subcontract labour. Each of these factors tends to be linked with weaker trade union organisation. In other words, the decline in unionisation indicated by sectoral shifts in employment may understate the overall effects.

In practice, many trade union movements failed to develop extensive networks of activists at workplaces in private sector services during the 1970s and 1980s. In the absence of such networks of activists, trade unions have found it difficult to recruit and retain members in private sector services. In some countries attempts have been made to deploy trade union officers on these recruitment duties. There are insufficient officers to have a significant effect on membership levels, however, and such activities draw them away from supporting existing members. The development of more effective methods of recruitment and retention in private sector services is thus a priority.

Employment growth in private sector services varies by occupation. At one extreme are high-technology companies engaged in computing and research and development, which employ highly skilled, white-collar workers at relatively high rates of pay, often within an internal labour market. At the other extreme are cleaning and catering operations that employ unskilled workers on low pay with little, if any, job security. The
recruitment challenge for trade unions is thus twofold. Policies are required which will attract workers into membership from both occupational groups.

**Opposition to unionisation from employers**

This explanation of the recent decline in unionisation has been developed most extensively in the United States (Goldfield 1987; Kochan et al. 1986). In essence, proponents of this explanation argue that resistance to unionisation from employers has had a significant effect on levels of unionisation, although it is acknowledged that institutional circumstances also impinge on this effect. In the decentralised bargaining environment of the United States, where there is no system of regulation and representation akin to that in western Europe, and unions are weak, employer resistance is at its most pronounced. Particular employer strategies are also associated with this resistance in the United States such as the use of ‘union-busting’ consultants, sacking strikers and replacing them from among the unemployed and the use of a range of delaying tactics in the conduct of certification elections (Goldfield 1987: 226).

In much of the EU there are fewer incentives for employers to engage in the same activities as their American counterparts. The presence of multi-employer bargaining, often supported by legislation, ensures that similar wage costs are incurred by employers. Only by re-locating outside of a particular regulatory regime is an employer able to significantly change these circumstances. While there are notable examples of such relocations, for example into central and eastern Europe, there is little evidence to indicate wide-ranging shifts (Hoffmann and Hoffmann 1997; Dicken 1992).

There are, however, instances which suggest that some practices from the United States are being imported into the EU. US-based employers have resisted their incorporation into the regulatory regime of the specific countries in which they have invested. Digital Equipment Corporation in Germany, for example, does not participate in multi-employer arrangements. Similarly, only after extensive campaigns did Swedish and Danish unions manage to ensure that Toys ‘R Us and
McDonalds complied with the terms of the appropriate collective agreements. Furthermore, in Ireland and the UK, many US-based employers have been able to resist unionisation. In Ireland and the UK, for example, neither Toys ‘R Us nor McDonalds are unionised.

**The law and workplace representation**

A further factor that influences unionisation is the extent and scope of local union organisation. The argument here is that where unions have been able to secure influence at the workplace within institutions established for workers' participation, they have sustained fewer membership losses (Hancké 1993). It is acknowledged that the constitutional basis of the institutions of workplace participation vary; in Austria, Belgium, France, Hungary, the Netherlands, Germany and Spain, for example, statutory provisions are in place that are outside of union organisation. In Denmark, Finland, Italy, Norway and Sweden workplace participation has its origins in national collective agreements, which were later supplemented by legislation. Ireland and the UK illustrate a third variant in that traditionally unions have sought recognition from an employer. Usually, only after recognition is secured are there developments in local union organisation.

Two factors are identified as being particularly influential. Firstly, legal support, in so far as it ensures that workplace institutions for participation either exist or may be established, and secondly, unions with the resources to exploit these as bases in recruitment campaigns. Statistical analysis reveals the efficacy of the explanation (Hancké 1993). Furthermore, where legal support is present, but well-resourced unions are absent, conditions are shown to be inadequate to sustain membership levels. In France, for example, unions lost members following the introduction of the Auroux laws, which extended the legal underpinning of participation at the workplace, in part because the unions lacked sufficient resources to exploit the opportunities presented to them by the legislation (Goetschy and Rozenblatt 1992).

A further factor associated with these issues is the use of HRM practices to promote participation in the workplace. In recent years, for example, the use of team briefings, team-working, quality circles and
profit-sharing schemes has burgeoned, as managements have attempted to promote greater levels of commitment among workers to the enterprise. Where employee participation is legally underpinned, management-led participation schemes have been introduced with union agreement and co-operation. In consequence, unions have tended to retain influence at the workplace. Where there is no legal support for either a works council or a union presence, however, these same practices have been used by management to by-pass union organisation and, hence, render it less effective (Kochan et al. 1997). As union organisation has become less effective at the workplace, so union membership has also become less attractive to potential members.

**Part Two**

**Searching for solutions to the challenges**

The introductory section of this chapter isolated four themes that resonate throughout the chapters of this book: trade union articulation; membership recruitment; mergers and forms of closer working; and the centrality of union organisation at the workplace. In terms of these themes, Part One showed that the articulation between different levels of union activity is threatened by the decentralisation of bargaining and a requirement to extend union organisation into expanding areas of the economy, particularly into private sector services. It illustrated some of the different employment characteristics exhibited by potential members that work in private sector services, thus raising the prospect of increasing membership heterogeneity. Part Two extends this analysis by examining attempts to address these challenges in the areas of recruitment, retention and organisation. A range of measures has been implemented to address the recruitment challenge. As such, they incorporate the themes of articulation, recruitment and union organisation at the workplace. These measures are examined here by reference to the debates between the servicing model and the organising model of unionisation.
Membership decline and labour market restructuring have also encouraged many unionists to question whether existing union structures are appropriate to meet the challenges. Part Two thus examines the range of merger activity undertaken by trade unions, and develops linkages between the four themes and the impact of trade union mergers. It illustrates the importance of mergers as a means to concentrate resources and thereby develop recruitment, retention and organisation. In addition, the issues of post-merger union articulation and the support available to members at the workplace are examined by reference to the character and outcomes of merger activity.

**Recruitment, retention and organisation**

The extent of the decline in membership, coupled to the relative absence of union representatives in the workplace in private sector services, has raised the profile of issues concerned with recruitment, retention and workplace organisation among trade unionists. Research has been commissioned in several countries with the objectives of establishing why people join unions and what unions have to do to improve organisation at the workplace. This section reviews some of the findings arising from this research, and the policies introduced to improve services.

Considerable progress has been made in identifying ‘why people join trade unions’, but there is still wide-ranging debate as to how to implement the findings in terms of trade union policy. In practice, there are two policy approaches that have been adopted, the servicing model and the organising model. While these approaches are not mutually exclusive, and both have their merits, it is argued here that the available evidence points to the long-term requirement to extend the network of trade union representatives to hitherto unorganised workplaces and thus encourage higher rates of membership participation.

*Why do people join trade unions and who recruits them?*

Improvement in the ‘core’ business of unions is on the agenda for most union movements. Unions have traditionally undertaken an insurance role in representing individual members in their workplaces. This
purpose has regularly been ranked as the prime reason for membership by workers. In the Netherlands joining a union to ‘avoid personal problems in the work environment’ is the primary reason for joining for both manual and white-collar workers (van de Vall 1970; Klandermans 1986). In the UK no fewer than 72 per cent of new members cite the provision of ‘support if I have a problem at work’ as being one of the two main reasons for joining a union (Waddington and Whitston 1997). Danish results are comparable, as joining a union ‘to ensure that my interests are protected’ is ranked second after joining in order ‘to become a member of the unemployment scheme’ (Jørgensen et al. 1992). In Sweden and Italy instrumental or support issues were found to be growing in significance as a reason for joining, compared to more ideological reasons (Di Nicola 1997; Sverke and Sjöberg 1997). The support issues cited by members as being important include the following: individual representation on discipline and grievance cases; receiving regular communications from the local and national union; and a visible union presence at the workplace in the form of local representatives and union officers. In practice, of course, a union presence at the workplace is essential, as it is through contact with the local representative that support is provided to the member in the first instance.

Evidence from the UK suggests that local union representatives remain the most potent recruiting agents for trade unions; no fewer than 30 per cent of new members were directly recruited by shop stewards. By comparison, full-time officers account for only 3.5 per cent of members recruited (Waddington and Whitston 1997). This result further substantiates the argument that a union presence at the workplace is a central feature of the recruitment process. The nature of the recruiting agent is also important, as it appears that ‘like best recruits like’. In other words, women are better at recruiting other women (Heery and Kelly 1988) and young unionists are better at recruiting other young workers. For the trade union, therefore, the central issues are targeting potential recruits and selecting appropriate trade unionists to undertake recruitment (Pocock 1997).

Several unions acknowledge that they are unable either to provide, or to support, local representatives in all the workplaces at which they have members. In attempts to address this weakness, telephone centres have
been established for members to contact if they require advice or support. Some unions encourage all workers to contact these telephone centres for advice, irrespective of whether or not they are in membership. If the worker joins the union, advice is then made available. Such centres may thus assist unions in securing members from new workplaces.

In the light of these findings a wide range of measures have been fostered by trade unions to encourage recruitment activities. In practice, these measures concern identifying potential new members, deepening unionisation rates at sites where there is already a union presence, raising the profile of recruitment as a key activity for trade unionists, and encouraging participation of larger numbers of members in recruitment activities.

Many unions initially emphasised the importance of deepening recruitment at sites where a union presence had already been established. Efforts were thus directed towards reducing the number of free-riders. While such an approach is available to many unions, where industrial unionism prevails, particularly in manufacturing, it is the only effective approach for unions whose recruitment bases are contracting. Deepening unionisation is the easiest option to pursue, as the issue is to build on a union presence rather than establish such a presence. It can, however, be only a temporary strategy (Armingeon 1989), as the areas within which trade union membership is concentrated are contracting. Concurrent with approaches to deepen density were campaigns to raise the profile of union recruitment as an issue. The ‘Link-Up’ campaign of the Transport and General Workers Union in the UK and the ‘FNV-My Agent’ campaign in the Netherlands, for example, were concerned to raise the profile of recruitment as an important issue for existing unionists, as well as attracting new members.

Efforts to attract new groups into membership have emphasised the changing profile of trade unions and the issues that are thought to be attractive to such workers. In attempts to attract young workers into membership, unions have sponsored music festivals and concerts. The GMB union in the UK sponsors Brentford and Scunthorpe Football Clubs and Dansk Metal in Denmark used to sponsor the national
women’s handball team, thereby ensuring that union logos appear on the players’ shirts. Several unions have also used advertisements on television in order to attract potential members. It is unclear, however, how many new members have been recruited by these means. In recognition of the different employment circumstances of many potential members, discounted membership contributions for part-time and young workers are now widespread.

Attempts have been made to encourage a wider range of members to engage in recruitment activities. IG Metall has recorded membership increases, for example, by offering incentives, such as radios or CD players, to existing members who recruit a minimum of ten new members. In the UK several unions have launched similar schemes with the intention of broadening the number of people engaged in recruitment activities. The ‘Recruit a Friend’ campaign of UNISON encourages members to recruit their colleagues at work. If the member is successful s/he is entered by the union into a raffle for a holiday. The use of direct cash incentives by the same union, however, had no long-term effect.

In recognition of the failure to stem the rate of membership decline, the Trades Union Congress (TUC) in Britain has established an ‘Organising Academy’ at which young recruiting officers are trained before being sent out to recruit in areas designated by affiliated unions with which the recruiting officers work. This approach follows similar initiatives launched by the Australian Council of Trade Unions (ACTU) and the American Federation of Labor – Congress of Industrial Organisations (AFL-CIO). The rationale that underpins this approach is that existing full-time officers of trade unions have insufficient time to devote to recruitment activities, and local representatives are unable to recruit outside of their own workplaces. It is, therefore, necessary to train additional officers who will be concerned exclusively with recruitment. Preliminary returns from the work of the trainees from the Organising Academy suggest that new members are being secured, although they tend to be concentrated in workplaces where unions are already present, rather than at new sites (Heery et al. 1999).
Organising strategies

There are two broad approaches to recruitment that have been adopted, the servicing model and the organising model (see Bronfenbrenner et al. 1998; Conrow 1991). These approaches are not mutually exclusive and tend to be pursued as different elements of a recruitment strategy. The servicing model relies on initiatives from inside official trade union structures. Within the terms of the servicing model, trade union officials, rather than local union representatives, provide support to members who encounter problems. Support is thus provided externally to workplace union organisation. Other features of a servicing approach also do not require the presence of the union at the workplace, such as the Ghent system that was mentioned earlier, and the provision of welfare benefits. In addition, during recent years trade unions have started to introduce a range of financial services in order to attract new members.

In contrast, the organising model is built upon the presence of union representation and organisation at the workplace. The idea underpinning the model is that participation in union affairs at all levels is actively encouraged. During the initial phases of development, official union structures may be called upon to support nascent workplace organisation, to train local representatives and to establish appropriate institutions. The intention over the longer term, however, is that workplace organisation becomes more self-sufficient as a result of membership participation. The servicing model and the organising model are examined below. The examination illustrates the linkages between trade union articulation, workplace organisation and the unionisation of the expanding sectors of the economy.

Servicing model. The servicing model relies on trade union activities external to the workplace to support trade unionists at their places of work. It thus places an enormous burden on official trade unions to undertake these duties. The decentralisation of bargaining, the proliferation of small sites of employment and the absence of local union representatives at many workplaces, has led many unions to accept that the servicing model in its ‘ideal’ form is no longer viable as a means of providing support to members in their workplaces. There are not
enough trade union officials to cover the growth in the number of workplaces and bargaining units.

There are some noteworthy caveats to this generalisation. The Ghent system, for example, in which unions have a role in the administration of unemployment benefit, is, without doubt, one of the most influential tools for maintaining membership levels. Unions in countries where the Ghent system operates have managed to extend organisation throughout much of private sector services, to equalise unionisation rates among men and women, and to secure members among part-time, fixed-term contract and temporary workers. The Ghent system is thus a very effective manifestation of the servicing model. During recent years in Sweden, however, white-collar workers and workers in commerce have increasingly opted to join the unemployment insurance fund only and have not become union members. Similarly, in Denmark the regulations concerning unemployment insurance for young people were changed in April 1996, prompting fears among trade unions that young workers would no longer become members. Further changes to early retirement schemes (etterlønsordningen) were also opposed by Danish trade unions as they were thought likely to promote earlier withdrawals from unemployment insurance funds and hence, membership losses. The link between workers and unionisation is thus not secure even where the Ghent system operates.

Historically, unions have also provided a range of individual welfare services, such as sickness benefit, funeral benefit and convalescence homes, as part of the servicing role. Several of these welfare provisions remain in place, although many have been overtaken by state provision. Survey evidence from Ireland, Denmark and the UK indicate that welfare services are in the mid-range of reasons for joining (ICTU 1998; Jørgensen et al. 1992; Waddington and Whitston 1997).

A more recent development within the terms of the servicing model is the provision of packages of financial services as an inducement to membership. Such services have been offered by unions in Belgium, Denmark, Italy, the Netherlands, Sweden and the UK. Included in these packages are credit card facilities, holiday discounts, mortgage schemes, and health and home insurance policies. Implicit in their introduction is
a changed relationship between union and member, based on individual consumer interest rather than collective industrial interests. In practice, unions offer discounted financial services on the basis of allowing exclusive access to the membership to specific companies offering such services. Packages of financial services are claimed to represent an adjustment by unions to a ‘new individualism’ (Bassett and Cave 1993).

It is far from clear that these measures have been effective in attracting new groups of workers into membership. Survey evidence from the UK, for example, indicates that only 3 per cent of new members regard such services as being among their first or second reasons for joining a union (Waddington and Whitston 1997). Similarly, in Belgium and Denmark such services are of little appeal (Jørgensen et al. 1992). However, in the Netherlands individual financial services have contributed to reversing membership decline during the 1990s (IRS 1994). Advocates of this new form of the servicing model also claim that financial services are important as a means of retaining members. Initial evidence, however, indicates that only 2 per cent of members cite financial services as being one of the two primary reasons for retaining their union membership (Waddington 1999).

Considerably better results have been obtained from the implementation of individual services that directly concern work. The provision of legal services, for example, is relatively highly regarded by British trade unionists, while their Dutch counterparts value a service through which advice is provided in filling out tax returns. In several countries research is also underway within trade unions to ascertain whether it will be possible for unions to provide pensions to supplement state-funded provisions. Unions that organise professional workers have also recorded recruitment successes through the provision of professional services. Unions of nurses, for example, cite the efficacy of professional indemnity insurance as a means of recruiting and retaining members. The extension of professional services is now being considered more widely. To illustrate, the Transport and General Workers’ Union has investigated the issues associated with the provision of insurance protection for the licences of drivers of trucks and buses. The servicing model is thus not moribund, for there are options which are attractive to members within the terms of the model. These options, however, do not
address the central reason for joining the union, namely, ‘support if I have a problem at work’. The question thus remains, how might this support be provided at unionised workplaces and extended to workplaces in private sector services?

Organising Model. The organising model rests on the assumption that more membership participation in union affairs is required if decline is to be reversed. An organised union presence at the workplace, an appropriate number of local union representatives and institutions to enable participation throughout all levels of the union are central to the model. In order to establish workplace union organisation support for it may be required from outside the workplace. Once workplace organisation is set up, however, the organising model assumes that the provision of training and specialist advice are the principal forms of external support provided by the union. In broad terms, two approaches have been adopted within the framework of the organising model. Firstly, campaigns are underway to improve workplace organisation where there is a union presence, and to extend it into new areas. Secondly, extensive reforms of participative structures have been introduced, directed specifically towards encouraging participation in union affairs of the ‘new’ groups.

As Table 1.6 illustrated, there is considerable progress to be made to ensure that union representatives are present at workplaces where there are union members. A majority of Dutch and French trade unionists, for example, report no active union presence at their workplace (Klandermans and Visser 1995; Dufour and Nunes 1998). Even in highly unionised Denmark, 31 per cent of members report that there is no tilidsrepræsentant (shop steward) present at their workplace (Jørgensen et al. 1992). In recognition of these shortfalls, a large number of unions are investigating how the number of local union representatives might be increased. Examinations are now being conducted on how the quality of workplace union organisation may be improved through the provision of new forms of training to union representatives, and by making available a wider range of support and advisory services from the union centres. In Belgium, for example, unions are campaigning for lower size thresholds to trigger the establishment of company councils and health and safety committees, in order that union organisation
might be spread to the smaller workplaces that characterise private sector services.

In addition to the inadequate numbers of local union representatives, there is also criticism from members concerning the quality of local union organisation. About two-thirds of union members in the UK, for example, thought that there was room for improvement on individual representation, in union communications and in the presence of union representatives at the workplace (Waddington 1999). Each of these issues is considered by members to be central to the issue of support at the workplace. These criticisms by members should be qualified, however, as very few members take the opportunity to attend union meetings through which they might address some of these concerns.

On the specific issue of recruitment activities, membership participation appears influential. IG Metall was more successful with its recruitment campaign at Digital Equipment Corporation than at International Business Machines because it adopted a participatory approach, and used more extensive communication systems to reach potential members (Roßmann 1994). Similarly, organising initiatives in the United States have been more successful where membership participation has developed a degree of self-sufficiency in areas of communication and representation (Bensinger 1998). These examples of the benefits of high levels of participation, however, should not disguise the relative infrequency of a union presence at European workplaces and the generally low levels of membership participation.

Also integral to the organising model is the participation in union affairs at all levels of larger numbers of workers from under-represented groups. There is no agreement on how this can be achieved. Take, for example, the case of women. Some argue that organisations directed exclusively towards representing the interests of women are most successful in raising a range of issues of central concern to women (Trebilcock 1991; Cockburn 1983, 1991). The long-standing independence, and recent membership growth, of exclusive unions for women in Denmark (Kvindeligt Arbeiderforbund – KAD) and the Netherlands (Vrouwenbond) support this view. In recognition of this point many unions have established committee structures to facilitate the emergence of bargaining
agendas which include issues of concern to women. The contrary argument is that issues of importance to women may be marginalised, rather than integrated, by the presence of exclusive organisations (Briskin and McDermott 1993; Crain 1994). Furthermore, items generated by such organisations for inclusion on the bargaining agenda are among the first to be dropped during negotiations (Colling and Dickens 1998; Cyba and Papouschek 1996). Women are also inadequately represented in the decision-making structure of most unions at national and European levels (Braithwaite and Byrne n.d.). It is apparent that further reforms must ensure that, in addition to defining targets for representation and participation, the activities of women become integral to the decision-making and social processes of trade unions; in short, it is necessary to mainstream gender issues (Garcia et al. n.d.).

Other measures have also been introduced to encourage the membership and participation of under-represented groups. A range of additional institutions intended to encourage participation have been introduced by many unions. Committee structures for young workers and ethnic minority workers are now common throughout European trade unions. However, the establishment of a union specifically for young workers (jongerenbond) by the Federatie Nederlandse Vakbeweging (FNV) in the Netherlands failed to attract large numbers of young members.

**Merging trade unions**

Changes to labour markets, employer policies towards trade unions and membership decline are linked to proposals to reform and restructure trade union organisation. Restructuring has involved a variety of different approaches ranging from formal mergers through to forms of closer working, such as cartels of unions. While these changes affect relations between national trade union movements and European-level trade union organisations, they remain embedded within the nation state and have yet to embrace wider transnational union organisation. Attention here is directed towards merger activity. The specific issues arising from the operation and politics of cartels of unions and their impact on union bargaining policies are examined in the country chap-
ters. Three issues integral to the merger process are assessed: the character of recent mergers, the influences that promote mergers and the different outcomes of mergers. Examination of these issues further highlights the interconnections between trade union articulation, membership recruitment and workplace organisation.

**The character of merger activity**

Existing forms of union organisation and structure influence the character of trade union merger activity in each country. However, four features characterise the recent trends in merger activity.

The first of these is that where there is more than one confederation of unions, confederation boundaries tend to impose limits on merger activity. Whether confederations are occupationally differentiated, as in the Nordic countries, or politically differentiated, as in southern Europe, does not affect the general pattern. Within the politically differentiated confederations of Southern Europe, this has resulted in different combinations of unions within competing confederations. In other words, the industrial union structure within confederations has been restructured in different ways. Where a single confederation of unions is dominant, confederation boundaries are not impermeable. In both Germany and the UK, for example, unions from outside the Deutscher Gewerkschaftsbund (DGB) and the TUC are in the process of merging with unions affiliated to the confederations.

Mergers of confederations, of course, are relatively rare. When confederations merge, however, the number of union mergers tends to increase as unions affiliated to the confederations merge. Two cases from the Netherlands illustrate this second characteristic. In 1974 the Nederlandse Centrale voor Hoger Personeel (NCHP) merged with the confederation that represented higher civil servants, the Centrale van Middelbare en Hogere Ambtenaren (CMHA), to form the Vakcentrale voor Middelbaar en Hoger Personeel (MHP). Mergers involving unions from the two constituent confederations followed, in practice, as a form of internal reorganisation. Similarly, the merger between the socialist union confederation Nederlands Verbond van Vakverenigingen (NVV) and the Catholic union confederation Nederlands Katholiek Vakverbond (NKV) in
1982 to form the FNV was accompanied by the merging of the affiliated unions of the two confederations. The proposed mergers of the three Italian confederations and of the Geniki Synompospndia Ergaton Ellados (GSEE, General Confederation of Greek Workers) with the Anotati Diikisis Enovesos Demosion Ypalliton (ADEDY, Confederation of Greek Civil Servants) by the end of the year 2000 will, if accomplished, also result in an acceleration of sub-confederal union mergers.

A third characteristic of the recent merger process is that confederations have had little influence over the specific mergers undertaken by affiliated unions. The direction of merger activity thus exhibits no simple pattern in most countries. Whereas several confederations have encouraged mergers among affiliated unions, the direct assistance provided is usually limited to the provision of either guidance on past practice or arbiters in cases of dispute. As affiliated unions tend to maintain their autonomy, opportunities for confederal leadership are often curtailed. The role of the Österreichischer Gewerschaftsbund (ÖGB) is a marked European exception, in that the confederation has played a major part in developing a proposal to replace a structure based on fourteen unions with one comprising only three unions, covering manufacturing, services and the public sector respectively. While it remains to be seen if this form of involvement will result in the proposed structure, initial closer working and co-operation arrangements between affiliated unions are following the intended pattern of development.

A fourth characteristic of recent mergers is that they take two forms: an amalgamation in which two or more unions merge as roughly ‘equal’ partners to form a new union; and an acquisition which involves one union ‘taking over’ another (see, for details, Waddington 1995). In practice, an amalgamation usually occurs when the participating unions intend to generate a new profile for the post-merger union as a means of attracting members from a hitherto unorganised area of the labour market. By contrast, a union absorbed in an acquisition is often in steep decline with a membership base drawn from a contracting or restricted section of the labour market.
Why merge?
A multitude of reasons underpin the merger process, many of which are masked by the rhetoric attached to the pre-merger discussions and political positioning. Advocates of merger tend to downplay the impact of external factors in propelling the unions involved towards merger, and emphasise the positive aspects of restructuring. These are said to arise from the economies of scale achieved by the post-merger union. In this context reference is usually made to improvements in membership services and support. In many recent cases, however, unions have been compelled to merge by a combination of membership decline and financial weakness. Compounding these factors are the effects of bargaining decentralisation which require unions to engage in the costly servicing of a larger number of bargaining units and increasing membership heterogeneity which necessitates supporting a more diverse set of membership interests. Unions that organise in declining industries and occupations, or have their membership base restricted by other factors, have been particularly hard-hit by these developments. Unions of leather workers, woodworkers and agricultural workers, for example, have been acquired by larger counterparts in Germany, the Netherlands, Sweden and the UK. Employment in the leather industry in these countries is simply not sufficient to support an independent trade union, even if a high rate of unionisation is secured. On a larger scale, the total expenditure of all UK unions on administration was greater than the income gained from members between 1988 and 1997, illustrating the extent of financial weakness among unions during a protracted period of membership decline (Certification Officer various).

While membership decline and the features associated with it may have promoted many mergers, there is little evidence to suggest that mergers have resulted in stronger organisations capable of securing new recruits from the expanding areas of the economy. Mergers are much more likely to have mitigated the effects of losses from traditional membership heartland. The acquisition of a small union of textile workers by IG Metall in Germany, for example, has not reversed the overall decline in IG Metall’s membership, nor has it allowed the union to secure large numbers of new recruits from the textile trades.
It remains an open question whether mergers have led to improved services as a result of economies of scale. Most merger agreements certainly include provisions to protect the employment of union employees. When membership is declining this should lead to increases in the ratio of full-time officers to members and, hence, improvements in membership support. In practice, however, many recent mergers have been followed by the introduction of early retirement schemes for union employees as post-merger unions attempt to reduce costs. Furthermore, several recent mergers have been accompanied by rumours that union officers influenced the choice of merger partner in order to protect or enhance their terms and conditions of employment. In other words, there may be an undue influence on the merger process arising from the employment circumstances of union officials.

Advocates of merger also claim that mergers may reduce competition between unions for members that may facilitate an improvement in the representation of members. Competition between unions for members may be reduced or eliminated when mergers involve unions with overlapping membership bases. For example, the proposed merger in Germany to form Vereinigte Dienstleistungsgewerkschaft (VERDI, service sector union) involving Gewerkschaft Öffentliche Dienste, Transport und Verkehr (ÖTV), Industriegewerkschaft Medien (IGMe), Gewerkschaft Händler, Banken und Versicherungen (HBV), Deutsche Postgewerkschaft (DPG) and Deutsche Angestellten Gewerkschaft (DAG) may reduce competition for members between the unions involved in the merger. However, the merger may also lead to forms of membership competition in new areas. The membership of DAG includes white-collar workers in manufacturing industries. If the post-merger union were to attempt to deepen unionisation in these areas it would come into conflict with the unions in manufacturing that have traditionally organised manual workers, but are now expanding to incorporate white-collar grades. The point here is that it is not union restructuring alone that determines the nature and extent of competition for members; structural changes in the labour market and employer diversification are also influential. The principle of one union per employer which has informed post-war German trade union organisation becomes ever-more difficult to sustain as companies pursue interests in manufacturing and in private
sector services, and as strategic alliances between companies, outsourcing and franchising become commonplace.

**Merger outcomes**

In terms of the specific combinations of unions and forms of union governance, the outcomes of merger activity are varied and not readily classified. This variation is compounded by the enormous range of ‘starting points’ from which most mergers originate, with respect to union traditions and history, bargaining structures and forms of interest aggregation. Three themes, however, may be identified as having a resonance in several of the countries examined in the chapters of this book.

The first of these is that the position and roles of union confederations are brought into question. Traditionally union confederations have acted as conduits to governments, particularly if a social democratic party is in power, and, more recently, as participants in European-level trade union activities. The concentration of membership in fewer, relatively larger unions has jeopardised the role as a conduit to government, as it seems likely that governments will wish to discuss issues of concern directly with the larger unions. A similar position emerges regarding relations with European-level institutions in that larger unions are more likely to discuss relevant issues directly, rather than through union confederations. To this end, several unions have established offices in Brussels to ensure their direct representation. Indeed, some of these unions claim that such offices are part of the additional services that can be made available as a result of involvement in the merger process.

Two other issues for union confederations arise from merger activity. If power effectively comes to reside with a small number of large unions within a confederation, the attraction of the confederation to non-affiliated unions may diminish. In practical terms, why join a confederation when it is not possible to exert any influence of the policy of the confederation? In addition, and by contrast to the points raised above, confederations have administered demarcation disputes between affiliated unions. If, as was suggested above, disputes regarding membership
merely shift in form and focus as a result of mergers, union confederations may still have this important function to perform.

A second outcome of the recent merger activity are further shifts away from the industrial form of union organisation. In Germany the form of this shift is the linking of industrial organisations to form multi-industry unions in manufacturing, while the proposed merger to form VERDI will result in a sectoral union for services. This latter form of organisation resembles that proposed by the ÖGB for Austria. In contrast, the formation of FNV-Bondgenoten combines both manufacturing and service sector unions. Similarly, within the Italian union confederations and within the Confédération Française Démocratique du Travail (CFDT), mergers between affiliated unions have broken down the original industrial structure as chemical workers’ unions have merged within miners’ unions.

A third, and related, outcome of this merger activity is that membership of individual unions continues to become more heterogeneous. In many instances increasing heterogeneity has occurred as overall membership has declined. This has resulted in ever-more complex forms of internal union representation as unions have attempted to integrate membership diversity while trying to retain union cohesion. Following the formation by merger of UNISON, the largest union in the UK, for example, a system of ‘fair representation’ was introduced to the constitution whereby women members, black members, gay and lesbian members, and members with disability were to be represented, proportionally to membership, on committees at every level of the union (Terry 1996; Fairbrother et al. 1996). Similarly, industrial and occupational committee structures now abound in post-merger unions, as mechanisms to ensure the representation of minority groups. While relatively little work has been undertaken on the effects of these measures on post-merger levels of membership participation, evidence from Sweden showed that post-merger membership participation declined (Sverke and Sjöberg 1997a). American research also suggests that membership participation may decline because mergers create additional layers of government between officers and members (Chaison 1986).
Conclusions

This chapter has ‘set the scene’ for the country-based chapters that follow. It identified some of the challenges faced by trade unions from shifts in the composition of employment, the decline in membership and the reforms implemented by employers. Coupled to persistently high levels of unemployment and state-led restructuring of national regulatory regimes, these challenges have placed unions on the defensive.

Trade union responses to the reforms of regulatory regimes are assessed in the country chapters. Union responses have focussed on extending unionisation into the expanding private services sector and on adapting union structures to changes in the labour market. While extending union organisation into private sector services will consolidate the finances of many ailing unions, the principle purpose is to revitalise unions by encouraging greater participation and involvement from groups currently outside of many union movements. In order to accommodate the peculiarities of workplaces in private sector services and to promote higher levels of participation among members employed therein, it has been necessary to reform methods of recruitment and systems of representation in many countries. Although considerable progress is recorded, it has been insufficient to reverse membership decline in the countries that do not operate the Ghent system, and to encourage higher levels of participation. In other words, representatives from the traditional areas of membership strength continue to hold the key positions of influence within unions and national union movements. Furthermore, in many cases, there are insufficient members from private sector services to bring influence to bear to change the traditional agenda.

Membership decline, financial stringency and changes in the labour market have also promoted widespread union restructuring through mergers. Although much of the rhetoric attached to mergers emphasises the additional services and support for members that might result, there is little evidence to suggest that this is the case. More likely is the defensive merger intended to mitigate the effects of membership decline. A defensive merger merely retains existing services, rather than
enhances them. A key issue arising from mergers in such circumstances is that membership heterogeneity increases while the level of membership remains constant or declines. The range of support services that the membership requires thus increases, irrespective of the direction of membership change. The extent of trade union merger activity in Europe has also raised issues of participation and representation. It remains to be seen whether small groups of members acquired by a large union can retain an identity and an influence within the post-merger organisation, or whether large-scale amalgamations can be completed without long periods of post-merger introspection as the internal structure of the new union is worked out.

Throughout this chapter and many of those that follow, articulation between the different levels of trade union activity is a central theme. In particular, it is apparent that the decentralisation of bargaining and the organisation of membership at larger workplaces have prompted a range of measures intended to establish or maintain articulation between workplace and wider union activity. Members from competing unions have entered into alliances in order to limit the impact of their isolation at the workplace. Where dual systems of representation are in operation, attempts are underway to enhance the linkages between trade union and works council activities. Similarly, a wider range of approaches to communications are now in place, which are intended to encourage greater cohesion across increasingly heterogeneous memberships. In several countries these, and associated, measures have acted to restore articulation between different levels of union activity within the nation state. Although, the range of structures and activities that extend beyond the nation state is becoming more extensive (see Chapter 18), they have yet to be articulated with many of the activities that take place within the nation state. A key question is whether European activities can be linked to workplace-based activities in a manner that is meaningful to the trade union member for whom the workplace is the primary location of his/her trade unionism. Success in meeting this objective would constitute a key stage in developing a European trade union movement.
Trade unions in Europe: reform, organization and restructuring

Notes

1 On first reading the inclusion of Hungary appears anomalous in a collection that focuses on western Europe. Three issues underpinned our decision to include a Hungarian chapter. First, Hungary is in the first wave of countries pressing for admission into the EU. Its inclusion thus allows assessment of the trade union issues that might arise on Hungary’s entry to the EU. Second, after 1990 a wide-ranging series of reforms were introduced, which were intended to develop works councils along the lines of the German model. Third, the transformation of Hungarian trade unions bears comparison with the transformation processes that occurred in Portugal and Spain after authoritarian regimes were rejected.

2 Among the institutions with a key international regulatory role are the Organisation for Economic Co-operation and Development (OECD), the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF) and the World Bank.

3 Data are not available on all of the labour market issues for each of the countries covered in the chapters of this book. Coverage is thus as wide as is possible, but excludes some countries for particular issues.

4 The eleven countries are Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and the UK. Data are taken from OECD (various).

5 Where the single union channel of representation prevails von Prondzynski (1992) for Ireland and Terry (1986) for the UK argued that recent changes had not significantly weakened the position of workplace trade unionism. Similarly, Müller-Jentsch and Sperling (1995) reported evidence of continuity in the German dual system throughout the 1980s.

6 In the case of the UK, Pendleton et al. distinguish between technical, paternalist and representative employee share ownership schemes, arguing that only the latter offer some opportunities for the extension of ‘industrial democracy’. However, these authors show that these schemes have tended to disintegrate in the UK as workers opt for financial rewards, and that they have made little difference to the working life of employees (1995: 57-58).

7 The unionisation rates for some of these states are Bulgaria, 58.2 per cent; Czech Republic, 42.8 per cent; Estonia, 36.1 per cent; Poland, 33.8 per cent; Slovakia, 61.7 per cent (ILO 1997).

8 An important non-European exception to this generalisation is the case of Australia, where the ACTU formulated and implemented a blueprint for trade union structural reform by merger. In consequence, the total number of unions in Australia declined from 299 in 1989 to 132 in 1996 (Australian Bureau of Statistics, 1998).

9 The unions involved in the merger that produced FNV-Bondgenoten included Industriebond-FNV (manufacturing sector union) FNV-Dienstenbond (the services union), Vervoersbond-FNV (the transport union), and Voedingsbond-FNV (the agriculture and foodstuffs union).
Chapter 2: Austria

Austrian trade unions: between continuity and modernisation

Sabine Blaschke, Andrea Kirschner and Franz Traxler

Although national trade union movements in Europe face very similar challenges, considerable differences can be observed in their responses to these challenges and in the results achieved (Crouch and Traxler 1995). During the 1980s the Austrian trade unions’ record in this respect was relatively good. In particular, they achieved positive developments in real wages and employment. Between 1979 and 1989 real pay in Austria rose by more than 1.1 per cent a year, a rate higher than in most other OECD countries (Guger 1991); the rate of unemployment, meanwhile, was comparatively low (annual average of 3.0 per cent). An important factor in these successes has been the formal corporatist arrangement which gives the trade unions a consultative role in all economic and social policy fields. It is an arrangement dependent on two fundamental features: the specific organisational structure of the participating organisations, and a political culture peculiar to Austria (Traxler 1998). In organisational terms, the principle of the single trade union confederation is strictly adhered to. All the fourteen existing trade unions in Austria – four public service unions, eight private sector manual workers’ unions; one trade union for private sector white-collar workers, the Gewerkschaft der Privatangestellten (GPA), and one mixed union – belong to the Österreichischer Gewerkschaftsbund (ÖGB, the Austrian trade union confederation). Even though the principle of industrial unionism is not fully established, this organisational structure does provide the high degree of centralisation and concentration required by corporatism.

The political culture peculiar to Austria has been an important factor in establishing the legitimacy of social partnership and of the policy pursued by the trade unions. Until the early 1980s Austria was divided into two political ‘camps’, social democracy and the Christian-conserv-
vative camp. Though the ÖGB has been, formally speaking, situated ‘above’ all political parties, it managed to internalise the situation of political cleavage by the informal creation of political factions. In this way it was able to enlist in both camps ideologically grounded support for, and solidarity with, the technocratic policy which it pursued at several removes from the immediate interests of its members.

That this recipe for success ran up against limits is clear from trends in membership. During the 1980s the ÖGB suffered an above-average drop in membership compared with other countries; union density fell from 56.2 per cent to 46.2 per cent (OECD 1994). One important cause of this development is the erosion of the political camps. As a result of the structural changes which are affecting the whole nature and experience of work, collective aspirations are gradually being replaced by individualistic trends, thus making it increasingly difficult for trade unions to maintain their legitimacy. At a political level, evidence of such trends is provided by the number of floating voters and the growing fragmentation and competition within the party system, making corporatist cooperation between the large organisations and the political parties in government increasingly difficult. Another factor which has further helped to weaken corporatism is that, with the internationalisation of the economy, price policy, a traditional tool of policy implementation, has become obsolete. The effects of accession to the European Union (EU), specifically the need to meet the fiscal policy convergence criteria laid down at Maastricht, and the opening up of Eastern Europe with its reservoir of cheap labour, are placing an increasing strain on corporatism in general and on the trade unions in particular.

This chapter sets out to consider the most important problem areas which together constitute this challenge. In relation to each area, we examine the nature of the trade unions’ responses, assessing the extent to which they have altered their policies and their structures to adapt to the changing circumstances.
Changes in work
The trend towards de-standardisation, increasing flexibility and the contracting out of labour can be observed world-wide. With regard to the phenomenon of de-standardisation, the Austrian trade unions perceive the greatest problems in the trend towards part-time work, the supplanting of employment contracts by formal self-employment, and illegal employment. Yet the trend towards de-standardisation was weaker in Austria, during the 1980s and early 1990s, than in most other OECD countries (OECD 1996). The percentage of part-timers in the workforce rose only from 7.6 per cent to 13.9 per cent and thus is below the OECD average. According to estimates, the share of so-called ‘dependent self-employed’ in the total number of employees was 3 per cent in 1995.

This relatively weak incidence of non-standard employment relationships in Austria is a success resulting from the ÖGB’s endeavours, in the context of its corporatist consultative capacity, to counter the spread of such forms of work.1 Trade unions have attempted to prevent a situation in which non-standard employment relationships come to represent a cheaper option for employers. Another concern has been to prevent labour standards from being circumvented by the conclusion of contracts formally implying self-employment instead of employment contracts. The extent of the spread of illegal employment is difficult to estimate. However, as a result of the fall of the Iron Curtain and the subsequent arrival of a labour force prepared to work at below the collectively agreed rates, the incidence of illegal labour has risen significantly in certain sectors, such as the building sector. This exacerbates the employment risks and wage pressures incurred by peripheral workforces and the ÖGB has called for the curbing of such practices by means of more stringent official controls.

In response to the spread of flexibility, a collective bargaining strategy of organised decentralisation was embarked upon (Traxler 1995a; 1995b). This strategy consists of the establishment of collectively agreed framework regulations, binding in themselves but which also contain provisions, via ‘opening clauses’, for the negotiation of modified arrangements at workplace level. The focus of such agreements has
generally been working time, and collective agreements have been concluded which combine a shorter working week with flexibility arrangements. In contrast to the 1980s, when these possibilities were not made use of frequently (Maurer et al. 1990), in the 1990s the scope for flexibility in terms of working time was often utilised fully by employers.

The collective agreement for the metal-industry blue-collar workers and the industrial white-collar workers concluded in 1993 contained, for the first time, an ‘opening clause’ on pay. Its purpose was to allow management and works council to agree on pay increases lower than the collectively agreed rates, provided that the resources thus released were used for employment promotion measures, such as training programmes or company modernisation. Very few employers made use of this option and the agreements concluded often did not adhere to the intention of the opening clause (Auer and Welte 1994). This opening clause, therefore, was not included in the collective agreement again. In 1997 the collective agreement for the metal-industry blue-collar workers and the industrial white-collar workers contained an ‘option clause’ on pay. Its purpose was to allow management and works council to agree pay increases lower than the collectively agreed rates, provided that certain groups of persons, in particular young workers, low-wage workers, and workers with inadequate wages, received larger pay increases. In sum these group-specific increases have to be larger than the reduction for the rest of the workers, so the possibility of more individualistic pay increases has its price for employers. While the cost-neutral opening clause on pay in 1993 targeted at employment promotion was a failure, the cost-generating option clause allowing differentiation in pay increases was widely accepted and the agreements adhered to the intentions of the clause.

Contracting out, in its broadest sense, is manifest in the replacement of in-house services by external services or ‘outsourcing’, the splitting of larger into smaller production units and recourse to sub-contracting. Just like non-standard forms of work, these new practices give rise to recruitment problems for the trade unions, principally because contracting out results in more employment in smaller businesses which have no works council to form the basis for the recruitment of trade
Changes in work, unionisation and ‘new’ groups of workers

In the 1970s and 1980s, union density of employed membership decreased more strongly in Austria than in almost all other OECD countries (OECD 1994). Recent empirical analysis shows that density of employed members fell from 58 per cent in 1970 to 44 per cent in 1995 and that approximately two-thirds of this decline ensue from changes in employment and work, that is mainly changes in the sectoral, occupational, regional and gender composition of employment and the declining size of production unit (Blaschke and Traxler 1998). Since the other OECD countries have experienced similar socio-economic changes and have been more markedly affected by de-standardisation of work, this above-average decline in density means that the ÖGB’s membership is particularly sensitive to that kind of change. There are three main reasons for this. The ÖGB lacks supportive institutions, such as union-led unemployment insurance, which have helped to maintain a high unionisation level in other countries; at the same time interest representation comes close to the provisions of public goods due to the ÖGB’s incorporation into corporatist policy-making. Furthermore, ideological ties with the unions tend to wither away, echoing the general decline of the political camps in Austria. All of these factors exacerbate the problem of free-riders.

Changes in work are also bringing new groups into the limelight. In Austria, as elsewhere, the change in the traditional relationship between the sexes and in the customary division of labour has led to a continuous increase in the female labour force participation rate since 1980, so that women now account for 42.7 per cent of the working population. Meanwhile, the simultaneous lengthening of the ‘life phases’ constituted by youth and old age is leading to changes in the relationship between the generations which also entail effects on the union members. This problem has not yet been tackled systematically but in the GPA a ‘partnership model’ is under discussion according to which the works councils of large companies would take under their wing neighbouring small firms which have no works councils.
structure of the labour market. To give just one example, the rate of unemployment among workers aged over 50 rose from 6.9 per cent in 1991 to 9 per cent in 1995. At the same time, changing attitudes to work in general are a regular focus for discussion; the argument advanced is that people now set greater store by non-material values, such as quality of life or shorter working hours, than by exclusively monetary considerations. It is also forecast that this development will lead to the emergence of new, ‘post-materialist’ groups (Inglehart 1989). Another discussion stresses the importance of increasing individualism and it is argued that this not only leads to greater plurality in values and conduct of lives, but also to detachment from large organisations (Beck and Sopp 1997).

All of this adds up to a much more diversified spread of interests which makes it increasingly difficult for the Austrian trade unions to forge goals likely to generate consensus and to devise guidelines for a common approach which will command the support of a sufficiently broad base. Divergent reactions by trade union members to official union positions are given increasing media coverage, thus highlighting the portrayal of disunity within the union ranks.

For a number of years now the ÖGB has been reacting to this trend towards diversification by extending various policy areas geared to catering for the interests and needs of specific groups of members. To this end it has so far set up three special departments which, respectively, represent the interests of women, youth, and pensioners; these departments are also represented on the central bodies of the ÖGB. Such an arrangement indicates, on the one hand, that the specific needs of these members are indeed taken into account; on the other hand, the existence of such special departments may be read as evidence that these groups have not achieved real equality within the mainstream concerns and activity of the ÖGB. It may be feared, in particular, that they represent a trend towards marginalisation in the form of ‘satellites’ or ‘niche groups’ and that, though the new departments undoubtedly serve the causes of the specific groups they represent, they enable the active and represented members to exert only limited influence on the general policies of their trade union.
This situation may be illustrated by the example of women in the ÖGB. The ÖGB tends to treat women’s interests as specific needs of a minority. Resolutions of the women’s department have often been passed by the ÖGB congress without having any real influence on the ÖGB’s policy (Ranftl 1996). In 1996 women accounted for 31.7 per cent of the ÖGB’s membership, but the proportion of women trade union officials was far lower. This is hardly surprising, when it is considered that some half of all women perform the duties of mother and home provider alongside their occupational activity. This plural burden is already such that the drop-out rate from the female labour force increases with the number of children. It is, accordingly, quite understandable that the ÖGB finds it difficult to persuade women trade union members to take on the additional tasks of works councillor or trade union representative. The higher proportion of women in part-time employment and the peripheral workforce is one more aspect of the same phenomenon and some male representatives cite the statistically lower rate of active participation by women in the ÖGB as grounds for refusing a 50 per cent women’s quota regulation on all ÖGB bodies and in positions of leadership. In the 1990s a step-by-step plan for achieving equal opportunities within the ÖGB was worked out by the women’s department (Ranftl 1996) and in 1995 the ÖGB congress decided that women should be represented on ÖGB bodies according to their share in membership. Since then women’s participation in trade unions has started to improve gradually, the GPA even implemented a positive action plan comprising women’s quota regulation on all GPA bodies in 1997. The future will show whether these developments will result in a proportional participation of women in trade unions as well as in a stronger incorporation of women’s interests in general union policies.

A dramatically worsening problem faced by the ÖGB in recent years has been the continuing drop in youth membership which fell on average by 5.5 per cent a year between 1986 and 1995. This situation appears even more serious when it is considered that young people account, in any case, for no more than 3.6 per cent of the whole membership. The membership losses, which are particularly high in the manual workers’ unions, are attributable, in the main, to two factors.
Firstly, there has been a general reduction in apprentice numbers because young people increasingly prefer to go on to higher education rather than follow the dual vocational training system. Secondly, and particularly in larger firms and in manufacturing, the number of apprenticeships is being cut on cost grounds; while in the small and medium sized businesses, which are much more widespread in Austria, the number of apprenticeships has remained virtually constant. Yet in these firms the rate of unionisation among young people is even lower, since, in the absence of works councils, trade union access to the workplace is more difficult. In the training schools, meanwhile, the barriers to trade union access are political, in so far as these establishments are predominantly run by the employers’ federations. A further, and not insubstantial, contributory factor to the dwindling interest shown by young people in the trade unions in recent years has been the development of professionally organised leisure facilities, as a result of which the ÖGB, unable to compete, has forfeited a significant role and membership incentive. As a consequence of these developments in the field of youth work, the trade unions have stepped up their recruitment efforts in colleges and universities, but so far without any significant successes in these areas.

Fundamentally different behaviour with regard to trade union involvement is exhibited by those members who have left working life but remained in the trade unions. Such members represent 17 per cent of the total. In most cases they have been involved in the trade unions for decades and this makes them a comparatively active and demanding group. The ÖGB’s goal in catering for these members is not so much to provide leisure facilities as to offer a forum for dialogue and communication among the generations, or a lobbying platform for co-operation in the pressing of socio-political demands, especially in matters associated with the future of the pension system. Another policy goal is to stem the increase in early retirement, whether on grounds of invalidity or as a result of company recruitment policies biased towards younger workers. Here too, the predominant membership policy orientation is towards the active members of the working population.
In the context of the evolution of society, questions also arise concerning the extent to which trade unions have to contend with a move in the direction of post-materialist values. The outcome of the trade unions’ endeavours in the field of working time reduction offers a strong indication that this is not really the case, for, in actual fact, the pursuit of the (at least implicitly) post-materialist goal of shorter working hours and more free time collided with the workforce’s predominant interest in increasing their pay. As a result, working time policy has, for the time being, come to a standstill. In so far as changes of attitudes to work are indeed emerging, the trade unions are faced, in this area too, with increasingly diverse orientations. Among white-collar workers two contrasting types of ‘new’ attitude are to be observed: on the one hand, there are the workaholics who sometimes regard the trade unions as forces which obstruct their relish for unregulated labour; on the other hand, there are those workers who are more concerned with their leisure pursuits, who no longer live lives geared exclusively to their jobs and the associated accumulation of monetary resources. A feature common to both of these groups, however, is a higher quality expectation in terms of the jobs themselves and this represents a connecting platform upon which the trade unions may seek to address both groups. The GPA is aware of the increasing importance of groups with ‘new’ attitudes to work as well as of groups in ‘atypical’ employment. It is taking an approach towards them by gathering information on their situations and interests; specific recruitment campaigns will perhaps be one result of these efforts.  

In summary, it is certainly possible to observe a fresh approach on the part of the ÖGB geared to tackling new areas of problem and catering for new groups, wherever the latters’ interests are not incompatible with those of its original core membership. In its work the ÖGB aims to cater for specific groups of members and to offer specific types of facility and support to its membership in a flexible manner, while upholding the principle of fundamental solidarity among all employees, as illustrated by the demand for a minimum wage policy.
Manual and white-collar workers

As a result of the structural changes in the economy, the number of white-collar workers and public servants has been growing steadily for some time. One result of this has been that mergers have taken place between some of the smaller manual workers’ unions, thereby causing a drop in the number of sectoral unions from 16 to 14. Since 1974 the proportion of manual workers in the ÖGB has been below 50 per cent (see Table 2.1). At the same time, the GPA became the largest ‘sectoral’ union and in 1992 the metal-mining-energy union, formerly the largest trade union, also fell behind the public services union, into third place.

This structural shift has had a particular impact in the private sector where manual and white-collar workers are organised by different trade unions. Given this demarcation, the structural change becomes a kind of zero sum game between the sectoral unions, the ‘losers’ in structural change are the manual workers’ unions and the ‘winner’ is the GPA. This development is taking place not only on account of the expansion of the services sector in the narrow sense but also because within the manufacturing sector the proportion of manual to white-collar workers is decreasing; each year a total of 70,000 employees have their status altered from that of manual to that of white-collar worker. Apart from changes in the actual type of work performed, this trend is determined by the more favourable position enjoyed by white-collar workers in terms of income, entitlements under labour and social legislation, and higher social prestige. This means that manual workers are keen to change their status to that of white-collar worker even where their tasks do not actually conform to the criteria defining white-collar activity. This interest on the part of the workers is matched by a noticeable trend in large firms to introduce single labour status for the whole area of their operations, in other words to put all their employees into the white-collar category.
Table 2.1: Trade union membership in Austria, 1970–1996

<table>
<thead>
<tr>
<th></th>
<th>Total membership(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Blue-collar unions</strong></td>
<td></td>
</tr>
<tr>
<td>(Private Sector):</td>
<td></td>
</tr>
<tr>
<td>Union of Construction</td>
<td>192,022</td>
</tr>
<tr>
<td>and Wood Workers</td>
<td></td>
</tr>
<tr>
<td>Chemical Workers’ Union</td>
<td>69,919</td>
</tr>
<tr>
<td>Union of Workers in</td>
<td>25,334</td>
</tr>
<tr>
<td>Printing and Paper Trade</td>
<td></td>
</tr>
<tr>
<td>Commerce and Transport Workers’ Union</td>
<td>27,233</td>
</tr>
<tr>
<td>Union of Hotel,</td>
<td>38,436</td>
</tr>
<tr>
<td>Restaurant and Personal Service Workers(3)</td>
<td></td>
</tr>
<tr>
<td>Union of Agriculture,</td>
<td>89,652</td>
</tr>
<tr>
<td>Food a. Allied Industries(5)</td>
<td></td>
</tr>
<tr>
<td>Union of Metal, Mining a. Power Supply Workers</td>
<td>283,006</td>
</tr>
<tr>
<td>Union of Textile, Clothing and Leather Workers</td>
<td>69,146</td>
</tr>
<tr>
<td><strong>White collar union</strong></td>
<td></td>
</tr>
<tr>
<td>(Private Sector):</td>
<td></td>
</tr>
<tr>
<td>Union of the Private Sector’s White-collar Workers</td>
<td>263,565</td>
</tr>
<tr>
<td><strong>Public sector unions:</strong></td>
<td></td>
</tr>
<tr>
<td>Union of Employees in</td>
<td>129,414</td>
</tr>
<tr>
<td>Public Services</td>
<td></td>
</tr>
<tr>
<td>Union of Municipal</td>
<td>136,340</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
</tr>
<tr>
<td>Railway Workers’ Union</td>
<td>120,127</td>
</tr>
<tr>
<td>Union of Post and</td>
<td>60,625</td>
</tr>
<tr>
<td>Telecom Employees</td>
<td></td>
</tr>
</tbody>
</table>
### Mixed unions:

| Union of Artists, Media Workers and Free Professions | 15,440 | 14,969 | 16,584 | 17,684 | 16,276 | 16,289 | 16,019 |

### Blue-collar unions (Private sector) total

| 794,748 | 774,413 | 766,210 | 720,184 | 692,773 | 635,441 | 607,108 |

### White-collar unions (Private sector) total

| 263,565 | 300,127 | 338,290 | 347,215 | 337,564 | 326,372 | 315,434 |

### Public sector unions total

| 446,506 | 498,134 | 539,901 | 586,298 | 598,228 | 605,074 | 596,492 |

### ÖGB total

| 1,520,259 | 1,587,643 | 1,660,985 | 1,671,381 | 1,644,841 | 1,683,176 | 1,535,053 |

### Density

| 58% | 54% | 53% | 53% | 47% | 43% | 43% |

### Shares of affiliates in total membership of ÖGB

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>Union of Construction and Wood Workers</td>
<td>12.6</td>
<td>12.0</td>
<td>11.9</td>
<td>11.1</td>
<td>11.3</td>
<td>11.6</td>
<td>11.5</td>
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<tr>
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<td>4.2</td>
<td>3.9</td>
<td>3.6</td>
<td>3.5</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
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<td>1.7</td>
<td>1.6</td>
<td>1.5</td>
<td>1.4</td>
<td>1.4</td>
<td>1.2</td>
<td>1.3</td>
</tr>
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<td>Commerce and Transport Workers’ Union</td>
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<td>1.9</td>
<td>2.1</td>
<td>2.3</td>
<td>2.3</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Union of Hotel, Restaurant and Personal Service Workers</td>
<td>2.5</td>
<td>2.6</td>
<td>2.6</td>
<td>3.1</td>
<td>3.3</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Union of Agriculture, Food a. Allied Industries</td>
<td>5.9</td>
<td>4.4</td>
<td>4.0</td>
<td>3.7</td>
<td>3.5</td>
<td>3.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Union of Metal, Mining a. Power Supply Workers</td>
<td>18.6</td>
<td>17.7</td>
<td>16.5</td>
<td>15.0</td>
<td>14.6</td>
<td>13.9</td>
<td>13.7</td>
</tr>
<tr>
<td>Union of Textile, Clothing and Leather Workers</td>
<td>4.5</td>
<td>4.2</td>
<td>3.6</td>
<td>2.8</td>
<td>2.3</td>
<td>1.6</td>
<td>1.4</td>
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</table>
### Chapter 2: Austria

#### Trade unions in Europe: facing challenges and searching for solutions

<table>
<thead>
<tr>
<th>White-collar union (Private sector):</th>
<th>17.3</th>
<th>18.9</th>
<th>20.4</th>
<th>20.8</th>
<th>20.5</th>
<th>20.6</th>
<th>20.5</th>
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<td>10.1</td>
<td>11.7</td>
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<td>14.0</td>
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<tr>
<td>Public sector unions:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union of Employees in Public Services</td>
<td>9.0</td>
<td>9.4</td>
<td>9.6</td>
<td>10.1</td>
<td>10.5</td>
<td>11.3</td>
<td>11.6</td>
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<tr>
<td>Union of Municipal Employees</td>
<td>7.9</td>
<td>7.7</td>
<td>7.1</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.1</td>
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<tr>
<td>Railway Workers’ Union</td>
<td>4.0</td>
<td>4.2</td>
<td>4.2</td>
<td>4.5</td>
<td>4.9</td>
<td>5.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Union of Post and Telecom Employees</td>
<td>4.0</td>
<td>4.2</td>
<td>4.2</td>
<td>4.5</td>
<td>4.9</td>
<td>5.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Mixed union*:</td>
<td>1.0</td>
<td>0.9</td>
<td>1.0</td>
<td>1.1</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Blue-collar unions (Private sector) total</td>
<td>52.3</td>
<td>48.8</td>
<td>46.1</td>
<td>43.1</td>
<td>42.1</td>
<td>40.1</td>
<td>39.6</td>
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<tr>
<td>White-collar unions (Private sector) total</td>
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<td>18.9</td>
<td>20.4</td>
<td>20.8</td>
<td>20.5</td>
<td>20.6</td>
<td>20.5</td>
</tr>
<tr>
<td>Public sector unions total</td>
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<td>31.4</td>
<td>32.5</td>
<td>35.1</td>
<td>36.4</td>
<td>38.2</td>
<td>38.9</td>
</tr>
</tbody>
</table>

**Notes:**

1. Union members including retired and unemployed.
5. Employed Union Members as Percentage of Dependent Workforce in Employment.

**Source:** ÖGB; Blaschke and Traxler 1998 (density estimates revised)

When measured in terms of membership shares, this development hardly appears dramatic, the GPA’s share of membership in 1996 (20.5 per cent) was only 0.1 per cent higher than in 1980. Yet the demarcation dispute between the manual workers’ federations and the GPA came to a head for two reasons. First of all, in the face of a generally falling union density, stronger rivalries developed between the trade unions in...
their efforts to boost their own membership numbers. Secondly, the manual workers who are transferred to the white-collar category are, generally speaking, skilled workers who represent a key group in view of their potential for union officialdom. This explains the increasingly vehement demands from the unions of manual workers for full implementation of the industry union principle, which would require the GPA to cease organising workers employed in manufacturing industry. Similar problems arise in the context of the current privatisation of public services which entails, in principle, the transfer of the workers in membership of the GPA.

Following the proposal of a reform commission, the 1995 ÖGB congress decided to ‘orient refocusing co-operation among affiliates and advancing concentration of resources towards the basic grouping categories of industry, services and the public sector.’ This is a rather vague conclusion, reflecting the still-existing interest diversity among affiliates. Taken seriously, this would mean breaking up the GPA by transferring all its numerous members in industry to the blue-collar unions. Since the GPA will hardly accept such a solution, restructuring is most likely to continue by amalgamations of smaller blue-collar unions. In 1999 two unions, jointly covering chemicals, textiles, clothing and leather, intend to merge. Just as in the past, these mergers of smaller blue-collar unions help to cut costs and use resources more efficiently; they do not constitute part of a restructuring into the ‘three pillars’ industry, private services and public sector. Maybe another planned merger will come closer to that aim; the Union of Post and Telecom Employees and the Union of Workers in Printing and Paper Trade plan to merge and to try to include parts of the GPA and the KMFiB (the Union of Artists, Media Workers and Free Professions). Due to the privatisation of Post and Telecom this amalgamation conforms to the ‘three-pillar-model’.

The idea being promoted is to push ahead with the general approximation of status between manual and white-collar workers, while using the task profile as the criterion for demarcation between the manual workers’ unions and the GPA. At the same time, efforts are being made to streamline and harmonise administration standards and practices, since competition among the occupational unions for members is also waged via the provision of services and ‘discounts’ on union dues (ÖGB 1994).
A few comments should also be made regarding the relationship between the ÖGB and its member unions. According to its constitution, the ÖGB exercises control over the entire system of union finances. Members’ dues are collected by the unions for the ÖGB, which then receives a certain percentage (27.6 per cent on average for 1990-94). The ÖGB also sets the level of subscriptions (currently 1 per cent of an employee’s gross income). Control over personnel is regulated in a similar fashion: the ÖGB appoints not only its own staff but those of its member unions, although only a minority (27 per cent in 1996) work in its office.

The ÖGB is responsible for representing interests common to all employees, and member unions are responsible for matters affecting their own membership. In practice, the ÖGB is pre-eminent in formulating long-term union goals as well as in representing labour in government. Union representatives in corporatist policy-making are nominated by the ÖGB. According to the ÖGB constitution, member unions are not independent associations but subdivisions of the ÖGB; hence, they are not entitled to make binding agreements with external interlocutors. Accordingly, the right to conclude collective agreements remains exclusively with the ÖGB. However, actual power is more decentralised than this formal power distribution suggests. For instance, the ÖGB’s affiliates define the basis of calculating the membership dues. Despite the uniform level of subscription, this has resulted in variations of dues across the affiliates. Above all, wage bargaining has been delegated to the ÖGB’s affiliates which conclude their collective agreements on behalf of the ÖGB. The ÖGB itself negotiates only ‘general’ non-wage issues involving all sections of the labour force.

**Works councils, trade unions and the labour chambers**

In Austria the works council is established by labour law. Unions are superior to works councils, as almost all industrial relations issues may be subject to collective bargaining by unions at multi-employer level, while the works councils’ competence embraces only a narrow range of issues. Most importantly, this implies that only unions are empowered to conclude legally enforceable agreements on wage rates.
Formally the works council is independent from the union, but actually there is a strong integration of works councils with the union; more than 90 per cent of works councillors are estimated to be union members. Many are also union officials, and they predominate in the unions’ representative bodies. Some unions have a formal rule that their representative bodies should consist exclusively of works councillors. Most importantly, the works councils perform union representative functions on the shop-floor; alternative channels of union workplace representation such as shop stewards do not exist. What makes the devolution of shop-floor representation especially attractive to the unions is that, in performing functions on the unions’ behalf, works councils can make use of their legally privileged position, and their protection from discriminatory treatment by the employer. On account of their close integration within the ÖGB, the works councils form the backbone of trade union organisation. They perform essential organisational functions such as collecting dues, taking care of members’ interests, explaining union policy, and supplying union officials with information on employees’ opinions and morale. Above all, works councils play a key role in recruiting members; as a rule, density is notably higher in establishments that have a works council than in those which do not.

As the significance of the political camps has declined, it has also become more difficult to secure the commitment of the works councils. An increasing number of works councils belong to neither political faction; yet support for a faction is an important prerequisite for delegation to trade union bodies. The works councils increasingly regard their co-operation with the trade unions as a matter for cost-benefit analysis. In considering these problems of interaction it is important to note that the significance of works councils for the work of the trade unions will grow in the future, because of the greater significance of qualitative and more immediately work-related concerns in the general context of trade union policy. The trade unions thus seek to ensure the co-operation of the works councils by developing their provision of information, consultation and vocational training services.
Austria is the only country in Europe with a fully-fledged system of labour chambers, membership of which is compulsory for all workers, with the significant exception of public servants. Close co-operation traditionally takes place between the ÖGB and the labour chambers, guaranteed by the practice of joint leadership appointments. This cooperation has suffered a number of setbacks, also against the background of the withering of the political camps. Compulsory membership of the labour chambers having become a focus for right-wing populist and neo-liberal attacks, the chambers reacted to this challenge to their legitimacy by further developing their provision of services for members and works councils. This means that the labour chambers have been competing in this field with the trade unions and, unless the process of co-operation can be renewed, the difficulties encountered by trade unions in recruiting members and incorporating works councils into their ranks will increase still further in the future as a result of the superior resources now at the disposal of the labour chambers.

**Collective bargaining and corporatism**

Austria’s political system is among the most corporatist of all western countries. Its industrial relations system is exceptional, not only in its extremely corporatist form but also in its stability. The Austrian system has been comparatively immune to the pressures that have challenged corporatism elsewhere in Europe over the past decade (Traxler 1998). The high degree of co-operation between labour and capital in Austria combined with adequate organisational structures influences the pattern of industrial conflict (Traxler 1982). There are very few strikes in Austria (see Table 2.2). The union of federal and provincial state employees accounted for the highest strike share of all unions, with 92 per cent of workers involved and 77 per cent of working hours lost for 1990-95.
### Table 2.2: Industrial disputes in Austria, 1970–1996

<table>
<thead>
<tr>
<th></th>
<th>Workers involved</th>
<th>Work hours lost</th>
<th>Minutes lost per dependent employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-74&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>20,524</td>
<td>243,088</td>
<td>8.7</td>
</tr>
<tr>
<td>1975-79&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>1,533</td>
<td>27,357</td>
<td>0.6</td>
</tr>
<tr>
<td>1980-84&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>8,373</td>
<td>35,818</td>
<td>0.8</td>
</tr>
<tr>
<td>1985-89&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>14,785</td>
<td>67,768</td>
<td>1.6</td>
</tr>
<tr>
<td>1990-94&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>24,588</td>
<td>170,112</td>
<td>3.3</td>
</tr>
<tr>
<td>1990</td>
<td>5,274</td>
<td>70,962</td>
<td>1.5</td>
</tr>
<tr>
<td>1991</td>
<td>92,707</td>
<td>466,731</td>
<td>9.3</td>
</tr>
<tr>
<td>1992</td>
<td>18,039</td>
<td>181,502</td>
<td>3.7</td>
</tr>
<tr>
<td>1993</td>
<td>7,512</td>
<td>131,363</td>
<td>2.0</td>
</tr>
<tr>
<td>1994</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>1995</td>
<td>60</td>
<td>894</td>
<td>0.0</td>
</tr>
<tr>
<td>1996</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

<sup>1)</sup> Annual average

**Source:** ÖGB, BAK

A high level of employment is one of the ÖGB’s priority goals and, from the mid-1980s onwards, the employment policy focus was a collectively agreed reduction of working time. By 1992 a working week of less than 40 hours had been agreed for 40 per cent of workers; 87 per cent of these had an agreed working week of 38.5 hours, while 11 per cent worked a 38-hour week (Traxler 1993). Since the working week has already been reduced in those sectors where the trade unions are in a strong position to push through their claims, the ÖGB is demanding the conclusion of a general collective agreement on the reduction of weekly working time. However, this claim is generating only scant support among workers and is fiercely resisted by employers, with the result that working time policy has reached deadlock.
Pay policy, on the other hand, has gained in significance as an instrument for preserving employment. In the 1980s a policy of pay restraint was embarked upon, entailing real pay increases lower than increases in productivity. On account of the hard currency policy, in the framework of which the exchange rate of the Austrian schilling since 1981 has been tied to that of the German mark, the main burden of the preservation of competitiveness has fallen upon pay policy. Austria’s favourable unit wage cost position has barely changed since the beginning of the 1970s, although the schilling has effectively gained more than 60 per cent in value in this period (Guger 1995). From its inception in the 1970s, the hard currency policy has enjoyed the full support of the ÖGB, which is in a position, as a result of its status within the corporatist system, to pursue a real pay, rather than a nominal pay, policy (Traxler 1995b).

The overall policy conducted by the ÖGB is rooted in an arrangement which may be designated ‘supply-side corporatism’. The purpose of this arrangement is to promote, within the framework of a hard currency policy geared to stability, the modernisation of the national economy and to ensure its international competitiveness. In the past, this policy was accompanied by direct economic and export support measures, but these were toned down considerably as a result of Austrian accession to the EU. In this overall context, and given Austria’s generally stronger involvement in the world market, in 1992 the organisations involved in the corporatist arrangement agreed that they would in the future focus their co-operation more closely on questions of internationalisation of the economy, competition policy and educational and environmental policy. As regards relations with government, tripartite concertation has become particularly difficult for the ÖGB since cuts in public expenditure and reform of the welfare state are the key issues of the political agenda. These issues demand significant sacrifices from the unions’ constituency.

It may be said, by way of summary, that these developments entail two consequences for the ÖGB’s policy as a whole. Firstly, the growing significance of pay policy, both as a parameter for competition policy, and also as an instrument to curb a growing polarisation between the winners and losers of modernisation; for example, the ÖGB is demanding a minimum inter-sectoral wage of 10,000 schillings per
month. Secondly, the increased importance of qualitative issues, with the emphasis on three areas; namely, the approximation in the labour code of the status of manual and white-collar workers, the collectively agreed settlement of continuing training rights for workers and the improvement of vocational training, and, lastly, environmental issues, viewed from the specific angles of a ‘humanisation’ of the world of work and an ‘ecologisation’ of the tax system which should entail a reduction in the tax burden on the labour force.

**European integration**

Now that Austria is a member of the EU, European issues have come to play an increasing role in the ÖGB’s policy. The ÖGB has been a member of the ETUC since the latter’s founding in 1973 and its member unions also belong to the ETUC industry committees and the international trade secretariats. In addition, the ÖGB has its own office in Brussels. The ÖGB’s efforts to gain influence on European questions are channelled via different institutional routes. For example, within the national corporatist framework, an attempt is made to ensure that the trade union positions find expression in the statements adopted by various national state bodies for the attention of the Community authorities in Brussels. The second route is that provided by the ÖGB’s and its member unions’ involvement in the ETUC. The third channel is that of regional co-operation relationships between various Austrian provinces and the adjacent regions of neighbouring countries, including Germany, Italy, and more recently, the Czech Republic and Hungary, the main purpose of which is the exchange of information such as on working conditions. In the eastern European reform countries the ÖGB also supplies assistance to promote the development and reform of the trade unions.

At the level of multinational companies there are many firms that have been involved, for a long time, in co-operation between the Austrian trade unions and works councils and the corresponding workers’ representatives in sister companies outside Austria. As a result of all the moves to set up European works councils, the ÖGB expects that the company level will become a major focus for the European
representation of interests and this is also considered the most feasible level for the conclusion of European-level collective agreements. The ÖGB calls for an expansion of the rights of the European works councils.

The development of a European system of industrial relations is regarded with some scepticism on account of the disparate organisational arrangements which characterise the various national trade union movements, and the unequal levels of labour and social standards within the EU. For these reasons it is considered that the conclusion of European collective agreements is beset with significant problems of co-ordination and harmonisation; this applies, in particular, to a Europe-wide collectively agreed regulation of pay, which is regarded as quite unrealistic. The long-term prospects are held to be rather more favourable with regard to the conclusion of European collective agreements on general questions of labour regulation and conditions. Quite apart from any consideration of the trade unions’ own collective bargaining goals, the development of European collective bargaining is made more difficult by the fact that there exist no employers’ federations empowered to conclude binding agreements (Schmitter and Traxler 1995). Scepticism with regard to European collective agreements results, not least, from the standpoint of a relatively strong and successful national trade union movement such as the ÖGB, from the risk associated with the shifting of national powers of regulation to a supranational level, when the latter’s effectiveness as an arena for the pursuit and settlement of political interests remains inevitably uncertain. As such, pan-European collective bargaining is regarded as an arrangement which, though it may well complement the national level, should certainly not replace it.

Conclusion

Are the Austrian trade unions on the way to becoming ‘modern’ organisations for the representation of interests? This question is all the more difficult to answer in that the concept of modernity is loaded with normative connotations. Within a progressive meaning of the term, trade unions are considered to be modern when, from the angle of content, they deal with alternative topics, including areas located beyond
the confines of employment relationship issues, and when, from the angle of procedure, they offer a forum for discourse with an effective public impact and conducive to the formation of a critical awareness (Negt 1984). The example of the ÖGB shows the limits of such a concept of modernity: on the one hand, the ÖGB is ‘modern’ insofar as the topics with which it deals cover a gamut far wider than the traditional field of workers’ questions; on the other hand, with regard to the procedures and methods whereby it pursues its membership and policy goals, the ÖGB is ‘traditional’. In contrast to the ‘basic democratic’ model of discourse, it is precisely its technocratic style and involvement in a corporatism located at a level substantially removed from the immediate interests of its membership which afford the ÖGB its opportunity to be heard and to exert an influence in a broad spectrum of policy fields. The ÖGB’s behaviour is also traditional insofar as, when faced with conflicting interests, it gives precedence to those rooted in the wage-earning relationship and, within this spectrum, to those of its core membership.

In spite of – or precisely because of – the successes that have crowned this policy in the past, solidarity is now increasingly becoming a structural problem for the Austrian trade unions. The technocratic policy approach represented by corporatism, geared to macro-economic and social responsibilities, is not simply a collective but also a public good. The problems of legitimacy inherent in this mode of interest representation were for a long time concealed by the culture of the political camps. With the decline of these camps, the contradictions broke out into the open, and are the major cause of the considerable drop in union density. The particular difficulty faced by the Austrian trade unions, therefore, is the forging of a new basis for the involvement of workers and works councils, without at the same time falling victim, in the pursuit of their policy interests and organisational goals, to a tendency towards fragmentation and particularisation. An important starting point for such a reform could be an organised decentralisation of trade union policy formation, opening up more opportunities for participation at the base without endangering the overall solidarity, and a stronger intermix of policy concerns and services provision, which
would give workers more tangible incentives to become trade union members.

In facing these difficulties and in setting out to get to grips with the challenges of the future, the ÖGB nevertheless starts out from a position relatively more favourable than that of its counterparts in other countries. For example, the ÖGB has for a number of years been operating with relative success in the context of the hard currency policy, in other words, under the type of difficult conditions which trade unions in most other EU countries are only now beginning to have to face in the form of Economic and Monetary Union. Other assets likely to assist the ÖGB in tackling future tasks are a still above-average endowment of resources in terms of both membership and representational privilege; a well-functioning system of labour law, which enables a carefully measured level of decentralisation in policy formation; and a unitary confederal structure which creates, in principle, the foundations for a balance of solidarity between ‘strong’ and ‘weak’ trade unions, thanks to the high degree of centralisation.

Notes

1 Just like part-time and ‘dependent self-employment’ other forms of non-standard employment are not widespread either: the share of temporary employment in Austria (4 per cent in 1995) is much lower than in most of the OECD countries (OECD 1996); personnel-leasing, homeworking and teleworking are also rare.

2 The collective agreement containing the clause applied only to large companies; the collective agreement for the craft sector did not contain the clause.

3 See note 2.

4 So far only one new form of recruitment has been used which can be regarded as suitable for attracting ‘new’ groups: the GPA (as well as other affiliates and the ÖGB itself) has installed a webpage which includes the possibility to order a form for joining the union. This option is accepted only by few future members, but it happens more often than expected.

5 Despite the formal independence, the results of works councils elections determine the representation of political factions on union bodies (Traxler 1998).
Chapter 3: Belgium

Belgian trade unions in the 1990s: does strong today mean strong tomorrow?

Guy Van Gyes, Hans De Witte and Peter van der Hallen

For some years now the Belgian political system has been fraught with contradiction. In this connection, an eminent observer described the political situation as waiting for the ‘big one’, using the analogy of the history of earthquakes in San Francisco (Deschouwer 1996). And yet the 1990s began promisingly. As a result of yet another thoroughgoing state reform, Belgium seemed to have ‘federalised away’ the political bickering between the Flemish and French-speaking parts of the country. But things turned out differently. It began with a signal from the electorate: in the 1991 parliamentary elections the traditional parties suffered a major defeat and extremist parties broke through. It ended (temporarily) in a series of intrigues surrounding the murder of a number of missing children, the so-called Dutroux case, with the political world being held responsible for the established failures of the legal inquiry. It is no wonder, then, that the gulf between citizens and politics, and the call for a new political culture, are themes which currently dominate public debate in Belgium.

How do Belgian trade unions survive these political storms? This question becomes all the more relevant if we consider the position occupied in Belgium by trade unions which are characterised by a high level of integration in national politics and government action. Historically, the Belgian trade union movement developed within a ‘pillarised’ context (Hellemans 1990), ‘pillars’ being ideologically integrated social movement networks, each consisting of a group of organisations which respect each other’s area of activity, so that there is no more than one trade union in each pillar. Since each pillar is affiliated to a political party, the Belgian trade union movement is split into three separate organisations – the socialist Algemeen Belgisch Vakverbond/Fédération...
Guy Van Gyes, Hans De Witte and Peter van der Hallen

106 Trade unions in Europe: facing challenges and searching for solutions

Générale du Travail de Belgique (ABVV-FGTB), the catholic Algemeen Christelijk Vakverbond/Confédération des Syndicats Chrétiens (ACV-CSC) and the liberal Algemeen Centrale der Liberale Vakbonden van België/Confédération Générale des Syndicats Libéraux de Belgique (ACLVB-CGSLB) – see Appendix for an overview of the structure of the Belgian trade unions. After World War II pillarisation was, by and large, grafted onto the ‘tree’ of the Keynesian welfare system in Belgium, resulting in a strong politicisation and institutionalisation of the Belgian trade unions which started to participate in a wide range of neo-corporatist policy circles. The organisation of the social security system was further developed through collaboration between the government and existing pillar organisations (Luyten and Vanthemsche 1995) to the point where some observers ventured to say that the trade unions were beginning to look increasingly like service organisations (Martens et al. 1984). It is certainly true that in Belgium trade union leaders are often mentioned together with ministers and party big-wigs when referring to the elite in power (Dewachter and Das 1991). In Belgium trade unions are clearly a fully-fledged ‘institution’.

Currently, however, this institutional domain is falling on hard times. How are trade unions surviving in this context? This question becomes all the more pressing if we consider that in socio-economic terms Belgium is no longer the country it was at the time when the trade unions grew into large institutions. It has become an even more open economy than before, strongly integrated in the European Union (EU) bloc, and with a large share of company capital in foreign hands or invested abroad. Belgium has definitely become a service economy, in which smaller knowledge-based companies are becoming increasingly important. Women, meanwhile, have carved out a strong position for themselves in the labour market and two-income families now determine the standard of living. Education has become the most significant discriminating factor in terms of job and, therefore, income security (Gyselincx and Marx 1997). Today Belgium is a ‘rich’ Rhineland country with an almost Scandinavian pride in its social security and education system. This macro-economic balance also has its social downside: an austere government and high taxes (mainly on labour) due to an oppressive national debt; a persistent unemployment rate of above 10
per cent, with more than 60 per cent of the population older than 15 not in work (either unemployed or not available for the labour market); and an increasing imbalance between income from capital and income from labour (Mommen 1994).

Trade union activity can be divided into two different kinds of rationale. The first dimension is linked to the defence of interests: how does the trade union respond to external power players (from employers to political authorities)? A second field of activity can be discerned alongside this first: to what extent do people participate, either actively or passively in a trade union? Schmitter and Streeck (1981) have defined this field of activity as ‘the logic of membership’. This chapter seeks to provide an up-to-date description of the two different fields of activity as they relate to Belgian trade unions. It discusses the ideological and organisational developments within trade unions that have accompanied the recent changes. Given the scale of the subject, many aspects can be given no more than a mention and bibliographical references therefore constitute an important part of this article. In this respect we refer the reader, in particular, to two recent outlines of Belgian labour relations, which may serve as a background: Van Ruysseveldt and Visser (1996) and Vilrockx and Van Leemput (1998). We should also mention that in this article we have not concentrated on the differences between Belgian trade unions but rather have sought to synthesise the three organisations.

The field of influence: the consultative model under pressure

First of all, we will consider the trade union as an interest organisation. Belgian trade unions grew up within a specific system of industrial relations and in this section we will look at recent developments which have taken place in this field of influence and have confronted Belgian trade unions with new challenges.
An example of democratic corporatism

In international comparisons, Belgium is cited as a model of democratic corporatism (Woldendorp 1997) insofar as socio-economic policy is developed within a centralised, national consultative system, in which employers’ and employees’ organisations take part in consensus negotiations on the formulation and implementation of the government’s economic and social policy. In Belgium this collective bargaining system is further characterised by three levels: the interprofessional or national level, the sectoral level and the company level. The dominant level is the sector, which is the focal point of collective bargaining. A high percentage of employees (90 per cent) are covered by a collective labour agreement (CLA). A CLA concluded in a given sector is generally binding on all employers within that sector, this extension of collective agreements being undertaken by the government. Through a Royal Decree, a CLA is made generally applicable to all employers and employees who fall within the sphere of activity covered by the agreement. Furthermore, the content of a CLA is always applicable insofar as the employment contract contains no alternative corresponding provisions. Indexation (adjustment in line with inflation) of wages and social benefits is another key feature of the Belgian industrial relations, since it takes place automatically. Minimum wages defined by CLA exist at different levels — inter-professional, usually also by sector, and sometimes additionally within a company. Co-ordination and negotiation is a recurrent feature of the industrial relations system. This two-yearly CLA event is called social programming. Figure 3.1 shows the institutional framework of the Belgian collective bargaining system with specific references to the model type of social programming.

The stronger hold of the government

Ruysseveldt and Visser (1996) describe the Belgian model as a form of weak corporatism by which they mean that the Belgian government has already intervened, on several occasions, in the bipartite system of CLA negotiations. From the 1980s, this government intervention developed into a system. During the early 1980s the social partners were unable to conclude a central agreement, whereupon the government drew up a proposal concerning wage restraint and a reduction of working hours.
and threatened to pass this proposal as law if the social negotiators did not reach an agreement. This ‘policy technique’, whereby the government draws up a framework with ‘a big stick’ before central CLA talks, became increasingly the norm, particularly during the 1990s, and recently it has even been established within a legal framework (Serroyen and Delcroix 1996; Delcroix et al. 1997).

1993 was another key year in this respect. Following the completion of the European single market and in the light of plans towards Economic and Monetary Union, with their strict convergence norms, a restrictive budgetary and monetary policy was the top priority of the Belgian government. At the same time Belgium was facing another economic crisis marked, in particular, by rapidly rising unemployment. Ambitious national negotiations were initiated between the social partners but no agreement was reached. The government, therefore, decreed its own Global Plan. A two-year pay freeze and various employment promotion measures, including selective wage reductions for companies and social security savings, were the plan’s main elements. The trade unions responded with various strikes but no clear guideline was given concerning the ultimate goal of these actions, with the result that the strikes failed. Accordingly, the Global Plan was thus simply implemented.

In 1996, a further attempt was made to conclude a so-called ‘future contract’ relating to employment. Inspired by the German Bündnis für Arbeit, talks lasting several months took place between the government, employers’ and employees’ organisations; the agreement that was reached contained paragraphs on wage restraint, a reduction and redistribution of working hours and a general reduction of labour costs. The socialist ABVV/FGTB, however, refused to sign the agreement because, according to this confederation, it contained too few guarantees for the creation of new jobs. The government again seized the initiative and pushed through the intended ‘future contract’ by a ‘special powers’ law in the form of a ‘future plan’. The consultative system was neutralised once again with the result that radical measures concerning pay, social security and employment were introduced without the underpinning of social concertation.
Moreover, one of these radical measures led to a strict regulation of the two-yearly CLA negotiations in the future (the so-called social programming). From that time onwards this type of negotiations was to take place according to a strict procedure (Lamas 1997). The existing Law on Competitiveness was extended to include provision to this end, authorising the government to intervene if the Belgian competitive position with regard to its neighbouring countries is in danger. This law was amended in July 1996 (see box below p. 114).

**Figure 3.1: The institutional framework of Belgian collective bargaining**

<table>
<thead>
<tr>
<th>Level</th>
<th>Body and competences</th>
<th>CLA and role in social programming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td><strong>National Labour Council (NAR/CNT)</strong>&lt;br&gt;Employers’ organisation and trade unions (bipartite)&lt;br&gt;Trade union delegation is the national leadership&lt;br&gt;Social advisory competence</td>
<td>Federal CLA – Interprofessional agreement (autumn of year t - 1)&lt;br&gt;valid for years t and t + 1&lt;br&gt;decides direction for sectoral CLAs confirmed by legislation (usually)&lt;br&gt;No CLA competence</td>
</tr>
<tr>
<td></td>
<td><strong>[Central Council for Trade and Industry (CRB)]</strong>&lt;br&gt;Government, employers’ organisations and trade unions (tripartite)&lt;br&gt;Advice on socio-economic issues for the regional government</td>
<td>No CLA competence</td>
</tr>
<tr>
<td>Regional</td>
<td><strong>Socio-Economic Council of Flanders (SERV)</strong>&lt;br&gt;Socio-Economic Council of Wallonia (CESRW)&lt;br&gt;Socio-Economic Council of Brussels</td>
<td>Regional employers’ organisations and trade unions (bipartite)&lt;br&gt;Advice on socio-economic issues for the regional government&lt;br&gt;No CLA competence</td>
</tr>
<tr>
<td>Sectoral</td>
<td>Joint committees</td>
<td>Sectoral agreements (spring t)</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>104 joint committees, 67 subcommittees</td>
<td>Established by law</td>
<td>Valid for years ( t ) and ( t + 1 )</td>
</tr>
<tr>
<td>Established by law</td>
<td>Concludes sectoral CLAs</td>
<td>Usually declared generally binding</td>
</tr>
<tr>
<td>Concludes sectoral CLAs</td>
<td>Prevention or resolution of disputes between employers and employees</td>
<td>Usually directly effective (directly applicable to all companies in the sector)</td>
</tr>
<tr>
<td>between employers and employees</td>
<td>Advising the authorities</td>
<td></td>
</tr>
<tr>
<td>Advising the authorities</td>
<td>Establishing Complementary Social Funds</td>
<td></td>
</tr>
<tr>
<td>Establishing Complementary Social Funds</td>
<td><strong>Company</strong></td>
<td><strong>Company CLA (following sectoral agreement)</strong></td>
</tr>
<tr>
<td><strong>Trade union delegation</strong></td>
<td>Established at the request of representative trade union in company with around 30 to 50 employees (regulated at sectoral level)</td>
<td>Valid for the years ( t ) and ( t + 1 )</td>
</tr>
<tr>
<td>Control of compliance with social legislation</td>
<td>Negotiating by trade union delegation and/or trade union officer (who drafts CLA)</td>
<td>Negotiating by trade union delegation and/or trade union officer (who drafts CLA)</td>
</tr>
<tr>
<td>Handling complaints</td>
<td>Either direct application of sectoral CLA</td>
<td>Either direct application of sectoral CLA or accession to sectoral CLA through company CLA or concrete realisation or addition of a sectoral CLA or, in the absence of a sectoral CLA, negotiations at company level.</td>
</tr>
<tr>
<td>Negotiating company CLAs</td>
<td><strong>Works council (OR)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Health and Safety at Work Committee (CPBW)</strong></td>
<td>In companies with a minimum of 100 employees, elected every 4 years</td>
<td></td>
</tr>
<tr>
<td>Right to information (financial, economic and social)</td>
<td>Right to information concerning the environment</td>
<td></td>
</tr>
<tr>
<td>Right to advise (specifically defined)</td>
<td>Right to advise in all matters relating to safety and the working environment of employees</td>
<td></td>
</tr>
<tr>
<td>Limited right of consultation (e.g. employment regulations)</td>
<td><strong>Source:</strong> Centrale Raad voor het Bedrijfsleven (CRB) 1996</td>
<td></td>
</tr>
</tbody>
</table>
Law on the promotion of employment and the preservation of competitiveness

Twice a year, the Central Council for Trade and Industry and the National Labour Council report on the development of labour costs, employment and competitiveness. In this report, Belgium is compared with the average performances of Germany, France and the Netherlands. On the basis of this report, every two years the available margin for labour cost development is calculated for the next two years. This margin is divided into, firstly, the percentage linked to inflation (via automatic wage indexation) and secondly, the actual scope for possible wage increases. This margin must be established by 31 October in an interprofessional agreement, which also gives an overview of employment measures to be taken. The government assumes an intermediary role here. In the absence of an agreement, it determines the wage margin and employment measures itself. On the basis of this national framework, the sectors and/or companies can begin their CLA talks. They have until 31 March and 31 May respectively to conclude a CLA within this framework. Companies which do not comply with the calculated salary increase incur a financial penalty. A proportion of the margin must preferably be used to increase employment.

Before the talks of 1997-1998, the wage margin was set at 6.1 per cent (3.6 per cent indexation and 2.5 per cent real margin). The following employment measures were promoted – extension of the right to take career breaks, part-time early retirement, voluntary part-time work, collective reduction of working hours, reduction of the maximum number of working hours, annual setting of working hours. It was striking that the social partners again failed to reach a national agreement before the deadline and that the government itself therefore established the wage margin and drafted the employment measures.
The change in industrial relations in Belgium under the budgetary-monetary pressure from the EMU criteria is perhaps best illustrated by the following example. After World War II, Belgian social partners were given a seat on the National Bank’s Council of Governors, thereby receiving a say in the monetary policy of the country. Today, the newly established High Council for Employment advises the country’s most senior socio-economic consultative bodies (Conseil central de l’économie CRB/CCE and the Nationale Arbeidsraad/Conseil national du travail – NAR/CNT) on the wage and employment policies to be pursued. The secretariat and the vice-chairman of this Council are members of that same National Bank. The roles seem to be reversed.

It is perhaps striking in this respect that, despite the legal intervention in the consultation process which took place at the same time as the radical federalisation of Belgium, the CLA consultation was not regionalised. In successive state reforms, a number of socio-economic policy matters were regionalised, for example, employment mediation, vocational training and innovation policy. Within this regionalisation process, new consultative bodies were set up between the social partners. The tripartite Central Council for Trade and Industry and the bipartite National Labour Council were copied at Flemish, Walloon and Brussels level. Recently there have been louder appeals to conclude regional CLAs (Meulenaer 1997). The Flemish government and the Vlaams Economisch Verbond (VEV – the Flemish Employers’ Association) are the greatest advocates of this idea. So far, however, the social partners have not concluded regional CLAs.

**Increase in the number of themes for negotiation and CLAs**

Traditionally, collective bargaining in Belgium had to do with material benefits, such as wage increases, additional social benefits and the reduction of working hours. Since the 1980s, the number of themes which are covered has systematically been extended. The employment objectives of the trade unions, coupled with the competitive aims of the employers, have often been the motivating factors here. The creation of jobs, flexibility in all its forms, and training (for groups at risk) are the new focal points. But every recent collective bargaining round produces new and interesting initiatives. Examples from the CLA talks of 1997-1998 include an anti-discrimination code in the cleaning sector, regional
consultative bodies in the retail trade, a CLA regulation on the posting of workers in the construction sector, and a guaranteed salary for temporary workers in the event of illness or accident (Serroyen 1997; Cromphout et al. 1998).

The theme of equal opportunities for the sexes has also acquired a place here, albeit as a secondary point. This is a development which had already become clear in the 1980s. The combination of this equal opportunities policy with initiatives taken within the Ministry of Employment and Labour by one (female) minister has had a positive effect in this area. It is perhaps not surprising, therefore, that issues such as positive action, sexual harassment, and night work for women have mainly been regulated by legislation in Belgium, and not so much through CLAs. More attention has been devoted of late to gender discrimination within wage categories, the right to a career break, parental leave and the organisation of out-of-school childcare. Equality before the law still does not, however, mean equality in practice (see Humblet 1997; Van Haegendoren 1997; Van der Hallen 1997).

The area of CLAs in Belgium has changed in terms not only of content but also of scope. Since the mid-1980s, Belgium has seen an explosion in the number of CLAs agreed at company level. In 1996, the number of company agreements (registered by the Ministry of Employment and Labour) stood at more than 2,000 whereas at the beginning of the 1980s this number had been fluctuating around the four to five hundred mark. It would be a mistake, however, to interpret this rise as the decentralisation of the Belgian collective bargaining system. Over the years the government has passed an increasing amount of legislation in relation to job creation, containing the requirement that companies should conclude a CLA in order to be able to enjoy certain benefits. A greater number of so-called ‘framework CLAs’ were also agreed at sectoral level than previously and a series of employment promotion measures were proposed within sectoral CLAs with a requirement on companies formally to confirm their accession to, or application of, such measures by concluding a company CLA.

As well as this growth of CLAs at company level, it is important to note that during the past few years collective bargaining in a number of rapidly...
expanding service sectors has reached a kind of maturity. The number of sectors covered by a CLA has grown to include sectors such as cleaning, security and the temporary sector. However, these shifts in the economy have also resulted in less positive developments for the CLA structures. The historically-developed and legally-recognised joint committees at sectoral level now have to contend with boundary problems (Vanachter 1997). Firstly, formerly important industrial committees, such as textiles, are being pushed into the background or even are disappearing completely, as in the case of coal mining. New types of companies, on the contrary, are being accommodated for the most part in rather anonymous supplementary joint committees, because their economic activity is not included in the legal definition of the competences of any existing joint committee. In this way, the supplementary joint committee for office-workers has become the largest in Belgium: a clerk in a brickworks and the high-tech professionals in an information technology company are now both covered by this joint committee. Naturally, it is extremely difficult to conclude anything more than minimum agreements given the extremely wide-ranging coverage of such joint committees. Secondly, many companies are now slimming down; terms such as outsourcing, downsizing or re-engineering are used to describe this rationalisation process as a result of which the concept of an industrial sector is becoming increasingly blurred. Employers are tempted to slim down, in order to get their employees into ‘cheaper’ joint committees, a typical example of this phenomenon being the supply companies within the automotive industry, such as those making car seats, since, by the ‘outsourcing’ of this activity, employees are brought under a joint committee where lower wages are paid.

**Increasing formalisation at company level**

Information concerning the trade union situation at company level is not readily available although it appears, from fragmentary opinion polls, that managers still see the presence of trade unions as a strong factor (Buyens et al. 1996). It is also certainly the case that new management and production concepts have penetrated into companies in Belgium although the actual spread and the scope of these ‘post-Fordist’ principles and instruments are a lot less clear. Recently, some
have spoken in this context of a ‘deferred transformation’ (Huys et al. 1995) and research, albeit mainly from the 1980s, has also shown that it is difficult for the trade unions to gain a clear understanding of problems relating to the organisation of work at company level. Although a great deal of effort has certainly been made since the 1980s on the topic of the quality of work, this still remains a high-threshold activity for the trade unions. Frequently there is a lack of expertise in this regard within the union enterprise delegation, or it may be that trade unions do not have enough (legally granted) power to realise their aims on the shop floor (van der Hallen 1996).

Despite this apparent lack of grasp of some of the most practical issues, the legal scope for trade union action at company level appears to have increased recently (see Cox et al. 1997). First of all, legislation on the provision of up-to-date economic and financial information by employers was updated in the early 1990s. In addition, within the framework of the series of employment measures taken in the last few years, some degree of formal responsibility has frequently been granted to trade union representatives at company level. Furthermore, the production of a social audit has been compulsorily introduced in Belgium recently, albeit with very limited scope and strongly focused on employment changes. Finally, the law on health and safety at work has recently been amended and developed into a law on welfare at work, thereby extending the powers of the former safety committees whose name has been changed to Committees for Prevention and Protection at Work and whose responsibility now also extends to coverage of environmental issues.

Private peace, (semi-)public unrest

Since the 1980s, Belgium has been characterised by a relatively low number of social conflicts and strikes (Vilrockx and Van Leemput 1998), albeit with one exception: for the first time since the 1930s, a general strike was organised in 1993 by a joint trade union front. This – rather unsuccessful – strike, organised in reaction to the global plan, was, however, the brief exception which confirmed the stable pattern of social peace. This relative ‘peace’ should not disguise the fact that two types of conflict have been an almost permanent feature of Belgian industrial relations in the 1990s.
First of all, due to the economic restructuring process, there is nearly always at least one labour dispute going on in the country. This situation began with conflicts such as those at Caterpillar, Intermills and Delacre and came to a temporary end with the closure or take-over of companies such as Nova, Forges de Clabecq and Renault (see successive volumes of *L'Année Sociale*; De Pauw 1995). The dispute always involves job cuts and in every case the strike is combined with local or even national expressions of support and demonstrations. But just as quickly as these issues capture the public interest, they once more disappear into the anonymous memory of the past. These industrial conflicts usually end with a social plan, in which the redundancies or closure are ‘bought off’ by the employer. The workers concerned receive a high redundancy payment or a guaranteed bonus on top of their unemployment or other social benefits. Recently, social plans on the occasion of a collective redundancy or closure have also featured recourse to outplacement – in the form of employment cells co-financed by the (former) employer to help the ex-employees in their search for work – and trade unions are usually involved in organising these measures.

Large-scale, sectoral actions mainly take place in the public, or more correctly, the semi-public sector (see various articles in *L'Année Sociale* 1996). This primarily involves actions in the healthcare sector, an expanding sector, where the subsidising authority is nonetheless short of cash. Here, traditional demands prevail: pay increases, improved working conditions and/or a reduction in working intensity. Similar sectors are also characterised by social tension, affecting areas such as education, or state enterprises which have been privatised, in particular the Nationale Maatschappij voor Buurtspoorwegen/Société nationale des chemins de fer belges (NMBS/SNCB, railway company) and SABENA. Here the transition from state-ownership to private ownership, with the corresponding changes in working conditions, frequently acts as a catalyst for action.

**Conflicts moving into the legal arena**

One side-effect of the series of serious industrial conflicts and formalisation at company level has been a change in the attitude of the authorities and the legal system to strikes. In recent decades a custom or habit has developed in Belgium according to which the government,
and certainly the judicial system, has exercised extreme restraint with regard to collective conflicts. The social partners have been given all the space they needed to resolve conflicts leading to a strike and requisitions restricted to a minimum. Labour courts, meanwhile, concerned themselves solely with individual disputes (Van Daele 1997).

In the 1990s, this situation changed to a certain extent. Employers, in the first place, introduced legal procedures, for example, to end sit-ins or to limit the freedom of action of strike pickets. In this they were supported by the courts, which imposed penalties if the strikers did not observe the stated limitation or the imposed ban. Recently, trade unions have appealed more frequently to the courts, sometimes under pressure from individual employee initiatives. For the time being, the culmination of this trend has been the condemnation of Renault boss Schweitzer to pay a large fine because Renault had neglected the legal information procedures when closing its factory in Vilvoorde (IRS 1998).

Looking then once again at this area of interest organisation, we see that under pressure from the international economy, translated in concrete terms in the EMU financial-monetary project, Belgian corporatism has changed from a system of negotiation to one of government-led concertation. This internationalisation factor is also one of the reasons for sectoral shifts and changes within companies. The existing institutional apparatus, both at sectoral and at company level, has not been set aside and has indeed even been allocated new tasks, with the emphasis in terms of content having shifted from wages and working conditions to job creation, linked to working hours and training. However, it is not at all clear at present to what extent this has increased the chances of survival of these institutions and the accompanying trade union activities.

The membership dimension: waiting for the weakening

One of the buzzwords used in relation to today’s trade union target group is ‘differentiation’. Currently, both in cultural terms and in terms of socio-economic features, the potential rank and file of the trade union is extremely differentiated (Leisink 1997). Due to cultural individualisation, economic change, technological innovation and changing management ideas, trade unions are faced with different types of
workers than in the past. There are more workers in service sectors than in the industrial core; women now claim their place in the labour market; new office worker functions range from high-tech professionals to non-skilled workers in the care sector; and large numbers of workers have atypical contracts and insecure employment status. As a result of these shifts, several European trade unions have difficulty in keeping up their membership numbers (see Table 1.7).

### Stable membership figures

**Table 3.1:** Membership figures and trade union coverage of Belgian trade unions, 1985-1995

<table>
<thead>
<tr>
<th>1. Published membership figures (x 1000)</th>
<th>1985</th>
<th>1990</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Adjusted (-15%)</td>
<td>2,676</td>
<td>2,658</td>
<td>2,974</td>
</tr>
<tr>
<td>3. Population + 15 years</td>
<td>2,275</td>
<td>2,259</td>
<td>2,528</td>
</tr>
<tr>
<td>4. Level of organisation (2 / 3)</td>
<td>31 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Estimated working members (65%) (x 1000)</td>
<td>1,478</td>
<td>1,468</td>
<td>1,643</td>
</tr>
<tr>
<td>6. Total population wage earners (x 1000)</td>
<td>2,927</td>
<td>3,089</td>
<td>3,112</td>
</tr>
<tr>
<td>7. Trade union coverage (5 / 6)</td>
<td>51 %</td>
<td>48 %</td>
<td>53 %</td>
</tr>
<tr>
<td>8. Percentage of membership distribution in trade unions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABVV/FGTB</td>
<td>41 %</td>
<td>38 %</td>
<td>40 %</td>
</tr>
<tr>
<td>ACV/CSC</td>
<td>51 %</td>
<td>54 %</td>
<td>53 %</td>
</tr>
<tr>
<td>ACLVB/CGSLB</td>
<td>8 %</td>
<td>8 %</td>
<td>7 %</td>
</tr>
</tbody>
</table>

**Explanation:** see Vilrockx and Van Leemput (1997) for published membership figures. Belgian trade unions increase their trade union membership figures by around 15 per cent for official publication (Pasture and Mampuys 1990). We must carry out a second survey to calculate trade union coverage amongst wage-earners. Among the members of the Belgian trade unions, there is still a large number of non-workers (namely, unemployed and retired people). For one of the trade unions, we know that this percentage has fluctuated between 35 per cent and 37 per cent during the last fifteen years. We have accounted for this percentage in the total. We then arrive at a level of trade union coverage consistent with sample survey results (ISPO 1997) and ILO-data (ILO 1997).
It appears that Belgian trade unions are not yet struggling with falling membership rates. Trade union coverage for wage-earners is estimated at just over 50 per cent in Belgium (see Table 3.1) and this relatively high figure has remained more or less stable over the last decade, having recently even increased slightly. At first glance Belgian trade unions, therefore, are not facing a representation crisis. They include, moreover, many non-active members, mainly unemployed people, but also elderly, (early) retired people. Together, these two categories comprise around a third of the total membership. In total therefore, one in three of the adult Belgian population belongs to a trade union.

There are various motives behind the decision to join a trade union, yet two elements play a leading role (Klandermans 1997), the first of these being agreement with the philosophies and activities of the trade union in question. Taken alone, however, such sympathy with a trade union is rarely enough to bring about actual involvement, and contacts with the union, or an approach by it, are often just as important. In Belgium the level of approachability, or the contact between employee and trade union, is high, for Belgian employees come into contact with a trade union and its services in many different areas as a result of the institutional privileges which these trade unions developed in the post-war period.

One such area was constituted by the involvement of the Belgian trade unions in the development of the social security system. Together with employers’ organisations, the trade unions succeeded, to a considerable extent, in developing the welfare state under their own joint control and subsidised by the government (Pasture 1992). This in-built principle of subsidiarity ensured that the social partners maintained, or took control of, the administration of various parts of the social security system. Still today Belgian trade unions are closely involved in paying out unemployment benefits. The health insurance funds, the so-called ‘mutual health funds’, which provide compulsory health insurance, usually belong to the same pillar as the trade unions and the trade union secretariats, together with the offices of these health insurance funds, also play a central role in the pillar network to guarantee an extensive range of social services; for example, on information and consultation about pensions, and social housing schemes.
It is mainly in the traditional manufacturing sectors that the social partners, by means of collective bargaining, have supplemented this basic social security system with supplementary occupational insurance. Jointly managed complementary social funds at sectoral level provide this insurance system and trade union bodies often play a supportive role in the administration of the various forms of supplementary social insurance. Typical of such arrangements are the construction and textile industries, both important sectors offering a range of supplementary insurance schemes and in which trade union coverage is almost 100 per cent because the it is the trade union that prepares the files for payment of the benefits.

As well as this social service provision for employees, Belgian trade unions enjoy three other important advantages. First of all, in almost every sector, including the government sector, there is a scheme whereby employees who have regularly paid their membership fees for a whole year are paid a so-called ‘trade union bonus’ which may amount to as much as three quarters of the total membership fee paid. The bonus is paid out by the aforementioned social guarantee funds which are financed by an employer’s contribution, calculated as a percentage of the gross salary of an employee in the sector. The principle behind the payment of the trade union bonus is that the trade unions promise to comply with the arrangements stipulated in the CLA. How strictly this condition of good industrial relations (‘social peace’) is applied before the trade union bonus is paid out can vary in practice between sectors (Van Achter n.d.). In 1998 the government also decided that membership fees for the unemployed and early retired should be tax deductible.

The legal aspect of labour relations is also jointly run by the trade unions. In Belgium individual social legislation is the responsibility of a separate labour court where a professional magistrate is supported by so-called ‘judges in social affairs’ appointed on the recommendation of employers and trade unions. Every trade union member can, in principle, count on legal aid if s/he brings a case before these labour courts (Van Eeckhoutte 1989).
Finally, trade unions in Belgium have, according to law, a virtual monopoly with regard to the representation of employees in companies. The employee members of works councils – in companies with at least 100 employees – and welfare committees – in companies with at least 50 employees – are elected in elections held every four years. Only recognised trade unions can nominate candidates for these elections (although this rule does not apply to those elected among managerial staff). Trade union delegations in Belgium can count on a formal basis guaranteed by national and sectoral CLAs and, particularly in the industrial sectors, they are accepted from around 30 members upwards. Belgian trade unions are, therefore, guaranteed a legally protected presence in many companies.

It would be a mistake, however, to ascribe the relatively high and stable mobilisation of Belgian trade union members to the unions’ institutionally privileged position alone. From the information available, we can assert also that Belgian trade union activities are built on a certain ideological basis. This emerges, for example, from a 1994 survey featuring a representative sample of employees in companies where social elections can be held (De Witte 1994). Some data from this survey, which was limited to the Flemish part of the country, are given in Table 3.2. which shows that the overwhelming majority of those interviewed emphasise the importance of trade unions, regarding them as still necessary in today’s society (item 5), amongst other things, as a counter-balance to the power of employers (item 1) and to turn government decisions to the advantage of employees (item 4, only 20 per cent ‘disagree’). In addition, the respondents feel that trade unions do still defend the interests of the majority of workers.
Table 3.2: Evaluation of some statements on trade unions

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>In between</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Trade unions are necessary to counterbalance the power of the company manager</td>
<td>80.5</td>
<td>11.4</td>
<td>7.3</td>
</tr>
<tr>
<td>2. Trade unions still defend the interests of the majority of workers</td>
<td>71.2</td>
<td>16.8</td>
<td>10.7</td>
</tr>
<tr>
<td>3. Trade unions are mainly responsible for improvements for workers</td>
<td>53.5</td>
<td>30.5</td>
<td>15.3</td>
</tr>
<tr>
<td>4. Thanks to trade unions, many government decisions can be turned to the benefit of workers</td>
<td>43.1</td>
<td>35.0</td>
<td>20.0</td>
</tr>
<tr>
<td>5. Trade unions are no longer necessary in today’s society</td>
<td>4.3</td>
<td>10.5</td>
<td>84.5</td>
</tr>
</tbody>
</table>

Opinion polls (again limited to Flanders) show even more clearly that a ‘pro-worker ideology’ can count on support. This ‘pro-worker ideology’, or economic progressiveness, includes four components: a sense of injustice with regard to existing class and income inequality; a form of workers’ consciousness; a positive attitude towards trade union activity; and the belief in government intervention in the socio-economic sphere. The holding of views along these lines correlates with increased participation in the trade union (De Witte 1996) and Table 3.3 summarises the recent evaluation of such economic-progressive positions in Flanders. Here we have data from two random samples, namely the total population and full-time workers.
Table 3.3: Evaluation of statements on economic progressiveness

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Neither</td>
</tr>
<tr>
<td>1. The differences between classes ought to be smaller than they are at present</td>
<td>68.3</td>
<td>18.7</td>
</tr>
<tr>
<td>2. The differences between high and low incomes have to stay as they are (inversed)</td>
<td>73.5</td>
<td>17.4</td>
</tr>
<tr>
<td>3. Workers still have to struggle for an equal position in society</td>
<td>61.8</td>
<td>18.5</td>
</tr>
<tr>
<td>4. Workers must have more say in companies</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>5. Trade unions must have more say in companies</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>6. Trade unions have to be more aggressive if they are to promote workers’ interests</td>
<td>39.9</td>
<td>25.6</td>
</tr>
<tr>
<td>7. The government must reduce income differentials</td>
<td>55.4</td>
<td>21.5</td>
</tr>
</tbody>
</table>

The ISPO-survey (n=2099) was sponsored by the Federal Service for technical, cultural and scientific affairs. The data was collected by Beerten et al. (1997). The HIVA-data (n=501) was collected within the framework of a VIONA opinion poll on labour redistribution and was published by Hooge and De Witte (1998).

Table 3.3 shows that large groups of the working population agree with statements which accord with this ideological pattern of economic progressiveness.
Underlying differences in trade union coverage

The stability in membership figures and the evidence of an ideological support base should not conceal the fact that there is considerable variation in trade union coverage among Belgian employees. The combined class characteristics of education, professional status and income appear to underpin large differences. To gain a clearer idea of how these factors operate, we must once again make use of random survey data. As public administration figures from trade union membership disaggregated by background characteristics are not available in Belgium, we have to rely on data drawn from the aforementioned ISPO survey, this time from 1991, and on a HIVA survey of full-time employees carried out in 1997, shown in Table 3.4.

Table 3.4: Trade union coverage by background characteristics: sample survey results

<table>
<thead>
<tr>
<th>Employees (in Flanders) ISPO-1991</th>
<th>Full-time employees (in Fl.) HIVA-1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>% trade union member</td>
</tr>
<tr>
<td>18-25</td>
<td>47.8</td>
</tr>
<tr>
<td>26-35</td>
<td>44.3</td>
</tr>
<tr>
<td>36-45</td>
<td>47.1</td>
</tr>
<tr>
<td>46-55</td>
<td>48.9</td>
</tr>
<tr>
<td>56 +</td>
<td>44.0</td>
</tr>
<tr>
<td>Sex</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>47.7</td>
</tr>
<tr>
<td>Female</td>
<td>44.5</td>
</tr>
<tr>
<td>Working hours</td>
<td></td>
</tr>
<tr>
<td>full-time</td>
<td>47.5</td>
</tr>
<tr>
<td>part-time</td>
<td>40.1</td>
</tr>
<tr>
<td>Diploma (highest)</td>
<td>Diploma (highest)</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>up to BSO (vocational sec. ed.)</td>
<td>none/primary education</td>
</tr>
<tr>
<td>TSO + ASO (technical and general sec. ed.)</td>
<td>lower secondary education</td>
</tr>
<tr>
<td>HOBU + Univ. (higher non-univ. ed. + univ.)</td>
<td>higher secondary education</td>
</tr>
<tr>
<td>higher education</td>
<td>31.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class position</th>
<th>Class position</th>
</tr>
</thead>
<tbody>
<tr>
<td>working class</td>
<td>unskilled blue collar</td>
</tr>
<tr>
<td>lower-middle</td>
<td>skilled blue collar</td>
</tr>
<tr>
<td>higher-middle</td>
<td>junior white collar</td>
</tr>
<tr>
<td>upper</td>
<td>senior white collar</td>
</tr>
<tr>
<td>manager</td>
<td>26.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Family monthly income (BEF.)</th>
<th>Family monthly income (BEF.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 60,000</td>
<td>30-49,000</td>
</tr>
<tr>
<td>60,000 - 99,000</td>
<td>50-69,000</td>
</tr>
<tr>
<td>100,000+</td>
<td>70-79,000</td>
</tr>
<tr>
<td>80-89,000</td>
<td>60-69,000</td>
</tr>
<tr>
<td>90-99,000</td>
<td>70-79,000</td>
</tr>
<tr>
<td>100,000+</td>
<td>80-89,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>private</td>
<td>Industry</td>
</tr>
<tr>
<td>public</td>
<td>Tertiary</td>
</tr>
<tr>
<td></td>
<td>Quartarian</td>
</tr>
</tbody>
</table>

The ISPO survey (n=1278) was sponsored by the Federal Service for technical, cultural and scientific affairs. The data was collected by Carton et al. (1993); the HIVA-data (n=501) was collected within the framework of a VIONA survey into opinions on the redistribution of labour and was published by Hooge and De Witte (1998).
These figures enable us to discern a traditional core area for trade unions among Belgian employees from Flanders. Around three out of four male blue-collar workers, skilled or unskilled, in the industrial sector are trade union members. A person with the following combination of features: having white-collar status, being a woman, working part-time and working in a non-industrial sector, having a higher education diploma, and a monthly family income of above BEF 100,000, is much less likely to be a member of a trade union in Belgium. The likelihood then falls to about one in four. While this is a ratio that would make many European trade unions very envious, it nevertheless means that the membership figures for Belgian trade unions are characterised by large differences in terms of two main kinds of socio-economic position: those with atypical employment contracts and non-working class positions. Furthermore, the list of features which have a negative influence on the likelihood of trade union membership are, relatively speaking, taking on increasing significance in the Belgian economy. The standard of education, the relative importance of the services sector and the numbers of female and part-time workers are increasing every year. One comforting factor, even so, is that trade union coverage shows little variation according to age.

The factors which explain the lower likelihood of participation among the aforementioned groups are the reverse of those which explain the relatively high membership figures for Belgian unions. The whole area of institutional privilege and the ideological basis decreases in importance as we move away from the traditional recruitment basis of trade unions in Belgium (male workers in manufacturing industry). Thus the bonus systems provided by the social funds, for example, are less developed for white-collar workers and are generally less prevalent in the new services sectors. The presence of trade unions on the shopfloor also decreases as we move away from this core area. The figures for the existence of the legally prescribed works council (from 100 workers upwards), divided up by sectors, are a good example of this and are illustrated by Table 3.5.
Guy Van Gyes, Hans De Witte and Peter van der Hallen

Table 3.5: Degree of works council coverage in individual sectors, 1995

<table>
<thead>
<tr>
<th>Sector</th>
<th>Tot. employees</th>
<th>% of total covered by a works council</th>
<th>% of tot. who could vote</th>
<th>% of tot. who have voted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>247,890</td>
<td>60.1</td>
<td>59.6</td>
<td>51.8</td>
</tr>
<tr>
<td>Trade/hotel &amp; catering</td>
<td>507,115</td>
<td>26.7</td>
<td>24.5</td>
<td>18.1</td>
</tr>
<tr>
<td>Business-to-business services</td>
<td>209,244</td>
<td>27.8</td>
<td>14.0</td>
<td>10.5</td>
</tr>
<tr>
<td>Non-profit</td>
<td>1,168,183</td>
<td>25.0</td>
<td>17.9</td>
<td>12.2</td>
</tr>
</tbody>
</table>

Source: own calculation using figures from the Ministry of Employment and Labour

Within a traditional industrial sector such as the metalworking industry, 60 per cent of workers are covered by a company works council. In almost all cases, elections involving the different unions are necessary to fill the posts. In services sectors as diverse as hotel and catering, business-to-business services or non-profit only one quarter of employees have a works council in their company or establishment and there is an election for seats on the works council in less than one in five of these companies or establishments. On the basis of this – albeit fragmented – evidence, we can, therefore, assume that the points of contact between trade union and employee shrink as we move away from the traditional recruitment base of trade unions in Belgium.

The ideological basis tells a similar story. People with a higher class position, education and income have less pronounced economic-progressive views (De Witte 1997), while such views also tend not to be so strong among women as among men. Similarly, membership of a mutual health fund linked to the trade union network gives rise to more pronounced progressive views from an economic standpoint. Statistical analysis shows that each of the mentioned features (class, education, income, sex and mutual health fund membership) play a significant role in this effect.³
To summarise this section on the membership issue in Belgian trade unionism, it can be said first of all that the membership figures for Belgian trade unions in the 1990s are characterised by a relatively high level of stability, compared to the rest of Europe. The institutional basis of Belgian trade union action and the social consensus in Belgium on the 'Rhineland' socio-economic model appear to form the basis for this stability behind which, nonetheless, we can also detect major variations in trade union participation, which correlate to changes in the working population today. Accordingly, the full-time, male industrial worker is becoming a minority amongst employees and survey data for the Flemish region show that people with features deviating from this traditional type of worker are less likely to be members of a trade union. As yet, these changes have not led to a negative break with the trend in membership figures for Belgian trade unions. Are we waiting for the 'big one'? These socio-economic changes have already resulted in shifts in the membership population of the Belgian trade unions; for example, almost 40 per cent of trade union members are now women.

**Ideology at the end of the century: sanded down by pragmatism**

Ideologically, Belgian trade unions are known for their considerable pragmatism (Pasture 1996). The differences between the three trade union confederations today tend to concern the way in which things are defended rather than the causes being championed. The ABVV/FGTB stands for a stricter, harder, more radical attitude, while the ACV/CSC has the reputation of placing more emphasis on compromise, cooperation and harmony (Holderbeke *et al.* 1992; De Witte 1994). The ACLVB/CGSLB portrays itself mainly as ‘different from the others’, as the trade union organisation which is less integrated in the political-institutional game. In these strategic differences we see the old, ideological oppositions, where the ABVV/FGTB called for worker control and self-management in accordance with its class ideology, while the ACV/CSC placed the priority on co-management from its Christian personalist approach, and aimed at wider segments of the working
population than just the industrial working class. Whereas ABVV/FGTB has always defended the principle of a unified trade union movement in Belgium, ACV/CSC and ACLVB/CGSLB are the proponents of trade union pluralism.

In the mid-1990s, both the ABVV/FGTB and the ACV/CSC have given conference space to reformulating their ideological bases, or more accurately, to re-establishing them (see ABVV/FGTB 1994; ACV/CSC 1994). They seem to have brought their ideological system of thought more in line with their practical action. Whereas in the 1970s both confederations were developing an alternative to the capitalist economy, today the free market economy is seen as a fact and the objective is described as the fight for a socially corrected economy, one with a human face, and which serves people. Favourite concepts within the trade union philosophy are universal values such as equality, justice, solidarity and humanity. The economic-progressive philosophy still forms the basis: socio-economic inequality is a fact, the ordinary working person is the victim of it and trade unions are there to campaign against this, and this is why there is a government to intervene in the economic order. Attempts are made to define the ‘normal’ or typical worker as broadly as possible and at the same time the concept of equality acquires a broad, emancipatory interpretation. Within this traditional and re-established framework, Belgian trade unions are continually adjusting their positions. ‘Adjustment’ takes different forms: some positions are strengthened or weakened, bridges are being built with other interpretative frameworks or new themes are being integrated.

In the first place the Belgian trade unions defend a number of so-called ‘acquired benefits’ which they regard as unassailable and of which the most important are the following: automatic indexing of wages; guaranteed minimum wage; permanent appointment and maintenance of the (more beneficial) pensions system in the public sector; unlimited duration of unemployment benefit; work guarantees or at least income guarantees for key employees in companies in the event of collective redundancy/closure; and the trade union monopoly of (legally-regulated) employee representation in companies. It has to be said that in the 1990s, albeit not rapidly and not to any great degree, these acquired
benefits have been eroded. Wage indexation, for example, is now dependent on a less favourable ‘health index’, while permanent appointment in the public sector has been replaced by increased numbers of workers on temporary contracts, recruited without any form of tenure. Unemployment benefits are still unlimited in duration, but the law on their suspension is much stricter, while the security of key workers in the event of collective redundancy is increasingly no more than an income guarantee. Furthermore, a collective action with national media coverage is often necessary to increase this ‘compensation’ above the legal minimum. The cost price of the minimum wage has been partially circumvented by a decrease in Rijksdienst voor Sociale Zekerheid (RSZ, the employers’ social security contributions) for low salaries. Nonetheless, the aforementioned trade union monopoly seems to have largely survived.

Job creation is increasingly on the agenda as a trade union priority. The wage restraint (which has been ‘swallowed’) is irrevocably linked to this. A cut in labour costs by lowering the social security (RSZ) contributions of the employers is increasingly an accepted method and trade unions are the main champions of this cause, particularly when it comes to reduced working hours and redistribution of labour. The introduction of a 32-hour week or a four-day week are the key trade union demands at the moment and the ideal of the full-time, full-length career for everyone has finally been abandoned. The reality of the 24-hour economy is increasingly accepted and Belgian trade unions are beginning to think about experiments on the social economy, and person-based services. Finally, there is a lot of emphasis in recent CLAs on the tricky problem of the fight against overtime.

Bridges have been built with new interpretative frameworks. Concepts such as the social economy and sustainable development have slipped into trade union discourse and are cautiously being used in all kinds of trade union publications even if the usefulness of these new concepts in terms of practical trade union demands has not always been clear. In the same way, the environmental theme was picked up by trade union ideology at the beginning of the 1990s although it is difficult in practice to reconcile this theme with the demand for employment. Hence, the Belgian trade unions faced internal disputes on questions such as the
renewal of government approval for an environmentally unfriendly company: if this company is not approved, it has to close and jobs are lost; should the trade union play the environmental card or the employment card in such cases?

One bridge that has clearly not been built is with the ethnocentric philosophy which has emerged in the 1990s, particularly in the Flemish part of the country. Belgian trade unions are well-known in the social movement for their tolerance and for adopting a prominent stand against right-wing extremism. They apply an internal code according to which members of the extreme right-wing party Vlaams Blok lose their trade union vote; and they have directed more resources towards a target group policy for workers from ethnic minorities, while providing the main support for large, anti-racist ‘Hand-in-Hand’ demonstrations (Stouthuysen 1995). In the other debate, along the same lines, on the federalisation of Belgium and the opposition between Flemings and Walloons, the situation within the trade unions is more ambiguous (Pasture 1998). While they remain strong supporters of ‘national solidarity’, in this case a unitary social security system, they have also largely adapted their structures to the federal reality. Communitarian thinking is, therefore, very prevalent within the trade unions, particularly at an informal level.

If we look at the increased focus on new themes, we see that international, and primarily European, issues have increased in importance in Belgian trade union discourse. Words like globalisation and relocation have crept into the trade union language. Belgian trade union leaders have always been much involved in European trade unionism and nowadays the efforts undertaken in this area have been increased. Certainly with regard to a social Europe, considerable time and resources have been invested in raising awareness among the rank and file. As a result viewpoints have become sharper and more radical. Large delegations from the ABVV/FGTB and ACV/CSC attended ETUC demonstrations in Amsterdam and Luxembourg in recent years. Signs of frustration have been more marked in trade union speeches on Social Europe and, currently, two desires are at the forefront: although the trade unions supported the Belgian integration in the EMU system, they want an EU policy that is more oriented to employment objectives, and
they especially want to see the future European Central Bank supporting a European reliance policy and not merely working on an anti-inflationary basis; secondly, they hope for different kinds of European tax harmonisation and tax policies which open up budgetary space on a national level to lower labour costs and create employment.

In cooperation with third world movements, clean hands campaigns, directed against the multinationals, have been set up in the area of child labour during the last two years. Belgian trade unions also have nongovernmental organisations closely linked to their organisation, for example, World Solidarity, and they defend the principle of social clauses in trade agreements.

As well as this international theme, more attention has also been devoted to tax questions. For a long time this was an area that could count on little support from the trade unions, insofar as taxes were seen as a liberal-conservative theme; but a fair distribution of the tax burden and steps to tackle tax fraud are now key points in Belgian trade union discourse, with the focus on the reduction of tax on labour. Furthermore, it is noteworthy that ABVV/FGTB and ACV/CSC are not in favour of employee participation at board level. They do not like mixing up labour and capital and, on a European level, this viewpoint is reflected in their opposition to a European Company Statute, entailing employee representation on the company board.

Within an ideological framework adapted to meet new realities, but with its original foundations for the time being still intact (wage index, minimum wage, broad social safety net, legal pension), new emphases have thus emerged. These are, firstly, the redistribution of labour, tax issues and Europe; and secondly, post-materialistic themes such as the environment, third world problems and multiculturalism. A typical example of this Belgian trade union ideology in the 1990s, therefore, seems to be the plea for a European energy tax which is envisaged as being European, environment-friendly, and an alternative source of financing for social security, thus lowering labour costs and promoting employment. It is also noticeable that Belgian trade unions in the 1990s have still tried to play the role of a social movement with a broad, social interest, for they see themselves as key players within Belgian civil
society. They have repeatedly taken their distance, not always within their formal structures, but certainly in their discourse, from their ‘friendly’ parties representing the same pillar, thus developing a ‘mental’ gap between themselves and party politics.

**Organisation: towards greater professionalism**

Nor have Belgian trade unions stood still from an organisational point of view during the last few years. The pluralisation of membership potential and diversification in the area of interest defence has created a need for new organisational methods. A short overview of these developments is provided below. In practice, the new trend is one of pragmatism and professional organisation, driven by concepts such as efficiency, effectiveness and quality. Renewed interest has also been shown of late in the social movement organisation.4

**Professional organisation**

In the area of professional organisation the following innovations have been introduced:

- Merger or take-over. Although the Belgian labour movement is split between three ideologically-differentiated confederations, within these confederations there is not much organisational fragmentation on a sectoral basis (see Appendix for the organisational structure). ABVV/FGTB and ACV/CSC are both confederations built on a two-legged base: a sectoral-occupational structure (called ‘beroeps-centraal’) and a geographical organisation (namely ‘verbonden’). In recent years trade unions from declining industrial sectors (diamonds, stone and brick industry, coal mines) have been acquired in mergers by other sectoral organisations. In both ABVV/FGTB and ACV/CSC mergers have recently taken place in the geographical organisation of trade union districts. Extensive merger discussions have started up again, though, among various sectoral organisations within the largest trade union federation, ACV/CSC, for example, in the construction and transport sectors. It is also noteworthy that the traditionally powerful sectoral organisations, such as the metalwor-
Chapter 3: Belgium

Trade unions in Europe: facing challenges and searching for solutions

... have been overtaken in terms of membership size by the white-collar organisations (Landelijke Bediende Centrale – LBC – which is affiliated to ACV/CSC) or blue-collar service organisations (Algemene Centrale – AC – which is affiliated to ABVV/FGTB). The separate organisation of white-collar workers within ABVV/FGTB and ACV/CSC is in any case a striking feature of the Belgian labour movement. Therefore, the making of unified sectoral organisations (blue and white-collar in a unified organisation) has always been a difficult issue which has gained renewed attention of late. The powerful Centrale der Metaalindustrie van Belgie (CMB, metalworkers’ union) within ABVV/FGTB voted at its latest congress, for instance, for a ABVV/FGTB composed of three ‘centrales’ (industry, services and civil services).

• New government support. In the last few years, trade union organisations have substantially extended their training work and have been enabled to achieve greater professionalism through the subsidisation of their socio-cultural activity. A number of their training centres have even expanded into conference centres for the general public.

• Expansion of individual service provision. The various unions are still working towards improved services for individual members and the most recent feature of this service provision is an offer of (nearly) commercial services, such as tax advice and assistance insurance for lorry drivers, although legal advice remains the principal component in this area.

• Further professionalisation. The professional apparatus has expanded even further in the last few years in the Belgian trade unions. Paid professionals, particularly local trade union secretaries, have become central figures in union activities but, due to the ever greater intensity of knowledge, it has become much more difficult to develop a career in a trade union, whereas formerly it was not too difficult to move into professional trade union structures through the youth movement or by becoming an activist within a company, and then slowly climbed the ladder. The new professional structures are increasingly populated by people with degrees in social work and, insofar as research or leader-
ship functions are entailed, a university degree is becoming the norm. Information technology has, of course, also had an impact on trade union work. At the moment this seems mainly to have affected the area of individual service provision illustrated by the provision of software packages dealing with legal advice and complaints.

- Mediatisation. In view of the increasing importance of the media in society, manipulation of these media has become an ever more important issue for trade unions. Will an organised demonstration attract attention from the media? Does the trade union leader perform well in his/her news item? Actions are often planned on the basis of media requirements, principally those of television: they have to be ‘fast’, ‘fun’ and ‘spectacular’. Demonstrators are dressed from top to toe during demonstrations in green (ACV/CSC), red (ABVV/FGTB) or blue (ACLVB/CGSLB), to increase their visibility on the TV news. For trade union professionals, lessons in propaganda have been replaced by media and communications training, with advertising agencies now producing the campaigns for social elections (De Witte 1996).

- Cabinet forming at the top of the trade union. As a result of the pluralism of institutional bodies, procedures and arrangements, trade union leaders today have become ‘conference animals’. To master this daily agenda of conferences and meetings, employees providing research services within the trade unions have developed into personal case preparation assistants for these trade union leaders or, in some cases, even into their deputies at conferences.

- Increase in scale. Although mergers between trade union organisations are a very recent phenomenon, there has been a trend for some time towards the increase in scale of the professional work organisation to reduce costs. So, for example, service centres have become involved in trade union work. The dingy room behind the ‘pillar’-related café, with names such as ‘the people’s house’ or ‘the eight-hour house’, has been replaced once and for all by the modern office with fitted carpets and designer office furniture in the union’s colours. For the moment it is not clear how these increases in administrative scale affect the local implantation of the Belgian trade unions.
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Renewed interest in social movement work

Perhaps as a kind of reaction to this trend of professionalisation and increased pragmatism, there has recently been a strong focus on social movement work within the trade union directed towards involving people in trade union activities. Other factors have undoubtedly played a role in this renewed focus. The current image problem of Belgian politics is certainly a significant factor here. Rumours of a decline in militancy are another problem; it is increasingly difficult to find candidates for social elections. While older activists can no longer keep up, younger people are not prepared to commit themselves, and representatives give up more quickly. These are stories we hear very often when talking to professionals within a trade union. At the present time, we do not have the requisite empirical material to confirm or deny this problem of participation.

This does not detract from the fact that the participation question is enjoying top priority at the moment in the Belgian trade union world. Recent ABVV/FGTB and ACV/CSC conferences took this theme as their main subject. Involvement in European trade unionism, attracting new employee groups, organising employees in small enterprises, and the renewal of trade union action within enterprises are the main points for discussion here. The importance of non-company based, local trade union activity, such as in the locality, district or town, appears to have receded somewhat into the background.

When we look at the actual practice, we see that more attention and resources are devoted to forms of target group activity. This mainly involves trade union work relating to certain social categories — young people, women, job-seekers and ethnic minority workers. Category-based development or trade union activity based on specific occupational categories is much less highly developed in Belgium. Nor has there been any marked increase in this kind of initiative, which is undoubtedly linked to the fact that the Belgian trade unions have little to do with smaller, occupation-based competitors due to their legal monopoly position in terms of representation. We see this phenomenon of occupation-based unions only in the (semi)-public sector, such as train drivers and personnel in the judicial system.
Conclusion

Any attempt to summarise the different aspects addressed in this chapter in order to give a current overview of Belgian trade unionism is a rather daunting task. We can certainly speak of a strong trade union presence in Belgium. Trade unions benefit from their institutional status and close involvement within the Belgian political and economic system. We can certainly add, with just a little cynicism, that the whole trade union movement in Belgium has developed into a major economic activity. Every day thousands of people work within this sector and millions of Belgian francs pass through their hands, in the form of wages, bonuses, training subsidies and membership fees.

The Belgian trade unions are not a current topic of public discussion. It seems that they have accepted once and for all certain changes in their profile which have been developing for some time. In the first place, there is an increase in professionalism and pragmatism. The trend towards professionalisation is seen in different areas, but is most obvious in the individual services provided to trade union members. Ideologically, pragmatism has found distinct resonance in the basic texts of ABVV/FGTB and ACV/CSC. They have, furthermore, chosen a strategy which places the emphasis on income security and, preferably, job security. This strategy is so broadly interpreted that the institutional privileges which the trade unions as organisations have developed over the years are considered part of these acquired rights.

The key question is still, however, whether Belgian trade unions, given the current situation, are prepared for the future. The institutional apparatus on which they strongly rely is indeed under pressure. The internationalisation, or rather Europeanisation, of the Belgian economy, is leading to nervous decisions among business and government leaders and it is yet far from clear what influence the wave of economic restructuring is having on the power base of Belgian trade unions at company level. If we consider the central consultation level, we see that the neo-corporatist system is weakening under European pressure in terms of political decision-making. Moreover, the institutional structure is less developed in the new, increasingly important services sector which constitutes the trade unions’ recruitment base for the future.
The question can be asked whether or not the tale of Belgian trade unionism in the 21st century will become a suitable example of the law of inhibiting progress: do the institutional embedding and robust structure of Belgian trade unions give them more clout to respond to the present-day challenges, or is this embedding and structure more inhibiting and thus undermining of their innovative power? The adaptability of an institution which has existed for more than 100 years must surely not be underestimated. The recent marked trend towards movement activities on a micro-scale and the way in which sectoral consultation has responded to the government-imposed negotiation framework are just two of the many expressions of this. Closely linked with this issue is the question of the extent to which Belgian trade unions will continue successfully to prevent the current crisis of legitimacy within political institutions from reflecting upon themselves? If they fail here, a Kafkaesque situation seems to be not far away; the trade union secretary, who finds one day that the work s/he has always quietly and diligently performed in her/his little office is no longer of any use because in the meantime society has moved on. For the time being, however, this is no more than a trade union leader’s nightmare which does not correspond to Belgian reality.
### Appendix: Organisation structure of Belgian trade unions (with official membership figures and recent mergers)

<table>
<thead>
<tr>
<th>CON- FEDERA- TIONS</th>
<th>National</th>
<th>Sectoral and occupational interests defending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guy Van Gyes, Hans De Witte and Peter van der Hallen</td>
<td>(industrial relations on a sectoral and enterprise level)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Metal</td>
<td>Textile-Clothing</td>
</tr>
<tr>
<td></td>
<td>Diamond</td>
<td>Transport (private)</td>
</tr>
<tr>
<td></td>
<td>Graphic-Paper</td>
<td>Stone-Brick</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>Wood-furniture</td>
</tr>
<tr>
<td></td>
<td>(Petro)</td>
<td>Chemical</td>
</tr>
<tr>
<td></td>
<td>Other (personal)</td>
<td>services Non-profit (health care etc.)</td>
</tr>
<tr>
<td></td>
<td>Food</td>
<td>Hand &amp; Distribution</td>
</tr>
<tr>
<td></td>
<td>Public / Private</td>
<td>enterprises</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>(transport, telephones, post)</td>
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<tr>
<td></td>
<td></td>
<td>Geographical organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>individual services, non-occupational interest defending, action for specific groups (women, immigrants, unemployed)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34000 individuals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Belgium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 national regions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Flemish, Walloon, French)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28 districts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 regional committees</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>ABVV / FGTB</th>
<th>Blue-collar</th>
<th>GMB</th>
<th>TKD-CELD</th>
<th>IFBT</th>
<th>Book &amp; Paper</th>
<th>AC-CC</th>
<th>ACCO</th>
<th>Food &amp; Catering</th>
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<td>54.003</td>
<td>54.351</td>
<td>21.077</td>
<td>300.003</td>
<td>54.003</td>
<td>13.643</td>
<td>121.003</td>
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<td>Socialists</td>
<td>1.175.700</td>
<td>230.254</td>
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<table>
<thead>
<tr>
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<th>Blue-collar</th>
<th>CCMB</th>
<th>CCTB / CTB</th>
<th>CDI</th>
<th>CEG</th>
<th>CCCH</th>
<th>CCMEC</th>
<th>CYD</th>
<th>COCO</th>
<th>COCE</th>
<th>COC</th>
<th>COE</th>
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<tr>
<td>White-collar</td>
<td>230.420</td>
<td>168.794</td>
<td>34.001</td>
<td>49.742</td>
<td>209.772</td>
<td>49.346</td>
<td>209.189</td>
<td>47.023</td>
<td>152.958</td>
<td>42.155</td>
<td>38.699</td>
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<tr>
<td>Cards</td>
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<td>164.304</td>
<td>164.304</td>
<td>164.304</td>
<td>164.304</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| ACLVB / CGILB | Blue-collar | 284.403 |
| Liberal | 204.003 |

| No sectoral or occupational differentiation in the organisational structure | VSOA (associated with ACLVB-CGILB) |
| 34000 individuals |
| 5 regions, 40 districts |

#### Recent mergers (in the table outlined):
- for ABVV / FGTB: Textile-Clothing and Diamond (TKD); mergers of regional districts
- for ACV-CSC: Transport and Diamond (CYD); Stone and Paper Industry (CCCH); Some teachers’ unions (CCV), mergers of regional districts.

#### Sectoral organisations involved in merger talks:
- for ACV-CSC: CCCH (with CCCH and/or CCMEC), CYD and COCE, CECO, UCEO, CCPET and CEGNL.

The official member figures date from 1995.
Notes

1 The authors thank Patrick Pasture and Martin Hutsebaut for their comments on an earlier draft of this chapter.

2 Trade union membership, for example, is not a variable in labour force surveys carried out by the government.

3 The table below lists the independent effects of the characteristics listed (as standardised beta coefficients of a variance analysis). It uses the data from the aforementioned 1991 ISPO survey. The answers to the different economic-progressive statements were converted for statistical analysis purposes to a ten point scale with sufficient reliability (alpha=0.72).

Explanatory effect of various background variables on economic progressiveness

<table>
<thead>
<tr>
<th>Economic progressiveness</th>
<th>Beta coefficient</th>
<th>significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>EGP class division</td>
<td>0.19</td>
<td>***</td>
</tr>
<tr>
<td>Type of education</td>
<td>0.19</td>
<td>***</td>
</tr>
<tr>
<td>Family income</td>
<td>0.13</td>
<td>***</td>
</tr>
<tr>
<td>Membership of a mutual health fund</td>
<td>0.14</td>
<td>***</td>
</tr>
<tr>
<td>Church involvement</td>
<td>0.08</td>
<td>*</td>
</tr>
<tr>
<td>Sex (as covariant)</td>
<td>18.4 (F value)</td>
<td>***</td>
</tr>
</tbody>
</table>

Explained variance: 0.18

*  0.01<p<0.05
**  0.001<p<0.01
***  p<0.001

4 As sources for this section we used recent activity reports for ABVV/FGTB and ACV/CSC, and an unpublished organisation analysis from the latter trade union in which the authors were involved (Van Gyes et al. 1994).
Chapter 4: Denmark

Still the century of trade unionism¹

Jens Lind

The Danish trade union confederation, the Landsorganisationen i Danmark (LO), celebrated its first centenary in 1998 and, at the turn of the century, the trade unions in Denmark still seem to be viable. As elsewhere in Europe, however, industrial relations and the trade unions in Denmark have been facing major changes. The most frequently heard statement is that the labour market should become more sensitive to restructuring, and that market forces should have higher priority as a regulating principle. In short, industrial relations should be more flexible, more decentralised and place more emphasis on individual, instead of collective rights and regulations.

The trade unions are under particular pressure because they are accused of being opposed to changes both to working life, in general, and internally vis-à-vis their members. In fact, there is not much new in this view of trade unions as restricting the flexibility and freedom in society. Basically, trade unions have always been regarded by hard-core liberals as an unwanted element in capitalist society, and the declining union membership rates in most European countries have been seen as an evidence that trade unions are in general retreat (see Table 1.7). This is not, however, an appropriate starting point for an analysis of the state of trade unionism in Denmark. Unlike in most other European countries, Danish unions have experienced an ongoing increase in membership rates – more than 80 per cent of all wage-earners were unionised in the late-1990s compared to approximately 60 per cent in 1970. This increase does not indicate that trade unionism in Denmark has no problems, however, or that the unions are beyond criticism.

In this chapter the main issues and trends in collective bargaining will be discussed as a starting point. Secondly and thirdly, the changes in working life will be analysed, starting with the impact of unemployment.
followed by the possible emergence of new workplace relationships. This is closely connected to the fourth topic to be dealt with here, namely the changing characteristics of (potential) members. The European perspective, together with trade union structures and internal functioning, will also be analysed. Finally, some main perspectives of change will be pointed out, concentrating on the role of trade unions in society and membership participation.

The overall argument is that trade unions in Denmark have maintained and, to some extent, even expanded their influence in society during the past 20 to 30 years. This is mainly due to the basic voluntarism of the Danish system, combined with an informal social dialogue and an almost unchallenged social contract between the representatives of labour, capital and the state. A main deficit of this institutionalisation is the weakening of participative membership in the trade unions, and recent efforts to establish a more reflexive relationship between unions and their members in order to revitalise internal democracy are a noteworthy response to this problem.

Collective bargaining and labour market regulation: structure and trends

In Denmark most trade unions are affiliated to one of three main organisations, the LO, the Funktionærernes og Tjenestemændenes Fællesorganisation (FTF) or the Akademikernes Centralorganisation (AC) (see Appendix I). The difference between these main organisations is that the LO member unions organise blue-collar and white-collar workers, in both private and public sectors. The FTF comprises almost entirely white-collar professionals, most frequently from the public sector, while AC member unions organise persons with an academic education in both the private and public sectors. However, a clear-cut distinction between the LO and the FTF cannot be made on this basis alone. Some of the unions in the FTF could have affiliated to the LO and vice versa. Their choice might depend on the political character of the LO and the formal neutrality of the FTF. Traditionally, the LO has maintained a strong relationship with the Socialdemokratiet (SD, Social Democratic Party), while the FTF and the AC have no official party relationship.
Although the LO has lost some of its relative power during the past 30 years, it is still by far the most important trade union confederation.

The trade unions outside these confederations are not affiliated for a number of reasons. The most important, and controversial from the LO point of view, is the Christian Trade Union which originally was very small and a protest against the LO and its socialist profile. It has increased in size during the last ten years or so from around 18,000 members in 1988 to about 50,000 in 1998.

The major unions in the LO are *Specialarbejderforbundet i Danmark* (SiD, Union for General Workers) with 320,000 members in 1998, *Handels og Kontorfunktionærernes Forbund i Danmark* (HK, Union for White-collar Workers in Retail and Office) with 355,000 members, *Dansk Metalarbejderforbund* (Metal, Engineering Workers’ Union) with 142,000 members, *Forbundet af Offentligt Ansatte* (FOA, Union for Public Employees) with 204,000 members, and the *Kvindeligt Arbejderforbund i Danmark* (KAD, Union of Women General Workers) with 88,000 members.

### Table 4.1: Members of Peak Trade Union Organisations (000s)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour force</td>
<td>1565</td>
<td>2027</td>
<td>2384&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>2669</td>
<td>2648</td>
<td>2621</td>
</tr>
<tr>
<td>Members of LO</td>
<td>776&lt;sup&gt;(79)&lt;/sup&gt;</td>
<td>894&lt;sup&gt;(77)&lt;/sup&gt;</td>
<td>1250&lt;sup&gt;(70)&lt;/sup&gt;</td>
<td>1423&lt;sup&gt;(69)&lt;/sup&gt;</td>
<td>1510&lt;sup&gt;(70)&lt;/sup&gt;</td>
<td>1496&lt;sup&gt;(69)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Members of FTF</td>
<td>112&lt;sup&gt;(11)&lt;/sup&gt;</td>
<td>156&lt;sup&gt;(13)&lt;/sup&gt;</td>
<td>277&lt;sup&gt;(15)&lt;/sup&gt;</td>
<td>325&lt;sup&gt;(16)&lt;/sup&gt;</td>
<td>332&lt;sup&gt;(15)&lt;/sup&gt;</td>
<td>342&lt;sup&gt;(16)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Members of AC</td>
<td>-</td>
<td>-</td>
<td>70&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>103&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>132&lt;sup&gt;(6)&lt;/sup&gt;</td>
<td>141&lt;sup&gt;(6)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Outside LO, FTF and AC</td>
<td>89&lt;sup&gt;(9)&lt;/sup&gt;</td>
<td>111&lt;sup&gt;(10)&lt;/sup&gt;</td>
<td>197&lt;sup&gt;(11)&lt;/sup&gt;</td>
<td>201&lt;sup&gt;(10)&lt;/sup&gt;</td>
<td>189&lt;sup&gt;(9)&lt;/sup&gt;</td>
<td>193&lt;sup&gt;(9)&lt;/sup&gt;</td>
</tr>
<tr>
<td>All members</td>
<td>978</td>
<td>1162</td>
<td>1794</td>
<td>2051</td>
<td>2163</td>
<td>2172</td>
</tr>
<tr>
<td>Membership rate</td>
<td>63</td>
<td>57</td>
<td>75</td>
<td>77</td>
<td>81</td>
<td>83</td>
</tr>
</tbody>
</table>

Source: Danmarks Statistik: Tiårs oversigt, various years.

Notes: *: Figures in brackets are the main organisations’ proportion of total membership

(1) Self-employed not included, (2) 1981
Danish Arbejdsgiverforening (DA, Danish Employers’ Association) is not the only central organisation for employers, but it is by far the most important, representing the overwhelming majority of organised employers in Denmark. Among the approximately 1.9 million employees in the private sector, the members of DA employed about 615,000 in 1998. Members of other employers’ organisations employed 152,000, of whom 59,000 were employed by members of Sammenslutningen af Landbrugets Arbejdsgiverforeninger (SALA, Association of Employers in Agriculture and Food Processing) and 57,000 were employed by members of Finanssektorens Arbejdsgiverforening (FA, Financial Sector Employers’ Organisation) which are the second and third most important organisations on the employers’ side (DA 1999).

The Danish system of labour market regulation

Key elements of the relationship between labour and capital are regulated by means of collective agreements (Due et al. 1994), combined with a high level of state intervention in labour protection and social issues. The main features are a highly organised labour market, both on the employers’ and the employees’ sides, with widespread co-operation and consensus between trade unions and employers and their organisations; centralised and nation-wide collective agreements; widespread codetermination/democracy in working life; active state support of class collaboration with an effective system of conflict solution; and comprehensive state intervention in the labour market characterised by corporatist (tripartite) decision-making processes and implementation structures (Lind 1991).

The basic voluntarist structures of these relationships were established in 1899, when the LO and the DA signed a central agreement (Septemberfølgel), recognising each other as legitimate parties in the labour market. Since then, industrial relations have developed into a generally consensual relationship between the labour market organisations and the state. Pragmatism often decides whether a regulation turns out to be a matter of legislation or based upon a collective agreement although some key areas can be pointed out for each of them. In principle, the regulation of wages is solely a matter for collective bargaining, as there is no minimum wage legislation. Collective bar-
gaining also regulates most other working conditions apart from labour protection matters, such as health and safety at work, holidays, mass redundancies, minimum rest periods, etc. which, together with all matters of social protection, employment and unemployment, are regulated by legislation. Labour market policies are most frequently decided and implemented with significant influence from trade unions and employers’ organisations.

The degree of collectivism within this basically voluntarist mode of regulating industrial relations depends on the coverage of collective agreements. In the public sector 100 per cent of the employment is covered by collective agreements, but in the private sector only 50-60 per cent is covered (Scheuer 1996). With no political intention of institutionalising an _erga omnes_ principle, an estimated 25 per cent of total employment is not directly regulated by a collective agreement. So, compared to many other European countries, collective regulation of industrial relations is relatively weak in Denmark.

Although voluntarism is a cornerstone in the regulation of industrial relations in Denmark, the principle of ‘free collective bargaining’ can be violated. During the 1970s direct state intervention in collective bargaining took place in three out of five possible bargaining rounds (1975, 1977, 1979) because the bargaining parties could not agree and a major conflict was about to break out, or actually did so. This also happened in 1985 and 1998, but since the 1970s various governments typically intervened by regulating single elements in the agreements (in 1981, 1983 and 1991), or intervened in specific areas like the health sector (the nurses in 1995, 1997 and 1999). Other ways whereby governments have sought to influence agreements have been ‘indirect’, by dictating or ‘recommending’ a general level of wage increases, followed by an implicit or explicit threat that higher levels would be punished by higher taxes. Alternatively, they have used public sector bargaining to set a level for subsequent bargaining in the private sector (1991 and 1997).

Having been active in setting the level of wages, the state has been more restrained in changing the single elements or the structure of the agreements with the exception of two cases. Firstly, since the end of the 1970s, state intervention in agreements has reduced the impact of the
cost of living regulation (1979 and 1981), and subsequently removed it completely from wages (since 1983). Secondly, shorter working hours were introduced as an element of state intervention in 1985.²

**Industrial conflict**

In the relatively organised and institutionalised Danish labour market legal industrial conflicts are almost entirely reduced to ‘conflicts of interest’ which take place at the collective bargaining rounds that are usually held every second year. From the lay members’ point of view this makes legal conflicts into huge manifestations dictated by the inability to find compromises at distant bargaining tables. If a collective agreement is in force and/or an aspect of an agreement in force is the subject of conflicting interpretation between labour and management, industrial action is illegal. The legal parties to a collective agreement are the unions and the employers’ organisations (or the individual employer), which again means that the unions have a monopoly – the individual member has no right – when it comes to representing employee interests in court and thus, legally enforcing the agreement.

Illegal conflicts do occur, but during the 1980s (apart from 1985) and the first half of the 1990s the number of persons involved in strikes and the number of working days lost were lower than in the 1970s. This can be seen as an indication of an improved legitimacy of the collective bargaining system. The underlying reason for a lower level of open conflicts in the labour market, however, is the disappearance of an organised left wing in the trade unions since 1985 and insecurity during a period of high unemployment. The conflict among bus drivers in Esbjerg in 1994-1995, and the massive support received from other groups, might be the first sign of a reappearance of an organised and militant opposition in the trade unions (IRS 1994; IRS 1995). The conflicts in 1995 and 1999 among nurses might also indicate that public sector employees are gradually becoming more militant.

The trade union monopoly in representing employee interests in the labour courts is a major advantage for the unions in attracting members. On the one hand, the low level of illegal conflicts is an advantage because the unions are often put in a difficult situation when they have
to respect and defend the whole system of collective bargaining and arbitration and conciliation, and simultaneously represent the interest of members in (illegal) conflicts. On the other hand, the low level of conflicts and the fact that trade union members support industrial action to a lesser degree in the 1990s than they did during the 1970s (Lind 1996) deprives the trade unions of a traditional means of defending or achieving results.

Industrial democracy
A general characteristic of the collective agreements and legislation which regulate the decision-making processes (and thus employee representation and participation) at the workplace, is that they do not provide the employees with any real power, but require the employers to negotiate and to listen to employee arguments. The most important collective regulation in this matter is the co-operation agreement originally agreed in 1947 (most recently changed in 1986). It states a commitment for both employers and employees to maintain a good, co-operative relationship and obliges the employer to establish a co-operation committee in companies with more than 50 employees. Apart from its limitations in providing the employees with little real influence (Knudsen 1995), only a small proportion of private sector companies have established such committees. As such, co-determination/democracy in working life in Denmark is a relative concept, but, at least, the regulations do provide employees with a formal platform to obtain information on the economic situation of the firm, and to negotiate general principles of employment, redundancies and implementation of new technology.

The efforts of the trade unions (and the SD) during the 1970s to formally establish economic democracy were opposed by the employers and by the left wing. Consequently, economic or industrial democracy was never established in Denmark, and no major breakthrough on this issue is in sight in the near future (Dulgaard 1995). An alternative road to economic democracy was formulated at the end of the 1980s by creating powerful non-employer capital funds from pension schemes. This process was started in 1991, and it might eventually result in the creation of large capital holdings over which the trade unions typically
would have 50 per cent of the influence. Obviously this means some power, but does it mean more democracy? To some extent, this basis of power might induce the employers to develop democracy or more codetermination in the workplace if, for instance, the trade unions combine investment with conditions leading to more democracy. But, in the medium term, this is probably only wishful thinking.

**Decentralisation of collective bargaining**

A widespread experience in Europe is that decentralisation is part of the general retreat of the labour movement. It is often a manifestation of the alteration in the power balance in favour of management, and it has created complicated problems for union strategy (Baglioni 1990: 22). Denmark is no exception to this general statement. If state intervention (and a high degree of centralism) were significant features of the 1970s, the general impression since the 1980s is different. The period has often been characterised by a ‘decentralised’ wage formation process, in the sense that the LO, and to some extent the DA, have played a less important role than they did during the 1960s and 1970s (Scheuer 1990). In the 1980s private sector collective bargaining was typically conducted by the national trade unions and cartels, with the employers’ organisations at industry level as their counterparts. Significant changes in the direction of decentralisation, however, appeared only gradually because major parts of the labour market (apart from the public sector) have always had a wage formation system in which wages are negotiated between the individual firm and the local union within the framework of centrally bargained agreements. The limits of this framework were not formally widened until the collective agreements in 1991. Another step towards decentralised wage formation was taken in 1993, when a new system of ‘minimum pay’ was established for important sectors of manufacturing (Ibsen and Stamhus 1993:55), and in 1998 only 16 per cent of wages were set by a national standard rate compared to 34 per cent in 1989 (DA 1999).

In 1989 a marginal system of ‘local wages’ was introduced in the public sector to strengthen productivity via wage differentiation. Because the system never became popular among public sector employees (Andersen et al. 1994), and because it never became really individualised,
it was partially abandoned in the collective agreements of 1995 and 1997, only to be replaced by another and more effective system securing decentralised and individually targeted elements in public sector wage-setting. Until 1997 this system of wage-setting at the workplace was met by fierce trade union opposition, but this suddenly changed and the unions now support the system, in anticipation that they can secure their members a pay increase in competition with and, at the expense of, other groups (see the section on ‘new’ union members below).

However, the labelling of collective bargaining since the 1980s as decentralised is, to a degree, ambiguous. In the first place, as indicated above, the general level of wage increase has often been predetermined by governments, and the state interventions in the bargaining rounds in 1995, 1997, 1998 and 1999 remove the responsibility from the decentralised bargaining parties and furthers the expectation that the state will solve the problems. Secondly, the agreements conducted at the outset of the bargaining round are seen as a model, which is followed in subsequent bargaining. This pattern is especially visible in that collective agreements in the public sector, accounting for one third of employees, normally duplicate the standards (at a slightly lower level) set in the private sector. Thirdly, the DA has tightly controlled the negotiations in order to ensure that the government’s and its own policy on wage restraint were respected. LO does not have the opportunity or power to maintain, direct and co-ordinate the negotiations of the individual trade unions and cartels, but some successful co-ordination has also taken place on the union side during the collective bargaining rounds of 1995, 1997 and 1998.

A further objection to the labelling of the collective bargaining as ‘decentralised’ since the 1970s is the fact that the entire conciliation system is still very centralised despite some changes in 1997. The various drafts on agreements and conciliation proposals have most frequently been linked together into huge packages covering several areas that only can be accepted or rejected in their totality. The special rules of this concatenation imply that a rejection of such a proposal from the Official Conciliator until 1997 not only depended upon a majority of ‘no’ votes, but these had to represent more than 35 per cent of the potential votes. Despite the limitation of the Official Conciliator’s
access to linking drafts and a more democratic voting procedure, this system still gives the conciliation institution a decisive role and reduces the impact of the decentralised elements in the bargaining system (Stokke 1999).

At the end of the day the decentralisation of collective bargaining since the 1970s might be termed ‘centralised decentralisation’ (Due et al. 1994). At least compared to other voluntarist systems, like the British or that of New Zealand since 1991, the mode of regulation in Denmark can be termed ‘centralised voluntarism’ compared to ‘decentralised voluntarism’. It must, however, also be taken into account that the workplace level has always been a significant part of the regulation of the labour market, and that union strength at this level is crucial for its success, even in a system termed ‘centralised voluntarism’.

As the termination of collective bargaining at the national level is simultaneously the starting signal for bargaining and signing local agreements, the unions have a very important and visible role at workplace level. A crucial factor in strong union representation at workplace level is the tillidsrepræsentant (shop steward), who is the connection between the employees and the union in both directions, between employees and management and between union and employer. Although the institution of shop steward is already well developed in Denmark, a successful decentralisation of collective bargaining and more individualised and differentiated wage systems and structures will rely heavily on the capacities of the local unions and the shop stewards. This will cause some problems, particularly within the public sector, and both employers and unions are aware of this. According to the 1997 public sector collective agreements, shop stewards were given more resources and time for representing their members, and in 1997 the LO started a campaign to improve conditions for shop stewards, including, in a first stage, a thorough analysis of these conditions (Jensen et al. 1999).

**Wages**

Despite a massive demand from employers, employers’ organisations, liberal economists and politicians, wage differentials have not yet increased, at least, not in terms of lowering relative wages for the low paid in
the private sector. On the contrary, during the past 20 years the general trend is that the low-paid groups have received relatively higher wage increases than higher-paid groups. That the groups with the highest unemployment rate, unskilled male and female workers, have not lost ground relative to skilled workers might be a bit surprising bearing in mind the tendency to ‘decentralise’ collective bargaining, the high unemployment figures and the absence of a minimum pay legislation. This indicates that the employers’ intention to differentiate wages has obviously failed. This failure is explained by difficulties in simultaneously trying to set an upper limit for increases and to implement a differentiated wage structure (Ibsen and Stamhus 1993).

The most visible development in wages during the past 20 years is the difference between private and public sectors. All categories of public sector employees have experienced a decrease in estimated total life incomes since 1975, while only two categories of private sector employees (engineers and brewery workers) have had such a decrease – which is more moderate than that of all public sector employees (Det Økonomiske Råd 1996). This development underlines the effectiveness of incomes policy for public sector employees, and contributes to the above-mentioned increasing unrest of some groups of employees within the public sector (especially nurses).

Unemployment: benefits and deficits for trade unions

The high level of unemployment during the past 20 years represents the classical threat to workers in a capitalist society. This is also the case in Denmark but, because of the relatively well organised labour market, the unemployment insurance system and other social provisions provided by the welfare state, market mechanisms do not work with the same effectiveness and in exactly the same way as economics textbooks prescribe. Many institutional and welfare state regulations soften or twist the effects of market forces. This does not mean that the economic cycles of a capitalist society do not have any influence on unions’ capacities and potentials. They certainly determine favourable or unfavourable conditions for the trade unions in Denmark.
Unemployment does not affect all persons in the same way. During one year between one quarter and one third of the labour force, some 600,000-900,000 persons, experience a longer or shorter period of unemployment. For most of them unemployment lasts only for a few weeks or months. They are typically in a segment where unemployment is, so to speak, ‘normal’ or where it is at least not widespread, which means that a chance for the next job will soon become available. For a smaller group, 100,000-200,000 persons, unemployment is a real threat to their welfare, because they are exposed to long-term unemployment. Elderly persons, foreign nationals, women and non-skilled workers are especially vulnerable.

**Unemployment and trade unions**

Trade unions do not have any effective strategy to reduce the differentiation and marginalisation following this segmented pattern of unemployment. In practice, they often emphasise the protection of the employed and combine this with support for unemployment policies which secure decent living conditions for the unemployed, especially those who are members of the unemployment insurance system.

According to neo-liberal theory, trade unions can contribute to reducing unemployment by accepting a reduction in wages, especially for the low paid and most frequently unemployed members. This strategy is, of course, rejected by the unions, as they see economic growth as the most effective or desirable strategy to reduce unemployment. They support all political measures to reduce unemployment in so far as they do not challenge the situation for those already in employment, but trade unions have very few opportunities to do anything effective to reduce unemployment (Larsson et al. 1985). The basic notion among trade unions is that economic growth is the best remedy for unemployment, and it is noteworthy that trade unions generally consider the implementation of new technology as a necessary condition for economic growth that should not be restrained, even though it also creates unemployment.

Having gradually lost faith in Keynesian strategy, however, trade unions have no coherent vision of how to create ‘full employment’ as it existed
during the 1960s, but have gradually come to accept the conditions of a neo-liberal, non-inflationary growth regime, which is also conditioned by the EMU-project. In 1987 even some sort of a tripartite social pact was signed stipulating that it is decisive for the Danish economy that ‘the level of costs in this country does not exceed that of the foreign countries’ (Fælleserklæring fra Regeringen, DA, LO, FTF and SALA, 8. December 1987). How much value and importance this document has actually had, apart from a manifestation of good intentions, is difficult to assess (the trade unions mainly saw it as some sort of guarantee for a new pension scheme), because it may be argued that during this period the interests of organised labour were increasingly subordinated to the interests of capital. The trade unions simply had to adapt to the new regime, meaning that no promises were given by the state concerning employment. Nevertheless, the unions were taught that wage restraint is the most secure road for improving employment, and they have accepted these conditions of a competitive regime (Lind 1999).

For the creation of new jobs many public sector trade unionists recommend more public sector jobs, but many private sector unions realise that this will increase taxation which they do not support. Schemes for special and subsidised jobs for the long-term unemployed are, in principle, supported by the trade unions, because they might be a benefit for the unemployed. Public sector trade unions, however, express some scepticism on this matter because the jobs created by such schemes often replace standard jobs. Trade unions have also been somewhat reluctant to integrate so-called social chapters into collective agreements since 1995. This is because they fear that employers might use them as an opportunity to spread low pay and flexible working conditions, which are common among especially vulnerable groups, to wider segments of the labour force, and, in this way, undermine existing standards.

One of the means to reduce unemployment is to reduce the supply of labour in the labour market. Trade unions were important actors in the introduction of an early retirement scheme in 1979, and, as was seen in 1998-1999 when the Government changed it, they still support this measure. During the 1980s a campaign on working time reduction was tried in order to create more jobs, but when weekly hours were
eventually reduced from 40 to 37, unemployment figures happened to be increasing. So, from a trade union point of view, the experience with working time reduction in the late 1980s did not reduce unemployment and the issue is no longer at the top of the agenda. The main reason, of course, is that unemployment has been decreasing since 1994, and, according to the Government, the worries are now of a future labour shortage, so that it is campaigning to increase the labour supply (Regeringen 1999), a campaign supported by the trade unions.  

During the 1970s, and occasionally in the early 1980s, trade unions often fought fiercely against company closures and recommended state intervention where a major industry was in crisis. This reaction and strategy was almost completely abandoned among unions in the 1990s, a change that was particularly visible when a traditional stronghold of militant trade unionism, the B&W Shipyard in Copenhagen, was closed down in 1995.

**Unemployment insurance**
A key factor in understanding the trade unions’ strategy and behaviour during the years of mass unemployment is to be found in the relationship between the trade unions and the unemployment insurance system. The unemployment insurance system in Denmark is based upon voluntary membership of an unemployment fund (the Ghent-system). The system was established in 1907 and unemployment funds had, until the 1970s, been entirely organised by the trade unions. These historical bonds still survive despite the establishment of many new and independent funds (including unemployment funds for people who have their own business). The main attraction of the unemployment insurance system is that it offers higher benefits in case of unemployment than the social benefit system does. In addition, it provides many opportunities for job offers for the long-term unemployed. Early retirement schemes and leave schemes are also more favourable for the members of the unemployment insurance system (Lind 1995). Consequently, the number of members of unemployment funds has been increasing during recent years, and, by 1998, no fewer than 2,392,000 persons, out of the total labour force of 2,883,000, were members of an unemployment fund.
Despite a gradual decrease in the relative level of unemployment benefits compared to wages, and restrictions in the access to qualify for benefits since the 1970s, it is quite indisputable that the unemployment insurance system is a very important factor in reducing the level of competition in the labour market. This is, of course, a main reason for trade union support of the system. But apart from this, the unemployment insurance system is a very important tool for recruiting members to the trade unions. In Denmark, what actually causes high membership rates in a period of mass unemployment is not the membership of a trade union itself, but the connection between being a member of an unemployment fund (which means being a member of the unemployment insurance system) and being a member of a trade union (Lind 1996). In this way the unemployment insurance system is the main reason for the very high trade union membership rates in Denmark.8

To summarise, the trade unions have benefited from the increasing role of the welfare state – and the diminishing role of the family (Hansen and Hansen 1995) – in providing non-employed persons with their means of subsistence. As a consequence of the special relationship between trade unions and the state, trade union membership rates tend to increase when there is a high risk of being unemployed. This does not, however, indicate a high level of solidarity among union members, who just join a union to obtain unemployment benefits in case of unemployment. On the contrary, this ‘passive-and-welfare-state-provision-oriented’ rationale of union membership might hide ongoing fundamental changes in wage-earners’ attitudes to trade unions and, thus, prevent unions from being aware of the need to embark on reforms of specific trade unions policies and structures.

The unemployment insurance system also has the consequence that trade unions are interested in preserving it as a more attractive system compared to the social security system. Trade unions actively support a differentiation among the unemployed, between the members and the non-members of the unemployment insurance system, meaning that trade unions have very little incentive to support the most vulnerable groups in the labour market. In a wider perspective, trade union interest in the maintenance and the improvement of the unemployment
insurance system forces them to support all initiatives to strengthen the relationship between the unemployed and the labour market. Otherwise the accusations levelled at the unemployed for not being available for the labour market would be stepped up and the benefits reduced. The whole system would then be threatened. A tight relationship between the unemployed and the labour market is a positive feature in that it means good jobs at standard conditions. But when it means formal obligations to participate in ‘workfare’ programmes and other sorts of merely disciplinary measures, this is not an advantage for the creation of a good relationship between the trade unions and their (potential) members.

Thus the special design of the unemployment insurance system in Denmark is, on the one hand, an important factor for the trade unions in preserving a high membership rate while, on the other hand, it restrains the trade unions from supporting policies which could reduce the disciplinary measures aimed at the unemployed. This also explains why official trade union policies did not support the creative work-sharing programmes invented by many members during 1994 on the basis of the temporary leave schemes (IRS 1994). Because of the special configuration of trade union relations to the state in Denmark, the unions derive benefits as well as deficits from unemployment policy.

Post-industrial workplace relationships?
Most discussions of ‘post-industrial society’ (Bell 1973), ‘new production concepts’ (Kern and Schumann 1984), and ‘post-fordism’ (Aglietta 1979) start out from the revolutionary effects of new technology and the decline of traditional industries and discuss emerging forms of work organisation, where management emphasises the ‘human factor’ and develops new forms of attachment between the employee and the workplace. On the one hand, these theories can be seen as successors of the ‘liberating’ theories of the 1960s (Mallet 1975), which predicted that the highly specialised and educated employees would become a democratising and revolutionary force. On the other hand, recent theories can be seen as predicting or calling for ‘good management’ (human resource management – HRM) in terms of
providing rewarding, interesting and developing jobs for employees insofar as the individual employee becomes the crucial force for the company’s competitiveness.

**Industrial change**

Although these issues are on the agenda, it is an exaggeration to maintain that a significant change from fordism to post-fordism has taken, or is taking, place in Denmark, as small and medium-sized companies have always dominated the industrial structure, and because de-industrialisation has not taken place to any significant extent. In relative terms, however, employment in manufacturing has lost ground to the service sector, especially the public sector. Service sector growth has taken place mainly at the cost of primary sector (agriculture and fishing) decline. Furthermore, the outcome of the implementation of new technology is not automatically given as ‘new production concepts’, nor does HRM come automatically with the new technology. New technology is not implemented in any predetermined way, but in a variety of organisational patterns demanding different forms of skills and degrees of discretion among the employees in a certain industry (Banke and Clematide 1988).

<table>
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<th>Table 4.2: Sectoral employment in Denmark*</th>
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<td>Primary sector</td>
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**Note**: *: all figures are percentages.

In general terms, the material background for radically changing workplace relationships might be absent, but this does not prevent developments taking place based upon merely ideological currents. It is possible to find good examples of a conscious and human resource oriented
management based upon the concept of a functionally flexible workforce as well as the opposite in almost all industries (Jørgensen et al. 1990). The differences in personnel management applied in various companies and industries – including the expanding service sector – are highly influenced by the financial terms and capacities. Before 1990 the main part of the finance sector was well known for its conscientious personnel management, but this deteriorated concurrently with the expanding financial crisis. In the retail trade, hotels and restaurants, which operate under the pressure of very high wage competition and a low level of collective agreement coverage, conditions of employment are very bad, characterised by low pay, part-time and routinised jobs and a lot of young ‘leisure-time’ employees in the retail trade (HK/Handel 1993, 1995), and employees of other nationalities in hotels.

Trade union strategies

Trade union strategy is to change employment practices at workplaces where the use of numerical flexibility and repetitive working processes are dominant. This union strategy will reduce employment insecurity, and most unions are active in supporting management strategies that emphasise functional flexibility. In this way, the unions share the employers’ interest in developing and educating the labour force. But it is evident that this strategy will most probably be to the benefit of the employed, mainly because it will reduce numerical flexibility, and, consequently, the chances of the unemployed being able to find a vacant job. Employers will also be more interested in training and education for the core segment of their personnel.

In line with this strategy of improving functional flexibility, the unions, especially the LO, have adopted a strategy on ‘developing work’ to be implemented in co-operation between management, the local unions and the individual member (Hvid 1990; LO 1991). In essence it means that work will be interesting, challenging, and will result in the development of skills and higher levels of qualification. The strategy also calls for the integration of the employees into participative decision-making structures, which is strongly supported by most trade union members (Jørgensen et al. 1993). This sort of ‘developing work’ can be found in
all industries and among all kind of employees, but is more widespread among upper-level white-collar employees (43 per cent) than among non-skilled workers (5 per cent) (Thaulow 1994).

A consistent and radical strategy for the unions would be to focus on the needs of the individual and to direct union activities in accordance with management’s presumably higher emphasis on the individual’s personal qualities, qualifications and productive capacity. In adopting the strategy of ‘developing work’, unions have taken the first step on the path towards a more interesting working life, in which the employees will be provided with better qualifications and, perhaps, a wider social understanding and perspective. This also means a stronger attachment to the workplace and dependency on management. It has many positive implications, but working life is not a system populated by agents of equal status and power, and thus not a sphere of non-domination among equals where Habermasian ‘communicative action’ can take place. At the end of the day, management (or the capitalist reality) has the say.

New management strategies and the ‘developing work’ strategy also inherit strong potentials for increasing segmentation. Not all workers consider their working life as the prime area in which to seek satisfaction and fulfilment. Compared to men, many women are still more attached to family life than work. They ‘are available for the family to ensure that their husband can be available for work’ (Holt 1994: 16), and they enter the labour market primarily to earn money and cannot meet the demands of identifying themselves with their job and their workplace. They increasingly become the periphery of the labour force if the employers’ demands for employee commitment to the workplace are too great.

‘New’ union members

In many countries rapid social change has caused problems for the trade unions, because they are faced with new kinds of (potential) members in new areas of employment where unionisation has a weak base, or no base at all. As mentioned above, industrial change has not been that dramatic in Denmark, and, as a major reason for being a
member of a union is the risk of unemployment or underemployment, increasing labour market flexibility in most cases actually supports the propensity to become a union member. Apart from the emergence of ‘new’ union members derived from these structural changes, unions are also facing the problem of organising the new generation of workers. The variety of problems in organising the ‘new’ members will be discussed concerning white-collar workers, public employees, employees in non-standard jobs, women and young workers.

White-collar workers

New technology is gradually changing the workforce in terms of increased skills and qualification requirements, and this has, together with more service sector employment (including public sector employees), resulted in more employees becoming white-collar workers. Generally white-collar workers have a lower propensity to become trade union members (Visser 1990). This is especially the case if the trade unions have a formal connection with socialist parties, which, until the mid-1990s, was the case for all LO-affiliated unions in Denmark. The other main organisations – FTF to which white-collar, mostly public sector, unions affiliate, and the AC which represents unions which recruit people with an academic education – explicitly have no political orientation. A recent survey among members of LO-affiliated unions (Jørgensen et al. 1992) shows that white-collar union members vote, to a lesser degree than other members, for socialist parties, that they have slightly more critical attitudes to their union, and are less participative in union affairs than blue-collar workers.

The trade unions are adapting to these facts. Although only about 3 per cent of the LO trade union members had opted out of their economic support for the SD in 1996 via membership fees, the formal bonds between the LO and the Party were terminated in 1996. Informally, however, the close relationship still exists. Realising that white-collar workers demand different union activities than blue-collar workers, white-collar unions have experimented with various new strategies. For instance the most important white-collar union, the HK, has tried to implement what was called the ‘24-hour membership’ meaning that the union should provide services for their members in the areas of leisure,
holidays and insurance. This, however, never gained broad support among the members (HK 1990).

Blue-collar workers, who typically deal with new and specialised technologies, are frequently offered new employment contracts as white-collar workers by their employers. This typically means more employment security. During the last 10 years or so, Metal has developed collective agreements covering this category of worker, and in 1995 the collective agreement for technical and administrative staff was incorporated into the general agreement covering manufacturing industries.

**Public employees**

As in most other countries, public employees are among the most unionised groups in Denmark. Compared to members employed in the private sector, public employees in LO-affiliated unions are more convinced of the necessity for trade unions. Their priorities in joining unions are to a higher degree based on reasons of solidarity (Jørgensen et al. 1992). A main issue over the past eight years or so has been the system of decentralised wage bargaining, which, with much hesitation, was accepted by most public sector unions and strongly opposed by many members. For the bargaining round in 1995 the police and the teachers’ unions were the leading forces in claiming that the local wage system should be abolished and the cartel of public sector employees succeeded in their claim on the phasing out of the local wage system.

As mentioned above, the new decentralised wage system introduced in 1997 provides employers with greater opportunities to differentiate wages among groups and individuals of public sector employees. For some reason, the unions and most members seem to have accepted this new system. This u-turn between 1995 to 1997 might be explained by the increasing internal problems among the unions in mutually respecting and recognising their position on the pay scale. In particular, the nurses’ campaign for better pay resulted in severe conflicts among the unions, and they might have seen the new decentralised wage system as an opportunity to fight this battle at the decentralised level. If this is to be the case, the future will bring much more unrest in the public sector.
Reform of the wage system is only a part of a major package of modernisation for the public sector, which has privatisation and the implementation of private sector industrial relations into the public sector as its main elements. This has already caused lower wages and less attractive working conditions for most public sector employees. Some trade unions see themselves as winners in this process, but it is at the expense of others. So far the unions have not been capable of finding a united counter-strategy to the employers’ ‘modernising’ policies, and it seems as if future developments will depend on the employers’ calculations of costs and benefits from the restructuring of the public sector.

Non-standard employment

Ongoing industrial restructuring and increased competition in Europe are the main reasons why employers prefer more flexibility in the employment relationship. High unemployment rates and the deregulation of industrial relations are main reasons why employers can succeed in creating more flexible patterns of work (Rodgers 1989). The tendencies in, and experiences of, non-standard employment vary widely among the various countries, as do the implications for the trade unions. According to Danish official statistics, temporary employment actually declined from 182,000 in 1984 to 170,000 in 1996, and the total number of employees working part-time decreased from 498,000 in 1984 to 387,000 in 1996. Non-standard employment is most frequent among women, young, elderly and non-skilled workers, and such jobs are most widespread in construction and the service sector, especially in the retail trade, hotels and restaurants.

Trade unions traditionally prefer a standard employment relationship, but have increasingly come to accept part-time employment, because many female members actually prefer such jobs. Part-timers are less likely to be trade union members than full-timers, but the difference is minor and does not pose any serious challenge to unions in terms of low membership rates. Neither does the widespread temporary employment in, for instance, the construction industry, because unions have a strong base there. In areas, such as the service sector, where trade unionism is very weak and the concentration of both part-time and
temporary employment is very high, the unions have poor prospects of achieving high membership rates. The absence of unions and regulation by collective agreements result in working conditions in these areas being relatively poor.

**Women**

The growth in the rate of labour market activity among women started in the 1960s and by 1994 was 71 per cent, compared to 80 per cent for men. Since 1987 the activity rate among men has declined. Labour market participation among women is not just a temporary increase in the supply of labour when demand increases, but must now be considered as a more permanent phenomenon. Women still dominate part-time employment, but not to the same extent as before, and they are concentrated in public sector and in service sector jobs (in health care and social services 85 per cent of the employees are female). There are almost no women in construction, and relatively few in manufacturing.

This highly gender-segmented labour market also reflects the fact that women generally are less well paid than men. This is not because their unionisation rate is lower than that of male employees (it is not), but presumably for a number of other reasons; for instance, because the typical jobs for women are ranked and paid at lower rates. Furthermore, trade unions that predominantly organise women have relatively weaker industrial power and women are generally considered as less stable and financially deserving employees than men, because they still carry the main burden for family affairs.

Even among trade unions with the highest proportion of women, the elected union officials tend to be male. Organisational life is definitely still dominated by men. In HK (white-collar employees) only one-third of the members are men, but they have never elected a female president (the vice president is traditionally a woman). In the FOA the president is also a man, even though men account for only some 12 per cent of the membership. Compared to men, women's attitudes to their union show that they are generally less active than men, they have more explicit reasons to join a union, and that they emphasise a solidaristic
wage policy more than men, especially when it comes to reducing wage differentials between men and women (Jørgensen et al. 1992).

**Young workers**
Apart from the gender issue, recruiting new members among the younger generation presently entering the labour market has always been an important task for any union, insofar as this is an investment for the future. During the 1970s, the recruitment of the new generation was not considered to be a major problem, because the young generation was dominated by a socialist political tendency, but during the 1980s neo-liberal attitudes, with a more hostile perception of trade unions, became more fashionable among young persons. The popularity of bourgeois ideology made many trade unions aware that recruitment of the younger generations was a critical issue during the 1980s and might be so during the 1990s. This added to the inherent problem of convincing people, who enter an existing structure of relationships, that this is not automatically given, but is a result of combined efforts to improve living and working conditions and is to be continuously defended and reproduced.

In 1996 some unions reported that the intake of young people under 25 had halved. The LO, which had just started a campaign for improving the relationship between young people and the trade unions, enquired into the issue and found that, within the cohort of young people, the proportion organised in trade unions had declined by 0.3 per cent between 1990 and 1996. This inquiry covered the age group 16-25 years. The most significant decline was found in the group between 16-19 where the trade union membership rate was reduced by 2.4 per cent. This moderate decline was explained by the fact that an increasing number of young people were attending further education and accordingly were not potential trade union members. The decrease in the numbers of young members of some trade unions is thus the result of the combined effects of a change in educational and skill patterns of the labour force, and demographic changes, particularly the decline since 1989 of the number of persons in the 15-24 age range.
Recruitment has not been a problem so far, but the new trade union members have in many respects a different relationship to the union than older members. Young trade union members tend to be more passive, to consider trade unions to be less necessary, and to support solidarity wage policies to a lesser degree than older members (Jørgensen et al. 1992). This might lead to the interpretation that the future potential trade union members will be more hesitant in joining unions, less participative and less solidarity (Bild et al. 1992), but on the other hand young people might change their mind when they grow older and become more experienced with working life. At least it is a fact that young people in the 1970s were also less supportive of trade unions than old people were, and that the young people of the 1970s are among the strongest supporters of trade unions now (Lind 1996). The future will tell if the predominantly liberal-minded young people of the 1980s and 1990s also will turn to trade union supporters as they grow older.

Danish trade unions and the European Union

The free movement of capital, goods and labour in the European Union (EU) is a threat to the trade unions because it creates more competitive pressures on national labour markets. The different institutional structures and social standards in the various countries mean differences in competitiveness, and wage earners have been told that they have to be more flexible in order to ensure that their jobs do not disappear. The EU-project is, in this way, used by employers, politicians and ‘experts’ to intensify the ideological pressure on unions and their members. The promise is that economic wealth is around the corner if Europe can compete effectively with USA and Japan.

Although Danes are hesitant about further European integration, the trade unions, apart from the left wing opposition, have almost unanimously supported the EU since the mid-1980s. The official LO policy on the Maastricht treaty was also supportive, but it was heavily based upon the sovereignty of ‘the Danish model’ of industrial relations, characterised by relative autonomy for the trade unions and the employers’ organisations to regulate the basic relations of the labour mar-
The so-called ‘subsidiarity principle’ has played a major role in the trade unions’ support for EU integration, because it is supposed to guarantee that directives from the EU can be implemented in Denmark as collective agreements. This road has been paved with obstacles.

Firstly, because the collective agreements do not cover more than 60 per cent of the private sector labour market and there is no follow up legislation (an *erga omnes* clause). The consequence is that many private sector employees do not benefit from EU directives as they should, and this, of course, does not satisfy the European Commission. Secondly, the decentralisation of collective bargaining makes it much more complicated to implement directives. Thirdly, it proved complicated to establish the agreement between the LO and the DA about procedures for implementing EU directives, as the DA is basically opposed to regulation (this was eventually reached in 1996). Fourthly, the content of some directives simply does not comply with the voluntarism of the Danish system.

Apart from the left wing opposition, the trade unions increasingly realise that legal regulation is necessary, but they still fear that this might reduce the trade union influence and power and that the European Court interferes with the Danish labour courts based upon collective rights (Larsen-Jensen and Bøgh 1996). In their defensive attitude to the voluntarist mode of regulation they are in fact scapegoats in their cooperation with the DA, which does not want any regulation. This unholy alliance forces the Danish LO to be a foot-dragging partner compared to its fellow trade unions in the ETUC (Knudsen and Lind 1999), and it is still possible that, if legislative implementation of EU directives becomes too dominant, this “might lead to the national industrial relations actors reconsidering their support for European industrial relations regulation” (Jensen 1995:398).

A related major issue is the fear of ‘social dumping’, and the LO has invested much energy in convincing trade union members that this will not happen. The Social Charter and the further development of the Social Dimension in Europe are strongly supported by the majority of Danish trade unions, particularly where minimum standards of social security are imposed. Partly for solidarity reasons, but also because European cooperation in social and labour market policy is seen as a remedy for
imposing higher social costs on production of some European countries with relatively low social standards, and thus avoid competition for Danish products. To put it in blunt terms, Danish trade unions do not recommend further EU integration for reasons of solidarity, but rather as a means of protecting themselves; an attitude which is necessary to legitimise the EU project in the eyes of sceptical members and, in some cases, to avoid social dumping. For example, the issue of the free movement of legal foreign workers between the member states is opposed by Danish trade unions, together with their Nordic counterparts.

The road to further EU integration is paved with obstacles concerning labour market regulation. Apart from the general political problems of transferring national sovereignty to EU political bodies, many institutions for labour market regulation are simply absent. With no European labour law, questions concerning European collective bargaining remain unclear. On the trade union side, the ETUC is still a very weak organisation, divided by conflicting interests and strategies (Rath 1994). With no strong central organisation, the future might be shaped by sectoral institutions and agreements which might be obstacles in creating a strong ETUC and a common trade union strategy and policy in Europe. This conflict has its Danish dimension. The LO strongly supports the ETUC, whereas Metal supports the creation of strong international sectoral relationships and institutions. The problems are unresolved, and the reform of organisational structures in European trade unionism reflects the issues of national interest representation.

Trade union organisation and the problem of interest representation

A century ago the first general secretary of the Danish LO (Jens Jensen) stated that ‘the organisation we are creating must be strong and firm because it shall conquer a world, but it shall also be organised from democratic principles because it shall develop human beings’. These two organisational strategies and their inherent antagonisms are still on the agenda when trade union organisational structures are considered. Trade unions must be organised to secure victories, to conquer new
terrain, and, on the other hand, to secure the reproduction of the supportive and participative potentials of the membership.

The basic rationale of trade unions in Denmark is still the organising of the sale of labour by collective bargaining with the employers. But in a society – like the Danish – with a high degree of state intervention in the labour market, relations with the state are also of major significance. Collective bargaining at the central (national) level and participation in corporatist decision-making and implementation processes are potentially difficult to combine with the desirable participation of lay members, whereas local union activities relating to the enterprise level are much closer to the members.

Thus, the process of organisational (re)structuring and change has many imperatives which do not necessarily coincide. The administrative restructuring of the state has had a major influence on the LO internal structure at the regional level. The legislation regulating the unemployment funds – one condition for state approval of an unemployment fund in 1970 was 100 members and in 1995 no fewer than 5,000 members – has resulted in many union mergers among small trade unions. The state has thus definitely influenced union structures, but the main inspiration for, and discussions on, change in union structures have during the years been inspired by the changes in industrial structures, employers’ organisational structures and considerations on internal communication and co-ordination.

In 1960 forty-six trade unions were affiliated to the LO, in 1980 thirty-three, and in 1998 twenty-three. This reduction of member unions is mainly due to mergers among unions which is a still ongoing process. Some of the most important mergers during the 1990s are mergers of the unions in printing into one union, Murerforbundet (Bricklayers’ Union) with Specialarbejderforbundet i Danmark (SiD, Union of General Workers), Snedker og Tømrerforbundet (Carpenters’ Union) with Træindustriforbundet i Danmark (Union for Wood Manufacturing) to form Forbundet Træ-Industri-Byg i Danmark (TIB, Union for Wood-Manufacturing-Building), Dansk Beklædnings- og Textilarbejderforbund to join the SiD, and manual workers’ unions in the public sector have merged into Forbundet af Offentligt Ansatte (FOA, Union of Public Sector
Chapter 4: Denmark

Trade unions in Europe: facing challenges and searching for solutions

General Workers). In 1999 the Restaurations- og Bryggeriarbejderforbundet (RBF, Union for Restaurants and Brewery Workers) split into two separate unions and it is expected that the brewery workers will join the SiD, the Grafisk Forbund (GF, Union for Printers and Graphical Workers) split, and negotiations are taking place about Telekommunikationsforbundet (Union for Telecommunication Workers) to join the Dansk El-Forbund (Electricians’ Union).

Being a complicated mixture of organisational principles derived (and to a high degree unchanged) over 100 years, the most important issue is still to form a trade union organisation which reflects the industrial structure and not the differences in status, skills and gender of the labour force. Unions are still organising along the lines of white-collar or blue-collar workers, skilled or unskilled workers, men or women, public or private sector employed and according to profession. After more than 20 years of unsuccessful attempts – and savage conflicts especially between Metal and SiD – LO has not been able to reach a compromise for a new union structure. Indeed, during spring 1994 the LO strengthened the various industrial cartels (which at the same time meant a weakening of the ‘centralised’ parts of LO), and at the beginning of 1995 the main trade union bargaining bodies were concentrated in six cartels.

The creation of the cartels was the second best solution when a new organisational structure could not be agreed upon among the unions. The cartels’ main function is to conduct collective bargaining, but they are also expected to take over more and more functions from both the LO and the member unions. The cartel for manufacturing workers, CO-industri, functions the best, while other cartels have had less success and are struggling with internal conflicts, especially the HTS-kartellet (the cartel for trade, transport and service) from which part of the HK and the SiD decided to withdraw at the end of 1999. CO-industri has 12 affiliated trade unions with a total number of 330,000 members (1997), and, apart from collective bargaining, it runs a pension scheme, operates educational schemes, and initiates some workplace campaigns on new technology and co-operation.
The cartels were a consequence of the thorough restructuring of the DA during the final years of the 1980s until the mid-1990s when it lost its bargaining power. Five industry-based organisations (manufacturing, printing, construction, retail, and wholesale) were created, and provided with the resources for interest representation. The creation of Dansk Industri (DI), as the organisation for all organised employers within manufacturing, has made it necessary for the trade unions to adapt to the structures of the employers. After numerous years when the trade unions were unable to solve their organisational discrepancies, the employers set the agenda and left the unions in a very vulnerable situation. Referring to the wise words of Jens Jensen, the unions cannot conquer the world with this lack of resolution.

At least this must be the lesson in a long-term perspective. The experience from the collective bargaining rounds in 1995, 1997 and 1998 was that the bargaining structures on the trade union side proved to be effective in their capacity of maintaining some of the LO priorities on main issues and, at the same time, to compromise with their employer counterpart. In fact, the main organisational problem showed up on the employers’ side, where a revolt from minor DA member organisations in 1995 was firmly overpowered by the DI. In 1998 the DI succeeded in maintaining a firm grip on bargaining, but some of the other member organisations in the DA publicly protested against the DI supremacy. The DI dominance in the DA (over 50 per cent of the votes) and the actual, and non-hesitant application of its power, highlighted the necessity of a minority protection clause in the DA, if future internal conflicts are to be restrained.

The internal functioning of the unions can always be criticised for being too centralised, lacking the involvement of the members, and not acting in accordance with the interest of the members. In fact this is the major point of criticism from the members directed at their unions. According to survey results, there is a massive need for a decentralisation of the decision-making processes in unions, and for more efforts at involving union members. One-third of the members do not believe their voice is heard in the union, and that the union leaders do not act in accordance with members’ interest (Jørgensen et al. 1992).
Nothing is new in these problems of ‘oligarchy’ (Lund 1979). According to the members themselves, the trade unions have actually improved their internal functioning and their contact with their members during the last 20 years (Lind 1996). But this does not mean that the unions just can go on with their previous practices. Rather it emphasises that improvement of the internal functioning of the unions is an inherent issue and has to be taken into permanent consideration. The lack of internal participative democratic processes in trade union organisation are most frequently discussed in terms of organisational failures. However, this is just one side of the coin. In a broad societal sense, participative concern among trade union members might be influenced by socio-historical developments (Hirschman 1982) and must certainly be seen in a wider social institutional context without focussing solely on a narrow organisational level.

In the case of Denmark this means that the special relationship between trade union membership and unemployment insurance enforces the passive elements in membership attitudes. Given this institutional setting, how far can internal trade union structures be blamed for a passive membership? It might not be the whole truth just to blame the organisation about the deficiencies in the relationship between members and organisation. If most members consider their union as an ‘apparatus’ which they expect to secure some welfare state provisions in case of unemployment, they are not necessarily also prepared to exercise a high level of involvement in trade union activity (Lind 1996).

Conclusion: to modernise or to follow the fashion?

An important question for the analysis of trade unionism is whether unions just react to, or can actually influence, developments in society. Are unions policy takers or policy makers? This has to be considered in connection with several other questions, such as what sort of social changes are taking place, are the changes desirable for unions in general and in particular, can they be strengthened or restrained by union action, what sort of strategy should be applied? The list is endless, so just a few remarks are feasible.
Like all other social actors, unions are policy makers and policy takers. Unions are part of capitalist society and are constantly shaped by historical events that they have participated in creating. In Denmark, as well as in other European countries, unions and social democracy have been triumphant since 1945. They have, to a higher degree than before the war, been policy makers. Has this era come to an end, overtaken by neo-liberalism and post-industrialism, and must unions necessarily adapt to these tendencies to survive? It is no easy task to carry the banner of ‘flexibility’ and simultaneously ‘defend, raise, and extend the minimum conditions and standards of civilised labour’ (Visser 1992:43). If the era of social democracy and workers’ combined efforts to protect themselves has ended, there is no room for trade unionism in a classical, solidaristic sense. Does this mean that unions should invent and participate in the implementation of an increasingly more competitive, selfish and market-oriented industrial relations and social culture? Or does it mean that unions should try to turn the tide or at least try to be some sort of advocate for a more altruistic and communicative society?

In the late 1970s the general secretary of the LO, Thomas Nielsen, said that ‘we have become victims of our own successes’ (Vi har sejret ad helvede til, godt!), referring both to the victories won by the labour movement in creating a high level of social security, and to the preliminary signs of crisis of the labour movement in finding a new strategy for developing welfare in society. The victories of the labour movement – the welfare society and the trade unions – had been institutionalised and were criticised for being non-human, alienating and self-contained apparatuses. A coherent and new social democratic strategy has not been invented since the Keynesian collapse and the labour movement has adapted some of the neo-liberal strategy – at least concerning the welfare state and the acceptance of the non-inflationary growth regime – and combined it with more emphasis on social policies.

One of the most important lessons for the trade unions during the 1970s was that pay increases and all other reforms cost money not only for the employers, but also for the society as a whole, and that such demands have to be ‘responsible’ from a macroeconomic point of view. Otherwise a collective agreement could not be reached or the government raised taxes to reduce consumption. If the outcome of the 1980s
and the first half of the 1990s is more decentralised and autonomous bargaining at the enterprise level, this macroeconomic 'responsibility' may be difficult to put into practice, and the challenge for the unions will be to involve their members in a much more participative pattern than until now has been the case. This contains an opportunity and a risk. The opportunity is that decentralisation actually results in increased membership participation in union affairs. In this case the organisation can secure co-ordination, expertise and solidarity for an active and conscious membership. The risk is that decentralised collective bargaining will end up in increased competition between fragmented groups of members (or non-members). This scenario is in accordance with the strategy of the majority of the employers' organisations.

Trade union 'responsibilities' in achieving the macroeconomic balances in the non-inflationary growth regime may cause some tensions between the peak organisations and the individual unions and their members. This is especially the case after the peak organisations' committed themselves to respect the interests of state and capital in order to maintain bipartite and tripartite co-operative relationships. This was clearly the case in 1998, when the LO-leadership was heavily criticised from within the trade union movement because it was seen as going too far in its compromises, both during the collective bargaining round and at the tripartite negotiations on unemployment policy (Lind 1999).

Perhaps one of the most crucial issues for the trade unions is the high rate of unemployment. Trade unions are at risk of supporting the social marginalisation of vulnerable groups, as long as a coherent strategy to fight unemployment is not established. A solidaristic work-sharing strategy on a societal basis could be a relevant remedy, but as long as the unions are tied to the rationale of traditional labour market policies, because of their dependency on their relationship with the unemployment funds, they are prevented from, and not interested in, creative thinking in this matter.

The unions are part of a system, or a set of relations, which restrains and shapes their behaviour. This ‘centralised voluntarism’ is preconditioned by a mutual recognition that a high level of social responsibility is an important prerequisite if the unions want to be taken seriously by
both the employers and the state. This tacit social contract, based on a consensus on macroeconomic policy, is a cornerstone of the Danish mode of labour market regulation. However, preserving a low level of inflation, which has been a key target in recent years, seems most frequently to curtail trade unions’ demands and further those of the employers, while reducing unemployment is seen as the dependent variable which may or may not take place. This structural bias against trade unions is an inherent constituent of capitalism, and is not, in any sense, reduced by the social contract of ‘centralised voluntarism’.

The unions, particularly those within the public sector, accept restraint in order to preserve this set of relations, and they are very cautious to avoid or to counteract other threats to this ‘centralised voluntarism’. In this process they are tied to co-operate with the employers’ organisations. Without their support and participation the system would fall apart. The employers are very much aware of this and, thus, take all the advantages they can, but in some aspects this seems to move the future of the existing set of relationships out onto thin ice.

Firstly, the centralisation of power inside the DA to a single member organisation, the DI, might result in a major unrest inside the DA which might split up the organisation. This will inevitably weaken both centralism and voluntarism in the mode of labour market regulation. Secondly, the decentralisation of collective bargaining and the individualisation of wage-setting are reducing the influence of collective agreements, and once this process is taken to a certain point, both employers and employees will question the need for collective bargaining and unions. Thirdly, the voluntarism of labour market regulation in Denmark is challenged by EU regulation. Mainly because one hundred per cent coverage of directives presupposes legislation or *erga omnes*, but also because employers are against regulation and act very reluctantly, and often seem to sabotage the implementation. The main results of the implementation of EU directives in Denmark are either that directives or Danish legislation are written directly into the collective agreements. This is done in the belief that this can keep the European Court out of the Danish labour market and thus protect the collective rights (the organisations’ monopoly) on regulating the labour market. It is obvious that this strategy cannot go on in the future (the EU must intervene),
and, apart from protecting the voluntarist mode of regulation, it is difficult to see what the unions gain from it as they, until now, have not been able to use EU regulation as a stepping stone for bargaining higher standards.

The unions are protecting and defending the Danish mode of labour market regulation, the ‘centralised voluntarism’, because they can see advantages, but, at the same time, they are heavily dependent on their narrow relationship with the welfare state through the Ghent system. It makes them a part of the welfare state apparatus and this is not only an advantage. Centralism and state dependency are not features that stimulate membership participation.

According to member surveys, however, the trade unions are not in a hopelessly bad position when it comes to strengthening membership participation. As already mentioned, the membership-union relationship has not deteriorated during the past 20 years. Membership participation might have decreased slightly, but the internal functioning of the trade unions is not criticised as much now as 20 years ago, and communication between member and union has improved. Most importantly, trade unions are, from the members’ point of view, more necessary now than before (Lind 1996). At least this is a good starting point. But it is nonetheless a problem that many members have an overwhelmingly passive attitude to their union which they consider as an unemployment fund, demanding no other activity from the members than paying their membership fee and unemployment insurance contribution.

Considering the present widespread opinion among members of trade unions in Denmark that unions should stick to traditional tasks concerning working life and not be involved in other sort of activities (Jørgensen et al. 1992; Dansk Metalarbejderforbund 1990), it does not seem to be a good idea that trade unions should expand the range of services for their members to areas other than working life. But they are not necessarily prevented from gradually adapting a more discursive and developing internal membership culture and a continuation of the fight for political and economic democracy (Negt 1989; Hoffmann et al. 1990; Zoll 1993). In fact, if any institution of working life should have this obligation, it can only be the unions and not management, whatever
version of HRM is implemented. For the time being it seems, however, that many members do not have this aspiration for Danish trade unions.

To some extent union membership and the environment have changed, but the judgement is not that trade unions in Denmark are antiquated, because they have not realised that collective organisational principles and interest representation are passé in a time where solidarity and common values are replaced by the sovereignty of the individual. They are not necessarily antiquated because they are hesitant in abandoning a traditional scepticism to management’s intentions and capacities in the employers’ demand for individualistic and flexible employment relationships. The allegations that trade unions are superfluous in a modern welfare society where the same values and economic interests are shared is simply not true. The class society is still in place and the unions are still very much needed in society.
## Appendix I: Peak organisations and affiliated unions, 1 January 1998

<table>
<thead>
<tr>
<th>Union title</th>
<th>Membership (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landsorganisationen i Danmark (LO, Danish Trade Union Confederation), 23 affiliated unions</td>
<td>1484</td>
</tr>
<tr>
<td>Handels- og Kontorfunktionærernes Forbund i Danmark (HK, Union for White-collar Workers in Retail and Office)</td>
<td>355</td>
</tr>
<tr>
<td>Speciaalbejseforbundet i Danmark (SiD, Union for General Workers)</td>
<td>320</td>
</tr>
<tr>
<td>Forbundet af Offentligt Ansatte (FOA, Union of Public Sector General Workers)</td>
<td>204</td>
</tr>
<tr>
<td>Danisk Metalarbejderforbund (Metal, Engineering Workers’ Union)</td>
<td>143</td>
</tr>
<tr>
<td>Kvindeligt Arbejderforbund (KAD, Union of Women General Workers)</td>
<td>88</td>
</tr>
<tr>
<td>Forbundet Tran-Industri-Byg (TIB, Union for Wood-Manufacturing-Building)</td>
<td>72</td>
</tr>
<tr>
<td>Nærings- og Nylænsmiddelarbejderforbundet (NNF, Union for Food Processing Industries)</td>
<td>42</td>
</tr>
<tr>
<td>Teknik Landsforbund (TL, Danish Association of Professional Technicians)</td>
<td>33</td>
</tr>
<tr>
<td>Pædagogisk Mødshjælper Forbund (PMF, Union for Assistants in Kindergartens)</td>
<td>30</td>
</tr>
<tr>
<td>Restaurations- og Bryggeriarbejderforbundet (RBF, Union for Restaurants and Brewery Workers)</td>
<td>31</td>
</tr>
<tr>
<td>El-Forbundet (Electricians’ Union)</td>
<td>30</td>
</tr>
<tr>
<td>Grafisk Forbund (GF, Union for Printers and Graphical Workers)</td>
<td>23</td>
</tr>
<tr>
<td>Socialpædagogernes Landsforbund (SL, Union for Social Assistants)</td>
<td>25</td>
</tr>
<tr>
<td>Danisk Funktionærforbund (DF, Union for White-collar Service Workers)</td>
<td>22</td>
</tr>
<tr>
<td>Malerforbundet i Danmark (Painters’ Union)</td>
<td>14</td>
</tr>
</tbody>
</table>
### Trade Unions in Europe: Facing Challenges and Searching for Solutions

<table>
<thead>
<tr>
<th>Union Name</th>
<th>Affiliated Unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telekommunikationsforbundet (Union for Telecommunication Workers)</td>
<td>14</td>
</tr>
<tr>
<td>Dansk Postforbund (DPF, Postal Workers' Union)</td>
<td>12</td>
</tr>
<tr>
<td>Other Unions in LO</td>
<td>28</td>
</tr>
<tr>
<td><strong>Funktionærernes og Tjenestemændenes Fællesråd</strong> (FTF, Salaried Employees' and Civil Servants' Confederation), 95 affiliated unions</td>
<td>344</td>
</tr>
<tr>
<td>Dansk Lærerforbund (DLF, Danish Teachers' Union)</td>
<td>59</td>
</tr>
<tr>
<td>Dansk Sygeplejerråd (DSR, Danish Nurses' Organisation)</td>
<td>51</td>
</tr>
<tr>
<td>Finansforbundet (Financial Services' Union)</td>
<td>45</td>
</tr>
<tr>
<td>Børne- og Ungdomspædagogernes Landorganisation (BUPL, Danish Pre-school Teachers’ Union)</td>
<td>44</td>
</tr>
<tr>
<td>CO II-gruppen i FTF (COII, Central Organisation for State Employees)</td>
<td>30</td>
</tr>
<tr>
<td>Other Unions in FTF</td>
<td>115</td>
</tr>
<tr>
<td><strong>Akademikernes Centralorganisation</strong> (AC, Danish Confederation of Professional Associations), 22 affiliated unions</td>
<td>143</td>
</tr>
<tr>
<td>Ingeniørforbundet i Danmark (IDA, The Society of Danish Engineers)</td>
<td>39</td>
</tr>
<tr>
<td>Danmarks Jurist- og Økonomforbund (DJOF, Association of Danish Lawyers and Economists)</td>
<td>20</td>
</tr>
<tr>
<td>Dansk Magisterforening (DM, Danish Association of Masters and PhDs)</td>
<td>16</td>
</tr>
<tr>
<td>Den almenelege Danske Lægeforening (DADI, Danish Medical Association)</td>
<td>12</td>
</tr>
<tr>
<td>Gymnasieskolerernes Lærerforbund (GL, Danish National Union of Upper Secondary School Teachers)</td>
<td>11</td>
</tr>
<tr>
<td>Foreningen af Danske Civiløkonomer (FDC, Danish Association of Graduates in Economics and Business Administration)</td>
<td>9</td>
</tr>
<tr>
<td>Other Unions in AC</td>
<td>37</td>
</tr>
</tbody>
</table>
1 This article is a revised and updated version of an article published in *Transfer* Vol. 1, No. 1 1995.

2 Subsequent collective agreements have further reduced working hours which are now 37 hours a week. The highly pragmatic relationship between legislative (state) regulation of the labour market and the collective (bipartite) regulation in Denmark can also be seen from the introduction of the pension schemes in 1991. The Conservative-Liberal government abstained from legislation in this matter and the schemes became part of the collective agreements. In another political environment this could easily have been the other way round.

3 The opposition from employers and the right wing because economic democracy would change the power in favour of the workers, and the opposition from the left wing because the proposal from the Social Democrats was too centralistic and would not improve the democratic participation in decision making in working life among ordinary workers.

4 Despite the verbal commitment to ‘decentralisation’ the DA’s tight control over the member organisations has been exposed during the 1995, 1997 and 1998 bargaining rounds. In 1995 the DA simply abstained from recognising the first agreements obtained between a member organisation and the trade unions claiming that they were too expensive, in 1997 it tried to impose a three year duration on all agreements, and in 1998 all bargaining was halted until a level setting compromise was obtained within manufacturing industry. This centralised control by the DA is further underlined by the fact that the power in the DA is in the hands of a single member organisation, *Dansk Industri* (DI, Danish Manufacturing Employers), which has over 50 per cent of the votes in the DA.

5 In the 1995 ballot on the Official Conciliator’s proposal only 33.1 per cent of trade union members participated - the lowest figure ever. This clearly reduced the legitimacy of the collective bargaining and the conciliation process, and the new rules from January 1 1997 restrained the Conciliator’s possibilities of combining different areas, and the main organisations, the DA and the LO, can de facto hereafter veto a proposal from the Conciliator. Most importantly the voting rules have been changed in a way which increases the possibility of a conflict by the rejection of the proposal. According to the new rules a simple majority will be decisive if the participation in the ballot on the new agreements is more than 40 per cent and if participation is below 40 the ‘no’ votes must represent over 25 per cent of the potential votes to reject the proposal.

6 At the collective bargaining round in 1995 so-called social chapters were introduced in many collective agreements and with subsequent additions during 1996 and at the bargaining round in 1997 they are now part of almost all collective agreements in the...
private and public sector. The main idea is that they will clear the path for the employment of persons, who for one reason or the other, are less attractive for employers to employ at normal conditions. Persons who because of age, physical or mental disabilities etc. are less productive than 'normal' labour shall be offered a special job at special conditions for instance in terms of content, time and pay instead of being unemployed and maintained by some sort of social scheme or benefits.

7 The trade union distrust in working time reduction became visible at the ETUC Congress in July 1999 when the Danish unions actually voted against the recommendation for a reduction in weekly working time. According to the chairman the LO does 'not object to a shorter working time, but we do not believe in a reduction of working time as a remedy to reduce unemployment. An active labour market policy is more effective in reducing unemployment.' (Aktuel 1 July 1999).

8 The same level of high rates of trade union membership can be found in Sweden, Finland and Iceland, and in these countries the unemployment insurance system is similar to that in Denmark.

9 This is what has increasingly happened since 1994 when changes in the unemployment legislation have put further obligations on the unemployed and reduced the access to unemployment benefits with the consequence that many of the unemployed will lose their entitlement to full unemployment benefits and rely on social benefits or educational grants. The trade unions protested especially when young, unskilled people under 25 lost their right to maximum benefits in 1996 and again in 1998-99 when the access to unemployment benefits were further reduced and the early retirement scheme was changed.

10 For instance, the directive on posted workers, which presupposes legislation except in the building industry where it presupposes erga omnes, does not exist in Denmark. The result is that workers posted in Denmark only get protection by the regulations from their homeland or from a collective agreement in Denmark if the employer accepts such an arrangement. To 'convince' an employer to sign an agreement might take that much time that the work has been finished. A recent case with an Italian construction company illuminates the issue.

11 I am aware that it often is tempting to paint 'the good old days of solidarity among workers' in a rose red colour. As Hyman remarks 'it may be misleading to view the development of collective bargaining as a predominant function of unionism as primarily an expression of collectivist and solidaristic principles. Typically, it has reflected a pragmatic recognition of individual impotence in face of the employer: collective organisation offered an insurance policy against arbitrary management, or a more effective vehicle to support individual economic goals.' (Hyman 1992:160).
Chapter 5: Finland
Adapting to decentralisation

Timo Kauppinen and Jeremy Waddington

Centralised national agreements concluded between employers’ organisations and confederations of trade unions are integral to the Finnish system of industrial relations. The first of these agreements was settled in 1968. In the following years a wide-ranging process of centralised bargaining between trade unions and employers’ organisations was established, together with the institutions through which such settlements could be conducted. This process received extensive support from the state. Pressure mounted on this system in the years before 1990, as the Finnish economy became more influenced by developments in the international economy. Between 1990 and 1993 a deep recession further heightened tension. During this recession unemployment rose from 3.4 per cent to 20 per cent, the budget deficit grew to record levels, and company bankruptcies tripled.

Concurrent with this recession was a concerted attempt by employers to decentralise bargaining arrangements, and thus, curtail the influence of the central labour market organisations, including the principal trade union confederations. This chapter traces the nature of the trade union response to the twin challenges of decentralisation and rising unemployment. It does this in three sections. The first section examines the structure of Finnish trade unionism and highlights the internal changes introduced to adapt to the centralised bargaining system. The second section assesses the activities of Finnish unions within centralised bargaining and the relatively high levels of strike activity. The third section identifies the extent of the challenge to the centralised system of bargaining and the implications of reform for Finnish trade unions.
The structure of the Finnish trade union movement

This section outlines the basic structure and organisation of Finnish trade unionism at national and workplace levels. Although the confederal structure of Finnish unions is similar to that of other Nordic countries – three confederations representing manual, white-collar and professional workers – central confederal authority is more limited and individual unions tend to move between confederations more than elsewhere. The Finnish system is also similar to those of other Nordic countries in that a combination of wide-ranging agreements and legislation ensures both high levels of unionisation and a union presence in all but the smallest workplaces. The structure of employers’ organisations is specified in Appendix I.

Confederal Structures

Finnish trade unions are ‘industrial’ in their structure and are organised into three distinct confederations, each of which represents specific occupational interests. The largest and most influential confederation is the Suomen Ammattiliittojen Keskusjärjestö (SAK, the Central Organisation of Finnish Trade Unions). SAK represents 57 per cent of unionised workers, who are organised into 25 affiliated unions. In total, these unions comprise about 1.1 million members, about 45 per cent of whom are women, and about 70 per cent of whom are blue-collar workers. SAK thus represents substantial numbers of white-collar workers, which brings it into competition with other confederations. Unions affiliated to SAK represent members in manufacturing, construction and transport, together with several large public sector unions (see Table 5.1). The single largest affiliated union represents municipal sector workers and lower white-collar workers. In the private sector the largest union is the Metallityöväen Liitto (Metal Workers’ Union). During recent years SAK has encouraged the amalgamation of smaller unions with larger unions, with the stated intention of securing more bargaining power at the industrial level.
Table 5.1: Affiliated unions of SAK by sector in 1997

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Number of Unions</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry unions</td>
<td>7</td>
<td>455,000</td>
</tr>
<tr>
<td>Private services unions</td>
<td>10</td>
<td>310,000</td>
</tr>
<tr>
<td>Municipal sector union</td>
<td>1</td>
<td>232,000</td>
</tr>
<tr>
<td>State sector union (7 member unions)</td>
<td>1</td>
<td>59,000</td>
</tr>
<tr>
<td>Special sector unions</td>
<td>5</td>
<td>55,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>1,111,000</strong></td>
</tr>
</tbody>
</table>

Source: SAK. Appendix II includes a complete list of unions affiliated to the SAK and their memberships at 1.1.1997.

SAK is dominated by the unions from manufacturing which have traditionally undertaken a leading role in central negotiations. During the 1970s and 1980s the public sector unions, especially in the municipal sector, recorded large membership increases which resulted in structural and political changes within SAK. The trend towards privatisation during the 1990s has meant a growth in the private sector unions. In spite of these changes, SAK is the strongest, largest and the leading central confederation in negotiations. Appendix II lists the unions affiliated to SAK.

Maintaining unity within SAK has not been straightforward. Following the general strike of 1956 a split within the Social Democratic Party was replicated in SAK. The *Suomen Ammattijärjestöt* (SAJ, Finnish Trade Union Federation) was set up by unions that had broken away from SAK. Throughout the 1960s the two confederations remained apart. Re-unification was achieved only after the differences within the Social Democratic Party had largely been resolved and the left-of-centre parties had secured an overall parliamentary majority in the elections of 1966. Mergers between unions affiliated to the two federations were completed by the mid-1970s to formally unify SAK (Valkonen 1991). Unity within SAK has also been strengthened in recent years by the dissipation of the internal divisions and competition between social
democrats and communists. The social democrats have secured control since the demise of the Soviet Union. Tensions remain, however, between unions in the public and private sectors.

Until the recession of the early 1990s the Toimihenkilö ja Virkamiesjärjestöjen Keskiöitä (TVK, the Finnish Confederation of Salaried Employees) was the second largest confederation, with a largely female, white-collar membership. In 1992 the TVK was declared bankrupt as a result of failed investments in property and shares. In 1993 the unions affiliated to the TVK set up a new central confederation, the Toimihenkilökkeskusjärjestö (STTK, the Finnish Confederation of Salaried Employees) together with unions from the existing Suomen Teknisten Toimihenkilöiden Keskiöitä (STTK, the Finnish Confederation of Technical Employees), which had been founded in 1946 and comprised primarily male workers in technical and supervisory occupations. The combination of the memberships of the two confederations thus transformed the original STTK into an influential confederation within the bargaining round. The STTK is now the second largest union confederation and represents 26 unions of white-collar workers.

The current membership of the STTK reflects the different origins of the confederation. About 75 per cent of the membership are white-collar workers, such as nurses and professions allied to medicine, while about 25 per cent are college engineers, technicians and supervisors. Three-quarters of the membership are women. A majority of the affiliated unions organise in the public sector, the state and the municipalities. Table 5.2 illustrates the sectoral breakdown of the membership within the STTK. This sectoral breakdown corresponds to the cartel structures that were established within the STTK following the bankruptcy of the TVK. The cartels within the STTK have bargaining rights granted by the confederation.
Table 5.2: Affiliated unions of the STTK in 1997

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of unions</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care sector unions</td>
<td>2</td>
<td>172,000</td>
</tr>
<tr>
<td>Manufacturing sector unions</td>
<td>6</td>
<td>136,000</td>
</tr>
<tr>
<td>Municipal sector</td>
<td>3</td>
<td>95,000</td>
</tr>
<tr>
<td>State sector (mainly civil servants)</td>
<td>1</td>
<td>87,000</td>
</tr>
<tr>
<td>Service sector unions</td>
<td>4</td>
<td>81,000</td>
</tr>
<tr>
<td>Special sector unions</td>
<td>10</td>
<td>58,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>26</strong></td>
<td><strong>629,000</strong></td>
</tr>
</tbody>
</table>

Source: STTK. Appendix III provides a complete list of unions affiliated to the STTK and their memberships at 1.1.1997.

The total membership was 629,000 in 1997. Manufacturing comprises about 20 per cent of the membership, which represent the remains of the supervisory and male membership of the original STTK. Appendix III lists the unions affiliated to the STTK. After the demise of the TVK, the public sector and private sector services are the main concentrations of membership. This change has resulted in marked shifts in the negotiating strategy of the confederation, with more emphasis placed on the service sectors. A consequence of this change has been a continuous internal tension between affiliated unions on the setting of negotiating targets.

The third confederation is the Akateeminen Yhteisvaltuuskunta (AKAVA, the Confederation of Unions for Academic Professionals) which represents professional employees with relatively high levels of education and training. AKAVA was founded in 1950 and is the most rapidly growing confederation with 336,000 members. The most influential affiliated unions are the teachers’ union (104,000 members), the professional engineers (82,000 members) and the union for economic and business administration (33,500 members). The overwhelming majority of members have university degrees, 43 per cent are women, and 16 per cent are still students (see Appendix IV for details of the
different affiliated unions). There are 32 affiliated unions, but there is a confederal policy to amalgamate affiliated unions into bigger units. At the same time there is some pressure from the larger affiliates for greater independence at the negotiating table. Doctors, teachers and engineers have recently experienced considerable difficulties in finding a common negotiating position. The challenge for the confederation is thus to modernise while ensuring that the different interest groups remain affiliated.

**Inter-confederal relations and union co-operation**

Although there has been a weakening of its relative position during recent years, SAK remains the largest and most influential union confederation. This is not to suggest, however, that inter-confederal relations have remained straightforward. Since the initial central agreement in 1968 there has been a continual process of re-alignment among the confederations and between unions in attempts to secure wider influence.

Inter-confederal co-operation was fairly close until the oil-shocks of the 1970s. It was based on *ad hoc* arrangements rather than formal agreements between the confederations. Differences between the then four confederations on how to respond to the effects of the oil-shocks led to a split between SAK and AKAVA on the one hand, and TVK and STTK on the other. These differences were resolved in an agreement concluded in September 1978 that laid down the basis of inter-confederal co-operation on economic and incomes policy, and working life reform (Komulainen 1978). Although the intensity of co-operation has varied over time, the terms of this agreement remain operable and continue to form the basis of inter-confederal co-operation.

This agreement has facilitated inter-confederal co-operation in relations with employers. However, there have been several points of tension regarding the relations between unions and confederations. Primary among these is the competition for the affiliation of new unions and transfer of unions from one confederation to another. This is fairly commonplace in Finland. For example, between 1970 and 1991 thirty-
one unions affiliated to AKAVA and three seceded, resulting in a net membership gain of about 120,000. Similarly, after 1970 but before the ex-TVK unions affiliated, 26 unions joined STTK and four left, contributing to a net gain of about 50,000 members (Kauppinen 1994). The principal trend until 1992, however, was for unions to leave the TVK for each of the other three confederations.

Most of these transfers are undertaken as a means to secure greater influence. In a number of cases, however, union transfers between confederations are linked to mergers. Following a strike in which both unions co-ordinated their activities, for example, the unions of shop assistants affiliated to the TVK and SAK merged in 1984 to form the Liikealan Ammattiliitto (LA, Union of Commercial Workers) which affiliated to the SAK, effectively transferring about 13,000 members from the TVK to SAK.

Although recent attempts to merge the STTK and AKAVA confederations have broken down, co-ordination of bargaining across confederal boundaries is the norm. This is facilitated by co-operation agreements between unions, or groups of unions, and unites unions from different confederations. The first of these was established in the early 1970s when municipal and state sector unions secured negotiating rights. Each of the central confederations created a negotiating cartel for their public sector unions. The public sector unions affiliated to AKAVA created the AKAVA- julkinen alan neuvoiluorganisaatio, (AKAVA-J, the AKAVA public sector negotiating cartel); SAK-affiliated unions created the Julkisen Työalan Ammattijärjestö (JTA, public sector negotiating cartel); and STTK-affiliated unions created STTK- julkinen sektorin neuvoiluorganisaatio (STTK-J, public sector negotiating cartel). Until the demise of the TVK, the TVK-julkinen sektorin neuvoiluorganisaatio (TVK-J) represented TVK-affiliated unions.

In 1993 the negotiating cartels of the principal confederations were re-organised as a result of the collapse of the TVK. The SAK-affiliated Kunta- alan Ammattiliitto (KTV, Municipal Sector Trade Union) and the STTK-affiliated Kunnallisvirkamiesliitto (KVL, Federation of Municipal Officers) created a new negotiating cartel the Kunta-alan Unioni (Union of Municipal Employees). State-sector negotiation for the STTK
remains in the hands of the STTK-J, while the *Valtion Työntekijöiden Yhteisjärjestö* (VTY, Joint Organisation of State Employees) negotiates on behalf of unions affiliated to SAK. AKAVA’s public sector negotiation cartel is now the *AKAVA-julkinen sektori* (AKAVA-JS).

In the private sector inter-union co-operation was established much later, in 1988-1989, initially through co-ordinated activities between the Union of Technical Employees (TL) and the Union of Salaried Employees in Industry (STL). More recently, and reflecting the impact of changes to the labour market, a co-operation agreement has been reached between the SAK-affiliated *Liikealan Ammattiliitto* (LA, Union of Commercial Workers) and *Hotelli-ja Ravintolakilpailun Liitto* (HRHL, Hotel and Restaurant Workers’ Union), together with the STTK-affiliated *Rahoitusalan Ammattiliitto Suora* (RAS, Financial Sector Union).

Attempts are also underway to re-organise unions within confederations into structures similar to the cartels that characterise Danish and Norwegian trade union organisation. Within SAK the intention is to establish three structures for manufacturing, private sector services and the public sector, which combine the union memberships from all affiliated unions. A similar process is underway within AKAVA, although it appears that in the medium term a looser structure comprising more groups will result, reflecting the occupational heterogeneity of the confederation.

**The pattern of unionisation**

Overall rates of unionisation are difficult to calculate in Finland because students and large numbers of retired workers retain membership. By 1994 the rate of unionisation had risen to 96 per cent, if the total union membership is expressed as a proportion of the labour force. However, analyses based on working members covered by collective agreements, that is excluding retired and student members, estimate that a unionisation rate of about 78 per cent is more accurate (Sandqvist 1996).

This high level of union density is, in part, a result of the union role in the administration of unemployment benefit that has encouraged
membership during periods of high unemployment. The Finnish case differs somewhat from the other Nordic countries operating the Ghent system, namely, Denmark and Sweden. Whereas unions in Finland have had a longstanding role in the administration of unemployment insurance schemes, it was not until the 1960s that the state provided significant support for unemployment benefit (Alestalo and Uusitalo 1987; Western 1997). As Figure 5.1 indicates, this state provision was associated with a steep rise in the rate of unionisation. Access to unemployment benefit is still cited as the most important reason for joining a trade union (Helin and Erkkilä 1990). This membership rise was consolidated by the introduction of check-off arrangements, as a condition of the first central agreement in 1968. The terms of this agreement stipulated that trade union dues were to be deducted by employers at source, together with employees’ contributions to unemployment insurance. Furthermore, trade union dues became tax deductible.

Figure 5.1 also shows the uneven historical character of the process of unionisation in Finland. Membership has tended to peak at roughly 10-15 year intervals, followed by sharp declines or periods of stagnation. The unionisation rate of white-collar workers has tended to be higher than that of blue-collar workers for most of the twentieth century, contrasting with most other western European countries. The proportion of all members constituted by white-collar membership is still rising. White-collar members accounted for over 40 per cent of unionised employees in 1945 and it is estimated that they will comprise about 66 per cent of unionised employees by the year 2000 (Kauppinen 1994: 92).

In most countries, there are lower rates of unionisation among women than among men. The explanation usually given for this is that women tend to work part-time, temporarily, in service occupations, and in small workplaces. This is not the case in Finland where female unionisation is higher than the level among men. The rate of unionisation among women is 82 per cent, and among men 75 per cent. Fifty-one per cent of all trade unionists in Finland are women.
One reason for the high unionisation rate among women is that temporary, fixed-term and part-time employment have been relatively infrequent in Finland (see Tables 1.2 and 1.3), though these forms of employment have increased rapidly in recent years. The high unionisation rate among women also results from the large concentration of women working in the public sector, where 65 per cent of workers are women. In the public sector, negotiations have always been centralised, which has helped to increase unionisation compared to the private sector.

There have also been marked changes in sectoral unionisation. In 1971 about 50 per cent of trade union members were employed in industry. The rapid growth of the public sector during the 1970s and 1980s changed the pattern of trade union membership. Today about 40 per cent of trade union members work in the public sector, about 33 per cent in industry, and a further 25 per cent in private sector services. Density levels also vary between sectors. State employees are 93 per cent unioni-
Chapter 5: Finland

Trade unions in Europe: facing challenges and searching for solutions

High unionisation in Finland is traditionally based on widespread workplace organisation of unions and an extensive shop-steward system that facilitated recruitment activities. For the first half of the century such organisation was particularly evident in the larger workplaces. In many smaller workplaces, however, it was more difficult to find local union representatives. This broad distinction between large and small sites was not significantly altered following the emergence of central negotiations, although the involvement of unions in the administration of unemployment benefit tended to spread unionisation to the smaller workplaces. The decentralisation of bargaining, the introduction of payment-by-results systems, and the growth of employment at small workplaces, thus may expose the weaknesses of unionisation based on access to unemployment benefit, rather than strong workplace unions at these small sites.

Workplace organisation and participation

Compared to other Nordic countries, the development of participatory mechanisms at workplace level has been late and reliant on legislation rather than collective agreements. Representation is sustained through three distinct institutions within the workplace and enterprise; luottamusmies (shop stewards), yhteistoimintajärjestelmä (co-operation committees) and hallintoedustus (board-level representatives).

A system of shop stewards is supported by agreements concluded in 1969, for the private sector, and 1970, for the public sector. These agreements were consolidated by the Employment Contracts Act of

sed, local authority employees are 85 per cent unionised, industrial workers are 80 per cent unionised, agriculture and forestry workers are 84 per cent unionised and those working in private sector services are 49 per cent unionised (Kauppinen and Köykkä 1991). Further changes can be anticipated in the immediate future. Privatisation will reduce the size of the public sector. During the 1990s the proportion of the working population employed in the state sector decreased from 9 to 4 per cent and from 19 to 16 per cent in the municipal sector. Concurrent with these declines are increases in the size of private sector services. It remains to be seen how the unions adapt to these changes.
1970 which provided legal protection against the dismissal of shop stewards by employers, time-off allowances and additional facilities in workplaces at which ten or more workers are employed. Shop stewards are elected by trade unionists at the workplace. There is usually a senior shop steward, a deputy and one shop steward for each department. Shop stewards represent the union at the workplace, are responsible for individual representation and recruit new trade union members. In addition, shop stewards are obliged to ensure that management and workers comply with the terms of collective agreements. Failure to ensure compliance from workers may result in legal action taken against the local union.

A system of employee participation has been fostered by reforms introduced in tandem with the central incomes policy agreements. The Law of Co-operation within Companies, 1979, allows the establishment of co-operation committees with information and consultation rights. The employer is obliged to consult with the co-operation committee on workforce reductions and negotiate all changes in work organisation and to works regulations. If the majority of the workers are union members, the representatives of the workers on the co-operation committee are elected from among the shop stewards. In companies of thirty or more workers that are not unionised, workforce representatives may be elected. Irrespective of the extent of unionisation, at least 66 per cent of the co-operation committee must be employee representatives. In companies comprising several sites, co-operation committee representation takes place at the group level.

Before 1989 employee participation at board level was organised on a voluntary basis and did not allow employee representatives the right to vote. Such arrangements were concentrated in a few, large public sector undertakings. During 1989 the principal trade union confederations and employers’ associations reached agreement on a framework within which board-level representation could be introduced on a more wide-ranging basis. This agreement was transformed into legislation during 1991. The law stipulates that in undertakings with more than 150 workers, employee representatives should participate in strategic decisions affecting the financial position of the undertaking. The legislation does not, however, specify the precise manner in which such board-
level activities are undertaken, this being left to negotiation between the employer and employee representatives. Regardless of the manner in which board-level representation is achieved, the minimum number of employee representatives is one and the maximum is four, with the number of employee representatives not exceeding one quarter of the total number of members of the board or committee. Employees’ representatives have the same rights and obligations as the employer members, but are excluded from decisions concerning the appointment of directors, strikes, and pay and conditions. Recent estimates suggest that about 850 undertakings with a total of 700,000 workers are covered by board-level representation (Aintila n.d.).

Trade unions within the centralised system

By the end of the 1960s Finland was in deep recession. Export industries were not competitive, unemployment was rising and indexation was widespread. During the autumn of 1967 the Finnish markka was devalued by 24 per cent. As part of a policy to retain stability, the recently elected Social Democratic Party-led coalition government proposed an incomes policy agreement, intended to control wages and unemployment. To this end, twelve organisations that represented the various social partners participated in negotiations that resulted in the first nation-wide incomes policy agreement in March 1968. The terms of this agreement included a flat-rate pay rise, the abolition of indexation and the introduction of price and rent controls.

Earlier attempts to conclude central agreements during the mid-1960s failed due to a variety of political factors, not least of which was that these initiatives were launched by the Centre Party in government (Kauppinen 1994). Four factors influenced the success of the initiative launched in 1967. First, the Social Democratic Party was elected in 1966 and formed a government which included the Communist Party, thus easing a key source of friction within the Finnish labour movement (Lilja 1992). This friction was also eased by a second factor: negotiations between SAK and the SAJ directed towards the re-unification of SAK. These were completed in 1969 with the absorption of the SAJ by SAK. Thirdly, employers were committed to the central agreements,
having noted the success of similar arrangements in Norway and Sweden. Early agreements favoured SAK relative to the other union confederations. Among the signatories to later agreements, however, were the TVK, STTK and AKAVA. This was the first time that these three organisations had been treated as social partners, thus ensuring a rise in their prestige and encouraging subsequent membership growth. This fourth factor consolidated the position of these confederations and served to generate wider commitment to central agreements among sections of the labour force not represented by SAK.

The centralised collective bargaining system

Since 1968 collective bargaining in Finland has usually been based on centralised incomes policy agreements. These are signed by the trade union confederations and the central employers’ associations. In 1973, 1980, 1983, 1988, 1994 and 1995 employers and trade unions failed to conclude central agreements, with the result that sector or industry-level settlements prevailed. Although there is some variation, centralised incomes policy agreements are usually effective for about two years, whereas sectoral agreements are usually for one year. The state has frequently taken a more active role in Finland than in other Nordic countries (Elvander 1990). In consequence, a range of measures associated with price regulation, corporate taxes and dividends and social policy have often been introduced in conjunction with the centralised agreements as part of an incomes policy settlement.

The central agreements concluded between trade union confederations and employers’ associations set the guidelines within which sector or industry-level settlements are made. Unions affiliated to the confederations are not obliged to meet the terms of the central agreements. In most bargaining rounds a number of unions have rejected the terms of the central agreements and have attempted to secure improvements at sector or industry level. The withdrawal of unions from the central agreements is often associated with strikes called in pursuit of improvements to the central agreement. This dilution of the central agreements contributes to the specific pattern of strikes in Finland examined below.
From the outset the scope of the central agreements has been extended and now covers most terms and conditions of employment and a range of issues concerning workplace union organisation. In the private sector the central agreements effectively stipulate the minimum improvements on terms and conditions, whereas in the public sector both minimum and maximum agreements have been reached.

Since the inception of the centralised system of bargaining, there has been widespread debate concerning its utility and efficacy. The intensity of this debate is particularly acute when the central labour market organisations fail to reach agreement. The continuity of the centralised system is traced to three underlying factors (Lilja 1992): first, a comparatively strong economic performance which has increased the relative standard of living in Finland; second, the benefits of relatively strong economic growth have been used as the basis for political exchanges between the government and the trade union movement, from which both the Social Democratic Party in government and trade unionists have directly benefited; thirdly, trade unions remain committed to the centralised system as it affords them influence over macro-economic policy formulation and the outcome of political exchange in Finland. Exclusion from such influence would be more damaging to the interests of trade unions than employers. Indeed, the section below on challenges to the present system, illustrates that employers are prepared to reform it radically in favour of greater decentralisation.

**Industrial conflict in Finland**

A distinctive feature of the Finnish system is the relatively high level of strike activity. A positive correlation is claimed between the centralisation of collective bargaining and rising strike activity (Lilja 1992). Table 5.3 illustrates that there was certainly a sharp increase in strike activity immediately following the first centrally agreed settlement. It is also apparent, however, that in common with most other states in western Europe strike activity in Finland declined markedly during the late 1980s and throughout the 1990s.
### Table 5.3: Strike activity under centralised bargaining

<table>
<thead>
<tr>
<th>Year</th>
<th>Strike Frequency</th>
<th>Number of workers involved</th>
<th>Working days lost</th>
</tr>
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<tbody>
<tr>
<td>1950</td>
<td>78</td>
<td>118,000</td>
<td>4,644,000</td>
</tr>
<tr>
<td>1955</td>
<td>72</td>
<td>42,000</td>
<td>344,000</td>
</tr>
<tr>
<td>1960</td>
<td>44</td>
<td>19,000</td>
<td>96,000</td>
</tr>
<tr>
<td>1965</td>
<td>29</td>
<td>7,000</td>
<td>16,000</td>
</tr>
<tr>
<td>1970</td>
<td>240</td>
<td>201,600</td>
<td>233,200</td>
</tr>
<tr>
<td>1971</td>
<td>838</td>
<td>403,300</td>
<td>2,711,100</td>
</tr>
<tr>
<td>1972</td>
<td>849</td>
<td>239,700</td>
<td>473,100</td>
</tr>
<tr>
<td>1973</td>
<td>1,009</td>
<td>678,200</td>
<td>2,496,900</td>
</tr>
<tr>
<td>1974</td>
<td>1,788</td>
<td>370,700</td>
<td>434,800</td>
</tr>
<tr>
<td>1975</td>
<td>1,530</td>
<td>215,100</td>
<td>284,200</td>
</tr>
<tr>
<td>1976</td>
<td>3,282</td>
<td>512,700</td>
<td>1,325,500</td>
</tr>
<tr>
<td>1977</td>
<td>1,673</td>
<td>743,800</td>
<td>2,374,700</td>
</tr>
<tr>
<td>1978</td>
<td>1,237</td>
<td>164,600</td>
<td>132,400</td>
</tr>
<tr>
<td>1979</td>
<td>1,753</td>
<td>229,000</td>
<td>243,400</td>
</tr>
<tr>
<td>1980</td>
<td>2,238</td>
<td>413,100</td>
<td>1,605,600</td>
</tr>
<tr>
<td>1981</td>
<td>1,612</td>
<td>492,960</td>
<td>659,100</td>
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<tr>
<td>1982</td>
<td>1,240</td>
<td>167,500</td>
<td>207,600</td>
</tr>
<tr>
<td>1983</td>
<td>1,940</td>
<td>421,840</td>
<td>719,700</td>
</tr>
<tr>
<td>1984</td>
<td>1,710</td>
<td>562,480</td>
<td>1,526,900</td>
</tr>
<tr>
<td>1985</td>
<td>848</td>
<td>171,350</td>
<td>174,300</td>
</tr>
<tr>
<td>1986</td>
<td>1,225</td>
<td>602,730</td>
<td>2,787,600</td>
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<tr>
<td>1987</td>
<td>802</td>
<td>99,290</td>
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</tr>
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<td>1988</td>
<td>1,353</td>
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<td>179,820</td>
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<td>1989</td>
<td>629</td>
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<tr>
<td>1990</td>
<td>455</td>
<td>244,760</td>
<td>935,150</td>
</tr>
<tr>
<td>1991</td>
<td>284</td>
<td>166,770</td>
<td>458,340</td>
</tr>
<tr>
<td>1992</td>
<td>168</td>
<td>103,510</td>
<td>76,090</td>
</tr>
<tr>
<td>1993</td>
<td>126</td>
<td>23,190</td>
<td>17,310</td>
</tr>
<tr>
<td>1994</td>
<td>171</td>
<td>70,540</td>
<td>525,700</td>
</tr>
<tr>
<td>1995</td>
<td>112</td>
<td>127,039</td>
<td>869,422</td>
</tr>
</tbody>
</table>

**Sources:** Yli-Pietilä et al. 1990; Statistical Yearbook for Finland 1996.
Strikes are concentrated in relatively few workplaces in Finland. Large workplaces in the engineering industry and, in particular, shipbuilding, account for a significant proportion of total strike activity. Approximately 20 per cent of strikes occur at ten strike-prone workplaces in engineering (Kohtanen and Kauppinen 1988). The pulp and paper industry is the other industrial concentration of strike activity.

In contrast to Finland, centralised collective bargaining in Denmark and Sweden is associated with relatively low levels of strike activity (Shalev 1992). Why is Finland exceptional? Three inter-linked explanations have been advanced (Lilja 1992; Kohtanen and Kauppinen 1988):

- the initial centralised agreements allowed scope for local bargaining over productivity. At larger workplaces this promoted shop steward-led workplace-based union activity aimed at securing significant improvements on the terms of the centralised settlements. Wage drift and strikes were thus associated with local bargaining.

- political rivalries within trade unions also tended to raise the level of strike activity. Competition between Social Democrats and Communists within SAK and between ‘right’ and ‘left’ factions within the white-collar confederations was intense during the elections for shop stewards and other positions of influence.

- comparisons of relative terms and conditions have promoted strikes, as confederations called strikes to secure relative improvements, or individual unions, refusing to be bound by the central agreement, called a strike to the same end. Strikes have traditionally been used by SAK to influence the outcome of bargaining rounds. The onset of central bargaining also led to STTK calling for strikes in 1973 and 1977, followed by TVK and AKAVA during the 1980s. In 1986 the employers settled with the white-collar confederations before SAK which thus called a strike to reassert its leading position within the bargaining round (Kauppinen 1990).

Since the late-1980s strike activity has tended to decline. This decline is attributed to changes in each of the three areas that are viewed as having promoted relatively high levels of strike activity. In particular, the impact of legislation on co-operation committees at the workplace
and board-level employee representation is viewed as allowing workers to signal their discontent more readily to management and hence, the sources of discontent may be addressed before a strike is called (Lilja 1998). In addition, the demise of the Soviet Union weakened the position of Communists within the trade union confederations, thus limiting political competition and the strikes that resulted therefrom. Persistently high levels of unemployment throughout the 1990s and the closure of some of the strike-prone sites during the recession of the early 1990s have also contributed to lower levels of strike activity.

Current pressures and challenges
The severe recession experienced in Finland between 1990 and 1993 heightened tension within the centralised bargaining system. Two factors promoted the recession. Firstly, the collapse of trade with the Soviet Union. Secondly, restrictions were placed on domestic demand by means of tight monetary policy in order to maintain a fixed exchange rate. Concurrent with such restrictions was the deregulation of Finland’s financial markets. In combination these policies produced a financial bubble which collapsed in 1992 at enormous expense to the Finnish taxpayer (Boldt 1997; Kiander 1997), and was accompanied by a devaluation in the markka of 12.4 per cent. As Table 5.4 shows, there were also severe labour market and economic consequences.

Between 1992 and 1993 the annual rate of wage increases fell to almost zero as a result of a combination of central agreements and locally negotiated pay cuts. Inflation declined to less than two per cent, which helped to maintain real wages. Several tax rises between 1991 and 1994 led, however, to a deterioration in living standards, an effect compounded by steep rises in unemployment. Furthermore, the central agreement for 1992-1993 was threatened with general strikes by the trade unions on three separate occasions when the government tried to introduce cuts to the social security budget.
Table 5.4: The impact of the recession

<table>
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<td>Total Employment</td>
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<tr>
<td>(000s)</td>
<td>2467</td>
<td>2340</td>
<td>2174</td>
<td>2041</td>
<td>2024</td>
<td>2068</td>
</tr>
<tr>
<td>Employment in primary production (000s)</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td>207</td>
<td>197</td>
<td>188</td>
<td>173</td>
<td>167</td>
<td>158</td>
</tr>
<tr>
<td>Employment in manufacturing (000s)</td>
<td></td>
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<td></td>
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<td></td>
<td>556</td>
<td>502</td>
<td>454</td>
<td>423</td>
<td>426</td>
<td>456</td>
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<tr>
<td>Employment in construction (000s)</td>
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<td></td>
<td></td>
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<td></td>
<td>205</td>
<td>179</td>
<td>150</td>
<td>124</td>
<td>113</td>
<td>120</td>
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<tr>
<td>Employment in services (000s)</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>1500</td>
<td>1461</td>
<td>1382</td>
<td>1319</td>
<td>1317</td>
<td>1334</td>
</tr>
<tr>
<td>Unemployed (000s)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>88</td>
<td>193</td>
<td>328</td>
<td>444</td>
<td>456</td>
<td>430</td>
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<tr>
<td>Surplus/deficit (as % of GDP)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.1</td>
<td>-6.5</td>
<td>-14.9</td>
<td>-12.8</td>
<td>-12.7</td>
<td>-10.7</td>
</tr>
<tr>
<td>Gross debt (as % of GDP)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11.1</td>
<td>18.8</td>
<td>36.5</td>
<td>55.5</td>
<td>61.3</td>
<td>65.9</td>
</tr>
</tbody>
</table>

Source: Kiander 1997.

The centre-right government of 1991-1995 expressed reservations concerning the operation of the centralised bargaining system. These were echoed by employers’ organisations, which pressed for reductions in the power of Finnish trade unions and a decentralisation of the bargaining system. Monetary controls introduced in order to meet the convergence criteria of Economic and Monetary Union (EMU) and rising levels of unemployment, compounded concerns over the centralised bargaining system. The intentions of employers to decentralise without retaining co-ordination were thwarted, not least because of the poor economic results obtained by initial experiments, with the result that decentralisation has been achieved within a central framework, similar to the ‘centralised decentralisation’ observed in Denmark and Sweden (Due et al. 1994; Elvander 1997). This section traces these develop-
ments. It also examines the particular approaches to EMU developed in Finland, which have acted to support centralised arrangements. Finally, attempts to reduce working time in order to address the high levels of unemployment that have persisted since 1991 are reviewed.

**Decentralisation**

Finnish employers have argued for some time that more decentralisation was required in the bargaining system. Failure to conclude central agreements in 1983 and 1988 was influenced by the desire among employers to force the issue. From the employers’ perspective four factors underpinned this position. Firstly, decentralisation is seen as allowing greater flexibility to be introduced with regard to working time and payment systems in particular. Secondly, the benefits of a centralised system are diluted because unions do not always adhere to the terms of centralised agreements and may withdraw to seek improvements at industry level. Thirdly, centralised agreements do not prohibit wage drift and thus fail to set actual wage levels. Fourthly, some companies cannot meet the terms of agreements concluded centrally. Small and medium-sized enterprises, in particular, seek exclusion from the terms of centralised settlements.

The severity of the recession during the early 1990s heightened concerns among employers and hardened their resolve to decentralise. Decentralisation was thus an integral feature of a fourteen-point plan tabled by employers in 1991 as the basis on which reform of the centralised system of bargaining might be undertaken (see Kauppinen 1994:287-288 for details). While this plan was under discussion by both trade unions and the government, the employers signalled their intention not to sign a central agreement in 1993 to cover the two subsequent years. This intention was realised in the form of industry and company-level agreements concluded for the period. From the perspective of employers the results of these settlements were disappointing. They were characterised by high nominal pay rises, varying between 2.5 per cent in the public sector to 8.0 per cent in some industries, and growth in real earnings of about 5.0 per cent, which was higher than in other EU member states (Kiander 1997).
The extent of disappointment among employers with these results led to a revision of policy. This revision does not reject decentralisation, but alters the terms within which it might be introduced. Other factors also influenced this change of view. The election of a Social Democrat-led coalition in 1995 that supported the retention of centralised bargaining, for example, tempered the views of some employers. Furthermore, the modest improvements settled in successive central agreements covering 1996-1999 received widespread support among employers. It is clear, however, that decentralisation has already been introduced in many areas, suggesting that a third tier to the Finnish bargaining structure is being established to supplement those at central and industry levels. Table 5.5 illustrates the extent of decentralisation as perceived by shop stewards.

Table 5.5: Incidence of, and initiative for, local bargaining

<table>
<thead>
<tr>
<th></th>
<th>Private sector services %</th>
<th>Public sector %</th>
<th>Industry %</th>
<th>All %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidence of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Written agreements</td>
<td>25.1</td>
<td>48.4</td>
<td>55.5</td>
<td>48.8</td>
</tr>
<tr>
<td>Non-written agreements</td>
<td>9.5</td>
<td>7.7</td>
<td>6.9</td>
<td>7.5</td>
</tr>
<tr>
<td>No local agreements</td>
<td>65.4</td>
<td>44.0</td>
<td>36.4</td>
<td>42.9</td>
</tr>
<tr>
<td>Initiative from</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees’ side</td>
<td>8.0</td>
<td>10.0</td>
<td>12.4</td>
<td>11.3</td>
</tr>
<tr>
<td>Employers’ side</td>
<td>35.3</td>
<td>26.3</td>
<td>43.8</td>
<td>40.6</td>
</tr>
</tbody>
</table>


Reflecting the employers’ desire for greater workplace flexibility, working time has been at the forefront of decentralised settlements. In 1996, the Teollisuuden ja Työnantajain keskusliitto (TT, Confederation of Finnish Industry and Employers) estimated that 45 per cent of companies had concluded local agreements on working time during the previous year. In the engineering and electronics industries no fewer than 70 per cent of companies had reached agreements on working time.
that varied from the terms of the sectoral settlements. More recently, decentralised settlements have included overtime working, pay, job mobility and the allocation of work tasks and duties.

Trade unions remain opposed to decentralisation, although it is recognised that reversing the existing trend is unlikely in the short term. Opposition rests on three principal points. Firstly, shop stewards associate decentralisation with a lowering in the standards of existing workplace practices. Secondly, decentralised bargaining places strains on union organisation. In particular, the rate of decentralisation has required the trade unions to raise the level of expertise of local representatives in order that they might negotiate at local level. This is particularly problematic at smaller workplaces where there is less likely to be a local union representative present. Thirdly, greater disparities in terms and conditions are emerging from decentralised settlements compared to centralised arrangements. This may weaken trade union solidarity, in particular between the private and public sector unions, and increase pay inequalities.

In the immediate future decentralised bargaining arrangements are likely to be extended. While the modest terms of the centralised agreements concluded in 1995 and 1997 have mitigated the interest in decentralisation among employers, they generally remain in favour of further decentralisation. Support is particularly strong among small and medium-sized employers, who view the terms of central agreements as reflecting the concerns of large companies. Variable pay systems bargained locally are favoured by employers at small and medium-sized enterprises. A recent survey conducted by the TT among its affiliated companies found a substantial majority of employers in favour of framework agreements concluded at sectoral level, which set the parameters for local bargaining. Such an approach is strongly opposed by the trade unions, particularly those in the public sector, which hold local bargaining responsible for large numbers of lay-offs. The government convened a tripartite committee in 1998 to address these concerns and examine ways whereby decentralised bargaining arrangements can be reconciled with the centralised system. Among the concerns addressed by this committee is the pressure for further decentralisation arising from EMU, as Finnish companies restructure in order to compete
within an EMU environment. This issue, together with the broader European concerns of Finnish trade unions, is considered below.

**Economic and Monetary Union and trade union concerns**

In 1995, after joining the European Union, the Social Democratic-led coalition resolved to take Finland into the EMU. This raised major concerns among trade unions, as Finnish monetary history since 1945 is characterised by cycles of inflation and monetary instability. Unions recognised that Finland is particularly prone to ‘external, asymmetric shocks’ arising from its heavy dependence on the pulp and paper industry, its reliance on trade with the Soviet Union until 1990, and its location at the periphery of Europe (Boldt 1997). As devaluation, the traditional response to such shocks, is not feasible within the terms of EMU, trade unions in Finland were particularly concerned to protect Finnish labour market institutions. It was suggested that as devaluation was not possible, greater fluctuations in employment and inflation were likely in order to accommodate the peculiarities of the Finnish economy (Pekkarinen 1997). The priority for trade unions was thus to prevent the dismantling of labour market institutions in circumstances of rising unemployment and inflation.

The SAK congress of 1996 resolved to reject EMU if Finnish participation was linked to the abandonment of the central bargaining system or wage fluctuations. In addition, the congress proposed that ‘buffer funds’ be established to mitigate the worst effects of cyclical downturns. This proposal required the establishment of financial reserves to cover occupational pensions and unemployment insurance schemes. In case of cyclical downturn, such funds would be deployed to reduce labour costs. For example, in Finland indirect costs, including employers’ pension contributions and unemployment insurance contributions, add about 30 per cent to direct wage costs (Boldt 1997). Total wage costs could thus be reduced by cutting indirect costs. The reserves accumulated in ‘buffer funds’ will be deployed to effectively reduce indirect wage costs during economic downturns. In these circumstances nominal wages would not be adversely affected and indirect wage costs incurred by employers would effectively be cut.
A joint opinion ratified in 1996 by the three trade union confederations and the employers’ organisations set in train negotiations on the operation of buffer funds in the context of Finnish participation in EMU. The modest central settlements reached in 1995 and 1997 should thus be seen as part of the adjustment to meeting the convergence criteria for EMU participation. Included in the 1997 agreement were the terms for the operation of the buffer funds. In broad terms, the agreement stipulates that employers and workers will make higher levels of social security contributions during good times and lower levels during downturns. The intention is that constant social security payments are made in both upturn and downturn. A target of 7 billion markka to be reached between 2002 and 2004 has been set for the buffer funds (Kauppinen 1998). According to estimates this fund would be sufficient to compensate for a ten-per-cent decline in export prices (Holm et al. 1998).

Two national buffer funds have been established covering pensions and unemployment insurance. A proposal from SAK to establish a third fund to cover training and retraining was rejected by the employers. While the arrangements concerning the buffer fund on pensions requires no additional legislation, the deployment of the fund will be subject to agreement by representatives from trade unions, employers and the financial institutions that administer existing pension funds. The buffer fund for unemployment insurance is administered by an Administrative Board comprising one-third trade union representatives and two-thirds employer representatives. The establishment of the buffer funds thus contributes to the extension of the centralised system of bargaining in so far as trade union representation at national level is integral to the operation of the funds.

Unemployment, temporal flexibility and working time

In the years after 1990 unemployment rose rapidly in Finland (see Figure 5.4) and reached 20 per cent of the labour force. While the level of unemployment has fallen since 1994, 13 per cent of the labour force remained jobless at the end of 1997. In total about 750 million fewer hours were worked per year as a result of the recession. The number of hours worked in the Finnish economy during the mid-1990s was
comparable with the position of the early 1950s (Työministeriö 1996). The extent of this decline, together with increasing interest among employers in securing forms of temporal flexibility, has stimulated debate on working time issues in Finland.

Successive governments introduced four measures during the recession with a direct effect on working time. Firstly, in 1993 public sector workers lost ‘summer working time’ arrangements which allowed a shorter working day by 45 minutes during the summer months of June, July and August. Concurrent with this change was the establishment of a common retirement age at 65, achieved by raising the pension age of public sector workers by two years. Secondly, in 1994 the government introduced an experiment whereby part-time jobs were subsidised in order that the unemployed might be offered temporary part-time labour. Thirdly, job rotation schemes were introduced by the government, which included the opportunity to take sabbaticals. In conjunction with this measure the government also encouraged a series of experiments with ‘6 + 6’ working time arrangements whereby two six-hour shifts are worked. Fourthly, a Working Time Act was enacted in 1996, directed at increasing workplace flexibility within the framework of an average 40-hour working week within a reference period of four weeks. The terms of this act allow a 9-hour working day and a 45-hour working week.

The impact of these measures has been mixed (see Peltola 1998). It is clear, for example, that recent economic growth, rather than working time measures, has been the reason for the reduction in the level of unemployment. Steep rises have been recorded in part-time and temporary work, suggesting that government measures in these areas may have had some effect. About 60 per cent of vacancies are now filled through the offer of a temporary contract. It is, however, difficult to separate the effects of the government measures from those of employers’ policies. Finnish employers, for example, were more likely to have increased their use of flexible forms of working time in the three years to 1994 than employers from any other EU country (Brewster et al. 1994). Concurrent with these developments is the extension of working hours for those in full-time employment. Full-time employees now work one per cent longer annual working hours than they did in
1986. Among the highly skilled, larger annual increases have been recorded. This is of great concern within AKAVA, whose members work unpaid overtime averaging over 7 hours per week. Disputes involving doctors and airline pilots in 1998 centred on long working hours.

Trade unions have historically supported shorter working hours. This support, however, has not been consistent and has tended to vary in intensity over time. Furthermore, there are sectoral differences in approaches to shorter working time. The central collective agreement covering 1986 and 1987, for example, specified that a reduction of 100 hours in annual working hours must be achieved between 1986 and 1990 for those employed on 40 hours per week contracts. In manufacturing and construction this cut was largely secured in the form of 12.5 additional days of holiday, whereas in the public sector reductions in weekly hours were agreed (Peltola 1998). In the private sector during the recession, employers were able to buy out many of these reductions through local company-level agreements.

In recent years debate has centred on the relationship between working time, unemployment and the maintenance of pay. In short, the extent of support for working time reductions linked to correspondingly lower pay is only between 20 and 25 per cent, with the extent of support lowest among SAK members and highest among AKAVA members (Peltola 1998). The SAK congress of 1996 resolved that working time reductions should not be accompanied by reductions in wages, against the wishes of the SAK Board. Differences between men and women compound the difficulties attached to working time issues for trade unions. Whereas men tend to opt for longer holidays or fewer days per week at work, women prefer shorter daily working hours. This variation undoubtedly reflects the extensive domestic responsibilities still undertaken by women, but presents the confederations with enormous difficulties in generating common policies on working time. Reflected these difficulties, and the steadfast opposition from employers towards any reduction in working time, the national settlement for 1998 and 1999 included provision for the establishment of a working party to examine working time developments in other EU member states with a view to determining how these may impinge on the situation in Finland.
Other provisions of this agreement directly concerned with working time were intended to reduce unemployment levels. Two measures are of particular importance. Firstly, the minimum age at which workers may opt to retire on a part-time basis was reduced from 58 to 56 years. In these circumstances employees work on a part-time basis and also receive a part-time pension. The two components of the package thus constitute an intermediary stage between full-time employment and retirement. The intention is that an unemployed person may be recruited to take on the part of the job that the existing employee takes as retirement. Secondly, the system of study leave was extended in the light of its increasing popularity since its inception during 1995. Under the terms of the new agreement, employees may take leave of between 90 and 359 days to study in an area related to their employment. In addition, higher levels of compensation are available to employees on these schemes. While the employee is on this leave, employers are expected to recruit a replacement from among the unemployed. STTK representatives, in particular, supported these measures, not least because STTK members are among the most likely to embark on such study leave arrangements.

Working time issues have also been prominent in the preparations for the bargaining round intended to produce a central agreement for 2000 and 2001. Both SAK and STTK have argued that reductions in the basic working week should be included in the package of reforms introduced by the government elected during the spring of 1999 (IRS 1998). Representatives of these confederations, however, recognise that any reduction in working hours should be applied flexibly through negotiations at sectoral and company level. In contrast to reductions in the basic working week, AKAVA has argued that attention should be directed towards the management of working time. Such an approach would be concerned to reverse the trend towards growing amounts of overtime, unpaid overtime in the case of many AKAVA members, as a means of encouraging reductions in unemployment. The positions on working time of three union confederations are thus not identical. Furthermore, the employers remain opposed to any reductions in working time.
Conclusions

Trade unions in Finland are adjusting to the decentralisation of bargaining arrangements. Although employers initially intended to achieve decentralisation with a minimum of co-ordination, the change of government in 1995 and the disappointing results from the pay round of 1993, when employers abandoned national agreements, led to a ‘centralised decentralisation’ in Finland, which is similar to developments in Denmark and Sweden. These circumstances have allowed trade unions to avoid some of the least palatable aspects of decentralisation, but have still raised a number of issues concerning union organisation. In particular, it remains to be seen whether trade unions will be able to achieve high levels of membership in the expanding areas of private sector services. The establishment or maintenance of union workplace representation at such sites will be a significant influence on the outcome, as such representatives undertake much recruitment. The union confederations are also concerned to ensure articulation between the three principal levels of bargaining, national, sectoral and company levels. This is particularly problematic in the context of decentralisation and the growth in the number of small workplaces. The recent proposals from SAK and STTK that working time reductions are negotiated at sectoral and company level, however, illustrates that the confederations recognise the existence of a third tier of bargaining.
Appendix I: Employers’ organisations in Finland

There are four main employers’ associations in Finland with the authority to negotiate collective agreements, two for the private sector and two for the public sector. Employers from the manufacturing, construction and transport industries are represented by the Teollisuuden ja Työntajajain keskusliitto (TT, Confederation of Finnish Industry and Employers). The TT was formed during the early 1990s by the merger of the Suomen Työntajajain keskusliitto (STK, Confederation of Employers) and the Teollisuuden Keskusliitto (TKL, Confederation of Industry) and is affiliated to UNICE. Employers in private sector services are represented by the Palvelutyönantajat (PT, Employers’ Confederation of the Service Industries). The state administration is represented by the Valtion työmarkkinalaitos (VTML, The State Employers’ Office) and the municipalities by the Kunnalinen työmarkkinalaitos (KT, Commission for Local Authority Employers). The approximate size and coverage of the confederations is shown below. The high density of coverage among employers’ associations, coupled to that among unions, has contributed to the maintenance of the centralised system of bargaining.

The coverage of employers’ associations

<table>
<thead>
<tr>
<th>Association</th>
<th>Member firms</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teollisuuden ja Työntajajain keskusliitto (TT)</td>
<td>6,000</td>
<td>480,000</td>
</tr>
<tr>
<td>Palvelutyönantajat (PT)</td>
<td>6,200</td>
<td>270,000</td>
</tr>
<tr>
<td>Others</td>
<td>1,100</td>
<td>55,000</td>
</tr>
<tr>
<td>Kunnalinen työmarkkinalaitos (KT)</td>
<td>452 municipalities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>250 municipal federations</td>
<td>400,000</td>
</tr>
<tr>
<td>Valtion työmarkkinalaitos (VTML)</td>
<td>182 state agencies</td>
<td>122,000</td>
</tr>
<tr>
<td>Church of Finland</td>
<td>595 parishes</td>
<td>18,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>13,450,000</td>
</tr>
</tbody>
</table>

Source: Information kindly provided in correspondence by H. Aintila.
## Appendix II: Unions affiliated to the SAK, 1997

<table>
<thead>
<tr>
<th>Union</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile and Allied Salesperson’s Union</td>
<td>4,800</td>
</tr>
<tr>
<td>Finnish Transport Workers’ Union</td>
<td>48,000</td>
</tr>
<tr>
<td>Hotel and Restaurant Workers’ Union</td>
<td>52,500</td>
</tr>
<tr>
<td>Air Transport Union</td>
<td>3,500</td>
</tr>
<tr>
<td>Caretakers’ Union</td>
<td>13,800</td>
</tr>
<tr>
<td>Trade Union for Municipal Sector</td>
<td>232,000</td>
</tr>
<tr>
<td>The Union of Commercial Employees</td>
<td>132,000</td>
</tr>
<tr>
<td>Metalworkers’ Union</td>
<td>161,000</td>
</tr>
<tr>
<td>Paperworkers’ Union</td>
<td>50,000</td>
</tr>
<tr>
<td>Postal Workers’ Union</td>
<td>25,600</td>
</tr>
<tr>
<td>The Wood and Allied Workers’ Union</td>
<td>53,300</td>
</tr>
<tr>
<td>Construction Trade Union</td>
<td>84,300</td>
</tr>
<tr>
<td>Finnish Railwaymen’s Union</td>
<td>18,200</td>
</tr>
<tr>
<td>Finnish Foodstuff Workers’ Union</td>
<td>43,000</td>
</tr>
<tr>
<td>Finnish Seamen’s Union</td>
<td>9,500</td>
</tr>
<tr>
<td>Finnish Musicians’ Union</td>
<td>3,200</td>
</tr>
<tr>
<td>Finnish Social Democratic Journalists’ Union</td>
<td>300</td>
</tr>
<tr>
<td>Finnish Electrical Workers’ Union</td>
<td>29,000</td>
</tr>
<tr>
<td>Technical and Special Trades’ Union</td>
<td>13,300</td>
</tr>
<tr>
<td>Textile and Garment Workers’ Union</td>
<td>20,700</td>
</tr>
<tr>
<td>Joint Organisation of State Employees (VTY)</td>
<td>58,900</td>
</tr>
<tr>
<td>Finnish Locomotivemen’s Union</td>
<td>3,200</td>
</tr>
<tr>
<td>Finnish Media Union</td>
<td>30,000</td>
</tr>
<tr>
<td>General Union of Journalists</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,111,000</strong></td>
</tr>
</tbody>
</table>
### Appendix III: Unions affiliated to the STTK, 1997

#### Health sector unions
- Union of Health and Social Services (THEY) 115,000
- Union of Finnish Enrolled Nurses (SuPer) 57,200

#### Industry unions
- Union of Technical Employees (TL) 71,900
- Union of Salaried Employees in Industry (STL) 46,500
- Federation of Private Building Employees (RAL) 7,700
- The Finnish Engineers’ Association (SKL) 4,500
- Federation of Technical Employees in Dairy Industry (MVL) 3,100

#### Municipal sector unions
- Confederation of Municipal Employees in Technical Professions (KTK) 13,200
- Federation of Municipal Officers (KVL) 75,500
- National Union of Public Health Nurses (STHL) 6,600

#### State sector
- STTK-J 87,000

#### Service sector unions
- The Finnish Bank Employees’ Union (Ptj) 39,300
- Federation of Special Service and Clerical Employees (ERTO) 19,800
- Union of Insurance Employees (VvL) 11,800
- The Federation of Employees in State-Owned Institutions and Companies (VLTL) 9,500

#### Special sector unions
- Sales and Marketing Professionals (SMKJ) 24,000
- Union of Finnish Foresters (METO) 9,300
- Union of Employees and Officials in Parishes (SVTL) 7,400
- Association of State Subsidised Institutions (TOEL) 6,200
- Finnish Federation of Technicians in Special Branches (SETELI) 4,900
- The Finnish Federation of Master Printers (SFL) 2,900
- The Swedish Association of Technicians and Foremen (STAF) 2,600
- The Finnish Ships’ Officers’ Association (SLPL) 2,500
- Technical Employees in Stevedoring and Forwarding Branch (AHT) 1,200
- Federation of Private Building Engineering Employees (YRI) 120
- Joint member, Commercial trade union (LTA) 15,000

**Total** 644,720
### Appendix IV: Unions affiliated to AKAVA, 1997

<table>
<thead>
<tr>
<th>Union</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Union of Education in Finland</td>
<td>104,400</td>
</tr>
<tr>
<td>The Finnish Association of Graduate Engineers</td>
<td>44,500</td>
</tr>
<tr>
<td>Union of Professional Engineers in Finland</td>
<td>37,500</td>
</tr>
<tr>
<td>The Finnish Association of Graduates in Economics and Business Administration</td>
<td>33,500</td>
</tr>
<tr>
<td>Finnish Medical Association</td>
<td>17,500</td>
</tr>
<tr>
<td>Central Union of Special Branches within AKAVA</td>
<td>13,500</td>
</tr>
<tr>
<td>Association of Finnish Lawyers</td>
<td>12,800</td>
</tr>
<tr>
<td>Union of Professional Social Workers</td>
<td>10,500</td>
</tr>
<tr>
<td>Finnish Pharmacists’ Association</td>
<td>7,500</td>
</tr>
<tr>
<td>Finnish Dental Association</td>
<td>6,100</td>
</tr>
<tr>
<td>The Officers Union</td>
<td>5,100</td>
</tr>
<tr>
<td>Finnish Association of Academic Agronomists</td>
<td>4,900</td>
</tr>
<tr>
<td>The Finnish Union of University Researchers and Teachers</td>
<td>5,500</td>
</tr>
<tr>
<td>Finnish Union of Chemists</td>
<td>5,800</td>
</tr>
<tr>
<td>Association of Finnish Political Scientists</td>
<td>5,400</td>
</tr>
<tr>
<td>Union of Finnish Clergy</td>
<td>3,900</td>
</tr>
<tr>
<td>Finnish Psychological Association</td>
<td>3,900</td>
</tr>
<tr>
<td>The General Group within the PMS Council</td>
<td>4,000</td>
</tr>
<tr>
<td>Union of Swedish-speaking Engineers in Finland</td>
<td>2,600</td>
</tr>
<tr>
<td>Society of Finnish Professional Foresters</td>
<td>2,400</td>
</tr>
<tr>
<td>The Finnish Association of Architects</td>
<td>2,700</td>
</tr>
<tr>
<td>Finnish Union of Environmental Professionals</td>
<td>2,400</td>
</tr>
<tr>
<td>Union of Finnish University Professors</td>
<td>1,700</td>
</tr>
<tr>
<td>The Finnish Association of Occupational Health Nurses</td>
<td>1,600</td>
</tr>
<tr>
<td>Union of Finnish Deacons and Deaconesses</td>
<td>1,500</td>
</tr>
<tr>
<td>Association of Finnish Air Hostesses and Stewards</td>
<td>1,500</td>
</tr>
<tr>
<td>Finnish Veterinary Association</td>
<td>1,400</td>
</tr>
<tr>
<td>AKAVA's General Group</td>
<td>800</td>
</tr>
<tr>
<td>Union of Finnish Speech Therapists</td>
<td>1,000</td>
</tr>
<tr>
<td>Finnish Association of Church Organists</td>
<td>800</td>
</tr>
<tr>
<td>The Nurse Administrator Association</td>
<td>1,600</td>
</tr>
<tr>
<td>Association of Employees in Government Educational Administration</td>
<td>100</td>
</tr>
</tbody>
</table>

**Total** 336,800

**Students** 54,300
Chapter 6: France
Trade unions in France: how to challenge the trend towards de-unionisation?

Jean-Yves Boulin

As in many western European countries, the French trade union movement has been in deep crisis for the past 15 years or so. Whilst France’s oldest trade union celebrated its centenary a few years ago, all French unions have experienced a profound and long-term process of de-unionisation over the past twenty years. Some observers are wondering whether the unions can survive in the face of companies’ new human resources management policies (Linhart 1994). Some companies, desperately trying to find a negotiating partner, have invented the ‘trade union voucher’, proof, as if it were needed, of the sorry state of the French unions.

Such a statement may come as a surprise to foreign readers who remember the conflict in November and December 1995 that brought France to a standstill, or the periodic lorry drivers’ strikes that seriously disrupt economic life, even in other European countries. How can it be that trade union organisations which are said to be divided, unrepresentative in view of their limited membership, and incapable of mobilising around specific issues, are able to take the lead in conflicts which they have generally been unable to trigger? Is there some subtle form of alchemy in the relations between trade unions and employees who, notwithstanding the crisis affecting French trade unionism, turn it into an inescapable feature of economic and social life in France? Is this not a cultural phenomenon, reflected in the contradiction between, on the one hand, the fact that Nicole Notat is the most popular trade union leader, while her union, the Confédération Française Démocratique du Travail (CFDT), is the only one to have reversed the net outflow of members, and, on the other, the French people’s tacit backing for the stance adopted by Force Ouvrière (FO) and the Confédération Générale du Travail?
Jean-Yves Boulin

216 Trade unions in Europe: facing challenges and searching for solutions

It is as if the French were wavering between pro-bargaining and dispute-oriented forms of trade unionism.

The symptoms of the crisis affecting trade unionism in France are similar to those occurring in other countries; but in no other country do they occur on such a large scale, particularly in terms of workers’ disenchantment with unions. Yet, despite this lack of legitimacy, trade unions continue to occupy an important place in the economic, social and political fabric of France. They administer key parts of the welfare state jointly with employers (including the unemployment insurance fund, occupational pension funds, and social security organisations). They also have seats on a number of economic and social policy-making bodies, and on the boards of public companies. The institutionalised role of the trade unions is often cited as one of the causes of the crisis in the movement, reflected in falling membership and lack of identification with unions (Adam 1983; Rosanvallon 1988).

It should be emphasised, however, that the legitimacy gained as a result of the bilateral administration of numerous welfare bodies has now been seriously eroded. This is because the state is increasingly having to bail out social security and unemployment insurance organisations suffering from chronic deficits as a result of the scale of the economic crisis, and changing employment policies in which employers are having to pay lower charges. More generally, the move towards financing the welfare system from taxes is placing the whole system of bilateral management in question and weakening one of the trade union movement’s last claims to legitimacy (Rosanvallon 1995).

French trade unions also have a role in collective bargaining at cross-sectoral, sectoral and, above all, company level. The latter has expanded considerably over the past ten years, to the extent that trade union influence should perhaps be measured by the number of agreements signed rather than by the level of labour unrest, which is continuing to fall. This shift towards bargaining within individual companies is destabilising the trade union movement even further. Unions are not well represented at this level, and company-level bargaining is eroding their monopoly on negotiating and signing collective agreements in a way that is still implicit. Moreover, the cross-sectoral agreement of 31 October 1995, whereby a workforce representative can be mandated to
sign a company agreement in companies where there is no trade union presence, has not been signed by either the CGT or FO for fear of just such an erosion of their powers.

The quantitative evidence, therefore, needs to be seen in the light of more qualitative observations, though this too shows that the union movement is facing a massive crisis. So if we wish to look at ways of modernising trade unions, we need first of all to know whether the crisis in France is different to that in other countries, whether it is similar but worse, or whether it reflects more deep-seated factors. We will then go on to comment on recent thinking by the trade union movement, in particular as prompted or boosted by the 1995 conflict, on the question of modernisation. If we accept the definition given by Mückenberger et al. (1995), French trade unionism is indeed facing what these authors describe as the ‘second phase of modernity’. The question of whether the French trade union movement is capable of modernising must be answered using the concepts of differentiation, individualisation, rationalisation and participation.

Before going any further, however, we need to ask ourselves about the concept of modernisation. Do we mean a radicalisation of modernity, as asserted by Mückenberger et al. (1995), or rather do we mean a break with the past? There are many signs that the change which is occurring – the shift towards the service economy in the developed countries, and the radical change in the relationship between employment and work, or between work and leisure, and the destabilisation of our wage-earning society – is calling the basic paradigms of modern society into question. We must also reflect on the relationship between the modernisation of trade unions and the modernisation of society in general. Is trade union modernisation simply a, very un-inspiring, process of adapting to radical changes in the political, economic, social and cultural system? Or rather, does it not depend on the trade unions’ ability to influence how this modernisation takes place? Rather than cushioning their members from the adverse effects of change, and simply monitoring it, should they not be one of the prime movers in determining the direction which society takes? Once they regain this function, we will feel that the French unions have not
simply achieved modernisation, but undergone a real revolution. Are there any signs of this revolution taking place in France today?

**Is the trade union crisis in France specifically French?**

This is the kind of question we must answer before we can deal with the issue of modernisation. A number of observers have expressed the opinion that French trade unions are old-fashioned and out of touch (de Closets 1982; 1985), and although such observers may not be a truly representative sample, this view is fairly widely held. But we need to avoid polemic of this kind, and look beyond the factors that also apply in other countries. It is necessary to establish what factors are specific to French trade unions, and the way in which they operate, in order to explain the scale of their collapse.

**The reality of the trade union crisis**

As far as the five representative organisations (see Box 1) are concerned, the crisis of French trade unionism is occurring in three areas: recruitment, representation and activism (Mouriaux and Bibes 1990).

The recruitment crisis is evident in falling membership numbers. The exact figure is difficult to quantify, but all observers, including the trade unions, agree that it has halved in ten years and now stands at about 9-10 per cent of the workforce (see ILO 1997 and Figure 6.1). Roughly speaking, there are about 2 millions unionised persons in France, including 400,000 retired people. This is the lowest figure among the industrialised countries. There are sectoral differences in the rates of unionisation. In the nationalised sector around 21 per cent of workers belong to unions; in the civil service, the figure is 17 per cent; and in the private sector, it has fallen to 6 per cent (Jacquier 1995). Only the CFDT has managed to withstand this trend since the end of the 1980s. According to its own statistics it had 723,500 members in 1997, an increase of 42.3 per cent over the past nine years, which now makes it the largest trade union confederation in France.
Box 1: The Five Representative Trade Union Confederations

These five organisations were declared representative by a circular dating from 1945, and confirmed by the 1950 law on collective agreements. This entitles them to administer the welfare bodies in tandem with the employers' associations, and to negotiate collective agreements at all levels, from cross-sectoral to company-level. These five representative organisations are;

Confédération Générale du Travail (CGT, General Confederation of Labour), founded in 1895, until very recently the largest trade union in membership terms and the most representative. It has spawned several other organisations, including the CGT-FO, FEN and FSU. The CGT was allied to the French Communist Party (PCF) for many years before gradually distancing itself (its leaders are still PCF members but no longer have seats on the National Bureau). It left the World Federation of Trade Unions in December 1995 and has since been seeking admission to the ETUC, but was hampered by the veto of the CFDT and FO (until 1999). The executive committee of the ETUC voted for the admission of the CGT in March 1999. The CGT claimed 620,000 members in 1995, 142,000 of them retired members.

Confédération Française Démocratique du Travail (CFDT, French Democratic Confederation of Labour), which grew out of the Christian trade union movement centring on the CFTC (see below) in 1919. Its name was changed in 1964 to eliminate any religious connotation. In the aftermath of the events of 1968, the CFDT advocated a strategy of 'self-management'; a 'refocusing' exercise in the late 1970s led to a pro-active, pro-bargaining strategy and to closer links with the reformist unions (CFTC, FO and CGC). This strategy was consolidated in the 1990s, since Nicole Notat became leader, and particularly during the social unrest of 1995. Thus the CFDT has replaced Force Ouvrière (FO) as the main proponent of reform, and now presides over UNEDIC and the National Sickness Insurance Fund (CNAM) thanks to manoeuvring by the employers' association (MEDEF). These reformist leanings have led to schisms, with the creation of SUD, and internal dissension resulting in the 'All Together' movement (established in December 1998) The CFDT claimed 520,000 members in 1995 (and 720,000 in 1997, apparently now placing it top of the list).
CGT- Force Ouvrière (FO, General Confederation of Labour- ‘Force Ouvrière’) was established in 1948 by CGT dissidents who shunned links with the Communist Party. During thirty heady years of rapid growth, FO sought to distribute the fruits of that growth and became the most pro-bargaining union. The recession meant that distribution along traditional lines became impossible; FO lost influence and became more radical, especially once Marc Blondel was elected leader in 1989. FO was one of the unions at the forefront of the social unrest in 1995. It claimed 350,000 members in 1995.

Confédération Française des Travailleurs Chrétiens (CFTC, French Christian Workers' Confederation) is the continuation of Christian trade unionism following the departure of the majority of its members in 1964 to form the CFDT. It has Christian-Democrat leanings and so opposes socialism. It supports reformist trade unionism and upholds family values. The CFTC claimed some 100,000 members in 1995.

Confédération Française de l'Encadrement-Confédération Générale des Cadres (CGC, General Confederation of Professional and Managerial Staff), founded at the end of the Second World War, is the only occupation-based union, since it represents the interests of professional and managerial staff only, whereas the others cater for all employees. The CGC defends the wages hierarchy and bases its strategy on the special position of professional and managerial staff. This isolates it in Europe, since such a notion is unheard-of – at least in this form – in other countries. The weakness of this union’s membership led it to open the door to supervisory staff and technicians in 1981, but this did not staunch the outflow. The 1997 industrial tribunal elections were a blow, since it is no longer the number-one union in the professional and managerial section. The CGC claimed 100,000 members in 1995.
Figure 6.1: Union density and membership

The crisis of representation can be more reliably quantified on the basis of the results of elections to comités d'entreprise (works councils). Here, there has been a continued fall in the number of votes for trade union candidates, which has benefited non-union lists. Since 1990 the latter have been gaining more votes than any individual union. In 1996, they received 25.1 per cent of the vote, with the leading union list (the CGT) receiving only 23.6 per cent. Non-union lists, although levelling out after 1991, grew from 16.8 per cent to 27 per cent between 1980 and 1996, mainly at the expense of the CGT (down from 36.5 per cent to 22 per cent). The CFDT managed to limit the damage (up from 21.3 per cent to 21.6 per cent). The other unions, which traditionally obtain fewer votes (see Table 6.1 and Figure 6.2), have increased their scores since 1980: from 11 per cent to 12.5 per cent for FO, from 2.9 per cent to 4.4 per
cent for the Confédération Française des Travailleurs Chrétiens (CFTC, French Christian Workers’ Confederation), and from 6 per cent to 6.2 per cent for the Confédération Générale des Cadres (CGC, General Confederation of Professional and Managerial Staff). As a result, nearly half of all works councils are run by people elected on a non-union ticket. This trend is due both to the decrease in trade union membership within companies and to a fall in the election turnout from 71.2 per cent in 1980 to 65.5 per cent in 1996, though the fall seems to have levelled out in recent polls (see Figure 6.3).

Table 6.1: Results of works council elections, 1981-1996: percentage of votes cast

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<tbody>
<tr>
<td>CGT</td>
<td>36.5</td>
<td>32.3</td>
<td>29.3</td>
<td>27.1</td>
<td>26.7</td>
<td>24.9</td>
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<td>22.4</td>
<td>22.0</td>
<td>-0.4</td>
<td>-14.5</td>
</tr>
<tr>
<td>CFDT</td>
<td>21.3</td>
<td>22.8</td>
<td>21.0</td>
<td>21.2</td>
<td>20.7</td>
<td>19.9</td>
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<td>20.3</td>
<td>21.6</td>
<td>1.4</td>
<td>0.3</td>
</tr>
<tr>
<td>CFTC</td>
<td>2.9</td>
<td>2.9</td>
<td>3.8</td>
<td>3.8</td>
<td>3.7</td>
<td>3.6</td>
<td>4.0</td>
<td>4.1</td>
<td>4.4</td>
<td>0.3</td>
<td>1.5</td>
</tr>
<tr>
<td>CGT-FO</td>
<td>11.0</td>
<td>11.7</td>
<td>13.9</td>
<td>14.4</td>
<td>13.7</td>
<td>12.8</td>
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<td>12.7</td>
<td>12.5</td>
<td>-0.2</td>
<td>1.5</td>
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<tr>
<td>CGC</td>
<td>6.0</td>
<td>7.0</td>
<td>7.1</td>
<td>7.5</td>
<td>6.8</td>
<td>6.5</td>
<td>6.3</td>
<td>6.0</td>
<td>6.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Other unions</td>
<td>5.0</td>
<td>4.4</td>
<td>4.8</td>
<td>5.0</td>
<td>4.8</td>
<td>5.6</td>
<td>6.0</td>
<td>6.2</td>
<td>6.4</td>
<td>0.2</td>
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</tr>
<tr>
<td>Non-union</td>
<td>16.8</td>
<td>18.4</td>
<td>19.7</td>
<td>21.1</td>
<td>23.5</td>
<td>26.6</td>
<td>28.8</td>
<td>28.4</td>
<td>27.0</td>
<td>-1.4</td>
<td>10.2</td>
</tr>
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Source: MES-DARES
The crisis in trade union representation can also be measured by the results of elections to industrial tribunals. In December 1997 turnout was down 6 per cent on the 1992 ballot, when it was already very low (34.4 per cent as compared to 40.4 per cent). The trade unions thus found that only about one third of the 14.6 million employees bothered to vote. These elections were a serious setback for certain unions such as the CFTC (7.5 per cent of the poll) and especially the CGC (5.9 per cent). Both the CGT, which still comes top in these elections with 33.1 per cent of the votes cast, and FO (20.5 per cent), remained at their 1992 level, whereas the CFDT increased by 1.5 percentage points from 23.8 per cent to 25.3 per cent. In particular, by gaining an extra 8 percentage points (31.2 per cent of the vote) in the professional and managerial section, it has now overtaken the CGC (down 5 percentage points to 21.8 per cent in this section), thus jeopardising the future of the latter.
Apart from these quantifiable indicators, the deterioration of the unions’ image has also been confirmed by opinion polls. An opinion poll carried out in 1995 for the CFDT, indicates that 56 per cent of French people have little or no confidence in the CGT, compared to 50 per cent for the FO and 49 per cent for the CFDT. The survey showed that only around 30 per cent of people have confidence in the main trade unions.\textsuperscript{12} This decline in the unions’ image, as distinct from that of their leaders, has resulted in a loss of influence and made it more difficult to mobilise workers, as reflected in the above-mentioned decrease in the number of disputes.

This dual crisis of representation and recruitment is accompanied by a crisis of activism. The role of rank-and-file militants has tended to move away from the grass roots, thereby institutionalising trade unionism. A number of new union organisations have been formed in response to this trend, beginning with the Group of Ten in 1981, then Solidaires, Unitaires et Démocratiques (SUD) which resulted from a split in the postal
federation of the CFDT and joined the Group of Ten, and later the Fédération Syndicale Unitaire (FSU) which was established following the break-up of the Fédération de l’Education Nationale (FEN, see Box 2). Another symptom is the emergence of co-ordinating bodies during disputes involving nurses, social workers, railway employees and lorry drivers. These are largely short-lived bodies which are formed during a dispute but become dormant once it is over, and reflect distrust of the ‘representative’ trade unions, which are suspected of not putting across the demands of striking workers effectively.

**Box 2: The other trade union organisations**

Two phenomena have been at work during the 1980s and 1990s: the emergence of new unions due to schisms within the traditional organisations, and a grouping-together of these new unions mainly around two entities which have not become confederations and do not have the status of representative trade unions.

These two groupings are as follows:

The Union Nationale des Syndicats Autonomes (UNSA, National Association of Independent Trade Unions), which was launched in 1993 when seven independent unions with socialist-leaning leaders joined forces. UNSA will probably become the sixth French trade union confederation, and is already deemed representative of the civil service. It includes the two largest civil service federations: the Fédération Nationale de l’Education Nationale (FEN, Federated Education Union), following the schism leading to the creation of the Fédération Syndicale Unitaire (FSU, Federated Trade Unions), and the Fédération Générale Autonome des Fonctionnaires (FGAF, Independent General Federation of Civil Servants). In addition there are the Fédération Autonome des Transports (FAT, Independent Transport Federation), the Fédération Générale des Salariés des Organisations professionnelles de l’Agriculture et des Industries Agro-alimentaires (FGSOA, General Federation of Agricultural and Agro-food Workers), the Syndical Indépendant des Artistes Interprètes (SIA, Independent Actors’ Union) and the Syndicat des Réalisateurs et Créateurs de Cinéma, de la Télévision et de l’Audiovisuel (SRCTA, Union of Cinema, Television and Audiovisual Directors and Producers). In 1998 some 3,000 activists forsook FO to join the UNSA, which has around 300,000 members.
The Groupe des dix (Group of Ten), founded in 1981, groups together twenty or so organisations mainly from the public sector and the banks (see Appendix I). The two main unions in the Groupe des dix are the Syndicat Unitaire des Impôts (SNUI, National Union of Tax Officials) and Solidaires, Unitaires, Démocratiques (SUD) which broke away from the CFDT. In 1997 the Groupe des dix claimed between 50,000 and 60,000 members.

**Explanations of the trade union crisis**

Many of the factors put forward to explain the crisis in the French trade union movement are largely similar to those cited to account for the crisis in other countries.

The first of these factors is recession and its social consequences. Changes in the system of production, reflected in the restructuring of industry and a shift towards the service economy, appear to be a central factor. The decline in those sectors of industry which were traditional bastions of trade unionism, mainly within large companies which underwent major restructuring in the second half of the 1970s, appears to be one of the main reasons for the destabilisation of trade unions. The changes in the system of production at a time of deep recession caused a sharp rise in unemployment, which made unions even more vulnerable. Also, new industries and occupations have grown up in the tertiary sector and are not covered by trade union action.\(^{14}\)

Secondly, technological innovation has helped to change the composition of the workforce because of the growth in the service sector and the new organisation of work. These factors, reinforced by increasing international competition, have led to new forms of human resources management based on the concepts of individualisation, flexibility, involvement and segmentation. In turn, these have led to differing perceptions of labour and bypassed traditional trade union action. All of these changes have taken place in a context of social and cultural change: the greater role of women in the labour market, higher levels of training, increased emphasis on the individual, major changes in collective values, and the decline of revolutionary ideologies. As a result, trade unions have a great deal of adapting to do.
Most of these factors, however, are common to all industrialised countries, and they alone do not explain the scale of the crisis in the French trade union movement. This has never been as representative as most of its European counterparts (Nobelcourt 1990). That it has lost nearly half its members in ten years, however, begs the question of whether the background and nature of the French unions and the way they operate are themselves causing a crisis, or whether this is simply part of a wider crisis affecting all social and political institutions, such as the political parties, the church, the armed forces, the family, and so on.

**How the French trade union movement is different**

Apart from the external factors, it seems that French unions have also brought their own vulnerability upon themselves. Deep-rooted historical factors have meant that a crisis which is occurring everywhere is hitting French unions harder. There are four characteristics of the French trade union movement which are generally advanced in support of this belief.

First, the ‘politicisation’ of French unions. The unions have a strong ideological component which has been most obviously reflected in their emphasis on a culture of confrontation. This has deep historical roots, connected with the concept of individual rights resulting from the Revolution of 1789, which went against the idea of workers’ coalitions. Also, throughout most of the 19th century, social issues took second place to political ones; supporters of the Republic saw universal suffrage as the only means of expressing democratic needs.

As a result, there is a stark contradiction between the anarchistic dimension of French trade unions on the one hand, and their Marxist dimension on the other, which leads them to expect change to occur as a result of taking political power (Adam 1983). Thus, the joint action by the CGT and the CFDT during the 1970s did not survive the end of the common programme of the Left. However, this characteristic seems to have been seriously eroded since the left’s experience of government between 1982 and 1993. The CGT supported the left-wing government only for as long as there were communist ministers in it, while the CFDT initially strongly supported the first socialist government, and
even obtained a number of social reforms from it, but gradually dis-
tanced itself. The politicisation of the trade unions is, therefore, one of
the main reasons why people are turning away from them (Labbé 1994).

Second, the emphasis on a vertical structure, which is assumed to
destabilise the collectives of workers, based on particular trades or
professions. It is also assumed to prevent insecure workers and the
unemployed from organising, and to limit the unions’ understanding
of social and cultural changes that which could be used as the basis
for action. This type of structure, based on specific sectors or
industries, is regarded as one of the main reasons for the current trend
to defend the vested interests, and tends to divert the unions away
from a solidarity-based concept of trade unionism. However, such
criticisms should be seen in context. Firstly, all social and political
institutions are failing in the task of restoring the ties between
members of society. In addition, the adoption of a sector-based
structure has enabled the social gains fought for by those whose skills
and/or position in the production process made them stronger to
become more widespread.

Third, the divisions within unions have long been a problem in the
countries of southern Europe, but it is quite clear that the trade union
movement has experienced the greatest difficulties in those countries
where the divisions are widest; this is still a problem in Spain and
France, but no more in Italy. In France, the unions have not managed
to maintain a common front in their dealings with employers or the
government over any of the major current issues, whether it be fighting
unemployment, controlling health spending, financing the welfare state,
or reducing working hours. The CGT has not signed a single major
national cross-sectoral agreement since the beginning of the 1980s, with
the notable exception of the retirement agreement.17

Contrary to what happens in Italy, for example, where the major trade
unions manage to make common cause on important issues, and where
the major confederations successfully take on board initiatives coming
from rank-and-file members, the French union movement is becoming
more divided, both because of the emergence of new organisations and
because of polarisation around the two main tendencies sparked by the
conflict of November and December 1995. The appearance of new organisations can only weaken the trade union confederations, because they often result from schisms within the major unions. What is more, since the conflict of November and December 1995, internal divisions within the confederations have become permanent. The CFDT was faced not only with a break-away movement within its ranks, when SUD attracted part of the CFDT transport federation as well as part of its banking and education sectors, but also with internal opposition, revolving around a grouping known as ‘All Together’, involving several craft-based and regional federations. FO’s poor results in the elections to industrial tribunals in December 1997 consolidated the divisions which had first appeared at its congress in February 1996, where the opposition of the Paris area union and some of the craft federations became official. In early 1998 Jacques Mairé, leader of the Paris area union, led his troops out of FO to join the Union Nationale des Syndicats Autonomes (UNSA, National Association of Independent Trade Unions). By the same token, the severe setback suffered by the CGC at those same elections will inevitably strengthen the opposition to its president, Marc Villebenoit, which surfaced at the 1996 congress. In the emotional climate following these elections, some even went so far as to predict the dissolution of the CGC and its absorption into the UNSA.

Concerning the polarisation of the French trade union movement, for the time being this amounts to nothing more than tendencies which have not become institutionalised. Briefly, there are two main camps; a reformist camp, referred to rather pejoratively by some as ‘fellow travellers’, as an indication that they support the government’s reforms, but which others call the ‘movement for social change’ to indicate that they put forward their own proposals for consensual reform and for modernisation of companies and of society as a whole. This strand embraces the CFDT, CFTC, CGC and UNSA. The other strand, usually known as the ‘adversarial movement’ because it favours the strike weapon, groups together the CGT, CGT-FO and FSU as well as SUD and the Group of Ten.
The fourth factor which is cited as a cause of the profound crisis in France is the trend towards institutionalisation and bureaucratisation which has occurred over the past 15-20 years. Labbé (1994), for example, believes that the French trade union movement has lost its original function. He believes that it is trade unionism that has abandoned workers, rather than vice versa. The unions have become more distant from the workplace, and unable to put across workers’ aspirations and demands. They have replaced members with voters, and created a bureaucratic élite by taking on more full-time staff. If it were to continue, this trend would deprive the unions of their role as a social movement, leaving them simply as welfare agencies and their members as functionaries. This creates a real problem of interpretation when it comes to determining the cause of the crisis. Labbé nostalgically describes the former richness of French-style trade unionism, which was largely informal and rarely sanctioned by an agreement (1994). It was based on a combination of a strong local presence and almost no federal and confederal presence. But this was surely also a weakness, because it made it difficult to ensure that any gains achieved for workers at local level were applied nationally, except by appealing to the state. And was it not this very inefficiency which caused the move away from the trade unions rather than the institutionalisation of unions?

Now that the French economy has begun to modernise, and individualisation, rationalisation and differentiation have tended to make economic and social management more complex, the informal nature of the French trade union movement has worked against it. Unions have been forced to accept all the transformations taking place in society, and have tried to adopt a structure to counterbalance the important role of experts in the government and among employers (as it is the case in the tripartite committees of the Commissariat Général au Plan). They have tried to obtain expert know-how and to achieve a balance between defending the material and moral interests of workers and playing a part in social change. This has been made difficult, however, by their limited staffing levels, lack of resources for training union officers, the attitudes of employers and the government, and the
nature of the French industrial relations system. Indeed, there are two other fundamental reasons for the difficulties being faced by the unions:

- First, opposition by employers, coupled to their reluctance to recognise trade unions. The law on company trade union delegations of 1968, intended to give unions stronger local roots, was vigorously opposed by employers, hence the large number of protected workers who are made redundant each year. Likewise, barriers are constantly placed in the way of trade union representation in works council elections.

- Second, the absence of a consistent collective bargaining process at sectoral and cross-sectoral level in France, and especially the lack of any obligation to sign an agreement at all levels. This has put in jeopardy the process of institutionalisation initiated by some unions. The case of the CFDT is very interesting in this respect. It moved towards the centre from 1978 onwards, preferring negotiation to conflict, and did not succeed in signing any significant sectoral or cross-sectoral agreements. In the absence of any such tangible results, the new strategy lost any form of legitimacy and once again it was the appeal to the state that prevailed when the Left came to power. Much more importantly, there were the Auroux laws on the right to free expression, the requirement that companies should hold annual negotiations, and the implementation of derogating legislation. These heightened the contradiction between the weak position of trade unions within companies and/or company establishments on the one hand, and the lack of institutionalised collective bargaining at sectoral and national level.

At the end of this analysis of the causes of the French crisis, it is suggested that the institutionalisation of trade unionism is undoubtedly what has enabled it to continue in existence, and that this is an unavoidable moment in the history of French trade unionism. Essentially, institutionalisation appears to be one of the requirements for trade union survival, but the process has highlighted the scale of the crisis in the trade unions, their distance from day-to-day reality, and the considerable contradiction between social and institutional change. The 1995
conflict was a case in point. Over the past 15 years, French unions have strengthened their institutionalised role in the industrial relations system, but at the same time they have failed to respond to the workers’ deep disenchantment with them. This has two dimensions: one is cultural (changing lifestyles and forms of political involvement), and the other economic (changes in the labour market and personnel management, a large rise in long-term unemployment, and so on). The unions have been unable to understand and analyse the practical effects of these changes on people’s living and working conditions. They have preferred theorising to action, and have confined themselves to exerting political pressure. They have not managed to find ways of encouraging workers to take action on issues such as employment, exclusion, equality, and the environment.

The French trade union movement is not wholly outdated, but it is in a profound state of crisis. The question now is whether this is a crisis it can adapt to (as Noblecourt believes it can), or whether, more seriously – as Adam and Touraine assert – trade unionism in its current form is outmoded.

The future of French trade unions: adaptation, modernisation or radical change?

Some observers of French society believe that there are a number of signs that a trade union revival is taking place (*Le Monde* 24 May 1995). They point out that the downward spiral in membership appears to be reversing, and more young people are joining unions than in the 1980s (*Le Monde* 12 September 1995; Mouriaux and Bibes 1990); the declining turnout in works council elections seems to have halted; and workers showed greater willingness to take action particularly during the 1995 conflict. Finally, and most importantly, alongside these signs of grassroots change, all the representative unions took part in cross-sectoral collective bargaining on employment in the spring of 1995, leading in September and October of that same year to two cross-sectoral agreements. Although the CGT signed only one of these, it was the first time since 1977 that this central union organisation had negotiated alongside the ‘reformist’ unions.
As has been noted, however, other indicators point in the opposite direction, namely an exacerbation of divisions between and within unions, and the reduced turnout at the industrial tribunal elections in 1997. The question is whether these contradictory developments are simply the result of economic and, above all, political events, of which there have been many in France in recent years: the election of a right-wing president was followed, two years later, by the advent of a right-wing and then a left-wing parliamentary majority. These events also shook the Mouvement des Entreprises de France (MEDEF, the employers’ organisation) to the core: it suddenly abandoned its pro-bargaining attitude under Jean Gandois to adopt a tougher line following the Jospin government’s announcement that the working week was to be reduced to 35 hours. This led to the replacement of Jean Gandois by a hard-liner and to tension between the employers and unions which resulted in the employers’ federations terminating collective agreements in certain sectors (the sugar industry, banking, city-centre trading).

Over and above these economic and political events, which have had a major impact on the industrial climate, it is worth attempting to identify the nature of change in the French trade union movement. Below, we discuss three main areas that appear to be of central importance to the trade union movement as it seeks to strengthen its institutional role and exert a real influence on changing ideas and a changing society. These relate to the lifestyles, working conditions and aspirations of all groups associated with what tends to be referred to as the labour market (especially the unemployed). These three areas are the ability to appeal to workers of all kinds, collective bargaining, and union structures.

**New categories of worker, new types of work, unemployment and trade unionism**

Authors over the past few years have agreed that no union has been able to represent new categories of employee, including people in the service sector, women, young people, and insecure or part-time workers. There is also general agreement that unions have also been unable to represent the unemployed.
This has happened in most other countries too, but it is a much more deep-seated problem in France, where there are no specific white-collar unions within the various confederations. Special structures have been set up for managers within unions, but white-collar workers regard unions as being associated with the working class. It is, therefore, not surprising that these new categories of employees have been at best indifferent, and at worst hostile to trade union activism and other forms of action.

In addition, trade unionism has always been confined to individual factories, companies, and trades, and has been cut off from other areas of life. In the past, the workplace has also dominated leisure time, and there have been very strict role boundaries between the generations and the sexes in industries such as mining. This factor explains why unions have great difficulty recruiting among people where the boundaries between work and other activities are less clear-cut. This is obviously true of women, but it also applies to those in particular types of job (temporary, part-time) with looser ties to the company. At best, people like these, with different work patterns to those of the traditional union member, find unions an ideal means of pursuing pay claims, but are very rarely able to provide the total commitment which past generations of members have given, and very often still give.

The unions are aware of these difficulties, and to varying degrees have sought to develop new policies towards these groups of people, and particularly towards the young. For example, the CFDT has set up a new association within the union, known as 'Turbulences', which works on behalf of young people, but operates in a different manner to that of traditional union representation. Since the mid-1980s, the CFDT has focused a great deal more on small and medium-sized businesses, which employ a large number of insecure and non-unionised workers. The aim of this 're-unionisation' effort, begun by the CFDT in the mid-1980s, is to give the membership a higher profile and vary its activities according to categories. These efforts have borne fruit, as already stated, since this union is the only one to have reversed the net outflow of members. It has done so above all by attracting some service sector workers (a 15.7 per cent increase in these categories between 1996 and 1997) as well as women, who represented 45 per cent of the membership in 1997.
As for women, the fact that the CFDT and the Fédération Générale du Travail de Belgique (FGTB) are the only two European trade unions to be headed by women, however, does not mean that French unions are giving any greater policy-making and administrative role to women. In this respect, as in many other European countries, there is a big gap between words and deeds.

In the early 1990s, as part of the bilateral management of UNEDIC, the unions helped to make the conditions for unemployment benefit stricter. In 1994, they changed their policy on the use of UNEDIC’s resources by signing an agreement with the employers creating a fund to provide direct or indirect finance for initiatives aiming to create or secure jobs. This fund shows the social partners’ commitment to an active concept of the use of resources to benefit the unemployed, and has been reflected first in UNEDIC’s financial participation in long-term short-time working (partial unemployment), and then in the agreement of 6 September 1995 on early retirement by workers who have paid sufficient years’ contributions to obtain a full pension. There have also been a number of initiatives by works councils or the social partners, such as the jobs agreement signed at Electricité de France providing employment integration measures for the long-term unemployed. Nevertheless, unrest among the unemployed in December 1997 and January 1998 revealed the limitations of this undertaking as well as divisions between unions on this issue. Only the CGT came out in support of the unemployed, through its jobless committees and its support for a like-minded association (the Association for Employment, Information and Society – APEIS). All the other unions either stood on the sidelines or declared outright hostility to the movement, most notably FO and the CFDT. These two unions also reject the idea, being debated in Parliament at the time of going to press, of allowing unemployed persons’ associations to be involved in administering local unemployment insurance funds (ASSEDIC) and on the UNEDIC management board.

**The evolution of collective bargaining**

There were two changes in the collective bargaining process during the 1980s that showed trade unions had changed direction and had begun to confront the deep contradictions that existed. The first was the trend
towards decentralisation, whereby bargaining took place within individual companies. The number of agreements signed in individual companies or plants more than doubled in ten years, and the trend has continued from year to year. 11,797 agreements were signed in 1997, a 27 per cent increase on the previous year (Ministry of Employment, Social Dialogue and Participation 1998). As we have already pointed out, this trend owes much to government policy in the form of the Aurox and Seguin Laws and, more recently, the Robien and Aubry laws which provide financial incentives for the firms who agreed on working time reduction.

The second change has been in the greater balance between pay and other issues in company-level collective bargaining. The number of agreements on pay has fallen, whereas those on other matters such as working time, employment, and savings and welfare schemes have proliferated. Agreements on working hours (51.6 per cent in 1997) outnumbered those on pay (41.6 per cent in 1997) since 1996; this was clearly a result of the Robien Law. Another important sign of change was the appearance of employment agreements in the early 1990s (2,167 in 1997, 276 per cent more than in 1993: these agreements now represent almost 18.4 per cent of all company agreements). Thus, although the economic recovery of the past two years appears to have increased the level of activism over pay, as a result of various high-profile disputes, the trend has still been towards company-level collective bargaining. As a result, issues relating to organisation of work, job classification, conditions, employment and vocational training are now the subject of debate and agreements.

The growth in company-level bargaining reveals an important contradiction within the French union movement. It has given the unions greater legitimacy, particularly within individual companies, but it also reflects a shift of focus back towards companies, which is leading the unions to lose their essential function of negotiating claims at national level’ (Dufour 1990). In other words, it assigns greater importance to the firm-level agreements by basing them on agreements or policy negotiated at a higher level.
It is the difference between the levels of bargaining which is most striking. There was a difference in terms of growth in bargaining, as sectoral and cross-sectoral bargaining is tending to stagnate, although the five-year law slightly cleared the logjam, particularly in terms of vocational training. But the most important difference lay in the nature of the issues covered. This situation is particularly apparent in terms of working hours, which, despite the stimulus of the 1995 cross-sectoral agreement encouraging the social partners to negotiate agreements on this issue at sectoral level (72 industry-wide agreements in 1996 against 29 in 1995, but 49 in 1997), ranked only 8th in the sectoral bargaining process in 1997, but first in terms of company bargaining. The result is a paradox. The growth in company bargaining is leading to an increase in the legitimacy of trade unions, but it can also cause a loss of influence. This is partly because workers are represented in two ways within companies: one, the works council, is elected, and is informed and consulted on a growing number of issues, while the other, the trade union, is non-elected (though usually voted onto the works council), and has the monopoly on bargaining. Employers’ practices are tending to legitimise the works council as the main body representing employees, and this trend is reinforced by the fact that the employee representatives on the works council quite legitimately want it to take on its full functions. Thus, the works council tends to absorb the union function within the company, and company-level bargaining, which usually takes place at the employer's initiative, tends to reflect only the debate within the company (Dufour 1990). The development of company-level bargaining, therefore, illustrates the tension in which unions find themselves. They are torn between participating in, and complaining about the complexity of the structure whereby employees are represented within a company.

This tension is likely to mount in view of two factors: the mandating procedure introduced by the cross-sectoral agreement of 31 October 1995, and the implementation of the 35-hour week. The policy of providing financial incentives for the earliest possible conclusion of agreements is in fact hastening the trend towards decentralised, company-level bargaining, and is likely to place the mandating procedure under great strain, given that the trade unions have virtually
no presence at company level, especially in small and medium-sized ones. Actually, the mandating procedure has been used in three out of ten agreements in the frame of the Robien law whereas it concerns half of the agreements after nine months of Aubry law application. Whereas the CFDT expects mandating to stimulate unionisation, most of the other unions disagree strongly and believe that this will be an incentive to bypass the trade unions in small and medium-sized businesses.

Trade union structures and democracy

Many authors have emphasised the distance that has developed between rank-and-file union members and the union structure, and the fact that the institutionalisation process has gradually cut off unions and federations from the day-to-day realities of work and the aspirations of workers. As a result, the rank and file no longer takes part in union policy-making and is not present in their platform of demands.

The large number of unions and representative bodies has diluted relations between rank-and-file union members and external structures, and between union members and employees. The creation of the right of expression has helped to isolate unions within companies, and has even been used as a form of participatory policy by employers. By linking these forms of labour mobilisation to processes of individualisation in fixing both pay and conditions, employers have begun bypassing unions. As a result, the unions have either become marginalised or used as a tool to further the company’s objectives.

There is, therefore, a schism between the role of unions inside and outside companies: those working within companies can no longer persuade workers to take action based on the strategies of the union or confederation, whilst the latter are out of touch with employees’ day-to-day problems. This process creates uncertainty about the validity of major strategic decisions, which are no longer based on large-scale campaigns of action, and also the validity of agreements signed within companies. The practice of holding company referenda is one illustration of this uncertainty, and very often company agreements are criticised by the local or industry representatives of the signatory union.
Although the unions know they are out of touch, and know about the problems caused by the large number of unions and representative bodies (Demons 1993), all they have done so far is make general statements. However, there have been some exceptions.

There have been attempts to revitalise the local, departmental and regional unions and to establish closer links with union delegations. One example is the attempt to reactivate the regional Bilateral Employment Commissions, which shows a desire for a better understanding of economic and social reality in the labour market, and which also seeks to hold local debates on overall strategy. In addition, some organisations have shown a desire to regain their ‘listening’ function and gain a better understanding of employees’ demands and aspirations. For example, large-scale surveys have been carried out by the appropriate CFDT unions among employees of the metal industry in the Ile de France area and the chemical industry at the national level on the question of shorter working hours and the terms and conditions they could obtain concerning the organisation of work and pay (Boulin et al. 1998).

The issues affecting change in the French trade union movement

Union leaders denied for a long time that the movement was experiencing a crisis, but they are now admitting the fact. Although they are well aware of its symptoms, they are chipping away at the edges rather than taking radical action to transform the nature of trade unionism. The conceptual distinction made at the beginning of this paper between modernisation as adaptation and modernisation as radical change appears to be relevant here.

The challenge facing the union movement lies more in effecting radical cultural change than in simply adapting. The analysis above shows that French trade unions are currently short of four things: legitimacy, the ability to put forward demands, strategy, and unity (Jacquier 1995). Whether the unions are able to overcome these deficits will depend on
whether they can deal with two areas of major change, one in the nature of work, and the other in the various forms of union action.

*The transformation in the nature and role of work within society*

Before the unions begin acting on the basis of a highly developed concept of the way in which work is changing, they need to abandon some of their assumptions and take action that is appropriate to the nature of the problem. As has been pointed out, they need to start taking account of the growth of the service sector, which is based on the processing and exchange of information. This requires new forms of skills, and new ways of assessing them.

The unions must accept that these changes will lead to a fundamental change in the current view of the nature of work. The key objective is still full employment, but this may have to be achieved in a less linear fashion than in the past, and workers will have to be more flexible throughout their working lives.28 A wide-ranging debate is needed on the nature of rights and guarantees to benefits such as training, protection and retraining, suited to the changing nature of employment. This has already been done in the Nordic countries and the Netherlands as far as part-time working is concerned.

The unions also need to gain a better understanding of the relationship between work and time outside work, and a better understanding of attitudes to work by new categories of workers: women, young people, those on insecure contracts, and those who have been unemployed. These changes in attitude call into question the place of work within people’s lives as a whole more than the value of work itself (Boulin 1995). They may, therefore, play an essential role in fighting for jobs and finding ways of achieving shorter working hours.

This clearly involves a fundamental review of the dominant view of society based on a uniform, linear concept of working conditions, whereas these are now being replaced by differentiation and discontinuity. If trade unions are to play an important role in putting forward the concerns and aspirations of these various groups of people, they must listen to what they have to say.
French trade unions are still not giving sufficient thought to the whole concept of work. They are still dominated by a view that developed during the 1930s, when they were at the height of their powers, but one that takes little account of the social and cultural changes which have occurred in the developed countries. The comment by the general secretary of the CGT concerning the work published by modernisers in the union, in which they explore the CGT’s relationship with society is revealing here; he described this as an ‘élitist’ debate (Alezard et al. 1995).

One of the results of the social change and political integration taking place in Europe is the fact that Europe now includes countries where these questions have been debated for a long time, most notably the Nordic countries. This is acting as a catalyst, forcing French unions to look at other possible approaches and to discuss their response with others. The 1996 ETUC congress, which included a debate on the collective regulation of individual choices in terms of shorter working hours (Hoffmann and Lapeyre 1995), and the agreements between European social partners on parental leave, part-time work, and more recently the short-term contract, provide opportunities for French unions to update their policies at national level, but the unions must still make Europe a priority issue. The admission of CGT as a member of the ETUC during the 1999 congress constitutes a strong incentive in this direction.

The radical change in the nature of activism

If French trade unionism is to become a force on the national scene, it must also tailor its action to employees’ need for autonomy and participation, a need which is illustrated by the formation of co-ordinating bodies. There is a narrow boundary between the unions’ current hostility to these bodies, and a policy of working more closely with them on the grounds that they represent a new form of relationship with employees. They may constitute the link between the process of institutionalisation which is forcing unions to take an overall view of problems, and the way in which employees perceive these problems from the shop floor. After all, the concept of trade union democracy is not necessarily synonymous with anarchy; it can also be a
means to achieving true economic and social democracy in the workplace.

For the time being, however, the diverging concepts of trade unionism are tending to take root; the co-ordinating bodies are operating through the new organisations which emerged during the 1980s (Group of Ten, SUD), backed from time-to-time by the CGT and FO as well as by strands within the CFDT (‘All Together’, even if this internal opposition shut itself down during the congress in December 1998). At the other end of the scale the ‘moderate’ unions (CFDT, CFTC, CGC, UNSA) are more inclined to negotiate. They have not, however, managed to consolidate their informal alliance.

However, some new elements in the French union landscape tend to blur the opposition between the ‘moderate’ union movement and the adversarial one. The most salient changes concern the CGT and have mainly occurred while preparing its last congress (end of January 1999) and have been approved by the election of a new general secretary. The question is whether these changes are linked to immediate circumstances (the will of the CGT to enter the ETUC, which requires the support of the CFDT, and the will of the CFDT to reduce its internal opposition, which requires some evidence given to its radical wing by a moving closer to the CGT) or whether they are part of a lasting change. The Aubry law, concerning the implementation of the 35 hour working week, seems to be an opportunity for the restructuring of the French unions in a direction of a more ‘moderate’ approach by the two main unions (CGT and CFDT), as well as for a larger open-mindedness concerning the social and cultural changes involved by the working time reduction.

**Conclusion**

The French trade union movement is weakened, increasingly divided, and facing major changes in the system of production, the labour market, and people’s lifestyles. It is in the throes of a crisis that is deeper than any before. Its uncertainty is affecting the very foundations of its legitimacy; its ability to create social cohesion is being undermined by its refusal to take on board current forms of exclusion. This means
that in addition to all its other difficulties, it is undergoing a moral crisis, and a crisis of identity.

Throughout this article, we have emphasised that there are many issues involved in trade union change: the ability to unite, to create solidarity, to play a part in social change and to overcome the movement’s divisions. As we have seen, these preconditions for real cultural change still remain a distant goal even if recent changes are taken into account. What is more, it is not just the trade unions which have to make changes if they are to modernise; the employers, too, will have to make similar changes, and the industrial relations system must also be brought up to date. The employers’ nervousness following the left’s return to power in spring 1997 and, above all, over its intention to reduce the working week to 35 hours, does not augur well in this respect. Their virulent reaction at the Conference on wages, employment and working time on 10th October 1997, together with the termination of collective agreements by employers’ representatives in sectors such as the sugar industry, banking and city-centre trading, have contributed to a deterioration in industrial relations. This new tough stance by the employers, whose representatives are resolutely opposed to the negotiating process initiated by the government, is destabilising the pro-bargaining wing of the French union movement, which was already much weakened by the low turnout at the industrial tribunal elections. French employers seem only able to justify their position through conflict with an adversarial trade unionism which they are at the same time seeking to destroy; the lure of the abyss, as it were.

This adversarial approach favoured by the employers in an apparent effort to stifle the unions is at odds with the pro-bargaining approach based, not on liberal thinking, but on trade union involvement in economic and social change. There appears to be little scope between the two for modernisation of the French union movement. It is vital to overcome the current divisions, which derive more from the will to survive as a movement than from a desire to undergo the cultural transformation needed to tackle the challenges of the next century.
Appendix I: changing composition of the group of ten

Composition in 1981

Fédération Autonome des Syndicats de Police (FASP, Independent Federated Police Unions).*
Fédération Autonome des Transports (FAT, Independent Transport Federation).
Fédération Générale Autonome des Agents de Conduite (FGAAC, Independent General Federation of Drivers).
Fédération Générale Autonome des Fonctionnaires (FGAF, Independent General Federation of Civil Servants).
Fédération Générale des Salariés des Organisations Agricoles (FGSOA, General Federation of Agricultural Workers)*
Syndicat National des Contrôleurs du Trafic Aérien (SNCTA, National Union of Air Traffic Controllers).
Syndicat National des Journalistes (SNJ, National Union of Journalists).*
Syndicat National Unifié des Impôts (SNUI, National Union of Tax Officials).*
Syndicat Unifié des Caisses d’Epargne (SU, National Union of Savings Banks).

* co-signatories of the call for unity on 12/1/1982
The SNI-PEGC was also present.

Composition in 1997: Member unions

Syndicat National Autonome de la Banque de France (SNABF, Independent National Union of the Banque de France).
Syndicat National Autonome de la Concurrence, Consommation-Répression des Fraudes (SNACCRF, Independent National Union for Competition, Consumption and Fraud Squad Workers).
Syndicat National des Journalistes
(SNJ, National Union of Journalists).

Syndicat National des Mécaniciens au Sol de l’Aviation Civile
(SNMSAC, National Union of Civil Aviation Ground Engineers).

Syndicat National Unifié des Impôts
(SNUI, National Union of Tax Officials).

Solidaire, Unitaire au Trésor
(S.U. au Trésor, ‘Solidaire, Unitaire’ at the Treasury).

Syndicat Unifié des Caisses d’Epargne
(SU, National Union of Savings Banks).

Solidaires Unitaires Démocratiques-Crédit Agricole Mutuel
(SUD-CAM).

Fédération Solidaires Unitaires Démocratiques des PTT
(SUD-PTT, SUD-Post Office and Telephone Employees’ Federation).

Syndicat National Unitaire des Douanes et Droits Indirects
(SNUDDI, National Customs and Excise Union).

SUD-Cheminots
(SUD-Railway Workers)

SUD-Education

Union Syndicale Air France
(USAF, Air France Staff Union).

Union Syndicale des Personnels Navigants Techniques
(USPNT, Union of Flight Attendants).

Observer and associate unions

Fédération ‘Coordonner-Rassembler-Construire’ Santé-Sociaux
(CRC-Santé, ‘Co-ordinate-Unite-Build’ Health and Social Services Federation).

SUD-Collectivités territoriales
(SUD-Local Authorities).

Syndicat Autonome des Personnels Aéroports de Paris
(SAPAP, Independent Union of Paris Airport Staff).

Syndicat Démocratique des Banques
(SDB-BNP, Democratic Banking Union).

SUD-AERIEN
Notes

1 The CGT (General Confederation of Labour) was founded in 1895.

2 A principle adopted by a number of companies, and initiated by the AXA insurance company, which signed an agreement with three trade unions, the CFDT, CGC and CFTC. Under this agreement, the company gives each of its employees an annual ‘trade union voucher’, the amount of which is then paid to the union of the employee’s choice. Unused vouchers are destroyed.

3 Ifop-Liberation survey, revealing that 56 per cent of French people are impressed by the CFDT leader. Another point which bears out the contradiction between low membership figures and the unions’ role in France’s economic and industrial life is that other union leaders also have a good reputation: 46 per cent of the French hold Marc Blondel, the FO leader, in high regard; Louis Viannet, the CGT leader, has a rating of 42 per cent (Liberation, 1/12/97).

4 The CFDT claimed 723,500 members in 1997, an increase of almost 5 per cent on 1996 (Bref Social No. 12,644, 10/4/98). If this proves to be true, it means that CFDT is now France’s biggest trade confederation.

5 Reference has been made in this regard to a proxy strike, meaning tacit backing by private sector employees who did not join in the dispute because their position on the labour market is weaker than that of their public sector colleagues.

6 Counting only the private sector and public enterprises, the number of days lost fell to its lowest ever level in 1997 (325,840), lower than in 1992 which held the previous record. If the civil service is included, this figure rises to 1,133,691 days lost, which makes 1996 an average year for the 1990s, with the exception of 1995 when almost 6 million strike days were recorded as a result of the conflict in November-December. 1995 was merely a passing phenomenon in this sense, a peak in a long downward trend which was in fact borne out by the 1997 results, when another drop occurred: 352,840 strike days (cf. Bref Social, No. 12,570, 26/12/97 and Liberation, 16/4/98).

7 Bref Social No. 12,644, 10/4/98.

8 Works councils must be set up in all companies and establishments with at least 50 employees where working conditions are governed by private law. Elections take place on a list system with seats allocated on a proportional basis. There is provision for two rounds of voting: at the first, only the trade unions represented in the company may put forward candidates. Should there be none, or should there be insufficient voters, a second round is held and the electorate may vote for other lists, in particular non-union ones. Works councils are re-elected every two years.

9 These results include those of the National Railway Company (SNCF) which is a public firm and the elections in the firms where there is a one-delegation (including
work's councils and personal delegates together). In the private sector, the CFDT is now the larger union (20.5 per cent) compared to the CGT (19.7 per cent).

10 Industrial tribunals have equal employer and employee representation; their role is to settle labour disputes between the two sides. The first elections were held in 1979.


12 Cf. Liaisons Sociales/Bref Social No. 11,981, 31 July-1 August 1995.

13 The use of the words 'unitaire' and/or 'démocratique' in the names of these organisations, as their founders point out, reflects the belief that the five representative unions are not united or democratic.

14 The CFDT alone is managing to make inroads into the service sector (+15.7 per cent in 1997 compared to 1996).

15 The Le Chapelier Law of June 1791 forbade collective action because it was a breach of the individual's freedom to enter into contracts on the basis of equality.

16 Craft trade unions were prohibited until the Waldeck-Rousseau Law of 1884.

17 The CGT was a signatory of the 1983 agreement laying down a retirement age of 60, but did not sign any more agreements of this kind for over ten years. Now, together with all other unions, it has signed an agreement on the operation of the Bilateral Intervention Fund for employment in the case of voluntary retirement by those aged under 60 who have paid contributions for 40 years or more. This agreement was signed at the beginning of September 1995, and marks the beginning of a new process of using the unemployment benefit fund to create new jobs by way of compensation.

18 In 1998, other parts of FO (Metal industry of Ile de France, tax recovery agents and some local unions) have also joined the UNSA.

19 In 1993, 18,804 protected workers (these were representatives elected or appointed by the employees of a company) were the subject of applications for redundancy, an increase of 12.3 per cent on 1992. Although this is a reflection of the recession (there has been a big increase since 1990, mainly affecting non-union members), these figures also reflect the unions’ rejection by the employers who took the economic crisis as an opportunity to weaken them.

20 Working hours are a case in point: these were the subject of numerous reports and negotiations between employers and unions in the late 1970s, none of which came to fruition. Finally, the government took action in the form of the ordinances of January 1982. By the same token, the cross-sectoral agreements of 1989 and 1995 which call for sectoral agreements to reduce/reorganise working hours resulted in only fragmentary agreements. Here too, the government had the greatest impact, but at company level, with the Robien Law (June 1996) and then the Aubry Law (June 1998).

21 Under the law of November 1982, companies are required to hold annual negotiations on working hours and salaries.
The ordinances of January 1982, and then the Seguin Law of 1987, authorised the social partners to sign agreements providing derogations from current legislation at sector and/or company level; for example, on weekend working or night work by women. The five-year law marks a new stage, since the derogations are accompanied by incentives for employers, in the form of reduced social charges, to implement government policy; for example, the promotion of part-time work and conclusion of agreements on shorter working hours (see Boulin 1993; Boulin and Taddei 1997).

UNEDIC (National Cross-Sectoral Union for Employment in Industry and Commerce) is the joint umbrella organisation which administers unemployment insurance.

The Robien Law of 11 June 1996, destined to disappear in 1998 following the adoption of the law on the 35-hour week, encouraged firms to cut working time and recruit new workers instead. Subject to a 10 per cent or 15 per cent reduction in working hours and an equivalent level of recruitment, and as long as the new employees remained in place for at least two years, the employer enjoyed a 40 per cent cut in social contributions (50 per cent in the case of a 15 per cent reduction) in the first year and 30 per cent for six further years (40 per cent in the case of a 15 per cent reduction). A version of this law aiming to preserve jobs has also been implemented. By the end of 1997, over 1,500 agreements had been signed, affecting 170,000 employees and allowing some 17,000 jobs to be created or preserved.

The employment dimension is probably underestimated, as some of the agreements on working hours relate both to productivity issues and employment objectives.

Thus, while all unions are calling for shorter working hours, there has been no national campaigning on this issue. The divisions between the unions on how this reduction should take place are certainly a central factor, but it could also be said that unions within companies see this issue in terms of its potential positive or negative effects on their company and on living and working conditions of the employees. They therefore adopt a micro-economic, micro-social approach rather than taking an overall view, as the success of the Robien Law would seem to prove.

For example, the CFDT representatives who signed a working hours agreement with the management of Crédit Lyonnais on 4 February 1987, allowing longer opening hours, were disavowed by their union.

The concept of working time distributed in a non-linear fashion throughout a person’s working life, which was the theme of a conference organised jointly by the ETUC and ETUI (9-10 October 1997), has not yet really found favour within the French trade union movement.
Chapter 7: Germany

Industrial relations and trade unions in Germany: the pressure of modernisation and globalisation

Jürgen Hoffmann

The success of industrial relations and trade union policy during the first decades following World War II demonstrates just how effectively they were incorporated into Fordist production regimes. The trade unions making up the Deutscher Gewerkschaftsbund (DGB, the German Trade Union Confederation) are unitary bodies that usually represent all groups and trades within a particular sector or company (‘industry-wide unions’). Within individual companies the principle adhered to is ‘one company one union’, but employees’ interests are represented via works councils elected by all members of the workforce. Here again the structure of the system and the policies pursued reflect the Taylorist-Fordist hierarchy within the company, with co-determination focusing on the top end of the management hierarchy. The system of ‘dual representation of interests’ – with internal matters being dealt with by the works councils, and the trade unions negotiating wage agreements with the employers’ associations at sectoral level – has proved to be a highly flexible one which makes it possible to take into account the particular conditions within each company while at the same time ensuring solidarity in the representation of workers’ interests through wage policy at sectoral level. This is despite the fact that the original idea behind the setting up of works councils in the 1950s by the conservative Adenauer government was actually to counteract the influence of the unions within companies.

Company policy and the approach to collective bargaining – and also the system of social security – were, and still are, based on a so-called ‘regular employment relationship’ (Mückenberger 1985): that is the assumption that a worker is employed full-time for his/her entire working life (‘eight-hour day’, ‘five-day week’), thus providing a basis
for the social security system to be financed through contributions deducted from workers’ pay-packets (‘non-labour wage costs’), with benefits based on the revenue from these (principle of ‘equivalence’). Thus, there is a close link in the German system of industrial relations between protective functions and the discipline and incentives provided by the system of paid labour. As women in a traditional patriarchal system have little opportunity to enter ‘regular employment’, they are usually insured via their husbands and their ‘protection’ is based on dependence. Thus, the ‘normal patriarchal family’ in Germany is an integral element in a ‘regular employment relationship’. It is important to stress this fact, because the proportion of working women was very low (under 50 per cent) during the early years of the Federal Republic of Germany, with female membership of trade unions even lower. Even today, the figure for western Germany is still only 60 per cent – and a large proportion of these women are in part-time work.

Most aspects of industrial relations are subject to statutory control (and are thus highly ‘regulated’), and the result is that ‘class struggle’ has become ‘institutionalised class conflict’, regulated within companies by the Industrial Constitution Law and at sectoral level by the statutory right to participate in collective bargaining and take industrial action. Furthermore industrial relations are subject to strict rules and follow a predefined timetable (for example, as a result of the inclusion of an obligation to refrain from industrial action during particular phases of the collective bargaining process); the timing and duration of any strikes can thus be predicted in advance by the employers. Collective agreements at sectoral level establish general standards which are binding on individual companies (provided they are members of the employers’ association) and are subsequently usually incorporated into legislation, thus becoming binding on all parties. This, in turn, means that within each sector there is a level playing field in competitive terms as far as minimum standards for wages and conditions are concerned.

Co-determination within companies has contributed to stability in industrial relations – and continues to do so – as it not only offers works councils and workforce representatives on supervisory boards broad scope for intervening in company policymaking, but also ties in their interests with those of the company. This comes out most clearly
in the section of the Industrial Constitution Law that obliges works councils to maintain industrial peace and co-operate with the company. In the past, the DGB has largely succeeded in involving works councils – which are elected by all members of the workforce – in union policy, as is demonstrated by the fact that between 75 per cent and 80 per cent of members of the works councils are also members of DGB-affiliated unions\(^3\) (the *Deutsche Angestellten Gewerkschaft*, DAG has been most successful in typical white-collar areas such as the distribution and public service sectors). Thus the dual system of representation did not – as the trade unions had initially expected – operate against their interests. On the contrary, they were able to incorporate it positively into their activities: the unions establish the general framework for wages and working hours, and the works councils are responsible for fleshing these out according to the particular conditions in individual companies, and arranging for their implementation. Thus, each party plays a complementary role vis-à-vis the other.

In order to function properly, Taylorist-Fordist production systems require well-regulated industrial relations which provide a guarantee of continuity. The German model, with its industry-wide unions and dual representation, statutory working hours, strict working discipline and a high degree of social stability was, therefore, highly compatible with the predominant Taylorist model of ‘inflexible’ mass production – particularly as the dual system of vocational training operated by the state in conjunction with the companies ensured a high level of general and company-specific skills in the labour force. Or to put it the other way round, discontinuity, as a result of ‘ill-disciplined’ workforces or works councils, fragmented unions or unstable markets was, and still is, the ‘Achilles’ heel’ of Fordism. To this extent, therefore, the high degree of statutory regulation of industrial relations in Germany during the Fordist phase was by no means a disadvantage for unions or companies. In the long term, the German model of regulated industrial relations and high quality standards, based on high levels of training, provided the foundation for the rapid growth of productivity and exports during the 1950s and 1960s and, therefore, formed the basis of the success of the trade union movement. During the years from 1955 to 1985, the standard of living of an average working family quadrupled in real terms.
and the welfare state expanded continuously. At the same time, despite a rapid increase in the working population, levels of membership of DGB-affiliated unions were maintained at about 30 per cent from 1960 onwards (Müller-Jentsch 1997:130), after initially running at some 35 per cent (including both working and unemployed persons). The absolute figures for membership actually rose during the 1950s and 1970s and remained constant in the 1960s and 1980s. During the 1980s, the overall level of unionisation (DGB, DAG, Beamtenbund, civil-service union) was about 35 per cent (ibid). The ‘productivity-oriented wage policy’ successfully pursued by the unions right up to the 1970s also resulted in an ongoing expansion of mass consumption, which stabilised markets in the consumer sector – an important requirement of Fordist regimes.

Highly regulated industrial relations, the success of trade union policies, the expansion of the welfare state and the combination of a highly trained workforce producing high quality goods for high wages were interrelated elements within the (West) German Fordist regime, and had a synergetic effect on levels of productivity and growth. Expanding export-oriented sectors like chemicals and motor vehicles, mechanical engineering, electronics, precision engineering and optics, which have traditionally produced for world markets and have always tended to have a co-operative attitude towards the workforce (even before the National Socialist period), benefited from the high degree of predictability and productivity guaranteed by the German model of industrial relations. And conversely, it was in these industries that the unions were able to build up their strongest representation base and play a leading role in the formulation of wage policy. This relatively strong position for the West German unions was even maintained during the conservative Adenauer era and was subsequently extended to a position of hegemony from the mid-1960s onwards under the aegis of Social Democratic governments. It was not until 1975 that the pressure of new social and environmental problems, followed by the replacement of the social-democrat/liberal government coalition by Kohl’s conservative/liberal government, began to erode this position.
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Economic upheaval and social modernisation: industrial relations under pressure of change

The very success of the Taylorist-Fordist German model of industrial relations and the reaction of the economic actors to this, contributed significantly to undermining its own success and creating a new set of conditions. If terms such as ‘upheaval’ and ‘structural change’ are used in what follows, then these upheavals and changes should not be regarded as being the inevitable result of historical processes in a philosophical sense, but rather as a product of the actions of those involved in economic, social and political systems; structural change is the result of actions which create new conditions – a new ‘corridor’ – for actions in the future and/or change the constraints to which these are subject. This applies to the actions of entrepreneurs and companies, trade unions and others in the political and social arena – and not least also to social and economic policymakers. Such changes occurred at four main levels.

Firstly, in economic terms, Taylorist-Fordist production began to come up against its own limits in the mid-1970s. On the one hand, the high rate of productivity achieved during the 1960s could only be maintained at the cost of greater capital investment per job – with the result that average profitability in West German industry began to sink and, with it, rates of investment. At the same time, growing standards of living among the population and the process of modernisation in industry led to a greater differentiation of demand, making possible a shift from a seller’s to a buyer’s market. The change to flexible exchange rates in the mid-1970s, following the collapse of the Bretton Woods system, meant that international markets were now less predictable. The companies’ response – to move to ‘flexibilised mass production’ – was bound to affect industrial relations practices, as they were no longer to the same extent compatible with this new type of productivity.

Secondly, the process of modernisation of society – made possible partly by the success of union wage policy and the welfare state and summed up in terms like ‘individualisation’ or ‘pluralisation’ – served to undermine the classic socio-cultural environment in which the industry-wide trade unions operated and reduced their membership base; the traditional system of industrial relations was eroded as the expansion of
the tertiary, services sector and (to an even greater extent) the spread of ‘tertiarised labour’ in other sectors meant that the political culture of the unions, with their traditional links to manufacturing industry, appealed less and less to growing numbers of employees and job-seekers.

Thirdly, society increasingly began to question the high levels of economic growth which both caused and resulted from stable industrial relations in the 1970s. Groups within society began to question the environmental and social cost of growth driven purely by criteria of economic efficiency and to challenge the ‘growth imperative’. The ensuing ‘environmental debate’ cast doubt on the monetary/quantitative definition of growth and prosperity and questioned the traditional compromise which union policy represented between the ‘shared production interests’ of paid labour and capital and the ‘conflicting distributional interests’ of the two parties. This critique of the concept of growth was accompanied by increasing discussion of ‘what’ and ‘how’ to produce. Recent empirical studies have demonstrated that the ensuing ‘environmental debate’ penetrated deep into the heart of the working population.

Fourthly, the upheaval was dramatically increased by a number of other factors: the phenomenon of mass long-term unemployment which had been developing since the 1970s, the failure of the process of German reunification to bring about rapid economic reconstruction in eastern Germany in the 1990s, the advent of the Single European Market – with the internationalisation of the labour market which this encouraged – and the process of globalisation of the economy.

The challenges briefly described here all led to changes in the parameters for industrial relations – which now became less and less ‘industrial’ in the precise sense of the word – and for trade union policy in Germany. These four levels of change, which also affected the organisational structure of the trade unions and their ability to retain their membership, will now be examined in greater detail.

**Economic restructuring and industrial relations**

In economic terms, the crisis of the Taylorist-Fordist type of production meant that, once the decision was made to pursue technical
progress, it became increasingly difficult to maintain the initial high return on capital investment. In addition to this, markets were becoming buyer-oriented, and the predictability of export markets was undermined by the collapse of the Bretton Woods system of fixed exchange rates. The result was that, from the mid-1970s onwards, companies increasingly found they had to come up with a response to changing economic conditions. If the advantages of economies of scale were not to be lost, it was necessary to find a solution which could link mass production with ‘economies of scope’. At the very latest it was the impact of the Japanese approach (‘Toyotism’) and the growing pressure of Japanese competition – especially in the automotive sector – which, from the late-1970s onwards, led to mass production being flexibilised through the introduction of modern information, communications and sensor technologies. The pioneers of modernisation processes now began not merely to superimpose new technologies on existing production systems and forms of work organisation (which proved to be too expensive), but rather to reorganise production on the basis of internal and external flexibilisation and the introduction of group work and ‘flat’ hierarchies. These restructuring processes were first brought to the public’s notice by a study carried out by Kern and Schumann (1984). Nowadays, under the influence of globalised competition and the spread of the ‘shareholder-value’ culture, these are being supplemented or replaced by ‘neo-Taylorist’ versions, but at the time they led to clear – and in some cases dramatic – changes in industrial relations and altered the conditions under which labour policy and workforce representation operated at company and supra-company level. Outsourcing strategies – which reduced manufacturing penetration in companies – now started to blur the divisions between different sectors and threatened to undermine the principle of ‘one company one union’. At the same time, management was able to play off workforce representatives in individual supply firms both against each other and those of the main plant. Once work formerly carried out by paid employees is put on to an ‘autonomous’ or ‘apparently autonomous’ basis to which statutory provisions on working conditions and wages no longer apply, a significant proportion of the workforce can be removed from the sphere of influence of regulated industrial relations. Within a company, flexibilisation of working time becomes an
economic necessity if flexible mass production is to function effectively – the result being that in many companies new forms of employment and flexible working hours became the norm.

As part of the process of flexibilisation, the splitting up of companies and the conversion of individual departments into profit centres enables groups within the company to be played off against each other. There is then a danger that the classic form of co-determination via the works council – which is aimed at the top of the company hierarchy in a Taylorist system (the German unions in the past were inclined to be sceptical about 'left-wing' demands for co-determination at shop-floor level) – is eroded or watered down. This can happen in both an upward and a downward direction: on the one hand the process of international concentration means that more and more corporate decisions are made on a global basis beyond the scope of the German co-determination law; and on the other hand, when decision-making processes on production-related issues are put into the hands of work groups, then issues such as working conditions, forms of remuneration and regulations on work-breaks also end up being dealt with by them. Moreover, as Kern and Sabel (1994) have demonstrated empirically, the position of the German skilled worker is also put under threat by these new flexible forms of company organisation. Narrow professional specialisation begins to lose some of its allure when learning processes and communication start to transcend the lines of horizontal and vertical hierarchies – indeed it is perceived as an obstacle to improving productivity (Kern and Sabel 1994). The 'new complexity' (to use Habermas' description of the modern era) is liable to be reinforced by the latest neo-Taylorist corporate strategies driven by the shareholder-value concept (Schumann 1997). It increases the pressure on union labour policy at company and sectoral level and signals an end to the organisational and wage-bargaining successes based on the certainties and rigidities of the past.

The end of the ‘collective’ approach

Parallel to the modernisation process within companies which led to flexible systems of mass production and specialisation, processes were also taking place within society, driven partly by the very success of the
Fordist model, the unions’ ability to achieve wage increases and reductions in working hours, and the expansion of the welfare state. These took the form of an erosion of paid employment as the norm and the undermining of people’s socio-cultural background – not least that of working people – and with it the particular phenomena of ‘worker solidarity’ (as opposed to ‘everyday solidarity’, Zoll 1992) and ‘collectivity’. The reasons for this are assessed differently by various German observers. In this context, however, it can be said that the rapid rise in average standards of living after 1955 led to more highly differentiated markets and the emergence of ‘buyer’s markets’, and that behind the latter there lay a rapid increase in and differentiation of wages, living situations and ‘social and cultural capital’, which boosted the process of modernisation (in the sense of a yearning for greater autonomy, creativity and ‘de-traditionalisation’ of everyday life (Vester et al. 1993).

A number of different factors lie behind the process of ‘de-traditionalisation’ – or, to use the sociological terms, ‘pluralisation of the class society’ (Vester et al. 1993), ‘pluralisation of life-styles’ (Zapf et al. 1987), or even ‘individualisation’ (Beck 1986). In addition to improvements in the standard of living and the expansion of the welfare state, these included the educational reforms of the 1970s – which meant that half of all schoolchildren now receive schooling beyond the statutory minimum – and the tertiarisation of paid labour. By the mid-1970s, more than 60 per cent of working people were employed in the so-called tertiary sector (services, state) well over 50 per cent of employees were in white-collar jobs and over 70 per cent were working in so-called tertiarised jobs – in other words ones which were only indirectly involved in production: administration, sales, research or management. These employees were thus in types of jobs which lent themselves to an individualistic interpretation of their work and their lives in general, encouraged creativity, but in some circumstances also led to isolation. At all events, they were jobs which could no longer be categorised as belonging to the culture of a ‘manual industrial proletariat’. The shifts which had occurred in the economic and social milieu were expressed most clearly in dramatic changes in the nature of employment: by 1996 only about half (52.1 per cent) of workers in
western Germany were in a 'normal employment relationship', and the other half were in short-term, part-time or agency employment (IAB, quoted in the *Frankfurter Allgemeine Zeitung* of 25.2.1998) – a development which not only undermined the foundations of the social insurance system but also impaired the ability of the unions to formulate policy and recruit members, as both processes were based in the past on the existence of 'normal' employment relationships. And the process of modernisation and differentiation within society also affected the 'normal patriarchal family'. High divorce rates and a large number of single parents (mainly women) indicated an erosion of family structures (even though this did not mean the end of 'patriarchy'), and this development in turn increased the discriminatory elements in the German social insurance system – with women once again being worst affected.

The changes also had a far-reaching impact on individuals' lives. In a study of the class society based on the work of Pierre Bourdieu, a Hanover research group under Michael Vester not only reached the conclusion that class society by the early 1990s had – as stated above – become 'de-traditionalised' and pluralised in a variety of areas, but also that only 5 per cent of the population could still be allocated to the 'traditional working classes'. This proportion continued to decline up to 1990, whereas the categories of 'traditionless working class' and 'modern employees' were on the increase and a general process of 'modernisation' of everyday attitudes could be observed in the form of a trend towards individual emancipation, greater self-realisation and a rejection of heteronomy. The classic, vertical 'them and us' dichotomy of society, so popular amongst trade unionists – which in reality had always concealed a variety of different everyday milieus – was now becoming as it were, horizontally overlaid and pluralised by modernisation processes (tradition – modern) (Vester *et al.* 1993). Since the 1950s, research on the attitudes of working people and the parameters within which they operate has identified a transition to 'instrumental orientation at work' and a 'dispositional approach to life' (Brock 1991) in the sense of a greater individualisation of people's actions rather than the old 'manufacturing pride' and the traditional sense of collective solidarity based on misery, existential uncertainty and
subordination. This is not to say, of course, that poverty is not on the increase in Germany as a result of structural crises and mass unemployment (according to Vester et al. 1993 more than a quarter of the population are 'socially déclassé'). But the suffering of these people is no longer regarded by those in (apparently or actually) secure, reasonably or highly-paid jobs as something with which they identify because it poses a threat to their own future.

The pool of working-class people from which the trade union movement, despite its persecution during the Nazi years, could be built after 1945 is thus disappearing under the influence of the increasing heterogeneity of the industrial workforce and its loss of influence to the tertiary sector or 'tertiarised' employment. The traditional culture of the industry-wide trade unions, which was originally designed for manual employees in manufacturing industry, is reaching neither the new industrial working classes nor the services sector – and not even the poverty-stricken under-class or the 'new poor'. The unions face the problem that even when they manage to change this culture into something more open and discursive and based on solidarity (which they often have difficulty in doing), they have problems in putting this across in a credible form to the new working class, the unemployed and the poor. It is hardly possible any longer to base a policy of solidarity on an assumption of 'class solidarity', and union policy-makers can no longer count on the existence of a classic working-class culture made up of manual workers. As a result, levels of union membership are significantly low in the private services sector and modern, high-tech industries, and the existence of unemployment is constantly being wielded by employers as a weapon against the 'wages machine' ('trade unions as representatives of those in jobs'). Spoilt by past successes, the German trade unions still need to learn to cope with the balancing act between 'modernisation' and 'marginalisation'. All these developments make it difficult for trade union policy to invoke employee solidarity, as the traditional collective approach can no longer be regarded as the norm – people are no longer 'born into the working class' – and a voluntary solidarity is sometimes incompatible with the culture and institutions of the unions.
The environmental debate

The ‘environmental debate’ which gained momentum in the 1970s and thereafter is relevant to our topic in as much as its critique of capitalist forms of growth and promotion of alternative models of ‘sustainable development’ called into question the accepted basis for stable industrial relations and the success of trade union policy in Germany, namely, economic growth. The relationship between economic growth and distribution policy in Germany has a particular historical and ideological background: Hugo Sinzheimer, theoretician of the Allgemeiner Deutscher Gewerkschaftsbund (ADGB, German General Trade Union Confederation), developed the idea of paid labour and capital having a ‘shared interest in production’ balanced by ‘conflicting interests in distribution’ which could be reduced by appropriate economic growth. It was this that made state Keynesianism so popular among German trade unions.

Since the 1970s, however, – despite mass unemployment – the notion of economic growth and secure income, which formed the material basis for the success and stability of German industrial relations in the past has been increasingly called into question by citizens’ action groups and a general environmental debate within society. Empirical studies (see, for example, Heine and Mautz 1989) show that the debate has penetrated through to skilled workers even in such environmentally sensitive sectors as the chemical industry. Thus, the line of conflict between those interested in production and income on the one hand, and those concerned to protect the environment on the other is no longer just a question of well-paid middle class action groups versus working people; it is more a question of differences of attitude on the part of individuals both inside and outside the country’s factories. The result is that environmental debate has penetrated companies themselves and – aided by pressure from consumers – the question of ‘what’ should be produced and ‘how’ it should be produced is increasingly raised by employees and works councils, with particular emphasis on health and safety issues. Where it is articulated, this new claim to become involved in these questions increases the complexity of the issues involved in industrial relations. The desire to achieve a secure and adequate income from employment so as to be able to buy a better
life in one’s leisure time, conflicts with the growing burden of environmental problems which reduces the prospects of a better life outside the company or at least makes it more expensive, if it can be bought at all. And the debate that has developed in Germany goes well beyond environmental issues to cover cultural and gender-specific questions as well (‘the ecology of the body’), searching for a ‘quality of life’ that goes beyond industry’s efficiency-oriented approach and calling for ‘externalisation’ of social costs (Kapp 1988). This poses a dilemma for the trade unions: if they merely operate as representatives of the capitalist creed of material accumulation, they will be regarded by the very clientele they need to build their future on – young people, modern white-collar employees and scientists – as organisations which are ‘out of touch with the times’ (Hoffmann et al. 1990:7) and ignore their cultural and environmental needs. On the other hand, if they seize the cultural and environmental initiative there is a danger that in times of mass unemployment they will alienate their dwindling pool of membership among – usually male – industrial workers.

**The upheavals of the 1990s: German reunification, mass unemployment, europeanisation and globalisation**

During the era of social-democratic/liberal coalitions, the German trade union movement was able to count on a certain degree of support from the government – even though by 1975 at the latest the latter had ceased to pursue policies of active Keynesianism and, even before Kohl came to power, had begun to respond to the global economic crisis and inflation by introducing spending cuts. Following the change in political leadership in 1982, however, the unions were no longer able to count on the same degree of government support. The new conservative/liberal coalition introduced a radical change of emphasis towards profits and the beginnings of a policy of deregulation and performance-related individualisation. However, as a broad-based people’s party, the CDU could not afford to adopt a radical Thatcherite approach – if only because of its Christian-social programme and the fact that it drew much of its electoral support from the working classes (more than 50 per cent of workers have traditionally voted CDU/CSU). Thus the ‘political turning point’ in 1982 was far from being a triumph for neo-liberalism but rather – as the title of a special issue of the trade
union journal *WSI-Mitteilungen* (1997) put it – ‘Much ado about nothing’ – and this was indeed the accusation which continued to be made of the Kohl government by the right-wing neo-conservatives and neo-liberals. It was not until the late-1980s and early-1990s that events and structural changes took place which strengthened the position of the FDP as the party of neo-liberalism and resulted in this ideology dominating government policy, parallel to a growing predominance of such ideas in society as a whole. The crucial factor here was the fact that the ‘German model’, as Helmut Schmidt had characterised the combination of ‘Rhenish capitalism’ and social-democratic modernisation policies, went through an important qualitative change in the late-1980s and early-1990s, which radically changed not only the economy and society but also the entire basis for trade union policy.

Firstly, following a brief boom in the wake of reunification in the early 1990s, the structural crisis in the economy of the eastern states of Germany (the territory of the former GDR) has meant that huge transfer payments of approximately DM 150 billion per year have been necessary, putting an enormous burden on the state coffers and the social security system which, in the short term, was the reason for the crisis in the latter. At the same time, the situation in eastern Germany is being used by companies to undermine the sectoral agreements reached in the West, either on the pretext that the relevant employers’ federations and agreements do not exist, or that the special nature of the economic situation demands such an approach.

Secondly, the mass unemployment triggered by the structural upheavals in the East was accompanied in the West up till 1993 by a parallel increase in levels of demand and supply of labour which had only a minor impact on the high levels of unemployment existing since the 1980s. The cyclical recession which then set in during 1993 has meant that supply and demand on the labour market in the West have started to diverge dramatically, leading to an unemployment rate of over 10 per cent in Germany as a whole. The pressure of unemployment supports the efforts of some companies to opt out of sectoral agreements and/or force employees and works councils to make concessions in terms of reduced pay and unpaid overtime by pointing to the existence of low-wage countries and the danger of job losses.
Thirdly, because of the special conditions in eastern Germany – and also because of the increasing complexity of economic conditions in the West – growing numbers of employers are leaving their associations, or are not joining them in the first place, which is of particular significance in the East and in the modern growth sectors. This not only endangers sectoral agreements but also puts a question mark over the monopoly of the trade unions.

Fourthly, a combination of the Single European Market and the internationalisation or globalisation of capital has created a new economic climate in which the German economic model is having to change the way it functions, and the system of industrial relations is being put under pressure from reconstruction in eastern Germany, the labour markets and international competition. At European level, the German model of Mitbestimmung (co-determination) and trade union organisation finds itself confronted with political cultures among other European labour movements and trade unions that are to some extent contrary in nature. The unions also face the risky task of opening their organisational doors without having a capable opposite number at European level (an employers’ federation) – even though the first steps in this direction have now been taken with the formation of UNICE. With the advent of European Monetary Union, the problem of co-ordinating collective bargaining policy is set to become even more acute, as the buffer role of exchange rates will have to be taken over to some extent by collective wage agreements.

Reunification was initially a success for the unions, but after 1992 this proved to have been a pyrrhic victory. The initial wave of new members soon dwindled, and membership figures in the East slumped drastically as the collapse of the industrial sector, mass unemployment and the disappointed hopes of new members (who initially thought the DGB unions would be able to save jobs) meant that many of them turned their backs on the unions. The problem was exacerbated by the fact that rapid harmonisation of wages in East and West was not forthcoming, but, at the same time, wages in the East rose above levels of productivity, bringing additional job-losses in the labour-intensive small and medium enterprise (SME) sector. Furthermore, the task of building up unions in the East had to be largely funded from the West, causing
financial problems particularly for small unions in the DGB, and encouraging mergers between unions. The latter also became urgently necessary as a result of structural changes in the boundaries between sectors, market pressure and the processes of 'europeanisation' and 'globalisation' of the economy.

‘Globalisation of the economy’, which in terms of world trade occurred above all in the Single European Market, North America and Japan/South-East Asia – in other words the countries of the ‘Triad’ – (Altvater and Mahnkopf 1996; Hoffmann and Hoffmann 1997) and was largely the result of the policies of national governments intent on deregulation, has brought qualitative changes for the German economic model and German industrial relations in two ways.

Firstly, money as such has become relatively autonomous and profit speculation ('casino capitalism”) has replaced productive investment, making it easier for companies to opt out of such investment. Furthermore, the larger companies, in particular, can now, as part of their lean production strategies and new product concepts, use modern information and communication technologies to put their strategy of cross-border 'external flexibilisation' of production onto a new footing. This enables them to make use of differing productivity, training and wage levels in a wide variety of different countries throughout Europe or elsewhere in the world via outsourcing and intra-firm or inter-firm networking strategies. Both these trends strengthen the hand of the companies and enable them to opt out of national production and regulatory structures or at least to threaten to do so (the 'exit' option, Hirschman 1970), thus putting the unions and works councils under pressure. The tendency of many companies to look to the stock exchange for raising investment capital rather than turning to the banks for a loan has led to a change in corporate culture. The medium-term co-operative structures embracing both unions and works councils which used to be found, particularly in export-oriented manufacturing industries (or as Albert 1992 put it ‘Rhenish capitalism’), are increasingly being replaced by short-term considerations like share value and dividends ('shareholder-value capitalism'). The culture of German industrial relations and trade unionism which suited Rhenish capitalism so well does not fit so comfortably into such a context. Corporate
culture is moving towards short-term efficiency and profit targets which – according to Schumann (1997) – can even lead to a situation where the progress made in work organisation in the context of new production concepts during the 1980s is sacrificed by some companies in favour of a form of ‘neo-Taylorism’; for example, in the automotive industry, and the setting up of Taylorist ‘disposable factories’ (designed to be jettisoned once production of a particular product/model has been completed). One of the underlying causes of internationalisation and the shift in corporate culture is national governments’ policy of deregulation and removal of obstacles to the flow of trade and money – which itself leads to a loss of economic autonomy and/or political sovereignty.

Careful as one must be of over-estimating the processes of Europeanisation and globalisation, (at present the German economy is achieving record foreign trade figures and is tending to benefit from the two processes), the developments which have been briefly described here are nevertheless having a far-reaching and fundamental effect on the functioning of the German model: quality production, based on high levels of productivity and high wages, is increasingly coming under pressure from competitively priced products – a phenomenon also related to the trend towards an internationally comparable basis for production, thanks to modern communications and information technologies. In important sectors and, in particular in the automotive industry, the key to market success is no longer to compete on quality based on ‘immobile’ systems of expertise but rather on price and cost. In addition to this, the functional and productive links between sectors and between large, highly productive, globally-oriented companies and SMEs working for the domestic market and supplying these giants, have been loosened and even put under threat by the process of globalisation. Large companies serving global markets can now adopt a policy of outsourcing and global sourcing, purchasing upstream products and services on international markets wherever these are cheapest (in other words they can use ‘exit options’ here too), thus avoiding the impact of redistribution mechanisms (via wages and prices) on the domestic market. That is why national socio-political employment regulations are coming under increasing pressure, as those firms and sectors which used to share indirectly in the global success of
the large companies through their role as suppliers often have very labour-intensive or cost-intensive production processes and thus bear the main burden of non-wage labour costs (which are used to finance the social security system) and taxation (income tax represents the largest single element in tax revenue). At the same time it is these companies which, in the German system, for example, play the leading role in training skilled workers. This gap between the large companies and the SMEs is systematically widened by economic policies which fail to strengthen these productive, often regional links, concentrating instead on increasing the productivity of the major players.

Under these conditions, high productivity in core export sectors actually increases unemployment; exacerbated by management’s share-holder value attitudes and the deregulation policies of the conservative-liberal government which remained in power until September 1998. Thus productivity growth, leaving aside the justifiable environmental objections, is no longer part of the solution to the problem (of mass unemployment) as it was in the days of the ‘economic miracle’ (backed up by ‘accelerated accumulation’ and job creation through investment), but rather has at the same time become part of the problem itself. This is all the more so as the labour pool has been swollen by immigration and the growing number of working women. The structure of the institutions of social welfare and the labour market in Germany also mean that personal services to private individuals (unlike in Sweden and the USA) remain in the family rather than being in the hands of the private sector or the state, thus depriving the market of further sources of employment. Thus the ‘German model’, and with it one of the main buttresses of the trade union movement, threatens to self-destruct under the pressure of Europeanisation, ‘globalisation’ and successful corporate strategies, thus perpetuating mass unemployment.

**Taking stock as the millennium approaches**

Industrial relations and trade union policy in the Germany of the 1990s are coming under increasing pressure; they can rely less and less on the stability of the labour movement, and cultural differences mean that they cannot respond to the process of ‘tertiarisation’ in a manner...
appropriate to the importance of that sector. ‘Normal’ employment relationships, which used to provide the foundation for union activities and the welfare state, are increasingly being replaced by flexibilised forms of employment. The result, in addition to mass unemployment, is that the social security system faces funding problems and social exclusion is on the increase. Co-determination in companies is being neutralised by the change to ‘lean production’, ‘lean management’ and decentralised, inter-linked production systems (‘external flexibilisation’), undermined by Europeanisation and globalisation of the economy and/or challenged by the advent of the shareholder-value culture. Companies’ new scope to exploit the flexibility of national and international markets is also affecting the production networks of small, medium-sized and large companies, weakening the pulling power of the employers’ associations (to the point where rival associations not bound by sectoral agreements are being set up) and eroding the position of sectoral collective agreements. The trade unions are losing their contact persons (or having problems in finding them at European level) and are having difficulty in reaching binding sectoral agreements which guarantee uniform pay conditions for the groups of employees concerned. At the same time, high levels of mass unemployment (at present approx. 4.5 million) are exerting pressure, particularly on the lower categories of employee, forcing those in structurally weak or wage-intensive companies and sectors to become involved in ‘concession bargaining’ and putting a growing burden on to social insurance systems and the welfare state as a whole. Not least the problem of mass unemployment, and the particular structural problems and disappointed expectations in eastern Germany have, since 1992, led to a dramatic collapse in membership and a reduction in overall unionisation levels in sectors served by the DGB from 33 per cent in 1991 to 26.9 per cent in 1995 (Müller-Jentsch 1997:130). This decline continued in 1996 and 1997 (at a rate of approx. 4 per cent per annum), even though the dramatic downwards trend (1992 – 18.4 per cent in the East) now seems to have halted (the decline stabilised in 1997 at -2.4 per cent in the West and -3.9 per cent in the East, Einblick 1998 No. 4).
Table 7.1: Trade union membership and union density, 1950-1995

<table>
<thead>
<tr>
<th>Year</th>
<th>DGB (000s)</th>
<th>%</th>
<th>DAG (000s)</th>
<th>%</th>
<th>Beamtenbund (DBB) (000s)</th>
<th>%</th>
<th>DGB+DAG+DBB (000s)</th>
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<td>1,075.7</td>
<td>3.1</td>
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**Note:** * From 1991 includes new federal states in Eastern Germany (ex GDR).
Membership of the Christian trade unions is excluded from the data.

**Source:** Müller-Jentsch 1997:130.

At the same time, industrial action has declined since the mid-1990s to virtually zero – apart from strikes in the retail and banking sectors and some spontaneous plant protests over the question of continued payment of wages in the case of illness.

But, despite these economic and social changes and risks and the dramatic decline in union membership in the East of the country, the overall picture of German trade union organisation is still relatively stable. This is partly due to the strength of the statutory and co-operative structures within companies and sectors, which – provided they are not sacrificed for economic reasons – have proved resistant to general economic and social upheavals. What they do offer to employed workers is a certain security of expectation in times of growing
uncertainty and this is how they are perceived by employees. Another reason for the relative stability of the unions is the fact that – at least in western Germany – employers, albeit to varying degrees, seem disinclined to sacrifice the high productivity of regional networks, the social stability and the predictability, which the consensus model brings. Thus, alliances remain possible, even in an increasingly uncertain economic climate, as the recent reform of the sectoral agreement in the metalworking industry demonstrates. It is, therefore, mainly mass unemployment (more than 4.5 million registered unemployed in 1997) – together with the economic upheavals and dashed expectations in eastern Germany – which is the main cause of the dramatic decline in membership suffered by the DGB unions during the 1990s. Between 1991 and 1996 they lost 2.8 million members in eastern Germany, mainly because of redundancies. At the same time, statistics reveal that even though the unions had some success in recruiting new members from hitherto under-represented groups (especially women and immigrants) over the last twenty years, this trend ceased during the 1990s and, especially in the East, the proportion of women in trade unions declined sharply from its previously high level (in Industriegewerkschaft Metall (IGM) by 20.5 per cent between 1996 and 1997, Pege 1997:77).

In the near future we will see whether this relative stability was more apparent than real. There are already some alarming signs on the horizon: between 1996 and 1997, membership of IGM among young people not only declined by 28.7 per cent in the East but also by 9.8 per cent in the West (ibid.) – and at the same time the proportion of retired members exceeded 20 per cent for the first time. And the situation in other unions is no different. They are also having little success in penetrating the new, modern, labour-intensive growth sectors, the high-tech industries, the services sector with its small and medium-sized enterprises, the modern trades and professions – and even the new forms of ‘pseudo-self-employment’ (even white-collar workers are proving difficult). At the same time, it is their main industrial bastions that are worst hit by structural crises. They are in danger of changing into ‘two-thirds unions’, as 33 per cent of DGB members are at present retired or unemployed (Pege 1997:80).
Generally speaking, the trade unions at present seem to find it difficult to come up with an adequate response to the socio-economic problems they are confronted with – largely because they are still oriented towards the organisational and power interests of the bigger unions. At present they are reacting to their problems of recruitment – which pose a considerable financial threat to the smaller unions in particular – by merging these with larger ones. This has led to a further strengthening of already powerful unions such as IGM and Industriegewerkschaft Chemie (IG Chemie), and will continue to do so in the future. In the last analysis, however, these mergers are not motivated by the changes which have occurred in sectors or the blurring of the boundaries between them which has taken place; neither do they result from any growth in the importance of the regions. They are leading neither to any internal re-organisation of individual unions nor to the sort of new relationship between the DGB umbrella organisation and the individual unions which is needed at both regional and European level. There are also few signs that these mergers will make the unions any more attractive to new sectors and professions. What would be needed to achieve this would be a more highly differentiated policy and, above all, a changed culture of union organisation towards white-collar workers, and neither of these is guaranteed through mergers.

At present, there is even a possibility that a ‘super-union’ with about four million members will be created in the services sector through the merging of private and public sector unions. The advantage of this would be that the century-old gap between white-collar workers, with their separate, competing organisation (Deutsche Angestellten Gewerkschaft – DAG), and the DGB trade unions would be bridged. An additional point is that the public sector union involved in this planned merger, the Gewerkschaft Öffentliche Dienste, Transport und Verkehr (ÖTV), has already undertaken serious attempts at organisational reform which would be likely to benefit the other unions involved. The ‘association agreement’ signed in the run-up to this merger between the postal workers’ union Deutsche Postgewerkschaft (DPG), the commercial, banking and insurance union Handel, Banken und Versicherungen (HBV) and the media union Industriegewerkschaft Medien (IGMe) shows that this development is not just about size, but also about new working conditions and a more
flexible handling of the boundaries between sectors. Generally speaking, though, such mergers are likely to miss the real core of the problem unless they go hand in hand with organisational reforms which enable the unions to come up with a more sophisticated response to the specific problems of potential members and create small-scale sub-units, which offer a space within the large, anonymous organisations in which former members of the smaller unions can feel at home.

The mergers which have already taken place or are on the horizon make another problem all the more pressing: clarification of the role of the DGB with regard to the emergence of a few ‘super-unions’. In its function as an umbrella organisation, the DGB was able to justify its existence because, in addition to this role (acting, for example, as a pressure group within the political system and as a union representation at European level within the ETUC), it also was able to play a supportive role for smaller unions at regional level; for example, in matters related to legal protection. In addition to this, many current problems such as unemployment, the precarious relationship between the economy and the environment, and structural policy, are dealt with at the level of individual regions, but not exclusively from the point of view of individual unions – which always have to articulate their economic interests or the interests of their members. The weakening of the DGB, which, at present, is being accepted by the individual unions, and the taking over of such functions at regional level by strong, merged individual unions, raises the question of whether there is any need for the DGB to continue to exist. On the other hand, it raises the question of whether individual unions have either the interest or the ability to tackle these social and political issues at regional level. This would mean that not just the DGB but the position of the trade union movement as a whole at regional level would be at stake.

Apart from these organisational responses, there are also distinct shifts occurring in union policy itself. There are indications, not only in the latest basic programme to emerge from the DGB, but also in the programmes and policies drawn up by the individual unions, that political priorities have moved away from the traditional political culture of the unions. More attention is now being paid to mass unemployment in the stance taken on wages and working hours. Policy on the latter
issue is no longer seen purely in terms of linear reductions in working hours with no pay cuts, but also involves rather more flexible approaches including part-time work, semi-retirement schemes, and sabbaticals, or even working-hours reductions with only partial retention of pay levels or even full pro-rata cuts. In general, greater differentiation and individualisation of pay and working hours is no longer regarded as a threat but rather as an opportunity. Particularly within IGM, the sectoral agreement – which, incidentally is not as ‘inflexible’ in its present form as the employers’ propaganda makes it out to be (Streeck 1998a) – is being discussed in terms of release clauses, differentiation and new forms of implementation within individual companies to take into account not just changing economic conditions but also social issues as well. The construction, agriculture and forestry union (Industriegewerkschaft BAU) formed by the merger of two smaller unions (Industriegewerkschaft Bau, Steine, Erden and Gewerkschaft Gartenbau, Landwirtschaft und Forsten) is even trying to negotiate sectoral agreements which explicitly embrace environmental demands.

Greater attention is also gradually being paid to the issue of Europe and the European Union, not least because of the long-overdue debate in Germany about the introduction of the euro. This issue forms a leitmotif running through all sections of the DGB’s new basic programme, the major unions are increasingly offering training seminars on European themes, and cross-border conferences and dialogue have become institutionalised in border regions. At the level of the DGB as a ‘pressure group’ in Brussels, what is at stake in particular is the survival of the German model of co-determination (for example, under legislation on European limited companies) – though without wanting to make this model generally obligatory at European level. In the individual trade unions, on the other hand, pan-European co-ordination of wage and working time policy is the goal – especially with unions in neighbouring states. But Europe is still regarded exclusively from an economic point of view and not enough as a challenge to trade union policy and organisational reform. The above-mentioned structural weakness of the DGB vis-à-vis the individual unions is also likely to contribute towards ensuring that any European initiatives emanating from the German trade union movement continue to be rather modest in scale.
Political prospects: between mass unemployment and structural change

What further suggestions can be made for a union response to changing social conditions and structures within industrial relations and trade union policy? One possible way of reviving the culture of co-determination in a changing world would be to develop a new trade union culture beyond the 'industrial proletariat', which would be responsive to the aspirations of working people – especially young people – in modern sectors of industry, creating new ways of representing workforce interests which are more appropriate to the new flexibility in companies and plants and capitalise on the opportunities these offer. Faced with increasingly complex economic structures and 'exit-options', the trade unions will have little choice but to develop a new relationship between centralism and decentralisation, sectors and companies such as that under discussion within IG Metall in the form of the 'release clauses' mentioned above. In the chemical industry these have already been implemented – though in a form which has been controversial within the unions. Here again it will be important to redefine the now precarious relationship between flexibilisation and social security beyond the simple option of deregulation (in the sense of 'flexible security', Rogowski and Schmid 1997). For as socio-economic relations become increasingly complex and flexible, there is a need not just for more complex regulation, but also for greater security (albeit of a new kind), so that individuals are able and willing to expose themselves to this flexibility. Furthermore, a reform of vocational training (including further development of the concept of 'key qualifications' which has already made headway in some sectors with the support of the unions) could provide an innovative method of integrating skilled workers into the changing conditions within companies. An expanded role for the regions as part of a regional and structural policy aimed at strengthening SMEs could also help stabilise Germany's position on international markets as a business location with a 'highly-trained workforce, high quality goods and high wages'. This would, however, require a higher profile role for the unions in regional and structural policy. A further important prerequisite for developing new forms of production and living would be a union-backed reform of science and
training policy aimed at technical innovation, combined with sensible, social and environmental regulations.

But, above all, there is a need to create European and international regulations with the backing of the unions so as to ensure that ‘unshackled’ capital is ‘embedded’ in socially and environmentally acceptable forms, and equitable distribution occurs on a national, European and international scale. Even though the DGB supports the process of European integration and monetary union, many trade unions and their policymakers are at present pinning their hopes on a one-sided defence of the German model of the social state in Europe, looking to the framework of the nation state to protect them from the ‘unreasonable demands’ coming from Europe. In doing so, they are being provided with good reasons by researchers (Streeck 1998b). However, this means a tendency to defend well-worn approaches at the cost of ignoring the scope for action at EU level – which can lead to extremely negative consequences. There is a danger of wasting the opportunities that the European Union offers to achieve international solidarity and make progress on the trade union and social front.

Notes

1 This is not to suggest that the entire West German system of production is organised along ‘Fordist’ lines - what this article looks at is the compatibility between Fordist elements and industrial relations in the Federal Republic. One can agree with Streeck (1996:139) that the structure of qualifications (vocational training) were such that Fordism never dominated West German industry in a ‘classical’ sense, and this was also one of the reasons why the strategy of adaptation to more flexible production forms in Germany succeeded after 1975!

2 In addition to the DGB unions, Germany also has Christian trade unions and a number of sectoral, group and professional associations with a liberal-‘corporative’ orientation (for example, the highly influential ‘Beamtenbund’ - civil-service association), though these have a relatively small membership. There is also a white-collar organisation, the Deutsche Angestellten Gewerkschaft (DAG), which has a similar social-democratic bias to the DGB unions and competes with them to draw its membership from white-collar workers at all levels of wage and qualifications; its membership level has remained virtually constant over the years at 3 per cent (Müller-Jentsch 1997:130).
3. The relationship between individual trade unions and the works councils varies. Whereas the works council members of major companies exercise a considerable influence in some unions (so-called ‘works council princes’) and union policy is to a large extent defined by them (this applies, for example, to Industriegewerkschaft Chemie, Papier, Keramik (IG Chemie) in the chemical sector), other trade unions (such as Industriegewerkschaft Metall (IG Metall) as a ‘functionaries’ union) try to incorporate the works council members more strongly into the centralist organisation, even if, ‘house agreements’ in major companies (Volkswagen, Opel) give the works councils a strong position. Generally speaking, the unions do not fulfil any functions within plants (although they do so at company level, on supervisory boards operating on the basis of co-determination) but they do operate within plants, building up systems of trade union representatives and undertaking public relations work on their own behalf - inasmuch as this is not already done for them by the 80 per cent of works council members who belong to unions.

4. Beck’s theory of ‘individualisation’, contained in its most drastic form in his book *Risikogesellschaft* (‘Risk Society’), is regarded with some scepticism by the aforementioned observers and a majority of German sociologists, as it applies to certain middle-class groups but otherwise ignores new forms of social cohesion and solidarity.

5. Thus, amongst other things, dismissal protection was reduced and social security benefits cut - especially unemployment benefits and supplementary benefit - while at the same time the tax rates on higher and top incomes were lowered and net worth tax was abolished. Industrial action by unions was restricted as a result of the amendment of the Labour Promotion Law (Para. 116) which introduced the principle that in the case of industrial action employees who were not on strike but were prevented from working would no longer receive unemployment insurance benefits. The incomes of some workers were limited, e.g. by the (attempted) introduction of restrictions in continued payment of wages in case of illness and abolition of the ‘bad weather’ compensation payments in the construction industry. Despite this, the bulk of changes affected those not in employment – especially the unemployed and women.

6. Whereas the merger of Textilgewerkschaft and the Holz/Kunststoff union with IG Metall was more a case of a financially-motivated ‘Anschluss’ of two small trade unions to a larger one, the merger of IG Bergbau und Energie and IG Chemie/Papier/Keramik, which to some extent was a logical one in terms of the sectors involved (coal as the basis of certain chemicals), was a link-up between two relatively large unions. The addition of the leather-workers’ union, on the other hand, was again more a question of a small union joining two larger ones. In all these cases it remains to be seen whether the new unions have really been strengthened by these centralisation processes or whether existing organisational milieus have not been destroyed and the membership base actually weakened as a result.
Chapter 8: Greece

Change and continuity in Greek industrial relations: the role of and impact on trade unions

Christos Ioannou

Trade unions in the Greek system of industrial relations have shown signs of change and modernisation since the late 1980s and the early 1990s. The question is whether the model of industrial relations that was dominant in the 1970s and 1980s, (state-controlled compulsory arbitration, conflict-oriented collective bargaining, political-party-dominated trade-unionism) has given way to a modern model of industrial relations (development of bipartite regulation, consensus-oriented collective bargaining, more union independence in relation to the state and the political parties).

To explore the prospects of modernisation of Greek trade unions we discuss changes in the bargaining behaviour (content of collective agreements, strike activity and performance) and the bargaining structures at national, branch and company level. The role of new labour legislation in modernisation is also examined. The influence of the Delors initiative for European social dialogue is taken into account as a factor that is shaping the behaviour of the major social partners in Greece. The prospects for modernisation are finally evaluated in the context of the restructuring of the Greek labour market and the difficult convergence criteria for Economic and Monetary Union (EMU). The process of modernisation is taking place in conditions of rising unemployment, increasing labour market segmentation and de-industrialisation, which may buttress elements of continuity in Greek industrial relations.

Introduction

There is now widespread agreement among social scientists that human resources and systems of industrial relations play a major role in economic performance, economic development and structural
adjustment. More specifically, there is an ongoing debate about the links between national systems of industrial relations and economic performance (Milner and Metcalf 1994 for a summary; OECD 1987; Streeck 1992). Similar research in the area of Greek industrial relations remains scarce. The cause and the effect of this scarcity is the lack of systematic and reliable statistical information concerning important aspects of Greek industrial relations. However, it is becoming a widely aired view that industrial relations play a significant role in the process of economic adjustment and modernisation in Greece.

The revised convergence programme for the Greek economy (1994-1999) attempted to substantiate the position that ‘the prospects for the Greek Economy are quite propitious’ by citing recent developments in Greek industrial relations and collective bargaining in its introduction: ‘labour relations, following the recent two-year agreement between employers and workers, are at a very satisfactory point’ (Ministry of National Economy 1994:1).

In the context of the European Union (EU) and the 1994-1999 convergence programme on the one hand, and under the influence of the Social Protocol in the Maastricht Treaty and the dynamics of the European social policy on the other, the national system of industrial relations in Greece has entered a period of transition. The question is whether change or continuity in the institutions and processes of the industrial relations system dominate the perspectives on industrial relations. The influence exerted by EU social policy and legislation in the areas of industrial relations, social dialogue and labour law should be evaluated in the light of concerns expressed by European trade unions that, in practice, and, despite the notional commitment of governments to the so-called European social model, labour market and industrial relations reform is in reality moving in the direction of deregulation mapped out by Britain (ETUI 1994). This paper aims to contribute to better knowledge and understanding of contemporary Greek industrial relations and to assess the prospects of modernisation of Greek trade unions by identifying elements of continuity and change.
Comparative research on collective bargaining and economic performance (Calmfors and Driffil 1988; OECD 1987:119-151) stresses the importance of changing bargaining institutions and processes, with special emphasis on bargaining structures and behaviour. What makes the difference is centralisation or decentralisation, and coherence or fragmentation in the form of multi-union bargaining and/or overlapping bargaining structures. Despite the diversity in national bargaining structures (Windmuller 1987:81-119), bargaining in most European countries, has tended to move towards enterprise or plant-level bargaining (Clarke 1987:50). A general trend towards decentralised bargaining is observed in European industrial relations (Baglioni 1989; Katz 1993). The debate in OECD countries refers to whether corporatist or decentralised systems perform better. Then the question is whether non-corporatist systems can fundamentally change their collective bargaining system into a corporatist one. According to Crouch (1985), policy-makers cannot choose to be corporatist because the factors which determine whether an economy is corporatist or non-corporatist are related to long-established traditions. Archer (1992) is critical of this view, citing the Australian experience. Although Greek bargaining structure is hardly examined in the relevant literature, the Greek experience provides another example of the extent to which a national industrial relations system can change towards corporatism or decentralisation.

Greek industrial relations provide a unique case of a system subject to extensive legalistic regulation, within the terms of a stable body of legislation extant for a long period (1955-1990) during which impressive changes occurred in three areas setting the scene of Greek industrial relations: structural changes in the economy, shifts in the composition of the labour force, and alterations in the political environment within which collective activities unfold (Fakiolas 1978:133-148; Ioannou 1989:49-53). Indeed, industrial relations underwent major disturbances exemplified in record levels of strikes and formidable friction between employers, trade unions and the state. Here we assemble and analyse the scant information available in order to trace and explain continuity and change in Greek industrial relations. The criteria for assessing the prospects of modernisation are the institutional characteristics of trade
unions and employers’ associations, strike levels, the evolution of the formal bargaining structure, and the rise of new (bipartite and tripartite) institutions in the national system of industrial relations.

Greek trade unions: from quangos to social partners?

Greek industrial relations provide a case in Europe where employees under private contracts are represented by the Geniki Synomospondia Ergaton Elladas (GSEE, General Confederation of Greek Labour), a single national Confederation. Civil servants are also represented by the Anotati Diikisis Enoseos Demosion Ypallilion (ADEDY) a second national Confederation. The structure of the GSEE consists of three levels, that can be represented as layers of a pyramid: the primary, the secondary and the tertiary level. The primary level contains sectional, company, craft and general unions. In 1995 there were 2,318 such unions registered with GSEE. At the secondary level there is a dual structure. The secondary level contains both federations, which organise primary-level trade unions according to sectoral and occupational divisions of the labour force, and local labour centres that organise primary unions of the prefectures according to the administrative division of the country. In 1995 there were 53 federations and 66 local labour centres registered with GSEE. The vast majority of primary-level trade unions are members of a federation and of a local labour centre. The distribution of primary unions to either federations or local centres reflects only their way of participation in the GSEE congress. The tertiary level comprises the GSEE itself, which is recognised by law as the only representative organisation entitled to contract the National General Collective Agreement. All federations and labour centres are GSEE members. GSEE leadership is elected in congresses every three years. Primary-level unions elect representatives to the congress, either through federations or through local labour centres.

Labour federations are not organised strictly according to industrial and occupational divisions of the labour force. Many federations incorporate primary unions from various industrial branches and occupations. Frictions emerged about the definition of the representative trade unions for each jurisdiction in cases where more
than one union claimed representation rights for the same section of the labour force. Such inter-union conflicts were in the past settled (and are still settled) by the Ministry of Labour which, in effect, stopped the evolution and harmonisation of trade union structure. In the 1980s and 1990s there was only one merger of three federations in the textile, apparel and leather industries (OEKIDE), indicating the stability of trade union structures.

Civil servants are represented by the ADEDY confederation, which is the tertiary-level organisation for civil servants. ADEDY groups together all the federations of civil servants, which are the secondary-level organisations. In 1995 there were 54 federations registered with ADEDY. Federations organise primary level national unions and their local branches. In 1995 there were 1,258 such primary level unions for civil servants.

Trade union rights are mainly regulated by Law 1264 (1982), which requires that all firms employing more than 100 persons have a union representative, and requires labour federations to enrol all unions that apply to join, regardless of their political make-up. The adoption of Law 1264 (1982) came as a major reform after a long period during which Greek trade unionism was plagued by organisational problems, inter-union conflicts and extensive political state-interference (Jechinis 1967). Quite often electoral malpractice dominated the internal democracy of trade unions (Katsanevas 1984:194-198). Inter-union conflicts were coupled to political rivalries, since most trade unions were run with significant political interference (Katsanevas 1984:227-248), and industrial relations were dominated by a strong adversarial tradition directly linked to political developments and divisions (Fakiolas 1978:340-392; Ioannou 1989:54-68).

During the post-war period until early in 1989, there was a permanent crisis of legitimacy involving the leadership of the GSEE. Successive governments appointed executives of their political persuasion by referring inter-union conflicts to the courts. Katsanevas (1984:216-218) described this phenomenon, and showed not only the top level of the GSEE, but also lower levels of the trade union hierarchy, to be 'paternalistic unionism'. Koukoules (1988) showed how the judiciary
had the right to appoint union executives under Article 69 of the Civil Code (adopted in the late 1940s). Between 1967 and 1974, under the military regime, there was a shakeout in trade unionism. Only pro-government officers were left in power. In 1975-1981, under conservative governments, the majority of trade union leaderships entitled to bargain and to conclude collective agreements remained pro-government or, at least, not affiliated to any of the opposition parties. There were elements of change to this pattern under the socialists in 1982-1988, as the tradition of appointing pro-governmental leaderships was limited to the top level of the trade union hierarchy. A major crisis erupted in Greek trade unionism when the ruling socialist party lost its majority in the GSEE executive committee after the adoption of the 1985-1987 stabilisation programme. Until early in 1989, GSEE was not completely cleared from the long national tradition of appointed leaderships. It is only since 1989 that there have been signs of relative independence of the GSEE leadership from the government and the Ministry of Labour.

Behind the political affiliation of union leaders to the ruling party and the synchronised changes in politics and trade unions lies the twofold dependence of official trade unionism on the Ministry of Labour. Apart from the prevailing role of the judiciary in regulating the internal affairs of unions, an important factor has been the financial dependence of most unions on discretionary funding by the Ministry of Labour. Greek trade unions do not rely directly upon the contributions of their members but are financed by *Ergatiki Estia* which is a Ministry of Labour dependent fund (Fakiolas 1978:180-190; Katsanevas 1984: 199-215; Koukoules 1984). *Ergatiki Estia* allocates one third of its receipts to trade unions. Its receipts are based on compulsory contributions paid by employers and employees to the Social Security Fund (IKA). Since the early 1980s, the unions have made some progress towards financial autonomy but are still dependent on *Ergatiki Estia* funds. For instance, in 1995-1997 more than 88 per cent of the GSEE receipts came from *Ergatiki Estia*, while only 1.4 per cent of its receipts came from members’ contributions.

Political rivalries, inter- and intra-union conflicts, the lack of financial autonomy and worsening labour market conditions seem to restrict trade union membership in Greece. Data shown in Table 8.1, referring
to membership of the congress of the GSEE, remain the main source of information on union membership in Greece. Union density, which in the early 1980s peaked at nearly 30.0 per cent (Ioannou 1988:83), is now decreasing and ranged between 26.3 per cent in 1989, 21.9 per cent, in 1992 and 17.2 per cent in 1995. These figures include public sector employees (civil servants), where union membership is higher than in the private sector. Studying union density in general, and especially in southern Europe, remains a difficult task. Even if we can produce a good estimate for unionisation at a certain period, there is the question of the meaning of union membership in relation to other indicators of union activity, the problem of continuity and that of comparability between national systems of industrial relations. For instance, the above-mentioned estimates reflect an element of political mobilisation to vote every 3 years for representatives to the GSEE and the ADEDY congresses.

Table 8.1: Union membership in Greece:

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<td></td>
<td>-4.6%</td>
<td>-4.6%</td>
<td></td>
<td>-3.3%</td>
<td></td>
</tr>
<tr>
<td>Primary Level Trade Unions</td>
<td>3,020</td>
<td>2,676</td>
<td>-11.3%</td>
<td>2,318</td>
<td>-13.4%</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federations</td>
<td>1,433</td>
<td>1,243</td>
<td>-13.4%</td>
<td>1,275</td>
<td>-13.4%</td>
</tr>
<tr>
<td>Labour Centres</td>
<td>1,243</td>
<td>1,243</td>
<td></td>
<td>1,043</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-13.4%</td>
<td>-13.4%</td>
<td></td>
<td>-13.4%</td>
<td></td>
</tr>
<tr>
<td>Registered Employees</td>
<td>696,887</td>
<td>591,400</td>
<td>-15.1%</td>
<td>544,550</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Voters</td>
<td>564,477</td>
<td>482,337</td>
<td>-14.5%</td>
<td>429,488</td>
<td>-11.0%</td>
</tr>
</tbody>
</table>

Source: General Confederation of Greek Labour (GSEE).

Note: GSEE receives data on union membership from secondary-level organisations (i.e. Federations and Regional/Local Labour Centres), which in turn gather the relevant information from primary-level organisations. Union-membership data are based on voting lists (registered members that paid their dues) and the percentage of those that voted.
The number of strikes is a good indicator of workers’ bargaining behaviour. It is important to focus on strikes because data on union membership may be biased by the system of union financing by the state and lack continuity. Figures on strike activity, shown in Table 8.2, indicate a steady increase since the mid-1950s. After the fall of the military regime in 1974, strikes peaked during the 1975-1981 period. In 1982-1988, they remained at similar high levels. This evidence suggests an increased aggressive bargaining attitude and more militancy during the 1970s and the 1980s. The considerable decline in the 1990s raises the question whether it comes from behavioural changes towards consensus and social dialogue or is simply the result of deteriorating labour market conditions, falling union membership and weakness of the labour side in the bargaining process.

Table 8.2: Strike activity in Greece 1953-1993

<table>
<thead>
<tr>
<th>Period</th>
<th>Density 1</th>
<th>Frequency 2</th>
<th>Days Lost 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953-62</td>
<td>57</td>
<td>13</td>
<td>80</td>
</tr>
<tr>
<td>1963-66</td>
<td>170</td>
<td>33</td>
<td>361</td>
</tr>
<tr>
<td>1976-81</td>
<td>450</td>
<td>40</td>
<td>796</td>
</tr>
<tr>
<td>1982-88</td>
<td>480</td>
<td>33</td>
<td>615</td>
</tr>
<tr>
<td>1989-93</td>
<td>190</td>
<td>4</td>
<td>280</td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>99</td>
<td>9</td>
<td>191</td>
</tr>
<tr>
<td>1989</td>
<td>208</td>
<td>6</td>
<td>302</td>
</tr>
<tr>
<td>1990</td>
<td>377</td>
<td>5</td>
<td>685</td>
</tr>
<tr>
<td>1991</td>
<td>200</td>
<td>4</td>
<td>200</td>
</tr>
<tr>
<td>1992</td>
<td>93</td>
<td>3</td>
<td>93</td>
</tr>
<tr>
<td>1993</td>
<td>119</td>
<td>2</td>
<td>119</td>
</tr>
</tbody>
</table>

Source: Elaboration of Ministry of Labour data.

Notes:  
1 Number of strikers per 1000 employees.  
2 Number of strikes per 100,000 employees.  
3 Number of working days lost due to strike activity per 1000 employees.
In the 1990s, although it appears that GSEE and secondary-level trade unions enjoyed autonomy from the Ministry of Labour and the political parties, the unequal development of Greek trade unionism has been intensified. For employees working under private contracts, covered by GSEE, the most important trade unions in terms of membership (members for year 1995 in parentheses) and bargaining power are those of the public sector utilities such as GENOP-DEH in the Public Electricity Corporation (18,508), OME-OTE in the National Telecommunication Organisation (20,331), OTOE the Federation of Banking sector employees (41,608) in the banking sector, POS in the Public Railways (11,983), OSPA in the Civil Aviation sector (10,631). To these we may add the most important in terms of coverage and membership Federations of private sector employees such as OOSEE in the construction industry (39,639), POEM in the metal industry (11,153), PNO in shipping (7,965), POEYEITE in tourism and restaurants (7,912) and OEKIDE in the textile industry (8,026). To complete the picture of major actors in Greek trade unionism, among the ADEDY secondary-level organisations the most important are DOE the Federation of Primary Education Teachers (42,750) OLMIE the Federation of Secondary Education Teachers (30,634), POEDHN the Federation of Public Hospitals Employees (40,625), POE-DHOY the Federation of the Tax Collection Employees (11,254) and POE-OTA the Federation of Local Government Workers (22,125).

Union density, on the one hand, and trade union representation at the GSEE executive committee, on the other, are largely dominated by trade unions that organise in the public sector corporations and in industries that employ labour under private law contracts, such as the utilities and banks. The same imbalance can be seen in strike activity, illustrated in Table 8.3. Public sector utilities employing less than 10 per cent of the total number of salary and wage earners, account for very high shares of strikes, strikers and working days lost due to industrial action.
Table 8.3: The share of public sector utilities in strike activity in Greece, 1985-1994

<table>
<thead>
<tr>
<th>Year</th>
<th>Strikes %</th>
<th>Strikers %</th>
<th>Days Lost %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>8.9</td>
<td>26.7</td>
<td>22.0</td>
</tr>
<tr>
<td>1986</td>
<td>15.2</td>
<td>27.0</td>
<td>26.6</td>
</tr>
<tr>
<td>1987</td>
<td>18.4</td>
<td>18.6</td>
<td>25.2</td>
</tr>
<tr>
<td>1988</td>
<td>16.2</td>
<td>18.6</td>
<td>28.1</td>
</tr>
<tr>
<td>1989</td>
<td>19.2</td>
<td>20.4</td>
<td>27.4</td>
</tr>
<tr>
<td>1990</td>
<td>24.5</td>
<td>30.2</td>
<td>33.0</td>
</tr>
<tr>
<td>1991</td>
<td>28.1</td>
<td>21.6</td>
<td>26.2</td>
</tr>
<tr>
<td>1992</td>
<td>33.7</td>
<td>62.2</td>
<td>61.2</td>
</tr>
<tr>
<td>1993</td>
<td>33.1</td>
<td>25.8</td>
<td>25.8</td>
</tr>
<tr>
<td>1994</td>
<td>18.8</td>
<td>46.0</td>
<td>41.6</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour.

Note: The data show the extent of strike activity in the public sector utilities as a proportion of the number of strikes, strikers and working days lost across all sectors of the economy.

The restrained ability of private sector trade unions to benefit from pro-union legislation introduced during the 1980s by the socialist governments in office can be interpreted as sign of union weakness. The cases of Health and Safety Committees and Works Councils are noteworthy. The right to set up Health and Safety Committees, introduced in 1985 (Law 1568), covered companies employing more than 50 employees. Companies employing from 20 to 50 employees can elect a labour representative for health and safety. Since then, although there is no system of monitoring the creation and the operation of Health and Safety Committees or any systematic and reliable survey results indicating the extent of coverage by such committees, it is widely accepted that they never took off. The right to set up Works Councils, introduced in 1988 (ratification of the International Labour Convention, No. 135), covered companies employing more than 50 employees and
those employing more than 20 in the case of union-free companies. Since then Works Councils have played a marginal role, if any at all, in the system of industrial relations.

This marginal role is of course associated with the structure of the Greek economy (industry in the private sector is dominated by small enterprises), the adversarial tradition of Greek industrial relations, and the overlapping areas of responsibility between Works Councils, company trade unions and Health and Safety Committees. It also indicates the inability of Greek unions to benefit from favourable legislation and institutional changes in workplace industrial relations. From this point of view, we must be sceptical as to what extent the Greek unions can benefit from rights established through pro-union legislation drafted in Brussels.

GSEE has been heavily involved in the ETUC activities for social dialogue at the European level. A pro-European convergence of union officials’ views followed the pro-European U-turn of the Panhellenic Socialist Movement (PASOK) in the mid-1980s, and gained momentum in the era of the Social Charter for Workers’ Rights. The Delors initiatives for social dialogue were embraced by the GSEE leadership and led to similar practices at the national level. The two-year National General Collective Agreements signed for 1991-1992, 1994-1995 and 1996-1997 accept wage restraint and emphasise institutional and bipartite arrangements on a range of issues wider than pay and benefits. Vocational training, the fight against unemployment, health and safety at work, pay-productivity schemes and the demand for active involvement of the social partners in the management of Manpower and Social Policy organisations, traditionally controlled by the Ministry of Labour, entered the agenda of collective bargaining. New bipartite institutions were set up to assist and develop specific functions of the national system of industrial relations, such as the Hellenic Institute for Occupational Health and Safety (ELINYAE), founded by the main social partners in Greece. The main function of ELINYAE is to provide technical assistance and advice to the social partners on health and safety at work and to improve working conditions in Greece at the national, sectoral and company level. Bipartite institutional initiatives of this type boost the modernisation of the national industrial relations
system and suggest that unions are trying to become and to act as social partners, offering services to their members, rather than as quangos or tools to shape the balance of power between political parties. At the same time, the tendency towards de-unionisation has led many trade union leaders to think of the possibility of a merger involving GSEE and ADEDY.

Employers’ associations: from the doghouse to the ballroom

Even though it takes two to tango, the emphasis of industrial relations research in Greece has focused more on the bargaining institutions and behaviour of the labour side. However, many of the recent developments in Greek industrial relations should be attributed to the bargaining behaviour and strategy of the main employers’ associations in Greece. Among these are included the end of compulsory arbitration; the birth of the Organisation for Mediation and Arbitration (OMED); the wider range of issues dealt by the National General Collective Agreements; the creation of new institutions, like ELINYAE, to develop new functions of the national system of industrial relations; and the progress of bipartite activities in areas of training and research.

Greek employers are organised in three different national federations: the Federation of Greek Industries (SEB); the National Confederation of Hellenic Commerce (ESEE); and the General Confederation of Small and Medium Sized Enterprises of Greece (GSEBEE). This segmentation and the structure of membership from the primary to the tertiary or national level make it difficult to produce reliable estimates on their membership and coverage.

Members of the SEB are either single companies or regional associations of industries. Since 1988 there has been an increasing trend in SEB membership, largely associated with the expansion of the Federation in the services sector. SEB plays the central role in negotiating the National General Collective Agreement and in concluding more than 100 industry-sectoral and occupational collective agreements. ESEE comprises 62 Regional Trade Associations and three Sectoral
Chapter 8: Greece

Trade unions in Europe: facing challenges and searching for solutions

Associations. Although ESEE claims that it covers 92 per cent of the registered traders, the sector is characterised by strong centrifugal tendencies associated with the development of large commercial chains, and the differentiation between small and large-scale trade. GSEBEE, which was led until 1984 by appointees, comprises 56 local regional federations and 19 national sectoral federations. In a sector counting more than 100,000 small enterprises or self-employed entrepreneurs, the share of these organised in GSEBEE remains below 10 per cent. Indeed, small firms remain the least known area of Greek industrial relations.

Since the early 1990s, employers’ associations have appeared to command a central position in the national system of industrial relations, as well as in the economic policy-making process. This position was the product of long and complicated developments. SEB had suffered a period of isolation because of the manufacturing crisis that developed in the late 1970s and erupted in the early 1980s, with the phenomenon of ailing companies; because of the industrial relations crisis in manufacturing that developed after the fall of the military regime in 1974; and because of political conflicts during the first period of the socialist government in office between 1982 and 1985. The influence of that difficult period can be found in the SEB mission statement, ‘it strives to explain the social role of industry and private enterprise in order to gather public support for the private sector.’ Concurrently, ‘it urges the business world to respond to the requirements of society’ (FGI 1994:7).

Industrial relations in manufacturing are the focal point for understanding the lack of consensus and the SEB’s isolation in the national industrial relations system. Developments in Greek manufacturing industrial relations in 1975-1979 had many similarities with the process of decentralisation initiated by the shop-floor militancy of the workforce in European countries in the late 1960s and the early 1970s. The years 1967-1974 saw the most rapid expansion of manufacturing employment ever in Greece. The creation of new establishments in which new workers, lacking experience and tradition with regard to trade union activities, had to organise their bargaining institutions and processes from scratch, provided the basis of ‘factory
Despite the fact that legislation excluded decentralised bargaining, between 1975 and 1979 factory unions attempted to set up new bargaining relationships outside the formal system. Salary and wage earners, representing new bargaining units, used strikes to establish new bargaining relationships at the company and plant level. In 1975-1977 most manufacturing disputes were struggles for the right to organise at company level. Newly established enterprise or factory unions were often involved in clashes with state agencies and employers. They aimed at ad hoc single employer arrangements on wage determination and job regulation, thus initiating informal decentralised collective bargaining, parallel to the formal industry-wide or occupation-based bargaining at the national or local level. Typically, the full recognition of these unions came in 1982 (Law 1264) and their right to contract collective agreements was only incorporated in legislation in 1990 (Law 1876).

These developments seen in an historical perspective indicate that the late 1970s and early 1980s were the period during which Greek manufacturing employers came to an accommodation with trade unions and collective bargaining at plant level. As Sisson (1987:11) observed, in most industrialised countries, this happened during the first half of the century, with the exception of America and Japan, which came to an accommodation earlier and later respectively. In Greece, this accommodation came very late under the peculiar conditions of the 1982-1988 period. High job insecurity in nearly 60 ailing manufacturing industries (employing 10 per cent of manufacturing employees), undermined plant-level unionism and the workings of the informal system of collective bargaining. In a nutshell, the story of industrial relations in Greek manufacturing comprises the following sequence: industrialisation – unionisation – decentralised informal bargaining – de-industrialisation – de-unionisation. This process resulted in adversarial industrial relations in Greek industry. Only a new strategy adopted by SEB during the period of the 1986-1987 stabilisation programme, and fully developed in the 1990s, that emphasised consensus and social dialogue produced a new climate in industrial relations. This strategy was geared to reaching solutions and agreements regarding employment, vocational training, and labour relations in Greece and in the European Union.
There are now signs of modernisation not only at the top level of Greek industry, but also in personnel management. In the mid-1970s, retired army officers employed as personnel managers were setting the tone in adversarial industrial relations. In the 1990s, personnel managers are more familiar with human resource management (HRM). The fashion for total quality management (TQM), although more part of other managerial functions rather than personnel, produces advances in the areas of training and working conditions.

The structure of collective bargaining

Greece is one of those countries where legislation plays a central role in the regulation of collective bargaining structures and processes. Between 1955 and 1990, the extensive legal regulation of collective bargaining (according to Law 3239) created a rather ossified formal bargaining structure, which could be classified as centralised collective bargaining. However, the real bargaining structure was not as rigid and ossified as the extensive regulation might imply. In 1975-1980, there were pressures and tendencies towards decentralised and fragmented bargaining at the company level. These tendencies were noticeable even in the Greek manufacturing sector. Decentralised bargaining was not permitted, but became dominant after 1975, as industrial conflicts led to the rise of informal collective bargaining at the plant level (Ioannou 1986).

Since 1990 the problem of harmonising the formal system of collective bargaining with the real bargaining structures and procedures has been addressed by new legislation (Law 1876). This legislation introduced a major reform of the formal bargaining structure by recognising and legalising industry or branch collective agreements and company collective agreements. Both types were excluded by the formal system of collective bargaining over the period 1955-1990. According to Law 3239, single employers and their employees, or part of them, had no right to bargain and reach collective agreements at the company or the plant level. The special collective agreements were an exception. They were permitted only for designated organisations, usually not covered by other categories of collective agreement, such as banks, local government, public utilities and corporations that belong, in a broad
sense, to the public sector and employ labour under private employment contracts. By prohibiting bargaining at company and plant level, the legal regulation of collective bargaining until 1990 enhanced the occupation-based and industry-based unions at the national or regional level, and influenced the structure of trade unionism. This legislation set limits on the structure through which employees were allowed to undertake collective bargaining activities. Inter- and intra-union disputes over recognition rights, qualification and the entitlement to contract collective agreements, developed in the same context. Since 1990, the four formal bargaining levels have been:

- The National General Collective Agreement, which is signed by GSEE and three employers’ federations (SEB, ESEE and GSEBEE) that represent large-scale manufacturing, traders and small businesses respectively,
- Industry or branch collective agreements,
- Company collective agreements,
- Occupational (national or local) collective agreements.

Although the formal bargaining structure in Greece was changing even before the introduction of new legislation, major changes have occurred since 1990 with the recognition of industry and company collective agreements. These are illustrated in Table 8.4. The fact that most agreements are made at industry and company levels, while the share of the traditional occupational collective agreements is decreasing, can be considered a sign of modernisation. Preliminary conclusions can be based on whether, and to what extent, the system of collective bargaining is moving towards centralisation or decentralisation. The trend appears to be towards decentralisation, but it is necessary to take into account the peculiar provisions of the existing legislation that provide for multi-layer and overlapping bargaining arrangements.
Table 8.4: Level and types of collective agreements, 1988-1996
(shares per %)

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>Occupational</th>
<th>Special</th>
<th>Industry</th>
<th>Company</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National</td>
<td>Local</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>0.35</td>
<td>44.5</td>
<td>14.1</td>
<td>41.0</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1989</td>
<td>0.26</td>
<td>39.5</td>
<td>10.1</td>
<td>50.1</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1990</td>
<td>0.35</td>
<td>36.9</td>
<td>13.2</td>
<td>n.a.</td>
<td>27.9</td>
<td>21.6</td>
</tr>
<tr>
<td>1991</td>
<td>0.27</td>
<td>17.9</td>
<td>14.7</td>
<td>n.a.</td>
<td>30.5</td>
<td>36.6</td>
</tr>
<tr>
<td>1992</td>
<td>0.00</td>
<td>19.7</td>
<td>9.4</td>
<td>n.a.</td>
<td>36.4</td>
<td>34.5</td>
</tr>
<tr>
<td>1993</td>
<td>0.32</td>
<td>20.0</td>
<td>9.0</td>
<td>n.a.</td>
<td>36.1</td>
<td>34.5</td>
</tr>
<tr>
<td>1994</td>
<td>0.31</td>
<td>17.9</td>
<td>8.6</td>
<td>n.a.</td>
<td>35.8</td>
<td>37.3</td>
</tr>
<tr>
<td>1995</td>
<td>0.37</td>
<td>20.2</td>
<td>10.7</td>
<td>n.a.</td>
<td>28.3</td>
<td>40.4</td>
</tr>
<tr>
<td>1996</td>
<td>0.23</td>
<td>14.5</td>
<td>6.1</td>
<td>n.a.</td>
<td>22.0</td>
<td>57.2</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour.
n.a.: not applicable.

The end of not quite compulsory arbitration:
bargaining units and collective bargaining coverage

In Greek industrial relations, the issue is not only whether an established system of collective bargaining operates through company, industry or occupation collective bargaining. Rather, it is whether industrial relations, pay and conditions of work, are regulated by collective bargaining or other methods of wage and employment determination (individual agreements, governmental decisions, arbitration, traditions, employers and the law). Between 1955 and 1990 collective bargaining was dominated by compulsory arbitration controlled by the Ministry of Labour. Since 1964, nearly half of the disputes within the formal system of collective bargaining were settled by compulsory arbitration courts, as shown in Table 8.5.
Table 8.5: Bargaining units in the formal bargaining structure, 1955-1996

<table>
<thead>
<tr>
<th>Period</th>
<th>Number of Units</th>
<th>Density of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>C.A.</td>
<td>A.A.</td>
</tr>
<tr>
<td>1955-60</td>
<td>51</td>
<td>n.a.</td>
</tr>
<tr>
<td>1961-66</td>
<td>86</td>
<td>89</td>
</tr>
<tr>
<td>1967-74</td>
<td>65</td>
<td>71</td>
</tr>
<tr>
<td>1975-81</td>
<td>173</td>
<td>219</td>
</tr>
<tr>
<td>1982-88</td>
<td>157</td>
<td>142</td>
</tr>
<tr>
<td>1989-93</td>
<td>240</td>
<td>72</td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>210</td>
<td>73</td>
</tr>
<tr>
<td>1989</td>
<td>276</td>
<td>111</td>
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<tr>
<td>1990</td>
<td>185</td>
<td>102</td>
</tr>
<tr>
<td>1991</td>
<td>287</td>
<td>87</td>
</tr>
<tr>
<td>1992</td>
<td>171</td>
<td>32</td>
</tr>
<tr>
<td>1993</td>
<td>280</td>
<td>30</td>
</tr>
<tr>
<td>1994</td>
<td>287</td>
<td>37</td>
</tr>
<tr>
<td>1995</td>
<td>239</td>
<td>33</td>
</tr>
<tr>
<td>1996</td>
<td>385</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: Elaboration of Ministry of Labour data.

Notes: 1 The number of bargaining units refers to collective agreements (C.A.) and arbitration awards (A.A.) – state-controlled compulsory arbitration till 1991; quasi-voluntary since 1992.

2 Density of bargaining units = Number of Bargaining Units per 100,000 persons of the labour force (not only salary and wage earners).

3 Data not available.

4 The average on arbitration awards refers only to the period 1964-66.
Third-party intervention, as expressed in systems of arbitration, can be compatible with collective bargaining if arbitrators are, and remain, independent and, therefore, arbitration procedures work as less costly procedures than strike activity for resolving disputes in collective bargaining. The Greek system of compulsory arbitration during the period 1955-1990 comprised part of the governmental machinery for implementing incomes policy. Not surprisingly, that system of compulsory arbitration was found to be incompatible with collective bargaining, not because it was compulsory, but because it was not a system of arbitration. It was a system of ‘not-quite-compulsory-arbitration’ which had a ‘freezing’ effect upon collective bargaining and was, to a certain extent, responsible for the rise in the number of strikes between 1975 and 1981 (Ioannou 1990:92-144). In 1991, the Organisation for Mediation and Arbitration (OMED) was set up, following the adoption of Law 1876 (1990), to provide mediation and arbitration services for the labour market.

OMED is a tripartite institution, and was set up as an alternative to the old system of state-controlled arbitration. The independent Body of Mediators and Arbitrators is composed of twenty well-educated professionals, mainly high-calibre lawyers and economists, who may help the development of collective bargaining institutions and processes. Since 1992, individual mediators of OMED have dealt with the 589 cases of mediation (1992:99, 1993:128, 1994:116, 1995:120, and 1996:126) of which 237 (1992:40, 1993:48, 1994:42, 1995:48, and 1996:59) were referred to individual arbitrators. In 1992, OMED dealt with 48.8 per cent of collective agreements made within the formal system of collective bargaining, in 1993 with 41.3 per cent, in 1994 with 36 per cent, in 1995 with 44.1 per cent and in 1996 with 29.4 per cent. In the early period of the new system, an increasing number of the disputes referred to mediation ended up with the parties reaching voluntary collective agreement (1992: 37.9 per cent, 1993: 49.0 per cent) but this trend has not been continued. The disputes referred to mediation concern mainly occupational collective agreements (1992: 54.0 per cent, 1993: 47.2 per cent, 1994: 48.2 per cent, 1995: 42.2 per cent, and 1996: 51.0 per cent).
In fact, the provision of mediation services introduced another stage for collective bargaining that helped to unfreeze collective bargaining processes in disputes concerning, mainly occupational, collective agreements that in the past were traditionally settled by compulsory arbitration. Under the old compulsory arbitration system, trade unions had simply to apply for arbitration to get an award by the Ministry of Labour-controlled body. One of the repercussions of this automatic recourse to arbitration has been the ‘reproduction’ of non-representative trade unions lacking any bargaining power and role in the labour market (usually acting as political entities and crowding out other representative organisations). It is noteworthy that a sign of continuity with the past system of compulsory arbitration is the fact that requests for mediation come only from the labour side (1992: 93.1 per cent, 1993: 98.1 per cent, 1994: 96.4 per cent, 1995: 93.1 per cent, and 1996: 97.1 per cent). Not surprisingly, some of the permanent clients of state-controlled arbitration keep seeking rescue in the new system of mediation and arbitration. The positive role of OMED in unfreezing and modernising collective bargaining processes is indicated by the impressive decline in the number of collective disputes settled by arbitration awards in 1992-1996 (see Table 8.5). However, some trade unions that can be characterised as the ‘residuals’ of the old system keep applying for mediation and arbitration services on a permanent basis.

Collective bargaining coverage may be high in the formal sector of the Greek economy as every employee is covered by the General National Collective Agreement, but unfortunately there is no source of information about the real coverage of Greek labour by collective agreements. Both the old and the new legislation for collective bargaining provide two regimes on the coverage of collective agreements. In principle, collective agreements are legally binding solely on members of the signatory trade unions and employers’ associations. Yet the Ministry of Labour had and retains the right to extend their coverage across the board for the industry, occupation or region concerned. In other words, bargaining coverage may be high due to legislative support, but this does not mean that collective bargaining practices are equally developed in the national system of industrial relations.
The number of collective agreements registered with the Ministry of Labour indicates, to a certain extent, the importance of collective bargaining in the national industrial relations system. Statistics referring to the number of bargaining units may be misleading, however, if used to hint at the extent of employees covered by collective bargaining arrangements. A few industry-wide or national bargaining units may carry more weight than a relatively high number of regional, occupational or company collective agreements. Of course, apart from information concerning the formal bargaining structure, it is necessary to take into account that, at the company or plant level, an informal system has been at work since 1974, especially in manufacturing. Table 8.5 suggests that in the period 1975-1981 there was a strongly increasing trend in the number of bargaining units acting within the formal system of collective bargaining. This expansion of collective bargaining procedures is not continued in the following periods. The negative trend in 1982-1988 is associated with the type of incomes policy adopted during the period. Mandatory incomes policies under the 1983 and 1986-1987 stabilisation programmes caused formal collective bargaining to freeze, since they made the great majority of annually contracted collective agreements unlawful and redundant. The trend remains negative in the 1990s and raises the question whether collective bargaining is leaving the centre of the national industrial relations scene.

The convergence programme 1994-1999 and industrial relations: corporatism that never flourished

The convergence programme accepted by the Greek parliament in May 1993, for the period 1993-1998, failed to meet the fiscal deficit target for 1993 and had to be revised by the new government elected in October 1993. Over the course of the programme, nominal incomes were projected to rise in line with inflation. In other words, the national system of industrial relations operated in 1994-1999 under an incomes policy. Greek industrial relations were in the past interlocked with the norm-based incomes policy of the 1975-1981 period and the indexation policy of the 1982-1989 period. The achievement of social consensus and pay restraint are considered crucial for meeting the objectives of the programme. The wage, inflation and employment objectives of the programme and the expected labour market conditions are given in Table 8.6.
Table 8.6: Labour market outcomes of the convergence programme, 1994-1999

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Wages per capita</td>
<td>12.3</td>
<td>8.4</td>
<td>6.5</td>
<td>4.6</td>
<td>4.3</td>
<td>4.2</td>
</tr>
<tr>
<td>Private consumption deflator</td>
<td>10.8</td>
<td>7.9</td>
<td>6.1</td>
<td>3.9</td>
<td>3.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Unit labour costs</td>
<td>11.3</td>
<td>7.4</td>
<td>5.6</td>
<td>3.2</td>
<td>2.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Employment Growth</td>
<td>0.2</td>
<td>0.3</td>
<td>0.8</td>
<td>1.2</td>
<td>1.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Unemployment</td>
<td>10.1</td>
<td>10.4</td>
<td>10.2</td>
<td>9.7</td>
<td>8.9</td>
<td>7.9</td>
</tr>
<tr>
<td>Drachma devaluation</td>
<td>9.2</td>
<td>7.5</td>
<td>3.0</td>
<td>1.0</td>
<td>0.0</td>
<td>0.0</td>
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Source: Ministry of Labour

The new convergence programme has to deal with the major factor standing in the way of economic stabilisation and development, that is, the fiscal deficit. The programme can be split into two periods: 1994-1997 and 1997-1999. In the first period, the emphasis was on fiscal adjustment. Tight incomes policy for the public sector, the privatisation of public sector utilities, and restrictive policies on public sector recruitment were the main features of the stabilisation programme. In the second period fiscal adjustment may enable acceleration in GDP growth rates. Incomes policy is, therefore, not the only issue that should become part of a social contract or pact, if the government opts to follow a corporatist strategy. Neither the government, nor the social partners, seem in a position to guarantee the preconditions that may make a social contract or pact work. The dynamics of the national system of industrial relations and the priorities of the convergence programme tend to fragment further the Greek industrial relations system. Four distinctive sub-systems can be identified.

First, the system of industrial relations in the public administration, where tradition still dominates. Civil servants, although they have the right to unionise and to strike, do not have the formal right to bargain or to contract collective agreements. The reform of collective bargaining rights has been postponed for year after year since 1993. Civil servants suffered real wage cuts during the first four years of the 1990s,
but they have seen real wage increases in 1996-1997 with the introduction of a new pay system and structure in 1997. Further disposable income cuts are planned under the convergence programme, however, and industrial relations in the public administration may continue a long-term period of deterioration. New issues of conflict may arise because of government initiatives to reform recruitment processes for primary and secondary education teachers and industrial relations in the National Health System (ESY). Trade unions of civil servants attempted to develop their own infrastructure for research and training only to find that they cannot benefit from Community Support Resources, and met with reluctance from the GSEE to the idea of forming a joint Labour Institute of GSEE and ADEDY.

Second, the system of industrial relations in the public sector utilities, where the strongholds of Greek trade unionism can be found and the workforce remains strike-prone, has been the focus of political debate and industrial action. This arises from the extensive privatisation programme and the radical changes in work organisation and employment conditions resulting from privatisation. More moderate attitudes can be bought out, as privatisation may imply improvements in wage structures and wage levels compared to either the small private sector industry or to the civil service. Trade union opposition has been the reason for the delay in applying major aspects of the convergence programme, such as privatisation. Only minority shares (25 per cent) of OTE (Hellenic Telecommunications Organisation) were sold through the Athens Stock Exchange in 1994. The Public Electricity Corporation (DEH) has been exempted from any privatisation before the end of 1999. Early in 1998 the government decided to adopt an active policy towards industrial relations in public sector utilities. Debt ridden, public sector companies became the focus for industrial relations reform with the introduction of new industrial relations codes. Olympic Airways has been the first to be considered as a pilot reform for industrial relations in public sector corporations. Others, such as the Post Office (ELTA), Public Railway (OSE) and Athens public buses (OASA), were to follow. Not surprisingly GSEE have been very active and militant in fighting for the interests of trade unions in public sector utilities.
Third, the system of industrial relations in the small companies sector is already characterised by deregulation and informal flexibility under the demand squeeze resulting from the convergence programme. Moreover, it tends to move further towards practices of informal flexibility and deregulation, benefiting from the thriving underground economy and the increasing supply of cheap foreign labour. Industrial relations in small companies are being increasingly individualised. Trade unions can hardly be found in the sector and working conditions depend mainly on sectoral and local characteristics. Both modern and backward regimes of working conditions can be traced. The lack of any effective labour inspection on the part of the Ministry of Labour probably contributes to the lack of basic labour standards in some cases, which, as part of the underground economy, comprise the least developed area of industrial relations.

Fourth, the system of industrial relations in the modern sector of large-scale industry seems to be influenced by new managerial practices that emphasise elements of HRM. Even when collective industrial relations remain a priority for personnel management the preference of both labour and management is for further decentralisation and autonomy in collective bargaining arrangements. In large-scale industry, profit-related pay and ESOPs are gradually being introduced and disputes are exceptional. Compared to the mid-1970s, manufacturing industrial relations has completely changed. After the long shakeout of manufacturing industry and the extensive de-unionisation, company trade unions survived in a relatively small number of companies. Among about 505 manufacturing companies employing more than 100 employees, on average only 110 company collective agreements are registered per year with the Ministry of Labour. Some company collective agreements still remain in the informal area, and are not registered with the Ministry of Labour, but in any case are not estimated to exceed fifty. Company collective agreements (formal and informal) regulate pay and working conditions of less than 3 per cent of the labour force in Greece.

Under these conditions, it has been quite a difficult task for the social partners to conclude a social pact with the government and implement it across all sectors of the Greek economy. Not surprisingly, the Greek government hesitated concerning the policy it should follow with regard
to the involvement of the social partners in the implementation of the convergence programme. The creation of the Economic and Social Committee (OKE) facilitated social dialogue and the tripartite collaboration on the issues raised by the Maastricht criteria and the programme to meet them. However, recent experience proved that impressive changes in the bargaining structure and in the capacities of the main national employers’ associations and labour confederations are required to persuade their members to follow centrally discussed and agreed pay and employment policies. This ability of the social partners is crucial for shaping the model of industrial relations under which convergence of the Greek economy to the European Union is taking place.

The Government decided in mid-1997 to launch a national social dialogue initiative by addressing the main social partners (GSEE, SEB, GSEVEE, ESEE and the Economic and Social Committee) to participate in a dialogue concerning nineteen various thematic topics in the area of competitiveness, development and employment, clearly imitating the EU White Paper. Although scepticism and criticism was the initial reaction of the main partners, and of some political parties of the opposition, the government was successful in its efforts to lead the process of social dialogue to a minimum convergence on labour market reform and wage policy acceptance. They signed, together with the GSEE, and two employers’ associations (SEV for industry, ESEE for commerce) a ‘Pact/Agreement of Trust/Confidence of Government and the Social Partners on the way to 2000’.

However, the social dialogue process showed signs of disarray as the two main sides in the process (the government and the unions) put forward different quid pro quo packages. The government tried to promote a package of moderate wage increases combined with lower tax rates for low-paid employees, while the unions proposed a reduction of the working week to 35 hours with a moderate wage increase. Other issues proposed by the government, such as part-time employment in the civil service, with an upper limit of 25 per cent of the labour, caused a strong reaction among unions and the civil servants’ confederation (ADEDY). The unions strongly opposed the government proposal for various aspects of annualised working time and working week with flexible day work schedules. During the social dialogue process, the
government intervened in the finances of the bipartite fund for employment and vocational training (LAEK, Law 2434/1996), to divert a share of it to a newly founded organisation for the training of farmers and, in consequence, has been accused by the social partners of 'looting' their bipartite fund. LAEK is based on a levy paid by employers and employees via their social security contributions, while the agricultural sector is a sector mostly composed of self-employed labour, which is covered by a different social security organisation (OGA). This event underlines the rather weak practices of social dialogue in shaping labour market policies.

Indeed, the inter- and intra-union debate concerning whether or not the Pact/Agreement should be signed by GSEE was very strong and was carried on a very marginal majority. The content of the Pact is such that it can be considered a guideline for future policies (any reference to the 35-hour week has been taken out) rather than as having immediate implications. Its guidelines should be taken into account in drafting new legislation. Shortly after the conclusion of the Pact and a devaluation of the drachma in an attempt to join EMU, the government announced its decision to move unilaterally in reforming the labour market and industrial relations. These measures were also announced as part of a package to move towards the Maastricht criteria and join EMU at least at a second stage. In other words, social dialogue and corporatism were abandoned as a policy choice and remained only as rhetoric.

**Conclusion**

The Greek system of industrial relations is evolving, albeit slowly. The bargaining structure is changing. Over a period of more than three decades (1955-1990), it ossified because of the extensive legalistic regulation that excluded company and industry collective agreements. Since 1990, the bargaining structure has been harmonised with the needs of the labour and the management side. It is clear now that the formal bargaining structure is being decentralised. Both industry and company collective agreements account for large parts of the formal bargaining structure, but the increasing number of company agreements are the new element in the formal system. The end of state-controlled compul-
sory arbitration has allowed the bargaining structure to evolve and, with the assistance of independent mediators and arbitrators, collective bargaining processes are unfreezing. Arbitration has moved from the centre to the periphery of the national system of industrial relations. It remains an open question whether collective bargaining practices will continue to decline in the national system of industrial relations and to give way to other methods of pay and employment regulation. This implies new roles for trade unions that have been acting more as political entities and less as labour market agencies.

The rise of new bipartite and tripartite institutions and the initiatives undertaken by the social partners to create new areas of collective bargaining in order to develop functions of the industrial relations system, such as working conditions and vocational training, indicate a trend towards modernisation in Greek industrial relations. The influence exerted by the European Commission’s initiatives in this process has been positive and crucial, as it led to social dialogue at a national level. It remains an open question whether a policy aimed at modernisation and involving more centralised corporatist-like arrangements is feasible, or whether more decentralised bargaining is likely to dominate. In Greece, bargaining coverage seems to be high, but this is only due to legislative support and not to the dominance of collective bargaining practices. The lack of information about basic features of the industrial relations system (for example, the coverage of collective bargaining at the national, sectoral or regional level) and managerial views about industrial relations at the plant level does not provide a very sound basis for saying whether and, if so, how, the national system of industrial relations in Greece is modernising. Of course, it is too early to speak of a new model in Greek industrial relations. The implications of labour market developments in parallel to the convergence programme may be more fragmentation of the industrial relations system, with conflict and strife in the core areas of trade unionism, such as public sector utilities and the civil service. Finally, it appears that both structural and political factors undermine any possibility of a developed corporatist model in Greek industrial relations. It is not an exaggeration to say that the basic ingredients for such a model, namely, strong and encompassing trade unions and employers’ associations, are missing.
Notes
1 This is a revised and updated version of a paper presented at the IRRA European Regional Conference, Dublin, 1997, and published in Transfer, August 1996.
2 A quango is a quasi-autonomous non-governmental organisation.
3 The Federation of Greek Commerce Associations (EESE) was founded in 1987 and became the National confederation of Hellenic Commerce (ESEE) in 1994.
Chapter 9: Hungary

Attempts to reform a workers’ movement without mass participation

András Tóth

In the last decade the radical reform of Hungary has transformed it from a state-socialist satellite of the Soviet Union to an independent country with a stable parliamentary democracy. A neo-liberal fiscal policy, which was more or less unanimously pursued by successive governments, has achieved considerable success in reducing inflation, cutting the budget deficit, and, almost uniquely in the region, avoiding debt restructuring, while considerably reducing the indebtedness of the central budget. Hungary has almost completed the privatisation of the former state-owned industries. In addition, some of the public utility services have also been privatised. It has successfully restructured its economy from an eastward-oriented planned economy, to become an open, liberalised, highly competitive market economy, oriented towards the European Union (EU).

Many indicators suggest that the economy has overcome the ‘transformation crisis’ and, after a painful restructuring period, Hungary embarked on sustained growth during the second half of the 1990s, propelled by an upsurge of export-oriented manufacturing activities. The re-industrialisation of Hungary is in many ways a globalisation-propelled process. Hungary became, alongside Poland, one of the prime locations for foreign direct investment arriving in the central and eastern European region. Many leading multinational companies (MNCs) and small and medium sized EU-based companies set up production plants in Hungary in the search for low-cost production sites near to their major EU markets. Many domestic companies also became part of supplier chains of multinational companies. Pouring foreign investment into, especially, manufacturing, financial and industrial services has greatly contributed to the capitalisation and modernisation of the economy, to the export-based
growth of manufacturing industries, and to the rapid spread of modern management techniques. Based on these lasting achievements, Hungary has become one of the prime candidates from the region to join the EU in the next round of accessions.

The transformation of the economy into an open market economy had, however, a controversial impact on the working population. Opening up the economy, privatisation, restructuring of industries, and the rationalisation of production, in combination with the collapse of eastern markets, has withered away full employment and the paternalistic security offered by the state-socialist regime. The earlier distribution of power between management and employees was shaken up. Managerial power increased considerably and managerial control over production processes became stronger. Production became more intense, the pace of work accelerated, and quality requirements increased markedly. Hungary is a low-wage economy and real income is lower than ten years ago. The majority of the working population belong to the lower income strata, where income levels hardly cover basic consumption needs. Concurrently, wage differentials between managers and the managed have increased considerably. It is a widely held view that workers are among the major losers of the transition.

Ten years ago it was hoped that the trade unions, by abandoning political control and encouraging the emergence of ‘real’ employers in the wake of marketisation, would be freed from macro and micro paternalism, which would facilitate the development of an autonomous and democratic workers’ movement controlled by its members. Such an organised workers’ movement would act as a safety net against the crushing impact of ‘wild’ capitalism. The reality turned out to be much more controversial. In the transition from the state-socialist system to parliamentary democracy and the rule of law, the exclusive and monopolistic privileges of unions evaporated. The negotiated path of the transition, the willingness of the Party bureaucracy to cede power, and the concerns of the opposition leaders to avoid the mobilisation of the masses (Bruszt 1990; Szalai 1994), did not create the opportunity for unions to assume a greater role in the transition process (Pittaway and Tóth 1997). The deep economic crisis and upsurge of unemployment quelled workers’ militancy. The negotiated nature of the transition has opened space for
wide-ranging reforms, organisational continuity, the survival of old practices and procedural routines, and for continuous adaptation to the new environment. Thus, union renewal and institution building took place in a historical period when there was no militant mass workers’ movement demanding far-reaching changes in society and the economy. In consequence, the collective mobilisation efforts of organised actors did not go beyond token demonstrations. The reform and adaptation to the new environment of the Hungarian trade union movement thus took place without a workers’ movement. Members of the former state-socialist unions neither campaigned for a full-scale renewal of old structures, nor did they join new grassroots unions en masse.

Employees exhibited distrust and a ‘wait-and-see’ attitude towards unions. Thus, the modernisation of trade unions took place, for the most part, within a reform process of state-socialist union structures. This reform, in the absence of a mass revolt among members, was carried out by the trade union officials that retained power in these union structures. These officials were pressured by the dramatic changes in their environment, and in many ways wanted to introduce their own reforms, but were strongly embedded in the old structures and tied by their vested interests to maintain a degree of continuity. Consequently, the reform and adaptation of Hungarian trade unions took place through pluralisation, by the emergence of a pocket of alternative unions, and fragmentation, particularisation and decentralisation of the former unitary and centralised union hierarchy.

Certainly, the Hungarian union movement has undergone profound reform, democratisation and modernisation processes in the last decade. It has adapted to the environment of a parliamentary democracy and a competitive and open market economy, and accepted the role of a ‘responsible social partner’. It has sought, and succeeded in building, national tripartite institutions in a neo-corporatist style, which have enabled it to play an active role in shaping its own broader environment beyond the field of industrial relations, and to gain a voice in the economic management of the country. It has tried to complement traditional workplace-level decentralised bargaining with sectoral multi-employer bargaining. It has tried many different approaches to repre-
sent the interests of members and non-members and to develop services to retain or attract employees.

As a result, a new industrial relations system was consolidated in the early 1990s and Hungarian unions attained a certain position in civil society, principally through national tripartite institutions. Yet there was a crisis behind this national-level façade. The most obvious sign of this crisis was the sharp decline in trade union membership and the shrinking in the coverage of collective agreements, at both sectoral and workplace level. Moreover, unions were unable to secure sufficient influence within the decentralised bargaining system. The most important characteristic of post-socialist labour relations is that unions are being locked into the workplace. Decentralised collective bargaining pursued by local company union sections still aims to regulate company-specific internal labour markets. There are few efforts by unions to extend social regulation beyond companies by means of sectoral or industry-level bargaining and the mobilisation of employees for these purposes.

The recent elections of 1998 brought into power a government which intends to 'shake up' the post-socialist industrial relations system, and which is seeking to weaken union power. The nature of internal union reform, the emergence of plural union structures with constant inter-union clashes and rivalries, the controversial nature of the political insertion of trade unions into the new political system and the weaknesses of workplace-level trade unionism, have resulted in a union movement vulnerable to external pressures. Beyond the actual weaknesses of the union movement, unions are seemingly lacking 'historical, unquestionable' legitimacy to represent the interests of the working population. This chapter argues that the emergence of a group of new union activists at industrial workplaces in certain sectors, the upsurge of workers' militancy in the context of economic growth, combined with a more active union strategy in recruitment and collective mobilisation, might lay the foundation for an overhauled union movement. In turn, this may trigger a new legitimacy for unions which would underpin the national-level policy-making undertaken at union headquarters. This chapter first describes the organisational features and practices of state-socialist unions. It then reviews the different reform attempts and reform processes.
The background: the state-socialist trade unions

This section reviews three practices associated with ‘state-socialist’ unions: the company-based union structure, the overlaps in the relationships between management (employers) and unions, and the relationship between employees and unions.

The company-based union structure was developed after the Stalinist restructuring of unions, which made the company union section the basic building block of union structure (Pravda and Ruble 1986; Héthy and Csuhaj 1989). During the 1950s, behind the centrally controlled façade of top-down union organisation, emerged ‘decentralised’, company-specific employment strategies, internal labour market strategies and company union practices (Pittaway 1998). The role of the company union sections was greatly enhanced in the wake of the partial decentralisation and liberalisation of the Kádár regime during the late 1960s. The Labour Code Act 1967:IV re-institutionalised company-level collective agreements, in order to regulate the terms and conditions of employment. Collective agreements did not set fixed wage categories and did not regulate wage increases. The role of company-level collective agreements was to give the opportunity to diverge from the detailed regulation of the Labour Code and to adapt legal prescriptions to particular local conditions. Consequently, local union regulation efforts focused on the setting up of company-specific internal labour markets through designated ‘exceptions’, established by the means of local collective agreements. In order to facilitate the development of company-specific regulations, the practices of ‘state-socialist’ unions were the exact opposite of those pursued by unions operating within the framework of a market economy, which, through pattern bargaining and industrial level multi-employer agreements, are struggling to achieve equal conditions for similar groups of employees. Within the union structure, the re-institutionalisation of the company collective agreement supported the autonomy of the company-level union sections, as opposed to the top levels of the union hierarchy. The role of the headquarters of industrial unions was restricted to providing recommendations to workplace-level representatives and to support of the activities conducted by local organisations.
Overlaps between local management and union leadership were a key characteristic of state-socialist labour relations. The system did not only co-opt union leaders into the company management, but union leaders often had managerial careers; a union position was a step in their upward mobility. Full-time convenors (secretaries) of local union sections and many shop stewards and other union activists had managerial positions (Hegedüs and Márkus 1966; Héthy and Makó 1972, 1978; Harasztí 1980; Lovitt 1982; Tölgyessy 1988; Swain 1992). The overlap between company management and union leadership paved the way for practices of ‘socialist’ representation beyond being an arm of the management. This was usually limited to political campaigns until the collapse of the socialist system. Within companies, unions were involved in the distribution of central company resources to the different parts and units of the company. Managers at different levels, being at the same time union officials, doubled their functions and wrapped their claims as union demands, thus facilitating the emergence of embryonic bargaining. In general, union representation practices were characterised by bureaucratic co-ordination, informal problem-solving and avoidance of open conflicts with management.

A plethora of informal individual and group bargaining practices of employees emerged in the context of full employment, making use of the developing company-specific internal labour markets (Makó and Héthy 1972, 1978; Simonyi 1978; Kemény 1990; Kertesi and Sziráczky 1989). Consequently, different workers’ groups with different positions in the production process established different strategies and, within the same occupation or workers’ group, developed a series of individual strategies based on gaining wage supplements at the company or participating in the mushrooming informal economy. The framework nature of collective agreements left a space for informal bargaining by employees with local management. But, within the framework conditions set by these agreements, employees had to fight alone with the management. Occasionally the union might support some initiatives, for example, if a union representative was a member of the workers’ bargaining group. The intertwining of unions with management, coupled with the ban on independent workers’ self-organisation, prevented the stabilisation and crystallisation of occasional alliances of
workers into solid and formal interest representation. Under the conditions of the state-socialist system, the lack of a union that controlled terms and conditions of employment turned out to be a virtue. Employees did not need ‘real’ unions to act in the name of solidarity and equality against the unequal distribution of overtime and bonuses, or to control informal bargaining. Solidarity and equality were not on the workers’ agenda and informal bargaining was the only way to secure improvements. Unions would have merely restricted competition between employees and thus limited their capacity to secure individual improvements.

**The first reform wave: pluralisation, decentralisation, depoliticisation and the search for new strategies, 1988-1990**

In the wake of transition a plural union structure has developed, involving newly established non-communist grassroots organisations and the reformed organisations that emerged from the former state-socialist confederation, the Szakszervezetek Országos Tanácsa (SZOT, National Trade Union Council). On the eve of the transition, at the end of 1988, the Független Szakszervezetek Demokratikus Liga (LIGA, Democratic League of Independent Unions) was founded (see Csákó 1992). Somewhat later, in the summer of 1989, a new grassroots confederation was set up, the Szolidaritás Független Munkás Szakszervezet (SFMS, Solidarity Independent Workers Union), which also claimed a national role (Takács 1994). Among the new national union centres, the Munkástanácsok Országos Szövetsége (MOSZ, National Association of Workers’ Councils) was the last to be established at national level in the middle of 1990 and was formed through the unification of three different workers’ council organisations (Szalai 1994). All the three new confederations were a combination of groups of ‘activists’ with strong political and social commitments, and of workplace level unions emerging from local conflicts. The majority of the grassroots organisations attached to these new national centres were minor, but fairly militant, unions. They were established at company level and usually in opposition to an existing union organisation that belonged to one of the successors of SZOT.
In the middle of 1988, SZOT started to reform and began to cut its ties to the party-state. In March 1990, the confederation split into four successor-organisations, each comprising some of the industrial federations of SZOT. The *Magyar Szakszervezetek Országos Szövetsége* (MSZOSZ, National Confederation of Hungarian Trade Unions) was comprised of unions active in the industry and service sectors, such as the unions of metal workers, miners, printers and commerce and retail trade employees. The *Autónom Szakszervezetek Szövetsége* (ASZSZ, Federation of Autonomous Unions) was based on the *Vegyipari Dolgozók Szakszervezete* (VDS, Union of Chemical Workers) and was joined by a number of important public utility unions and a few small unions. The *Szakszervezetek Együttműködési Fóruma* (SZEF, Co-operation Forum of Trade Unions) was established by the large public employees’ and civil servants’ unions. The *Értelmiségi Szakszervezetek Szövetsége* (ÉSZT, Association of Academic Employees’ Unions) consisted of unions in the academic and higher education institutions. Appendix I lists the major affiliated unions of the different confederations.

Organisational plurality and fragmentation went hand-in-hand with the further decentralisation of the union structure. The ‘new’ unions, following to some extent the example of the Polish *Solidarność*, consciously built a decentralised union structure, as the best model of democratic organisation *vis-à-vis* Leninist democratic centralism. The split of SZOT into four organisations was concurrent with the fragmentation of the nineteen sectoral federations into smaller sub-industrial, and often company, unions. Many company union sections became independent unions or directly joined one of the confederations or an industrial federation. Across the board, union constitutions stated that the decisions of union centres are not binding on local unions. In practice, therefore, unions sought to build a very decentralised, ‘post-modern’ associational structure, where consensual decision-making was the rule. Local union sections were authorised to set up their own organisation and to adopt their own bylaws as they wished. Membership fee contributions to support central activities were reduced drastically in favour of local activities. The purpose of decentralisation was to ensure the interest representation of ‘real’ sociologically defined small groups, instead of ‘artificial’ general workers’ or a ‘national’ interest.
In the wake of the transition, the hard line communist gerontocratic top-layer leadership of SZOT and the 19 affiliated federations were pensioned off and a new leadership of the reformed unions emerged. The new leadership came from the second layer of the apparatus: former deputy secretaries, heads of department or first leaders of large local union sections. Most of them belonged to one generation, being in their mid-forties in the late 1980s. They had university degrees and viewed themselves as ‘professionals’. Many of them were reform minded, actively promoted some of the changes, and relatively easily adapted to the new realities. The sudden collapse of central authority within SZOT (and within its 19 affiliated unions) and the existence of a relatively numerous second layer of leaders, however, contributed decisively to the decentralisation of the union structure. This decentralisation was facilitated in that during the last decade of the state-socialist regime, the SZOT sought internal reform by establishing sub-industrial groups within the federations to co-ordinate the work of company union sections. In many locations these groups became independent unions, often on the basis of loosely co-ordinated structures, on the demise of the industrial federation during the transition.

In addition to securing the independent working of the lower layers within union structures, measures were also taken to achieve greater transparency and the control of headquarters by local unions (federations). Decision making councils and executive committees were re-organised from being bodies elected by congresses to comprising delegates of member organisations. In practice, federations, key unions and company sections increased their influence over central decisions, and eventually were in a position to block central decisions taken against their interests. Union headquarters were seen as service and communication centres. There were immediate measures taken to cut staff at union headquarters in order to reduce bureaucratisation and to adapt the work of headquarters to the new environment. Speeches by union leaders promised a more professional service.

De-politicisation became the keyword of the transition period. Unions declared their independence from any political party. In that context, the real meaning of the term was the cutting of ties to the party-state and to the ruling party, which actually took place in 1989 and 1990 in
the case of SZOT and its successor organisations. The new unions, however, established some political links to the new (non-communist) political parties. Especially strong links developed between MOSZ and the *Magyar Demokrata Fórum* (MDF, Hungarian Democratic Forum), a Christian-conservative party with a strong populist wing, which became the dominant party of the first government coalition in 1990-1994. LIGA declared itself a politically independent union. There were, however, certain personal ties in the early 1990s between key leaders of LIGA and the *Szabad Demokratás Szövetsége* (SZDSZ, Alliance of Free Democrats), a liberal party which was set up by the prominent group within the opposition movement and which had strong social liberal policies at that time.

The period 1988 and 1989 saw the emergence of the issues through which were developed new activities and services at sectoral level to cope with the challenge of the future. Trade unions belonging to MSZOSZ formulated a demand to establish sectoral multi-employer collective bargaining. Almost all confederations decided to set up strike funds, unemployment benefit funds and employment exchange services for unemployed members. MOSZ demanded ownership rights for local workers’ councils, while LIGA sought to support the emergence of ‘real’ collective bargaining at workplace level between management and workers.

The transition period had a less dramatic impact at the workplace level. The return of freedom opened up the space for politically active or otherwise strong groups of employees to set up their own unions, or to seek to change local union leadership. The dismantling of the structures of the party-state ended the formal incorporation of union leadership into management, and presaged the piecemeal erosion of the union role in company decision-making. But the real change took place as a result of privatisation and the restructuring of companies, which is discussed below as part of the developments between 1990 and 1998.
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The crisis of the first reform wave: protracted trench warfare between new and reformed unions

As the transition period brought only partial union reform, many important forces were not satisfied with the extent of the reform. Membership drives among the new unions were relatively unsuccessful, due to the successor organisations of the SZOT retaining all union assets, which secured their organisational survival alongside the inherited structures, bureaucracies and past compulsory membership. According to the argument of the new unions, the transition stopped at the gate of the workplaces, where the long-standing coalition of management and incorporated ‘old’ union leaders intimidated workers. The new union confederations, therefore, argued for ‘completing the transition’, with the aim of undermining SZOT and its successor union confederations, considered to be remnants of the old regime. LIGA and the Workers’ Councils Movement called for the intervention of the government and the ‘anticommunist’ political parties. The anticommmunist political parties, including the government coalition, largely shared the view that these trade unions were the last remnants and strongholds of the former state-socialist elite. This view was consolidated by the speculation that the new leadership layer of the old unions was (at best) a reform-communist one, which might have a (clandestine) leaning towards the Socialist Party.

The reformed unions represented more than 95 per cent of unionised employees, but experienced a serious crisis of external legitimacy. This questioning of their legitimacy concerned their national-level reforms and their workplace-based organisations and whether they really represented the interests of their members. The debates over the nature of workplace-level unionism were reflected in the decisions of the Constitutional Courts and in the drafting of the new Labour Code. These highlighted the lack of legitimacy of collective representation of employees and the controversial nature of workplace level unionism of that period. Many observers argued that the privileges of unions at the workplace level should be abolished, as these were equated with the state-socialist system. Occasional judgements of the Constitutional Court were intended to break with the earlier practices of the state-socialist unions, by rejecting some of the union rights stipulated by the
Labour Code 1967 (Kollonay and Ladó 1996). The Constitutional Court decided that unions can sue an employer in the interest of an employee without any authorisation from the employee to do so. In its reasoning, the Constitutional Court explained that the right of representation without authorisation was created in a socio-political environment in which the representation of the interests of employees was the exclusive right of the state-socialist monopoly unions. But, the right of representation without prior authorisation may breach the right of self-determination of the employee, which is an integral part of the universal right to human dignity and of which no-one can be arbitrarily deprived (Judgement 8/1989, IV.23). A month later, it decided that the consent of the union was required in setting a salary in a labour contract (Judgement 42/1990, VI.12).

The judgements of the Constitutional Court were aimed at liberalising the positions of the employer and the employee to make agreements, and at demolishing the rights of unions deemed to be connected to the state-socialist past. Moreover, these judgements were made on the basis of an image of unions in which unions were alienated from employees and were of doubtful legitimacy (Kollonay and Ladó 1996:115-116). Moreover, competing union sections at workplace level heightened the need for a legal solution in order to establish the representation rights stipulated by the Labour Code, particularly in circumstances when competing unions claimed the representation rights for the same group of employees. But the debate went beyond arguing for measuring unions’ ‘representativeness’ to solve inter-union conflicts. Due to the growing number of unorganised employees and non-organised workplaces, there emerged a perceived need to have a complementary workplace representation in addition to unions. The debate over representativeness went beyond finding a method to measure support for specific union organisations, and centred around the conditions within which a union might be deemed able to represent employees in a given constituency. This debate certainly showed the weak foundations of post-socialist unions regardless of their political colour and their views towards transition.
The reform of the institutions of workplace industrial relations, 1989-1992

The Labour Code

In 1989 a series of laws was enacted to re-establish labour rights, including the right of association and the right to strike. Further amendments of the Labour Code established procedures for handling industrial disputes. Amendments of the Labour Code 1967 and other pieces of legislation, including the judgements of the Constitutional Court did not, however, seem to provide a sufficient framework to deal with the obvious crisis of the industrial relations system. In the circumstances of union trench warfare and the judgements of the Constitutional Court concerning union rights, the problems of unions were seen as the major issues for resolution by the new Labour Code. A new Labour Code was drafted to re-regulate the basic institutions of the industrial relations system and to re-design the role of unions within it. The objective of the legislators, however, went beyond crisis management; it was intended to lay down the foundations of a new institutional system and legal regulations that responded to the requirements of the market economy and the rule of law in a democratic state.

The evident crisis of the national industrial relations system coincided with a debate on the nature of a new industrial relations system appropriate to a market economy, which would also facilitate the eventual accession of Hungary to the EU. In these debates, the German dual system of industrial relations exerted a major impact. The institution of the works council was also strongly recommended by senior ILO experts during their visits to Hungary. The establishment of works councils seemed to be a solution to trade union fragmentation and the representation crisis, and to be a means of providing ‘voice’ to employees in non-unionised workplaces. Concurrently, the build-up of sectoral-level bargaining was intended to overcome the shortcomings of the existing decentralised bargaining system.

At the end of 1990, the Ministry of Labour issued its first draft on the principles of a new Labour Code. These principles focused on the redesigning of the institutions of the industrial relations system and envisioned reshaping it along the lines of the German dual model.
According to the draft, works councils were to be established at enterprise level. These councils were to have the power to conclude workplace level agreements regulating terms and conditions of employment and would have to be consulted by the employer on a wide range of issues. Trade unions were to be responsible for multi-employer bargaining at sectoral or regional level, with the largest union acquiring sole bargaining rights. Workplace union sections were to retain only the representation of their members in individual grievances. The first draft of the new Labour Code also advocated a substantial alteration of the German model, in that it did not grant strong co-determination rights to the planned works councils, but anticipated only a rather weak, consultative works council.

Negotiations over the text of the bill took place in the National Interest Reconciliation Council. The unions, in general, feared that reform would undermine the status of their workplace organisations, which, given their decentralised structure, might lead to the collapse of unionism as such. Within the union side, there were further clashes between the warring factions. The reformed former unions intended to maintain as much advantage as possible for majority workplace union sections and to set as high a floor as possible for the entry of new organisations. The new unions fought to secure a workplace-level voice for minor union organisations. The employers’ side tried to curtail the rights and prerogatives of unions and works councils, and to set a threshold of representativity for exercising union rights (Prugherger-Ploetz 1992). As a result of these different positions, and compromises among the social partners, the original conception of the first draft was altered and adapted in line with the existing reality and the new Labour Code, adopted by the 1992/XXII Act, reflected these compromises. The plan to limit collective bargaining to multi-employer level was abandoned and workplace level collective bargaining by local union sections was retained. The institution of the works council was accepted, but only with weak consultation rights over a limited range of issues. As a consequence, the new Labour Code introduced a three-channel model for the representation of employees.

The first channel of the three-channel Hungarian version of the German model is the works council. Works councils became mandatory
in companies with more than 50 employees, while in firms employing between 15 and 50 employees a single elected employee representative would exercise the rights of the works council. Most of the information and consultation rights, which were earlier practised by local trade union sections, were transferred to works councils. But, works councils do not have the right to conclude agreements on terms and conditions of employment. The second channel is the workplace union section. Workplace union sections retained their exclusive bargaining rights at workplace level, but this was qualified by works council election results. A single union or a negotiating group of unions with more than 50 per cent of the votes at the last works council elections has automatic bargaining rights. Any agreement negotiated by unions that have not achieved this threshold can take effect only if approved by the employees in a ballot. Where more than one union is represented at a workplace there is pressure on the unions to co-operate, and the largest union may only reach an agreement unilaterally if it obtained more than 65 per cent of the votes in the previous works council election. As a consequence of retaining workplace level collective bargaining, the law also partly restored the information and consultation rights of local union sections. The third channel is multi-employer collective bargaining. The Labour Code not only retained the possibility of collective bargaining at multi-employer level, but also introduced the possibility of the extension of such collective agreements to firms not directly covered, if the bargaining parties have a representative status in the industry.

The law retained the dual bargaining system, which allows decentralised, company level collective bargaining by local union sections with management and sectoral/regional multi-employer bargaining by industrial trade union federations and employers (and their associations). Besides the dual bargaining channels, it doubled employee representation at workplace level by institutionalising works councils, while retaining certain information, consultation and bargaining rights for local union sections. The doubling of workplace level representation by the parallel existence of local union sections and works councils with somewhat overlapping information and consultation rights was further
The Public Service Employee Law

The Public Service Employee Law, enacted in 1992, governs the employee relationship in public service organisations, such as local authorities. This law established a rigid wage tariff system, based on seniority, position, education and certain other factors, stipulated by the law.

The law, following the principles of the Labour Code, established employee councils at workplace level. It also institutionalised national, sectoral and regional interest reconciliation between government, local authorities and trade unions, by establishing a series of consultative tripartite bodies. At national level the Költségvetési Intézmények Érdekelőként Tanácsa (KIÉT – Interest Reconciliation Council for the Budgetary Organisations) was the major forum within which trade unions could put forward their demands. In order to limit the number of unions at the KIÉT, the law stipulated that only those confederations that attained more than 10 per cent of the votes at the last employee council elections are eligible to participate in the forum. At sectoral level, within each major branch of public services, an interest representation council was set up on a tripartite basis. Each council comprises the representatives of the respective ministry, the representative of respective local authorities and representative of those unions which received more than 10 per cent of the votes at the last employee council elections in that particular sector. In addition to national and sectoral level interest representation, local union sections have the right to conclude collective agreements at workplace level, while employee councils, which are similar to works councils, have a broad range of consultative rights.

The Public Administration Employee Law

The Public Administration Employee Law, enacted in 1992, regulates the employee relationship of public administration employees in government organisations and local councils. This law established a
rigid wage tariff system, also based on seniority, position, education and other factors, stipulated by the law.

To deal with issues arising at national level, the law stipulates that a national tripartite forum be established, the Közalkalmazotti Érdekegyeztető Fórum (KÉF – Public Administration Employee Interest Reconciliation Forum). According to the law, this is primarily a consultative body, which is to be consulted over annual wage increases in the sector, as well as on many other issues. At workplace level, the law stipulates that the local union section shall be consulted on local work rules and other issues.

**Failure to reform the decentralised collective bargaining system**

In preparation for a market economy, plans to reform wage bargaining were already under discussion during the mid-1980s. The intention was to overcome the shortcomings of company-based decentralised bargaining and to develop a sectoral/industrial level wage bargaining system (Héthy 1994). Based on earlier reform plans, an amendment of the Labour Code in 1989 (Act 1989.V) re-introduced the institution of the multi-employer collective agreement. Observers called for sectoral and industry-level wage bargaining to control wage outflow and to establish an orderly system to avoid wage competition and strike waves. In December 1991, the National Interest Reconciliation Council agreed to the suspension of central wage regulations and called on employers’ organisations and trade unions to reach multi-employer collective agreements at sectoral/industry level (Tóth, G. 1992). A year later government wage regulation was completely rejected, and the National Interest Reconciliation Council has repeatedly called upon the social partners to establish a collective bargaining system at multi-employer level (Tóth, G. 1993).

Attempts to establish sectoral bargaining certainly benefited the reformed, old unions, which had the appropriate sectoral organisations, whereas the organisational weaknesses of the workplace-centred new unions were exposed. Despite legal measures and repeated calls from
the national tripartite council, workplace-level wage determination is still the main arena of social regulation of wages. Multi-employer bargaining plays a supplementary role in a few industries, setting minimum wages for broad categories of employees, such as unskilled, semi-skilled and skilled, at levels only slightly higher than the national minimum wage. Since 1992 the coverage of multi-employer bargaining, despite its weak and supplementary character, has rapidly decreased; 40 per cent of employees in manufacturing and services were covered by sectoral agreements in 1992, only 11 per cent in 1994 (Tóth, G. 1995). The extension of collective agreements was achieved in a few cases only after lengthy procedures (Neumann 1998). Due to the voluntary nature of employers’ organisations, multi-employer agreements cover, basically, organised companies, which also have workplace level collective agreements. Consequently, these agreements do not regulate wage development in whole sectors, and do not provide a safety net for employees working at those companies that are not signatory to these agreements.

The consolidation of the post-socialist union system following the failure of grassroots unionism, 1991-1992

The new unions questioned the legitimacy of the self-reform of state-socialist union structures. They called for a grassroots, workers-led, and not management-controlled, renewal of the whole union movement and for the ‘completion’ of the transition of industrial relations. They also established very close connections with the governing political parties, and supported their pro-managerial economic restructuring programme. The old unions, in turn, still enjoyed a certain stability at the workplace level, due to their embedded positions and the continuity of their relations with management in the very early 1990s. At national level the old unions called for an ‘easing of the burdens’ of the transition.

In the course of political debate, MSZOSZ, the major successor organisation of SZOT, re-aligned with the Socialist Party, which was transforming into a western European style social democratic party with a broadly pro-worker, leftist policy. A sharp contrast emerged; at company level this confederation co-operated with management, while
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at national level it was closely connected to the pro-worker, leftist Socialist Party and pursued a pro-worker national policy. In contrast, the new unions pursued grassroots ‘anti-management’ policies at workplace level, while they developed ties with pro-management parties of the political right at national level. This exchange of roles inhibited both sets of unions from drastically reshaping their values and behaviour in a way which would be consistent with workers’ mobilisation and would thereby, via representation of sectional interests at all levels, contribute to the development of a feeling of solidarity and of civil society.²

Furthermore, this situation affected the outcome of the trench warfare between the two sets of unions in 1991. In early 1991 the new unions faced a slowing down of their membership growth and the reluctance of old unions to cede to their demands concerning the redistribution of trade union assets. In consequence, they turned towards the government parties to bring about legislation for a trade union membership renewal, and for the redistribution of trade union assets, which was achieved in summer 1991. But such lobbying activities were not accompanied by attempts to mobilise employees in support of these demands. In turn, MSZOSZ argued for easing the burdens of marketisation of the economy and for the defence of the welfare state. In July and December 1991, MSZOSZ called for national warning strikes against worsening living conditions, and for social policy measures to balance the impact of the strict economic measures. These calls were followed by the threat of a general strike. The government, fearing disruption on a similar scale to the taxi-blockade of 1990, conceded and re-shuffled the state budget to include certain social policy measures. Moreover, the government did not demand the strict application of the package of legislation adopted in summer 1991 and intended to break the organisational power of the old unions.

The national strike calls and protest against the government economic measures called by the MSZOSZ clearly demonstrated the strength of and support for reformed unions. The popular support for the actions of MSZOSZ (and other reformed confederations) helped them to regain their legitimacy as public actors, which was reflected in their relative success in the elections for Pension and Social Security boards.
The works council elections of summer 1993, and later the 1995 elections, further contributed to the consolidation of the reformed unions and offered a first reliable set of data on the real presence of the different union confederations and their influence at workplace level (see Table 9.1, Somorai 1995). The results showed the low penetration of the new confederations and supported the claim that the reformed confederations represented the majority of employees. In sectors covered by the Labour Code, workplace unions affiliated to MSZOSZ won two-thirds of the votes, while the two new confederations together did not reach the 10 per cent mark. The weaknesses of the new unions thus became evident, although they were the negotiating counterparts of the government.

Table 9.1: Works’ council election results in the competitive sector

<table>
<thead>
<tr>
<th>Confederation</th>
<th>1993 %</th>
<th>1995 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSZOSZ</td>
<td>71.67</td>
<td>66.56</td>
</tr>
<tr>
<td>ASZSZ</td>
<td>18.57</td>
<td>20.34</td>
</tr>
<tr>
<td>LIGA</td>
<td>5.66</td>
<td>6.40</td>
</tr>
<tr>
<td>MOSZ</td>
<td>2.21</td>
<td>2.47</td>
</tr>
</tbody>
</table>

Source: Somorai 1995.

Unions reached an agreement on the redistribution of SZOT-assets in September 1992. For the new unions, however, these assets served only to secure their organisational survival. The new unions were not able to regain the impetus they had enjoyed at the moment of transition. The introduction of thresholds for exercising trade union rights certainly contributed to prevent further fragmentation at organised workplaces by discouraging splinter organisations. The central axis of inter-union rivalry and co-operation since then can be found between the three largest successor organisations of SZOT: MSZOSZ, ASZSZ and SZEF. The new unions have been able to play only a minor role. In 1997, the re-drafting of the bylaws of the workers’ side of the national tripartite council formalised their minor role by rejecting the earlier practice of consensual decision-making and allocating voting weight to each
confederation. There was also an agreement to limit participation at the national tripartite council to those confederations that achieved more than 10 per cent of the votes at the last national works council elections, which also threatened new unions. The implementation of this agreement, however, was pushed aside by the new government after the 1998 elections.

The second wave of internal union reforms: recentralisation, amalgamations and building up services at headquarters, mid-1990s onwards

The extreme decentralisation of unions during the late 1980s and early 1990s had a negative impact on local unions and on union organisation at confederal level. The marketisation of the economy and the consequent shift in managerial strategies undermined management-union workplace level collaboration. Local unions, faced with an increasingly hostile management, were in need of professional assistance and information from union headquarters. Industrial restructuring also took its toll on union membership. The hundreds of thousands of members claimed by the former sectoral unions evaporated, and in the mid-1990s the larger unions claimed no more than 50,000-60,000 paying members, while many of the sub-sectoral unions had only around 10,000 members. The reduced financial contributions resulting from this membership decline starved union headquarters. Within many sectoral unions, the very existence of the central office was under threat, while at others central office facilities became dependent on the financial savings of the union. The intention of the late 1980s for smaller headquarters staff thus came into being, but the staff was so restricted that they were hardly able to provide the minimal services required by the membership. A result of the continuous cuts in the staff at central headquarters was that very few professionally trained officers were retained. Moreover, the decentralisation of union structures resulted in the dissolution of union education and training institutions and systems in the localities.
To overcome the consequences of financial and membership collapse, many sector and sub-sector unions re-centralised the membership fee and began an amalgamation process. Most of the unions raised the share of the membership fee allocated to the confederations from 10 per cent to between 40 and 50 per cent. Around half of the membership fee remained at workplace level to finance friendly society activities. In the commerce and retail trade sector five sub-sectoral unions amalgamated, in the construction industry two, in the food industry five out of seven. In many instances these amalgamations resulted from particular circumstances, such as the ability of union leaders to balance their personal relationships, rather than deliberate policy. Although the confederations, especially the MSZOSZ, put affiliated unions under pressure to amalgamate, many other proposals failed due to the weakness of these personal relationships.

Another important feature of the mid-1990s was a shift from the consensual and post-modern civil society-like decision-making process at confederal level back to a more power based decision-making process. Union congresses of the mid-1990s changed bylaws and adopted voting procedures with majority or qualified majority voting, where the voting power of each member organisation largely depends on its membership size, as calculated from its membership fee contribution to the confederation.

The mid-1990s also saw attempts to develop individual business services to members by federal and confederal headquarters, and to reinvigorate central services. Depending on the ability of confederal and federal leaderships, and on financial capacities, each union developed such services. For example, MSZOSZ introduced a frequent buyer card for its union members, while Vasas (Metalworkers' Union) offered health and work accident insurance as part of a membership package. The professionalisation of certain union services was also a feature of the mid-1990s. Most of the unions rebuilt their training systems, re-invigorated internal union presses, and built up internal information services.
The consolidation of the national industrial relations system in the form of a neo-corporatist settlement, 1990-1998

The end of internal union warfare between the new and old unions opened up space for the consolidation of the national industrial relations system. The venue for the constant negotiations between the government and the social partners became the national tripartite forum, the National Interest Reconciliation Council. Originally, the last communist government set up the first national level tripartite consultative body Országos Érdekegyeztető Tanács (Interest Reconciliation Council), but only SZOT participated on the union side. In the wake of the transition, this body was disbanded and the first freely elected government set up a new national tripartite forum, the Érdekegyeztető Tanács (ÉT, National Interest Reconciliation Council) in summer 1990. All trade unions and employers’ organisations were invited to the forum, which was nationally representative.

The new national tripartite council gave a certain legitimacy to all union confederations and was a forum through which they pursued their national-level policies. The tripartite council gained momentum almost immediately after its establishment by being the forum which worked out a compromise and thus, peacefully, solved the so-called taxi-blockade of 1990, which blocked the streets of Budapest for a weekend after the sudden announcement of a steep increase in gasoline prices. The political lesson learnt by the political parties from this incident was that there was a need for constant consultation with the social partners over economic policy at the tripartite council, in order to consolidate the social legitimacy of government policies. Both the MDF-led right wing coalition government between 1990-1994 and the Socialist Party-led coalition between 1994-1998 saw the tripartite forum as a major instrument in the handling of social questions. The meetings of the council served for discussion of all major social-economic measures, draft bills concerning the state budget, taxation, social services, labour market policies and labour market institutions. A practice evolved whereby the government offered a compromise, usually in the form of social policy measures, as a trade-off in exchange for the acceptance of a government initiative. There were a few cases when this negotiating machinery broke down, but the general attitude was one of consensus.
seeking. Closely connected to macro-economic issues, the tripartite council became the location of a kind of quasi-national collective bargaining by annually setting the national minimum wage and offering recommendations for the minimum and maximum annual wage increases for the wage bargaining rounds.

A plethora of tripartite consultative institutions developed around the Council, covering special issues such as unemployment policies, vocational training, public service employment regulation and privatisation. These tripartite bodies were, in a formal sense, consultative bodies, but, in practice, they worked as co-decision making bodies. Another set of tripartite bodies was also established, which were to oversee and re-distribute state funds for certain social services. Particularly important were the tripartite governing bodies for the national pension fund, the national health insurance fund and the national labour-market fund. These bodies governed a sizeable part of the state budget and their decisions had far-reaching implications for government policy. The tripartite bodies spread from national level to regional (county and city) level, where tripartite bodies were set up to handle local employment funds, devise local labour market policies and negotiate over local and regional development policies.

The key conditions that underpinned the smooth functioning of these bodies were the socially responsible and self-restraining behaviour of employers’ associations and trade unions, and the general attitude towards consensus-seeking. On the trade union side, the main driving force behind the tripartite negotiations-centred policy was the MSZOSZ which emerged as the strongest union from the trench warfare of 1989-1991. It inherited the apparatus of SZOT and thus the facilities to pursue such national-level policy-making. It also inherited an attitude of ‘we are the big boys’, who are capable of pursuing a national strategy. Its first leader between 1989-1994, who was instrumental in shaping the modern organisation, had an earlier national political career and took a perspective that stretched far beyond trade unions. These factors were coupled to an attitude of being an all-inclusive union that represented not only the sectional interest of their members, but all employees, the pensioners, and the lower two-thirds of society. Using the tripartite forum, MSZOSZ adopted a strategy which was centred on
macro-economic policy-making at the tripartite council and at the surrounding tripartite fora. In the context of conservative macro-economic governmental economic policies and constant waves of strict economic measures, MSZOSZ advocated a Keynesian budget that included a balance between economic and social policy measures.

**The internal shift of balance of power among trade union confederations, 1995 to date**

1995 marked the beginning of an internal shift in the balance of power among the three major trade union confederations, the MSZOSZ, SZEF and ASZSZ. These three confederations had come into existence through the regrouping of the 19 sectoral unions of SZOT in 1990. Economic restructuring and privatisation had affected each confederation differently and the space for union action had diverged considerably in the three sectors, affecting the power relationship among these confederations. As a consequence, the differences in the membership size of the three confederations are narrowing. De-unionisation is a far-reaching process in industry. The MSZOSZ confederation had claimed 1.2 million members in 1993, but had little more than half a million members in mid-1995. Since then the membership loss has reportedly stopped, but it is very unlikely that MSZOSZ will be able to recover the huge losses of the early 1990s. The constituencies of both the ASZSZ and SZEF are relatively sheltered; consequently they were able to retain much of their membership. The ASZSZ reported 224,000 members (Borsik-Fócze 1996), while SZEF reported 380,000 in 1995 (Gimdt 1995), and ÉSZT 120,000 members. The marketisation and privatisation of industry also damaged the ability of MSZOSZ to call for national action or to call for strikes at all, while public utility and public service employee unions were showing greater militancy and ability to mobilise their members.

Since the break up of SZOT, relationships between the MSZOSZ and the ‘splinter’ unions of SZEF and ASZSZ have been strained. These difficulties were initially concealed by the warfare between new and old unions. During the mid-1990s, however, they became more visible. The conflicts are attributed to the changing power positions among the confederations, and to the attempts of MSZOSZ to occupy the public
agent role for the whole society while SZEF and ASZSZ represent the sectional interests of their respective membership constituencies.

**De-unionisation in the competitive sector**

The established union hierarchy did not face a large-scale challenge from below from the membership. There were scattered self-organisation attempts at certain companies, but anger did not spill over to the regional or occupational level. The real challenge came from the shift in managerial behaviour. One of the key features of the transition during 1988, compared to the revolution of 1956, was that it did not result in the collapse of the legitimacy of management. On the contrary, management that facilitated restructuring, directed towards higher levels of competitiveness and efficiency, and reduced labour hoarding, was seen as essential. Management, particularly following privatisation, quickly withdrew support from unions, excluded local unions from strategic decision-making and cut amicable ties to the union leadership. The shift in management labour policy, complemented by the emergence of greenfield sites and an SME sector, re-drew the map of industrial relations at workplace level. The coverage of workplace agreements declined steeply. At only 30 per cent of medium and large companies in the competitive sphere were collective agreements in force in 1997 (*Népszabadság*, 09. 04. 1998). Recent research within the clothing industry shows that at many workplaces unions do not conclude local collective agreements, and there is a shift away from collective bargaining towards consultation and ad-hoc problem solving (Frege and Tóth 1999). A further sign of weakness among unions in the competitive sector is that there has been hardly any strike action in industry during recent years. The few known cases where local unions called for a demonstration or a token strike occurred at bankrupt companies, and the main strike demands were to secure the payment of wages for the last months and redundancy money.

Works council election data suggest that works council elections may have strengthened local union sections at most workplaces. Local union organisations won the works council elections and, in consequence, have dominated the works councils and entrenched themselves in the new representative structures (Ladó and Tóth 1996). According to a non-
random survey of the *Vasas*, at 19 per cent of enterprises the members of the works councils and the local union committee were identical (Kisgyörgy and Vámos 1994). In enterprises where the local unions are strong, unions ‘occupied’ the works councils (Neumann 1997). In those workplaces where unions dominate the works councils a paradoxical situation has emerged: local unions, through their domination of the works councils, have re-established the exclusive representation of employees, which was rejected by the Labour Code. Consequently, in many workplaces the works council exists only formally, and the union is the partner of the local employer. This overlapping of institutions, however, as Ladó and Tóth (1994) emphasised, makes it difficult to distinguish between the role of the works council as a ‘co-operation partner’ and the role of ‘adversarial’ unions.

Research at multinational and Hungarian-owned private companies has unearthed a complicated set of relationships between local union sections, works councils and employers (Tóth, A. 1997b). The duplication of employees’ representation in the workplace gives a new dynamic to the relationship between unions and employees, and to that between employers and unions. It seems that the duplication of employee representation at workplace level increases management’s scope to shape workplace industrial relations. In particular, the linking of unions’ legitimacy and the right to bargaining to the outcome of the works council elections can benefit the employers’ side on four counts. Firstly, the parallel existence of unions and works councils might lead to internal competition between the two organisations. Even when only one union represents employees in an enterprise and that union wins the works council elections, unless the union leader is the elected works council president, the parallel institutions may end up competing instead of supporting and complementing each other’s representation strategy. Parallel institutions with partly overlapping functions can foster different personal ambitions and different approaches to representation, which may sour relationships between works councils and unions. Secondly, the existence of two parallel institutions can easily become separate interest representation channels for different groups of workers. Thirdly, parallel and somewhat overlapping institutions of employee representation can be easily manipulated by management,
which may accept one of them as the main partner for problem-solving, resulting in a de-legitimising impact on the other. Fourthly, based on works council election results, management might avoid negotiations with unions that did not reach the required threshold.

There is also a shift in the composition of union membership at workplace level in the competitive sector. Research in the car and clothing industries shows that a majority of local unions organise less than half of the workforce of their company. Union members are usually production workers, while managerial, professional and white-collar administrative staff have left the union. At most sites the union leadership, including the first local union leader, is a production worker (Tóth, A. 1996a, 1996b; Frege and Tóth 1999).

Only a few unions have realised the importance of membership recruitment. Among these Vasas is an outstanding example. Since 1993 the union has targeted greenfield sites of MNCs. The success of the union is shown by the fact that the majority of union members joined the union after 1989, the average age of a union member is 28 years and the majority of new members are female. But this limited success does not balance the steep membership losses incurred by all unions (Szöke 1996).

**Strike-based bargaining in the public utilities**

Unions that organise the public utilities, especially at large state-owned companies which provide key services for the whole country, were able to chart a different course than were unions at companies not shielded from open competition. These unions, especially those within public transportation and the national rail company, were able to mobilise their members for wage demands and to organise strikes. These strikes contributed to the increase in the cohesion of these unions and certainly created commitment towards unions among employees. Moreover, the stabilisation of wage bargaining, and a shift towards centralised negotiations over wage increases at these large companies, facilitated the emergence of a solidarity among workers to support union demands, which is not in evidence at other companies (Tóth, F. 1998). The strength of local unions is shown by the fact that in this sector between
60 and 70 per cent of public utility companies are covered by workplace collective agreements (Népszabadság 09. 04. 1998).

**The centralisation of bargaining in the public service and public administration**

Both the public service employees’ law and the public administration employees’ law established a rigid wage tariff system, based on education, seniority and hierarchical position. Consequently, wage bargaining in these sectors became centralised, and concentrated on the annual increase of the minimum wage within each sector. Since 1995 the annual wage bargaining round has been accompanied by demonstrations and strike warnings from the union confederations. To date unions in the budgetary sector have shown ‘self-restraint’ and preferred demonstrations and token actions to protracted industrial action (Thoma 1996). These repeated mobilisation efforts have stabilised the role and legitimacy of sectoral unions in these sectors.

**Conclusion: the emerging crisis of the post-socialist model of industrial relations**

The crisis of the national industrial relations system had been resolved by the early 1990s. Superficially, the new institutional system operates smoothly, and instances of industrial action are negligible. Yet there is an underlying crisis behind this façade. The most obvious sign of this is the sharp decline in trade union membership, and the rapidly shrinking coverage of collective agreements, at both sectoral and workplace level. Recent research has shown that in highly competitive industries, like clothing, local union sections are hardly able to conclude collective agreements, and behind the façade of co-operation, unions have a marginal position (Frege and Tóth 1999). The loss of revenue of unions further weakens union headquarters, at times when there is a growing need to help the weak local union sections.

In contrast with its original objectives, the Labour Code 1992 did not bring about the radical restructuring of the national industrial relations system. The most important characteristics of post-socialist industrial relations are the same as those of the late-socialist regime: unions
remain locked into the workplace and decentralised collective bargaining regulates internal labour markets. There are very few efforts by unions and employers to extend social regulation beyond the boundaries of particular companies and to cover non-unionised firms and employees through sectoral/industrial bargaining. At the same time, the duplication of employee representation in the form of works councils opened the way for employers to reformulate the industrial relations system to becoming a more company-specific and consultation-centred form of employee representation.

In the past few years unions, primarily the MSZOSZ, have concentrated their strategy on the protection of the welfare state against the austerity measures proposed by successive governments at the national tripartite council. This public role afforded a certain public legitimacy to unions. Unions in a political exchange offered a broad social consensus against the marketisation of the economy. This strategy was welcomed by society, a point best reflected in the outcome of the elections of Pension and Social Security boards, in which the MSZOSZ, the architect of this strategy, received more than 50 per cent of the total votes among the seven competing confederations in 1993. The ties between the Socialist Party and MSZOSZ, and the strategy of the Socialist-led government to seek compromises with social partners at the national tripartite forum, have hidden the growing weaknesses of MSZOSZ, which remains the major actor on the union side within the current industrial relations system.

Trade unions inherited a controversial legacy from the state-socialist system. With the advent of the market economy they did not have to begin the organisation of employees from the grassroots but entered the new era with considerable assets and mass membership. Despite these endowments, they had serious legitimacy problems, which weakened their position and opened the way for legislation, which sought to secure the rights of individuals vis-à-vis collective representation forums (unions). The position of unions made obvious the need for tripartite macro-political consultations. Tripartite institution-building was also supported by the ILO, which viewed it as a politically necessary step in democratisation. The Hungarian tripartite system, which was seen as an unprecedented success in the region, was, in no small part, the result of
the responsible and self-restraining behaviour of the unions. Unfortunately, due to the transformation crisis and macro-economic restructuring, the tripartite system did not enable the unions to overcome their legitimacy crisis. The unions could not translate their important public agent role in the tripartite system into the field of bipartite industrial relations. Efforts to establish a sectoral multi-employer bargaining system have failed. The labour market regulating role of unions has thus diminished considerably and the union power base remains confined to the highly vulnerable workplace level. Unions were unable to change the basic principles of legal thinking rooted in 1989-1990 during the following decade. The rise in militancy of unions of public utility and, to a lesser extent, public service employees also strained the system. In representing the sectional interests of their members, these unions pursued a wage bargaining strategy which required settlements in excess of the annual wage increases recommended by the national tripartite council.

The growing gap between the tripartite system and the actual state of industrial relations became more significant after the elections of 1998. The winning coalition of the ‘new’ right is out to destroy the neocorporatist national tripartite institutional settlement and to weaken trade unions. The government has already dismantled two major tripartite bodies, the National Pension Board and the National Health Insurance Board, and there are further plans to abandon other similar bodies. Since the formation of the new government, the meetings of the National Interest Reconciliation Council have been reduced to a minimum and the government strictly adheres to consultation and refuses to negotiate with the social partners. The government recently published a draft to re-organise the National Interest Reconciliation Council by dividing it into two separate bodies: one body is to meet twice yearly to consult with the social partners and other civil society associations on economic policy; the other body, which would remain tripartite, is to consult over labour market policies and labour law. These changes would render impossible the complex bargaining over wage increases, tax law and pension and health contribution levies which characterised the work of the tripartite body hitherto, and had an impact on the annual wage bargaining round.
András Tóth

The all-out attack of the government on trade unions does not stop at the dismantling of the tripartite neo-corporatist system. It extends to the undermining of the industrial power of trade unions. The government recently submitted an amendment to the Labour Code, authorising works councils to conclude works agreements which might supplant collective agreements. This change would further complicate works council-union relationships and would further undermine unions’ legitimacy at workplace level. The public employee unions are also in danger. The government plans to abandon centralised negotiations over the annual wage increase and to decentralise wage negotiations to local authorities in the budgetary sector. This change would certainly undermine the recently re-invigorated public sector unions’ power and legitimacy. Decentralised wage negotiations, coupled with an anti-union government policy, might result in a de-unionisation process similar to that which has occurred in the competitive sphere of the economy.

The assault of the government on unions and the industrial relations system suggests that in future years the industrial relations system may drastically change and unions will see a further erosion in their power and influence. The abrupt change in the political climate, however, took place in a changing business environment. The transformation crisis and restructuring is over and, since 1997, the economy has embarked on sustained growth. After a decade of decline in real wages and increasing unemployment, real wages began to increase and unemployment fell to around 8 per cent. In certain regions, industries and skills there are labour shortages. It is time for unions to concentrate on re-organising workers and mobilising them into collective action, in order to secure the dividends of growth for the working population, and thus push for a high skill/high wage economy that really secures the integration of Hungary in the EU. These efforts could provide a new legitimacy and power base on which the unions might re-establish their influence on national policy-making.
Appendix: The major affiliated unions of the reformed trade union confederations in Hungary

**MSZOSZ**
Miners’ Worker Union  
Metalworkers’ Union  
Association of Retail Trade Employees  
National Association of Food Processing Industry Unions  
Trade Union of Railway Workers  
Trade Union of Textile Workers  
Trade Union of Clothing Workers  
Trade Union of Shoe and Leather Industry Workers.  
Trade Union of Construction Workers

**SZEF**
National Union of Workers of Tax and Financial Control  
Democratic Trade Union of Workers in Public Health  
Independent Union of Radio Workers  
Union of Workers of Public Collections and Public Education  
Union of Hungarian Public Employees and Civil Servants  
Independent Union of the Workers in the Ministry of Foreign Affairs,  
Independent Trade Union of the Ambulance  
Federation of Art Unions  
Trade Union of Teachers

**Association of Autonomous Trade Unions ASZSZ**
Trade Union of Car and Car-parts Retail Trade Employees,  
Independent Trade Union of State Money Print Company,  
Trade Union of Pipeline Making Company  
Autonomous Workers’ Council of Dunaferr  
Trade Union Association of Budapest Bus Transport Company  
Trade Union of Pharmacists,
Trade Union of Hungarocamion Company
Independent Trade Union of Kaposvári Clothing Company
Public Transport Employees Trade Union
Public Service and Public Company’s Employees Trade Union
Association of Hungarian Chemical Workers Union
Association of Aluminium Industry Unions
Associations of Gas Industry Unions
Association of Pharmaceutical Unions
Association of Oil production Unions
Industrial Association of Chemical Workers’ Union
Trade Union of Mátészalka Public Heating Company
Trade Union of Engine Drivers,
Autonomous Trade Union of Vér Rt.
Association of City Transport Employees Unions
Restaurant and Tourist Industry Employees Union
Association of Electrical Industry Trade Unions
Trade Union of Water Supply Employees

Notes
1 Research for this paper was supported by grants from the Friedrich Ebert Stiftung ‘The History of MSZOSZ’ and OTKA F13866 ‘Munkaügyi kapcsolatok vegyesvállalatoknál’ research grant.
2 The exchange of role and its consequence on union legitimacy emerged in a discussion with Robert Fishmann, comparing the role of unions in the democratic transitions in Spain and in Hungary.
3 Letter from the President of ESZT to the author dated 13. 11. 1996.
Chapter 10: Ireland

Shifting from voluntarism to national agreements

Kevin O’Kelly

Each country in Europe has evolved its own particular form of industrial relations as a result of unique historical, political and social developments. There are, however, a number of industrial relations systems that have common features, such as in the Nordic countries or the German/Dutch model. The Irish system is no exception; it has evolved from the British voluntarist model.

The close ties between the British and Irish trade union movements go back to the nineteenth century when for a time they were united under one Trades Union Congress. In 1894 the Irish trade unions and trade councils decided to establish a separate congress and a number of Irish branches of British unions broke away to set up separate Irish trade unions. Until independence was achieved in 1922, and for many years afterwards, both systems of industrial relations, and the scope of legal power given to trade unions, were governed by the same set of statutes, in particular the Trade Union Acts of 1871 and 1913 and the Trade Dispute Act, 1906.

The legacy of the industrial and political upheavals in the first decades of the century is still reflected in trade union structures. The present Irish Congress of Trade Unions (ICTU) represents unions in both parts of Ireland; therefore, Congress functions under two different legal frameworks and two different political and economic entities. Ireland is also unusual in that foreign (UK) registered unions are members of the ICTU and operate within the political jurisdiction of the Republic and of Northern Ireland. Many of these unions, and, indeed, unions registered in the Republic, have members both north and south and take an active part in the development of policies which impact on both parts of the island. It is also important to note that Northern Ireland has
developed its own structures and particular system of industrial relations, reflecting its position of straddling the British and Irish systems (Cradden 1993).

The approach of Irish business to industrial relations has also been dominated by the substantial trade links with Great Britain since long before Irish independence. These links are still strong today. Close business and, indeed, cultural ties, together with so many subsidiaries of UK companies based in Ireland, help to maintain elements of the traditional Anglo-Saxon adversarial model of employee/management relations. This model, with its emphasis on collective bargaining, has been dominant in addressing workplace questions, in the introduction of change, and as a system of information disclosure. This approach has been reinforced in recent decades by an increasing number of US-owned companies setting up plants in Ireland.

Another influential feature of the Irish labour market is the high level of emigration which, for over two hundred years, has resulted in a steady decline in population, to the extent that every inter-census period since 1851 until recent years, with the exception of the 1970s, shows an annual net outflow of people, mainly to Britain, USA and Australia. This has resulted, from an Irish point of view, in a single labour market covering Ireland and Britain, giving Irish workers the freedom to move in pursuit of employment. Consequently, in times of economic expansion in Britain, a ‘pull’ effect operates which attracts Irish workers to take advantage of increased job opportunities, and in times of recession they return home rather than be unemployed in a foreign environment (NESC 1990). Conversely, the creation of employment in Ireland does not, necessarily, reduce unemployment. Instead the workforce may expand as emigrants are attracted back into the labour market in search of jobs at home suitable to their skills and experience. This trend changed for the first time in the past few years, not only with a growth in the number of Irish emigrants returning, but also with increasing numbers of young people from other EU countries coming to Ireland seeking employment.

Within this industrial relations and labour market background, there has not been a strong tradition in Ireland of employee involvement or parti-
participation as a means of achieving objectives within the enterprise. The state has, for its part, supported the continuance of this system by encouraging the voluntarist model, taking a minimalist approach to state intervention through legal or other controls. Negotiations, without interference from government, between voluntary employee and employer organisations have been encouraged. For this voluntary approach to work, it presupposes that trade unions are accepted and recognised as legitimate representatives of their membership and that both sides recognise their respective social and commercial responsibilities and that once an agreement is reached it will be honoured by all parties. However, the state does exercise a major influence on the direction and outcome of collective bargaining due to its dominant position as an employer in the labour market, either directly through the public service, or indirectly as a shareholder/controller in the state sector. The state also provides the dispute resolution machinery for much of this sector and for the private sector and these institutions strive to maintain industrial peace within the parameters agreed at national level.

**Labour market organisations**

*Irish Congress of Trade Unions (ICTU)*

The ICTU is the central trade union authority with 66 affiliated unions which represent a membership of 690,000. Of these, 491,000 members are part of the workforce in the Republic and the rest are employed in Northern Ireland. Over 276,000 of the total membership are women (40 per cent).

Of the 66 affiliated unions, 27 are British-based and 2 are exclusively Northern Ireland unions. Of these, 13 operate only in Northern Ireland while the remaining 16 have members both north and south of the border; 65,000 (14 per cent) members in the Republic are members of these unions. The law and the rules of ICTU require British-registered unions to have an office within the Irish state and to devolve certain key functions to their branches in the Republic. Four of the unions based in the Republic have members in Northern Ireland.
The movement is dominated by a number of large unions. The Services, Industrial, Professional, Technical Union (SIPTU), the largest affiliated union, accounts for some 29 per cent of the ICTU membership. SIPTU is an amalgamation of the two dominant unions since the early days of the movement, the Workers’ Union of Ireland and the Irish Transport and General Workers’ Union, and organises 197,500 members. In the Republic, SIPTU, with 190,500 members, has 39 per cent of unionised workers.

Some other major unions in the Republic are: Amalgamated Transport and General Workers’ Union (ATGWU), the Irish section of the UK Transport and General Workers’ Union with 17,000 members; the Communication Workers’ Union with 19,600 members; the Irish Municipal, Public and Civil Trade Union (IMPACT), a public service union with 31,000 members; the Irish National Teachers’ Organisation (INTO), the primary school teachers’ union with 20,500 members; MANDATE, which organises shop, bar and restaurant workers and has 31,300 members; Manufacturing, Science and Finance (MSF), a British-based white-collar union with 21,000 members; and the Technical, Engineering and Electrical Union (TEEU), the electrical workers’ union which has 26,000 members. These eight unions represent over seventy-five per cent of the ICTU membership in the Republic. ICTU estimate that 45 per cent of trade unionists are employed in the private sector and 52 per cent are employed in the public sector.

The function of the ICTU is to co-ordinate the national policies and work of the affiliated unions. It regulates aspects of inter-union relations, including the transfer of members and inter-union disputes. It represents the membership on government advisory bodies, state boards and in negotiations with government and employers in national bargaining. It nominates members to the Labour Relations Commission and Labour Court. Congress also works closely with the European Trade Union Confederation (ETUC) on European Union issues, with the International Trade Secretariats and other international agencies.

The ICTU Education and Training Service provides trade union education for full-time officials and lay representatives of the affiliated unions and its Advisory Service provides services to unions on matters...
relating to job evaluation, work study and payment systems to assist them in negotiations with employers.

Against the trend in several other European countries, trade union membership in Ireland has increased in recent years, after a serious decline during the 1980s. As the Irish economy experiences unprecedented growth, there is significant creation of employment and, as a result, total union membership increased by 24,200 between 1995 and 1997. However, this increase in membership does not reflect the total increase in employment in the economy, which means that the rate of union density, as a proportion of total employment, has continued to decline. Almost half of the increase is attributable to the recruitment of women, among whom an increase of 10,000 has been recorded, reflecting the growth in the employment of women during this period. Viewing union density by sector, some 52 per cent of those working in transport/communications are members of a union; 76 per cent in public administration and defence; over half those employed in professional and technical services and in production; and some 40 per cent in building and construction are also unionised.

The introduction of centralised national agreements has seen a drop in the number of industrial disputes in recent years. During the last decade the number of recorded strikes has fallen from 76 (1987) to 28 (1997), while, in the same period, the number of workdays lost has fallen by 70 per cent (260,000 in 1987 to 74,500 in 1997). In 1997, 46 per cent of these disputes were in the public sector. This figure has increased from 39 per cent over this ten year period, indicating a worrying trend in the employment relationship in the state’s own area of responsibility. Many high-profile disputes have taken place in the public services: in education, health, transport, the police force and local authorities (IPA 1998).

**Irish Business and Employers’ Confederation (IBEC)**

IBEC is the major organisation representing employers within the labour market. It is an amalgamation of two employer organisations, the Confederation of Irish Industries (CII) and the Federation of Irish Employers (FIE) and came into being in January 1993. The membership of IBEC includes 3,700 companies in both the public and private
sectors, employing over 300,000 workers. It also comprises fifty-three sectoral associations and transnational trade organisations, including the Small Firms Association.

Its role is to develop and co-ordinate economic, commercial and social policies for employers and to influence national decision-making, with a view to ensuring that national policies are enterprise- and employment-friendly. On the basis of its agreed policies, it represents Irish business and industry in discussions on matters of trade, economics, finance, taxation, planning and development, with government, the European Union (through UNICE) and other international organisations. IBEC also co-ordinates the views of management on all topics relating to industrial relations, labour and social affairs. It represents employers in discussions with government and participates in the work of a wide range of advisory groups both nationally and internationally. It nominates the employer members of the Labour Relations Commission and Labour Court.

The Confederation offers a wide range of services and advice to its members on company/union agreements, wage and salary structures, conditions of employment, health and safety and legal problems. It also has a range of publications and leaflets on specific topics, organises seminars and training programmes for management in member firms, and makes available a team of specialists as a support to the sectoral associations or to individual enterprises in negotiations with the trade unions. It participates in centralised bargaining on national agreements with ICTU and the Government (IPA 1998).

A number of other smaller employer organisations operate outside of IBEC. The biggest of these is the Construction Industry Federation (CIF) which represents the building and construction sector in discussions with government on economic, financial and other policies affecting the sector and on industrial relations, labour and social issues. It has some 3,000 member firms, employing approximately 60,000 workers. The CIF provides a number of important services to these members, such as co-ordination on large construction sites, representation on the relevant industrial tribunals and the management of a

**Trade union law**

Trade unions and their functions within the industrial relations system are covered by a number of statutes, the most important of these being the Trade Union Act, 1941, and the Industrial Relations Act, 1990 (for details, see Kerr and White 1985). Unions are required to register with the Registrar of Friendly Societies before they can carry out their functions. This gives them certain corporate rights and obligations, such as the right to lease or purchase buildings or to be sued in their registered names. They must also make annual returns showing assets and liabilities.

It is an offence, under Irish law, for a body of persons ‘to carry on negotiations for the fixing of wages or any other conditions of employment’ unless such a body holds a negotiation licence, thus becoming an authorised trade union. Certain organisations, such as public service staff associations, or members of ‘in-house’ unions whose members are all employed by the same employer, are exempt from this requirement. Since 1990, to be granted a negotiation licence, a union must have over 1,000 members and must lodge a minimum deposit of IR£20,000 with the High Court, depending on the number of members. IBEC and the CIF are registered trade unions, with negotiation licences, under the trade union and industrial relations legislation.

**The system of industrial relations**

As already stated, the Irish system of industrial relations is based on the concept of voluntarism. Important to this concept in Ireland are the right to choose to join a trade union or an employer organisation; to bargain collectively or individually; and to agree or not to agree on the issues in dispute; and also that the disputes between the parties should be resolved without the intervention of outside forces. A fundamental principle of this voluntarism is the absence of legally imposed structures.
Rights, obligations and the regulation of behaviour by both parties should be arrived at without state intervention and collective bargaining, not legislation, should be the primary source of regulation in the employment contract. These are principles generally supported both by the trade unions and the employers, although on occasions there are calls from one side or the other, or from other quarters, for legal intervention on specific issues.

A voluntarist system of industrial relations is seen by some observers as a reaction to the stringent legal system and judicial bias found in the early, formative, years of industrial relations. There is a belief that state involvement in employee/employer relations is not always even-handed and that experience has shown that any intervention takes away from one side to the advantage of the other (Wedderburn 1971).

However, since the 1930s, and, in particular, since Ireland joined the European Union in 1973, the state has become much more involved in the employee/management relationship by enacting a series of protective and control laws, thereby removing many aspects of this relationship from determination by collective bargaining. These laws, in general, set out certain minimum standards or a floor of statutory rights which may be improved upon by collective bargaining but cannot be taken away or diminished (Redmond 1980). This trend towards the establishment of workplace rights, together with the emergence of centralised national agreements since 1987, has reduced the ‘pure’ voluntarist approach and has given the state a much greater influence in the employment relationship.

While legislation is accepted in the context of safeguarding acquired rights, the use of the law as a mechanism for regulating industrial relations behaviour, or to impose a solution, has on the few occasions when used in the past been controversial. In some cases state compulsion was successful in achieving its purpose, but in others the legalistic approach failed. Legislation is only acceptable as a facilitator by providing the framework within which the industrial relations system can function and in providing structures for the settling of disputes. The Industrial Relations Act, 1990, however, does set down some requirements for the conduct of an industrial dispute:
• it requires trade unions to hold secret ballots of the involved workers before strike action is taken and for this to be a provision of union rule books;

• it defines what a trade dispute is, the issues which may be in dispute and the issues which cannot be the subject of a dispute;

• it provides for the conduct of peaceful picketing, under certain conditions, during a dispute;

• it requires the union(s) to give the employer notice before strike action takes place (usually one week);

• it removes the right of employers to seek injunctions against striking workers where the law and the rules of picketing have been observed;

• it also contains clauses to facilitate further rationalisation of the trade union movement.

In its capacity as legislator, therefore, the Irish state has, on the whole, taken a supportive role in the development of the industrial relations system. However, as the largest employer in the labour market it has a major influence on the outcome of collective bargaining as regards labour costs and conditions of employment. The state has also been a strong advocate of centralised agreements as a way to provide economic, social and employment stability within an open European and global market place.

**Collective bargaining**

Since 1946, wage increases have been regulated through a series of National Wage Rounds during which all workers received a cost-of-living increase for a given period, usually every two years. This system of regular bargaining was unplanned at first, but eventually became institutionalised within the industrial relations system. It became the norm for each Wage Round to follow the lead of the first settlement, usually agreed with a major craft workers group. On a number of occasions agreement on a Wage Round was negotiated centrally by the ICTU and the employers’ organisations. However, these experiments never lasted longer than a single Wage Round, until 1970 when, under
the threat of legislation to control incomes and prices, the employers’ organisations and trade unions negotiated the first National Wage Agreement.

Seven such agreements were to follow. They set out the maximum levels of pay increases allowed and they also set strict controls on the scope for enterprise-level bargaining, which was only allowed in cases of genuine anomalies in pay between groups of workers with historical relativities. They allowed local negotiations in cases of productivity payments and flexibility arrangements and they also contained special minimum increases for lower paid workers.

The government participated in the negotiations on the National Wage Agreements as an employer. As the decade came to an end, it became apparent that other government policies such as those on taxation and the budget, in its wider role as manager of the economy, were having a major impact on incomes and the standard of living of workers. Between 1979 and 1981, therefore, two tripartite National Understandings were negotiated and agreed. They covered, not just pay levels in the public and private sectors, but also a wide range of national economic and social policies, including taxation, social welfare and health, education and training, labour law, housing. Furthermore, they included a commitment from the three parties to work together to achieve significant increases in employment.

In 1981, ten years of centralised agreements came to an end. There were two reasons for this change of direction. A new right-of-centre government came to power which was not committed to negotiations with the trade unions and employers on such issues. The government preferred to reach agreement separately with its own public service employees. Second, many employers believed that they could achieve greater control over labour costs at enterprise level and in this way control their overall production costs at a time of global economic recession resulting from the second oil crisis.

Between 1982 and 1987 there was, therefore, a return to enterprise-level collective bargaining, with the government setting pay norms through its ‘Public Service Pay Agreements’ and the publication of non-binding ‘Pay Guidelines’ for the private sector. However, the original objectives
of decentralised agreements were not realised. The economy continued in recession, unemployment increased, wage agreements in the private sector were higher than had been hoped in many industries that could afford them, and were higher than the norms laid down by the government and employers’ organisation. Emigration also re-emerged as a major national problem.

National agreements and enterprise-level bargaining

With the next change of government, in 1987, all parties were committed to a return to centralised bargaining, so a new National Agreement was concluded between the trade unions, employers, farmers and government – the Programme for National Recovery (PNR) – covering a period of three years. Under this agreement very modest wage increases were allowed and these were to be negotiated through local bargaining so as to take into consideration the particular circumstances of individual firms. There was a return to the principle of special increases for low-paid workers. The PNR also included a range of measures on employment creation (by the private sector), taxation, labour legislation, education and training and a commitment by the parties to provide an economic climate intended to assist growth and employment.

The PNR was very successful in achieving all its objectives. Pay bargaining at enterprise-level remained within the terms of the agreement. The rates of pay increases were just below, or in line with, inflation. The three-year agreement provided a stable business environment that resulted in strong manufacturing and export performances, an average annual economic growth of 4 per cent, and increased employment. The PNR also included allowances for agreement through local bargaining of a reduction in working hours, the first reduction for over ten years.

Following the success of the PNR, a second three-year national agreement was negotiated in 1990. This agreement – the Programme for Economic and Social Progress (PESP) – was much more detailed, covered all aspects of national economic and social policies and was intended to be the first phase of a ten-year National Programme. It included commitments on job creation in the manufacturing and services sectors;
it committed all parties to action on the long-term unemployed; it included government undertakings to implement legislation to protect part-time workers, to amend equality and dismissal legislation and to review all aspects of conditions of employment laws.

Again, moderate pay increases were agreed for a three-year period at national level. Each phase of the agreement should have regard to the economic and commercial circumstances of the firm. As in other national agreements special provisions were made for lower-paid workers. The objective of the PESP was to build on the achievements of the PNR and to continue the improvements in the competitiveness of the Irish economy. An evaluation of bargaining on the three phases of the PESP showed that in almost all of the firms the terms of the pay aspects of the agreement were complied with.

Both of these national level agreements had introduced a period of stability into Irish industrial relations and industrial disputes over pay become almost non-existent during this six-year period. For example, those disputes which occurred during 1992 were mainly in the public sector and there was a common thread as the major disputes concerned the need to restructure, to introduce organisational change or new technologies.

A third national agreement, the Programme for Competitiveness and Work (PCW), was concluded in February 1994. It covered the period 1994 to 1996 and again this agreement allowed for modest pay increases for public and private sector workers. While not as comprehensive as its predecessors, it still included agreement between the Government and the social partners on a wide range of national economic and social policies. In particular, it places a strong emphasis on increasing the number of people at work, reducing the level of unemployment and improving the competitiveness of the Irish economy.

The present National Agreement, Partnership 2000 (1997-2000), again covers the whole range of national economic and social issues, including modest pay increases for private and public employees. This agreement was signed, not only by the social partners and government, but also by some twenty other organisations representing, for example, farmers, the unemployed, SMEs, women, and the poor and economically excluded.
The following three sections in this agreement are of particular interest: Action towards a New Focus on Equality; Action to Promote Enterprise and Jobs; and Action through Partnership for Competitive Enterprises. The first of these places equality issues and the fight against discrimination and exclusion at the heart of national policy. It covers such topics as childcare, pay differentials, problems for disabled people and other minority groups. The second is one of the core chapters in the document and sets out agreed commitments to achieve competitiveness, innovation, skills and job creation by sector. The third of these sections seeks to encourage the introduction of enterprise-level employee involvement, or partnership. It suggests a range of topics which could be discussed at workplace level including the following: competitiveness; training and personnel development; equality of opportunities; representational arrangements; financial involvement; health and safety; composition of the workforce; co-operation in the introduction of new forms of work organisation; conflict resolution; and adaptability, flexibility and innovation.

While each National Agreement is negotiated between the parties without any commitment to continue the process, one point of interest is that there is now general political support for the process. All political parties represented in the Oireachtas (parliament) have been in government (with the exception of the Greens) during the present series of centralised agreements and all are in support of continuing these centralised agreements. Sections of the trade union movement are more sceptical about continuing centralised negotiations, as there is a view that workers, while restricting demands for pay increases, have not benefited in other ways from the process. In particular, there is dissatisfaction that their demands for increased levels of involvement and partnership at workplace level, and for a legal right to union recognition, have yet to be met.

Collective bargaining, therefore, is carried out on two levels in Ireland, at national level and enterprise level. Sectoral-level bargaining is almost non-existent. At the enterprise level such issues as employment contracts, wage/salary structures, conditions of employment, organisation of work, new technology, disciplinary procedures, working time/holidays and training are the subject of collective negotiation.
Failure to resolve disputes within the enterprise can be referred to the Labour Relations Commission which will nominate an Industrial Relations Officer to provide a conciliation meeting for the parties in dispute. If unsuccessful at this stage, and if the Labour Relations Commission is satisfied that all possible avenues for settlement have been explored, the dispute can then be referred to the Labour Court which will hear the arguments of both sides and issue recommendations for settlement. In keeping with the voluntarism of the Irish system, the parties are free to accept or reject the Court’s recommendations.

**Dispute resolution services**

The Labour Relations Commission (LRC) was established by the Industrial Relations Act, 1990, with the mandate to promote good industrial relations and to provide a conciliation service to disputing parties. The LRC is also responsible for other services, such as:

- The Rights Commission service which investigates and provides conciliation and adjudication on disputes involving an individual worker.

- Equality Officers who investigate claims of employment discrimination under the equal pay and equality in employment legislation.

- Joint Labour Committees (JLCs) which set minimum wages and conditions, which are legally binding, for a range of workers in low-paid employment.

In keeping with its role of promoting good industrial relations the LRC advises management and unions and undertakes audits in enterprises with high and continued levels of disputes. It promotes workplace partnership as a way of resolving such disputes, in an effort to assist the social partners in developing a new model for good industrial relations. This model is based on employee involvement, including financial participation, a sharing of information, more flexible forms of work organisation, priority for skills training and job security. It also draws up agreed Codes of Practice, in consultation with the social partners and government (LRC 1996).
The Labour Court was established by the Industrial Relations Act, 1946, and it provides the parties to a dispute with a final forum for settlement. It sits as a tribunal with full-time employer and union members and an independent chairperson hearing each case. Unlike other courts, and in keeping with the Irish voluntarist system, the Labour Court findings are not binding on the parties and it does not have the powers to compel the parties to comply with its recommendations. It does have the power, however, to intervene in a dispute, to summon witnesses, to take evidence under oath and to require relevant documents to be produced for it to examine. Many of the original functions of the Labour Court have been transferred to the Labour Relations Commission by the Industrial Relations Act, 1990, so that the Court can concentrate on its core role of finding acceptable solutions which will settle disputes.

Workers’ participation
Since joining the European Union the focus of Irish attention, in line with the wider business opportunities, has been moving towards other EU member states. The trade union movement has been closely monitoring developments in European-based unions, and Irish management, while still greatly influenced in its approach and style by the British system, is more aware of the different approaches to employee/management relations as practised in Europe. There has thus been considerable interest in the trend in other European countries towards greater workplace communications and consultation of employees. With the emergence of consensus at national level in the early 1970s there was an acknowledgement of the need to supplement this with limited forms of workers' participation.²

In 1973 a draft Agreement was drawn up, for inclusion in the third National Wage Agreement, which would provide for the establishment of works councils in Irish enterprises. While the ensuing discussion of this draft agreement accepted that the proposed approach was in keeping with the practice and traditions of Irish industrial relations, it was never ratified. Events such as the first oil crisis and resulting global recession changed the priorities of both employers and the trade unions. The Government, therefore, believed that if anything was to
happen regarding workers’ participation, it would have to provide the stimulus. Consequently, in 1977 legislation was enacted – the Worker Participation (State Enterprises) Act, 1977 – giving employees in seven state-sponsored commercial companies the right to elect a third of the directors to the boards of these organisations, for a period of three years.

**Discussion paper and advisory committee**

As part of its commitment under the first National Understanding, the Department of Labour published a *Discussion Paper on Worker Participation* (1980). This paper examined different aspects of the topic, such as participation at board level, representative participation, financial participation, disclosure of information, and participation in ‘shopfloor organisation’. The purpose of the paper was to stimulate discussion between the social partners and assist them in deciding on the next steps at national and enterprise levels.

The paper stressed that participation based on joint agreement offered the best opportunity for the enterprise to develop co-operation rather than conflict. The Minister for Labour, in launching the document, undertook to promote whatever legislation was required to provide the legal framework or administrative structures ‘which might be necessary to make worker participation in Ireland a reality’; and which would assist employers, management and the trade unions ‘in reaching a consensus on the best arrangements suited to the situation in the enterprise’ (Department of Labour 1980:6).

Following on from this initiative the Government set up an Advisory Committee to suggest what the future direction for employee participation should be. This committee recommended:

- the publication of guidelines on how to introduce employee participation;
- the introduction of further participation in the public sector;
- the introduction of enabling legislation for companies in the Private Sector employing more than 100 workers. The employer members of the Advisory Committee disagreed with this proposal.
New legislation

Based, in part, on this Report, the original 1977 legislation was amended within the terms of the Worker Participation (State Enterprises) Act, 1988. The new law extended the worker director system further and increased the term for elected directors from three to four years. It was recognised that the 1977 Act failed to provide any guidance on how worker directors should link with the workers who had elected them through some sort of reporting back process. In consequence, the new law also provides for the establishment of sub-board consultative arrangements, not just in companies and agencies with worker directors, but also in other organisations – in total thirty-six state companies and agencies. The new Act is very flexible on the type of consultative forum that should be set up within each organisation. The structure for such a forum needs to reflect the objectives of the organisation, the size and location of its workforce, the employee/management relations, its culture, its national role or the business environment in which it functions.

There are, however, some basic provisions that must be provided, such as:

- an exchange of views on information provided by the organisation to the participative forum;
- the giving of relevant information, in good time, on decisions which may affect the interests of employees;
- the dissemination of information to the full body of workers through agreed communications channels.

As regards the private sector, the government showed a reluctance to impose participation if it was not acceptable to employers and managers. The preference of the government was for the social partners to reach a voluntary agreement.

Joint declaration

Recognising the success of consensus at national level, a commitment was agreed in the PESP to translate this ‘into industrial relations and procedures at company level’ by way of reaching an understanding ‘on
the question of the development of workers' participation in the private sector' (GSO 1991:84-85).

Subsequently, the ICTU and the FIE (now IBEC) published a Joint Declaration on the most acceptable approach for the private sector in 1991, setting out an agreed framework for employee involvement. This document relied heavily on the voluntarist nature of Irish industrial relations and outlined, in broad terms, the type of initiatives and suggested models which would be acceptable. It also reviewed the developments of employee involvement in Ireland and in other European countries. The emphasis was on ‘involvement’ and the word ‘participation’ was not mentioned in this Joint Declaration.

While the document reflects the culture of Irish industrial relations, the trade unions saw it as a basis on which to expand and that it could be used to press for real involvement by workers in the decisions about the future of their enterprises (Kirwan 1991). The employers, for their part, agreed that the Joint Declaration was a welcome initiative but emphasised that employee involvement required an understanding and acceptance by employees of the objectives of business and their involvement in achieving those objectives (FIE 1991a).

As a contribution to the promotion of the Joint Declaration, the FIE issued guidelines to its member firms in November 1991. These guidelines recognised the importance of employee involvement for competitiveness and the need to meet the challenge of modern business through technological, structural and organisational changes (FIE 1991b). The booklet also recognised the changing social and educational structures of the workforce and the resulting contribution employees can make to the competitive environment. A list is given of a few approaches, or steps – including quality circles and project improvement schemes – which management can initiate to promote employee involvement. The booklet also noted that research into ‘self-managed’ team working shows that employees with responsibility for stock, process and quality control have shown significant operational improvements, as well as increased job satisfaction.
Building on the Joint Declaration, the National Agreement, the PCW, contained a section on developing partnership at work. The PCW recognised the emphasis placed by the Joint Declaration on employee involvement and the role it could play in achieving higher levels of productivity and competitiveness at enterprise level, an aspect which is further expanded in the Partnership 2000 agreement (see above; GSO 1994:58).

Worker directors

Following the introduction of the two Acts and the extension of the concept to other state-owned enterprises and agencies, there are now about fifty employee representatives who are members of some nineteen boards, mainly in the public sector but also a few in the private sector. Representation ranges from four worker directors, under the original Acts and also under legislation setting up a number of semi-state companies, for example, Telecom Éireann and An Post (postal service), to An Coillte (forestry company) which has just one representative.

Trade unions and staff associations, recognised for the purpose of collective bargaining, with members in the company or agency, have the sole right to nominate the candidates for election and all employees, including certain part-time workers, are entitled to vote in the election of these board-level representatives. Once elected, and appointed by the relevant Minister, worker directors have the same rights and duties as all other directors, who are generally appointed by the Minister or, in some organisations, interested sectoral organisations.

As stated above, there have been some difficulties for worker directors in balancing their need to communicate with their fellow workers with the need to respect the confidential nature of discussion at board meetings. A second problem which had to be overcome was the hostility and suspicion felt by other board members towards these employee representatives on the boards and their exclusion from key decision-making and from important sub-committees, such as finance. A third issue for worker directors has been access to training – in the areas of finance, legal responsibilities, marketing and technical issues – for their role as board members. The Training and Advisory Service of the ICTU
has been addressing these issues for worker directors and a
comprehensive and ongoing training programme is now in place to
assist them in meeting their board responsibilities.

However, this form of employee participation is also under threat as,
out of the seven original companies covered by the 1977 Act, three
have been privatised. In one, the B and I Shipping Company, the sys-
tem of worker directors was terminated by the new owners. In the other
two, NET (fertiliser manufacturing) and CSE (sugar production), the
former boards are retained, including the worker directors, but all com-
mercial, operational and policy decisions are taken by a second board,
representative of the private shareholders, and from which the em-
ployee representatives are excluded, with the result that worker direc-
tors have no influence on decision-making in these two enterprises.

In a more recent development in 1996 the state sold 20 per cent of
Telecom Éireann, which has some 11,000 employees, to a joint Swedish /
Dutch consortium, with the option to purchase another 10 per cent. As
part of the legislation to facilitate this international alliance the four
worker directors remain on the board but only two have voting rights.
In practice this is not crucial, as the board has not, in the past, taken
decisions by way of divisive voting, but, in theory, it dilutes the
representative rights of the workforce. In a parallel development the
company and government also sold 14.9 per cent of the company to an
ESOP trust fund owned by the coalition of unions, in exchange for
changes in work practices and cost reductions. A comprehensive agree-
ment, The Telecom Partnership, was signed in 1998 to provide a
framework for a joint approach to transform the company from a state
monopoly into a firm able to compete in the ever-competitive tele-
communications market.3

Other forms of employee participation

With the resistance of employers’ organisations to employee partici-
pation arrangements, and the reluctance of the Government to intro-
duce legislation without social partner agreement, the introduction of
EU legislation for the establishment of European Works Councils
(EWGs) brought a new concept to the Irish labour market. The EU
introduced, for the first time, statutory information and consultation rights into private sector employment. An estimated 300 transnational enterprises with subsidiaries based in Ireland are covered by the EWC Directive. Many of these have already established EWCs with members representing Irish workers at European-level meetings (Gallagher and Geraghty 1997).

The European Commission proposal to introduce works councils for any enterprise operating within the EU and with a workforce of over 50 (COM/98/612) will, if implemented, extend this process further. Employee involvement will have been achieved through the EU route rather than domestically, something the unions have advocated for decades, but without success.

In its commitment under the National Agreement, Partnership 2000, the Government has set up a National Centre for Partnership, based within the Department of the Taoiseach (Prime Minister), to promote the concept of employee involvement in both the public and private sectors. The joint directors are appointed by ICTU and IBEC. The National Centre for Partnership provides advice and assistance to organisations and unions wishing to explore new forms of workplace relationships which include partnership (O’Dowd 1998).

As its response to these developments, the ICTU issued a guide to assist union representatives in the establishment of workplace partnerships (ICTU 1997). In this document Congress sets out its objectives for:

- the widest possible diffusion of the Partnership concept;
- greater union involvement within companies in managing change and better facilities to represent members;
- a meaningful improvement in working conditions and rewards for workers.

Congress recommends its affiliate unions to adapt the development of workplace partnership as a key objective and to set themselves the goal of establishing a partnership process in a majority of workplaces in which the union has representation, during the life of Partnership 2000.
Conclusion: the future of trade unions

Trade unions in Ireland, while in a strong position nationally, are challenged by the currents of change sweeping through the workplace. Since the adoption of its strategy for management change at the Delegate Conference in 1995 the Irish trade union movement has faced these challenges. It has contributed to the economic boom and growth in employment through the series of national agreements, by keeping labour cost increases low, in return for an input into national economic and social policies. It is also fully involved, through the ETUC, in the formation of European-level policies that have an impact on EU workers.

While there have been a number of successes during the past decade of National Agreements, including lower taxes, a national minimum wage, and increased employment, other objectives have, to date, not been achieved. Two in particular – trade union recognition and workplace employee participation – have now emerged as key difficulties for the continuation of centralised agreements.

Report on trade union recognition

Trade union recognition is a particularly difficult issue to resolve and a number of high profile disputes on recognition have brought the issue to the fore of trade union priorities. Congress is committed to a continuation of national-level social partnership. However, it has made it clear that there will not be a successor to Partnership 2000 unless there is agreement on the recognition issue.

As part of the commitment under the current national agreement, the social partners and Government set up a High Level Group to find an agreed solution to this problem. This group reported at the beginning of 1998, and discussions on the implementation of the report are continuing. The group advocated that the problem should be tackled within the context of Ireland’s voluntary collective bargaining system. If accepted, this would mean a mediation role on recognition for the Advisory Service of the Labour Relations Commission and non-binding recommendations from the Labour Court, if mediation fails. As matters currently stand, the Labour Court already issues recommendations on
trade union recognition, almost always upholding the right of workers to be represented by their union.

The report states that it was clear that the recognition issue needed to be addressed from a number of different aspects. For example, the problems faced by employees in ensuring effective representation of their interests over a variety of issues were considered. The constitutional and legal measures that might be required to give effect to any decision to introduce mandatory recognition or to provide a framework for dispute resolution where recognition was a feature, were also considered, as was the possible impact of any such legislation on the existing industrial relations machinery. Finally, consideration was given to the likely impact on existing and prospective foreign investment in Ireland, on small indigenous enterprises and on the whole issue of both national and enterprise competitiveness.

The report notes that a policy of non-recognition of trade unions is found mainly in two types of enterprise, small indigenous firms and among, mainly US-owned, multinational companies in electronics and computer manufacturing. In the former, sometimes involving ‘small family-run concerns’, employees cannot advance their interests where employers refuse to bargain. In the case of multinationals, the policy of non-recognition is generally associated with the presence of strong corporate human resources management systems. The report observes that the generally high value-added nature of the enterprises concerned has resulted in employment ‘whose terms and conditions are generally good’. In these circumstances, ‘employees generally do not seek to join unions to protect their interests’. Whatever its legal and competitive implications, according to the report: ‘a requirement for mandatory trade union recognition would represent a shift from the current largely voluntary system of industrial relations which has demonstrated a capacity to adapt to changing circumstances and which is generally seen as very valuable’.

In considering international experience, it is noted that a legal approach ‘often tended to induce whole labour relations systems to become more adversarial and legalistic’. The group sets out the ICTU position in relation to recognition, which is that ‘neither mandatory recognition nor
mechanisms for binding arbitration were being sought as objectives in themselves’. The ICTU’s focus is on finding a mechanism for dispute resolution by enabling unions to provide a service to members and by encouraging employers to bargain. This does not envisage penalties or sanctions as part of such a mechanism. Instead, it proposes that arbitration would arise only where terms and conditions were out of line with industry norms; where employers over a long period refused to enter negotiations; or where a specified threshold for representation had been met. The situation envisaged by ICTU ‘sought to replicate at company level the situation which already applies in part (under the Joint Labour Committee system) at a sectoral level’. It was argued by Congress that an incentive to bargain would arise from the potential for arbitration decisions taken by the Labour Court which could have the same status as Employment Regulation Orders, under the JLC system.

Employers have expressed support for the proposals but, on the other hand, the unions have expressed their concerns with the report and its recommendations and have ‘referred it back’ to the group itself for reconsideration, in view of widespread trade union disappointment at its findings. In a further submission to the group ICTU has proposed the withholding of state grants from enterprises which breach new determinations on disputes and it wants employers to be forced to attend Labour Court proceedings in certain circumstances. Congress also wants ‘a legal right for workers to be represented in situations where their employer refuses to voluntarily accede to union representation’, in such cases as grievance handling and discipline, the protection of individual or collective contract rights, allegations of unfair or unequal treatment, collective or individual redundancies, and other matters requiring expert assistance. The ICTU strategy is to arrive at a legal situation which is not overly legalistic but which gives employees, both individually and collectively, certain representative rights in this area.

**Attitudes to trade unions**

After twelve years of national partnership, the trade union movement is debating its future attitude to centralised agreements. This debate is fuelled by a number of developments, such as the perceived disenchant-
ment of low-paid workers with wage increases, tax changes and the continued lack of workplace partnership. These problems are exacerbated by the perceived danger that unions may be marginalised at local level, while facing increased difficulties in recruiting new members. Both of these issues are linked to the union recognition debate.

In an effort to determine its future policies on these and other issues, Congress sponsored a national survey on attitudes to unions. The survey found that the vast majority of the public have a positive attitude towards trade unions and to national social partnership. It did, however, highlight a number of problems and opportunities for unions in Ireland. Of those surveyed who were employed, 40 per cent were union members but 59 per cent of non-unionised workers said that they would join a union if they had the opportunity. For the 18 to 24 year-olds this figure increased to 65 per cent. This goes against the perceived view that young people do not have a positive attitude to unions. The preference for union membership was also high among lower-paid workers – 66 per cent of skilled manual, semi-skilled and unskilled workers said they would join a union if they had the opportunity (ICTU 1998).

Ninety-four per cent of those surveyed viewed the role of ICTU in national social partnership very positively. However, a very significant minority (24 per cent) of members held the view that unions could represent them better than through participation in national agreements. Sixty-five per cent of union members wanted more involvement in workplace decisions concerning their jobs (56 per cent for non-union respondents).

In the past unions were considered to have been successful in improving equal opportunities, health and safety, training, and in the reduction of working hours. Issues which are now uppermost in the minds of those surveyed, and which were considered important for unions to address in the future were job security, a fairer tax system, profit-sharing, flexibility and pensions.

The survey showed that trade unions in Ireland are in a healthy position but, together with other movements in Europe, are facing major challenges in remaining relevant within a quickly changing working
environment. The resolution of key targets, such as on trade union recognition and workplace employee involvement, will determine the future direction of the relationship between the unions, employers and government, as well as the future of the series of national-level agreements which have served the Irish economy so well in recent years.

Notes

1 Some examples of legal intervention in the industrial relations process are:

Legislation in 1966 to prohibit disputes in the national electricity board (ESB). A number of workers in dispute were imprisoned for continuing to picket in defiance of a Court injunction. This resulted in a nation-wide power black-out and eventually, as part of the settlement, the government gave an undertaking to repeal the legislation.

On two occasions during the mid-1970s legislation was enacted to prevent the associate banks from paying their staff, members of the Irish Bank Officials’ Association (IBOA), increases in excess of the terms of the National Pay Agreements, which were voluntary agreements and, in themselves, did not have any legal status. The banks and the IBOA were not parties to the negotiations on the National Agreements. While this legislative involvement in a collective agreement produced the desired results on both occasions, these Acts were eventually declared to be unconstitutional by the Supreme (Constitutional) Court, thus preventing the use of this option by future governments.

2 For developments in employee participation see the Department of Labour ‘Report of the Advisory Committee on Worker Participation’, Chapter 2 (1986). This Advisory Committee was set up in the context of discussions on the Government Paper ‘Worker Participation - A Discussion Paper’ (1980). As a result of the recommendations of the Advisory Committee two booklets were issued by the Department, ‘Guidelines for Employee Participation’ (1986) and ‘Case Studies in Employee Participation’ (1989) to promote the concept of workers’ participation in Irish enterprises.

3 The Government has decided to sell off all remaining shares held be it in Telecom Éireann and legislation providing for this will be introduced early in 1999.

4 The issue of trade union recognition has come to the fore in the debate of the future of industrial relations in Ireland as a result of a number of high profile industrial disputes related to this problem - for example, Pat the Baker, Nolan Transport and Ryanair. In most cases which are heard by the Labour Court on recognition disputes the Court recommends recognition of union representation but in a number of cases, as in these three, the companies have refused to implement the Court findings, thus further antagonising the unions.
Chapter 11: Italy
The prospects for Italian trade unions in a phase of concertation

Marino Regini and Ida Regalia

Continuity and change in Italian trade unions

In few other European countries has the history of trade unionism been marked by so many phases displaying such diverse features as in Italy. And probably few other countries have seen the trade union movement so radically change its strategy of action in the course of time, albeit with strong elements of continuity. This is especially striking if one considers the logic of Italian trade union action in the 1990s, which is the theme of the analysis that follows.

However, before broaching this topic, it is advisable to outline the main features of Italian trade unionism, highlighting in particular those that explain the relative ease with which it is able to change. As we have argued elsewhere (Regalia and Regini 1995; 1998), this takes us back to the years when free trade unionism was reconstituted in Italy after the fascist period, and to the unexpected consequences of the contradictory and ambivalent process then set in motion, with its twofold set of dualisms.

Trade union action between overt informality and covert institutionalisation

In the buoyant political climate of the immediate post-war years, and amid widespread expectations of political change, the Italian trade union was reconstituted in 1944, on the initiative of all the anti-fascist parties, as an organisation which provided general and unitary representation for the entire labour force, with no distinction drawn between members and non-members. This unitary trade union, which immediately attracted a large following among the country’s workers, was
internally divided among party factions and, therefore, highly vulnerable to volatile events on the political stage. In 1948 it split along ideological cleavage lines, giving rise to the three confederations that still constitute the mainstay of the Italian trade union system: Confindustria, Cisl, and Uil; originally linked respectively to the Communists and Socialists, the Christian Democrats, and the small lay parties including the Republicans, the Social Democrats and the reformist wing of the Socialists.

Table 11.1: Membership of the three main confederations, 1950-1994 (000s)

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<th>Year</th>
<th>CGIL</th>
<th>Cisl</th>
<th>UIL</th>
<th>Total</th>
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<th>Cisl</th>
<th>UIL</th>
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Sources: Romagnoli and Della Rocca (1989); Codara (1998).
Note: UIL membership not available before 1970. Density refers to the membership of the confederations listed, excluding retired, unemployed and self-employed members.
The organisational weakness of the unions after the split, which was exacerbated by labour’s weakness in the market until the beginning of the 1960s, fostered the growth of an industrial relations system characterised by a high degree of informality and voluntarism, and by a low level of institutionalisation, that is, of formalisation and fixed rules regulating relations among actors. The initially strong support enjoyed by the unions, especially the CGIL, which thereafter was invariably the union with the largest membership (see Table 11.1), and the union organisations’ close links with the political parties, encouraged the development of the institutional involvement of the social partners. This was initially covert, but engaged the unions, especially in the implementation of social policies, and at the same time promoted widespread, but indirect, intervention by the public institutions in the economy and in labour relations.

The former and more overt of these features, the pronounced voluntarism and the low institutionalisation of the industrial relations system, made it relatively easy for industrial relations actors, and the unions in particular, to alter their strategies according to the ongoing state of the power relations among them. The other, much more hidden features, the institutional involvement by the unions and the intervention by the state in the economy and in labour relations, instead helped to consolidate the unions’ influence, independently of pure power relations and market power.

We use the expression ‘high voluntarism and the low institutionalisation of industrial relations’, firstly, to denote the fact that a legal framework for the constitution and operation of unions and interest organisations, in general, has never been defined in Italy. The articles of the 1947 Constitution, which sanctioned the rights to form trade unions and to strike, but which postponed detailed regulation on how to achieve this goal to subsequent legislation, were in fact never implemented in the new situation of competitive trade unionism based on party-ideological affiliation – dominated by the CGIL – that arose after the split-up of 1948. The arena of representation continued to be relatively open to new-comers, therefore, and this helped the rank and file to challenge the strategies of the larger organisations, as exemplified by the growth of ‘autonomous’ unions in the services sector during the 1960s and
1970s, and by the recurrent emergence of militant opposition (‘Cobas’) against the confederated unions in the 1980s and 1990s. One notes in passing that this tendency towards the dispersion and fluidity of representation has been no less marked among employers (Lanzalaco 1995; Martinelli 1994).

Voluntarism or informality, and the low institutionalisation of industrial relations meant, secondly, that a substantial absence of certain rules was also a long-standing characteristic (until the early 1990s, as we shall see) of workplace representation systems, whose features and names changed repeatedly over time, giving rise to numerous functional forms. In many cases, however, this absence of rules enabled the growth of bodies with sufficient flexibility to adapt reasonably successfully to the changing requirements of intervention and representation (Regalia 1995). Voluntarism and a low level of institutionalisation also meant that the lack of rules on strikes (until the 1990 law regulating strikes in essential public services) fostered recourse to conflict by both the confederal unions and the small groups which operated independently of, and in opposition to, them. Consequently, not only did Italian strike figures long occupy the top place in international statistical tables (Franzosi 1995), but industrial action often responded more to expressive and symbolic needs than to instrumental rationality (Regini 1981).

Thirdly, voluntarism and low institutionalisation meant that collective bargaining developed without a formalised framework until the early 1990s, which gave clear definition to procedures, rules of behaviour, levels and relevant issues. Consequently, according to circumstances and power relations, not only did bargaining repeatedly shift from the centralised to the decentralised level and back again, but issues were duplicated and overlapped at various levels according to the claimant and market power of specific groups or categories of workers.

On the other side, the institutional involvement of the unions in the regulation of the public sector and in the management of social policies had effects that were less immediately apparent. The most evident of these was a growth of trade unionism in the public sector, and of a system regulating employment relationships in the civil service, based on a logic very different from that prevalent in the private sector.
Another effect, less evident but more pervasive, was the opportunities thus provided for extra resources to be introduced into the interplay of ‘voluntary’ relations between the parties, thereby modifying or offsetting the results of market pressures. In this way the unwritten, but nonetheless binding, rule arose that change and innovation promoted by the public institutions should first receive the consent of the interest organisations, and of the unions in particular, before they could be implemented.

**Between the central and peripheral level of trade union action**

When the unions were reconstituted in 1944, they were organisationally structured so that interests were articulated at both the central and peripheral levels along two dimensions. The first was the ‘horizontal’ or geographical dimension which corresponded to the general, encompassing and political logic of representation typical of the confederal unions; the second was the ‘vertical’ or industrial dimension, corresponding to the articulation of sectoral differences in the economy, and more sensitive to market fluctuations, typical of the industrial federations.

This complex organisational structure not only allowed trade union initiative to switch rapidly between the centre and the periphery, and between more general strategies and more sectoral ones, thereby favouring change, but it also made it possible to pursue different courses of action simultaneously. The latter property was of particular importance in a context of ideologically-based competitive unionism, since it allowed the experimental, pragmatic, non-mandatory and quasi-covert development in the periphery of strategies different from those ‘officially’ enjoined by the organisations at the centre, thus increasing the flexibility and adaptability of trade union action.

If one takes account of this second dualism in trade union action, it becomes easier to understand why the evolution of Italian trade unionism exhibits phases very different one from the other, and in which tendencies to centralise and decentralise action have alternated. In fact, a system of centralised and ‘predominantly political’ industrial relations, characterised by the division and the market weakness of the unions
(during the 1950s), gave way to a period marked by collective mobilisation, which reached its historically maximum level at that time (see Table 11.2), and by decentralised bargaining in which the unions were able to strengthen themselves organisationally, overhauling their relations with shop-floor representatives and making themselves indispensable as partners to both employers and governments (late-1960s to mid-1970s). This phase of predominantly conflictual and decentralised action in the market was followed by one of centralisation and moderation of economic demands in exchange for benefits in the political arena, in order to tackle unemployment and inflation (the ‘decade of concertation’ between 1976 and 1984, when a failed tripartite agreement put an end to it). And then again, with another shift in the centre of gravity of trade union action, during the second half of the 1980s a new phase of company-level decentralised action began. Unlike the previous phase, however, this one centred on the willingness of the local unions and works councils to take pragmatic account of new corporate needs to restructure in order to compete in volatile international markets. At the same time it depended on the willingness of the majority of managements to use the industrial relations institutions for this purpose, rather than seeking to by-pass them as had been the case during the phase of micro-concertation of industrial adjustment (Regini 1995).

As we shall see in detail in the next section, the 1990s have seen yet another change, this time towards the revival of centralised action. First, however, it is necessary to conclude this introduction with two brief remarks. The first concerns the advantages of the dualistic system. These advantages undoubtedly lie in the high capacity for innovation and adaptation that it imparts to the behaviour of the industrial relations actors – especially the trade unions – despite their strong ideological orientations. From this point of view, and notwithstanding numerous opinions to the contrary, the unions have in fact been a factor, first of modernisation and then of flexibilisation, in the regulation of the economy. Emblematic in this regard is a comment made by Paul Samuelson in an interview given to La Repubblica on 3 May 1996: ‘For years you’ve been walking along a razor’s edge, and the unions could have given you the fatal push. They didn’t do so. Perhaps you don’t realise it, but the unions are the jewel in your crown’.
Table 11.2: Industrial disputes, 1952-1995: number, workers involved (000s) and days lost (000s and per 100,000 employees) (sub-period averages)

<table>
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<th>Years</th>
<th>N</th>
<th>W (000s)</th>
<th>D (000s)</th>
<th>D/100,000 empl.</th>
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Source: Bordogna (1998)

Note: only ‘industrial’ disputes.

The second remark concerns the shortcomings of the system, which grew increasingly evident towards the end of the 1980s. In an economy that is much more closely dependent than in the past on trends in international markets, more narrowly centred on flexible modes of production requiring the greater involvement of labour, and closely conditioned by the criteria to be met for full membership of the European Union, there is a greater need for predictable and reliable behaviour by actors, while the advantages of informality and the play-off between declared and actual behaviour correspondingly diminish.

The re-emergence of concertation in the 1990s

In the 1990s political bargaining, which ceased after the failed tripartite agreement of 1984, was resumed with vigour, and a solution was at last found for the problem of the scant institutionalisation of the relationships among the actors concerned. The most significant events of this re-emergence of concertation were the following: the laws informally
negotiated with the unions in 1990 and in 1992-1993 to bring the civil service into line with the Italian model of industrial relations in the private sector; negotiation over incomes policy and the collective bargaining structure, which concluded with two tripartite agreements in 1992 and 1993; and negotiation over pension reform, which gave rise first to the most severe social conflict of the last twenty years and then to an agreement between government and unions on a law which was strikingly innovative for the Italian system of policy-making.²

This revival of concertation is a crucial feature of the political system and the management of the economy in Italy during transition from the first to the second Republic, and it is also an essential factor in its stability. It is even more significant because it stands in sharp contrast both to the crisis of centralised bargaining over incomes policies in countries with long neo-corporatist traditions like Sweden (Pontusson and Swenson 1996; Iversen 1996) and to the failure of similar attempts to reform the pension system conducted unilaterally by the French government.

**Incomes policies and collective bargaining reform: the new tripartite agreements**

The absence of formal political bargaining in the second half of the 1980s did not signify that relationships among the three actors were entirely lacking. Various governments continued the practice of consulting, albeit separately, the social partners before they introduced important economic policy measures, in particular, prior to preparation of the annual *legge finanziaria* or budget law. They also occasionally reached bilateral agreements, an example being the tax agreement signed with the unions in 1989. Any genuine revival of tripartite concertation was obstructed, however, in addition to the factors discussed above, by the major and unresolved issue of the *scala mobile*. Although it effectively shielded wages from the risk of inflation (until the mid-1980s, wages were automatically adjusted to cover about 80 per cent of the inflation rate), the *scala mobile* was the principal problem as regards not only firms’ labour costs and competitiveness, but also collective bargaining, given that it left very narrow margins to negotiate wage growth and differentials. For the unions, the *scala mobile* had great
symbolic significance, since it was the outcome of previous waves of collective mobilisation and the main indicator of their ability to resist change in power relations.

Hence, when negotiation over the cost of labour and the collective bargaining structure was resumed in 1989, the issue of the scala mobile seemingly blocked any possible progress. The political situation changed radically in 1992, however, the year in which the ‘Mani Pulite’ investigation was launched. The April elections brought the collapse of the old political system, and the new ‘technocratic government’ headed by Amato was faced with a dramatic fiscal and monetary crisis. It was this climate of national emergency that enabled the government to mobilise the consensus necessary for the most drastic attempt to balance the state accounts since the late 1940s.

The tripartite agreement reached in July 1992, which abolished the scala mobile, was also bred by this climate. The aim was to reduce the inflation rate from the current 5.4 per cent to 3.2 per cent in 1993, to 2.5 per cent in 1994 and to 2.0 per cent in 1995. For this purpose, not only was the scala mobile abolished, but company-level bargaining was frozen for the entire period 1992-1993. The core of the agreement was, therefore, the curbing of wages growth without the compensatory measures that had traditionally accompanied the political trade-offs of the early 1980s. Despite the resignation (later withdrawn) by the leader of the CGIL, who had signed the agreement notwithstanding considerable pressure from his union members, and despite the numerous wildcat strikes mounted in the most unionised factories, the agreement was generally hailed as the first true, albeit incomplete, turning-point in the relationships between the three actors. It was incomplete because it did no more than set a temporary halt on company-level bargaining, while failing to introduce rules and procedures into the overall collective bargaining system.

The problem was tackled the following year by the new ‘technocratic government’ led by Ciampi. In fact, the agreement signed by this government with the social partners in July 1993 was obviously intended less as an emergency measure offering short-term solutions than as an attempt to delineate a stable architecture of incomes policies
and of collective bargaining relations. First of all, as well as confirming the abolition of the *scala mobile*, the agreement set out an incomes policy based on the joint, but autonomous, commitment by the parties involved to conform their behaviour to the expected inflation rate. For this purpose, two annual meetings were set up in order, respectively, ‘to define common objectives concerning the expected inflation rate, the growth of GDP and employment’ and ‘to verify the coherence of behaviour by the parties engaged in the autonomous exercise of their respective responsibilities’.

Secondly, the bipolar character of the Italian collective bargaining system, consisting of a national industry level as well as of a company or local one, was confirmed. At the same time, the roles of the two levels were specified, and the relations between them better defined, in order to prevent the overlapping that had occurred in the past. The national industry contract (of two-year duration as regards wages, four-year duration as regards other matters) was given the fundamental function of adjusting pay scales to the expected rate of inflation and, in some cases, to productivity increases in the industry. The company contract (for large firms) or the local contract (for small ones) were meanwhile expected to redistribute further productivity increases, as well as to deal with the consequences of technological and organisational innovation, although they were not to overlap with concessions obtained at the national level. In order to render this second level of collective bargaining viable, a new system of workplace representation was envisaged; a system, in fact, that was later sanctioned by an agreement between the unions and the employers’ associations in December of the same year (as we shall see below). Thus, for the first time, ‘collective bargaining, and especially the relationship between the social partners and the government, has become the core of economic and social regulation’ (Patriarca and Pellegrini 1995:100).

**Negotiation over pension reform**

Since the Second World War, the Italian pension system has grown rapidly, but in an incremental and confused manner, with the progressive extension of insurance to different occupational categories, each with a diverse relationship between contributions and benefits and
often with separately managed funds. Reform of this chaotic system had long been on the policy agenda for reasons of cost-cutting, rationalisation and equity. The latter objective was an enduring component of the concertation practices of the 1970s and 1980s. For example, it orientated the bill negotiated by the government with the unions in 1978, during the period of ‘national solidarity’; a bill, however, which was blocked in Parliament by the pressure groups that it penalised (Regini 1984).

In the 1990s, the problem of curbing expenditure on social security has grown especially dramatic. Although in Italy the percentage of overall social spending to GDP is below the European average, the proportion of that spending allocated to pensions far exceeds the average. When this fact is set against the background of a huge public debt on the one hand, and of constant decline in the population and labour force on the other, it is evident why reform of the pension system became the cornerstone of Italy’s economic recovery strategies and a central concern of the country’s policy-makers.

The first to get to grips with the problem with any degree of success was the Amato government, which issued a decree in 1992 that raised the age of retirement and increased the minimum number of years of contributions necessary to qualify for a pension, made it more difficult to combine a pension with other work-related income, and introduced other changes. But a ‘structural’ reform which would replace earnings-related pensions with a contributions-related scheme, and abolish the ‘seniority pensions’, which enabled employees to retire at any age as long as they had completed thirty-five years of contributions, was still lacking. These issues were closely bound up with the ‘acquired rights’ of many categories of workers, as well as the role and the power of the unions, since these hold the majority in the board of directors of INPS (the institute that manages the pensions of wage- and salary-earners in the private sector). It was, therefore, extremely difficult to deal with these problems without gaining some consensus from the interest organisations.

The Berlusconi government installed in May 1994 seemed initially to comply with this unwritten law when it set up a committee of experts and representatives from the social partners with the task of formula-
ting proposals for reform. Given the inability of this committee to go beyond agreement on generic principles and suggest shared and specific measures, however, the government decided to act unilaterally by including provisions in the *legge finanziaria* that would effectively eliminate seniority pensions. The first centre-right government of post-war years, therefore, tried to change the unwritten rules of the game that had hitherto regulated social security policy in Italy. The government decided to use the issue of pension reform, for which there was broad political consensus combined with strong pressure by the financial markets, to test what it perceived to be altered power relations. It also wished to verify whether it was possible to cut public spending without the consensus of the unions.

It was precisely the nature of this initiative, as constituting a general test for the new mode of policy-making envisaged by the centre-right government, that gave special impetus and incisiveness to trade union mobilisation. Although the reform proposals that the unions drew up were not greatly dissimilar to those of the government, a general strike was immediately proclaimed, and it achieved notable success. The protest was vociferous and spread to every part of the country. Wildcat strikes were staged in many workplaces even prior to the general strike, nation-wide demonstrations by pensioners had a major impact, and the bulk of public opinion apparently supported the mobilisation. The protest culminated in a national rally in Rome organised by the unions in November. With a million and a half people taking to the streets in protest, this was the largest demonstration in post-war Italian history, and its inevitable effect was to weaken consensus for the government’s manoeuvre. Even *Confindustria* (the main employers’ association), which had explicitly supported it, and some parties in the government coalition, watched these developments with disquiet. The result was a defeat for the government, which in an agreement signed with the unions was forced to remove the provisions on pensions from the *legge finanziaria* and postpone them until the following year.

At the beginning of 1995, the centre-right Berlusconi government was replaced by yet another ‘technocratic government’ led by Dini which included reform of the pension system among the four points of its programme to be fulfilled before new elections were called. Although
Dini had been Minister of the Treasury in the previous government and, therefore, one of the architects of the failed attempt at reform, his technocratic government was based on parliamentary support from the centre-left. The new project to reform the pension system, therefore, had once again to search for consensus from the unions.

Actually, the government and the unions engaged in outright bargaining, based on the project drawn up by union experts. Agreement was reached in May 1995. Although the employers’ associations were involved at various stages of the long and difficult talks, Confindustria was generally critical of the reform, deeming it not sufficiently radical, while regarding the spending cuts envisaged as excessively diluted over time. The agreement, therefore, was signed only by the government and the unions. The government converted the text of the agreement into a bill submitted to Parliament, while the unions put it to referendum in the workplaces, where it obtained a hard-won, but significant, majority.

The bill was finally approved by Parliament in July, and the new ‘negotiated’ law was hailed as one of the cornerstones – together with the tripartite agreements of 1992 and 1993 – of Italy’s economic recovery. There is no doubt that this was one of the most radical reforms in the history of the Italian welfare state, although its immediate effects on curbing expenditure on pensions were not particularly pronounced. The key condition for obtaining trade union consensus, in fact, was retention of the previous pension system as far as more elderly workers were concerned, with the introduction, total or partial, of the new and more rigorous system for workers with lower seniority. This obviously meant that savings would only accrue gradually. But it was the assent given to the reform by unions able to muster the labour force’s more or less convinced approval that yielded a result opposite to the setback of the previous year, and also opposite to the result obtained a little later by the Juppé government in France. In a policy-making system like Italy’s, which is based on incrementalism, the reform of social security represented a quite unusual policy innovation (Lange and Regini 1989:249-72).

A final important area of tripartite concertation was employment policy. In September 1996, a ‘Pact for Employment’ was signed to promote
employment, especially in the less developed areas of the country. The most significant points of the agreement include reform of education and training systems, promotion of temporary work and working-time reductions and, perhaps more important, the notion of ‘territorial pacts’ to promote new investment in areas with a low rate of development and high unemployment. These agreements are to be signed by unions and employers’ organisations, local authorities, banks and other private participants. They should involve greater wage and labour market flexibility. However, new divisions among the trade unions have emerged on this sensitive issue.

**Actors and processes in the re-emergence of concertation**

At the beginning of the 1990s, the features and strategies of Italian interest organisations appeared by and large to be a continuation of the previous model, namely a pluralist and voluntarist one combined with some aspects of institutional involvement of the industrial relations actors (Cella 1989; Regalia and Regini 1995). Numerous actors, on both sides of industry, were engaged in complex games of co-operation/distinction, not only between the two alignments, but within them as well. The level of formalisation and institutionalisation of relations between the two sides continued to be low; this restricted their degree of predictability and reliability, and hampered the growth of explicit cooperation. On the other hand, the veto power of trade unions was still high enough to discourage attempts to simply ignore them, as was the case in other countries. Finally, one should recall the marked differentiation of rules and practices between the public and private sectors, which gave rise to several distortions.

In the 1980s, each of these aspects – the segmentation and dispersal of representation, the informality and scant co-ordination of relations between actors, the differences between the normative frameworks of the public and private sectors – prompted the various parties concerned to undertake numerous projects for rationalisation. However, these attempts at reform were thwarted by the difficulty of dealing with the complex games being played among actors and the peculiar mix of informality and institutional regulation of the industrial relations context.
If innovations were to be successful, strong external pressure and/or government intervention was apparently required. As we shall see, it was this that happened in the early 1990s, bringing profound changes to the initial framework.

**Dealing with trade union weakness: works council reform and debate on union unification**

At the beginning of the 1990s, Italian confederal trade unionism appeared weaker than it had been ten years previously, although a proper assessment of such a weakness reveals it to be less obvious than is commonly claimed. A first signal was the decline in membership in CGIL, CISL and UIL from 7,376,000 active workers in 1980 to 6,149,000 in 1990, with a consequent reduction in the unionisation rate from 48.6 per cent to 38.6 per cent (see table 11.1). This decline, however, seems to have stemmed more from the effects of structural changes in the economy than from explicit worker disagreement with trade union strategies. In any case the rate of unionisation in Italy remained rather high by European standards (see Table 1.7).

Another sign of growing weakness was the deterioration in the confederal unions’ relationship with their rank and file, as symbolised by the growth of Cobas (independent unions) and by expressions of discontent such as the so-called ‘self-convened’ councils. This discontent was evident in certain areas of the public sector, but it was much more sporadic in the private sector, where confederal unionism continues to be predominant at the company level. Here the unions have been actively engaged in the micro-concertation processes mentioned earlier.

Also negative were the effects of the division and competition among trade union organisations that followed the breakdown of the Federazione Unitaria (the pact between the three confederal unions) in 1984, and which repeatedly blocked attempts at organisational reform. Although this competition made the decision-making process more sluggish, it did not substantially impede united action. In March 1991, indeed, after several previous attempts, the three union organisations managed to reach an important agreement on rules of reciprocal behaviour and on a new pattern of workplace organisation (see below).
More generally, until the early 1990s the role of the unions at the company level remained scattered, hardly visible or socially recognised. Distinctions and tensions among the three confederations, especially at the central level, created space for direct intervention by the state to resolve controversial issues, while also systematically impeding implementation of the various projects for organisational self-reform (including the already-mentioned one of 1991). Subsequently, however, in concomitance with the tripartite agreement of July 1993, changes in the relations between unions and workers and among the three union organisations were finally introduced. This strengthened confederal unionism and enhanced its influence and role.

A first and crucial change was the reform of the workplace representative system in 1993. Within the tripartite agreement of July 1993, the social partners decided that a single pattern of workplace representation was to be introduced all over the economy, under the name of *Rappresentanza sindacale unitaria* (RSU), which had been coined in the 1991 agreement between CGIL, CISL and UIL in order to stress the unions’ commitment to endow themselves with a unitary body in the workplaces. Actually, like the ‘old’ works councils, this was a representative body elected by all workers (and not only by union members), which also represented the trade union organisations, as they had priority in nominating candidates. The novel aspect was that, following the reorganisation of the collective bargaining system established by the tripartite agreement of July 1993, the employers realised that it was also in their interest to place in-company representative bodies on a sounder footing, so that they might have a reliable partner for decentralised bargaining. Accordingly, in December 1993 the employers’ associations and the trade unions signed a national-level agreement on the RSU, the first to regulate such matters after thirty years of informal arrangements.

Although ambiguities in interpretation and the resistance of those who feared electoral losses still persisted, in 1994 and 1995 the workplace representative bodies were finally renewed to an extent unknown since the end of the 1970s, and thereby also the relationships with the workers were revitalised. The results were striking. According to data from the ‘National Observatory on RSU’, more than 70 per cent of those entitled to do so turned out to vote. Everywhere, confederal
unionism obtained large majorities of votes and of representatives, 95 per cent and 96 per cent respectively (Carrieri 1995: 46-8). This led to a broad, and perhaps unexpected, turnover of workplace representatives. In Milan alone, 5,000 new delegates, that is, those without previous experience, have been elected in the last two years. As a consequence, efficient channels for voice (from below) and for consultation initiatives (from above) have been created, as evidenced on the occasion of the pension reform in May 1995. This is all the more significant if one bears in mind that, after an interval of many years, the RSU elections have regained a wide coverage in the press, which has helped to strengthen the public image of the confederal unions.

Another new feature has been the resumption and acceleration of debate on union unification. This is also a change contemplated ever since the breakdown of the confederal pact in 1984. It was partly anticipated by the joint action undertaken by the unions in the second half of the 1980s, as well as by the decision taken by the CGIL in the early 1990s to dissolve internal party factions. The innovative aspect, however, was the intention to unify confederal unionism: the idea, that is to say, is to give rise to a single union organisation after half a century of either splits or ad hoc pacts (whether of non-belligerence or alliance). For this purpose, several meetings have been held among the union leaders, and the schedule formally established, although the outcomes are as yet unclear.

Overall, therefore, in the mid-1990s various changes took place in the relationships between representatives and represented, and among the labour organisations; changes which consolidated confederal unionism while also strengthening its role vis-à-vis employers and the government. In this new context, even the results of the referendum of June 1995, which abolished a number of statutory provisions particularly favourable to the confederal unions, have not, at least to date, had the damaging effects that one might have expected in other circumstances. This depends, in part, on the fact that these matters were also regulated by collective bargaining, which the referendum did not affect. But it is certainly significant that the employers have not used the results of the referendum to launch a campaign against the confederal unions, taking advantage of their decreasing popularity.
The changes that we have discussed are to a large extent the revival or duplication of attempted reforms which failed in the past but which now achieved success. This raises the question as to the factors responsible for this change, a question that cannot be answered solely by reference to reasons internal to the actors and to shifts in their strategies and choices. Instead, the decisive factor was the impact of external variables, which functioned as catalysts of change. The first variable relates to changes that have occurred in the parties of the left since 1989, which have gradually eliminated the historical reasons for the divisions in the labour movement. A second factor was the explosion of corruption scandals involving parties, firms and institutions, the unexpected outcome of which rendered a break with the past socially desirable. The third factor was the constraints imposed by the process of European unification, especially since ratification of the Maastricht Treaty.

**Trying to cope with the anomaly of public employment**

In the area of public employment, recent changes in regulation of the context and in definition of the actors have tended more to anticipate than to accompany the turning-point represented by the tripartite agreement of July 1993; indeed they have constituted one of its preconditions. June 1990 saw, in fact, enactment of the law regulating the right to strike in ‘essential’ public services. In October 1992, another law empowered the government to begin the so-called ‘privatisation’ of the public employment relationship. Accordingly, the following year, the government issued a decree implementing the privatisation process, as a consequence of which the tripartite agreement of July 1993 became the ‘first ever’ agreement simultaneously applying to both private sector workers and public employees (Barbieri 1995; Garofalo 1994). Furthermore, the law on privatisation, like the one regulating the right to strike in the public services, is one of the factors to have facilitated the July agreement. These laws provide some sort of government guarantee to the other parties (the representatives of the private sector) of the possibility and the intention to reduce the public employees’ disruptive power, and the consequent difficulty of curbing public spending.
In both cases, the changes have come about following systematic consultation/negotiation with the unions, which is almost inevitable in sectors with high levels of unionisation (it is estimated that confederal unions alone organise just under 50 per cent of employees), and with a powerful presence of ‘autonomous’ and rank-and-file unions. The law regulating the right to strike in the ‘essential’ public services was the outcome of prolonged negotiation based on a proposal drawn up by a group of legal experts appointed by the unions. Although this law broke with the more than forty-year-long tradition of non-intervention by the state, it built on the trade union practice of self-regulation and it did not affect the constitutional principle of the right to strike. It introduced a number of rules (prior announcement of the form and duration of the industrial action, compliance with measures that ensure the delivery of essential services), the implementation of which it deferred to agreement between the parties, thereby strengthening their role and promoting their co-operation. Finally, a new actor super partes has been created, the Commissione di garanzia dell’attuazione della legge, which consists of experts appointed by presidential decree and accountable to parliament, with non-coercive powers but with the task of non-mandatory mediation. To be sure, this reform has many weaknesses, for which correctives have been proposed since it was first introduced (Carinci 1992). Nonetheless, it is probably no coincidence that there has been a pronounced fall in labour disputes since its approval, not only in industry, where strike action has been in decline for more than ten years, but also and especially in public services, reversing the anomalous trend of increasing conflict in that sector during the 1980s (see Table 11.3) (Bordogna 1994).

The jointly agreed legislation on the ‘privatisation’ of the employment relationship in the public sector also stems from proposals made by a group of legal experts appointed by the unions, which was harshly critical of a previous law reforming the sector (the ‘framework law’ of 1983), the effects of which proved extremely disappointing. This latter law, in fact, had introduced to some extent collective bargaining alongside the traditional mechanism of regulation by decree. But it had done so in a manner that simultaneously encouraged the uncontrolled growth of expectations and demands, pushed public spending up to excessive
levels, created grievances among the categories of public-sector workers most able to apply pressure, and provoked these categories into rebellion against confederal unionism.

Table 11.3: Disputes by sector, 1952-1994: number, workers involved and days lost as percentages on total disputes (sub-period averages)

<table>
<thead>
<tr>
<th>Years</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>W</td>
<td>D</td>
</tr>
<tr>
<td>1952-58</td>
<td>6.80</td>
<td>17.87</td>
<td>31.91</td>
</tr>
<tr>
<td>1959-67</td>
<td>4.01</td>
<td>12.67</td>
<td>16.06</td>
</tr>
<tr>
<td>1968-73</td>
<td>2.29</td>
<td>8.26</td>
<td>7.89</td>
</tr>
<tr>
<td>1974-79</td>
<td>1.80</td>
<td>6.03</td>
<td>7.71</td>
</tr>
<tr>
<td>1980-84</td>
<td>2.66</td>
<td>6.10</td>
<td>5.61</td>
</tr>
<tr>
<td>1985-89</td>
<td>2.77</td>
<td>6.74</td>
<td>5.93</td>
</tr>
<tr>
<td>1990-94</td>
<td>2.78</td>
<td>5.55</td>
<td>4.97</td>
</tr>
</tbody>
</table>


Note: only ‘industrial’ disputes. Totals may be slightly higher than 100 as a few disputes were registered in more than one sector.

Under the new system, on the other hand, civil servants find their employment relationship entirely regulated by collective bargaining. This bargaining freedom, however, has been constrained within a legal framework that places controls on public spending and redefines the bargaining subjects, on both the workers’ and the government’s side. The greatest innovation from this point of view has been the creation of the Agenzia per le relazioni sindacali, a technical agency with legal status which takes the place of the traditional committees nominated by the ministries involved to represent the government as employer. The twofold objective of centrally co-ordinating negotiations, and of separating political from administrative responsibilities, has thus been pursued, in order to reduce clientelism and curb public spending.
Conclusions

Contrary to the assumptions of neo-corporatist theory, the re-emergence of concertation in the 1990s was not premised on centralisation and representational monopoly by the interest organisations, and trade unions especially. On the contrary, it acquired stability precisely because it strengthened workplace representation and gave it a more prominent role. Whereas the tripartite agreements of the late-1970s and early-1980s were made highly unstable by, among other factors, the excessive distance created between the unions’ top leadership and the rank and file, the 1993 agreement, as well as the pension reform negotiations of 1994-1995, were accompanied by the creation of a new system of workplace representation which enabled the unions to consult their rank and file and to receive legitimation in return (Locke and Baccaro 1996; Carrieri 1995).

Consequently, the potential crisis of representation was channelled and controlled not by securing legal monopoly over representation, but by creating mechanisms for the expression of ‘voice’ within, rather than outside, the trade unions. Moreover, the elections of workplace representatives held during this period revealed unexpected and overwhelming consensus for the confederal unions engaged in concertation, and this also indirectly gave them greater legitimation to proceed in this direction.

A widespread interpretation of the resurgence of concertation in Italy is that ‘the three partners involved were weak and needed to lean upon each other’ (Salvati 1995: 84; Bellardi 1995:162-3). This simultaneous weakness might go a long way towards explaining the ease with which traditionally intransigent internal oppositions have been overcome. Not all actors found themselves in the same position, however. To be sure, the public image and self-confidence of the employers have been damaged by their involvement in Tangentopoli (the corruption scandals). The legitimacy of a political class either identified with the old regime or possessing technocratic credentials not ratified by democratic elections has perhaps been even more severely diminished. The ‘technocratic governments’ (those headed by Dini in 1995, by Ciampi in 1993 and by Amato in 1992) have been those most in need of the external support and social legitimation provided by trade unions as a substitute for elec-
toral investiture. At the same time, however, they were able to play on their image of being ‘neither pro- nor anti-labour’, but instead entrusted with the task of coping with a national emergency. Not surprisingly, therefore, these governments were able to find the consensus with which to achieve such goals as reforming pensions, regulating collective bargaining, and abolishing the wage indexation system, that their predecessors found impossible in spite of their wider Parliamentary majorities.

The unions, however, though hit by growing unemployment and by internal fragmentation, have not been fundamentally weakened, or at least not to the extent of their counterparts in most other European countries, where employers can be seen to have grown far stronger. This difference in relative strengths helps to explain the greater prominence acquired by concertation during the early 1990s in Italy. It is the medium-strength trade unions, in fact, those which do not possess the high power resources of the Scandinavian ones, but are at the same time well-rooted in the workplaces and embedded in networks of more or less institutionalised co-operation, that in the current situation can perhaps be seen as a ‘precondition’ for successful concertation. Unions of this type, in fact, can be simultaneously a constraint and a resource for their partners; they may discourage both governments and employers from taking unilateral action which would risk confrontation, while they may convince their rank-and-file that existing power relations will not allow them to obtain more than the joint regulation of wage dynamics and of some economic policies.

The institutionalisation of relationships between employers, unions and the state as an effect of concertation

Italian industrial relations have traditionally been described as a system with a low level of institutionalisation, in the sense of the formalisation and stability of the rules regulating relations among actors. Compared with the two polar models of European labour relations, the Anglo-Saxon system based on broad voluntarism in the parties’ behaviour, and the German one based instead on a high degree of legal regulation of such behaviour, the Italian model certainly more closely resembled the
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former, at least apparently, although it did not possess its linearity and coherence (Cella 1989; Regalia and Regini 1995).

The resurgence of concertation in the 1990s radically changed this scenario. Interaction between unions, employers’ associations and governments not only yielded a large number of formal, bilateral or trilateral, agreements. Also and more importantly, unlike in the late 1970s and early 1980s, these actors explicitly addressed the task of imposing order on the collective bargaining structure, of introducing rules into the relations among them, and of increasing their degree of formalisation. These objectives were achieved with the tripartite agreement of July 1993. This drive for the institutionalisation of relationships was by no means inevitable, since it conflicted with the tradition of voluntarism, with the climate of profound uncertainty that surrounded ongoing political transition, and partly with the interests of the actors themselves.

Indeed, informality may have significant advantages, as demonstrated by the good performance of the Italian industrial relations system during the economic adjustment of the 1980s. An informal system offers the possibility of flexible and adaptive industrial relations in a phase of intense change; it allows the solutions adopted in the periphery of the system to be diversified according to local conditions; it enables experimentation with innovations that would be more difficult to introduce if they entailed institutional change. Moreover, whenever general rules and new standards are established, those who fall below these standards are forced to adjust or to exit, while those who already over-fulfil them are encouraged to lower their standards. Finally, the formal regulation of relationships may have the unintended effect of restricting space for interaction by removing issues not subject to regulation from the agenda.

Nevertheless, the choice of imposing order on relationships among actors by institutionalising industrial relations eventually prevailed, probably because its benefits were deemed to outweigh its disadvantages. Although informality has its advantages, in fact, it also has its drawbacks, in particular the scant predictability of industrial relations and their vulnerability to shifts in power relations. Secondly, in the cur-
rent phase, the unions considered it more likely that, in the absence of rules, sub-standard situations would multiply more than those in which traditions and power relations would secure higher standards. Finally, the normative framework provided by the tripartite agreement of 1993 was designed so that it would favour the growth of interaction in the periphery of the system, that is, collective bargaining at the company or local level, rather than suffocating it.

The early 1990s as a transition period or as the beginning of a new and stable pattern of relationships?

The revival of concertation in the 1990s stemmed from the renewed importance of public policies, not as the traditional source of welfare benefits, but as a crucial factor in national competitiveness. Incomes policies, like the reform of social security, were regarded as an important factor in the ability of firms to compete in international markets, as well as being a compulsory choice for European governments constrained by the ‘Maastricht parameters’. Moreover, although the processes of micro-social regulation of the economy that developed during the 1980s are still able to secure a certain amount of wage co-ordination and other collective goods for firms, the new economic context requires greater stability and the greater predictability of outcomes, objectives that can be more easily achieved by means of incomes policies and concertation.

Finally, the globalisation of markets and the intensification of international competition make it more difficult for firms that compete principally on flexibility and product quality to restrict themselves solely to these. Curbing labour costs has once again become important for these firms as well. Since medium-strength trade unions may obstruct pursuit of this goal by market instruments, while being a key resource for concerted policies of wage restraint, many employers have now become the most convinced proponents of an incomes policy.

These features of the external context may constitute important factors in the stabilisation of concertation. But it is still not clear to what extent actors are willing to regard concertation as a now institutionalised fact, one not to be called into question whenever the economic situation or...
power relations change. The request formally submitted by Confindustria to the head of state prior to the 1994 elections, urging that whatever the winning coalition, it should commit itself to maintenance of the tripartite agreement signed the previous year, was certainly a signal of profound change in the employers’ attitude. But this change is not yet stable, as is shown by the controversies between the social partners and with government which re-emerged after the centre-left coalition gained office.

Although extremely important, the tripartite agreement of 1993 was an agreement on rules, it was not a social pact that committed the parties to common views on economic development and its priorities. To be sure, in this historical phase, agreement on the rules may foster the development of such views and encourage the emergence of a shared plan of action. Nevertheless, an agreement on rules provides only a framework and is not enough on its own to change the pattern of industrial relations. There is also the risk that it will deteriorate unless filled with new contents. By ‘common views on economic development and its priorities’ we do not mean the old trade-off between employment and productivity; we refer instead to a conception of national competitiveness which gives rise to a joint effort for the full development of human resources. Despite the importance of recent developments, trade unions in Italy have not yet been able to force this broader view of a shared design of economic development on their partners, as well as on major components of their membership, especially in the public sector.

What consequences for the trade unions?

One of the effects of the resumption of concertation is undoubtedly the increased role and visibility of the unions on the political stage, emblematic of which is the frequent appearance of the leaders of the three confederal unions on the mass media. Although their media presence was rather pervasive during the period of sheltered micro-concertation of the 1980s as well, during the 1990s, and especially after 1996 when the centre-left Prodi government took office, this presence became an important element in political debate and an essential ingredient of policy-making.
From this point of view the unions have indubitably increased their influence. But this greater political influence has raised new problems, above all in relations with the rank and file.

Precisely because the unions appear stronger and more authoritative than in the past, workers’ expectations of greater and more incisive protection by the unions have correspondingly increased. Indicative of these heightened expectations are, for example, the not minor difficulties encountered in the renewal of the contracts for traditionally unionised industries like transport, or the outbreaks of revolt by unemployed workers against the government as well as the unions in the high unemployment areas of the Mezzogiorno.

For the unions, however, this does not simply mean that they are confronted by the traditional dilemma between moderating their demands with a view to consolidating their co-operative relations with the government and the majority of employers, and claiming a larger share of benefits in order to augment or not to prejudice their following among workers. There is in fact a new element that the unions must consider when elaborating their strategy, the profound changes now taking place in the world of work.

For some time now, consequent on changes in the economy and in the organisation of production, the traditional distinctions between regular work (on which trade union action was shaped) and 'atypical', irregular, temporary forms of employment have been fading; and also those between dependent employment and self-employment, between work in production or services and voluntary 'activities' of greater or lesser social utility. More generally, the distinction between labour requiring collective protection and labour capable of self-protection has grown socially more blurred. Today, therefore, the Italian unions find themselves obliged to redefine the bases of their representation and to devise more appropriate strategies to pursue.
Notes

1 This paper is the follow-up of an article published in *West European Politics*, Vol. 20, No. 1, January 1997, which it extends and sets in a broader framework. For further information and details on the trade union system and industrial relations in Italy see Regalia and Regini (1998).

2 The discussion will now focus on the latter two, and most important, aspects of the revival of concertation (incomes policy and pensions), while the first (laws on civil service) will be examined in the next section.

3 ‘Clean Hands’, the campaign conducted by the Milanese judiciary against political corruption.

4 According to figures issued by the OECD and the European Commission, quoted in *La Repubblica Affari & Finanze*, XI, 15 (22 April 1966), pp. 1-3, in 1993 overall social spending excluding education in Italy was 25.8 per cent of GDP compared with the 28.5 per cent average in the European Union (12 countries). However, spending on pensions amounted to a high 15.4 per cent of GDP compared with the average of 11.9 per cent in the 12 countries of the EU.

5 However, enrolments by pensioners rose in the same period, so that the overall result was an increase in union membership from 9,006,000 to 10,144,000 (see Table 11.1).

6 In fact, there had been various attempts to introduce a single representative body in the 1970s, with limited success. For a general discussion of the problem see Regalia (1995) and Carrièri (1995).

7 For this purpose the 1993 agreement made explicit reference to the understanding reached by CGIL, CISL and UIL in March 1991, which thus obtained official recognition.
Chapter 12: the Netherlands

Changing trade unionism in the Netherlands: a critical analysis

Ben Valkenburg and Harry Coenen

The proposition that western industrialised society is subject to fundamental change is hardly controversial. If trade unions are to remain actively involved in the context of this changing society in the role of an emancipatory social movement, modernisation is imperative. This contribution outlines a number of changes in society and how they affect the position of trade unions. Subsequently, as regards the modernisation of trade unions, we formulate two priorities: the problem of participation; and the concept of labour as used by the trade unions. Finally, we analyse the way in which the trade union movement in the Netherlands has handled these priorities up to now.

To give a preliminary and quantitative sketch of the position of trade unions in the Netherlands: out of a total population of 15 million, more than 1.8 million are members of one of the Dutch trade unions. This is about 30 per cent of the total number of employed people, where in the 1960s it used to be 40 per cent. More than 92 per cent of the members belong to one of the four largest trade unions. Although its share has been somewhat reduced in the last decades, the federation of Dutch trade unions Federatie Nederlandse Vakbeweging (FNV) has survived the severe decline in the first half of the 1980s. With a membership of over a million (60 per cent of all trade union members), it is still by far the largest confederation in the Netherlands. The FNV was established in 1976 from a merger of the Nederlands Verbond van Vaksverenigingen (NVV, the old socialist confederation) and the Nederlands Katholiek Vakverbond (NKV, Roman Catholic confederation). The FNV is followed by the Christian confederation Christelijk Nationaal Vakverbond (CNV), which, with 350,000 members, accounts for 18 per cent of trade
union members. The CNV grew particularly rapidly between 1975 and 1985, when some catholic unions decided to affiliate. In the first half of the 1970s a federation of white-collar staff organisations *Middelbaar en Hoger Personeel* (MHP) emerged which currently accounts for about 8 per cent. The youngest union, the *Algemene Vak Centrale* (AVC), organises mainly employees in the civil service and constitutes 6 per cent of trade union membership. It has pursued a policy of close collaboration with the FNV (Klandermans and Visser 1995).

Our analysis focuses primarily on developments within the FNV, but will also look at developments within the CNV. If there is any difference in policy and position of these two confederations, it is mostly the gap in membership that accounts for this difference. The two confederations have different histories and ideologies, which have resulted in the somewhat more radical position of the FNV compared to the CNV in relation, for example, to a willingness to take part in demonstrations or strikes. However, concrete union action does not seem to have made much difference in the constellation of the power relations in the recent past. Both confederations were confronted with a loss of power due to the crises in the labour market in the 1980s – in the first half of the decade the unemployment rate rose to 12 per cent (Visser 1992). While the government was pulling back, the unions had to take up a defensive role towards the powerful position and harsh attitude of employers’ organisations. Considering the relative number of members, and considering the fact that these numbers strongly decreased during this powerless period for the unions, it is not surprising that for the CNV the task of retaining any influence has been much harder than for the FNV.

Two points should be stressed from the outset. Firstly, our analysis is a critical one. We make this criticism, however, in the firm conviction that the importance of a strong, modernised trade union movement is not in doubt. Secondly, the present discussion is limited to outlining dominant developments.
Differentiation and complexity of interests

The problems facing Dutch trade unions resemble, in many respects, those facing unions in other western European countries (Müller-Jentsch 1988; Hyman and Ferner 1994; Hoffmann et al. 1990; Leisink et al. 1996). These can be summarised in five points.

First, the trade union movement is confronted with processes of economic restructuring and innovation. There has been a shift in employment from industrial production towards the service industry. There is a relatively weak industrial base in the Netherlands which comprises only about 20 per cent of the total labour force, half of which is accounted for by the employment of multinational firms (Visser 1992).

Modern technology and logistics interconnect companies in different sectors in a flexible way, creating new forms of economic activity in the ever-widening grey area between sectors. Both in industrial production and in the service industry, Taylorist concepts of production are becoming less relevant. New concepts of production, characterised by flexibility and highly skilled labour are emerging. For trade unions, economic restructuring and innovation means that the traditional basis of their organisation (workers in industrial production) is shrinking and that new groups will have to be recruited. Especially important are the people in part-time employment. The growth in full-time employment in the last ten years (100,000 jobs) pales in comparison with the growth in part-time (500,000) and flexible jobs (200,000) during the same period. Due to the growth of these atypical forms of employment, by now more than a third of the total number of jobs in the Netherlands is de-standardised in terms of nature or duration of contract. The process of economic restructuring and innovation also entails the gradual fading of the traditional dividing lines between unions, which in the Netherlands were mainly sector based. Finally, it also means that the importance of wage labour, and its significance for the different categories of workers, is subject to differentiation (Valkenburg and Beukema 1996).

Secondly, the trade union movement is faced with decentralisation of labour relations. Historically, Dutch labour relations have always been characterised by strong centralism. In the 1960s a process of decentra-
lisation set in, which subsequently gathered momentum during the 1980s and 1990s. In the public sector there has been a dual development in recent years. In the past, the terms of employment of public sector employees were not subject to negotiations. Government simply followed developments in the private sector. During the 1980s and 1990s a number of large public enterprises were privatised, with the result that the terms of employment became subject to collective bargaining. Government also took to collective bargaining for its own employees (within the limits set by Parliament). These negotiations, moreover, were delegated in large measure to the level of local authorities and separate institutions. Decentralisation means a fast-growing workload for the trade unions in the field of collective bargaining. In addition, it entails an increasing need for differentiating policies concerning terms of employment, and for tailoring them to the working conditions of different categories of workers. Finally, it implies a growing demand for individual services and protection.

Thirdly, trade unions are faced with processes of individualisation. Individualisation means that people’s individual identity is characterised less and less by mutual similarities, and increasingly by differences, by multiformity. Individual identity is also no longer a static basis for adult life that is fully developed at the end of adolescence. It is increasingly turning into a project: change, experiment and open biography are aspects of identity that gain considerable importance (Valkenburg and Zoll 1995). At the heart of this project is the maintenance and revision of internally consistent life stories, on the basis of a constant supply of new knowledge (Giddens 1990; 1991). Against the backdrop of these developments, collective frames of reference that were based on an industrial class society, and from which people derived part of their individual and social identity, are losing their significance. This is commonly associated with the depreciation of the great ‘isms’ (liberalism, socialism, and, at least in Holland, confessionalism), and with the disappearance of traditional working class culture. For the trade union movement, individualisation means that union membership is no longer a matter of course in working class culture. It also means that traditional opinions about solidarity (based on objective common interests) are subject to erosion.
In the fourth place, since the early 1980s there has been a structural crisis in the labour market. At the moment, there are about 375,000 people officially registered as unemployed in the Netherlands. In addition to this, there is substantial hidden unemployment among people who do not meet the definition employed by the government, and among people who, because of the lack of prospects for obtaining paid employment, no longer register as job-seekers. The total unemployment figure is estimated to be 1.2 million people. Recently, in this respect, some considerable optimism has arisen. Economic growth in the Netherlands is impressive. The same goes for the growing number of jobs. This optimism, however, has to be tempered in at least two respects: in spite of the growing number of jobs the total volume of working hours is not growing; nor is there any reason to believe that full employment will be attained in the foreseeable future. For the trade union movement the crisis on the labour market means, if justice is to be done to its emancipatory objectives, that another target group is emerging: people without paid employment. Trade unions are faced with the question of how the interests of these people can be served, in order to narrow down the growing division in society.

Finally, there is a growing tendency towards internationalisation. European Monetary Union is an aspect of this tendency that will have considerable consequences for collective bargaining and industrial relations. For trade unions this means not only that they have to develop new international policies and activities but also that they have to find a new balance between ‘far away’ (Brussels, international co-operation) and ‘close-to-home’ (the everyday experiences of their members).

Two priorities
The problems facing trade unions are extensive, complicated and diverse. Where modernisation of their own policies and praxis is concerned, there are, however, two clear priorities. The first is the problem of participation. The present situation calls for active forms of participation. The preparation, establishment and implementation of union policies should make it possible to link up with the knowledge and
competence of members (Valkenburg 1995). These active forms of participation are a necessary condition:

- to appeal to new target groups, in order to let their voice be heard in new union policies, and in this way develop the trade unions into an interest group that is meaningful for them too;
- to enable (non-professional) union activists to develop their skills in such a manner that they are able to conduct decentralised negotiations without losing the connection to the policy of the union as a whole;
- to accommodate processes of individualisation and, in this connection, to do justice to the increasing knowledge and (wish for) autonomy of (potential) individual union members.

The second priority is the concept of labour employed by the trade union movement. A concept will have to be developed in which not only paid employment, but other forms of useful activity in the community are also regarded as labour and appreciated as such (Gorz 1989; Van Berkel and Hindriks 1991; Coenen and Leisink 1993). Such an extended concept of labour is a necessary condition:

- to do justice to the differentiated meaning of labour for various groups of people, with and without paid employment;
- to develop prospects of emancipation which are not based solely on the pursuit of full employment.

These two problems are closely connected. Together, they form not the only, but certainly the most important priorities. If trade unions do not succeed in setting out a new course in these two respects, they will be doomed to run behind other developments in society as well.

The problem of participation

As far back as the 1960s, the forerunners of the present FNV made proposals to develop workplace unionism and, in that framework, to promote active participation of their members. At the time, workplace unionism was unknown in the Netherlands. By proposing its introduction, the trade union movement was reacting to two problems.
There was a substantial decline in membership, and employers were advocating decentralisation of labour relations. It soon became clear that the conditions for decentralised negotiations were lacking.

The development of workplace unionism, and the participation of activists in this process came, in later years, to be emphasised as important priorities by other unions as well (see, for example, Vakgroep Arbeid en Bewustzijn 1980; Coenen and Ormel 1984; Valkenburg 1986). After its establishment in 1976, the FNV also stressed the need for active participation, not only in workplace unionism but also in regional union activities.

The aim of recruiting new target groups is not new either. In the 1970s the drive for extension of membership was targeted at senior and middle-ranking staff employed in manufacturing industries. During the 1980s a wide range of target groups was added: employees in the service industry, women, young people, people in irregular work and unemployed people (the last two categories including many foreigners). The extension of membership was necessary to maintain a measure of representativeness, and to maintain sheer weight of numbers. Other, more specific, reasons were also given: senior and middle-ranking staff occupy strategic positions within companies; the service industry is the sector of the future; the women’s movement made clear that the trade union movement was still a male stronghold; recruiting young people was necessary in order to combat proportional ageing of the membership; because of the crisis in the labour market, trade unions threatened to become interest groups for the relatively strong.

Many of these good intentions have yet to be realised, as the FNV itself acknowledges (FNV 1987). Enhanced active participation by the traditional membership did not materialise to any substantial degree. Recruitment among prospective new target groups has not met with success, and there has certainly been no significant increase in their active participation (Coenen et al. 1995; Klandermans and Visser 1995). The CNV has less historically rooted pretensions on active participation and the recruitment of new target groups. Nevertheless, it too concluded that it is facing severe problems in these respects (CNV 1993).
Young people and women. For two target groups, young people and women, the general picture calls for some clarification. Young people represent the future of the trade union movement, in the most literal, as well as in the cultural and political sense. To date, however, trade unions have not succeeded in involving them to any representative degree. The number of young members is not only frighteningly low, but seems to be declining as well. While in 1973 about a quarter of employed young people were organised in a trade union, this proportion is now less than 14 per cent. The FNV has a separate organisation for young people. This youth organisation should derive its strength from those young people who opt for direct membership of it. The number of direct members is, however, very low. This is problematic because the high labour turnover among young workers determines the inflow, and often the outflow, of new members. It is also a fact that of all categories of members, young people are the first to resign from union membership. There are several reasons which serve as an explanation for the low number of youth members. First of all, the general decline of youth membership in the trade unions is perhaps partly caused by the demographic decline in the birth rate at the end of the 1960s. Secondly, it is caused by the effect of prolonged education, which means that young people start to work later, with the consequence that trade unions attract their attention later on in life than they used to. Furthermore, the extension of employment opportunities for young people after 1975, followed by the rise in youth unemployment, and the growth of flexible contracts and part-time jobs, certainly did not make it easier for trade unions to reach young people, nor to keep those who are members in membership (Klandermans and Visser 1995). Thirdly, the decline is related to cultural factors: many young people see trade unions as ‘old fashioned’, ‘dull’ and certainly ‘not cool’.

To a certain extent women form a positive exception to the general picture. In 1960 the female membership of the predecessors of the FNV was barely above 5 per cent. Within the CNV this share was higher due to the fact that its unions organised a larger number of teachers and nurses. Compared to 1960, however, the CNV has not improved much on its 15 per cent female membership. While in 1960 half of all working men were organised in a union, by 1993 only a third
Chapter 12: the Netherlands

Trade unions in Europe: facing challenges and searching for solutions

of working men turned out to be union members. In comparison, 20 per cent of working women now join a union, and this share is rising. Although men still make up almost three-quarters of the total membership, the number of female trade union members in the Netherlands has risen during the past few years. There are three reasons for this. First, the number of women in paid employment has risen. Women with a regular, more or less full-time job are concentrated in specific sectors, such as health care and education, and are thus found in specific unions. The number of women in the typical ‘male sectors’ is still low. Among the many women working on flexible contracts or working at home, membership is also low. Secondly, sections of the women’s movement have implemented a policy of taking the ‘male stronghold of trade unionism’ from within. Thirdly, women have a historical base within the FNV in the form of the Vrouwenbond FNV (Women’s Union FNV). Originally, this was a union of members’ wives, which limited its activities to the organisation of social events, defending consumer interests, and the support of male members on strike. In the course of the 1970s and 1980s, however, Vrouwenbond FNV developed into a union with a mission to defend the interests of women inside and outside the trade union movement. The CNV also has a specific union for women, the Vrouwenbond CNV/VNKV, which has a less radical profile than the FNV union.

These three reasons have been the cause of increased attention from trade unions for the specific interests of women. This attention focuses mainly on staffing policies within the union itself, so that the number of female employees has risen; and on general policy statements, which form the basis on which political demands are made. For instance, policies concerning equal pay, maternity leave, child-minding facilities, sexual harassment at the workplace and improvement in the position of women in part-time employment are now commonplace. At the level of collective bargaining with respect to the position and interests of women, progress has been limited as yet. In spite of this there is a growing tendency in the FNV to conclude that the position of women in the unions has now been sufficiently strengthened and ‘thus’ that special activities are no longer necessary.
The absence of a modern vision on participation. For the causes of the current situation as regards participation a number of external factors can be highlighted. In some analyses, one of the main reasons for the relatively low trade union density in the Netherlands is ascribed to the extensive welfare state apparatus (Klandermans and Visser 1995; van de Vall 1963). In this view, this apparatus serves to repress the importance of social-economic matters in the experience of employees, because it is the welfare state and not specifically the trade union which takes care of insurance against unemployment, lack of income, disability and sickness. Although it might be true that this has been an influential factor in accounting for low membership levels, it is not an excuse to give up trying to achieve as broad a participation as possible within the unions. On the contrary, it should be an important intention of trade unions to get a grip on the ‘buying-off’ or commutation strategies for unemployed people. Many employees, for example, were given benefits on account of the Disability Act or sent on early retirement to ease the pain of losing their job. The trade unions should take up the discussion about the possibility of full employment, one of the three cornerstones of the welfare state according to Schuyt (1991). Instead, they pride themselves on being sparring partners in the tripartite consultation structure which has led to a social economic policy in which the social security system has been demolished in favour of half-baked and increasingly obligatory and punitive labour market policies, which assign low-qualified, low-paid, part-time jobs to the weaker groups within society, like young people and women. For example, unemployed people are usually younger than the employed, and, in particular, young women occupy the positions with flexible contracts and part-time hours. These groups of employees, not surprisingly, are very unimpressed with the new roles trade unions have taken up as participants in the social-economic consultation structure and in the organisation of social security. Consequently, such people are not very much interested in joining a union which does not seem to pursue their personal interests.

With regard to causes internal to the trade unions, there is a large measure of consensus. During the 1970s and 1980s the main problem was the ever-dominant centralist tradition of Dutch trade unionism. In this centralist tradition, emphasis is placed on a uniform policy, equally
effective for all members. Primary reference for the development of this policy is found in problems as they are defined and experienced at central level, and not at the level of every day (work) situations, experience or wishes of the members. Paid union officials play a dominant role in the preparation and implementation of policy, which is formally decided by the members. But, in practice, paid officials play a dominant role in policy decisions. This centralist tradition requires mainly passive participation by members: join up, and leave the protection of your interests to the organisation. Active participation is required only in highly exceptional cases, such as when collective bargaining calls for industrial action. A limited number of activists is required to actively participate in running the union organisation. In this tradition the paid official is pre-eminently the expert. S/he operates at the central level, where most union activities take place, and is active within the union on a full-time basis. Though activists (and rank and file members) know much more about their own specific (work) situation, in a centralist tradition this specific knowledge is of minor importance. Since the 1960s several attempts have been made to break through this centralist tradition and to develop a tradition of trade unionism more firmly based on the active participation of the members, and in which there is more room for local union activities. Over the years some of these attempts have led to promising initiatives on a modest scale (see, for example, Valkenburg 1985; Agenant 1986; Valkenburg and Hanegraaf 1987). As soon as these initiatives started to have an effect on the way union organisation as a whole was functioning, because activists took a more critical and independent attitude and were making demands for a more important role in preparing, deciding and executing union policies, they ran up against the bounds of a centralist tradition of trade unionism.

The centralist tradition is regarded as a major problem by external commentators and by those within the FNV. This finds expression in analyses by the affiliated unions (see Industriebond 1987). The last time this happened at the level of all unions collectively was in 1987. Extensive discussion gave rise to the paper FNV 2000 (FNV 1987). Here was a plain statement that policy had remained too uniform and centralist in the past, and for this reason the union had succeeded neither in opening up to new target groups, nor in creating conditions
for more active participation of members. In the future, policy was to be characterised by differentiation and closer links with the specific work situation of the members. The paper fails to formulate an adequate conception of participation as a basis for implementing these intentions. It seemed to assume that membership and participation are the outcome of a calculated assessment of costs and benefits; people pay for their membership and expect to get their money’s worth (see Olson 1966). In such a view of trade unionists’ motivation, their needs and attitudes are emphasised, rather than their knowledge and competence; the unions’ role as an emancipatory movement can thus disappear from view (Offe and Wiesenthal 1985). FNv 2000 made this mistake, in spite of the view that FNv should uphold the emancipatory political principles on which it was founded. It discussed only those incentives to membership which could easily be provided in terms of costs and benefits. The promotion of participation was centred mainly on the improvement of services to individual members.

The CNV is less explicit in its self-analyses. Nevertheless, it too stresses the need for a more differentiated policy and a more active role for trade union members, without translating these needs into adequate conceptions of participation (CNV 1993). As a result of these developments the current situation can be characterised as a complex of elements of the old centralist tradition on the one hand, and elements of a clientist approach of membership on the other.

**The trade unions’ concept of labour**

In working out its emancipatory objectives, the Dutch trade union movement has always emphasised its pursuit of full and fulfilling employment. In this view, everyone is entitled to employment, which is paid at a sufficient level to allow a decent standard of living. This paid work should also be undertaken under good conditions of work, employee participation, and opportunities for improvement. In addition, paid employment should provide a basis for full participation in society and thus contribute to the social, cultural and political emancipation of workers. In the present situation this conception is being seriously undermined by the structural crisis in the labour market. A fast growing group of people is coming to depend on inferior wage labour,
or has even lost all prospect of such. For them wage labour threatens to develop only negative connotations.

The crisis in the labour market is structural. That part of labour which, on the grounds of economic rationality, can and must be organised in the form of wage labour, is shrinking or, in the last two years, at least stabilising in terms of net working hours. This means that wage labour, as a basis and point of departure for emancipation, is structurally subject to erosion. Trade unions should thus modernise their views on this point. During the 1980s especially the *Voedingsbond FNV* (union of workers in the food industry) took initiatives in this field, in connection with the discussion about guaranteed basic income (*Voedingsbond FNV* 1981). Other unions did not take this up. After some time the FNV ‘closed’ the discussion. It has opted for an uncompromising adherence to its old fundamentals, to which the pursuit of full and fulfilling employment is central (FNV 1984; 1994). The same goes for CNV policy (CNV 1992; 1993).

Clinging to this ideal would be justified if it were combined with a wide-ranging redistribution of the available wage labour. Both FNV and CNV advocate this redistribution. It is the basis for their arguments to promote part-time jobs (FNV 1993; CNV 1994). In these arguments they emphasise the importance of unpaid labour as such, for individual and society. Nevertheless the ultimate goal remains the redistribution of paid employment.

In the 1980s the trade union movement did try to contribute to such a redistribution. In exchange for wage restraint, the shorter working week was introduced, on the understanding that this would result in the creation of new jobs (under the slogan, ‘jobs before wages’). These efforts were not very successful. Firstly, in collective bargaining only a very limited reduction of working hours was realised. Secondly, the trade unions lacked the actual power to monitor the collective agreements at company level, let alone to enforce compliance. The upshot was that employers used shorter working hours for further rationalisation and increases in productivity so that, at best, the shorter working week contributed to maintaining existing jobs. In practice, this means that workers have sacrificed pay while doing the same amount of
work in less time, and no new jobs have materialised. Against this background there is an obvious lack of enthusiasm for putting shorter working hours back on the agenda, while other conditions remain unchanged. Meanwhile, employers are only willing to discuss this matter in conjunction with flexibility of working hours.

The ideal of full employment is central to government policy as well. This is implemented in the form of an active labour market policy. There are positive and negative sides to this. On the positive side is the fact that people whose interests are best served by finding paid employment actually receive support to this end. In a situation where there is a structural lack of jobs, however, the net effects are increasingly negative. The implementation of this policy entails mounting pressure on unemployed people to seek employment, and the penalties for not succeeding, or not wanting to, are increasingly severe in the form of reductions in benefits. This means that growing groups of people are forced into the margins of society. Furthermore, government is forced to resort to the creation of additional employment. These additional or supernumerary jobs are formally regarded as preparation for normal, paid employment. In practice this is hardly ever the result, however, and the outcome is that two categories of employee emerge; ‘regular’ employees, and ‘additional’ employees who are in some cases doing the same work, but under less favourable conditions. Beside additional employment, there is growing public support for a policy that requires people who are not in paid employment to do voluntary work. Considerations in support of this idea are that unemployed people can gain experience that should aid them in finally finding a job, and that they are given the opportunity to do something in return for their benefits.

In this situation trade union policy should be aimed at counteracting the negative effects of this policy, and boosting its positive potential. This presumes that government policy can be assessed critically and that its negative consequences can be counteracted by alternative proposals, which have a firm foundation in consultations of the membership. These conditions are not being met. This is also reflected in the attraction of trade union membership to part-time workers. As Table 12.1 shows, the number of part-time jobs has increased.
Table 12.1: Changes in the labour market by employment contract

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</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>3646</td>
<td>3676</td>
<td>3715</td>
<td>3780</td>
<td>3804</td>
<td>3812</td>
<td>3752</td>
<td>3698</td>
<td>3744</td>
</tr>
<tr>
<td>Part-time</td>
<td>1211</td>
<td>1276</td>
<td>1344</td>
<td>1414</td>
<td>1496</td>
<td>1558</td>
<td>1648</td>
<td>1680</td>
<td>1728</td>
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<tr>
<td>Flexible*</td>
<td>414</td>
<td>437</td>
<td>476</td>
<td>520</td>
<td>543</td>
<td>558</td>
<td>533</td>
<td>585</td>
<td>611</td>
</tr>
<tr>
<td>Total</td>
<td>5271</td>
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<td>5536</td>
<td>5714</td>
<td>5843</td>
<td>5928</td>
<td>5934</td>
<td>5963</td>
<td>6083</td>
</tr>
</tbody>
</table>

Note: *Includes temporary employment

Only 12 per cent of the members of FNV and CNV work between 21 and 35 hours a week and a further 6 per cent work less than 20 hours a week. Compared to the overall percentage of part-time employees working between 21 and 35 hours per week of 26 per cent (rising to 35 per cent when jobs of less than 12 hours are included), this means an under-representation of part-time employees within the unions. Thus whereas about 32 per cent of full-time employees are organised in a union, only 18 per cent of part-time employees are organised. These data, however, refer only to part-time jobs of between 12 and 35 hours a week. Among employees with very short-duration part-time jobs – most of whom are women – the trade unions have hardly any members (Klandermans and Visser 1995). Government policy is based on the objective of full employment, which is unconditionally supported by the trade unions. In consequence, the trade unions have, since 1991, borne joint responsibility for policies directed towards this objective. The pursuit of full employment is not at issue. Alternatives, such as basic-income (new ways of relating work and income) or forms of fulfilling participation outside the sphere of paid work (for example, voluntary work or informal economic activity) are hardly considered at national trade union level. Discussions about these alternatives among members are even further away. Insofar as ‘alternatives’ are considered, they are limited to those people who for individual reasons have no chance of finding a paid job, that is people who are very long-term unemployed.
The process of modernisation which is taking place in the labour market means that there is more differentiation in the form of jobs, greater social mobility and, therefore, more freedom in the personal choices employees can make (for example, to join a trade union or not). All this implies that trade unions can no longer take employees’ membership for granted, but have actively to recruit new members. In these circumstances, the lack of a well-developed workplace unionism and activating strategy towards traditional and, especially, new union target members, is sorely felt. This results not only in increasing difficulties in the efforts to hold on to the current members under ‘regular’ employees, but also in an increasing non-representativeness of the working people within the trade unions. The lack of appropriate action strategies, in combination with the lack of concrete interest trade unions take in the specific issues and problems part-time workers are confronted with, threatens to weaken the position of unions even further.

**An undermined position**

The conclusion to be drawn from the above is that, as yet, trade unions have not seen their way to modernisation on two essential counts. In the meantime, developments in society are not at a standstill and problems are mounting.

In a general sense the credibility of unions is falling fast. The FNV, in particular, is still claiming to be a progressive social movement but this claim is being taken ever less seriously. In the previous section we argued why this is so, even when the considerations are confined to their representativeness of working people. When the analysis is extended to people without paid employment, protests are heard that the unions pay no more than lip service to defending their interests. Indeed, of the 1.8 million members in the different unions, about 324,000 (18 per cent) are not employed (CBS 1993 quoted in Klandermans and Visser 1995). However, most of the unemployed people who do belong to a union joined when still in work. The number of long-term unemployed in union membership is minute. The fact that trade unions are not very interested in their position is reflected in the difficulty of finding any figures about their (non) membership. The opportunities...
for ensuring that their concrete situation, problems and wishes are reflected in the policy of the unions are limited.\(^5\) In a more general sense, by unconditionally upholding the pursuit of full employment, the union contributes to the ongoing marginalisation of large groups of people on benefit, or robs itself of the possibilities of effectively countering this.\(^6\) Finally, among working members, the choice of ‘wages before jobs’ is becoming the dominant option. From the point of view of those in work the choice is understandable. They have first-hand experience of the disaster that the policy concerning shorter working hours turned out to be.

All this adds up to the union remaining what it has, in practice, always been, namely, an interest group for people in regular, paid employment. In principle of course, there can be no objection to this; but, if that is the only task it actually supports, present circumstances are turning it into an interest group for the relatively strong. The developments in the ‘new’ union (Bondgenoten, which has involved a merger of a number of FNV unions, see below) indicate that this is an already existing tendency: although people without a paid job make up a considerable part of its membership, only seven full time officials are employed to do the work.

The diminishing credibility of the trade union movement is not only expressed in doubts about its progressive nature. The position as a party to negotiations is becoming increasingly ambiguous. On the one hand there are processes of erosion. Since World War II, at a national level, Dutch trade unions have maintained a strong bargaining position in relation to employers as well as the government. Throughout the 1980s and the beginning of the 1990s this strong position remained only in the formal sense. The traditional, annual consultations between unions, employer organisations and the government have been rapidly losing significance.

In the light of the economic recession and the structural crisis on the labour market, both government and unions bend a knee to employer organisations. The Dutch government wanted to cure ‘the sick man of Europe’, even if this meant demolition of the welfare state, and gain a vanguard position in the developments towards Economic and
Monetary Union. The unions lacked power to do anything about this. They agreed to the ‘jobs before wages’ policy in order to battle the high rate of unemployment. At present, however, as we have shown, many unions are opting for ‘wages before jobs’, whereas the government is still holding on to the social and economic policy aimed at wage restraint in order to promote employment. This difference in standpoint has its repercussions on the negotiations between unions, employer organisations and the government. At the level of collective bargaining, trade unions were always regarded as a representative party. The government ratified this by declaring the collective agreements binding, not just on the members of the union negotiating the agreement, but also on all non-organised workers in the same branch of industry. Because of the lack of consensus the government has in recent years been considering restricting this generally binding nature of collective agreements. It can justify its intentions on the grounds that union membership is low and that the present membership no longer represents the total working population.

At company level, undesirable industrial relations are developing to the exclusion of the unions. This is certainly the case where new sectors, or new activities within old sectors, are concerned. Employers seek and find direct negotiations with their employees, without the mediation of the unions. In the strategic field of the company they can do this, because with their new management techniques (human resources management) and production concepts (task groups, task rotation, task integration) they show a better ‘understanding’ of the aspirations of their employees than the unions.

One of the arguments used by employers is that trade unions are conservative organisations, unable to contribute to the discussion on automation, flexibility, and new management techniques. Of course, these reproaches are only partly justified. There are good reasons for defending a number of hard-earned worker rights. But if the union does not get beyond dismissing anything new, without itself developing alternatives, there do seem to be some grounds for reproach. Insofar as alternatives are developed, these are hardly, if at all, founded on, or rooted in, the everyday experience of members.
So on the one hand there is erosion. On the other hand, there appears to be some evidence, of late, of a certain revitalisation. There is much discussion about the so-called ‘polder model’, consisting of three elements: monetary policy, cuts in government finance and good cooperation between social partners, resulting in a moderate wage-development. This ‘polder model’ is seen as a key factor in recent economic growth and job creation and the trade unions are claiming a vital role in this ‘success story’, regarding it as the result of – and an argument for – their position as an important partner in negotiations. This argument is questionable, however, on at least two counts.

First, it is an open question whether or not the ‘polder model’ really is the main reason behind recent economic growth. Or is the causality reversed: does economic growth create conditions to give more credit to trade unions? Second, if there is anything like a ‘polder model’, is a strong trade union position really part of it? In recent years there also has been a tendency towards renewed negotiations on subjects like flexibilisation and wage structures. Trade unions claim that this is a result of the unions modernising their own ideas on these subjects. In this respect two questions can be raised. Of course, unions have changed their ideas. The question remains, however, is this really an adequate modernisation of these ideas, or just a matter of submitting to the ideas of employers? In some cases, for example the recent discussion of employability, it can be defended as a combination of both. In other cases, for example the discussion on the reintroduction of systems of merit pay, it is clearly the latter.

**Expansion as a leap in the dark**

The fact that the trade unions have, as yet, not seen their way to modernisation on these two important counts, does not mean that nothing is being done. On the contrary, there is an increasingly dominant tendency to accept the uninspiring status quo, and to make it the point of departure for future policies. Thus in 1995 the FNV shed a number of wider social-economic and political responsibilities. The argument for this is that policies in these fields never went beyond the paper they were printed on (FNV 1991). In efforts to enhance relations with the membership, stress is shifting away from ideological objectives, towards the
improvement of the general level of service and defending individual interests.

Moreover, the structure of the FNV is changing fast. In 1987 (during the discussion of the FNV 2000 memorandum) a futile effort was made to adapt the traditional divisions, assignment of tasks and co-operation between affiliated unions, to the changing economic structure in the Netherlands. In subsequent years this discussion was struck from the agenda again and again. Meanwhile, a far-reaching process of restructuring is underway, not as the result of explicit discussion, but due to force of circumstance. The sought-after service level and the protection of interests of individual members is beyond the (financial) means of many unions, particularly the smaller ones. This problem is augmented by the continuing process of decentralisation, that has led to a rapid increase in the number of negotiations that have to be conducted. As there is a lack of sufficient involvement and expertise on the part of activists, staff for these negotiations have to be provided on a professional basis. This also places an excessive burden on many unions. The result of this is that a number of affiliated unions have rapidly been seeking co-operation and mergers. For example, the manufacturing union and the unions in the food, service and transport sectors have merged in a new organisation FNV-Bondgenoten. This extension of scale is not a concentration of power developed at the basis of the trade union movement. Nor is it based on explicit political considerations. It is ‘nothing more’ than a concentration of the professional working organisations.

The scale enlargement is not only taking place within the FNV. There is growing co-operation between FNV unions and unions outside the federation, which until recently regarded each other as opponents rather than allies. To the FNV unions, which aim at organising all workers in a certain sector, many unions outside the FNV were craft unions, which explicitly limit themselves to protecting the interests of certain occupational groups. It is in fact a condition of the co-operation of these former opponents that ideological considerations should not play a role. Their co-operation is defended on the grounds that ‘former ideological oppositions’ are old-fashioned.
In the course of this process of extension of scale, the contours of the trade union of the future are emerging. It will be a large-scale, professional organisation, which deploys its main activities in the field of personal services and promotion of the interests of individual workers. Of course, this too is a result of a certain conception of modernisation. Whether, in this ‘modern’ organisation, once it has been brought into being, there are still conditions for lending new zest to the endeavour that lies in the emancipatory heritage of the trade union movement, is at least doubtful.

The European perspective

Trade unions realise that the problems they are facing are not limited to the Netherlands. They have to connect their policies more closely to the differentiated situation and to the wishes of their members; yet simultaneously they are faced with the challenge of European integration. Thus far they have seen no possibility to connect these two challenges. Their concern with European integration is mainly a task for the central federations. They use their existing possibilities to extend advice on two central themes concerning European matters: integration should not only be economic, but social as well; and harmonising the systems of social security of the member states should not harm the (still favourable) Dutch system.

For the rank-and-file membership ‘Europe’ is simply not an issue, being distant and extremely hazy. There are only a few exceptions to this. In some multinationals works councils are looking for more co-operation on a European level. Furthermore, Vrouwenbond FNV has organised a discussion on the consequences of European integration for the position of women. On the whole, however, if the European policy of trade unions depends on membership support, knowledge and (eventual) action, this policy is based on quicksand.

Conclusion

In rounding off, two qualifying remarks need to be made. Firstly, recent proposals (for extension of scale and emphasising personal services and the promotion of individual interests) have been made against a back-
ground of membership development which, from the point of view of centralised trade unionism, gives no cause for complaint. The trade unions have had a steadily growing membership over recent years. Ongoing extension of scale will lead to even greater numbers of members in the short term. It is soon forgotten, however, that the durability of this growth is doubtful. It reflects the state of the economy and its consequences for people in paid employment, rather than the success of union policy (Oetjen 1989). The moment membership growth stagnates or falls again, there is every possibility of a change in the standpoints that are taken in discussion within the trade union movement itself.

Secondly, the perspectives the federations have themselves come up with to date are limited in a fundamental respect. They are restricted by the centralist tradition of Dutch unionism. Problems, as well as their possible solutions, are formulated at the central level. Thus, the range of alternatives is not exhausted by any means. This is getting clearer in the practice of the trade union movement, if only modestly. New unions are emerging outside the old federations. They are often very small-scale. Their primary point of departure in developing their policy is the concrete situation of their members, from which they subsequently try to draw wider implications of a social and trade union policy nature. It is significant that, in spite of their limited size, certainly in traditional union terms, they are growing at a great rate and are a stumbling block for the ‘genuine unions’. Evidently, they offer a quality alternative far beyond the scope of their size.

Notes

1 Thus, at the present time transport companies are emerging which offer not only storage and distribution, but also the last stages of production (so-called ‘indistribution’). In the printing industry there is a growing number of firms offering ‘completed products’: design, styling, production and distribution.

2 For the Dutch situation this has been a rapid increase. In comparison with a number of other European countries, the number of women in paid employment is still low (Scientific Council for Government Policy [WRR] 1990).

3 The number of part-time jobs has risen substantially in the past few years. This is less the result of explicit policies of trade unions in aid of a fair division of labour than of
employer policies and of the fact that part-time employment is for many women the only possibility of combining paid employment with care of the family. The government that took office in 1994 has expressed the intention of introducing legislation regulating equal rights for part-time workers.

Since 1991 the Netherlands has had a tripartite administrative structure for labour market policy, based on the Swedish model. Government, employers and trade unions are represented on a basis of equality in one central and 28 regional councils. These councils are responsible for labour market policy. In 1996 this tripartite structure came up for review. In politics, a growing body of opinion has come to the conclusion that the new structure has not achieved the initial objectives. The conclusion drawn from this is not that full employment is an illusion, but that responsibility for combating long-term unemployment should be delegated to local authorities.

People on benefits are often organised in separate groups within the unions, forming their own working group alongside several working groups for those in work. In spite of all proposals to this effect made by those concerned, the FNV has as yet refused to establish a separate union of people on benefit. The argument for this is that this would in effect formalise the division in the union between people in and people out of work. This argument is in fact spurious. By means of the dual membership (people join one of the affiliated unions and the union of people on benefit; this construction also exists for women and young people) this danger can, in principle, be avoided.

Incidentally, the fact should be recorded that criticism from the ecology movement is becoming ever sharper: unconditional support for full employment is upheld, even when this adversely affects the environment.

Should they wish to do this, there is a regular legal platform: the works councils (OR), as the elected representatives of all employees in the company. The unions have always contested that works councils should be allowed to negotiate about working conditions, a struggle which is becoming increasingly less successful.

The Vakbond voor Vervoer en Logistiek (transport and logistics union) may serve as an example here. It was founded out of dissatisfaction with the centralist policy of the Vervoersbond FNV [FNV transport union]. It started out as a small union of workers in the transport industry. By now it is a moderately growing union (around 3,000 members), which is regarded as a bargaining partner, and is being invited as such by more and more employers.
Chapter 13: Norway
Norwegian trade unionism between traditionalism and modernisation

Jon Erik Dølvik

In the mid-1980s, the Norwegian system of industrial relations ran into a major crisis, widely seen as heralding the end of the post-war social compromise. Faced with increasing labour shortages, organisational fragmentation, wage drift and deteriorating competitiveness, the central social partners seemed to have lost control over the collective bargaining system. Large-scale industrial conflict broke out amid collapsing oil prices and severe economic imbalances, followed by a devaluation and harsh austerity policies. Unemployment rose steeply and the government imposed strict laws on income regulation, virtually suspending ordinary collective bargaining procedures. Against the backdrop of market liberalisation and growing internationalisation, credit market regulations and capital controls were abandoned and a hard currency policy was adopted, eliminating central instruments of the traditional Norwegian model of macro-economic concertation. If to these developments were added factors such as the process of post-industrialisation, the accelerated decline in manufacturing production, the long-term relative decline in membership of the main trade union confederation, Landsorganisasjonen i Norge (LO), and the growth of new confederations, Akademikernes Fellesorganisasjon (AF, Federation of Norwegian Professional Associations) and Yrkesorganisasjonenes Sentralforbund (YS, Federation of Vocational Associations), then the historical era of societally powerful, centralised trade unions definitely seemed to have reached its end. These expectations were further compounded by government plans to join the emerging Single European Market, widely conceived as a further blow to national traditions of corporatist concertation (Streeck and Schmitter 1992).
A decade later, however, such pessimistic predictions had not been confirmed. On the contrary, by the mid-1990s it seemed that they had been substantially misleading. In contrast to international trends of welfare state crisis, labour market deregulation, mass unemployment and rising wage inequality ‘Norway [stood out] among advanced capitalist countries as an exception’ (Freeman 1997: 18). Facilitated by generous oil revenues, Keynesian macro-policies were applied, unemployment fell towards 3 per cent and solidaristic incomes policy concertation was restored under firm control of the traditional trade union and employers’ confederations, LO and Næringslivets Hovedorganisasjon (NHO) (Dølvik 1997). Trade union membership grew apace with employment, and efforts were undertaken to adapt union structures and policies to changes in the composition and needs of the labour force. Altogether, these developments placed Norwegian trade unions in a favourable position compared to most of their European counterparts.

The question is, however, whether the strong revival of trade union influence in Norway may now be crumbling. As in the heyday of post-war labour hegemony, conservative complaints about excessive trade union power have become louder. In a context of economic boom and tight labour markets, the solidaristic wage moderation policy and the dominant role of LO in centralised bargaining have become increasingly challenged by member unions and competing union confederations. Struggle over adjustment of relative wages has intensified and the structure of employee organisations is in flux, possibly reinforcing fragmentation and inter-union rivalry.

The central questions to be discussed in this chapter, are, first, how the revival of centralised trade union power in Norway since the mid-1980s can be accounted for and, second, whether this situation realistically can be expected to continue or change. Starting from the observation that Norwegian trade unionism is distinguished by an unsettled tension between traditionalism and modernism, and accentuating conflicts between different trade union sections, it is suggested that the societal influence of Norwegian trade unions is likely to vanish – unless a re-configuration of union organisation and policy priorities can be agreed. Whether this will mean a farewell to the egalitarian legacy is unclear, but a re-negotiation of the concept of justified social differences and the
means to adjust relative wages appears indispensable to maintain the legitimacy of the current order.

**Background and institutional context of Norwegian trade unionism**

The evolution of industrial relations in Norway complies strongly with the thesis that historical compromises shape structures, attitudes and habits that are not easily changed (Sisson 1987). The LO, founded in 1899, was joined by the *Norsk Arbeidsgiverforening* (NAF, Norwegian Employers’ Confederation) in 1900. The first industry-wide collective agreement was concluded in the metal industry in 1907. The metal agreement – covering around 50,000 workers – still plays an important role in Norwegian bargaining rounds. A long debate on legal frameworks culminated in 1915 with the passing of the Labour Disputes Act which established principles, still in force today, for mediation and the role of the Labour Court.

The inter-war period was marked by high levels of conflict and state intervention in bargaining rounds (Knutsen 1994). The resolution of major conflicts in 1928 and 1931 contributed to the building of strong trust relationships between the leadership of LO and NAF. The signing of the Basic Agreement in 1935 can be viewed as formalising this new era (Seim 1972). During the same year, a crisis pact between the Labour Party and the Agrarian Party enabled organised labour to enter government. Industrial relations in the public sector developed rapidly from the 1950s and LO and NAF were eventually joined by other organisations; in the 1970s the AF and the YS were formed. Politically, the cross-cutting coalition between labour, small farmers and fishermen, between centre, periphery and the nation-state, has been a persistent feature of the political configuration in which Norwegian trade unionism have been embedded (Rokkan 1967). Whereas the Norwegian trade unions have never challenged employer prerogatives, as Swedish unions did in the 1970s (Kjellberg 1998), they have relied heavily on institutionalised political co-operation with the Labour Party – the so-called 'faglig-politiske' samarbeid (Dolvik and Stokland 1992).
The impact of this political legacy has been reinforced by the nature of economic activity in Norway. The economy is small and open with an import ratio of around 40 per cent. Exports have predominantly been founded on natural resources such as fisheries, forestry, the utilisation of cheap hydro-power to produce semi-finished metals and chemicals, and lately on North Sea oil – currently accounting for around 40 per cent of total exports. The government’s role in the petroleum sector has strengthened the state-capitalist features of the Norwegian political economy (Mjøset et al. 1994) and has underpinned the strategic function of centralised incomes policy in governance of the oil economy.

Complementing centralised concertation, workplace participation and co-operation in productivity development and industrial restructuring have been a tangible feature of Norwegian trade union policy throughout the post-war period. Through the Co-operation Agreement of 1966 (part of the Basic Agreement between NAF/NHO and LO) co-operation committees, or works councils, were established, eventually supplemented by structures for consultation in corporate groups and statutory rights of board-level representation. The centralist legacy of trade unions in Norway has thus been counterbalanced by a strong tradition of decentralised activity. In the private sector, trade unions serve important functions in local bargaining and the outcome of the main central pay rounds usually has to be ratified by the grassroots through a ballot among the relevant union members.

Private sector employers in Norway are today represented by more than 50 small and large associations, but the NHO is the only employers’ confederation in the private sector. Comprising more than 15,000 firms with approximately 450,000 employees in 1998, NHO exerts strong central authority over member organisations on bargaining strategies, industrial action and the conclusion of collective agreements. The other major employers’ organisation in the private sector is the Handels og Servicenæringens Hovedorganisasjon (HSH, the Federation of Norwegian Commercial and Service Enterprises). In the 1990s, organised enterprises covered about 55 per cent of private sector employment and approximately 70 per cent in manufacturing (Stokke 1998b). In the state sector, collective agreements are settled with bargaining-cartels of unions from the main union confederations (LO, YS and AF) and an
independent teachers union; a similar pattern is followed in the municipal sector but here individual unions may in principle be entitled to bargain independently.

During the post-war period the societal role of Norwegian trade unions was, as indicated above, bolstered by the growing embeddedness of collective bargaining in institutions of incomes policy and dispute management (Dølvik and Stokke 1998). Pay rounds in the 1950s and 1960s followed a pattern which was later formalised in the so-called ‘Aukrust model’, according to which a ‘responsible’ wage growth was determined by the growth of world market prices and competitiveness and productivity in the exposed sectors (Aukrust 1977). This pattern of co-ordination has been underpinned by the fact that LO is a signatory party to all collective agreements signed by its member unions. During the 1960s several bodies for incomes and political co-operation were established. AF and YS were included in the so-called Contact Committee in 1982 but were not included in the influential ‘Technical Calculation Committee on the Income Settlement’ before 1999.

The system of dispute resolution relies heavily on mediation, which is, in practice, compulsory. The mediator may treat several settlements as one entity. Historically this has been of great importance in gagging militant unions or minimising the effects of workplace rebellion against settlements in the LO-NAF area (Frøland 1992a). Since the early 1980s, LO has pursued this function. Compulsory arbitration has also been an important factor in ensuring discipline and compliance with the model by containing militant unions both inside and outside LO (Stokke 1998a).

To sum up, the historical evolution of Norwegian trade unionism has been marked by a solid anchoring at the local level within a framework of strong central authority in LO. This has been underpinned by a highly institutionalised bargaining system which, facilitated by a long-lasting Labour Party hegemony, has enabled trade unions to establish a powerful role as a societal actor. As is discussed below, however, structural and political change, as well as the emergence of new organisations on both the employer and the trade union side, have in recent years contributed to a more complex constellation of players, making the
political function of trade unions more contested and the co-ordination of union interests more complicated.

**Structure and membership of trade unions**

Trade union density has stabilised at around 56-57 per cent since 1980 (Nergaard 1996; Stokke 1998c). This is fairly high in an international perspective, but significantly lower than in other Nordic countries, probably reflecting the fact that unemployment insurance in Norway is organised by the state and not by the unions (Rothstein 1990).

The LO is still the dominant union force in Norway. This dominance is due both to its traditional hegemony among blue-collar workers in core manufacturing industries, and to its organisation of a substantial proportion of employees in the growing public sector. LO-affiliated unions covered roughly 54 per cent of unionised workers in the labour force in 1994. LO consists of 28 different unions with a total membership of around 820,000 in the mid-1990s. A

Approximately 55 per cent of active LO members are to be found in the private sector. However, the proportion of membership in the public sector is steadily increasing and the membership of women had risen from 24 per cent in 1970 to 44 per cent by 1996 (Ovevå and Nergaard 1997). Industrial unionism has been the main organising principle of the LO unions in the private sector since the 1920s, although some craft unions remain. In contrast to the Danish LO, the distinction between unskilled and skilled workers has never been an important source of tension (see Chapter 4). Industrial unionism is also a key principle in the local government sector, albeit complemented by the unions of semi-professional social workers. In the state sector, LO structure reflects the organisation of the state into different departments. In the early 1990s, LO unions added a new layer to the organisation; four sectoral cartels were established, intended to cater for specific common concerns of the unions within each sector.

The two other trade union confederations, AF and YS, were established in the mid/late 1970s out of pre-existing confederations and independent unions. In contrast to LO, both AF and YS have suffered from weak
central authority and limited capacity to co-ordinate member organisations’ policies. In 1997, the 33 unions in AF organised almost 250,000 members, while YS consisted of 20 unions with 230,000 members. About two-thirds of the active members of AF and YS are employed in the growing public sector; in 1996, 67 per cent of YS members and 46 per cent of AF members were women (Øverås and Nergaard 1997). While AF mainly recruits among academics and well-educated professionals, the membership of YS is based in semi-skilled occupations with low to average rates of pay. LO and AF largely organise different segments of the labour market and in 1993 signed a co-operation agreement which covered issues such as labour rights and social policies but did not include collective bargaining. By contrast, the boundaries between LO and YS are blurred in the public and large parts of the private sector, often leading to competition and rivalry. YS actively opposes the links between LO and the Labour Party, and LO conversely refuses to develop any relations with YS – until recently regarded as a confederation of ‘yellow unions’. Internationally, LO has been a member of the Nordic Council of Trade Unions (NFS), the European Confederation of Trade Unions (ETUC) and the International Confederation of Free Trade Unions (ICFTU) since the outset. After a short spell as a member of the tiny Confederation of Independent Trade Unions (CESI) in the 1980s, AF was in 1995, as a result of the co-operation agreement with LO, accepted as member of the ETUC (as well as of NFS and ICFTU). Several YS unions participate in some of the European Industry Federations, but YS itself does not belong to any international confederation; as a reflection of the domestic rivalry, LO has blocked YS initiatives to join NFS and the ETUC.

A substantial, but decreasing, number of unions are not in membership of any confederation. The most important organise teachers, journalists, shipmasters and -mates, employees in aviation and, until recently, in oil production. The largest independent union, the teachers’ union, has a collaboration agreement with LO and often co-ordinates collective bargaining demands with LO unions. Nonetheless, union fragmentation is much greater in Norway than in Sweden and somewhat greater than in Denmark (Fennefoss and Stokke 1991); this distinction seems likely to be reinforced by the breakaway of a number of AF unions, who in 1997
formed their own confederation – *Akademikerne* – unleashing a profound reconfiguration of the organisational picture outside LO.

**Changing structure of union membership**

Although union density in Norway has been relatively stable over the post-war period, ranging between 50 per cent and 57 per cent, there have been significant changes in the relative share of membership between unions. The broad picture is shown in Table 13.1. While LO’s density fell from 37 per cent in 1980 to around 30 per cent by the mid-1990s, in AF and YS membership rose in the same period from 10 per cent to more than 20 per cent of employees. If this trend continues, unions outside LO will fairly soon represent a majority of organised employees.

Table 13.1: Total union density and density by confederation

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>LO</th>
<th>YS</th>
<th>AF</th>
<th>Akademikerne</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>52</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>1970</td>
<td>50</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>1980</td>
<td>55</td>
<td>37</td>
<td>5</td>
<td>5</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>1990</td>
<td>56</td>
<td>33</td>
<td>9</td>
<td>9</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>1994</td>
<td>56</td>
<td>30</td>
<td>10</td>
<td>10</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>1998</td>
<td>55</td>
<td>29</td>
<td>9</td>
<td>6.5</td>
<td>3.8</td>
<td>5.7</td>
</tr>
</tbody>
</table>

**Note:** YS and AF were both formed in the late 1970s, earlier confederations outside LO are grouped together with independent unions.

**Sources:** Fennefoss 1988; Stokke 1995, Stokke 2000.

Union density varies considerably between sectors and industries. In the public sector density is 79 per cent, while the average in the private sector is 44 per cent, with 62 per cent in manufacturing and 36 per cent in private services. Hence, recent labour market surveys indicate that a majority of organised employees – 53 per cent – work in the public sector, while 22 per cent work in private manufacturing (Nergaard 1996: 7-8).
Table 13.2: Union density by industry and sector

<table>
<thead>
<tr>
<th>Sector/Industry</th>
<th>Density %</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>57</td>
</tr>
<tr>
<td>Public sector:</td>
<td>79</td>
</tr>
<tr>
<td>Municipal sector</td>
<td>78</td>
</tr>
<tr>
<td>State sector</td>
<td>85</td>
</tr>
<tr>
<td>Private sector:</td>
<td>44</td>
</tr>
<tr>
<td>Production of goods</td>
<td>58</td>
</tr>
<tr>
<td>Private service</td>
<td>36</td>
</tr>
</tbody>
</table>

**Industries examples:**
- Banking and insurance: 78
- Manufacturing: 62
- Private transport: 48
- Construction: 48
- Hotel and restaurants: 24
- Retail trade: 23
- Wholesale trade: 22

Source: Nergaard (1996)

In line with international findings, density in the private sector varies strongly with workplace size; it is 63 per cent in firms with more than 50 employees, and less than 30 per cent in firms with less than 20 employees.

Furthermore, union density is significantly influenced by the nature of the individual employment relationship, as shown in Table 13.3. Perhaps the most striking finding is that, except for those working very short hours, union density among part-time workers differs very little from full-time workers, confirming the normalisation of part-time work that has evolved in Norway (Ellingsæter and Rubery 1997). Other categories with low density are those in temporary employment and those with limited seniority. Thus the propensity to organise varies strongly with the stability and duration of the employment relationship (Nergaard 1996).
Table 13.3: Union density among employees with different nature of employment relationship, by sector

<table>
<thead>
<tr>
<th></th>
<th>All %</th>
<th>Private %</th>
<th>Public %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Working time</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-time (below 19 weekly hours)</td>
<td>36</td>
<td>20</td>
<td>56</td>
</tr>
<tr>
<td>Long part-time (over 19 weekly hours)</td>
<td>57</td>
<td>39</td>
<td>77</td>
</tr>
<tr>
<td>Full-time</td>
<td>62</td>
<td>49</td>
<td>86</td>
</tr>
<tr>
<td><strong>Type of contract</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary job</td>
<td>35</td>
<td>21</td>
<td>47</td>
</tr>
<tr>
<td>Permanent job</td>
<td>61</td>
<td>46</td>
<td>87</td>
</tr>
<tr>
<td><strong>Seniority</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 6 months</td>
<td>25</td>
<td>21</td>
<td>35</td>
</tr>
<tr>
<td>7-12 months</td>
<td>34</td>
<td>24</td>
<td>53</td>
</tr>
<tr>
<td>1-2 years</td>
<td>44</td>
<td>31</td>
<td>68</td>
</tr>
<tr>
<td>2-5 years</td>
<td>51</td>
<td>35</td>
<td>78</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>71</td>
<td>57</td>
<td>91</td>
</tr>
</tbody>
</table>

Source: Nergaard 1996: Table 4.

If we look to groups with different individual characteristics, there is, in contrast to general international findings, no variation in density between men and women, in either the public or private sector. Moreover, there is only a weak connection between education and union density; this mainly reflects a higher propensity to organise among private sector employees with university degrees (Nergaard 1996: 19). The most important individual characteristic seems to be age; even when controlling for factors related to the employment relationship, such as sector or occupation, union density is significantly lower among employees under the age of 25. Compared to a density of more than 60 per cent on average in the age-groups over 30, density in the 25-29 age-group is 47 per cent, while for those in the 16-24 bracket it is no more than 21 per cent.
These findings may suggest that trade unions in Norway have not been faced with any general membership crisis. On the whole, the so-called ‘new groups’—such as women and well-educated employees—tend to organise at least as much as the traditional union constituencies. Low propensity to organise seems primarily to be a phenomenon related to the margins of the labour market: that is, among young new entrants and employees with temporary jobs, very short working time, and/or informal/unstable employment relationships. The large bulk of those belonging to the workforce on a lasting basis continue to organise. Taking into account that unionisation in Norway, in contrast to the other Nordic countries and Belgium, is not enhanced by union administration of unemployment insurance, this tendency may represent an interesting counter-example to the almost universally assumed decline of trade unionism.

However, apparently encouraging aggregate numbers may dilute the picture of longer-term changes. Most importantly, density is very low in private services where much of the employment growth is expected to take place in the future. Over the last decade the impact of this trend may have been temporarily overruled by the radical drop in private service employment and the strong expansion in public services in response to the unemployment crisis since the late 1980s. On the other hand, the steadily growing level of education in the workforce tends to draw in the opposite direction. Unless changes in the pattern of recruitment occur, the longer-term restructuring of the workforce thus seems to disadvantage membership development in LO unions. By organising, in the main, employees with low or medium education in the manufacturing and public sector, the (unfavourable) age-structure of membership may very well indicate that LO will lose ground in the coming decade.

Hence, rather than overall membership decline, the trend which presumably will have most important implications for Norwegian trade unionism is the changing composition of membership, notably the relative weakening of LO (in numerical terms) and the strengthening of membership in the other confederations. In the longer term this may influence the power relations between and within the unions, possibly weakening the position of LO. As will be shown below, however, this...
trend has so far not had any significant impact on the distribution of bargaining and political power between the three main confederations. Because of LO unions’ virtual monopoly in private manufacturing — widely accepted as the pattern-setting locus of collective bargaining — and their persisting strength in the state and the local government sector, they have as yet been able to control the bargaining rounds. This has been facilitated by the fragmented structure of AF and YS. The strong central authority of LO (and the weakness of its contenders) has been a major difference between the Norwegian and Danish LO, and since the early 1980s also a difference between the Norwegian and Swedish LO (Elvander 1989). At the turn of the century, however, the question is whether this situation is about to change.

Recent developments in trade union policy and organisation

Interplay between changes in the economic situation, the structure of industry and labour markets, and organisational developments have over the last decade prompted notable changes in trade union policies and structures. In this section, I will review: first, the role of trade unions in the revival of macro-corporatist concertation; second, union initiatives to adapt their structures and organisation; and third, steps that have been taken to construct a trade union agenda that is better suited to meet the demands of a modernised workforce. The main emphasis is laid on developments in LO, but attempts are also made to analyse how the overall transformation of work and politics is influencing the relationship between LO and outside unions.

Trade unions and centralised concertation

During the 1980s the Norwegian system of collective bargaining came under increasing pressure. After the wage and price-freeze in 1978-1979, the neo-liberal wave under Conservative governments (1982-1986) brought an end to centralised incomes policies. The main pay rounds were decentralised to industry level; local wage drift accounted for as much as 70 per cent of pay increases; inflation rose and competitiveness deteriorated. The employers pledged deregulation and more
market-based wage determination. They also tried to get rid of the ‘low-wage guarantee’, which sparked a major conflict in the 1986 pay round.

The employers imposed a general lockout but were organisationally and politically unprepared for a large-scale conflict and suffered a humiliating defeat. As a result of mediation, the trade unions won through with high wage increases, the retention of the ‘low wage guarantee’ (with some modifications) and a reduction of the normal working week to 37.5 hours. This was in a situation with overheated labour markets and the Norwegian economy on the verge of collapse.

The virtual breakdown of central co-ordination and the inability to take account of shifting economic circumstances in 1986 was a formative experience that paved the way for profound changes during subsequent years. Urged by the onset of recession in 1987, LO and NAF leaderships played a key role in the re-introduction of incomes policies and re-centralisation of collective bargaining; in informal talks with the Labour government, they agreed to break the inflationary wage-price spiral and restore competitiveness.

In 1988 LO offered pay moderation, on condition that no other groups should gain higher settlements. Acting in concert with LO and NAF, the Labour government passed a statutory regulation, approved by Parliament, that prohibited wage increases beyond the terms of the central LO-NAF settlement. When the income regulation expired in 1990, LO and the employers (merged into NHO) agreed centrally on a limited across-the-board pay increase with certain measures to help the low paid. In addition, local and industry-level bargaining was allowed within strict guidelines based on a company’s economic situation, results, productivity, prospects and competitiveness (LO/NHO 1992:20), a formula which has been followed since. LO members finally voted for the settlement after mediation, following an initial grassroots rejection. The 1990 pay-round thus marked a cautious return to the ‘norm’, in which centralised control was combined with scope for decentralised negotiations, based on a joint commitment to continue solidaristic wage moderation.

In 1991 the Labour government appointed an Employment Commission – originally suggested by Kjell Magne Bondevik (leader of the
Christian Party – with representatives of all political parties, LO and NHO. The Commission submitted its report in 1992, entitled ‘A national strategy for increased employment in the 1990s’ (NOU 1992:26). In order to bring unemployment down to around 3-3.5 per cent during the 1990s, a five-year social pact, the ‘solidarity alternative’, was proposed. Besides a programme for continued incomes policy cooperation aimed at securing an improvement in cost competitiveness by around 10 per cent and a growth in real wages of at least 0.5 per cent, a review of the composition of public expenditure and structural policy measures would be implemented, including an examination of the regulatory frameworks of labour markets, social security and education. Combined with the expansion of active labour market policies and training, a macro-economic formula was proposed under which monetary policy would aim to achieve a stable exchange-rate, fiscal policy to stabilise the growth of demand, and incomes policy to control inflation (Dølvik and Stokke 1998).

The ‘solidarity alternative’ expressed broad political consensus and commitment of the main social partners to continue concertation. This could be seen as a concrete example of the concept of ‘generalised political exchange’ (Traxler 1990), in many respects resembling the Dutch way of ‘competitive corporatism’. The attractiveness to employers and government of the unions’ capacity to deliver wage restraint was skilfully exploited by LO to obtain ambitious employment and labour market policies, together with a guarantee that major welfare schemes (for example, the sick pay system) would be maintained. The main partners largely kept to their commitments, and employment objectives were fulfilled, facilitated by growth rates far beyond the Commission’s assumptions, despite difficulties in pursuing the macro-economic formula. Actually, growth did not pick up until interest rates had come down after Norway gave up the fixed exchange rate to ECU in 1992 and applied a more flexible interpretation of the stable exchange rate regime. The minority Labour government also experienced persistent difficulties in ensuring parliamentary support for its cautious fiscal approach, a situation which led eventually to the adoption of increasingly pro-cyclical policies and to a change of government in 1997.
In a comparative perspective, the relative success of Norwegian trade unions in influencing the broad parameters of state policies within an institutionalised social compromise is interesting and brought tangible results. Oil revenues eased the transition, but have had a potential inflationary impact. This makes the contribution of centralised wage determination to containing inflation all the more striking. While Norway experienced higher growth than Sweden in the first half of the 1990s, the increase of nominal wages was substantially lower. A central feature of the concerted Norwegian turnaround was the use of trade union influence to secure a pattern of distribution and a policy mix that enhanced legitimacy and popular consent. This was facilitated by a climate of economic emergency. Whereas Danish trade unions consented to a similar turn-around in the early 1980s – the so-called ‘Cartofflecure’ – their Swedish counterparts have been unable to withstand employer demands for decentralisation of collective bargaining (see Chapter 16). In Sweden there were no established traditions of compulsory arbitration and other forms of public intervention by means of which the state could ensure general compliance with a central package of crisis measures. Thus compliance would have to be secured by the parties themselves, a task which proved impossible – both because of the employers’ ideological departure from centralised bargaining, and because of segmentation and competition between both trade unions and union confederations (Dolvik and Stokke 1998).

In Norway there is also growing uncertainty as to whether the central collective actors are capable of sustaining the concerted policies of the past decade. A striking feature in the mid-1970s and mid-1980s was the inability of the collective actors to cope with economic boom, prompting decentralisation, wage inflation and economic crisis, followed by austerity and interventionist wage regulations. The question is thus whether history is about to repeat itself, or whether the dominant actors have learned from past experiences. The issue came to the fore in the 1996 pay round, which resulted in a number of industrial conflicts in the private sector and a generous real wage increase of more than 3 per cent, clearly deviating from past policies of moderation. A large strike in the pace-setting metal sector signalled accumulated disaffection with wage moderation among the membership; in the run-up to the
1998 pay round the metalworkers’ union forced LO to refrain from centralised negotiations and pledged greater emphasis on substantial real wage growth than on LO’s top priority: a significant reform of life-long training. Despite the LO unions’ commitment to continued moderate wage settlements, the 1998 pay round led to a number of strikes and record high wage increases. While wages in general rose by 6.5 per cent (almost 4 per cent in real terms), several low-paid groups achieved considerably more. Besides, the trade unions achieved with employers and the state an agreement in principle on a reform of life-long training.

With such a sharp rise in labour costs in a context of falling oil prices, signs of economic overheating and labour shortages in many sectors, the situation increasingly resembled that of the mid-1980s. Many observers saw this as a confirmation that trade unions were incapable of sustaining concerted wage restraint under a lasting boom. Soon afterwards came the Asian financial crisis, which prompted a run on the Norwegian currency, forcing the Central Bank to raise interest rates to three times the European level. Combined with a severe downturn in the markets for ship-building, the Norwegian economy seemed bound for a new crash-landing.

When in the autumn of 1998 the Christian-led government proposed abolition of one holiday and suggested cuts in sick pay and other benefits as part of a crisis budget package, it was received as a ‘declaration of war against Norwegian employees’, triggering an unforeseen rapprochement between the different union confederations. For the first time all union confederations joined forces in a 2-hour political strike on 15 October 1998. Although mainly a symbolic gesture, it brought a new sense of common interest among the union leaderships and was definitely efficient in forcing the shaky government to understand that the volatile Norwegian economy is hardly governable in conflict with the trade unions. In a similar way as the crisis of 1986, the dramatic events in 1998 created a temporary sense of emergency which triggered a series of new reform initiatives.
Whereas LO had previously always refused to let the other confederations in on incomes policy deals (the weakness of the solidarity alternative), now all organisations on both employer and union sides were invited to the table in a number of high-ranking tripartite committees. The most important in the short run, the so-called Arntsen committee set up to prepare the 1999 pay round, managed to obtain consent among almost all organisation leaders for a wage policy formula, which basically reinstated the old Aukrust model. The Arntsen report (NOU 1999: 14) argued strongly that the sectors exposed to international competition (such as metal and other branches of manufacturing) should head off negotiations and set credible frameworks for wage growth in the domestic sectors, warning against recent tendencies that settlements in hotel and restaurant and retail had in effect served as pattern-setters. The Committee defined a (binding) framework for wage increases in 1999 at 4 per cent and laid down guidelines for the following years based on reducing wage growth to that of the trading partners (about 3 per cent). It also suggested a thorough reappraisal of the institutional frameworks of collective bargaining, to be followed up in three Government-appointed commissions.5

Meanwhile the economy has swiftly recovered; oil revenues and profits have sky-rocketed, and interest rates been raised. The pay round in year 2000 demonstrated the difficulties of sustaining the ‘solidarity alternative’ under such circumstances. A three-year central agreement negotiated by the LO and NHO, based on moderate wage increases and gradual introduction of a fifth week of vacation, was overwhelmingly rejected in a ballot among the membership of LO unions, and led to the largest private sector strike since the 1920s. A new two-year agreement was then hammered out through mediation, resulting in substantially higher wage increases than the original proposal. Besides demonstrating the declining support for moderation among the LO membership, several professional groups in the public sector won through with their demands for improved relative wages. Eventually the Central Bank responded by another increase in the interest rate.
Whether these events imply the end of concerted incomes-policies in Norway and will pave the way for decentralisation of collective bargaining to sectoral or industrial level remains to be seen. They clearly show, however, that the legitimacy of solidaristic wage policies and LO’s lead in wage determination have come under severe pressure both from within and from outside professional unions. In addition, the declining ability of LO to ‘deliver’ may weaken the loyalty of business in supporting its leadership’s commitment to the ‘solidarity alternative’. Employers face a dilemma in that, on the one hand they have an interest in taking wages out of competition by means of centralised agreements, while on the other hand they wish for greater wage differentiation in order attract scarce labour and to increase flexibility in the context of corporate human resource management. In conjunction with the strengthened role of the associations of commercial and service enterprises (HSH) and former state companies (NAVO), which may imply a more fragmented employer side, such dynamics might cause stronger pressures for decentralised bargaining and complicate the pursuit of centralised incomes policies.

**Structural and organisational change of trade unions**

The declining relative membership of LO, changing occupational and career patterns, together with competition from YS and AF, have prompted LO debates about organisational reform and coalition building.

In the late 1980s a process of union mergers evolved. While initiatives to form a unified service sector union failed, a number of manufacturing unions in 1988 gathered together in Fellesforbundet (FF) under the leadership of the former metalworkers’ union. The idea of building one manufacturing mega-union never got off the ground, however, as neither the powerful chemical workers’ union nor the foodworkers’ union were interested. Unions of foremen and industrial functionaries also wanted to keep their autonomy. Still, including land and woodworkers, building and construction workers, together with industry unions from paper, textile, metal and engineering industries, FF became by far the largest private sector union of LO with approximately 185,000 members. The motives behind the merger were both strategic –
to reap benefits of scale and respond to changes in industry structure – and financial, several of the smaller unions having experienced such severe membership decline that they were virtually bankrupt. Under a common organisational framework, through which leadership and support functions were provided, previous unions were transformed into separate sections of the new union, while the former structure of collective agreements persisted.

How successful this merger has been is not a straightforward question to answer. Considerable co-ordination difficulties were reported during the early years. Financial problems continued, aggravated by the industries’ employment crisis, and harsh rationalisation had to be undertaken, whereas the synergy-effects clearly did not match expectations. On the other hand, several of the smaller unions would probably have vanished if they had continued on their own. In recent years the former sections have been abolished and a common bargaining unit has been established. Membership has also picked up and the finances have been stabilised, all in all indicating that the merger has contributed to consolidation of union organisation in this domain. The strategic aim to bolster the influence of manufacturing unions in LO has seemingly been less successful, however, both due to the internal problems of FF and the steady growth of public sector unions. In terms of size – possibly also in terms of influence – Norsk Kommuneforbund (NKF, union of municipal workers) has gained a dominant position among the LO unions.

In 1992 three relatively small semi-professional unions of social workers in LO joined together to form Fellesorganisasjonen (FO). FO is organised as an umbrella association in which the former education-based occupations continue to serve their constituencies with regard to specific professional issues, while common issues related to collective bargaining and lobbying of public policies are dealt with jointly. This seems to have been a workable solution which has implied both some rationalisation gains and a strengthening of these groups’ voice in LO.

In 1988 two LO unions in the telecommunications sector joined forces (Tele- og dataforbundet), to be followed ten years later by a merger with the union of electricians and workers in power-plant stations, creating LO-IT.
This process can be seen as a response to the privatisation and restructuring of the telecommunications and energy sectors and the increasingly blurred boundaries between different occupations in the domains of these unions; that is, the main motive was to adapt to industrial changes associated with the development of information technology.

On a more aggregate level, the most important attempt at trade union modernisation was initiated at the 1989 LO Congress, which staged a project assigned to lead to a major overhaul of the structure of LO unions. The ambitious aim was to fulfil the historical 1923 decision to organise LO unions in accordance with the industry union principle. An explicit aim was to overcome obsolete union boundaries and competition, if possible by establishing greater and more forceful basic entities through mergers and amalgamations. It was also hoped that rationalisation of staffs, infrastructure, services and training, often run by each individual union, could unleash increased efficiencies in terms of recruiting new members and/or unions. Several models were elaborated, among them a proposal to unite all member unions in one single LO-structure (which would then be organised in various sections), but due to considerable resistance from a number of individual unions, which preferred to retain their autonomy, the outcome became a modest compromise on building sectoral cartels. This was also contested, in particular by the powerful NKF, which refused to build common structures at the local and regional level. While the state-sector unions had been organised in a cartel for a relatively long period, collective bargaining in the local government sector was in practice already organised by the Landsorganisasjonens forhandlingssammenslutning i kommunal sektor (LOK, a cartel of LO unions), which operated under the auspices of NKF – a model NKF was not willing to adjust. Thus the practical outcome, concluded at the 1993 congress, merely implied the establishment of two cartels in the private service sector and the manufacturing sector.

An overall aim of the reform was to achieve a streamlining of the central LO structure – which the member unions, in a context of financial crisis, were less and less prepared to finance – and deployment of resources and authority closer to the individual unions. In this sense, it was meant to stimulate decentralisation and a pooling of union resources at the sectoral cartel level, which was also assumed would streng-
then LO’s ability to concentrate on key political priorities. Being a fragile compromise, however, the division of responsibilities remained fairly open, though it was made clear that the cartels should cater for industrial policy issues and, in the longer term, possibly also take on a growing role in the conduct of collective bargaining. The ultimate responsibility for deciding binding LO priorities was, however, left to the LO Council, which is composed of representatives appointed by the individual unions according to size. All in all, the cartels became a somewhat ambiguous intermediary structure, which so far have not attained sufficient resources and authority to establish themselves as significant actors within LO.

With the aim of increasing membership, both LO and its individual unions have in recent years poured considerable resources into recruitment campaigns. Alongside a long-lasting supply of collective insurance schemes, most of these have relied on fairly conventional means, media-advertisements and the like, although the use of survey research and expensive PR-bureaux has often contributed to putting the traditional message in a more eye-catching, modern wrapping. The results have not proved significant, however. It seems that membership developments have largely reflected boom and bust of employment in the respective sectors. Alternative initiatives have also been taken, especially targeting young employees, school-pupils and students. Each year LO, in co-operation with service-sector unions, has run a workplace-oriented summer-campaign aimed at supporting youth in temporary employment. The results in terms of direct recruitment have apparently been modest, but the campaign has probably helped increase awareness of trade unions’ function among the groups concerned. The NKF has also made efforts to grant a special membership status to school pupils and students at relevant educational establishments, an initiative that has not really got off the ground. A more successful structural initiative was taken by the NKF to establish a new occupational and high-school education for assistants and aides in health and social work. Attracting a fairly substantial numbers of pupils, this may in the coming years represent a lasting source of recruitment. A recent initiative to use LO’s negotiating power to organise cheap provision of PCs and internet contact for all members has so far,
contrast to a very successful scheme organised by the Swedish LO, not really got off the ground.

As shown earlier, Norwegian unions have had great difficulties in recruiting among the vast groups of unorganised employees in private services, especially among those working short hours. In view of the considerable resources spent on competing for members in other labour market segments, it is unclear whether this reflects organisational inertia or a deliberate choice to assign less priority to these sections of the labour force. However, the LO union for clerical workers and the retail trade recently signed a collective agreement with the association of temporary work agencies. This marks an interesting shift of approach to these agencies – possibly implying union recognition of the need for more employment flexibility within negotiated frameworks – and may represent a new source of recruitment.

Although LO has always primarily been a confederation of blue-collar workers, an unresolved question has been how LO ought to position itself vis-à-vis the ‘new groups’ of well-educated employees and professionals. Within the state-sector NTL organises a certain proportion of these groups but the majority have been organised in the different professional unions of AF. As LO and AF in 1993 signed a collaboration agreement, it could appear that LO had tacitly agreed to leave this ‘market’ to AF. However, recently the first academic representative in the LO leadership, deputy leader Gerd Liv Valla, has made it clear that LO intends to step up its efforts to recruit among professional groups.

What such an aim would imply in strategic, operational terms remains to be seen. The first sign of a new approach from LO’s side was the proposal of a radical overhaul of the financing system for students, aimed at curbing the pressure for extra wage growth among these groups, justified by their high debt-burden. If LO has decided to improve its attraction to (semi)-professional employees, it will most likely accentuate internally contested questions about the conception of fair income differentials.

The unrest among professional groups in the public sector, reflected in the split of AF, has meant that the hitherto fairly stable pattern of union organisation outside LO has been set in motion. During the 1980s there
was some movement of unions out of and into AF – mainly the doctors and the nurses – while some initiatives were made to enlist the fairly large YS union of auxiliary nurses to join LO. Similarly, the different alliances of the various teachers’ unions have sometimes triggered debate. With the 1997 breakaway from AF by seven professional associations, led by the doctors, the whole picture has changed.

The new confederation, Akademikerne, has mobilised around a revolt against solidaristic wage policies, in order to achieve a radical improvement of wages for long-term educated groups in the public sector, justified by arguments that greater wage differentials are needed to secure public recruitment of qualified staff. Akademikerne has campaigned for the equalisation of wages between private and public sector professionals, and for market-based wage determination – a strategy which, in a phase of labour scarcity, has considerable resonance among many of the former AF unions. Lately, merger talks between YS and what was left of AF collapsed and led to a decision by the AF to dissolve itself.

The outcome of these processes is difficult to predict, but a substantial reconfiguration of the pattern and coalitions of organisations outside LO seems likely, possibly also creating certain openings for LO to build new alliances. Currently, a merger process between the main YS union of auxiliary nurses and the municipal LO-union is underway, which if it succeeds would substantially weaken YS as a confederation. Merger talks are also going on between former AF unions in the education sector and the independent teachers’ union. Together with the associations of nurses and policemen, the teachers’ unions recently declared their intention to form a fourth union confederation with some 200,000 white-collar members – in some respects resembling a mini-version of the Swedish TCO. Such a female-dominated, public sector confederation might perhaps also appear attractive for the union of social workers in LO. The AF collapse and the fluid organisational picture, might represent both opportunities and threats for LO. A situation with a more streamlined, smaller association of ‘super-academics’ (as in Sweden and Denmark), may be easier for LO to deal with than hitherto. The possible emergence of a new white-collar confederation of teachers, nurses, and policemen might strengthen fragmentation and union competition in public sector
bargaining and make it harder for LO to attract new semi-professional members. On the other hand, a clearer distinction between the associations of professional, semi-professional and less skilled public employees might pave the way for closer co-operation between YS and LO, and perhaps create more predictable conditions for coalition-building and exchange in public bargaining rounds. Accordingly, the female deputy leader of LO, Gerd Liv Valla – assumed by many to become the next LO-leader – has repeatedly invited the YS and the former AF unions to develop closer links with LO and, in the longer term, to join forces under the LO umbrella.

Thus, the best that can be said is that the situation is unpredictable, fuelling expectations of turbulent future wage rounds, as the various contending (semi-) professional unions will try to position themselves vis-à-vis each other and their constituencies. In a manner similar to the erosion of co-ordinated central wage bargaining in Sweden in the 1980s, the situation is in the short run likely to complicate continuation of the ‘solidarity alternative’. It cannot be ruled out, however, that this fragmentation will in the longer run recast inter-union power relations in a way that provide a basis for development of a union structure which is more coherent, better attuned to the changing pattern of employee interests, and thus better equipped to engage in re-negotiation of the Norwegian social compromise.

**Modernisation of the trade union agenda**

The protracted process of organisational renewal has been accompanied, during the 1990s, by a notable adjustment of the policy agenda of LO unions. The most striking development has been the attempts to complement the policy of solidaristic wage moderation with the promotion of more qualitative social reforms. In order to avoid union wage restraint from leading merely to increased company profits, the 1997 LO congress adopted a fairly ambitious programme to secure tangible benefits for the membership. Top priority was given to a comprehensive reform of vocational and life-long education, aimed at securing an individual right to complete secondary school for all employees and to continuous training throughout working life. This scheme has become a major issue in the recent bargaining rounds. Despite agreement being reached with
employers and the state on the main lines of the reform, it has seemingly entered troubled waters, as central issues concerning financing and operationalisation remain unresolved. Nonetheless, as an essential vehicle to prepare the workforce and enterprises for changing skill requirements associated with the modernisation of working life, the issue of life-long training seems likely to remain a key element in the trade unions’ agenda for the future. Another notable example of modernisation of the trade union agenda in Norway is the reorientation of working time policies. Norwegian trade unions, like their Nordic counterparts, have traditionally been sceptical of working time reductions as a strategy to increase employment and have been reluctant to accept flexibilisation of working time. Key demands have been reduced retirement age and longer holidays. However, in recent years LO has adopted a much more flexible approach, emphasising the need to secure for employees opportunities to choose between a range of options in accordance with the differentiation of needs between various social groups over the life-cycle (Grimsrud and Stokke 1997). Rather than a standardised working time reduction, a flexible reorganisation of working time has become the key demand to ensure better accommodation between work and family life. In the principal programme of LO, adopted in 1997, such demands were coupled with the vision of developing a time-account scheme according to which employees can choose between different ways of reducing their working time. A first step was achieved in the year 2000 bargaining round, according to which the fifth week of vacation can be flexibly implemented. The way forward appears difficult, however, as employer demands for annualised working time determined at the enterprise level fit poorly with the LO unions’ time-account concept.

This reorientation of trade union demands reflects a growing awareness of the need to meet the desires of the increasingly feminised workforce, probably also reflecting the stronger representation of women in Norwegian trade unions. According to a recent Fafo study, the last decade has witnessed a significant growth in the appointment of women at all levels of trade union organisation, except in the leadership of individual LO unions and, hence, in the LO Secretariat (Øverås and Nergaard 1997). For the first time in history, however, a clear majority of the elected leadership in LO is women. The study also indicated that
better representation of women is seen as a potential source of improving the ‘image’ of unions – traditionally conceived of as a ‘macho-culture’ – and fostering a renewal of trade union policy.

All in all, these changes in policy orientation within LO can be interpreted as a move towards meeting the expectations of so-called ‘new groups’, frequently organising in outside unions, and thus also indicating a certain convergence between unions of different confederations. This has, as yet, not led to any change in recruitment patterns. A major obstacle to such changes is the traditional, egalitarian LO approach to wage policy, which, reflecting its commitment to its low and medium-paid core constituencies, has weak resonance among the ‘new groups’.

Another indication of efforts towards trade union renewal has been an increased openness towards co-operation with scientific groups and targeted use of research. While YS, for example, has initiated a number of projects on temporary work, working time and unions’ role in downsizing processes, LO has since the mid-1980s committed significant resources to developing union-related research at the Fafo Institute of Applied Social Science.6 On several occasions LO has also ‘outsourced’ the task of preparing material for strategic debates and decisions to Fafo, as, for example, in the recent reform of LO organisation and the question of whether to recommend EEA and/or EU membership. In parallel, the use of resources for internal training have increased significantly in recent years, combined with attempts to modernise and professionalise the form and structure of union education.

A prioritised issue in this context has been to develop new concepts and strategies for the participation of trade unions in industrial restructuring and innovation (see, for example, Bakke and Borgen 1988; 1991). In this realm LO has continued its longstanding joint programme with NHO on co-operative development of enterprise innovation and industrial development (Bosch 1997). While a recent Fafo study indicates a generally high level of satisfaction with the way co-determination is practised in the state sector, both among employer and union representatives (Hagen and Pape 1997), the unions in the municipal sector have a reputation for being less acquiescent on questions of restructuring. This impression is probably partly a result of the
difficulties related to reorganisation of the health and education sectors where inter-union struggle between professional groups has frequently caused gridlock. In other parts of the municipal sector, such as transport, renovation and cleaning, restructuring is ever more frequently associated with politically contested schemes of privatisation and outsourcing – often implying a shift of employers and collective agreements, which in many cases have meant reduced job security and deteriorating terms of employment. This has become a source of tension between trade unions – adding to the general concern among LO unions in the private sector that public sector unions may soon form a majority in the LO. The NKF has, for example, claimed bargaining rights for former municipal employees that have been subject to outsourcing and privatisation, triggering sharp reactions from unions in the area in question. Nonetheless, it seems justified to say that Norwegian trade unions in general have adopted a fairly accommodating and constructive approach to industrial restructuring and modernisation of the economy’s supply side. This is nothing new; it has been a traditional feature of Norwegian industrial relations since the early post-war days of reconstruction and has evidently been facilitated by the favourable economic situation, which has meant that the changes in Norway have been more smooth than in most other European countries.

In recent years the trade unions have exploited another traditional feature of Norwegian industrial relations, notably the use of legislation as a means of spurring organisation (Grimsrud and Stokke 1997). For example, the statutory flexible early retirement scheme, which LO has negotiated with employers and the state in recent years, has encouraged employers of small and medium-sized enterprises to enter collective agreements. The possibilities to negotiate derogations from the working-time rules of the Work Environment Act – and the opportunity to agree on exemptions from the prohibition of temporary employment contracts for specific categories of employees – have similarly created incentives to organise.

The particular blend of traditionalism and modernism is reflected in Norwegian unions’ view of environmental policies. While the service-sector based unions of AF and YS tend to embrace the demands of
environmentalist groups, the manufacturing unions of LO often side with the industry on issues such as taxation of energy, the contested proposal of building gas-fired electricity plants and the like. In contrast to the tendency of the ecology movement in Norway to emphasise national solutions, LO unions tend to argue that environmental measures have to be organised on a regional, European scale – that is, on a political level where Norwegian unions are not positioned to exert much influence. This means, moreover, that the tendency of continental unions to build alliances with civil-society organisations in this field (Gregory et al. 1996) is not easily replicated in Norway.

In conclusion, it seems justified to suggest that Norwegian trade unions over the last decade have pursued a significant adjustment of their agenda. In one sense this can be conceptualised as modernisation; on the other hand the adaptation of union policies to changing external conditions has conformed with a ‘back to basics’ approach. The notion of ‘24 hours’ membership, associated with the ambition to provide services for the complete spectrum of members’ interests, much debated in the 1980s, has been replaced with a concentration on the core functions of trade unions, collective bargaining on income and working conditions, as a basis for influencing government employment and welfare policies.

**Europeanisation of trade unions?**

European integration is a matter of salient interest to trade unions in most western European countries – often seen as a lever for adjustment and transnationalisation of trade union organisation (Dolvik 1997b). However, after the heated struggle over EU membership – which was rejected in a 1994 referendum as well as at the 1994 LO congress (by a majority of three votes, 152 against 149) – ‘Europe’ has virtually become a ‘non-issue’ in Norwegian trade unions, especially in LO.

Nonetheless, Norway is effectively integrated in the single market via the EEA agreement and Norwegian employees and trade unions are affected by EU policies in a multitude of ways. Except for the Euro-agreement on parental leave, which spurred protests from the YS and the employers’ association in the service-sector (FISH), claiming it was undemocratic, EU Directives in the labour market field have been
implemented without much ado and have in some cases implied a strengthening of workers’ rights. The European Works Councils (EWC) Directive was implemented via negotiated incorporation in the Basic Agreement between LO and NHO, which eventually was generalised by law. In most multinationals with Norwegian headquarters, trade unions have negotiated voluntary agreements on the set up of EWCs. As to collective bargaining, there have been few concrete signs of Europeanisation, but especially the leading industrial union (Fellesforbundet) and the transport workers’ union have actively supported recent initiatives to coordinate bargaining across Nordic and European borders. It might also be argued that the whole concept underlying the ‘solidarity alternative’ represents an implicit adjustment to changing European circumstances. The principle of calculating wage growth against an average of the main European trading partners and the crucial role of incomes policies in macro-economic concertation, based on a stable exchange rate vis-à-vis the euro, exemplify a unilateral national approach to coping with the new European context emerging from the single market and EMU. In fact, it might be argued that the Norwegian system mirrors the model of national economic governance envisaged to evolve under the EMU (see Boyer 1994; Noterman 1996).

As mentioned, LO and AF unions participate in the ETUC and its attached European industry federations (EIFs), but have adopted a low profile due to their ‘outsider’ status. As organisations and governments from many EU countries are not aware of the breadth of the EEA agreement, a central task for Norwegian representatives has actually been to remind them that their unions are legitimate representatives in social dialogue at the European level. Reflecting Norway’s image as a somewhat self-contented, rich ‘oil state’ – acting as a free-rider on European integration – Norwegian unions have, in practice, become increasingly dependent on the other Nordic unions when it comes to interest representation in European contexts.

In view of the modest development of social policies in the EU, this may not represent any serious problem in the short run. The most important effect is probably that Norwegian unions do not have access to the same information as their compatriots through government channels, and that they are kept outside of many political and institu-
national arenas at EU level where issues of potential importance to Norwegian trade unions are dealt with. In the longer term, however, this might imply that the broader circles within Norwegian trade unions remain unaware of the far-reaching impact of European policies in many areas and that they are deprived of participating in learning processes with potentially great significance for trade unions in Europe.

Therefore, participation in the ETUC and its industry federations has taken on increased importance as a compensatory strategy – also reflected in YS’s keen interest in joining the ETUC – but for natural reasons, and because of the contested character of EU issues, only a limited circle of trade union leaders and ‘diplomats’ are involved in these processes. In this sense, it can be argued that the depoliticised Norwegian relationship to the EU has reinforced a traditional feature of Norwegian trade unionism, notably its strong affinity with, and confinement to, the nation-state. This may well change as wider circles of trade unionists become involved in union co-operation and EWCs in multinational companies, but as long as such processes are not anchored in a broader union strategy, they are likely to remain encapsulated experiences which might at best give rise to a restricted form of syndicalist transnationalisation. In so far as such developments are not integrated in a wider and more open debate on how trade unions can meet the challenge of Europeanisation in a credible way, it is likely that ‘Europe’ will continue to be a source of union division also in the coming decade.

Conclusion
In this chapter I have argued that Norwegian trade unions, in contrast to widespread predictions, achieved a remarkable revival of their societal influence in the 1990s. This was due to the strong central authority and cohesion of LO, which, reaping benefits from its ties with the Labour government, succeeded in exploiting the role of trade unions as indispensable partners in economic and social adjustment. The potential power stemming from this strategic function of trade unions was highlighted during the reshaping of Norwegian economic policies from the late 1980s. The Norwegian case thus conformed with more recent examples in continental Europe – such as Ireland, Italy, the
Netherlands, Spain and Portugal – that adjustment of national economies to tougher international competition and the emergent European regime of monetary governance has implied a resurgence of centralised concertation between trade unions, employers and governments (see Chapters 10, 11, 12, 14 and 15). In the Norwegian case the capacity of the corporatist bargaining system to contain wage-price inflation for several years served as a functional alternative to more restrictive economic policies and labour market deregulation (Dolvik 1997a). The breakdown of wage moderation in recent pay rounds may, however, indicate that such policies are difficult to sustain during times of economic boom and tight labour markets.

The relatively successful union role in the Norwegian ‘social compromise’ also contributed to a more positive conception of trade unions in the wider society. The main trade unions have – in contrast to the liberal era in the 1980s when unions were widely perceived as an enemy of necessary change – attained a public image as ‘social partners’ contributing to social change in a reasonable way. Whether this is also part of the explanation why union density has stabilised on a fairly high level, reflecting, in particular, a sharp rise in union membership among women, is difficult to judge. What is, however, beyond doubt is that Norwegian trade unions have been more resilient than widely expected. Although they remain faithful to traditional values, they have taken notable steps towards adapting their agenda to the needs of a changing workforce. This cautious renewal has been distinguished by a ‘back to basics’ approach rather than a turn to service unionism.

With reference to the particular blend of traditionalism and modernism marking the Norwegian trade union movement, I initially raised the question whether the favourable societal influence of Norwegian trade unions can be expected to continue. I have pointed to several factors which may point in the direction of a scenario of stronger union division and competition. First, changes in the relative share of union membership between the different confederations and intensified inter-union rivalry may weaken the ability of LO to ensure cohesion and compliance with centralised solutions. Second, the fact that ordinary wage-earners have for many years shown great restraint, while considerable groups of managers, independent professionals and share-holders have taken visible advantage...
of the economic boom, has weakened union support for continued ‘solidaristic moderation’. Third, this has been reinforced by dissatisfaction among union federations which feel they have been disempowered by LO and NHO’s hegemony in wage policies. Fourth, groups of well-educated employees in the public sector, referring to declining returns on education, feel they have lost ground because of the flat wage-increases of the ‘solidarity alternative’. In consequence, the legitimacy of both the form and outcomes of recent years’ incomes policy is threatened by erosion. Combined with the tendencies of union fragmentation, the risk that the oil-based economic bonanza is prompting inflation and higher interest rates has cast the viability of the current basis for trade union societal influence in doubt.

The prospect of continued economic boom will indeed strengthen the bargaining power of individual unions, but in a scenario of stronger inter-union competition, decentralisation of bargaining, and stricter economic policies, it is likely that the weaker groups will lose out, that inequalities will increase, and that the political credibility and leverage of the trade union movement will diminish. In a longer term perspective, however, it cannot be ruled out that the ongoing reconfiguration of the pattern and power relations of unionism can create conditions for development of a more coherent union structure, if so providing opportunities for re-construction of a more encompassing and flexible social compromise. The great challenge in such a context will be to define principles and procedures for adjusting relative wages in a way that is mutually acceptable and compatible with a responsible macro-economic framework. Combined with issues arising from growing internationalisation and European integration, the Norwegian trade unions are definitely in for a tough test of their solidarity and adaptability.

Notes

1 This chapter is based on a FAFO working paper published in 1998 and which has been updated for this publication. I am thankful to Torgeir Aarvaag Stokke for his perceptive comments.

2 For a more detailed presentation of the evolution and distinctions of Norwegian industrial relations, see Dolvik and Stokke (1998).

3 Roughly 73 per cent of LO members are occupationally active (Stokke 1995).
Still, during the 1998 pay round LO and YS unions in the transport sector successfully pursued a common strike, prompting discussion of a possible merger of these unions in the future.

The work of the most prominent of these Committees, the so-called Holden-Committee, has recently been published. Reiterating the need to maintain moderate wage policies through centralised concertation, it also suggested a more flexible wage policy in the public sector in order to meet the demands of professional groups and attract qualified personnel (NOU 2000: 21).

Fafo was established as a trade union research institute owned by LO in the early 1980s but has since been reorganized as an independent research foundation, pursuing commissioned research for a wide range of societal institutions and working life organisations.

This concerns for example, the Directives on working time, collective redundancies, mergers and acquisitions, the right to a written work contract, information and consultation in transnational companies and in certain respects also the Directive implementing the Euro-agreement on non-discrimination of part-time workers.

In the EMU context, national monetary policy is locked, meaning that the responsibility for ensuring competitiveness and clearing of the labour markets will mainly be left to the labour market partners (and fiscal policy). The critical question, thus, is whether the unions are able to co-ordinate their wage policy in a way that internalises the external effects on employment — exactly the question which is currently causing uncertainty in Norway. In contrast to most European countries, however, where the scope for fiscal policy is constrained by debt problems and the EU Stability Pact, Norway has the advantage of solid budgetary surpluses. This represents also a temptation, however; if wage-costs are driven up in anticipation that the state can ensure employment, the consequence might be a steady decline in export manufacturing and increasing economic dependency on oil revenues.
Chapter 14: Portugal
Union development within the changing contexts of political economy and industrial relations

Alan Stoleroff

Having emerged from a turbulent (re)birth and troubled adolescence, the Portuguese labour movement has come of age and taken its place among European trade unions.1 But coming of age in the late 1980s, in the midst of capitalist ‘disorganisation’, economic globalisation and the end of the Cold War, means something very different than what it may have meant during the heyday of the 1950s and 1960s, when industrial relations specialists in the more developed countries, hailed mature unions and institutionalisation. Although the maturing of Portuguese unions has coincided with the eclipse of the labour movement qua social movement, the institutionalisation of class conflict in Portugal was not nurtured by an ascendant industrial capitalism, nor was it accompanied by an implicit or explicit ‘social settlement’, as is alleged to have been the case in the advanced democratic countries. Furthermore, its maturation has not taken place in an optimistic context of growing membership or increasing coverage and deepening collective bargaining, but has rather been the outcome of a process of learning to deal with decreasing expectations. Fundamentally, coming of age refers to the accumulation of experience of a first generation of committed union leadership and members, and implies that a recognisable pattern of union presence has become a durable element of Portuguese democracy and political economy.

Portuguese unionism belongs to the group of (generally southern European) labour movements that are split into ideologically and politically competing confederations. In the Portuguese case the division derives from the historical split in the labour movement between Communist and Socialist wings and its reinforcement in the
Cold War atmosphere of the 1970s. However, the conflicts of the
democratisation process exacerbated and prolonged this division. The
main difference between the Portuguese labour movement and the
others in this group is the legacy of repression under dictatorship (the
Spanish and Greek unions also were victims of such practice) followed
by democratisation. The revolution of 1974-1975 and its aftermath
infused Portuguese labour relations with a very high degree of politici-
sation that expressed the social and political conflicts of a country
which had gone a long way towards, and stopped just short of, civil war.

In many respects, the traumas of the past have been played down or
played out by two decades of evolution, and their consequences have
become part of the normal landscape of Portuguese industrial and
labour relations. This too is part of the coming of age of Portuguese
trade unionism. As in other cases of such ideologically and politically split
union movements, division no longer effectively expresses a dichotomy
between revolutionary and reformist unions, but rather different pro-
grames of union objectives and methods within the capitalist economy
and the democratic state, as well as the maintenance of preferred political
alliances. It does nevertheless continue to have a fundamental impact
upon union organisation, illustrated by the perpetuation of two union
confederations, the Confederação Geral dos Trabalhadores Portugueses (CGTP)
and the União Geral dos Trabalhadores (UGT) composed of differentiated,
but frequently parallel union structures. It also continues to influence
union strategy, tactics and behaviour in general and, in particular, in
relations with the state.

Without completely losing aspects of a social and political movement,
the Portuguese labour movement has largely evolved into an institution
of economic representation. Much of this dynamic is due to the waning
of ideological incentives to organisational mobilisation and the progres-
sive limitation of the opportunities for class mobilisation, deriving from
the shift from a context of political uncertainty to one of predominantly
economic uncertainty. The associated shift in state intervention in
favour of a flexibilisation-competitiveness mandate has put unions on the
defensive, especially those in the industrial and private sectors. On the
other hand, it is due to the rapid achievement of basic rights acquired
by the labour movement in the phase of democratisation, and the
predominance within the labour movement of unions representing groups of workers who have been ‘integrated’ within Portuguese democracy and economy.

But even within the context of institutionalisation, the Portuguese union movement has been engaged in a difficult uphill struggle to maintain the position it had just recently acquired. Portuguese unions have suffered a gradual but considerable decline. It is accepted that Portuguese unions have suffered decline in their overall strength over the last decade. The most evident indication of this decline has been membership loss (the ILO (1997) claimed a 50 per cent decrease in Portuguese union membership between 1985 and 1995), but it has been manifested elsewhere. The consistent decline in strike frequency in Portugal is a sign of a decreasing capacity among unions to mobilise members, particularly in the industrial and exposed market sectors.

Clearly, this decline has been provoked by contextual factors that are external to union organisations themselves. European integration, in particular, has stimulated and accelerated a number of processes of social and economic change that have been inherently unfavourable to unions. Nevertheless, the relative difficulty with which Portuguese unions have met the contextual challenges stems from their institutional development and the morphology of the labour movement.

In common with other politically split movements, Portuguese unionism is generally not well implanted at the workplace level, with the exception of the public sector. This is the result of various factors, as much properties of the industrial relations system, as of union orientation. With regard to union orientation, one factor has been the ‘militant’ approach of the CGTP to union participation, in the past concentrating more on mobilising workers rather than on consolidating organisation and imposing negotiation. Another has been the general politicisation of unions and the resulting emphasis upon the peak level of association and the penetration of this level by party politics. On the other hand, economic regulation in Portugal is not highly dependent upon an industrial relations system as a dense network of functionally interacting institutions, but rather has its foci at the poles of the state and the market. The sectoral, rather than company, basis of most collective
bargaining has not only relegated company-based union organisation to a secondary level, but has geared negotiation to establishing conditions for the lowest common denominator. As a result, the tendency has been the reinforcement of statutory regulation and of the role of the confederations as interest articulators. Concurrently, at the workplace, the advance of human resource management and the constant resurfacing of employer unilateralism have impeded union development.

The changing contexts of union development in Portugal: between democratisation and European integration

Democratisation and European integration, two protracted macro-level processes involving fundamental changes in the Portuguese political economy, have established the parameters for Portuguese industrial relations and union development over the last quarter of a century.

Democratisation provided the context within which industrial relations actors were formed (Valenzuela 1988). These actors’ orientation and behaviour were durably influenced by the conflicts leading up to the fall of the dictatorship, as well as the transition to a democratic regime. Democratisation initially created very favourable conditions for union growth. It established the right of ‘free’ trade union association and stimulated extensive working class mobilisation, which was accompanied by the recuperation of trade union organisation. For all the radicalism that was apparent throughout democratisation, the unions did not break with the legacy of corporatist union structure and, beyond this, fell prey to new political divisions.

European integration, on the other hand, has largely created unfavourable conditions for union development. By exposing Portugal’s relatively under-developed economy to new forms of competition, it has created unprecedented economic challenges and has led capital and the Portuguese state to seek major transformations in the existing industrial relations pattern, much to the detriment of union stability. Ironically this pressure has stimulated a rationalisation of union structures through the
demise and disappearance of unions with overly fragile resources, as well as through concerted and planned restructuring by unions.

**Democratisation and the trade unions**

Portugal's democratisation was a sudden and yet protracted process. It took off with the military coup of 25 April 1974 led by the captains of the Movimento das Forças Armadas (MFA). It was a ‘rupture by golpe’ (Linz 1981), and involved one and a half years of revolutionary mobilisation and upheaval (1974-1975) and almost a decade of political instability. This conflict-filled transition is the particularity of Portuguese democratisation, distinguishing it from the Spanish case, which stood out as a negotiated and peaceful process.

The coup of 25 April 1974, which effectively put an end to the corporatist regime of industrial relations and of labour control, as well as the authoritarian state, progressively gave rise to a context of institutional disintegration and political uncertainty. From 11 March 1975 to 25 November 1975 Portuguese society was engulfed in a near revolutionary situation. Major economic change took place in this period, most significantly, the nationalisation of the commanding heights of the economy, much of large-scale industry and the financial sector, and a vast agrarian reform.

An oppositional labour movement, identified largely with the coalition of 'representative' unions, known as Intersindical, had been an important, if incipient, pivot of the democratic movement during the authoritarian regime. The revolution launched the working class and the labour movement upon the political and economic scene. Masses of pent up proletarianised workers responded rapidly to their new liberty with semi-spontaneous organisation and struggle for basic conditions. Through the combined effect of the surge of struggle (see Table 14.1) and governmental decree, there was a rapid increase in real wages and in labour's share of the national income.

Following the April revolution, power relations were frequently transformed within enterprises. Managers who had compromised with the old regime were often expelled, owners fled, and workers’ committees and unions supported nationalisation. The new forms of working class...
organisation (free, autonomous trade unions, workers' commissions and political parties) were confused within the enterprises, and their specific roles were often determined by the political strategies of those leading them.

Table 14.1: Strikes in Portugal, 1974-1985

<table>
<thead>
<tr>
<th>Year</th>
<th>Strike frequency</th>
<th>Average number of strikers per strike</th>
<th>Average work days lost per strike</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>313</td>
<td>603</td>
<td>5868</td>
</tr>
<tr>
<td>1975</td>
<td>340</td>
<td>3590</td>
<td>15986</td>
</tr>
<tr>
<td>1976</td>
<td>367</td>
<td>5976</td>
<td>17277</td>
</tr>
<tr>
<td>1977</td>
<td>357</td>
<td>1033</td>
<td>2049</td>
</tr>
<tr>
<td>1978</td>
<td>333</td>
<td>478</td>
<td>1743</td>
</tr>
<tr>
<td>1979</td>
<td>381</td>
<td>885</td>
<td>1632</td>
</tr>
<tr>
<td>1980</td>
<td>374</td>
<td>1066</td>
<td>1964</td>
</tr>
<tr>
<td>1981</td>
<td>756</td>
<td>671</td>
<td>1245</td>
</tr>
<tr>
<td>1982</td>
<td>563</td>
<td>609</td>
<td>1058</td>
</tr>
<tr>
<td>1983</td>
<td>532</td>
<td>608</td>
<td>1443</td>
</tr>
<tr>
<td>1984</td>
<td>550</td>
<td>514</td>
<td>602</td>
</tr>
<tr>
<td>1985</td>
<td>504</td>
<td>478</td>
<td>666</td>
</tr>
</tbody>
</table>

At the outset of the democratic transition, the trade union movement was equalled, if not eclipsed, by such non-institutionalised mass initiative (Lima Santos et al. 1976). Organisational consolidation nevertheless proceeded. The occupation of the former corporatist union apparatus – the *sindicatos nacionais* – generally consolidated the leadership of activists of the pre-1974 period. Following the coup, many of these leaders either surfaced as members of the *Partido Comunista Português* (PCP) or joined it. A significant number of such leaders were also social Catholics. They did not challenge the PCP, because their ideological differences were often not that great with regard to socialism, class solidarity and trade union problems. More 'radical'
union activists (Trotskyists, anarchists, Maoists) were also strongly represented, but frequently relegated trade union activity to a secondary level, giving priority to the non-institutionalised mobilisation of the working class and masses in direct action.

The organised labour movement was almost exclusively identified with Intersindical. This situation was reinforced with the passage of the original trade union law of April, 1975 under a pro-Communist government. Oriented by a Leninist strategy for leadership and control over the unions, and an inclusive perspective on the labour movement, this law repressed union pluralism, containing a ‘unification’ clause that prohibited the creation of ‘parallel’ union structures and sanctioned Intersindical’s monopoly as the only trade union confederation.\(^7\)

The PCP, due to its experience of struggle within the corporatist unions, and the resources of its apparatus, was able to establish itself as the hegemonic force in Intersindical and, thus, over the labour movement as a whole. In accordance with its perspective on the revolution in course, the PCP sought to translate its hegemony into organisational dominance (Optenhögel and Stoleroff 1985). At various points, the PCP domination of Intersindical’s policy-making resulted in serious contradiction with the rank-and-file movement. The incipient union movement was brought very close to the state apparatuses of the revolutionary governments through its relationship to the new Labour Ministry (and Communist, trade unionist Minister of Labour) and through political alliances, especially with the PCP. This became very clear during the period of Communist influence in the government, when the PCP and Intersindical took positions against the strike movement of summer 1974, repudiating strikes in the interest of securing the new regime. Its support for the ‘battle for production’ was another symptom of this subordinate relationship to the state. With the nationalisations following 11 March 1975, Intersindical considered Portugal to have definitively entered upon the road to socialism, and used its position to discipline the working class in line with this transition. The first congress of Intersindical Nacional in June 1975 clearly demonstrated the organisational predominance of the PCP, and reinforced its influence in the main directive and organisational positions. Following this congress, intense political struggle ensued within the trade unions.
At the enterprise or local level, the situation was much less organised. Unions had to be organised, as in many cases the old corporatist union structure did not exist outside of an office. This meant that in the enterprises there were very few activists with previous trade union experience. Therefore, the organisation of enterprise or local unions was often directed from Lisbon or led by the local Communist Party branch.

Following the events of 25 November 1975, in which the elements of the armed forces close to the PCP and the far-left were defeated in military manoeuvres, the revolutionary forces lost their influence over state power and the democratic transition took a more conservative turn. This turn of events put an end to the revolutionary phase of dual power, but not to the dynamic of union growth, nor to labour’s influence.

The defeat of the revolutionary forces in the state did not put an end to the advance of the labour movement. In defence of the positions gained during the revolutionary phase, the ‘victories of 25 April’, the labour movement now led an offensive ‘institutionalisation’. The struggle focused upon calls for the defence of trade union liberties, for workers’ participation in the management of social security, for the advance of agrarian reform and for freedom of information; but against the hiring freeze, the rise in the cost of living, lay-offs, and repression. For Intersindical and the PCP, a most important victory was the legally enforced organisational unity of the labour movement.

Moreover, attentive to the long-term need for organisational and institutional consolidation, the labour movement – under the influence of the PCP, in particular – had sought to convert power resources obtained from mobilisation into institutional power resources, not only in the form of organisational resources, but also in the form of rules and procedures of the newly established institutions. The consolidation of leadership over the trade unions was a strategic aspect of this. At the level of the individual unions, leadership elections were held. These frequently took place in the context of electoral assemblies, where the self-appointed leaderships assumed during the mobilisation were secured de jure.
The period of constitutional government was launched following the defeat of the military left wing with the conflicts of 25 November 1975. A representative, parliamentary democratic regime emerged. Nevertheless, as a legacy of the revolutionary period, there remained a political economy and political atmosphere particularly favourable to the working class. On the one hand, a large nationalised and protected sector emerged from the turmoil of the previous period. This was the basis of the ‘socialism’ inscribed in the 1976 constitution. On the other hand, the working class and the unions benefited from the granting in the constitution, and newly passed labour legislation, of extensive rights to union recognition and bargaining and to workers’ control in the enterprises (Caupers and Magalhães 1978; Anselmo and Costa 1987). The basic law on unions had been passed in 1975. There soon followed the basic law regulating collective bargaining that included the right to strike. The Constitution of the Republic established the rights pertaining to labour in Portuguese industrial relations – union rights to recognition and negotiation and participation in the institutions of state planning and social security. Finally company-level economic consultation and a form of workers’ ‘control’ was legalised in 1979, to be exercised through the Comissões de Trabalhadores (Workers’ Commissions). Parallel with statutory regulation of procedures and representation, was legislation to establish the content and parameters of industrial relations. Particularly rigid and bureaucratic rules with regard to individual and collective dismissal, based on the corporatist law, covering the individual labour contract, were maintained and extended by the constitutional right to work. Together with the nationalisations and agrarian reform, these are the ‘victories’ or ‘conquests’ of the revolution referred to in union discourse.

Meanwhile, another tendency was accumulating political and organisational resources. The Communist CGTP faction was defeated in elections in a considerable number of important unions. This group of unions then constituted itself as a movement organised around a document of intentions known as the ‘Carta Aberta’. It was directed against the Communist majority in Intersindical and sought to ‘democratisé’ the trade union movement. Its activists were mainly from the Partido Socialista (PS), but included people from the Partido Social Demo-
crata/Partido Popular Democrático (PPD/PSD), the Movimento Revolucionário do Partido do Proletariado (MRPP) and others. Forty-eight unions attended a first meeting of the movement in summer 1976. Eleven of these had been co-founders of Intersindical in 1970. Only nine of them organised blue-collar workers. As a result of the political struggle that ensued, a political and ideological division crystallised in the labour movement that was to lead to rapid and irreversible effects. At the ‘All Trade Union Congress’ in 1977 the Intersindical leadership waged a partly successful counter-offensive, but the break was assumed. Once the law that had ensured trade union confederal unification was revoked in Parliament, the door was open for the institutionalisation of ideological pluralism in Portuguese trade unionism.

In October 1978, 47 unions approved a ‘Declaração de Princípios e os Estatutos’ and the UGT was founded in January 1979. The UGT was thus born explicitly as a political, ideological rival to the CGTP, largely through the efforts of the PS (while it was in government, thus making plausible the accusation of state-sponsorship). The emergence of a second union confederation ushered in a new logic of political competition within the labour movement.

At its foundation the UGT was a coalition of mainly service sector and white-collar unions. These, however, were significant union organisations, particularly the unions of bank workers and office workers. The industrial unions that affiliated to the UGT were not especially representative, and in several cases were embryonic organisations. Given its ambition to compete with the CGTP throughout the labour market, UGT opted to construct parallel unions which would be able compete with the CGTP organisations. Between 1978 and the early 1980s, entirely new organisations were created in important branches of industry and in the service sector. A number of existing unions had their district or multi-district jurisdictions expanded to a national level. This method proceeded in industries such as the ceramics, glass and construction, hotels and catering, tourism and buses, as well as for white-collar workers.
Consolidation of the organisational division of Portuguese trade unionism took place against the complex backdrop of the institutionalisation discussed above, political instability and increasing economic uncertainty. The institutions of industrial relations were progressively constructed on a legal framework that, by 1979, had been pretty much established. From the late 1970s until the mid-1980s the initial framework agreements for most sectors were established and collective bargaining developed within the parameters established by law, coverage being widely extended and reaching a high point of 61 per cent of the dependent labour force in 1984. The legally established practice of ministerial extension of the provisions established by agreements to contiguous areas of activity – the results of which are not incorporated in these statistics – means that coverage extended significantly beyond these figures.

A period of political instability set in. The early constitutional period was plagued by a succession of short-lived governments of ambiguous political intentions. But political instability clearly involved labour mobilisation, aspects of which were reflected in labour conflicts at the workplace, but most of which was articulated with political mobilisation. The CGTP had developed a strategy of high tension, conflict and mobilisation with the aims of bringing a left wing (further left than the PS) government back into power to recontinue along the road of the April Revolution.

In 1977 the Ministry of Labour registered 357 strikes with an average of 1,033 workers per strike and an average of 2,049 days lost per strike. In 1978 the number of registered strikes was 333, though the average number of workers involved per strike had decreased significantly to an average of 476 and an average of 1,753 days lost per strike. At the end of 1979 the right wing Aliança Democrática (AD) coalition government of the Partido Social Democrata (PSD) and Centrists (CDS) was formed. The frequency of strikes began to rise once again and in 1979 the Ministry of Labour registered 378 strikes, averaging 857 workers per strike, with an average of 1,585 worker-days lost per strike. In 1980 there were 374 strikes, averaging 929 workers per strike, with an average of 1,712 worker-days lost per strike. In 1981 a curious trend emerged. The number of strikes rose drastically to 756, although the number of
workers participating averaged only 633 per strike and the number of worker-days lost per strike decreased to an average of 1,175. In 1982, although the number of strikes decreased to 563, a new plateau was reached that was significantly higher than in 1980. However, a new plateau was also reached for the average number of strikers per strike. The figure for 1982 of 575 is significantly lower than the figure of 929 for 1980. The trend that emerges here is of increasing political competition in the calling of strikes and the adherence of workers to strikes. More strikes were called because, firstly, more unions appear with the consolidation of the UGT, and unions affiliated to the CGTP or UGT tend to call strikes independently. More strikes also took place because of the political use of strikes in trade union opposition to the right wing AD government. In February of 1982 the CGTP called a 24-hour general strike, later referring to it as ‘the greatest strike movement ever in the history of the workers’ movement [in Portugal]’. The UGT opposed the general strike, associated it with the PCP and considered it a rout for the CGTP. The degree of politicisation of unionism and of sheer political conflict at this time, was indicated by the government’s reaction to the strike, in which reference was made to the detection of insurrectionary efforts.

Economic crisis

The economic crisis of 1983-1985 put a brake upon the advance of labour at the branch and workplace levels, and turned out to be a watershed for the unions. It initiated a persistent tendency towards the weakening of union presence and labour representation at the workplace, although the evidence of such a tendency did not become visible until the late 1980s. On the one hand it exhausted the CGTP’s strategy of political mobilisation. On the other hand it established the reformist UGT as the preferred partner of the state.

The economic crisis coincided with the formation of a centrist coalition government between the PS and the PSD. For the PCP, and the CGTP in its wake, this was a government of ‘capitalist restoration’ and constituted a phase in the class struggle that had been initiated by the revolution of 1974-1975. Unemployment, delayed payment of wages
and economic crisis were viewed as the necessary outcome of the anti-working class politics of the government. The substitution of the government was held up as the key to the resolution of the immediate problems of the working class, and the PCP mobilised all its resources, most particularly its capacity to mobilise workers through the CGTP, to bring down the government. This strategy exacerbated the subordination of trade union struggle to political struggle that was a by-product of the revolutionary period (Openthalög and Stoleroff 1985). Exacerbated by the crisis-induced deadlock in industrial relations at the enterprise level, this intensified politicisation of union mobilisation led to a further displacement of the trade unions’ locus of action from the concrete situation of industries and enterprises to politics and the state (Stoleroff 1988a; 1988b).

A high level of industrial conflict, therefore, was maintained during the short tenure of the centrist government (see Table 14.1). In 1984, however, the high frequency of strikes was accompanied by a decrease in participation with a fall in average working days lost per strike. This trend was repeated in 1985. The decreasing density of conflicts was a signal that the politicisation of labour action had come up against resistance. Serious economic insecurity – bordering on desperation – exhausted the revolutionary impetus. Workers who may have previously been susceptible to the rationale behind the linkage of economics and class politics became preoccupied with the preservation of their jobs and survival. Nevertheless, such political incentives continued to interest a substantial portion of the working class.

By the mid-1980s, collective bargaining had begun its slide into ineffectiveness due to the competition between UGT and CGTP unions within the same jurisdictions. Portuguese labour law permits contractual relations between employers and any union that claims representation of interested workers. Due to the hostile relations between competing parallel unions and their generalised refusal to combine their economic efforts, employers could bargain tactically and selectively, favouring relations with the unions of their choice, regardless of their representativity. The CGTP’s maximalist and politicised approach to collective bargaining contributed to making the newer,
generally less representative UGT unions, the preference of the employers. During the economic crisis, the politicised mobilisation of the CGTP reached its climax.

In the period of economic crisis union demands and behaviour were considered a fundamental factor contributing to the high rate of inflation. The highly politicised mobilisation of the CGTP maintained a high degree of conflict in industrial relations as well as the political system. The centre-left government was the target of such mobilisation and for political reasons (principally anti-communism) the government sought to shore up the UGT vis-à-vis the CGTP. The UGT was a willing partner in this venture for strategic reasons, as well as for reasons deriving from its own neo-corporatist orientation for dealing with the crisis and achieving economic modernisation. As a consequence of perceived union militancy and strength, a neo-corporatist element was introduced into the political economic strategy of the centre-left government at the time, and in 1984 a tripartite organ for macro-economic and social negotiation, the Conselho Permanente da Concertação Social (CPCS), was created. On the union side, until 1987, only the UGT participated in the CPCS, but a process began through which the union confederations – together with the employers’ confederations – were promoted by the state to the status of publicly recognised interest associations. Through this process, the union movement took on the characteristics of an ascendant political actor, and an element of corporatism was added to the Portuguese industrial relations model. While this process further legitimised the participation of labour in economic policy, it reinforced the state locus of employment regulation, to some degree whittling away the necessity of concerted bargaining at industry and company level.

Throughout the rest of the 1980s the tendency towards a whittling away of union representation at workplace level continued, particularly as a result of increasing economic uncertainty and the shift of union efforts towards political solutions. Concurrently, the processes of tripartite negotiation between the peak associations of labour, capital and the government were institutionalised and further consolidated.
European integration

The economic crisis of 1983-1985 provided the catalyst for the transformation of the Portuguese state through the adoption of economic neo-liberalism. This occurred through the shift in the orientation of the Socialists – in the aftermath of the failure of the French Socialist government – against the statist view of the role of the nationalised and planned economy, towards private initiative. In spite of its seeding of neo-corporatism, when it came to the structural problems of the Portuguese economy the centre-left government had already floated a number of schemes based on liberalisation. In 1985 the centrist coalition government fell and was replaced by a minority government of the explicitly neo-liberal PSD. Thus a reshuffling of political resources strongly in favour of the demands of capital and the employers took place on the eve of European integration.

European integration in 1986 reinforced this transformation of the state. Portugal was integrated within a larger political space dominated by democratic capitalist regimes whose governments were increasingly influenced by neo-liberalism. As such, the integration of Portugal within the EU sanctioned the further weakening of the political-economic project based on the predominance and leading developmental role of the nationalised sector, and reinforced the hegemony of a neo-liberal agenda within Portugal. Portugal thus acquired the peculiarity of having a neo-liberal government promoting tripartite negotiation with the goal of obtaining a social pact to contain wages.

Portugal’s entry into the EU simultaneously initiated a major shift in the economic context for industrial relations and trade union development over the long term. This situation was dominated by the competitive pressures arising from the globalising economy. Within the neo-liberal perspective, the competitiveness of the Portuguese economy became the priority. The keys to economic restructuring in this approach were privatisation and flexibilisation of labour relations.

Portugal’s entry into the EU also coincided with political stabilisation. In 1987 the PSD won an absolute majority in the legislative elections, assuring it of a normal four-year mandate in the terms of the constitution. This electoral ‘revolution’ was the outcome of internal political
developments linked to shifting class forces and the emergence of new class and political alignments. Meanwhile the CGTP had altered its policy regarding the CPCS and had taken up its seats in 1987.14 Thus, political stability and democratic ‘normalisation’ went hand in hand; the class struggle was transformed in the sense of a ‘democratic class struggle’. Crucial to this was the integration of both labour confederations in 1987 within the CPCS (Stoleroff 1992). This political conjuncture determined to a great extent the manner in which the factors of economic uncertainty would be mediated by the state and translated into specific policies. Political changes shifted state economic policy in the direction of liberalism and a freer market economy. The restructuring that took place, both within the economy as a whole and at workplaces, challenged the pattern of industrial relations. The conditions of Portugal’s entry into the EU sustained such tendencies, and maintained stability for a prolonged period. In such conditions, the influence of economic restructuring would come to have a fairly unmediated impact on the opportunities and resources of the trade unions.

The fact that political stability occurred under the enduring hegemony of neo-liberal forces, amplified the effect of economic restructuring at the workplace through the progressive reduction of the resources that labour had accumulated at state level throughout the previous period of democratisation. Firstly, the significance of neo-liberalism cannot be abstracted from the re-emerging hegemony of private capital. New private economic groups would not necessarily promote the predominant pattern of labour representation. Secondly, the dismantling of the state sector undermined bastions of union strength (Stoleroff and Naumann 1995). Thirdly, restructuring reduced the social basis of unionisation, particularly the industrial component of the workforce.

The electoral majority meant that the PSD government was free from the need to look for allies for the success of its programme and could achieve an unprecedented independence from labour-based political mobilisation. This made it possible for the government to ensure the passage in Parliament of measures that would fundamentally influence the rules and balance of forces in the industrial relations system. Thus, it permitted the constitutional reforms needed for allowing reprivatisation of public sector firms and the reform of labour law. In the context of the increasing
importance of the tripartite macro-economic negotiation, institutionalised in the CPCS, the new political situation raised qualitatively new problems for unions and their allies. To a large extent the neo-corporatist institutions took on a more transparent function of legitimating a decline in union strength as anti-inflationary wage guidelines were obtained without significant concessions being made to the unions in other non-wage domains (Stoleroff 1992; Lima and Naumann 1997).

Following 1987, the PSD Government launched a decisive campaign to achieve a programme of ‘structural reforms’, namely the revision of labour legislation, privatisation, the abolition of the agrarian reform and the revision of the constitution. Indeed, the structural reforms advanced in the government’s programme signified a substantial challenge to the position of the entire labour movement.

The major battle in this campaign took place around the issue of labour law reform. The government’s labour reform proposal, known as the *Pacote Laboral*, provided for the extension of the notion of fair cause to the firing of an employee to justifications such as lack of adaptation to technological changes, and loss of confidence required for the exercise of directive and representative functions. It was the realisation of a long nourished project for reform of what liberals and the employers considered the extreme rigidity of Portuguese labour law. The unions, however, highly valued these restrictions on firing. Thus, the government’s submission of the *Pacote Laboral* turned out to be a declaration of war that, although slow to break out, led to a decisive showdown. The two confederations united in a general strike against the *Pacote Laboral* on 28 March 1988. This conflict changed the face of Portuguese unionism. Such a strike could only be conceived of as a strike against the government. As a result, it brought about sharp division within the UGT between unionists of the PSD and those in the PS. The CGTP, on the other hand, was united in its opposition to the government’s proposal, and had consistently concretised its opposition through a number of actions, demonstrations and strikes. The struggle over the *Pacote Laboral* was intimately intertwined with the situation in collective bargaining and in the macro-economic bargaining in the CPCS. Therefore, it had extensive consequences for the labour movement. Labour challenged the PSD’s absolute majority with an unprecedented
general strike and was eventually defeated. The legislation was passed in Parliament. Various constitutional actions, over the following year, were unsuccessful in stopping the legislation. This was a significant defeat for the labour movement, and, in many ways, it created the conditions for going ahead with the remainder of the structural reforms.

The privatisation of the state enterprise sector was central to the programme of structural reforms put into effect by the PSD governments. With the exception of the PSD faction, the Portuguese labour movement considered the position of unions in the state enterprise sector as strategic to its general wellbeing. The state sector was monopolistic. In addition, the state sector was central to Portuguese industrial and employment policy, until the consolidation of the mandate for liberalisation under the PSD governments. Furthermore, the stability of state sector provided some protection for union organisation and the conditions for union growth during a significant period of post-democratic industrial relations. To a great extent the future of the traditional working class movement was dependent upon the outcome of the privatisation process.

Privatisation was a major threat to the CGTP, in particular, for various reasons. In organisational terms, the state sector was an important niche for the CGTP unions. At the beginning of the 1990s trade union density in Portugal was situated in a range between 35 per cent and 40 per cent, but the pattern of union density at the workplace was extremely irregular (Stoleroff and Naumann 1993; Stoleroff 1995). There was a certain niche comprising between 10 per cent and 15 per cent of medium and large-sized enterprises where density was exceptionally high. The state sector was central to this segment. Union density in the public enterprises was consistently very high. Furthermore, labour representation was exceptionally well developed in the state enterprises. The dual pattern of labour representation (unions and Workers Commissions) was primarily a characteristic of the state sector. Moreover, collective bargaining in public enterprises was generally exercised at the level of a single firm or of a small group of firms, with much more detailed regulation of workers’ rights and a considerably higher wage level than in the branch-level agreements of the private sector. Thus, the existence of a protected state sector, and a
state that encouraged the development of industrial relations and labour representation, was beneficial to the accumulation of organisational resources by the CGTP unions. There was also an ideological consensus in the CGTP, which went beyond the influence of the PCP, regarding the value of state enterprise. The CGTP, in common with the PCP, defended the nationalised enterprises as a fundamental victory of the democratic revolution and as a foothold towards ‘socialism’.

Although the CGTP was not directly threatened by the privatisation process, some of its main traditional strongholds and unions were. As a result, the privatisation process has the potential of effecting a major shift in the composition, and resulting political balance, within the CGTP. Beyond and associated with this, is the fate of the ‘proletarian’ base of the PCP. The importance of the PCP within the CGTP and the importance of the state sector for the PCP’s union organisation are fundamental factors to look at in considering the capacity of the CGTP to adapt to the changes in the Portuguese political economy that are related to privatisation.

The unions were not able to recover their organising and mobilising capacity in the period of economic growth that began in 1986. In spite of what may seem like favourable conditions for union growth, namely a tight labour market, Portuguese unions experienced this recovery more as a continuation of problems that emerged in the crisis, rather than as a new opportunity for their development. The unions encountered a fundamental obstacle in the government’s pursuit of restructuring the Portuguese economy. In addition, EU integration played a role in easing certain labour market tensions, especially since structural funds were injected into the economy and major efforts were made to expand the system of vocational training. But this did not have the anticipated effect of relaxing pressures upon unions. Firstly, the employment strategies of companies also played an important role; while growth sectors increased employment, they did so largely on the basis of flexible, fixed-term contracts. The result was the creation of large pockets of precarious employment, which were resistant to unionisation. Secondly, where employment growth was not as precarious, varieties of human resource management and anti-union incentives also impeded the establishment of union footholds. Thirdly,
economic restructuring on a massive scale reduced the base of union membership. Fourthly, privatisation continued to undermine the bastions of union strength. Finally, there was a resurgence of employer unilateralism.

In 1992 the Portuguese economy converged with the general European recession. There was a significant decline of employment by one per cent, and by 1993 there was negative growth of −2.0 per cent. The decline continued in 1994 at −0.1 per cent and 1995 at −0.6 per cent. The annual declines in salaried employment were greater in this period. Unemployment (restricted sense) increased steadily from the third quarter 1992, reaching 5.5 per cent in 1993, 6.8 per cent in 1994, 7.2 per cent in 1995 and 7.3 per cent in 1996. Certainly, the unemployment rate was below the OECD and EU average, but in 1993 Portugal arrived at one of the highest rates of unemployment increase. While the unemployment rate for the European Twelve increased from 10.8 per cent to 10.9 per cent between November 1993 and January 1994, in Portugal the rate increased from 5.2 per cent to 5.7 per cent. Between January and March 1994 the Instituto Nacional de Estatística counted 27,000 new unemployed, which resulted in an average loss of 300 jobs per day (Diário de Notícias, 24 March 1994). This rise of unemployment in the context of continuing restructuring, contributed to a general weakening of union strength.

Strike frequency declined with the downward economic curve (see Table 14.2). It continued to decline and bottom out, with the initial change in the slope of the curve lagging between economic upturn and collective perception thereof. Indeed, it was 1988, the year of the general strike, that strike frequency was at its lowest. It then began to increase in specific ways that coincided with the opportunities and pressures of the labour market. Demands became focused upon economic and labour market issues. The decline in strikes was also coincident with the institutionalisation of tripartite bargaining in the CPCS, and it could be argued from the statistics that conflict was channelled into social dialogue, and that Portuguese neo-corporatism had been successful. This would, however, be a spurious or one-sided conclusion. The decline in strikes was an indicator of the decrease in union mobilising capacity that resulted from the crisis. The signs of
moderation in strike activity throughout the rest of the 1980s were a result of the incapacity of union leadership to articulate the post-crisis expectations of workers in a situation of growing employment.

The trends discussed above have not been reversed on the return of a climate of recession in the early 1990s. Strike frequency, for example, continued to rise slightly, but strike participation and intensity declined. It remains notable that the highest point of strikes in the 1990s was well below the plateau reached a decade earlier.

Table 14.2: Strikes in Portugal, 1986-1994

<table>
<thead>
<tr>
<th>Year</th>
<th>Strike Frequency</th>
<th>Average Number of Strikers per Strike</th>
<th>Average Work Days Lost per Strike</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>363</td>
<td>638</td>
<td>1052</td>
</tr>
<tr>
<td>1987</td>
<td>213</td>
<td>382</td>
<td>532</td>
</tr>
<tr>
<td>1988</td>
<td>181</td>
<td>859</td>
<td>1093</td>
</tr>
<tr>
<td>1989</td>
<td>307</td>
<td>965</td>
<td>1164</td>
</tr>
<tr>
<td>1990</td>
<td>271</td>
<td>476</td>
<td>541</td>
</tr>
<tr>
<td>1991</td>
<td>262</td>
<td>455</td>
<td>473</td>
</tr>
<tr>
<td>1992</td>
<td>409</td>
<td>322</td>
<td>464</td>
</tr>
<tr>
<td>1993</td>
<td>230</td>
<td>361</td>
<td>348</td>
</tr>
<tr>
<td>1994</td>
<td>300</td>
<td>315</td>
<td>323</td>
</tr>
</tbody>
</table>

The recession of 1992 created a great deal of discontent with the policies of the PSD. In the elections of 1995 the PS won a majority of the votes and took office. In the main, this PS projected continuity with the policies of the PSD on economic competition and European integration. Indeed the PS government has been the vehicle of compliance with the Maastricht treaty and, in particular, with the effort to establish the conditions for Portugal’s integration within European Monetary Union. The main programmatic distinctions involve social issues (in particular its efforts against social exclusion which have included an experiment with a Minimum Guaranteed Income) and a commitment to active labour market policies. In economic and industrial policy,
however, it has fundamentally brought to fruition the structural reforms initiated by its predecessor.

Although strongly committed to tripartite negotiation, the PS government maintained the neo-liberal position towards the flexibilisation of labour relations. Indeed, in some ways it surpassed the PSD in the extent to which it was willing to make the state the protagonist of the competitive modernisation of the Portuguese economy and enterprises. This was the case with its attempt to introduce legislation promoting multiskilling in labour use, which was resisted by the CGTP. It has persevered in this vein with a continuous attempt to modify labour legislation in numerous fields (temporary and part-time labour). Even its application of the law for the establishment of the 40-hour week produced conflict with the unions, and with the CGTP in particular.

Meanwhile the government invested a great deal of effort towards obtaining the compliance of the unions with its reforms. In a sense it has surpassed the previous government, going from attempts to achieve short-term social pacts to more recently attempting long-term ‘strategic’ concertation. The UGT went along with this policy, while the CGTP maintained its opposition.

The political economic contexts for union development over the last decade have been unfavourable and have produced a clear trend towards decreasing union strength in Portugal. This relative decline is both a contributory factor to, and a result of, the emergence of new forms of company and workplace unilateralism in Portuguese industrial relations.

This new unilateralism incorporates a number of tendencies present in contemporary Portuguese company and workplace industrial relations. The new unilateralism sometimes appears as an abrupt change in tactics or strategy within collective bargaining, exemplified by the BCP/BPA banking group. At other times it is an implicit aspect of labour management taking the form of union avoidance and discouragement to unionisation. There are cases of fairly blatant repression of workers’ rights to unionise in traditional industries such as textiles and shoes. In content, this is not a new unilateralism, but rather a traditional one that has reappeared. The new unilateralism is not always, or even generally,
imposed in a dramatic clash with unions or the established pattern of industrial relations. It can also result from union incapacity to organise a critical mass of workers to obtain credible representativity. This was the case in the greenfield site of Autoeuropa, Portugal’s largest exporter. Indeed, the new unilateralism is generally associated with forms of human resource management and union difficulty and it does not, therefore, refer principally to a visible shift in management behaviour towards unions and workers. Evidence shows that Portuguese managers do not necessarily express overwhelmingly anti-union attitudes. The new unilateralism refers to a proven capacity among management to manage unchallenged, and to some degree, the intention of management to increase their scope of power with regard to the unions.

This capacity of Portuguese management is a product of a significant failure to articulate between company and workplace labour relations, and the meso and macro-levels in the Portuguese industrial relations system. In short, company and workplace industrial relations are in decline, or simply underdeveloped, in relation to the other levels of the system. This is manifested in the irregular and segmented distribution of union presence, the weak and marginal representation of labour at company level within a vast stratum of Portuguese firms, and underdeveloped channels of communication between management and labour (see Table 14.4; page 490).

Union structure: exclusiveness and inclusiveness in the evolution of portuguese union organisation

Portuguese union structure is characterised by political division at the confederal level and fragmentation, overlapping and duplication at the base. Confederal division was an outcome of the irreconcilable political conflicts that emerged during democratisation. It resulted in the creation of parallel and competing unions at the workplace and rank-and-file level. Union fragmentation is largely a remnant of the design that had been imposed under the authoritarian regime in order to divide the working class. Its continuing influence after two and a half decades of ‘free’ union experience reflects the failure to forge a more rational,
inclusive pattern of organisation throughout the democratisation process, and the inertia of the union movement since then.

The intentionally fragmented union structure under corporatism was characterised by territorial, sectoral, craft and occupational partition. There were also fields in which union organisation was prohibited, such as agriculture, fishing, public administration, education and domestic services. In spite of the evident irrationality of this pattern, the corporatist unions were not dismantled during the revolution. These unions were occupied and taken over by the new union leaderships and activists, leaving the inherited structures largely intact. New unions were formed in conformity with this model. Thus, a fragmented trade union structure was carried over from one regime to another. For political and ideological reasons, greater attention was initially placed upon ensuring union unity at the peak level.

The crystallisation of political antagonisms within the labour movement following the revolutionary period, resulted in a schism at peak association level. The Portuguese labour movement became divided between the two ideologically and politically opposed confederations and a cohort of independent unions. Political division at the confederal level probably hampered the development of union structure. In the first place, the schism interrupted the efforts at union restructuring begun during the revolutionary period, and eliminated the possibility of a continuous centrally co-ordinated trade union reorganisation. It also directly resulted in the duplication of structures. In its attempt to compete for members with existing union organisations affiliated to the CGTP, the UGT sought to create parallel structures in the form of a network of national ‘vertical’ unions. This initiated a process of organisational duplication and provided an impetus for the proliferation of unions in accordance with politically competitive, rather than economic, logics, which undermined inclusiveness across the entire union system. The situation was complicated by the successful resistance of white-collar workers to industrial organisation. Jurisdictional competition was thereby exacerbated, exposing the constituencies of unions involved in restructuring to raiding, and created the conditions for the emergence of an increasing number of exclusive and independent unions outside of the confederations. As a
consequence, inertia set in and insufficient attention was given to the fragmentation and proliferation of union structures. Within each of the two confederations, mechanisms were developed to compensate for the disunity of structure, but these often stopped short of fundamental organisational change. The CGTP, for example, resorted to ‘Inter-Union Commissions’ at company level, and ‘Federations’ of unions in collective bargaining, to facilitate the co-ordination of union activity. As a result, there are only limited restraints to the centrifugal tendencies towards occupational and professional particularism and exclusivism, especially from forces situated outside of the confederations. Nevertheless, since 1995 the CGTP has been involved in a new campaign for organisational rationalisation and signs of progress in this endeavour have appeared.

Throughout the late 1970s there was an increase in the number of individual unions, from a total of 307 in 1974 to 374 in 1979.23 Two factors were responsible for the increase. First, the creation of unions in the areas where they had been prohibited or severely impeded, such as in the public sector, including the postal service. Second, the creation of parallel structures by the UGT and the CGTP. Due to the CGTP’s efforts, the number of unions declined from 374 to 346 between 1979 and 1984. This was still significantly more than had existed in 1974. The number of unions then started to rise again. According to Instituto Nacional de Estatística in 1987 there were 361 unions and in 1992 there were 407.24 More recently, however, there has been a trend towards a reduction in the number of unions. According to official statistics in 1998 there were 346 unions but, in a recent document analysing the structure of Portuguese unions, the CGTP claimed that only 332 unions were really in existence, and estimated that actually somewhat less than 300 unions are presently in operation. Much of the detected reduction can be attributed to a process of union restructuring that has been going on in recent years, due both to decline and dissolution, and planned efforts at merger and integration.25
Table 14.3: Distribution of unions by affiliation, 1998

<table>
<thead>
<tr>
<th>Affiliation</th>
<th>Number of unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGTP-MSU</td>
<td>184 (116 affiliated to the CGTP, 68 non-affiliated)</td>
</tr>
<tr>
<td>UGT</td>
<td>61</td>
</tr>
<tr>
<td>Independents</td>
<td>87</td>
</tr>
<tr>
<td>Total</td>
<td>332</td>
</tr>
</tbody>
</table>

Sources: CGTP, UGT

With the exception of banking and insurance, parallel unions belonging to both confederations exist in most sectors of the economy. In banking and insurance the unions are affiliated solely to the UGT. The CGTP declined to create competing unions in these two sectors. Each of the confederations possesses particular organisational characteristics.

The CGTP is a composite of numerous individual unions, industry federations and territorial associations (uniões). Additionally within the orbit of the CGTP are a significant number of unaffiliated, yet allied, unions that, as a whole, are referred to as the Movimento Sindicai Unitário (MSU, Unified Union Movement). The CGTP-MSU encompasses 184 unions (116 affiliated to the CGTP, 68 non-affiliated) within practically all sectors, with the exception of banking and insurance.

In both industry and services, the union structure of the CGTP-MSU remains strongly influenced by jurisdictions based upon districts. Regional jurisdictions (North, Centre, South and Islands) have, however, become increasingly important. Since 1995 the CGTP has been committed to restructuring its unions, and, in some cases, the fusion of district-based unions into regional unions has been a step towards the creation of national unions. This was the case of the unions in the paper and printing industries. Over the last twenty-five years there have been several mergers of district-based unions in the paper industry and printing trades, followed by mergers of the unions from the two industries on a district basis. In turn, these were followed by the creation of regional unions and, finally, the creation of one national union (Sindicato dos Trabalhadores das Indústrias de Celulose, Papel, Gráfica e Imprensa) in 1996. A similar, but
uncompleted, process has been going on among the CGTP unions that organise commercial, office and service workers. Two regional unions (South and North) have been created which, potentially, can integrate the six still existing district unions.

Within industry, the CGTP unions are composites of closely related industries, for example, paper and printing, or construction, carpentry, ceramics, cement and marble quarries; or single-industry-based such as in food and beverages, metallurgy and engineering. Most such unions are also composites of district and region-based unions. For example, of the eleven metallurgical and engineering unions in the CGTP, six are based upon single districts (Braga, Castelo Branco, Guarda, Lisboa, Santarem and Viana do Castelo), two encompass several districts (Aveiro and Viseu, Coimbra and Leiria), two are regional (North, South) and one covers the islands of Madeira. Unions in the textile, woollen goods and garment industries are predominantly multi-district, indeed 'provincial' (Sindicato Têxtil do Minho e Trás-Os-Montes, Sindicato dos Trabalhadores do Vestuário, Confecção e Têxtil do Minho e Trás-Os-Montes, Sindicato dos Trabalhadores do Sector Têxtil da Beira Baixa, Sindicato dos Trabalhadores do Sector Têxtil da Beira Alta, Sindicato dos Trabalhadores Têxteis dos Distritos do Porto e Aveiro) and regional (Sindicato dos Trabalhadores Têxteis, de Lanifícios e Vestuário do Centro, Sindicato dos Trabalhadores Têxteis, Lanifícios e Vestuário do Sul) with still some district-based unions (Sindicato dos Trabalhadores do Sector Têxtil de Aveiro, Sindicato dos Trabalhadores de Vestuário, Tinturarias e Lavandarias do Distrito do Porto). Unions in the shoe and leather industries are both regional and district-based (and mainly located in the north of the country), although two leather industry unions overlap in national jurisdictions. The same pattern basically holds for the CGTP unions which cover construction, carpentry, ceramics, cement and marble quarries, although in some cases these industries are together in one union, while in others, separate unions exist for construction as opposed to ceramics or cement. In the food industry there are several unions which are general food and beverage unions as well as meat-packing, bakery and canneries unions. The food and beverage unions are now mostly multi-district and regional, but there are still some single district-based unions. The tobacco workers were integrated into the food industry union of the southern region. Two industries are composed
entirely of region-based unions. There are three regional unions in electronics (North, Centre, and South and Islands) and two in chemicals and pharmaceuticals (North and Centre, South and Islands).

In transport separate unions affiliated to the CGTP organise road, rail, maritime and air. The bus drivers’ (urban and inter-city) unions are still predominantly district-based, though there are three regional unions (Centre, North and South). Two of the district unions are actually general transport unions of the two largest cities, Lisbon and Porto. The CGTP’s railway workers’ unions are all regional (Centre, North and South), which distinguishes them from the myriad of UGT and independent general and occupational unions existing on the railways. There are several unions in the merchant navy but, as is obvious, they are demarcated by occupation and not by geographical jurisdictions. Only one of the many unions in aviation is affiliated to the CGTP and it is a general union.

For a long time, commerce and office workers’ unions within the CGTP-MSU were mainly district-based unions. The creation of regional unions is a pole of attraction for change. Apart from the large Lisbon teachers’ union, the CGTP’s teachers’ unions are all regional (South, Centre, North, Azores and Madeira), as are its hotel and restaurant workers’ unions.

There is a vast array of public employee unions within the CGTP-MSU. The civil service is broken into regional unions while municipal employees, apart from those of the Lisbon municipality, are organised within a national union. Other public employees are grouped into either professional or sectoral unions, such as magistrates, tax employees, police and prison guards. The CGTP-MSU also encompasses multiple and varied unions of health professionals which are regional (doctors) or national (nurses and veterinarians).

In the primary sector, the unions in the fishing industry are now mainly, but not exclusively, regional, while there is one national union for agriculture and forestry.

To this inventory it is necessary to add a number of regional and national professional and occupational unions.
For collective bargaining, however, the CGTP’s local unions generally obtain their voice through federal structures. In manufacturing, the largest unions join the federation of the textile, garment and footwear industries (Federação dos Sindicatos dos Trabalhadores Têxteis, Lanifícios, Vestuário, Calçado e Peles de Portugal, FESETE) and those of the very recently merged sectors of metallurgy, engineering and mining and chemicals, pharmaceuticals, oil and gas (Intersindical da Metalurgia, Metalomecânica, Minas, Química, Farmacêutica, Petróleo e Gás). The other federations associate unions in the food and beverage industry (Federação dos Sindicatos das Indústrias de Alimentação, Bebidas e Tabaco, FSIABT), in the ceramics and glass industry (Federação dos Sindicatos das Indústrias de Cerâmica, Cimento e Vidro de Portugal, FSICCVP), and in the electricity and power industry (Federação dos Sindicatos dos Trabalhadores das Indústrias Eléctricas De Portugal, FSTIEP). As a result of the recent efforts towards restructuring in the CGTP, the federation in the printing and paper industries was dissolved and substituted by one union with a national scope. Unions in the construction industry are in a federation that also includes the woodworking and cork industry, as well as marble quarries (Federação Nacional dos Sindicatos da Construção, Madeiras, Mármores e Materiais de Construção, FNSCCMM). The federation in the secondary and tertiary sector (Federação Portuguesa dos Sindicatos de Comércio, Escritórios e Serviços, FEPCES) organises all categories of workers in commerce and in various services as well as office employees in all industrial and service sectors (except for those preferring to belong to the CGTP’s industrial unions). In the service sector there are federations encompassing hotels, catering and tourism (Federação dos Sindicatos da Hotelaria e Turismo de Portugal, FESHOT), communications and telecommunications (FCTA), road and public transportation (Federação dos Sindicatos de Transportes Rodoviários e Urbanos, FESTRU), the railways (Federação dos Sindicatos dos Trabalhadores Ferroviários Portugueses, FSTFP), and maritime (Federação dos Sindicatos do Mar, FSM). There are federations of civil servants’ unions (Federação Nacional dos Sindicatos da Função Pública, FNSFP), teachers’ unions (Federação Nacional dos Professores, FENPROF) and doctors’ unions (Federação Nacional dos Médicos, FENAM). In the primary sector, there is a federation for unions in the fishing industry (Federação dos Sindicatos do Sector da Pesca, FSSP).
The uniões are the district or county structures of the CGTP-MSU. These territorial groupings were created at around the same time as the federations (1975-1981) in all the districts and, like the federations, have their own leadership bodies. Although the uniões with the highest membership figures are those in the largest urban areas, they have their most significant role in the more remote regions because the organisational weakness of the local sectoral unions forces them to pool their limited resources.

Although it comprises a limited number of federations, the structural foundation of the UGT rests upon individual unions, a combination of both ‘vertical’ and ‘horizontal’ unions. The 61 unions of the UGT span most of the labour market, although there are some gaps. Its most developed organisation is in the financial sector of banking and insurance, where there are no CGTP unions. It is much less complete in its industrial organisation.

The core of the UGT is made up of white-collar unions of bank, insurance and office workers. There are three regionally demarcated unions of bank workers (Sindicato dos Bancários do Sul e Ilhas, Sindicato dos Bancários do Centro, Sindicato dos Bancários do Norte) and two regionally demarcated insurance employees’ unions (Sindicato dos Trabalhadores de Seguros Sul e Regiões Autónomas, Sindicato dos Trabalhadores de Seguros do Norte). These are inclusive unions and there are no additional UGT unions in the financial sector. There are several horizontal office workers’ unions organising the administrative and office personnel across the different branches. One of these office workers unions is national in scope (Sindicato dos Trabalhadores de Escritório, Serviços e Comércio), one is district-based (Sindicato dos Trabalhadores de Escritório e Serviços de Lisboa), and two are regional (Sindicato dos Trabalhadores de Escritório Informática e Serviços da Região Sul and Sindicato Democrático do Comércio, Escritórios e Serviços/ Centro-Norte). There are, in addition, three office and commercial workers’ unions which are very local. There is a federation of office workers unions, which includes an additional union of sales people.

The UGT also contains a number of manual labour unions which are nominally national and vertical, although some are really only of local significance. There are unions in agriculture and forestry (Sindicato da
Agricultura, Alimentação e Florestas), fishing (Sindicato Democrático das Pescas and Sindicato Nacional dos Trabalhadores do Sector das Pescas) and in most of industry and construction; ceramics-cement-glass (Sindicato Nacional dos Trabalhadores das Indústrias Cerâmicas, Cimento, Abrasivos, Vidro e Similares), metal and engineering (Sindicato da Indústria Metalúrgica e Afins), Cork (Sindicato Democrático das Cortiças), paper and printing (Sindicato Democrático dos Gráficos e Afins), electricity and electronics (Sindicato Nacional da Energia), textiles (Sindicato Democrático dos Textéis), chemicals (Sindicato Democrático da Energia, Química e Indústrias Diversas),

metal and engineering (Sindicato da Indústria Metalúrgica e Afins), Cork (Sindicato Democrático das Cortiças), paper and printing (Sindicato Democrático dos Gráficos e Afins), electricity and electronics (Sindicato Nacional da Energia), textiles (Sindicato Democrático dos Textéis), chemicals (Sindicato Democrático da Energia, Química e Indústrias Diversas),

metal and engineering (Sindicato da Indústria Metalúrgica e Afins), Cork (Sindicato Democrático das Cortiças), paper and printing (Sindicato Democrático dos Gráficos e Afins), electricity and electronics (Sindicato Nacional da Energia), textiles (Sindicato Democrático dos Textéis), chemicals (Sindicato Democrático da Energia, Química e Indústrias Diversas), food (Sindicato dos Trabalhadores da Indústria de Alimentação, Bebidas e Afins), construction and public works (Sindicato Empregados Técnicos e Assalariados da Construção Civil Obras Públicas e Afins). There is a national bus drivers’ union (Sindicato dos Trabalhadores Rodoviários e Afins), as well as one for airline flight attendants (Sindicato Nacional do Pessoal de Vôo da Aviação Civil). In rail, one national vertical union (Sindicato Democrático dos Ferroviários) co-exists with three categorical UGT-unions at the same firm. There are also national unions in civil service and the state (Sindicato dos Trabalhadores da Administração Pública), and education (Sindicato Nacional e Democrático dos Professores).

There are three dozen or so other organisations with varying geographical and sectoral coverage. In education there are several teachers’ unions of regional scope in addition to the national union already mentioned. Education is one of the sectors in which UGT has a federation (Federação Nacional de Educação). Apart from the national vertical unions in transport, there are a number of occupational unions in road, rail, sea and air transport. There are horizontal unions of machinists and locomotive engineers. There is a federation of port workers’ unions (Federação Nacional Dos Sindicatos Dos Trabalhadores Portuário) that belongs to the UGT, but whose member unions strangely enough are not affiliated to the UGT. Finally, there are a number of professional unions for economists, engineers, football coaches and nurses, as well as unions in diverse areas of services, including domestic employees.

There are between one hundred and one hundred and fifty unions that are independent of both confederations. The number of independent unions is hard to calculate, since they constitute an indeterminate group of small and very small organisations, a considerable proportion of
which actually no longer have any internal life or active members. Many of these organisations are situated in the service sector, and especially in the public services. Among these are a small number of truly representative unions of highly specialised categories of workers.\textsuperscript{30} Political, as well as occupational, factors have motivated the emergence of a wide range of such independent unions. Among these are a group of unions whose leadership is aligned with the PSD and whose creation was politically motivated.\textsuperscript{31} There have also appeared new unions organising very specific categories of public sector workers, such as the various associations of auxiliary personnel in schools.

\textbf{Union membership and density}\textsuperscript{32}

Until the end of the dictatorship in 1974, membership in the \textit{sindicato nacionais} was compulsory.\textsuperscript{33} Since there was a general carrying over of union structure and apparatus from the former regime, the democratic regime ‘inherited’ union members together with their offices and bank accounts. Some of this membership was maintained throughout the democratic transition, due to the culture of working class mobilisation following the 25\textsuperscript{th} of April, and the legal obligation on employers to deduct the dues of union members directly from their wages. This situation is reflected in the very high, perhaps very inflated, membership claims lodged throughout the rest of the 1970s by many unions. Initially many unions could not distinguish active, dues-paying members from passive, non-dues-paying members. Many could not even distinguish active, employed members from the thousands of retired or deceased members who were still on the books. There were, of course, those areas where union organisation had been prohibited where unions had to start their membership recruitment from scratch.

At the time of writing, it remains very difficult to establish the number of union members or union density for the initial years of free trade unionism, that is, until the end of the 1970s. Cerdeira and Padilha (1990), basing their calculation of union membership on the aggregation of dues-paying union members registered for purposes of union elections, together with the membership claims of the unions, place overall union density at 52.4 per cent in the period 1974-1978. This
figure remains problematic because of the very imprecise and exaggerated claims made by the unions to the Labour Ministry in this period.

In general, from the end of the 1970s, the political and social conditions for unionisation grew progressively more difficult. On the one hand, the ‘institutionalisation’ of unions through the emergence of collective bargaining made it possible to stabilise union membership. Also the once off-limits occupations began to organise and some groups, like teachers and public servants, made astounding progress. On the other hand, a number of disincentives to membership became visible. For example, in 1977 the Socialist government repealed the dues check-off requirement with the intention of weakening the CGTP. With the defeat of the revolutionary project, the ideological incentive to membership began to lose its appeal. Economic uncertainty began to appear and some of the employers began to take revenge on the militants and the perceived protagonists of their misfortune during the revolutionary period. As a result, union membership began to decrease following the 1970s. The loss of membership of the CGTP was not compensated by recruitment of members by the UGT. Nevertheless, Cerdeira and Padilha (1990), basing their calculations of union membership on the membership claims made by the unions, claim a rise in overall unionisation to 58.8 per cent in the period 1979-1984.

The growth of the UGT probably reached its peak in the mid-1980s. Since then the UGT has also been subject to an increasing loss of membership. More recently the CGTP has made a serious effort – with some success – to slow the decline, but relatively successful recruitment campaigns in the mid-1990s have not yet turned the situation around. It is necessary to add that the proliferation of small organisations, most of which are allegedly independent, has not had a noticeable effect upon general density.

According to Stoloroff and Naumann (1994), the approximately one million union members in 1988-1990 represented a level of unionisation of between 33 per cent and 41 per cent of the wage-earning labour force in Portugal. Their method of counting did not include the unions’ membership claims, but was based on the number of active,
dues-paying members reported at elections. Among unionised workers around 10 per cent were employed in agriculture and fisheries, 43 per cent in manufacturing, 34 per cent in the service sector and 24 per cent in public services.

Union density in industry (between 40 per cent and 45 per cent) closely approximates the general average. Union density in private services is slightly below the general level (37 per cent); in the primary sector (excluding agriculture) and public services the density of 45 per cent is above the general average. Particularly high levels of unionisation are found in railways, banking and insurance and transport, as well as public enterprises in general; a somewhat lower density is found in communications, chemicals and metal manufacturing, as well as public administration. Low union density is found in construction, commerce, and hotel and restaurants, as well as textiles, food industries and ceramics.

The comparison between union density in the two industries in which are employed the greatest number of workers is revealing. Textiles, an industry dominated by medium-sized and small enterprises and employing over 350,000 workers in 1990, had a density of 26 per cent, whereas metalworking, an industry with a good proportion of large companies, which employed about 210,000 workers, had a density of 57 per cent. Nevertheless, the chemical industry had a significantly higher density at 73 per cent. Construction, also a major employer, which unfortunately was aggregated with the woodworking industries, had the lowest density of between 19 per cent and 26 per cent. There is a density of 40 per cent in the tertiary sector; commerce at one pole reaches only 14 per cent density, while the financial sector (banking and insurance) had an exceptionally high density at almost 90 per cent.

The MSU, that is, the CGTP together with its closely associated unions, represented 71 per cent of all union members, while the UGT represented 23 per cent. The remaining 6 per cent of union members belong to unaffiliated independent unions. Whereas white-collar workers predominate in the UGT, the composition of the CGTP's membership is not nearly as blue-collar and manual as its image and mythology might suggest. The social composition is quite different from its image as the confederation of industrial manual workers. In reality, the public service
unions are approximately as large as the confederation’s largest industrial federations, the metalworkers and textile workers. Under half of the members of unions in the MSU (361,300) are workers in industry, about a quarter work in services, and another quarter in the public service (Stoleroff and Naumann 1994). Nevertheless, the image of the CGTP is associated with the metalworkers of the Lisbon and Setubal industrial belts. Historically, the textile industry has had a great role as an employer and the textile workers and unions have been important to the image of the CGTP.

There is much evidence of significant and consistent decline in union membership since the crisis of the mid-1980s. At its VIIth congress (1993) the CGTP presented a sober analysis of union evolution, highlighting various tendencies: an increase in unionisation in public administration, a decline in unionisation in sectors affected by the economic crisis, and a decline of unionisation in commerce and other expanding services. The overall tendency was a decline in unionisation, which had serious repercussions upon union stability. CGTP unions suffered a consistent decrease in dues collection between 1987 and 1990. If we look at the figures claimed by the CGTP at its congresses since 1983 there was a loss of almost 43 per cent, that is, 672,000 members from the unions in its orbit. According to Cerdeira (1997) total unionisation declined to an average of 44 per cent in the period 1985-1990 and an average of 36 per cent in the period 1991-1995. She speculates that at present it may be less than 30 per cent. The ILO, for its part, has recently reported a rate of unionisation of 25.6 per cent for Portugal in 1995, a drop of 50 per cent in relation to the figure it quoted for ten years earlier (ILO 1997).

The effects of the fragmentation of Portuguese union structure are very visible in the distribution of union membership. Around 20 of the more than 300 Portuguese unions have more than 10,000 members. The two largest Portuguese unions have memberships of more than 45,000. The average membership of Portuguese unions is thus relatively low.

Since the 1980s the largest unions in Portugal are of either service or public sector employees and metal workers. The two largest unions are the Union of Employees of Local Authorities (Sindicato dos Trabalhadores da
Administração Local and the Bank Employees Union of the South and Islands (Sindicato dos Bancários do Sul e Ilhas). These two unions have consistently maintained over 40,000 members since the 1980s. These are followed by the Union of Public Employees of the South and Azores (Sindicato dos Trabalhadores da Função Pública da Zona Sul e Azores) with 30,000 or more members. There is next a cohort of unions with somewhere between 20,000 and 15,000 members: the Metalworkers’ and Engineering Unions of Lisbon (Sindicato dos Trabalhadores da Indústria Metalúrgica e Metalomecânica do Distrito da Lisboa), the Office Workers’ Union of Lisbon (Sindicato dos Trabalhadores de Escritório e Serviços de Lisboa), the Teachers’ Union of Lisbon (Sindicato dos Professores da Grande Lisboa), the Bank Employees of the North (Sindicato dos Bancários do Norte). Other large unions – very likely with more than 10,000 members – are those of civil servants of the north (Sindicato dos Trabalhadores da Função Pública da Zona Norte), the northern textile workers (Sindicato dos Trabalhadores Têxteis dos Distritos do Porto e Aveiro, Sindicato Têxtil do Minho e Trás-os-Montes, Sindicato Têxtil do Distrito de Braga), the southern hotel and restaurant employees (Sindicato dos Trabalhadores da Hotelaria, Turismo, Restaurantes e Similares do Sul), the northern teachers’ union (Sindicato dos Professores da Zona Norte), the northern metal workers (Sindicato dos Trabalhadores das Indústrias Metalúrgica e Metalomecânica do Norte), the electronics workers of the south (Sindicato das Indústrias Eléctricas de Sul e Ilhas), the civil servants of the central region (Sindicato dos Trabalhadores da Função Pública da Zona Centro), road transport workers of the centre and south (Sindicato dos Trabalhadores de Transportes Rodoviários e Urbanos do Centro), and the southern insurance employees (Sindicato dos Trabalhadores de Seguros do Sul e Ilhas).

It is notable that two of the largest unions belong to the public sector, that is, an area off-limits to union organisation during the dictatorship. On the other hand, the Sindicato dos Bancários do Sul e Ilhas has maintained the bank workers’ long tradition of organisation which extends historically to the time of the constitution of the corporatist unions (Castanheira 1983; Barreto 1991). It is also notable that the unions of bank workers and public employees of the other regions (in particular, the Sindicato dos Bancários do Norte and the Sindicato dos Trabalhadores da Função Pública da Zona Norte) are all amongst the second rank of unions weighted by numbers of members.
Unions at the company level

Where unions exist and are sufficiently representative at the enterprise level, union delegates (shop stewards) are elected by the membership of their respective unions and act as the main interlocutors between the organised workers and management. They generally constitute themselves into enterprise-based Union Committees or Inter-union Committees. Within a restricted stratum of companies, there also exist Workers’ Commissions, which are elected by all workers, whether unionised or not.\(^{37}\)

While the reference to union density provides an idea of union strength in relation to a population as a whole, it does not, however, provide an accurate idea of the strength of unions at the workplace level. For that reason it is useful to extend the study of union density to the company level to establish the distribution of unionisation.

Table 14.4: Levels of unionisation: medium and large companies*

<table>
<thead>
<tr>
<th>UNIONISATION</th>
<th>Total</th>
<th>Firms with more than 100 and less than 500 employees</th>
<th>Firms with more than 500 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 90%</td>
<td>5.3</td>
<td>5.1</td>
<td>6.8</td>
</tr>
<tr>
<td>From 76% - 90%</td>
<td>7.0</td>
<td>5.5</td>
<td>17.6</td>
</tr>
<tr>
<td>From 51% - 75%</td>
<td>13.1</td>
<td>12.0</td>
<td>21.2</td>
</tr>
<tr>
<td>From 31% - 50%</td>
<td>6.6</td>
<td>5.8</td>
<td>12.0</td>
</tr>
<tr>
<td>From 21% - 30%</td>
<td>8.0</td>
<td>8.2</td>
<td>6.9</td>
</tr>
<tr>
<td>20% or less</td>
<td>49.4</td>
<td>52.4</td>
<td>28.9</td>
</tr>
<tr>
<td>Non-response</td>
<td>10.5</td>
<td>11.0</td>
<td>6.6</td>
</tr>
</tbody>
</table>

* Reweighted data.

Source: Stoleroff (1995)

There is a very irregular pattern of unionisation at the company level in Portugal (see Table 14.4). Density is extremely low, indeed marginal, in about half, 49.4 per cent, of firms with more than 100 employees. But,
on the other hand, there exists a small group of companies, 12.3 per cent, where unionisation rates are close to saturation, and still another group, 13.1 per cent, where unionisation is broad and extensive. A small contingent of firms, 14.6 per cent, possess partial unionisation. The substantial marginalisation detected is more prevalent amongst the medium-sized firms than among the large. Unionisation is marginal in only 28.9 per cent of the larger companies, while 52.4 per cent of the medium-sized enterprises are situated within the lowest rung of unionisation. 45.6 per cent of the larger enterprises have unionisation rates greater than 50 per cent as opposed to 22.8 per cent of the medium-sized firms. The larger-sized firms, therefore, constitute a bastion for Portuguese unionism. This conclusion is relative, however, because unionisation is also marginal in a quarter of the large enterprises. Even at the level of the larger enterprises union density remains partial and irregular. The small core of companies with high unionisation, together with the strata of companies possessing partial but extensive unionisation, are the source of union strength and are situated at the centre of the emerging pattern of industrial relations in Portugal. Such segmentation is a source of union weakness, in particular with regard to the unions’ capacity to exercise direct economic pressure upon the companies. This is particularly the case as the enterprises with marginal unionisation place pressure upon the system as a whole.

Another bastion of unionism seems to be the public enterprise sector (firms with the state holding the majority share of capital). Unionisation is greater than 50 per cent in 83.7 per cent of the firms in this sector. This high degree of unionisation distinguishes public enterprises within the universe of medium and large companies. The level of unionisation in the public sector is only paralleled by a stratum of companies whose majority share of capital is owned by Portuguese economic groups. A high proportion of these, 21.8 per cent, possess the highest unionisation rates. Nevertheless unionisation is marginal in 43.3 per cent of the companies belonging to Portuguese economic groups, while unionisation is marginal in only 11.4 per cent of the public companies. Unionisation in family firms is predominantly low. Although this tendency to register comparatively higher rates of unionisation in the public enterprises is not a specifically Portuguese phenomenon, it should certainly be consi-
Chapter 14: Portugal

Trade unions in Europe: facing challenges and searching for solutions

Marginal unionisation is characteristic of specific sectors. Unionisation is weakest on the whole in the construction sector where 63.3 per cent of companies are at the level of less than 20 per cent unionisation. The level of unionisation is unknown in another 20.5 per cent of the companies in this industry, which is likely to be a sign of lower unionisation rates. Construction also has the smallest percentage of companies with unionisation above 50 per cent.

On the other hand, industry also contains a significant segment of companies with marginal unionisation (51.4 per cent). Industry includes a segment with marginal unionisation more or less of the same size as that in the commercial and financial service sectors. Nevertheless, the greatest segment in industry with such low unionisation is concentrated in companies with less than 500 employees. Whereas unionisation is marginal in 54.8 per cent of the medium-sized firms, it is marginal in only 26.8 per cent of the large companies. Three branches of industry register unionisation rates much lower than that for industry as a whole (the paper and the chemical industries, which are very highly concentrated, and the minerals industry). The wood industry, textiles, and food and beverages possess the greatest segments of marginal unionisation in manufacturing.

The sectors and industries which have the largest segments with high, nearly complete, unionisation are transport (54.7 per cent) and financial services (40.0 per cent). Both of these industries surpass manufacturing with regard to the percentage of firms with almost complete unionisation. Indeed 74.2 per cent of companies in the transport sector are more than 50 per cent unionised. It is important that both these sectors were primarily located within the public sector until the end of the 1980s. Only 13.2 per cent of large industrial companies achieve such high unionisation. Private capital is overwhelmingly predominant in industry. Be this as it may, the chemical industry possesses a very signi-
significant segment of companies with unionisation greater than 50 per cent, which we have considered a level of unionisation approximating high coverage.

Some conclusions

Contemporary Portuguese trade unions have emerged through recent processes of regime decline, revolution and democratisation. Since then they have been buffeted by the winds of political and economic change, the likes of which even the most established unions of Europe have had difficulty adjusting to. The analysis of the evolution of Portuguese unions within these parameters of democratisation and European integration was necessary to establish the speed of the development of Portuguese unions and the limitations to their institutionalisation.

The Portuguese industrial relations system throughout the democratic period has lacked stability. Governments have intervened to shape and reshape the system in correspondence to relatively short-term fluctuations in political mandates. On the whole, however, the last dozen years have been dominated by the flexibilisation-competitiveness mandate that has tended to bode ill for Portuguese unions.

The first question is whether Portuguese unions as a whole will weather the transformations in economy and industrial relations that took off with European integration? Do Portuguese unions risk a retreat to a ghetto existence similar to that experienced by French unions? If so, what will be the approach of the state towards the representation of labour? Will the state promote new forms of representation at the workplace to complement the semi-public status attributed to the confederations?

There are indications of a decline in union strength and mobilisation that could eventually lead to such a situation. Significant fragility in the Portuguese union system tends to undermine the resistance of unions to change. This fragility is characterised by an irregular and segmented presence of unions at workplace level, hence weak insertion of unions in workplace regulation; a relative dependence upon presence in larger enterprises; a multiplicity of union organisations of variable viability;
union division at all levels, with the exception of very few sectors; and the continuation of a highly politicised division at confederation level.

The decline in the social movement component of the labour movement, which can be gleaned from some of the analysis presented in this chapter, continues to baffle leadership at all levels. Solidaristic ideology, of either the socialist or communist varieties, has not only been challenged by neo-liberal hegemony, but has been circumscribed by fragmented collective bargaining and the particularistic demands of workers. Inclusive union practice, whether related to ongoing economic struggle or to the reformulation of union structure, has been visibly surpassed by exclusive, corporatist practice, generally of unions of strategic or more professional occupations (such as, pilots, locomotive engineers, doctors and nurses). The elements of social and political movement that had prevailed until the late 1980s sometimes succeeded in mitigating the fragilities of the union system. This is considerably less possible in the present phase of union evolution.

Subsidiary questions follow from all this. What will be the effects upon the entire labour movement of the shift to predominance of the public employee and white-collar unions over the industrial unions? Can the class struggle-oriented unionism of the CGTP survive the present changes, given the dismantling of its strongholds in the large enterprises and public sector? Can the UGT survive on the basis of white-collar unions in the financial sector, and its leadership’s presence in the institutions of ‘social dialogue’ at national level? These questions are mere suggestions for further reflection. They are, however, indicative of the complexity of Portuguese trade unionism and the difficulty of its progress through the next century.

Notes
1 Both Portuguese union confederations are presently full-fledged members of the European Trade Union Confederation (ETUC).
2 The Portuguese authoritarian regime from 1933 to 1974, whether we call it fascist or proto-fascist (Cruz 1988; Pinto 1992), was ostensibly oriented by a corporatist
Alan Stoleroff

conception of capital-labour relations (Lucena 1976; 1976). Linz referred to ‘organic-statist regimes’ to characterise Portuguese and Spanish authoritarianism in which authoritarian elites provide for an ‘organic’ system of ‘representation’ (cited in Almond and Powell 1978: 75). It specifically rested upon the exercise of class repression - against the workers’ movement, its representative parties and interest organisations. In practice Portuguese ‘corporatism’ strictly repressed labour representation and action (Patriarca 1995; Rosas 1986; Raby 1988). State-led industrialisation and economic development during the final phases of the dictatorship (Patricio 1989) provoked class struggles during which genuine industrial relations actors appeared. The embryo of a labour confederation was founded in this phase in the context of a resurgence of economic and political struggle within the existing union structures (Optenhögel and Stoleroff 1985; Barreto 1990).

3 Some political sociologists (Santos 1984) defend the thesis of the opening of a revolutionary phase of dual power during the 1974-1975 period.

4 An important aspect of institutional disintegration was the temporary vacuum in labour law. For example, there was no regulation with regard to strikes between April 25, 1974 and August 27, 1974 when the first strike and lock out law was promulgated (D.L. no. 392/74). Further, the law was ineffective. Only in June, 1975 were the first norms regarding collective bargaining published (Caupers and Magalhes 1978:16-22).

5 On May 1, 1974, the first national minimum wage was established. The figures on strike frequency for this period are merely indicative, since the Ministry of Labour only regularised the collection of such information following 1976 and a systematic accounting for strikes was not achieved until 1978. In any case, accounting of official strike action can hardly portray the degree of conflict present in this phase.

6 In order to impede class unity, Portuguese corporatism following 1933 imposed the reorganisation of labour through the creation of sindicatos nacionais, union organisations with extremely limited capacity to make representation effective.

7 The unification clause was subsequently nullified by the inclusion of the principle of union liberty in the Constitution of April 1976 and was then deleted in the revision of the Union Act itself (1977).

8 This process of resource accumulation of the labour movement was a form of ‘institutionalisation’ previous to what Korpi calls a ‘democratic class struggle’, an expression of the power of labour over capital.

9 Portuguese labour law is founded upon the Constitution and the law on the individual employment contract (which dates from 1969). This law provides the worker with specific guarantees against constraints, dismissals or sanctions resulting from the exercise of his/her rights, against compulsion by the employer to contribute to the degradation of work conditions, against illegitimate cuts in remuneration, against occupational degrading, against involuntary transfer from the place of work, against compulsion to acquire goods or services from the employer, against exploitation by the employer of refectory services and against the practice of dismissal for rehire in a
The law also protects the employee from any but temporary and non-discriminatory redeployment to services for which he/she was not hired. Further legal provision exists to protect employees who are trade union representatives from discriminatory treatment and dismissal. Workers are constitutionally guaranteed job security and the individual employment contract is considered indefinite unless formally declared as of fixed-term. Thus, job termination normally requires mutual consent. Labour law prohibits the dismissal of an employee without ‘just cause’.

Following the ‘All Trade Union Congress’ most of the industrial and manual worker’s organisations returned to Intersindical; only one district-based transport union adhered to the UGT (Optenhögel 1986: 403f; Naumann 1988). The CGTP counter-offensive was thereby successful in maintaining its predominance in the industrial and manual sectors and in limiting the initial organisational base of the new confederation to specific white-collar groups. Only at its First Congress in 1981, i.e. three years later, did UGT assume the status of a confederation (Barreto 1991: 373). From the original group of Carta Aberta only three blue-collar unions became members of UGT, all of them from the north-western city of Aveiro. The group of 13 blue-collar unions that participated in the confederation’s first congress in January 1979 was composed of newly established and weak parallel unions or others that were just insignificant at the national level (Optenhögel 1986: 404).

Such as Metal Workers in 1978, Chemical Workers in 1979, Textile Workers in 1980.


The PSD, as the incumbent of a minority government since 1985, had clearly profited from the positive economic conjuncture of 1986 and the latent optimism associated with joining the EU.

At its 5th Congress in June 1986, the CGTP implicitly recognised the failure, or in less pejorative terms, the exhaustion of a strategy based solely upon class mobilisation and recognised the necessity to pay more attention to the games of micro and macro bargaining. It also recognised the significance of the approaching integration within Europe. In late 1987 the CGTP ended its boycott of the CPCS and, with the tacit consent of the PCP, finally took its seat in the Conselho. The CGTP’s entrance into the CPCS signalled several embryonic trends in its development. Firstly, it was a manifestation of the emergence of a pragmatic current in the CGTP that actually did consider participation in the CPCS a positive step towards the CGTP’s adaptation. Secondly, it signalled the beginning of conflict amongst Communist union leaders over a variety of established positions of the CGTP. Thirdly, it objectively constituted a front in which organised labour, while not united, was at least entirely represented. Fourthly, it marked the beginning of direct contacts between organised labour as a whole and the block of employers’ peak associations.
From 1988 to 1991 the average yearly growth in the labour force was 1.7 per cent, reaching 2.4 per cent in 1991. Employment grew at a yearly average of 2.5 per cent in the same period reaching 3.0 per cent for the year 1991. Between 1988 and 1990 salaried employment grew at an average of 3.6 per cent.

Employment growth ironically came at the expense of job security due to the importance of defined term contracts (*contratos a prazo*). In general, fixed-term contracts, requiring annual or semi-annual renewal, place workers in an insecure position. By 1992 12.1 per cent of salaried employment was of this form. Between 1992 and 1994 this form of employment decreased somewhat, although, on the whole, so-called 'atypical' employment (including part-time work, limited-term contracts, self-employment, and non-remunerated family labour) continued to rise as a percentage of the active labour force.

Employment growth was concentrated in particular sectors while others sectors saw drastic declines in employment. There has been a marked tertiarization of employment with services growing from 43 per cent of the employed population in 1987 to 55.6 per cent in 1992. From 1988 to 1994, employment in industry declined from 1,502,400 to 1,393,300. In the same period male employment in industry decreased from 1,065,100 to 953,000 while female employment actually increased from 437,300 to 446,500. Total employment in the services (commerce, restaurants and hotels, transport, posts and telecommunications, finance, public administration, teaching and health, etc.) increased from 1,910,200 in 1988 to 2,367,900 in 1994. Changes also took place in the distribution of employment according to size of workplace, reinforcing the predominance of small and medium enterprises over large enterprises. In Portugal there is an inherent tendency for stronger industrial relations systems and union presence to be associated with larger sized enterprises and vice versa. The importance of small and very small enterprises in Portugal’s industrial order, and the disproportional concentration of employment in the stratum of smaller firms, is a structural factor limiting the development of industrial relations in Portugal.

The strata in which industrial relations have the greatest chances of development, the medium and large enterprises, also saw a decline in this initial five year period. Whereas in 1987 large enterprises of 500 or more employees accounted for 27.5 per cent of employment, in 1992 they accounted for only 21.7 per cent of employment. This is clearly a significant structural blow to industrial relations in Portugal.

‘Restricted sense’ means only unemployed people who have actively sought employment within thirty days previous to the Employment Survey.

The official cause of strikes in Portugal since the end of the revolutionary period has been overwhelmingly wage demands. The economistic appearance of a predominance of wage demands in the late 1980s, however, concealed their function as an expression of class struggle through the channels of industrial struggle. The CGTP ignored the constraints placed upon collective bargaining by the weakness of the dependent economy. This translated into a rejection of realism in the formation and presentation of
wage bargaining demands. The insistence upon demands that could not be met was a means of continued mobilisation of workers through strikes. Although greater pragmatism has since come to orient the practice of the CGTP, this routine continues to influence collective bargaining. The CGTP continues to consistently demand wage increases several percentage points higher than the UGT. This is motivated by union competition and the CGTP's militant objective of seeking gains in real wages.

21 Of the 307 unions in existence in 1974, 270 were circumscribed to only one district or at most a few districts. Only 37 were national in jurisdiction. 157 unions organised specific occupational groups and 146 covered the respective branches. (Cerdeira and Padilha 1988).

22 The exception is the financial sector in which all the main unions belong to the UGT.

23 The number of unions decreased to 366 in 1980. Since some restructuring (entailing mergers, absorption and the extinction of numerous tiny organisations) had been initiated during the second half of the 1970s, the proliferation of new unions between 1974 and 1980 was actually more significant than appears.

24 Union proliferation is facilitated by an almost unrestricted right to establish new unions.

25 The CGTP in 1995 set itself specific objectives for a reorganisation of its structures and has accomplished a great deal in this sense, most notably in agriculture, fishing, printing, chemicals, food, metallurgy and mining and commerce and services. Besides acknowledging and formalising the extinction of numerous inactive unions, it promoted numerous mergers of smaller restricted unions into broader and less spatially restricted unions.

26 In 1990 the Bank Employees' Union of Southern Portugal (SBSI) alone contributed over half the UGT's total membership dues.

27 The UGT hotel and restaurant union was integrated within one of the office workers unions.

28 The UGT miners union was integrated within the chemicals union. The unions in Chemicals, Paper and Printing, Ceramic, Glass, Wood and Mining are allied in a federation (FETICEQ).

29 The CGTP recently claimed that the large union of local authority employees (STAL) has more members than all of the independent unions put together.

30 Amongst state employees the independent unions of magistrates (attorneys in the court system and the Interior Ministry) as well as of tax department employees, doctors and some teachers are highly representative. The unions of journalists, airline pilots, railroad locomotive engineers and some of the workers of the public electricity utility are other highly representative independent unions.

31 At the end of the 1980s, the labour faction of the PSD (Trabalhadores Sociais-Democratas, TSD) adopted a line that resulted in the break-up of the alliance with the UGT's majority socialist tendency. With the aim of founding a third confederation, the TSD
promoted the creation of a number of unions formed from splinter groups of existing UGT unions. These came together in the Convention of Independent Trade Unions (*Convenção de Sindicatos Independentes*, CSI).

32 This section contains some material developed by the author in collaboration with Reinhard Naumann that has been the subject of previous publications and will be reported more fully in future publications.

33 Under the union law of the old regime these union ‘members’ could however be distinguished between those who paid dues and obtained a union card and those who merely contributed. This distinction was abandoned by the union law of 1975, and membership became defined by union statutes, generally as a dues paying, registered member. Membership must be confirmed at the time of union election.

34 There is a bitter controversy concerning the methodology Cerdeira and Padilha (1990) employed for their study. It is likely that their figures for 1974-78 and 1979-84 are overestimates. See Stoleroff and Naumann (1994). In research in progress Stoleroff and Naumann have discovered that such imprecision and exaggeration in membership claims were so widespread throughout the 1970s and early 1980s that it may have reached a majority of cases. Unions rarely distinguished between card-holding members and mere contributors, had not eliminated retired or deceased members from their files, and added the new members to the imprecise figures already claimed. In the period that followed, of union competition, there was very little incentive towards a more accurate reporting of membership. On the other hand in many occupations there is a notable tendency in this period to decreasing numbers of dues-paying, effective members.

Those unions, which at the end of the 1970s were able to clean up the membership files, generally reported a decrease in membership. Thus, it remains very hard to believe that there was a significant increase in density as Cerdeira and Padilha claim.

35 Data on the employed labour force from the Ministry of Employment and Social Security and the National Statistical Office differ considerably. The broad latitude in density reported here is due not to the accounting for union membership but rather to the discrepancy between the two different existing databases upon which the denominator was based.

36 This ranking does not include the UGT organisations in the two major branches of manufacturing, namely SINDETEX in textiles and SIMA in metallurgy, although they are indicated in UGT documents as amongst the largest unions.

37 Legislation reserves the function of participation in collective bargaining and the signing collective labour agreements to the unions; the Workers Commissions possess important rights to information and consultation, but, when they exist, they often surpass their legally defined functions and become important representative bodies. The existence of bipartite institutions is limited, although Health and Safety Commissions are reported as prevalent in a significant percentage of medium and large enterprises (Stoleroff 1995).
Given that only 10.5 per cent of respondents did not answer the question regarding the level of unionisation, it is unlikely that this deficiency would significantly alter these results.

There has recently been some discussion of the possibility of the state financially buttressing the confederations.
Chapter 15: Spain
The modernisation of trade unions in Spain
Faustino Miguélez Lobo

Spanish unions are facing many of the same challenges as other European trade unions. In addition, they are having to cope with the economic, political and cultural legacy of the Franco regime, 1939-1975. This chapter examines how this legacy has coloured the response of trade unions to issues such as unemployment, the changing labour market, and the impact of new technology. Although membership is low, trade unions in Spain still exert a great influence on society. They are trying to overcome their historic divisions, and to broaden their social base by building closer links with other organisations in civil society. They are also making determined efforts to attract to the union movement the growing number of women workers and workers in insecure jobs. Membership is strong in the public sector and among the new high-tech workers. But the unions have made little impact in the burgeoning number of small firms, and their internal structure has to become more decentralised. As for Europe, that will have to wait. It barely figures on the agenda of most Spanish workers and union policy reflects this. The emphasis is still mostly on regional and national issues. Perhaps this too is a legacy of the isolationism of the Franco regime.

The return of trade union freedom
It is not possible to analyse the challenges faced Spanish by trade unions without looking back at the key features of their recent history. The fact that the period of freedom since the end of the dictatorship has been short explains a great deal. Moreover, this short period has involved the building of a democracy and, at the same time, it has seen a grave economic crisis. Trade unions have been called on to play a role in both these dramas. This role has influenced the way they act, their strategies, relations with members, and relations with workers in general.
Labour organisations under Franco’s regime

During the first twenty years of the Franco regime the labour movement was fiercely repressed. Trade union leaders were executed, jailed or sent into exile, and organisations were abolished. In addition, a decree was issued that forced workers to join a corporate union which supported the regime, to which employees and employers both belonged. The state regulated industrial relations without leaving any space for the social partners to act independently.

The economy expanded during the 1960s due to the accumulation of capital and marked growth in some industrial sectors and services, in particular, tourism. This expansion coincided with some important changes to industrial relations. It became necessary for firms to negotiate with their workers in order to increase and guarantee productivity levels. In consequence, formal collective bargaining was again introduced. This exposed the contradictions within the regime’s union. The old trade unions appeared again, although they were still illegal, and new ones were created by the Christian-democrats, Unión Sindical Obrera (USO), and by the communists, Oposición Obrera.

Before long, these unions were not considered appropriate and a wider movement, known as the Comisiones de Obreros, was developed within companies. The Comisiones de Obreros sought to bargain with employers, while simultaneously infiltrating the regime’s union during the elections for workplace representatives, in an attempt to take control of it from the inside; an unusual experience in a totalitarian regime. This movement played a significant part in a substantial number of the labour conflicts that occurred in Spain during this period, even though such conflicts were illegal. It also managed to apply pressure through collective bargaining. The ‘entryist’ role played by the communists and Christian-democrats was rejected by the historical union organisations, the Confederación Nacional del Trabajo (CNT) and Unión General de Trabajadores (UGT), who argued that ‘entryism’ helped to keep the regime’s union alive. Meanwhile, the CNT and UGT, with their leaders in exile and their members concentrated in a few urban-industrial locations around the country, were hardly involved in the labour and political events of the time.
This two-pronged strategy in the illegal battle waged by the unions against the regime helps explain some features of the unions in the democratic stage, especially their divisions. The Comisiones de Obreras movement pressed for the formation of a single union towards the end of the regime, taking advantage of the large number of workplace representatives they secured during the elections in the spring of 1975. The UGT, which had held its first congress of the new era before the unions had been ‘legalised’, was strongly opposed to this. In the end, the Comisiones de Obreras movement was also established as a union, known as the Comisiones Obreras (CC.OO.). In addition to these two main unions, the transition to democracy was marked by the emergence of many other unions seeking support from the workers.

Trade unions during the democratic transition

A primary characteristic of Spanish unionism at the beginning of the democratic stage was its pluralism and division. There were various general unions such as the CC.OO., UGT, USO, CNT and other smaller unions which covered the whole of Spain. There were also several general unions in the ‘historical’ regions which were exclusive to these regions, such as the Solidaridad de Trabajadores Vascos (ELA/STV) in the Basque country, and the Intersindical Galega (INTG) in Galicia. To add to this, there were also sectoral or professional unions which challenged the general unions in the organisation of particular groups of workers, such as the Confederación Sindical Independiente de Funcionarios (CSIF) in public administration; the Unión Sindical de Trabajadores de Enseñanza (USTE) and the Federación Sindical Independiente de Enseñanza (FESITE) in education; the Solidaridad de Obreros del Campo (SOC) which represents Andalusian agricultural workers; the Medical union; the Merchant Navy union, and many others.

This plurality resulted from historical traditions or political and ideological differences. Whatever the case, it continually shows itself in the divisions between unions. It is particularly evident between the major unions and their approach to the key questions of the period, such as negotiations with the government on the regulation of labour relations, or negotiations with employers on productivity, workplace reform and restructuring the production apparatus.
The political and ideological differences between the main unions, the CC.OO. and the UGT, have their origins in the strong links between them and the two labour parties, the communist and socialist party respectively. Both unions strongly support these parties and are inclined towards negotiation or confrontation, not only according to their own strategies, but also based on the political stance of the party to which they are affiliated. Only since the end of the 1980s can one talk about a real union autonomy. Without a doubt, the strengthening of this autonomy from 1987 onwards contributed to the drawing together of both unions in what is known as the ‘unity of action’. This unity was also promoted by the conflicts between the unions and the government over the deregulation of the labour market.

Table 15.1: Strikes in Spain

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Strikes</th>
<th>Workers Involved</th>
<th>Days Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>1,365</td>
<td>1,170,100</td>
<td>6,177,500</td>
</tr>
<tr>
<td>1981</td>
<td>1,307</td>
<td>1,126,300</td>
<td>5,153,800</td>
</tr>
<tr>
<td>1982</td>
<td>1,225</td>
<td>875,100</td>
<td>2,787,600</td>
</tr>
<tr>
<td>1983*1</td>
<td>1,451</td>
<td>1,483,600</td>
<td>4,416,700</td>
</tr>
<tr>
<td>1984*1</td>
<td>1,498</td>
<td>2,242,200</td>
<td>6,357,800</td>
</tr>
<tr>
<td>1985*1</td>
<td>1,092</td>
<td>1,511,200</td>
<td>3,223,500</td>
</tr>
<tr>
<td>1986</td>
<td>914</td>
<td>857,900</td>
<td>2,279,400</td>
</tr>
<tr>
<td>1987</td>
<td>1,497</td>
<td>1,881,200</td>
<td>5,025,000</td>
</tr>
<tr>
<td>1988*2</td>
<td>1,193</td>
<td>6,692,200</td>
<td>11,641,100</td>
</tr>
<tr>
<td>1989</td>
<td>1,047</td>
<td>1,382,100</td>
<td>3,685,400</td>
</tr>
<tr>
<td>1990</td>
<td>1,231</td>
<td>864,000</td>
<td>2,442,800</td>
</tr>
<tr>
<td>1991</td>
<td>1,552</td>
<td>1,944,500</td>
<td>4,421,300</td>
</tr>
<tr>
<td>1992</td>
<td>1,296</td>
<td>5,169,600</td>
<td>6,246,500</td>
</tr>
<tr>
<td>1993</td>
<td>1,131</td>
<td>997,000</td>
<td>2,012,700</td>
</tr>
<tr>
<td>1994</td>
<td>890</td>
<td>5,427,700</td>
<td>6,254,700</td>
</tr>
<tr>
<td>1995</td>
<td>866</td>
<td>569,900</td>
<td>1,442,900</td>
</tr>
<tr>
<td>1996</td>
<td>807</td>
<td>1,078,000</td>
<td>1,552,900</td>
</tr>
<tr>
<td>1997</td>
<td>708</td>
<td>625,500</td>
<td>1,787,300</td>
</tr>
</tbody>
</table>

Source: Ministerio de Trabajo, various years.
Notes: *1: Excludes data from Catalonia.
*2: Excludes data from the Basque country.
Associated with the transition to democracy is a pattern of strike activity particular to Spain. Following the death of Franco, strike activity became widespread as unions pursued economic and political objectives during the transition process. For much of the period thereafter strike activity in Spain has been much higher than in most other EU member states (see Table 15.1). Only in Greece are there consistently higher levels of industrial conflict. During recent years the trend appears to be towards decline, although this is much distorted by the effects of general strikes. The level of strikes has been particularly high in traditional sectors affected by large-scale restructuring, such as mining, shipbuilding and steel (Martínez Lucio 1998).

Another characteristic of Spanish unions is their low membership, or to be more precise, the decline in membership that took place between 1979 and 1985. At the beginning of the democratic period, trade unions achieved a membership rate of around 40-45 per cent in the industrial sector (Miguélez 1978; Pérez Díaz 1979). But this high membership rate then fell sharply in a few years – research conducted in 1988 put the membership rate at about 16.5 per cent (CIS 1988). The decline in membership was due mainly to structural changes and to labour market deregulation. Among the structural reasons, there was a fall in the number of jobs in the traditional sectors, which have the highest union membership rates, as well as a steep rise in unemployment, which climbed to 24 per cent of the active population. Labour market regulation in the form of the extension of the coverage of collective bargaining to any worker, whether unionised or not, has also contributed to the decline in union membership. As we will see later, the unions’ own actions and strategies are a further contributory factor to membership decline, although not as significant as those linked to the changes in the labour market. It is justified to consider a large proportion of current union members to be members by conviction or activists (Rebollo et al. 1993), which helps explain why Spanish unions have more influence on society and companies than would be expected from such low membership levels.
The ‘representativeness’ of trade unions

In 1997, the two main unions had around 700,000 members each, while none of the minor unions had more than 80,000 members. Yet, as Tables 15.2 and 15.3 illustrate for CC.OO. and UGT, during this period there have been changes to the internal composition of union membership which are important to note, because they provide clues to any assessment of these organisations’ futures.

Table 15.2: Union membership in Spain

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership</th>
<th>Density %</th>
<th>UGT %</th>
<th>CC.OO. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>1,622,900</td>
<td>17.3</td>
<td>25.8</td>
<td>33.0</td>
</tr>
<tr>
<td>1978</td>
<td>2,457,100</td>
<td>26.0</td>
<td>29.6</td>
<td>37.0</td>
</tr>
<tr>
<td>1979</td>
<td>2,088,200</td>
<td>22.0</td>
<td>32.9</td>
<td>30.2</td>
</tr>
<tr>
<td>1980</td>
<td>1,180,800</td>
<td>12.3</td>
<td>30.3</td>
<td>40.9</td>
</tr>
<tr>
<td>1981</td>
<td>1,085,500</td>
<td>11.2</td>
<td>30.4</td>
<td>43.0</td>
</tr>
<tr>
<td>1982</td>
<td>1,087,100</td>
<td>11.0</td>
<td>34.7</td>
<td>41.6</td>
</tr>
<tr>
<td>1983</td>
<td>1,128,300</td>
<td>11.3</td>
<td>36.6</td>
<td>40.1</td>
</tr>
<tr>
<td>1984</td>
<td>1,078,100</td>
<td>10.7</td>
<td>35.3</td>
<td>39.8</td>
</tr>
<tr>
<td>1985</td>
<td>1,103,200</td>
<td>10.5</td>
<td>37.5</td>
<td>38.7</td>
</tr>
<tr>
<td>1986</td>
<td>1,110,500</td>
<td>11.4</td>
<td>39.8</td>
<td>35.8</td>
</tr>
<tr>
<td>1987</td>
<td>1,244,900</td>
<td>12.2</td>
<td>39.3</td>
<td>35.4</td>
</tr>
<tr>
<td>1988</td>
<td>1,373,300</td>
<td>13.2</td>
<td>38.6</td>
<td>35.3</td>
</tr>
<tr>
<td>1989</td>
<td>1,515,700</td>
<td>14.5</td>
<td>39.2</td>
<td>34.8</td>
</tr>
<tr>
<td>1990</td>
<td>1,697,000</td>
<td>16.6</td>
<td>38.5</td>
<td>35.9</td>
</tr>
<tr>
<td>1991</td>
<td>1,962,300</td>
<td>17.9</td>
<td>40.9</td>
<td>35.3</td>
</tr>
<tr>
<td>1992</td>
<td>2,124,700</td>
<td>17.8</td>
<td>41.1</td>
<td>35.8</td>
</tr>
<tr>
<td>1993</td>
<td>2,126,100</td>
<td>17.2</td>
<td>40.7</td>
<td>35.8</td>
</tr>
<tr>
<td>1994</td>
<td>2,126,800</td>
<td>17.6</td>
<td>38.5</td>
<td>37.0</td>
</tr>
<tr>
<td>1995</td>
<td>2,008,973</td>
<td>17.4</td>
<td>37.6</td>
<td>37.8</td>
</tr>
<tr>
<td>1996</td>
<td>2,054,219</td>
<td>17.6</td>
<td>37.9</td>
<td>36.9</td>
</tr>
<tr>
<td>1997</td>
<td>2,087,585</td>
<td>17.7</td>
<td>36.9</td>
<td>37.8</td>
</tr>
</tbody>
</table>

The metal industry is still the most unionised and is also the principal source of union leaders (see Table 15.3). Building has declined from second position since the mid-1980s. Second position is now occupied by the transport union, which has benefited from high rates of unionisation in public transport. Since the early 1990s, third position has been occupied by unions which organise in public administration. If we add medical and teaching members, who are also primarily public sector workers in Spain, there is little doubt that public administration membership would occupy the second position after metal. In all likelihood public administration unions, in a short time, will be the largest sectoral concentration of union membership. It is no wonder that these changes are already proving influential in a range of fields affecting:

- union bargaining strategies on issues such as training, job positions and promotion;
- union activity, insofar as a strike in public administration has a different meaning than strike against a private management;
- the membership base of unions, since women and white-collar workers are seen as becoming more important.

Even more changes can be expected to arise from the unionisation of public sector workers, but these changes are not yet properly reflected in the structure of the unions, causing tension and functional disorders.

At the same time, it is important to note the low trade union membership among pensioners and retired workers, who, in combination, constitute a potential membership of more than 5 million. The position in Spain is thus different from that in several European countries, where retired members form a large proportion of total membership. In addition, most unemployed workers do not retain union membership in Spain. These features may contribute to the form of union activity in the near future, and contrast with developments in other European countries.
Table 15.3: Shifts in the membership composition of the major confederations

<table>
<thead>
<tr>
<th></th>
<th>UGT's main affiliated unions</th>
<th>CC.OO.'s main affiliated unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Metalworkers</td>
<td>1. Metalworkers</td>
<td></td>
</tr>
<tr>
<td>2. Other Industries</td>
<td>2. Transport-Communications</td>
<td></td>
</tr>
<tr>
<td>3. Transport-Communications</td>
<td>3. Building workers</td>
<td></td>
</tr>
<tr>
<td>4. Public Services</td>
<td>4. Pensioners</td>
<td></td>
</tr>
<tr>
<td>5. Pensioners</td>
<td>5. Textile workers</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Public Services</td>
<td>1. Metalworkers</td>
<td></td>
</tr>
<tr>
<td>2. Metalworkers</td>
<td>2. Transport-Communications</td>
<td></td>
</tr>
<tr>
<td>3. Transport-Communications</td>
<td>3. Public Services</td>
<td></td>
</tr>
<tr>
<td>4. Other Industries</td>
<td>4. Teachers</td>
<td></td>
</tr>
<tr>
<td>5. Other Services</td>
<td>5. Chemical workers</td>
<td></td>
</tr>
</tbody>
</table>

Sources: UGT and CC.OO.

Arising from labour market changes are other marked shifts in the composition of trade union membership (Rebollo et al. 1993). Manual workers, less skilled workers and workers in manufacturing are decreasing in number, whereas skilled workers, white-collar workers and those employed in public companies and in private sector services are increasing in number. If trade unions are to address the demands and working conditions of these ‘new’ groups, many things will certainly have to change. Up to now, however, the dominant traditions remain those of the industrial unions.

The trend towards membership decline has reversed since the mid-1980s, as Table 15.2 shows. In addition, some important trade union mergers have taken place in recent years, primarily involving unions in manufacturing. In services, particularly in the public sector, several mergers are anticipated in the near future. In terms of strategy, the importance of the metal and chemical unions is beyond doubt. Other...
unions, such as those in banking and in communications/transport, have gained influence during recent years, but remain secondary to the traditional unions from manufacturing. During the last ten years the ‘unity of action’ between UGT and CC.OO. has also affected the activities of the sectoral unions. Many of these now collaborate in bargaining, institutional activities, and training policies. This collaboration has also encouraged higher rates of unionisation since 1986.

But union ‘representativeness’ also has an institutional side. Institutional representativeness is required by law if unions are to represent workers at company level in specific functions, principally in the negotiation of working conditions, and to be eligible for specific facilities, such as time off, a right to information and a right to negotiation. All this gives them legitimacy to negotiate and arrange certain demands. From the first elections for staff representatives in 1978, CC.OO. and UGT have been the hegemonic unions. Since the elections in 1986, they have obtained around 70 per cent of the delegates. Other delegates are drawn from regional unions, although many of these have been losing influence or disappearing. Exceptional regional unions are the ELA-STV, which remains the most representative in the Basque country, and the INTG in Galicia. In addition, there are independent delegates. In recent years it is important to point out, however, that there has been an increase in the number of company unions which present candidates for the elections. Table 15.4 illustrates these developments.

Table 15.4: The proportion of workplace delegates organised by different unions

<table>
<thead>
<tr>
<th>Year</th>
<th>CC.OO.</th>
<th>UGT</th>
<th>USO</th>
<th>ELA-STV</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>34.6</td>
<td>40.6</td>
<td>7.9</td>
<td>3.2</td>
<td>16.7</td>
</tr>
<tr>
<td>1990</td>
<td>36.9</td>
<td>42.0</td>
<td>4.8</td>
<td>3.1</td>
<td>13.2</td>
</tr>
<tr>
<td>1994</td>
<td>37.8</td>
<td>34.7</td>
<td>4.7</td>
<td>3.6</td>
<td>19.2</td>
</tr>
</tbody>
</table>

Source: Ministerio de Trabajo, various years
Almost 60 per cent of delegates, in the elections held during 1994, work in companies of 50 or more workers. According to recent research, the larger the size of the company, the more changes there are to the representatives and, hence, the workplace committee (QUIT 1997). This tendency increases in companies where there are union members (Rebollo et al. 1993). In the elections for staff representatives around 40-45 per cent of all salaried workers take part, a higher rate than among manual workers, but these figures have a very different meaning to those of manual workers. Many workers remain apart from this process, either because they are not covered by the regulations – companies with under six workers, or where a large proportion of the staff are temporary employees, do not have representatives – or because unions are not present in the companies and/or because managers oppose the elections.

Nevertheless, it is important to analyse, briefly, the features of delegates who make up the base of this institutional representativeness. Among them, women are still under-represented in relation to the gender distribution within workplaces (Rebollo et al. 1993). However, the results of the elections of 1994 suggested a certain female advance compared to 1990 (MTSS 1995). The reason for this inequality is the more precarious nature of female employment compared to that of men. This situation explains both the lower levels of representativeness among women at the workplace and the relatively low levels of concern within unions about problems affecting women in the working and social fields.

We may also say that the majority of delegates are secure workers, with insecure workers hardly being represented, despite the importance given by trade unions to job stabilisation. The reason for this is very simple: if committees consist of secure workers, there is a tendency to give less importance to the interests of insecure workers, which are different to those of the secure workers who focus upon wages, hours, health and safety, training and promotion. To a certain extent, job segmentation ensures a stronger position for the secure core relative to that of the insecure periphery.
Setting aside insecure, submerged and unemployed workers, and, to a degree, workers in very small companies, it can be argued that the vast majority of remaining employees are represented by delegates and, in turn, trade unions. From this perspective, the institutional representativeness of Spanish union is not weak. In a society that is becoming increasingly tripartite this representativeness makes the unions very important political actors. This is the main reason for the remarkable political role that they perform. But in the source of union strength is the risk of losing contact with the very important working groups in weak social and working positions.

Some of the changing features of union representativeness are related to the shifts occurring in the labour market. Changes in work and in the potential social bases of the trade unions are already, undoubtedly, requiring changes to union strategies and creating important challenges for a near future.

**Changes in the labour market**

During the last fifteen years profound changes have taken place in the labour market. The most important, without a doubt, has been the rise in, and continuing high rates of, unemployment: 20 per cent in 1980; 24 per cent in 1985; 16 per cent in 1990; 18 per cent in 1993; and 16 per cent in 1996. These rates show registered unemployment and would rise by several percentage points if actual unemployment were measured. These high levels of unemployment are a consequence of the destruction of jobs in the primary and manufacturing sectors between 1978 and 1985, and the lack of jobs created in private sector services. The reasons for this phenomenon must be sought in the protectionism developed during the Franco regime, in the low level of competitiveness among Spanish companies, and in the effects of the world crisis on Spain. It is important to point out that this destruction of jobs was particularly concentrated among unionised employment in the most organised sectors in the country, such as metalworking, textiles and building.

Unemployment acts to relocate many manual workers from big companies to unorganised or weakly organised small enterprises, temporary jobs, self-employment or the dole, because of their low qualifications or
advanced age. What is more, unemployment also blocks the way to a first job or to a secure one for young people and women. From this point of view, the problems facing women need to be particularly highlighted. It is traditional in Spain to have low participation rates of women in the labour market, as a result of cultural norms located in the peculiarities of the gendered division of work. However, low participation rates also conceal informal work, usually part-time and in worse working conditions. The proportion of women who want to find a job in the formal labour market has risen with the social and cultural changes in the last ten years. Nevertheless, these women now have unemployment as an additional obstacle.

High unemployment coincided with an accelerating rate of job creation, especially between 1985 and 1991. However, the jobs created during this period have special characteristics; they are temporary and they involve short or very short contracts, many of them lasting only a few months or even a few weeks. The worker is, therefore, forced to change occupation, company and area very frequently. Insecure jobs have grown spectacularly: they made up 14 per cent of jobs in 1984 and this had increased to 35 per cent by 1994. This phenomenon has no equal in Europe, where the average number of temporary contracts does not even reach half of the proportion of Spain (see Table 1.3). What is more, the rate of temporary work decreased in several EU countries during the period of economic expansion. Although some secure jobs have been created, insecure jobs make up more than 95 per cent of new jobs in Spain. Insecurity is now the cornerstone of the new labour market. These new precarious positions are mostly held by young people, women, and, in general, by low-skilled workers.

The ‘minimum guarantees’, full employment and job security for everybody, on which the post-war social settlement in Europe was founded, have also been considered in Spain as a social good from the beginning of the democratic period. Nevertheless there is a crisis now, regarding the attainment of these guarantees. As the minimum guarantees have been broken, new living conditions, new concepts of work, and different trade union situations are being set up. Most of the workers affected have worse living conditions. Work has become more functional and transitory, and less linked to the long-term future careers of workers.
On top of this, the relatively new trade unions are losing a solid social base that was not totally consolidated, with the result that they have to devote a significant effort to defending these minimum standards, which seemed absolutely guaranteed in the not so distant past.

Technological innovations and new employers’ strategies have also introduced important changes to the nature of work. Companies have become more complex as the social division of work has resulted in the increase of skill levels and the rise of middle management in both the private and public sectors (Miguélez and Torns 1992; Toharia and Garrido 1991). A consequence of these developments is a decrease in the number of manual workers in factories, and a growth of white-collar jobs at all levels of qualification (Castillo 1989). Some increases in the numbers of manual workers in services can also be observed. These developments are significantly changing the structure of the labour market. What is more, a great many workers in private sector services are low-skilled and have insecure jobs. This is particularly the case in those industries where the larger increases in employment have taken place, such as business, catering, cleaning, restaurants and personal services.

The inclination to join trade unions among ‘new’ workers is by no means high. The reasons are related to the structure of the companies, the type of employment contract and the general structural changes. The enterprises are small, with a high turnover depending on what is happening in the economy at any given moment, and without any trade union tradition. The contracts are temporary, casual or part-time and are obtained through family or friendship connections; all features which mitigate against a strong union bargaining position. Finally, general changes have led to greater social differences, individualism and a ‘middle class’ ideology.

Another thing to take into account is the variety of work content; some jobs have become more skilled, whereas a lot of others have gone the opposite way. In other words, we can say that polarisation is underway (Lope 1994). Some companies have increased direct participation practices among some of their workers through work teams, improvement teams and quality debates (Lope and Martin 1993). These methods are only being introduced among certain groups of workers – skilled or
strategically placed ones – while the non-participation approach remains the rule for the majority of employees (QUIT 1997).

As far as the trade unions, and particularly the workers’ committees, are concerned, it is very difficult to negotiate in such diverse circumstances, since they are used to a more homogeneous tradition. But trade unions have an even harder challenge: to recreate a new basis for social identification among workers who have only their wage-earning status and their subordinate social position in common.

‘New’ workers and trade unions

Membership of Spanish trade unions still comprises a majority of manual workers with a low level of education, secure contracts and many years in the same company (Rebollo et al. 1993). Nevertheless, we can observe some changes.

Trade union members are not only concentrated in the industrial sector, but rather are balanced between industry and services. There is no absolute supremacy of workers in large companies. On the contrary, workers in middle-sized companies are becoming more prominent and workers in small companies are beginning to join unions. These last points are comparatively important, since membership as a whole is low in small firms, although it has been slowly growing since the 1980s. In other words, it suggests we need to look more deeply at trade unions and their relationship with the new groups of workers.

Workers in insecure jobs

During the last ten years, most workers who found jobs – whether for the first time or after losing their previous job – found them in insecure employment. At present, 34 per cent of salaried workers in Spain are in temporary jobs – mainly women and young people. One of the conspicuous features of these groups is that they do not join trade unions. The main reason is their precarious employment status. We might think these workers need trade unions more than anyone because of their poor working conditions and low wages. The evidence shows, however, that they prefer to deal individually with their employers, since they think this method will benefit them, making it easier to renew their
contracts and to improve their working conditions. Trade unionists and researchers have asked, why do these workers think this way?

Many reasons are put forward to explain non-membership among workers in insecure jobs. Some studies focus on the fact that being a union member is risky for these workers, since there is an anti-union culture in small companies that is against anything linked to external interference (Bilbao 1991; Alós et al. 1988, 1989 and 1990). But there is also a real issue of non-identification with the other workers among the staff and, therefore, a difficulty in identifying with social organisations. These workers often spend no more than a few months in a company. They are likely to change employers continuously, or become unemployed and go back to work after several months. This insecurity reinforces their individualist position, and makes it difficult to establish the collective links that could be possible in more secure employment circumstances.

As to norms, the present rules for the election of workplace representatives exclude insecure workers since they need to be in the company for a certain length of time before they are eligible to vote or to stand for office. This is the reason why only a few temporary workers take part in the workplace elections, even as voters (MTSS 1991).

Finally, there are reasons related to trade union strategy. The fight against insecure employment has been at the top of the trade unions’ bargaining agendas. For many years, they have been demanding that temporary and casual posts become secure jobs, and pressing for equality between temporary and permanent workers in terms of wages and working conditions. The situation within companies has been different, however, even where a workers’ committee operates. Empirical evidence shows that the least attractive shifts, work timetables and tasks are unloaded on to temporary workers. From this perspective, it is obvious that to attract such workers, trade unions need to break this kind of ‘duality’ existing within the enterprises. In other words, trade unions should act more resolutely to defend what legal protection there is for temporary workers, and negotiate to extend legal rights as much as possible within the workplace.
The unemployed

The unemployment rate in Spain is about 20 per cent of the active population, with remarkable differences between regions. Irrespective of region, however, unemployment rates among young people and women are higher than among other groups. From the late 1970s, trade unions have attempted to attract unemployed people into membership by pursuing policies intended to create more jobs. In the 1970s, there were movements known as assemblies of the unemployed, to which many workers experienced in social struggle belonged. The assemblies challenged the trade unions to take the lead on this subject. As time went by, the assemblies were dissolved and trade unions committed the unemployment problem to the care of more bureaucratic sections of the organisation. One reason for this was that the composition of the unemployed changed: nowadays, they comprise large numbers of young people and women, who have never had a secure job. This makes it difficult to organise them as a group within trade unions. On the other hand, unemployment has become a social problem, the most crucial one according to surveys. However, it is a problem that trade unions, the state or other citizens’ organisations tend to view as an individual issue, not a collective one. In any case, an unemployment rate of between 18 per cent and 24 per cent during all these years has resulted in a great reduction in the potential social base of trade unions. A great challenge for the unions, therefore, is not only to create jobs and to improve protection for the unemployed, but also their social organisation.

Women

The few studies related to union membership show that women's membership is growing (Rebollo et al. 1993). The reason may be their entry to some of the secure employment which has been created in the public services during the 1980s. However, the difference between men and women is very high both from the point of view of membership, and in terms of female presence within the union structure, on committees or as delegates. The reason is partly cultural, and partly it has to do with the labour market.
Women hold a weak position as far as employment is concerned, which makes it difficult for them to join unions. In Spain, women have entered the labour market in relatively large numbers during the last few years. This means that women make up the majority on unemployment registers, both in relative and absolute terms, and also among the long-term unemployed. They also fill large numbers of insecure jobs. Furthermore, the employment of women has grown in sectors where trade unions are weak, such as small businesses in catering and cleaning. Finally, the employment of women is currently increasing in part-time jobs but with greatly reduced working hours. All of this makes it difficult for women to become involved in unions, as they do not have a minimum base of job security and they have a very precarious link with the industry or the enterprise. In other words, their labour market position urges women to act in rather an individualistic way.

From the socio-cultural point of view, the consequences of the sexual segregation of work make it difficult for the unions. Most leaders continue to be men and family work makes it difficult for women to free time to devote to union responsibilities. Nevertheless, new efforts are required to overcome the obstacles arising from the sexual segregation of work, which have been reinforced in terms of cultural models and through changes in the labour market. The recent reform of the labour market brought about increases in women’s employment rate, but it is by no means proven that it links women to trade unions.

**Technical workers**

This group of workers has developed enormously during recent years. This is because of the increase in technological innovation, more openings in social and public services, and the changes in methods of work and work organisation. Contrary to public opinion, the percentage of union members among technical workers is only slightly below the percentage they make up of the workforce (Rebollo *et al*. 1993), and is above that of administrative workers, and workers in small businesses or services.

The trade unionism of technical workers has two features which define both its nature and its boundaries. Firstly, they work in private compa-
nies and public institutions. Those working in private companies are more distant from trade unions than those who work in public administration. This can be seen by looking at the trade unions which organise particular occupations or particular companies, as opposed to the general trade unions. But above all, it is clear when referring to membership or involvement in union activities: during the elections for personnel representatives, these groups participate less than manual workers, administrative workers and auxiliaries (MTSS 1991). Secondly, a high percentage of these posts are occupied by women, who face the difficulties explained earlier when it comes to union membership or activity.

Public administration

For trade unions in Spain, it is in the public administration that the possibilities are currently better than ever. It is the one area in which employment has grown. This employment is, in general, secure and usually requires a certain level of qualification. Furthermore, changes in work organisation are registered, and unions can participate in this process (QUIT 1997). That is to say, unions and workers’ committees in public administration can put traditional claims, linked to more ‘industrial democracy’, into action. This is possible because of the new managerial philosophy in the administration.

To put it another way, this is the sphere where membership has increased the most and where union action has had the most effect during the last few years. There are exceptions, however, such as education, where organisation is more difficult. Evidence shows that public administration is indeed a field where trade unions can try out new strategies related to new ways of working and new participation practices in enterprises. At present more than 30 per cent of union membership comes from the public sector, including public administration and services such as health, education and communications. Many of the young union leaders are public employees with different qualifications, work experiences and ideas compared to the union leaders of twenty years ago.
Recent trade union strategies
Trade union attempts to reform have focused on structure and on policies. On structural issues, attention is directed towards developing more coherent links between formal union structures and the workers’ committees in the workplaces, and towards achieving forms of decentralisation to the regions. Both of these structural reforms are intended to bring trade unionism closer to the decisions that influence trade union members and potential members. On policy issues, trade unions are concerned with the unemployment crisis and adjustment to the election to government of the Popular Party. In these areas of reform there is much progress to be made, before trade unionists can claim that they have ‘modernised’ their organisations.

Relationships between unions and workers’ committees
It has often been said that Spanish trade unions are relatively strong in society but weak in the workplace. Their presence as institutions in civil society is remarkable, and they retain an important influence. In many companies, especially small ones, which form the bulk of Spanish businesses, trade unions have neither members nor delegates. In many other enterprises there are delegates who are not linked with the union in a stable way. In enterprises where a strong link does exist, the medium-sized and large-scale sites, unions must maintain a balance between company management, the industry setting, the workers’ committee, and the usually divided union membership.

An attempt is underway to bring together both the interests of the workers in the company – or at least the secure among them – and the workers of the industry to which the company belongs or of the territory where it is located. At the same time, attempts are being made to balance the interests of the workers’ committee and the union which supports it. In any case, a duality in workers’ representation has been consolidated at the company level, since unions, besides being present on the workers’ committee, also try to secure a direct presence in the companies by means of union sections. But it is a form of dualism which often has negative effects on union strategy, because the actions of the committee may be concerned solely with the dynamics in the company, thus excluding any general view and the solidarity which is
the characteristic perspective of unions. These relations are evident where there is a marked segmentation of the labour market.

There are also particular difficulties when wide-ranging union demands – such as those for the creation of new jobs – are tabled at national level, but, in order to be implemented, must result in concrete strategies in each company. The unions are aware of the risks of this duality and they have introduced important changes in recent years to accommodate these tensions. One of the more obvious cases of this adjustment involves new forms of joint action among unions, referred to as 'unity of action', particularly between the UGT and CC.OO. From 1987 these unions abandoned the overtly adversarial positions which had characterised their relations during the period of the socialist government, polarised around opposition to the government by the CC.OO. and support by the UGT. They have now entered a new phase in which trade union unity of action is the rule. This has resulted in new working relationships and, in particular, joint approaches to collective bargaining processes. In addition, unity of action has also promoted alliances between the UGT and CC.OO. inside workers’ committees, with the objective of gaining joint union majorities on such committees. This often involves a compromise between unionists from the two organisations on the basis of a programme of social action.

The reasons for this approach are found at both the social base of the unions and in the structures themselves. At the base, the desire is increasingly evident among workers for unions to combine their actions, to take steps towards a steady unity, and, eventually, unification of the two organisations. Conclusive evidence of this is illustrated by the unquestioning support given by union members to the committees, which is far greater than that given to their unions (Rebollo et al. 1993). Within union organisation, steps towards unity have occurred in parallel to the development of union autonomy from left-wing parties, government and other institutions of the polity. As unions developed greater freedom to design their strategies, they have tended come together to seek common objectives without any great reluctance.

This process of unity of action is not free from dangers. In particular, every time elections for staff representatives are held, each union has a
duty to obtain the maximum number of delegates because the negotiating competence afforded by law depends on the number of delegates. In recent years, however, some tentative suggestions have been advanced to the effect that candidates be jointly put forward and supported by CC.OO. and UGT in these elections. These proposals are not far-fetched, as changes in the election regulations have been introduced to extend the period within which elections might take place, hence accommodating the different circumstances prevalent within each company. This change has helped to mitigate the climate of confrontation which was traditional during the elections when they were conducted within a limited timetable.

**Political decentralisation and union centralism**

A second important strategic issue concerns the central and regional structures of unions. Regional union structures are traditionally related to the map of autonomous communities, which characterise the marked political decentralisation existing in Spain. This political decentralisation is most marked in the Basque country, Catalonia and Galicia. In trade union terms, decentralisation is quite radical in the Basque country because of the existence of an autonomous nationalist trade union. Trade unions are agreed that regional particularities should be promoted within labour relationships, on the understanding that they do not undermine the basic unity of all Spanish workers.

This might result in regional collective bargaining for some issues, and the development of regional institutions concerned with labour policy and social policies. In practice, there are already Economic and Social Councils in some regions, although they have had little impact, and processes whereby regional agreements may be settled. In addition, labour reforms introduced at the beginning of 1994 broaden the possibilities of regional negotiation. In order to move to greater regional negotiating autonomy, an apparent contradiction has to be resolved concerning the objectives of the unions in their ‘from top to bottom’ strategies, expressed in the agreements of April 1997 which are considered below. These are defended by the unions as measures to prevent fragmentation, yet preclude the furtherance of more widespread regional negotiations.
In the view of the author, central union organisations have to assume that decentralisation will be difficult to resist. Decentralisation might be based on explicit intra-union agreements, however, which would guarantee unity, general solidarity and organisational principles, and, above all, would allow forms of action closer to the political-cultural realities in which workers live. What has been said about autonomous regions is also applicable to smaller territories, but to a lesser extent. It seems obvious that the fight for improvement in employment levels and working conditions must be decentralised to the regions if it is to be efficient. In other words, such campaigns are most effective when they involve those most directly affected. Furthermore, these campaigns are also more likely to attract resources and institutional support from within the regions.

It is important to emphasise that this view is not a regionalist whim. Except in the Basque country, union regionalism has been unsuccessful, due to either historical reasons or the tension associated with regionalism during recent years. An approach based on greater regional negotiations will allow trade unions to address more directly the problems affecting workers. Decentralisation to regional level does not necessarily undermine solidarity at the national level. Indeed, national solidarity could even increase, and be extended to a European level.

**Facing the employment crisis**

Without doubt, the most innovative aspects of the new trade union strategy are the actions taken against the employment crisis. Although the employment crisis is proving complex and difficult, Spanish trade unions, like many other unions in Europe, have placed the fight against unemployment at the centre of their activity. They have pursued policies at both company and national levels. Within companies they have encouraged employment growth, and above all growth in secure employment, in exchange for wage moderation, productivity improvements and agreements on work reorganisation. At the national level, trade unions have attempted to consolidate existing levels of employment and to increase its volume by means of social agreements, pressure on the government, employers and public opinion. Results are still not very encouraging and today the most important conflicts with employers and the government are found in this field. If employment
growth is to be stimulated, more inventiveness is required, more risks need to be taken and new formulae agreed. In this context, Spanish unions are most interested in developing a wide 'social agreement for employment', which they foresee as the basis for the creation of new jobs and the improvement of existing ones. How will this be possible? It is argued that reductions in working time, and in direct and indirect labour costs are the key issues. Discussion remains focussed on the issue of flexibility. However, there are those within the unions who are convinced that access to work is already so flexible that it is a reason for union weakness. These people thus argue that negotiation between the state, the employers’ organisations and trade unions should regain an important role in order to develop effective policies on large-scale employment creation.

Many advocate a new Keynesianism, in which maximum growth and maximum consumption are not the main objectives, but are pursued in balance with the environment. In other words, new production capacity will have to take into account its effects on the environment, allow for moderate and shared consumption, and incorporate a quality of life based on more spare time rather than on accumulated goods. All this would require a 'cultural revolution' in which unions have an important role to play as basic organisations, but for which they still need new cultural perspectives. The current trade union emphasis on 'work cultures' may have to be supplemented by an emphasis on 'time culture'. Traditional union activity is still deeply based on the typical 'cash nexus' and 'productivity' of capitalist culture. The elaboration of a new culture by unions, by the new social movements and by left-wing parties, will be the new opposition front to capitalism. This is a hard task, but is necessary for the future. It is particularly hard because traditional ideas about well-being and consumption are strongly rooted among members of trade unions. It is necessary because, without a change, we are certain to damage irreversibly the earth.

The current political framework

Spanish trade unions entered a new political framework in 1996 when the right-wing Popular Party won the general election and formed a government with the support of right-wing nationalist parties. The new
government opened a wide-ranging social dialogue with the main unions, aimed at reforming the labour market and maintaining the social security system. As a result of this initiative, the social actors signed an important agreement in April 1997, which weeks later received the support of a majority in Parliament. The two most important objectives were to stop the growth of insecure employment and the restructuring of collective bargaining. Regarding the first objective; the number of secure jobs increased, as well as part-time employment. Regarding the second objective, things proceeded more slowly.

Agreements have been reached on occupational training programmes and have been renewed in relation to the stability of the social security system, but important disagreements remain on the issue of a future employment plan and, in particular, on the reduction of working time to 35 hours. The trade unions advocate a two-tiered approach, comprising legal regulation and collective bargaining. Employers are concerned about the financing of the reduction in working hours. Even though there are major difficulties, however, social dialogue has been restored after years of interruption when the socialist government was in power.

Challenges for the twenty-first century

Like many forms of association, trade unions have many very suitable ideas, very attractive objectives and coherent methods, but they need to convince people to take part collectively in the solution of their problems. Without active participation at the base, crisis may make trade unions obsolete. The restrictions of the past have dissipated, but now there are a number of concrete challenges that must be addressed if there is to be a real chance of modernisation of workers’ collectivism in Spain.

Unions for men and women

An important, current challenge for union organisations arises from the increased participation of women in the labour market and the sexual division of labour. Unions perform educational functions intended to address these issues. There are efforts, not just by women members, but also by many men, to shape ‘a union of men and women’, an expression
which both underlines differences and seeks to ensure equalities of rights and establish the objective of equality of opportunity.

Beyond the effort to accommodate men and women equally in the unions, however, they are also campaigning to change the meaning of work, so that productive labour and work in the home are regarded with the same prestige and consideration. This is the true challenge, because, unless this change occurs, collective action cannot be attractive for women. Addressing this challenge also gives unions a new role in a world where work means something different from in the past. In order to achieve these objectives, it is necessary to give men and women the same rights in productive work and the same duties in the home. Spanish unions still have much progress to make in this area. Jobs for men and women are not very often equally defended. Even more frequently, defending jobs for men involves attaching little value to household jobs where, without discussion and following the dominant culture, women are placed. It is clear that union activity alone is insufficient to develop new forms of socialisation for women and men, and that activity is required on a far broader scale. Organisations that have historically based their prestige and legitimacy on the control of ‘public’ work, however, can make significant contributions to the strengthening of the idea of ‘private’ work.

Action from the territory

The traditional company and the structures associated with it are destined to disappear. Already there is a multiplicity of different forms emerging, for example, network companies, diffuse companies, home-working and tele-working. Industries are undergoing important transformations, which makes them more complex and subject to more rapid change than in the past. Distinctions between industries are no longer clear-cut, with many companies now engaged in both manufacturing and services.

It should be added that workers in small companies, the unemployed, and those with high rates of labour turnover, are less likely to exhibit commitment either to the company or to an industry. It is also important to underline that when people assess their quality of life, it is
not only working conditions that are important. In addition, many other features are evoked, such as education, health, personal relationships, consumption, gender, race, geographical origin, and so forth. This is to argue that the complexity that characterises modern society in terms of living conditions, the diversity of citizenship and the sexist division of labour, suggests that, although the unions must play an important role, it will hardly be that of 'hegemonic organisations'. On the contrary, it seems likely that unions will be increasingly submerged in civil society, alongside many other organisations and associative forms.

The reality is that unions in Spain are beginning to see this development more clearly and have established excellent relationships with many other organisations in civil society, in particular, with the so-called 'new movements' such as ecologists, feminists, pacifists and anti-racists. It should be acknowledged that, to a certain extent, unions participate in many civic initiatives in cooperation with other organisations because of their own relative weakness. The constructive relationships between unions and these associations, however, are the best guarantee for the consolidation of a new civil society in Spain. One should not forget that Spain is a country where the civil society, or the associative network, is very weak. In such a situation unions are, without doubt, some of the strongest individual organisations. Furthermore, union members already usually take part in many associative forms. Almost 50 per cent of the members 'approach' the union from 'outside the company', that is, from within the region (Rebollo et al. 1993).

All this leads me to suggest that the most suitable 'natural space' for Spanish union activity is not just the company and the sector but also, and perhaps primarily, the region. This development is far from certain as it is easy to underestimate the resilience of the sectoral structures, in the form of industrial unions, and of the workers' committees. However, if this development took place, the manner of participation and mediation would change significantly. Such changes would attract to unions workers in small companies, those in insecure employment and the unemployed. For this reason, it is apparent that much more importance should be given to the present regional structures of unions.
Ecological awareness

Ecological issues are becoming more important as people become more aware of the environmental consequences arising from the prevailing patterns of production and consumption. Unions are clear in expressing the need for technologies and products that respect the environment. There is a contradiction in their position, however, as many of their interventions aimed at protecting the environment are seen to have a negative effect on employment levels. This contradiction has restricted unions in their pursuit of policies that are more clearly defensive of the environment. As previously mentioned, unions have certainly developed a range of ideas in this area, but have been unable to act on them in the absence of a more wide-ranging cultural change.

A new international solidarity

The increase in the development of what has been termed the global economy has given many companies, particularly multinationals, the capability of moving from one country to another very quickly. This is a movement of technology, of investments and of financial capital. At the present time, workers’ organisations do not have the capability of responding globally. This is the result of both organisational weakness and because the framework of trade union action is traditionally rooted in the nation state.

Greater worker internationalism is necessary in a global economy merely to ensure survival. Internationalism does not necessitate large international union bureaucracies. It means developing deeper, more complex networks in multinational companies. It also means developing a broader awareness of European and global ideas of solidarity and links among workers.

Social and labour Europe

Spanish trade unions have dealt with the incorporation of the country into the EU in a contradictory way. In many unions it was argued that EU membership would reinforce the subordinate position of the Spanish economy in relation to the stronger European economies, and
would result in higher levels of unemployment and inequality. To date, these fears have not been removed. In other unions, particularly those organising in the most dynamic, or economically advanced, regions in Spain, membership of the EU was viewed as the only way to move forward and overcome the historical differences between Spain and the rest of Europe. EU membership was also seen as a way of addressing the traditional inequalities in Spain and of developing the welfare state.

After more than a decade of membership, Spanish trade unions have still not taken stock of the situation. The point is simple: Europe is not in the centre of the debate. Trade unions only adopt a stance when a decision is made that affects the social and labour field. During recent years some changes have been visible at national level within unions, as discussions at EU level have focussed on unemployment and the reduction of working time. These changes are not mirrored by similar developments in the intermediate structures of trade unions, in the workers’ committees, in the unions within companies, or by trade union members. In short, Europe is still peripheral to the strategies of Spanish unions. They look almost exclusively at their own country when discussing unemployment, wages, productivity or work organisation. The exception to this is the specific cases of multinational companies. Spanish trade unions are clear on the need to consolidate industrial relations and, more specifically, company bargaining at a multinational level. For them, an efficient tool for this is a multinational enterprise committee. Although Spanish employers criticised and campaigned against the EU Directive on European Works Councils, the government adopted the Directive at the end of 1997. It remains to be seen how effective these European Works Councils will be in Spanish-owned multinational companies and where there are Spanish subsidiaries.

With the exception of developments within multinational companies, Spanish workers are sceptical about the consolidation of a true ‘European model of industrial relations’. At national level, unions are definitely ready to collaborate in order to move towards greater Europeanisation, but to date social Europe has not been a firm enough reality to attract broader involvement. It is domestic concerns, in particular the fight for employment, the search for better living conditions, and the
establishment of regional frameworks, which are viewed as the main challenge for Spanish trade unions. In this context, Europe is only a background issue.

Notes
1. Among the old unions CNT and UGT, and among the newer unions USO (Catholic) and OSO (Communist).

2. An example can be seen in the case of Catalonia, one of the most developed regions and one where unionisation is relatively high. In 1992, women made up about 35.5 per cent of the workforce while the rate for women's union membership was about 27.4 per cent in the CC.OO. We have no data for the other unions but evidence shows that rates cannot be higher.

3. The CC.OO. has taken an initiative on this issue recognising that on the one hand, if women are to be more involved in union work, this requires men assuming this perspective, especially their partners.

4. In this context we refer to the labour market reform introduced at the beginning of 1994 which makes entering the labour market and dismissals more flexible, and stipulates the regulations for part-time work, etc.

5. According to the most recent official data, there are 2.5 million enterprises in Spain. Only 127,000 have 10 or more employees: 1.5 million are one person companies comprising the self-employed, 600,000 have 1 or 2 employees, 373,000 between 3 and 9 employees (DIRCE January 1997).

6. The terms regionalist and regionalism are used here to refer to specific regions of Spain, such as the Basque country or Catalonia. The terms nationalist and nationalism are used to refer to Spain as a whole. It is acknowledged that in direct translation from Spanish the terms nationalist and nationalism refer to regions of the country. The approach adopted here, however, allows consistency with other chapters in this book.
Chapter 16: Sweden
The multitude of challenges facing Swedish trade unions

Anders Kjellberg

Accelerating economic and political integration in Europe creates several challenges and prospects for change for Swedish trade unions. One major challenge is to make the Swedish system of wage formation compatible with a probable future affiliation to EMU. Another urgent task is to avoid ‘wage races’ downwards between European countries, because worse unemployment would be the likely outcome of such spirals. Achieving a better balance between the fight against inflation and efforts to reduce unemployment appears as a major challenge for European states and trade unions, as does also the need to balance the rapidly increasing power of transnational companies and financial capital moving freely across borders. Considering its modest size (9 million inhabitants) few, if any, countries have such a large share of major transnational companies as Sweden. These have shown a fast increasing tendency to become ever less ‘Swedish’ and have been stepping up their demands for deregulation, reregulation of labour law and tax reductions.

The situation has become critical in both the industrial and political arenas as the ‘Historic Compromise’ concluded between capital and labour in the 1930s is no longer in working order. This important compromise, which found expression in the famous Swedish ‘spirit of co-operation’, a constituent element of the ‘Swedish model’ of industrial relations up to the 1970s, entailed ‘self-regulation’ or regulation by the labour market parties themselves through collective agreements, in contrast to state regulation by means of legislation. A relative balance of power between unions and employers’ associations fostered compromises such as the 1938 basic agreement – frequently referred to as the Saltsjöbaden Agreement – between
Landorganisationen i Sverige (LO, Swedish Federation of Trade Unions) and Svenska Arbetsgivareförbunden (SAF, Swedish Employers’ Confederation). Contemporary Sweden, though characterised – like the 1930s – by profound changes, is distinguished rather more by positions of deadlock than by compromise and co-operation. This applies, at least, to the stances adopted by peak organizations, for it is true that, since 1997, a new spirit of co-operation has become increasingly manifest within manufacturing industry.

Until the 1990s, the traditional social democratic policy of full employment reinforced the position of unions. Since then, the fundamental shift of power between labour, capital and state has been increasingly reflected in the political agenda marked, irrespective of the colour of government, by the priority of the fight against inflation, budget cuts, etc. A reverse, but parallel, trend was apparent in the observation that the full employment policy was retained by the non-socialist governments of 1976-82, in a period, that is, still characterised by social democratic ‘hegemony’. Since the 1930s, the Swedish political scene has been dominated for long periods by social democratic governments: 1932-76, 1982-91 and most recently since 1994. The changing composition of both the labour force and the electorate is one of several circumstances serving to reduce LO’s influence upon government policy and in society, though it is noticeable that the relationship between the two wings of the labour movement has in recent years been more relaxed than for a long time.

The transformation of the Swedish union system.

It might seem paradoxical that the Nordic countries (Denmark, Finland, Norway and Sweden), traditionally known as welfare societies with comparatively far-reaching provision for equality, also contain the most class-segmented union movements of all countries (Kjellberg 1998a: 78, 82-3). Not only does the blue-collar/white-collar divide have a profound impact on union structure, but the same is true of the division between university graduates and other white-collar workers (Kjellberg 2000a: 610-16). As a consequence there exists one union confederation for blue-collar workers, university-educated professionals and other
white-collar workers; in Sweden these organisations are as follows: Landsorganisationen (LO, Swedish Federation of Trade Unions); Sveriges Akademikers Centralorganisation (SACO, Swedish Confederation of Professional Associations); and Tjänstemännens Centralorganisation (TCO, Swedish Confederation of Professional Employees). Membership of all three confederations includes private as well as public sector unions. SACO unions recruit employees in both sectors, in addition to students and self-employed workers. Founded in 1947 and labelled ‘the world’s oldest professional peak association’ (Heidenheimer 1976:50), SACO soon had equivalents in Denmark, Norway and Finland, all of them established in 1950. Even viewed within a Nordic perspective, Sweden has the most significant separation of national unions and confederations along the blue-collar/white-collar divide, as well as with respect to university graduates vis-à-vis other white-collar workers. In recent decades the boundaries between SACO and TCO, and between TCO and LO, have, however, been diluted and common interests have increasingly come to the fore.

Were it not for the existence of separate unions and confederations for each category of worker, Swedish white-collar workers would not be almost as well organised as the traditional working class. The combination of a simultaneously centralised and decentralised industrial relations system has also been instrumental in achieving high union density. Whereas centralisation (strong union confederations and national unions) prevents fragmentary union coverage, promotes bargaining power and makes ‘solidaristic wage policy’ possible, decentralisation (the extensive network of workplace unions vertically well integrated into national unions) brings unions close to their rank-and-file membership. This important aspect of Swedish unionism, including the four-tier union structure (workplace organisation, local branch, national union, confederation), first emerged among blue-collar workers, and was successfully imitated by white-collar unions. The system of union unemployment funds and the recruitment of membership across a broad occupational spectrum were also taken over by white-collar unions.
Table 16.1: Union membership (percentages) by confederation, 1945-1999

<table>
<thead>
<tr>
<th>Year</th>
<th>LO</th>
<th>TCO</th>
<th>SACO</th>
<th>Independ</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>79</td>
<td>15</td>
<td>-</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>1950</td>
<td>78</td>
<td>17</td>
<td>1</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>1955</td>
<td>76</td>
<td>19</td>
<td>2</td>
<td>3</td>
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<td>74</td>
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<td>4</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>1980</td>
<td>61</td>
<td>31*</td>
<td>5</td>
<td>3*</td>
<td>100</td>
</tr>
<tr>
<td>1985</td>
<td>60</td>
<td>33</td>
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<td>1999</td>
<td>55</td>
<td>32*</td>
<td>11</td>
<td>2*</td>
<td>100</td>
</tr>
</tbody>
</table>

**B. As percentage of workers**

<table>
<thead>
<tr>
<th>Year</th>
<th>LO</th>
<th>TCO</th>
<th>SACO</th>
<th>Indep.</th>
<th>Non-members</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>47</td>
<td>24</td>
<td>4</td>
<td>2</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>1985</td>
<td>48</td>
<td>27</td>
<td>5</td>
<td>1</td>
<td>19</td>
<td>100</td>
</tr>
<tr>
<td>1990</td>
<td>47</td>
<td>28</td>
<td>6</td>
<td>1</td>
<td>18</td>
<td>100</td>
</tr>
<tr>
<td>1995</td>
<td>48</td>
<td>28</td>
<td>7</td>
<td>1</td>
<td>15</td>
<td>100</td>
</tr>
<tr>
<td>1997</td>
<td>46</td>
<td>26*</td>
<td>8</td>
<td>2*</td>
<td>18</td>
<td>100</td>
</tr>
<tr>
<td>1998</td>
<td>45</td>
<td>26*</td>
<td>8</td>
<td>2*</td>
<td>19</td>
<td>100</td>
</tr>
<tr>
<td>1999</td>
<td>44</td>
<td>26*</td>
<td>9</td>
<td>2*</td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

* Ledarna (Association of Managerial and Professional Staff) not affiliated to TCO.
The extremely high Swedish union density (more than 80 per cent) presupposes a high or relatively high density among almost all categories of workers: blue-collar/white-collar (83/80 per cent); public/private sector (92/75); men/women (79/84); full-time/part-time (82/77); workers born in Sweden/immigrants (82/82); and employed/unemployed (81/77). The expansion of white-collar membership reflects the increasing proportion of white-collar workers in the labour force, but also rising union density among this category of worker. As a result, the membership share of the blue-collar confederation LO declined from 79 per cent to 55 per cent between 1945 and 1999, while that of TCO increased from 15 per cent to 32 per cent (excluding pensioners, students and self-employed) – see Table 16.1. Since 1950 SACO has raised its share from 1 to 11 per cent. TCO was formed three years before SACO, in 1944, by a merger of two white-collar confederations: one of them, ‘old TCO’ (founded in 1937) comprised public sector unions; the other, formed in 1931, comprised private sector unions. The oldest of all Swedish union confederations is LO, which was established in 1898.

Of the ten largest national unions in 1997, five were affiliated to each of TCO and LO (see Table 16.2). The top twenty unions included another TCO union, two SACO unions and an independent white-collar union, retaining a white-collar ratio of about every second union. Another indicator of the successful spread of Swedish unions to all categories of workers is that as many as seven of the top ten unions are located in services. Swedish union structure thus fairly well reflects the transition from industrial society to service society. The blue-collar unions in manufacturing and construction, which a hundred years ago dominated the trade union movement, are today represented by only two unions among the ten largest: Svenska Metallindustridarabersförbundet (Metall, Swedish Metalworkers’ Union) and Svenska Bygnadsarbetarförbundet (Byggnads, Swedish Building Workers’ Union). The third largest Swedish union, Svenska Industriföreningarna (SIF, Swedish Union of Clerical and Technical Employees) also has its centre of gravity in manufacturing. Comprising all manufacturing trades and almost all white-collar grades, it is Sweden’s largest white-collar union. If the list is extended to the twenty largest unions, the manufacturing ratio increases...
to 40 per cent (eight out of twenty unions; construction included). On the other hand, 60 per cent of the unions listed in Table 16.2 are unions of service workers containing two thirds of the total membership of the listed unions. Considering that only about one quarter of all employed workers in contemporary Sweden are within manufacturing, mining and construction (26 per cent according to the 1997 Labour Force Survey), the expansion of service unionism is, of course, a prerequisite for the maintenance of high Swedish union density.

Table 16.2: The 20 largest national unions in Sweden, 31 December 1997

<table>
<thead>
<tr>
<th>(1)</th>
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<th>(4)</th>
<th>(5)</th>
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<th>(7)</th>
<th>(8)</th>
<th>(9)</th>
<th>(10)</th>
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<tbody>
<tr>
<td>1</td>
<td>Kommunal</td>
<td>634,000</td>
<td>511,000</td>
<td>W</td>
<td>G</td>
<td>S</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>2</td>
<td>Metall</td>
<td>315,000</td>
<td>62,000</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>3</td>
<td>SIF</td>
<td>290,000</td>
<td>116,000</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>WC</td>
<td>V</td>
<td>TCO</td>
</tr>
<tr>
<td>4</td>
<td>Lärarförb.</td>
<td>173,000</td>
<td>140,000</td>
<td>W</td>
<td>G</td>
<td>S</td>
<td>WC</td>
<td>C/P</td>
<td>TCO</td>
</tr>
<tr>
<td>5</td>
<td>Handels</td>
<td>157,000</td>
<td>110,000</td>
<td>M</td>
<td>S</td>
<td>M</td>
<td>BC/WC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>6</td>
<td>SKTF</td>
<td>152,000</td>
<td>113,000</td>
<td>W</td>
<td>G</td>
<td>S</td>
<td>WC</td>
<td>V</td>
<td>TCO</td>
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<tr>
<td>7</td>
<td>HTF</td>
<td>144,000</td>
<td>90,000</td>
<td>M</td>
<td>M</td>
<td>S</td>
<td>WC</td>
<td>V</td>
<td>TCO</td>
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<tr>
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<td>SEKO</td>
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<td>45,000</td>
<td>M</td>
<td>G/M</td>
<td>S</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>9</td>
<td>Byggnads</td>
<td>106,000</td>
<td>1,000</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>10</td>
<td>Vårdförb.</td>
<td>98,000</td>
<td>91,000</td>
<td>W</td>
<td>G</td>
<td>S</td>
<td>WC</td>
<td>C/P</td>
<td>TCO</td>
</tr>
<tr>
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<td>IF</td>
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<td>32,000</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
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<td>12</td>
<td>ST</td>
<td>81,000</td>
<td>54,000</td>
<td>W</td>
<td>G</td>
<td>S</td>
<td>WC</td>
<td>V</td>
<td>TCO</td>
</tr>
<tr>
<td>13</td>
<td>Transport</td>
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<td>11,000</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>14</td>
<td>Skogsträ*</td>
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<td>M</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>15</td>
<td>Ledarna</td>
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<td>5,000</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>WC</td>
<td>C</td>
<td>Independ.</td>
</tr>
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<td>10,000</td>
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<td>M</td>
<td>M</td>
<td>WC</td>
<td>P</td>
<td>SACO</td>
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<tr>
<td>18</td>
<td>Livs</td>
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<td>M</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
<tr>
<td>19</td>
<td>LR</td>
<td>49,000</td>
<td>30,000</td>
<td>W</td>
<td>G</td>
<td>S</td>
<td>WC</td>
<td>P</td>
<td>SACO</td>
</tr>
<tr>
<td>20</td>
<td>Fastighets</td>
<td>43,000</td>
<td>21,000</td>
<td>M/W</td>
<td>M</td>
<td>S</td>
<td>BC</td>
<td>V</td>
<td>LO</td>
</tr>
</tbody>
</table>

* Founded by merger in June 1998
(combined membership of the two unions at 31 December 1997).
Chapter 16: Sweden

(1) Rank by size.

(2) Abbreviated name in Swedish. Full name in Swedish and English:
1. Svenska Kommunalarbetareförbundet - Swedish Municipal Workers’ Union,
2. Svenska Metallindustriarbetareförbundet - Swedish Metalworkers’ Union,
3. Svenska Industritjänstemannaförbundet - Swedish Union of Clerical and Technical Employees,
4. Lärarförbundet - Swedish Teachers’ Union,
5. Handelsanställdas förbund - Commercial Employees’ Union,
6. Sveriges Kommunaltjänstemannaförbund - Swedish Union of Local Government Officers,
7. Handelstjänstemannaförbundet - Union of Commercial Salaried Employees,
8. SEKO - Facket för service och kommunikation - Union of Service and Communication Employees,
9. Svenska Byggnadslärares Fackförbundet - Swedish Building Workers’ Union,
10. Vårdförbundet - Swedish Association of Health Officers,
11. Industrifacket - Industrial Workers' Union,
12. Statsanställdas Fackförbundet - Union of Civil Servants,
13. Svenska Transportarbetareförbundet - Swedish Transport Workers’ Union,
14. Svenska Skogs- och Träfacket - Swedish Forest and Wood Workers’ Union,
15. Ledarna - Association of Managerial and Professional Staff,
16. Hotell- och Restaurang Facket - Hotel and Restaurant Union,
17. Civilengenjörerförbundet - Swedish Association of Graduate Engineers,
18. Svenska Livsmedelsarbetareförbundet - Swedish Food Workers’ Union,
19. Lärarnas Riksförbund - National Union of Teachers in Sweden,

(3) Number of ‘active’ union members. Unemployed, persons on labour market programmes and SACO members on leave are included. Pensioners, self-employed and students are excluded.

(4) Number of female members.

(5) Membership dominated by men (M), by women (W).

(6) Most members in government sector (G); in market sector (M).

(7) Membership in predominantly manufacturing and construction (M); in service sector (S).

(8) Blue-collar union (BC); white-collar union (WC).

(9) ‘Vertical’ (industrial) union (V); craft (occupational) union (C); professional union (P).

(10) Affiliated to union confederation: LO (Landsorganisationen - Swedish Federation of Trade Unions), SACO (Sveriges Akademikers Centralorganisation - Swedish Confederation of Professional Associations), TCO (Tjänstemännens Centralorganisation - Swedish Confederation of Professional Employees).
In addition to white-collar and service workers, women occupy a prominent position within Swedish unions. There is a substantial overlap between these three categories of workers. Since the early 1990s a majority of Swedish union members have been women. Six out of the top ten unions (about every second of the twenty largest) have a massive majority of female members, among them the largest union, Svenska Kommunalarbetareförbundet (Kommunal, Swedish Municipal Workers’ Union). The “class segmentation” paradox was mentioned above. Another Swedish paradox consists in having a very high share of gainfully employed women (71 per cent), but also one of the labour markets most characterised by gender segregation. This is reflected in the concentration of most female union members in a few unions. The nine female-dominated unions in Table 16.2 comprise no less than about 70 per cent of all women affiliated to Swedish unions.

As a consequence of the high union density among almost all categories of workers, shifts in the composition of the labour force have had no dramatic negative effects on average density. On the contrary, the expansion of public sector employment for a long period had a positive impact, in particular upon union density among women. During the last 10 to 15 years, union density has declined among young workers (the age group 16-24 years), a development to which we will return later. The small and declining share of the workers falling within this age group, however, has prevented negative effects on the average density.

While the top twenty list comprises as many as about 90 per cent of all LO and TCO members, only every third SACO member is included. In terms of numbers of unions, the large majority of TCO and SACO unions are not found on this list (12 of 18 TCO unions and as many as 22 of 24 SACO unions, but only 8 of 19 LO unions). This reflects the large number of small unions affiliated to both TCO and SACO (Table 16.3). More than 80 per cent of all SACO members belong to unions with less than 50,000 members (pensioners, students and self-employed excluded). This is explained by the still relatively limited number of university graduates in the labour force and the fact that all SACO unions are organised along occupational lines. One reason for this is their two-fold role as professional associations and unions. In contrast, most LO
unions and many of the largest TCO unions are ‘industrial’ or ‘vertical’ unions comprising all kinds of workers within an industry or group of industries, albeit with one conspicuous restriction: LO unions as a rule include only blue-collar workers, while all TCO unions are white-collar unions.

The two largest TCO private sector unions (Nos. 3 and 7 in Table 16.2: SIF and Handelsföretagensföreningen (HTF, Union of Commercial Salaried Employees)) are organised vertically, as are two prominent public sector unions (Nos. 6 and 12: Sveriges Kommunalföreningen (SKTF, Swedish Union of Local Government Officers) and Statensföreningen (ST, Union of Civil Servants)). However, another two TCO public sector unions on the list (Nos. 4 and 10: Lärarföreningen (Lärarförb, Swedish Teachers’ Union) and Vårdföreningen (Vårdförb, Swedish Association of Health Officers)) are occupational/professional unions, organising school teachers and nurses respectively. All in all, about half of TCO’s public sector members belong to occupational unions, while the overwhelming majority in private employment are members of vertical or industrial unions. Lärarförb (No. 4) has now become the second largest TCO union as a result of a series of mergers: between 1945 and 1991 no fewer than eleven of the teachers’ unions successively merged into this huge occupational union.

As can be seen from Table 16.4, the number of TCO unions fell by as much as thirteen during the period 1960-70. Five of them joined ST (No. 12 in Table 16.2), while another two merged in 1966 to form a new teachers’ union and were joined by yet another union in the following year. Within LO a wave of mergers also took place during this period (more precisely 1961-1973) and especially in 1970 when no fewer than nine LO unions of state employees merged to form Statsanställdasföreningen (SF, Swedish State Employees’ Union), in 1995 renamed SEKO (No. 8 in Table 16.2) when it was joined by Svenska Sjöfolksförbundet (Swedish Seamen’s Union). The appearance of SF in 1970 meant in reality that the LO Cartel of State Servants (founded in 1937) was transformed into a single large union.
Table 16.3: National unions by size and confederation in 1997

<table>
<thead>
<tr>
<th>Confederation</th>
<th>Number of unions</th>
<th>Membership (in thousands)</th>
<th>Membership (percentages)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0-24</td>
<td>25-49</td>
</tr>
<tr>
<td>LO</td>
<td></td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>TCO</td>
<td></td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>SACO</td>
<td></td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>Independent</td>
<td></td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>unions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All unions</td>
<td></td>
<td>42</td>
<td>8</td>
</tr>
</tbody>
</table>

* Two unions which merged in June 1998 are counted as one union (Swedish Forest and Wood Workers' Union).

** Reserve Officers Association of Sweden excluded as it has no employed members.
Table 16.4: Number of national unions by confederation, 1950-1999

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LO</td>
<td>44</td>
<td>44</td>
<td>29</td>
<td>25</td>
<td>23</td>
<td>19*</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>TCO</td>
<td>43</td>
<td>36</td>
<td>23</td>
<td>21</td>
<td>20</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>SACO**</td>
<td>24</td>
<td>34</td>
<td>29</td>
<td>25</td>
<td>24</td>
<td>24</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>SR***</td>
<td>28</td>
<td>22</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Independ.****</td>
<td>34</td>
<td>19</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td>8</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>All unions</td>
<td>173</td>
<td>155</td>
<td>106</td>
<td>77</td>
<td>72</td>
<td>69</td>
<td>69</td>
<td>67</td>
</tr>
</tbody>
</table>

Notes: * Two unions which merged in June 1998 are counted as one union (Swedish Forest and Wood Workers’ Union).
** The Reserve Officers Association of Sweden excluded as it has no employed members. Three unions affiliated to SACO in 1951 are included in 1950.
*** Unions with less than 50 members excluded.
**** Independent unions, up to 1980 most of them white-collar unions. The small syndicalist federation SAC included.

Abbreviations: SR (Statsjänstemännen Riksförbund - National Federation of Government Employees), merged with SACO in 1974, for LO, TCO and SACO see Table 16.2.

The large number of mergers among public sector unions in the second half of the 1960s and early 1970s can be attributed to the Swedish government policy to centralise negotiations within the public sector. This aspiration in turn accelerated the formation of bargaining cartels among white-collar workers. When government employees in 1966 were conceded full bargaining and strike rights, individual unions were in general refused the right to negotiate. The number of bargaining agents was limited to a few central organisations, such as the bargaining cartels of TCO (TCO-S, TCOs statliga förhandlingskartell, TCO Section for State Employees) and SACO (SACO-S, SACOs statliga förhandlingskartell, SACO Section for State Employees), or large unions such as SF (before 1970 the bargaining cartel of state employees, since 1995 SEKO). Bargaining rights were also conceded to Statsjänstemännen Riksförbund (SR, National Federation of Government Employees), a small confederation consisting principally of staff associations, which in 1974...
merged with SACO to form SACO-SR, which subsequently again came to be known simply as SACO. In the municipal sector bargaining rights were gradually concentrated with Kommunaltjänstemannakartellen (KTK, Federation of Salaried Local Government Employees), SACOs kommunala förhandlingskartell (SACO-K, SACO Section for Municipal Employees) and Kommunal. As in the government sector this meant one organisation for each of TCO (KTK), SACO (SACO-K) and LO (Kommunal). The most advanced cartel, however, appeared in the private sector. In 1973 Privattjänstemannakartellen (PTK, Federation of Salaried Employees in Industry and Services) was founded and soon included a large number of both TCO and SACO unions. Its cross-confederal character was a remarkable innovation in the Swedish union landscape.

The decentralisation of bargaining in the last few decades has reduced the role of bargaining cartels in both the public and private sectors. New constellations have emerged, such as, in 1992, the Bargaining Council in the engineering industry, made up of one union from each of LO (Metall), TCO (SIF) and SACO (CF). While PTK was bridging the gap between TCO and SACO white-collar unions across the whole private sector, the Bargaining Council was restricted to manufacturing, but none the less it was a pioneer in crossing the blue-collar/white-collar divide. The significance of the Bargaining Council was accentuated by the total absence of union mergers across this boundary in Sweden, in an era when common action vis-à-vis transnational companies, employers’ associations and government appears more urgent than ever. In 1997 this cross-confederal union alliance was extended to as many as eight unions, the so-called 8-group or Facken inom industrin (Unions in manufacturing). This second step immediately affected only LO, as all five unions entering the alliance were LO unions within manufacturing (among them Nos. 11, 14 and 18 in Table 16.2). Nevertheless, as SIF and CF already covered all manufacturing trades, co-ordination of bargaining was now extended to manufacturing in its entirety.

One of the participating LO unions – Industriifacket (IF, Industrial Workers’ Union) had been founded in 1993 by a merger between Svenska Fabriksarbetareförbundet (Swedish Factory Workers’ Union) and Beklädnadsarbetarnas förbund (Swedish Textile, Garment and Leather...
Workers’ Union), which, in turn, was the result of a merger between three ‘vertical’ or ‘industrial’ unions in 1972. Long before that, the principle of industrial unionism had become the official ideology of LO (Åmark 1998:350). Promoted by the manufacturing unions, with Metall at the head, the issue was hotly debated at LO congresses during the 1920s. Though after 1926 any resistance was exclusively passive, LO’s pragmatic approach served to protract implementation of the process and it was thus not until 1973 that the three craft unions within the printing industry merged into a single union. A comparison with British and Dutch unions demonstrates that by 1985 this process had advanced so far that Sweden had the fewest unions and the largest average membership size (Visser and Waddington 1996:45-6). The persistence of craft traditions, however, is evident from the continued existence of three unions of building workers (building workers, painters and electricians) at the beginning of the 21st century (until 2000 there was also a separate union of sheet metal workers, which from this year was affiliated to the Building Workers’ Union). The first cross-confederal merger in Sweden occurred in 1995, when the TCO and SACO unions of military officers merged into one union, which chose to join SACO, but which, with respect to wage negotiations, belongs to TCO-OF, the relatively loose public sector bargaining body, which succeeded TCO-S and KTK in 1991.

**International union cooperation**

The prominent role played by large transnational companies in the Swedish economy and labour market makes union co-operation within groups an urgent task. The EU Directive on European Works Councils (EWC) broke the hard resistance put up by SAF to employee representation in transnational groups. At the end of the 1980s Nordic unions had unsuccessfully demanded union representation in Nordic transnational groups. With Swedish and Finnish accession to the EU and the adoption of the EWC Directive, the focus changed from Nordic to European groups (Knudsen and Bruun 1998). Not by chance, in Sweden, in contrast to Norway, the Directive was implemented by law – rather than by central agreements. In both Sweden and Denmark
disagreements between unions and employers at central level prevented the Directive from being integrated into existing regulations on participation. The extended Swedish labour law on codetermination, board representation and job security adopted in the 1970s implied a break with the traditional Swedish model of ‘self-regulation’ (that is regulation by collective agreements), and contributed to the strongly deadlocked relations between the labour market parties.

The new EWCs may improve information to employees in transnational companies, but at the same time several examples serve to show that unions lose influence with the accelerated internationalisation of companies. When in 1998 the Swedish forest company Stora (the 8th largest company affiliated to SAF by number of employees in Sweden) merged with the Finnish company Enso to form Stora Enso with its headquarters in Finland, union representatives lost their places on the company board because Finland has no law on compulsory union representation and Stora strongly resisted continued union representation. Up to 1998 unions had a real influence in Stora, not only through board-level representation, but also through informal meetings with the managing director before each board meeting (LO-tidningen No. 7 1999). The company now prefers an EWC, supplemented by councils at the level of divisions, as channels for information. According to the unions, the new Stora Enso EWC has more influence than EWCs in most other European groups, and yet, compared to the board representation in the old Swedish company, influence is reduced. Another example of declining union influence is the chemical company Nobel, previously known for its self-governing groups. Since the early 1990s, when Nobel was bought by the Dutch company Akzo and merged into Akzo Nobel, the influence of the employees has decreased and all important decisions have been moved to the headquarters in Netherlands (Det utvecklade arbetet). Transforming the EWCs into something more than bodies that receive information from group executives once or twice a year appears to be an urgent task if real influence is to be secured in transnational companies.

The Swedish LO, as well as the Norwegian LO, played an active part in founding the ETUC (European Trade Union Confederation) in 1973 and in the efforts to give it a broad composition, also including other
organisations than ICFTU (International Confederation of Free Trade Unions) members. Both the LO and TCO joined ICFTU at the start in 1949 (Misgeld 1997: 134-6). Through their membership of the ETUC, LO and TCO were able to participate in the social dialogue long before Sweden as a state joined the EU (ibid: 249-250). In 1972 Nordens fackliga samorganisation (NFS, Nordic Trade Union Confederation) was founded to deepen co-operation between Nordic union confederations. This co-operation has a long tradition: the founding of the Danish, Swedish and Norwegian LOs in 1898-1899 took place after a recommendation from the ‘Fifth Scandinavian Congress of Labour’ in 1897. Such Nordic congresses of labour are still arranged by the Arbetarrörelsens Nordiska Samarbetskommitté (SAMAK, Nordic Co-operation Committee of Labour Movement) comprising the Nordic LOs and social democratic parties. The emergence of NFS in 1972 has to be seen in the light of Nordic as well as European developments, more precisely:

- the founding of the Nordic Council of Ministers in 1971, signifying a major step forward in the co-operation between Nordic states inaugurated by the Nordic Council in 1952 and manifested, since 1954, in the common labour market of the Nordic countries; in recent years tripartite co-operation at Nordic level has declined because of lack of interest on the part of employers (NFS Verksamhetsberättelse 1997: 12),

- the appearance of the ETUC in 1973; the aspiration to build up the ETUC was an important impetus for Nordic union co-operation (ibid: 338).

Both LO and TCO participated in the NFS from the outset. SACO joined NFS and the ETUC in 1996 and the ICFTU in 1998. Until 1994 SACO had been affiliated to the Confédération européenne des syndicats indépendants (CESI), a smaller Brussels-based grouping of European trade unions. A co-operation agreement between TCO and SACO in 1996 paved the way for SACO to gain membership of the ETUC, another result being that SACO joined LO and TCO in a shared office in Brussels. NFS has a co-ordinating function with respect to the Nordic members of TUAC (Trade Union Advisory Committee of the OECD), ICFTU and, above all, the ETUC. Common Nordic candidates are nominated to boards and committees. The Nordic
representatives meet before the board meetings of ETUC (and the other organisations). The European committee of NFS has a similar function. NFS also co-operates with the 30 or so Nordic sectoral associations of unions, for example Nordic Metall. From a Nordic perspective, the reform of decision-making and working methods within the ETUC has been a prominent issue. To secure the legitimacy and efficacy of international organisations like the ETUC, it is considered extremely important to provide the opportunity for each member organisation to discuss and take up a position before a negotiating mandate is given to representatives. With respect to the priority given to detailed rules on decision-making within the ETUC, there is a cultural, although declining, cleavage between countries in the North and South of Europe.

It can sometimes be a cause of confusion that national unions are represented in the ETUC both by confederations and European Industry Federations. In 1999, therefore, the Swedish LO formed a committee to improve co-ordination between the affiliated unions and their European co-operation partners. With increasing numbers of members in NFS – at present 14 (three from each of Denmark, Finland and Sweden, two from each of Iceland and Norway and one from Greenland) – this organisation is very representative, but a growing diversity of interests might produce tensions between members in the future. The value of framework agreements is often pointed out by Nordic unions, as these facilitate a smooth adjustment to national terms and procedures (for example legislation vis-à-vis collective agreements). As an effect of EMU, collective bargaining will probably be increasingly an item on the agenda for European trade union co-operation and information. Within this field, sectoral federations like European Metalworkers’ Federations (EMF) – including Nordic Metall – are likely to be in focus. Cross-sectoral co-ordination of bargaining is already hard to attain at national level, at least in Sweden (see below).

**Divergent trade union views on EMU**

Of the Nordic countries Denmark was a pioneer in joining the EU in 1973 (the same year as Ireland and the UK); Sweden and Finland
followed, but not until 1995. In the 1994 Finnish referendum a clear majority (57 per cent) voted for EU membership. The Swedish and Norwegian electorate demonstrated a more sceptical attitude in referenda held the same year. About as many voted ‘no’ as ‘yes’; however, in Sweden a slight majority had a positive attitude (52 per cent), while in Norway a small majority voted against membership (also 52 per cent). As a result Sweden joined the EU and Norway did not. Although almost all established social forces in Sweden, or at least the leaders of most political parties, trade unions, associations of farmers and employers, took a positive stance, opinion was very divided. In contrast to the unambiguously positive attitude of employers’ associations, union rank-and-file opinion was so split that several unions, as well as the confederations LO, TCO and SACO, abstained from taking an official position. In general, the unions within manufacturing and export trades considered EU membership more desirable than did home market unions. Consequently, Metall recommended EU membership for Sweden, while the chairman of Handelsanställdas förbund (Handels, Union of Commercial Employees, union No. 5 in Table 16.2), was a prominent leader of the anti-EU campaign.

With respect to EMU, Swedish opinion has recently swung somewhat towards approval, but still in 2000 is very split. The social democratic government is also divided. This state of affairs contributed to the social democratic avoidance of the issue in the 1998 election campaign. Meanwhile, the absence of a clear and explicit social democratic programme to restore employment and stimulate economic growth resulted in the party’s worst election for several decades. The campaign was focussed on the priority of ‘medical service, care and school’. Supported by the Left Party and the Green Party the social democratic government remained in office, but the dependency upon these two parties, which are opposed to EU and EMU, does not explain the social democratic position to postpone the definitive decision on EMU. This wait-and-see policy had been adopted by the government before the 1998 election. Of the Nordic countries, only Finland joined EMU from the start in 1999. The social democratic congress in March 2000 recommended, by a two-thirds majority, Swedish affiliation to EMU. As a concession to the opinion negative to EMU (more widespread among
voters and rank-and-file members than among delegates) the congress approved a referendum on EMU as a means of settling the issue. As a result all political parties support a referendum. A first step towards Swedish EMU membership was taken in January 1999 with the approval of the European social democratic manifesto stating that ‘the euro should make a significant contribution to promoting sustainable growth, low inflation and high levels of employment’. In January 1999 Sweden was the only EU country not to have declared its clear intention to join EMU. British membership would, of course, increase the pressure on Sweden to join, as will the Swedish EU presidency in the first half of 2001. It is often argued that Sweden may have to pay an economic price to join EMU (many economists consider a Swedish membership as a ‘high risk project’) and a political price not to join EMU.

The delicacy of the issue with respect to public opinion in general, and the social democratic voters in particular, is just one aspect of Swedish affiliation to EMU. Membership will accentuate the economic demands on a small, highly export-dependent country like Sweden, used to restoring its international competitiveness by devaluation or, since November 1992, a floating exchange rate. The government commission on EMU concluded that the economic arguments against Swedish affiliation to EMU from the start in 1999 were stronger than the political reasons for Swedish membership, the motivation for the latter being the prospects of influencing the EU and EMU decision-making process (SOU 1996:158). The Swedish Employers’ Confederation SAF and the union confederation of university graduates, SACO, advocate a speedy EMU affiliation, while the other two union confederations, LO and TCO, have still not adopted a definitive position, which, in turn, reflects the hesitation and divergent opinions among their affiliated unions. Finansförbundet (Union of Finance Sector Employees) is still the only TCO union to have come out in favour of EMU membership. The other 17 TCO unions have not yet made up their minds, with exception of the small Union of Scientists and Researchers, which opposes EMU. Among LO unions, only Metall, Industrifacket and Pappers are clear supporters of EMU, while Handels and Transport reject a Swedish membership (SvD Näringsliv 3 March 2000). The remaining 13 LO
unions have not taken a definite standpoint. The controversial character of the EMU issue within LO was demonstrated by LO’s withdrawal, at the last moment, from an EMU report produced by economists from SACO, TCO and SAF in February 1999. While TCO and SACO economists see more advantages than disadvantages from EMU membership – and SAF is the most positive of all – LO considers the problematic aspects of EMU to be as conspicuous as the good points. In March 2000, however, the LO economists in the report *Ett svårt val* (A Difficult Choice, LO 2000a) did advocate a Swedish EMU affiliation, but not until the stability of wage formation compatible to Swedish competitiveness has been proved and new instruments for economic stabilisation have been created. In addition to buffer funds, incentives for education related to macro-economic indicators and some other measures, and also a new tripartite body, a ‘Council of Structure’ (*Strukturråd*), are proposed. Besides being intended as a forum for talks between the two sides of industry and the government to reach a common view on the economic situation, such a council would also, according to the proposal, have the right to decide on the use of the new economic instruments. With the abolition of national exchange and interest rates Sweden would of course deprive itself of two important instruments, but on the other hand, the LO economists argue, the scope for a more active economic policy will increase if international financial capital is no longer in a position to punish small countries by forcing up interest rates. The LO congress in September 2000 after a long debate voted yes to EMU (if certain preconditions are fulfilled) with 263 for and 143 against, but the LO leadership had to retreat on the question of whether the congress should recommend LO members to vote yes to EMU in the future referendum. Consequently the congress abstained from such a recommendation. Recently TCO economists, in contrast to their LO colleagues, declared that ‘Swedish wage formation is no obstacle for an EMU membership’ and ‘at present we see no reasons for disciplining wage formation’ (*Dags för svenskt EMU-medlemskap*, ‘Time for a Swedish EMU membership’, in *Konjunkturfakta*, TCO 2000:1).
The demand for a new Swedish model of wage formation accentuated by an affiliation to EMU

Some features of the Swedish economy and industrial relations system could give rise to negative economic effects in the event of Swedish EMU membership. Firstly, the composition of Swedish industry differs from that of most European countries, as there is a relatively large proportion of exports with prices fixed in US dollars. This is the case not only of parts of the important forest industry, a significant Swedish net exporter with main competitors in Northern America, but also of automobile manufacturers (Saab and Volvo), and some other engineering firms (among them the mobile phone manufacturer Ericsson) with substantial exports to the USA and/or with chief rivals there. The pharmaceuticals industry also belongs to this category. Not by chance, the American influence upon this segment of Swedish industry has increased considerably in the last few decades, and particularly during the last few years. Since Ford purchased Volvo Cars in 1999, both Swedish automobile manufacturers are owned by American firms (although Volvo Trucks remains Swedish while Volkswagen recently bought Scania Trucks). In 1999 the pharmaceuticals company Astra merged with British Zeneca into Astra Zeneca with headquarters in London, but with the dollar – rather than the pound or euro – as the currency of account. Since 1995 the formerly Swedish company Pharmacia has become part of the merged, now American, corporation Pharmacia and Upjohn, today again called just Pharmacia. The prominent role of the dollar in some 'Swedish' key industries means that a falling dollar/euro exchange rate might have disproportionately large effects upon Swedish industry, and, in the absence of floating national currency, cause an 'asymmetrical macro-economic shock' (Lundgren 1996: 101; Andersson 1996: 211-2).

Secondly, since the 1970s the Swedish system of collective bargaining has generated strong inflationary pressures. In contrast to the 1950s and 1960s, when the LO-SAF axis dominated wage negotiations, the new bargaining cartels of public sector employees and white-collar workers have made collective bargaining an increasingly complicated affair. The strength of the new constellations was accentuated by the massive growth in public employment, the high union density of white-collar
workers and the extremely segregated union structure along the blue/white-collar divide. In all three respects Sweden differs greatly from most other European countries. The traditionally dominant position of LO within the union movement gave way, from the 1970s, to an increasingly fragmented union structure (see Table 16.1). In addition to LO private sector unions, which dominated during the heyday of the Swedish model, co-ordinated by LO in centralised negotiations with SAF, the new union landscape contained a constellation of LO and TCO public sector unions and bargaining cartels known as the ‘Gang of Four’, and a large number of TCO and SACO private sector unions affiliated to the bargaining cartel PTK. By the mid-1990s the LO – SAF sector had shrunk to less than one third of all Swedish union members (Kjellberg 1998a: 20). From the employers’ perspective, the value of ‘centralised’ bargaining between the LO and SAF accordingly declined, due to the changed point of gravity of union power. In the 1980s the process of fragmentation passed through another stage as bargaining was gradually decentralised to national unions (on the initiative of employers), or, to be more precise, the three-tier system of collective bargaining was replaced by a two-tier system by the removal of the top level. The two remaining levels are industry agreements settled between national unions and employers’ associations and implemented by local negotiations in the individual plants which result in plant agreements between union workplace organisations and management.

Although high Swedish inflation in the 1970s and 1980s may be attributed to several factors, such as the oil price shocks of the 1970s and the deregulation of credits in 1985 (badly co-ordinated with the subsequent tax reform), the increasingly fragmented bargaining system was, without doubt, one of the most conspicuous sources of inflation. Centralised bargaining under the auspices of LO and SAF was succeeded by a complicated game of negotiations allowing free scope for an intense wage race between different categories of workers. Public sector unions were conceded full bargaining and strike rights in 1966, and soon acquired a militancy which was in contrast to the spirit of cooperation between LO and SAF. As a consequence, LO had to adjust its wage claims upwards. Where a group of workers was successful in improving its terms, other groups soon raised their demands. In the
mid-1970s 'compensation clauses' were introduced into public sector and white-collar agreements to compensate for the effects of wage drift enjoyed by blue-collar workers in manufacturing.

The growing tensions between centrifugal forces were manifested in the great conflict of 1980 which ushered in a long period (1980-1996) of intensified labour disputes (Kjellberg 1992: 103ff; 1998b: 81). As a result, the 'solidaristic wage policy' of LO lost its function as an extragovernmental form of incomes policy (Kjellberg 1992: 96 and 105). Combined with declining economic growth, the accelerated wage race resulted in an apparent cleavage between nominal and real wages. Between 1970 and 1992 total wage costs rose 700 per cent, productivity 45 per cent and real wages only 10-20 per cent (SAF Annual Report 1992: 18). The wage explosion of the mid-1970s was followed by declining real wages until the mid-1980s. Due to increasing real wages after 1985, the average hourly real wage after tax was about the same in 1990 as in 1980. The impressive advance of nominal wages was reduced to practically nothing in real terms by high inflation. From the mid-1970s, for a period of almost twenty years, Swedish inflation considerably exceeded that of Germany and its neighbours, as well as of North America and Japan (LO 1997: 23). In the years around 1990 Swedish inflation also greatly outstripped the European 'soft' currency countries (including Britain, France, Italy, Denmark, Finland and Norway). One factor conducive to the high Swedish wage inflation was the continuing pursuit of the policy of 'full employment' right up to 1990, in contrast to most other European countries. At the end of the 1980s unemployment was just about two per cent and the economy was characterised as 'overheated'.

Historically, to prevent major losses of competitiveness, Sweden recurrently devalued the Swedish krona: in 1976 by 3 per cent against the German Mark, by another 6 per cent in 1977, later in 1977 by an additional 10 per cent against an average of the 15 most important currencies, followed by another 10 per cent in 1981 and 16 per cent in 1982. After attaching the krona to the ECU in 1991, the idea of a fixed exchange rate had to be given up in the subsequent year. In slightly more than a year the 'floating' krona fell 22 per cent against the German and British currencies and 28 per cent against the US dollar,
'devaluation’ produced, in reality, by financial markets. In 1994-1995 the krona fell further, to recover somewhat in 1996-1997. In the period 1975-1998, the value of the krona was reduced by as much as 63 per cent against the German Mark (1970-1998: 69 per cent) and 77 per cent against the Japanese yen. Vis-à-vis the American dollar the drop was 48 per cent and against the British pound 30 per cent. Accordingly, Swedish exporters to Germany in 1998 received 2.7 times more kronor for each Mark compared to 1975 and as many as 3.2 times more than in 1970. Swedish affiliation to EMU would, of course, make such adjustments impossible in the future vis-à-vis other membership countries. In addition, Sweden, as a small country, will have a minor influence on the exchange rate between the euro and the dollar, even though changed dollar rates might have disproportionate effects on Swedish exports.

The important, not to say crucial, role of adjustable exchange rates for Swedish economic performance in the last two or three decades is evident from a Swedish-German comparison of wages, productivity and exchange rates. In every year since 1974 Swedish nominal wages have increased faster than in Germany, Sweden’s main competitor and, since the 1970s, the dominant actor in the European currency co-operation (SOU 1998: 141: 163). Adjustments of the exchange rate, and not a faster rise in productivity (here Sweden on the contrary lags behind Germany), have been the principal means to restore Swedish competitiveness (ibid: 199B). In the period 1984-1996 only Greece and Portugal (out of 21 OECD countries) had higher wage rises than Sweden, while wage costs increased considerably more slowly in all important competitors in Europe (except Britain), as well as in the USA and Japan (ibid: 195). Only in the last few years has the expansion of wage costs in Sweden slowed down to approach the European average, but annually they are still about one percentage point higher (Konjunkturläget, March 2000). On the other hand, real wages have increased considerably since 1995, due to rapidly declining inflation, thus reducing profitability in firms unable to compensate by a falling krona.8

The dramatic rise of unemployment in the 1990s did, no doubt, contribute to the slowing-down of wage increases. Within a few years the extremely tight labour market of the late-1980s was turned into the
The deepest depression since the 1930s. Mass unemployment succeeded ‘full employment’ at a moment when government policy was changed to give highest priority to fighting inflation. Due to its high rate of wage inflation compared to other countries, Sweden could no longer afford to keep unemployment at a substantially lower level than elsewhere (LO 1997: 41). In addition, the deregulation of financial markets increased the pressure on Sweden (manifested in rising interest rates) to bring down inflation. The priorities of the EU also promoted the shift to an anti-inflationary policy. At an initial stage, the rapid rise in unemployment was exacerbated by the failed attempt to attach the krona to the ECU (see above), a political objective that threatened to obstruct Swedish competitiveness until the krona was released to move freely. Unemployment rose from about 1.5 per cent in 1989-1990, to 5 per cent in 1992, and to 8 per cent in 1993-1997 (Konjunkturläget, March 1996; ibid November 1998). Including participants in labour market programmes, unemployment increased from 3 per cent in 1989-1990, to 9 per cent in 1992, and to 12-13 per cent in 1993-1997.9

A major challenge facing Swedish trade unions is to find a formula for wage formation which is able to combine full employment with low inflation. The problem will be accentuated if Sweden joins the EMU, as adjustments of the exchange rate in case of inflationary or structural shocks will no longer be available, in contrast to the present situation in which the krona has been floating since 1992. Unless wage formation is reformed, Sweden risks losing further employment, particularly as a very large share of its labour force is employed by transnational corporations characterised by a high preparedness to move production and other functions abroad.

Obstacles to a new Swedish model of wage formation

At present several aggravating circumstances stand in the way of a new Swedish model of wage formation, or put differently, of the establishment of a new Swedish model of co-operation between the two sides of industry. As a result of the changed composition of the labour force, the system of industrial relations is today considerably more fragmented than in the 1950s when centralised bargaining between LO
and SAF was first introduced. At that time, not only did the employers have a positive attitude, but they were also the driving force for centralisation, although LO’s ideas on ‘solidaristic wage policy’ and ‘active labour market policy’ were subsequently integrated as substantial elements of the model. Secondly, the extensive labour legislation (on subjects such as codetermination and job security) introduced in the 1970s, on the initiative of trade unions, implied a break with the traditional common preference for agreements over laws. The spirit of cooperation was replaced by a climate of confrontation and positions of deadlock, culminating in the employers’ successful campaign against the LO proposal on wage-earner funds. Furthermore, the continued decentralisation of negotiations has reinforced the fragmentation of bargaining.

In the 1990s, state regulation was increasingly forced on to the agenda, as the old Swedish model of ‘self-regulation’, that is, regulation by the labour market parties themselves, no longer worked as a co-ordinating mechanism. In the light of annual wage cost increases of about 10 per cent, or twice as high as the OECD average, in 1990 the social democratic government, on the initiative of SAF and in concert with senior leaders of LO and affiliated unions (except Kommunal), announced a two-year general pay freeze and strike ban, combined with ceilings on prices and dividends (Kjellberg 1992: 113f; Kjellberg 1998b: 88ff; Elvander and Holmlund 1997: VI, 17f). A wave of protests from rank-and-file members and local union activists forced union leaders to dissociate themselves from the plan, and the government to look for more consensual methods to contain the wage-price spiral. At about the same time SAF declared its intention not to participate in any central wage negotiations in the future, signifying the definitive end of the epoch of centralised bargaining. A government commission (the ‘Negotiation Group’ or ‘Rehnberg Group’) succeeded in persuading unions and employers’ associations to accept a tripartite ‘stabilisation agreement’ (1991-1992) for the whole labour market, in effect prolonged for another two years (1993-1994) by a series of co-ordinated stabilisation agreements under the leadership of state mediators. Only under state auspices could co-ordinated bargaining be restored to a labour market characterised by a multitude of bargaining centres and organisations.
(about 110 employers’ associations, national unions and bargaining cartels), backed up at first by threats of more far-reaching state intervention, and in subsequent bargaining rounds by voluntary, informal means, as well as by the influence of the rapidly deepening economic crisis.

When collective agreements expired in 1995, however, state mediators did not succeed in their co-ordination efforts. The sharply diverging economic performances between industries and sectors (booming exports in the wake of the falling krona, stagnating home markets and a public sector hit by cuts) produced strong centrifugal forces in the 1995-1996 bargaining round. The co-operation between leading SAF federations and the public sector employer organisations was far less developed in 1995 than in 1993 (Elvander and Holmlund 1997: 41, 49), while co-ordination between the LO unions collapsed. Wage increases exceeded the ‘Edin norm’, the expected average rate of European wage growth calculated by a group of economists, the ‘Edin Group’ (named after the LO economist P-O Edin), representing leading national unions (Kommunal, Metall, SIF), union confederations (LO, TCO, SACO) and employer confederations. Despite continued high unemployment, the 1995 bargaining round was one of the most dispute-ridden for many years (overtime ban in engineering, strikes in retail trade, transport and hospitals). Each agreement tended to be considered a floor for subsequent wage negotiations but, without the efforts of the state mediators and the existence of the norm, rises would probably have been considerably higher. The subsequent 1997 ‘Edin report’ (Utakt med sysselsättningen, Out of Step With Employment) noted an obvious convergence of the rate of wage growth between the European OECD countries in the first half of the 1990s. This development was explained by the convergence in economic policy and unemployment levels, as well as increased government regulation of wage growth and probably also a growing awareness among labour market actors of the negative effects on interests rates of excessive wage increases. While the Swedish expansion of unit labour costs was greatly reduced in 1992-1993, ‘wage inflation’ again rose considerably in 1995-1996 (ibid: 17). The report concluded that Swedish wage formation had tended to produce a rate of wage growth
not only out of step with Europe, but also at risk of becoming out of step with Sweden’s employment aspirations’ (ibid 38, author’s translation).

Several initiatives were taken in the 1990s to reform the Swedish system of wage formation. Viewed in a Nordic perspective the Swedish machinery for mediation was extremely weak until the 1990s. In the first half of this decade steps were taken which considerably strengthened the co-ordinating power of the mediation institute by informal means. Since the autumn 1995 the institute has altered its approach and mediation has become almost compulsory. More importantly, the mediators have taken over the procedure introduced early in the 1990s on establishing consensus regarding both wage restraint and co-ordination before commencement of the mediation proper (Dalén 1998). These changes are based upon the increased preparedness of bargaining partners to exercise wage moderation, a trend also manifested in the ‘Co-operation agreement on industrial development and wage formation’, abbreviated to ‘Industry Agreement’ (Industriavtalet), concluded in 1997 between eight unions and twelve SAF associations in manufacturing and forestry (Kjellberg 1998b: 96). This agreement contains, among other things, mediation procedures, including rules for freezing disputes, which represent a ‘privatisation’ of mediation in accordance with the traditional Swedish preference for self-regulation over state regulation. The absence of confederal involvement is a sign of the times, as is the cross-confederal composition of the union group: six LO unions (among them Metall) and one union from each of TCO (SIF) and SACO (CF). The bargaining alliance Metall-SIF-CF (the ‘Bargaining Council’, founded in 1992) forms the core of the union group.

The emergence of the ‘Bargaining Council’, and later the 8-group, meant that union alliances based upon class were increasingly replaced by constellations based upon sector. Up to the 1990s the white-collar bargaining cartel PTK negotiated on behalf of almost all TCO and SACO private sector unions, but then lost its role as wage negotiator. In other sectors, horizontal union co-operation was also played down to the advantage of vertical or combined vertical/horizontal constellations such as the 8-group in manufacturing. Other examples are the alliance between Kommunal (LO) and SKTF (TCO) in the municipal sector and the co-operation between the teachers’ unions of TCO and SACO in
the 1995 bargaining round (Elvander and Holmlund 1997: 41f, 51). The military officers’ unions of TCO and SACO went further and merged in 1995. As a consequence of this development, bargaining now takes place by sector or industry rather than on the part of confederations (LO) or bargaining cartels (PTK, and the government and municipal cartels of TCO and SACO). As mentioned above, LO and PTK are no longer involved in wage negotiations. Nevertheless LO still has a clear ambition to co-ordinate the wage demands of the affiliated unions. At the beginning of the 1990s the TCO public sector cartels were replaced by a loose network for consultation, TCO-OF. The municipal cartel SACO-K was dissolved, but the corresponding cartel in the state sector, SACO-S, has been maintained. In May 2000 a co-operation agreement similar to the ‘Industry Agreement’ was concluded between the National Agency for Government Employers and TCO-OF, SEKO (LO) and SACO-S. Another co-operation agreement is expected within the local government sector.

Compared to preceding decades, there is no doubt that LO is the confederation that has lost most power within the union system, by the triple process of its decreased share of the total number of union members due to the changed composition of labour force; the emergence of new vertical/sectoral constellations and the continued decentralisation of negotiations towards workplace level. LO is also the confederation most eager to restore co-ordination of bargaining across sectors and confederations. The LO project LISA (Lönebildning, Inflation, Sysselsättning, Arbetsmarknad; wage formation, inflation, employment, labour market) may be seen as an attempt to recapture the initiative by creating a consensus on wage increases not exceeding European rates. This requires a strengthened system of co-ordination, including a group of economists and representatives of unions and employers establishing a common wage norm (the ‘Edin Group’), but also new procedural rules for negotiations and disputes, though exactly how these are to be formulated is still a controversial issue. In the event of the employers’ refusing to co-operate, the LISA project recommends co-ordination on the part of unions themselves supplemented by legislation on a reinforced mediation institute (LISA 10 November 1998). The high priority given by LO to co-ordinated wage formation is explained by the
strong desire to find other means to fight inflation than mass unemployment, extensive deregulation of the labour market (‘increased flexibility’) or restricted strike rights. Like the social democratic government, LO is worried that if unemployment declines, there will be a considerable risk of rapidly rising wages, prices and interest rates (LISA: en solidarisk väg). The ultimate aim of the LO proposal for ‘a modern wage formation for full employment’ is to increase the scope for an expansive economic policy in order to fight unemployment without returning to inflation. Another important purpose of the proposal is to achieve increased real wages without high nominal wage rises out of step with Sweden’s most important European competitors.

The prospects of the LO initiative did not appear too good. Sectoral divisions were reinforced by the 1997 ‘Industry Agreement’, which in the 1998 bargaining round was followed up by an extensive informal co-ordination between the eight unions in manufacturing and forestry (in 1998 reduced to seven by the merger between two of them). The pulp and paper agreement functioned as a norm for the whole manufacturing group, which, in turn, appeared as a wage leader for the rest of the labour market. According to the evaluation report of the 1998 bargaining round, produced by the ‘Unions in manufacturing’, wage levels and the length of agreements (most of them for a period of three years) turned out to be more co-ordinated than ever in the last 25 years, with the possible exception of the stabilisation agreements in the early 1990s (Facken inom industrin. Utvärdering av 1998 års avtalsrörelse: 16). This statement, however, reflects a conception of co-ordination too soft to be compatible with LO’s level of ambition. The divergence in views is confirmed by the severe criticism directed at LO in the same report. The detailed common demands formulated at an early stage within LO are highlighted as a disturbing element for the wage negotiations, in particular for the co-ordination between LO unions and white-collar unions in manufacturing. The LO wage frame itself is also considered as problematic (ibid. 20). Another manifestation of sectoral divisions was the absence of the Edin group of economists in the 1998 bargaining round. Instead a sectoral body, the new ‘Economic Council’ in manufacturing, undertook a similar role in analysing the economic terms for wage increases, but abstained from calculating any exact norm, a task
which was carried out by the finance minister. The 1998 bargaining round resulted in unusually low wage increases due to several circumstances:

- the high unemployment and almost non-existent price rises;
- a growing awareness of the interrelations between wages, prices, interest rates and employment/unemployment, reinforced by the shift of power to international financial markets. The judgements of financial investors, closely following the 1998 bargaining round, could be expected to have an immediate influence on interest rates and the exchange rate (ibid: 6);
- the desire to give the Industry Co-operation Agreement a successful start;
- the increased threat of government intervention, manifested by the appointment of the Committee On a Stronger Mediation Authority. An interim report appeared in November 1997 and the final report in November 1998. In March 2000 legislation on a new ‘Mediation institute’ was enacted to come into force on 1 June 2000 (see below).

**State regulation or self-regulation?**

In good time before the appointment of the government committee in April 1997, the social democratic government invited the two sides of industry for talks to find a new common formula for wage formation. As in the 1930s, the government encouraged the parties to settle such matters by themselves, that is, by self-regulation. The preference for self-regulation in the 1990s was even stronger, as the emphasis in the 1930s had at first been on tripartite negotiations for a new order of rules. To lend force to its words, the government announced that it would intervene should the parties fail to agree by spring 1997. It was thus no coincidence that the Industry Co-operation Agreement was concluded in March 1997. However, its restricted scope (manufacturing and forestry), did not remove the need for further government action. LO’s positive attitude to a strengthened mediation institute may be explained by the desire for increased co-ordination of bargaining. In sharp contrast to the 1930s, the strongest demands for changed
legislation now come from the employers. SAF argues for deregulation of job security and reduced unemployment benefits, in order to increase labour flexibility, and strengthened mediators and restricted dispute rights, including the regulation of the decision-making process of unions (ballots before strikes). The object of deregulation is to increase the employers’ freedom of action, while regulation is aimed at decreasing the unions’ scope of action. In both respects the result would be a shift of power to the advantage of employers. Compared to the 1930s, the employers’ demand for legislation represents a strategic turnaround on the part of SAF. With the prospect of a long social democratic reign, the employers were at that time most interested in consensual solutions, as achieved in the 1938 ‘Saltsjöbaden Agreement’ between LO and SAF. As mentioned above, the traditional climate of co-operation between the two sides of industry since the 1970s has been replaced by a mood of confrontation and positions of deadlock between peak organizations. Even so, the deliberations of Autumn 1998 took place among SAF, LO, TCO and SACO under the heading of ‘Alliance for Growth’. An important motive was to avoid state regulation because of its dependency upon shifting parliamentary majorities and consequently the risk of unstable rules. Secondly, legislation may be more or less unfavourable for one or the other party, without there being any possibility of directly influencing the outcome of the legislative process. Thirdly, regulations by voluntary means are considered superior from the point of view of legitimacy.

The strongly divergent preferences of the organisations involved resulted in the collapse of the deliberations at the end of 1998. In addition to disagreements on the points of issue, divergent views on legislation and on the need for co-ordinated bargaining certainly contributed to this outcome. The white-collar confederations TCO and SACO strongly oppose legislation, as well as co-ordinated wage negotiations, the latter reflecting the absence of a white-collar bargaining tradition at confederal level, especially in the private sector (PTK is a cross-confederal cartel of TCO and SACO national unions which has lost its wage negotiating role). The sceptical attitude towards co-ordination is also prompted by a fear that LO would become too influential, at the expense of TCO and SACO unions. Like TCO and SACO, SAF rejects
LO’s aspirations for co-ordinated bargaining, but, on the other hand, both SAF and LO may accept or even demand legislation, albeit with contrasting content. Legislation is also the outcome of the deep disagreements between the labour market parties, although the government would have preferred self-regulation modelled upon the Industry Agreement. The new legislation on ‘Wage Formation for Full Employment’ passed in 2000 complies, in part, with the demands of LO and SAF: a stronger mediation institute facilitating co-ordination and implementation of wage increases, compatible with a European norm (LO), but also restricted dispute rights to foster labour peace (SAF), although SAF calls for much stronger restrictions to decrease the power of unions. The authority of the Mediation Institute to freeze disputes is inspired by the ‘Industry Agreement’ (1997), but Facken inom industri (Unions in manufacturing) objected that legislation might make similar agreements in other sectors more difficult as the corresponding paragraph in the Industry Agreement was part of a compromise. Strong union resistance caused the government to abstain from more far-reaching restrictions such as rules on ‘proportionality’ between the scope or aim of an industrial action and the damage inflicted upon the employer (proposed by the government committee). Accordingly SAF was deeply disappointed. In accordance with SAF’s transformation from a wage negotiating body to a lobbying organisation, the focus is now on a broad set of political demands, including reduced taxes and a rapid affiliation of Sweden to EMU (both of which are supported by Metall). In May 1999 SAF presented a proposal _En företagsarbetsrätt_ (An Enterprising Labour Law), which included a complete legal text designed to replace the laws on co-determination, job security and union representation with minimum laws that facilitated layoffs and temporary contracts, as well as restricting union rights in several respects.

To some extent the new legislation can be seen as a codification of the _de facto_ reinforcement of mediators that took place in the 1990s. On the other hand, legislation may decrease the legitimacy of wage formation, and possibly result in future waves of rank-and-file protest against forced wage restraint in sectors, industries or regions with tight labour markets. Legislation appeared the only viable way forward, however, given the deep splits between, but also within, some of the confedera-
tions participating in the ineffective talks on a reinforced mediation institute held during 1999 under the leadership of former social democratic prime minister Ingvar Carlsson, together with Svante Öberg, president of the government committee. Two LO unions organising private service workers, Handels and Transportarbetareförbundet (Transport Workers’ Union), feared that LO would have to make excessive concessions on labour law and EMU (Handels is against EMU) in the event of a central compromise with the employers. It may be noted that a merger between these two unions is expected to take place within the next few years. Furthermore, the two largest TCO private sector unions, SIF and HTF, refused TCO a mandate to take part in constructing a new, centralised model of wage formation. This move reflects the weakened role of union confederations vis-à-vis national unions, but it should be added that TCO and SACO, in contrast to LO, have never participated in centralised bargaining (with the exception of TCO in 1955). Furthermore, new forms of sectoral co-ordination are emerging, as in manufacturing industry, supported by the 1997 Industry Co-operation Agreement. In November 1998 the leaders of the seven participating unions expressed a fear that the talks between the top organisations might disturb the co-operation between the parties within manufacturing (Dagens Nyheter 10 November 1998).

The rejection of all forms of co-ordinated bargaining whether by the two sides of industry or by legislation is, however, hardly a realistic option in an era marked by diminishing space for the conduct of economic and monetary policy by individual nation states. Its high dependency on exports, as well as their composition, makes Sweden very exposed to disturbances (whether domestic or external in origin), and the set of available adjustment mechanisms will naturally be reduced still further if the Swedish authorities are deprived of the possibility of setting exchange and interest rates. Sweden, furthermore, as a small country, has only a limited influence on the economic and monetary policy of the EU and the European Central Bank (ECB). Recently, LO economists P-O Edin and Lena Westerlund have drawn attention to the likely long-term, negative effects of wage increases out of step with foreign competitors, in the event of Sweden being deprived, by membership of EMU, of important economic instruments. If they are
not replaced by other national adjustment mechanisms the result might be further increased unemployment and strong pressures for migration (Dagens Nyheter 4 February 1999). It is no coincidence that LO, after the breakdown of the 1998 talks on reformed wage formation, resigned from the group of economists (representing SAF, LO, TCO and SACO) working on a common report on EMU which was published on 4 February 1999. By announcing a negative attitude to EMU in anticipation of failure of the resumed talks on wage formation, LO put pressure on the other parties to make concessions, albeit without result.

The endeavours to achieve co-ordinated wage negotiations by self-regulation having failed, the social democratic government, supported by LO, resorted to the alternative solution; namely, increased state regulation by means of a new, powerful mediation institute. The new institute may be considered to constitute a codification of the enlarged, co-ordinating role of state mediators developed in the 1990s, and, in part, a means of extending the procedures of the 1997 Industry Cooperation Agreement to the whole labour market. In addition to its mediating role, the institute has the responsibility to 'promote a well functioning wage formation'. While LO supports this double role, SAF and TCO/SACO, when the proposal was circulated for comments by the parties concerned (Remissammanställning 1999-04-12), recommended rejection of this latter task for the institute. The old mediation authority (to be replaced by the new one from 1 June 2000) took a negative stance as the new institute, rather than serving the parties, will regularly intervene at an early stage of wage negotiations and thus constitute an integral part of the whole collective bargaining process. The new mediation institute is given powers to convene the parties for compulsory deliberations on time schedules (co-ordinated as far as possible and, more important, with the requirement that all new agreements be concluded before the old ones expire), but also for the purpose of reaching a common view on economic conditions and on the wage-leading role of the sector exposed to international competition. Furthermore, the institute is expected to resort to compulsory mediation (a new element in Swedish industrial relations) as soon as there is a risk of labour disputes.
The old mediation authority feared that the new institute, by adopting a steering role on wage formation, might deprive the two sides of industry of their sense of responsibility and thus, contrary to the aim, generate increased instability. The government admitted that the institute’s task might, in many cases, ‘be a difficult balancing act’ but argued that it was, nonetheless, necessary (Lagrådsremiss 1999-11-04:70). The government bill, however, refrained from assigning the institute a co-ordinating role with respect to the material contents of agreements, as had been proposed by the government committee and recommended by LO, but opposed by SAF, and TCO/SACO, all of which advocate decentralised wage formation and avoidance of income policy (SOU 1998:141 pp 291-95, Remissammanställning 1999-04-12). Facken inom industrin (Unions in manufacturing) also opposed such a centralisation of bargaining under state auspices, arguing that it represented a restriction upon bargaining freedom. Furthermore, stating its support for the Industry Co-operation Agreement, Facken inom industrin strongly emphasised a preference for councils of independent economic experts established by the parties themselves, like the Economic Council of Industry, over the economic council set up under the auspices of the new mediation institute. It is further provided that expert councils for wage statistics and for evaluation of wage negotiations will be set up by the institute. This issue is a clear example of how the principles of state regulation and self-regulation clash. Another controversial aspect refers to centralisation vis-à-vis decentralisation. To some extent divergences along these dimensions run parallel, but not in all respects. Whereas SAF is in favour of increased state regulation with respect to mediation (to be used at an early stage in sectors without co-operation agreements; compulsory mediation etc.), and restricted dispute rights, the employer confederation strongly rejects all forms of co-ordination and centralisation of wage negotiations. Consequently, the introduction of the three national expert councils, centralised wage statistics and a co-ordinating role for the mediation institute are rejected, while a ban on sympathy disputes is demanded.
Co-ordinated tripartite bargaining or micro-level adjustments?

During the 1990s it was not in Sweden alone that governments intensified their efforts to bring wage formation under control by means of co-ordinated bargaining. Indeed, Sweden still lags behind other Nordic, as well as several continental European, countries with respect to tripartite social pacts dealing with wages, employment and economic growth (Kauppinnen 1998; Stokke 1998; Ferner and Hyman 1998). The immediate cause of this is to be found in the deadlock positions between the peak organisations, which express strongly divergent views on wage formation and state intervention (on what the state should do and why). In their common EMU report Utanförskapets konsekvenser (‘The Consequences of Not Joining the EMU’), the economists of SAF, TCO and SACO declare that, were Sweden to join EMU, adjustments to wage formation would increasingly have to be made at micro level; that is, at the level of plants and individuals (pp. 7, 34). The focus of wage formation is expected to move from a macro-economic environment of national consideration to micro-level adjustments of wages and prices, aimed at preserving competitiveness. Such a development would be entirely in accordance with the radical decentralisation of wage-setting advocated by SAF since the 1980s. The EMU report further indicated in the context of ‘micro adjustment’, ‘that Swedish enterprises and individuals, at market prices given at European level, should be able to avoid pricing themselves out of the market (ibid. pp 34f., author’s translation).

The threat of unemployment acting as a wage moderator at plant level will, of course, have limited effect in regions, industries and sectors with tight labour markets. At the end of 1998 such divergences in economic performance tended to be pronounced; it was, to be more precise, a time of booming home markets and growing redundancies in the big Swedish export companies. In 1999, however, the situation changed yet again as exports prospered. On the other hand, as was evident from the 1995 bargaining round, co-ordinated bargaining will meet with difficulties in economic situations divided by sector and industry; in 1995, for example, the export sector was booming while the home market and public sectors were stagnating (Kjellberg 1998b: 91). Secondly, interna-
tional pressures for wage restraint will probably affect workers employed in home market trades and the public sector – for example nurses and teachers – to only a lesser extent. This refers in particular to SACO, two-thirds of the members of which are employed in the public sector (1997, excluding self-employed, unemployed and students).

Third, and more importantly, Swedish bargaining is de facto far from completely decentralised to the level of plants and individuals – and will hardly be so in the foreseeable future, given the strength of Swedish unions – although the process of decentralisation has been gaining ground over a rather long period of time. The scenario described in the EMU report refers more to a hypothetical future development, one greatly desired by SAF, than to the present state of Swedish industrial relations. To arrive at such a situation, the power of Swedish unions would have to be significantly reduced. Consequently, SAF’s proposals on deregulation of the labour market and expanded regulation of unions and dispute rights are quite logical.

Diverging bargaining power of European trade unions as a challenge

Even though the deregulation desired by employers might enhance Swedish competitiveness, although this cannot be taken for granted, such a surrender to market forces would hardly be in the interest of unions or the workers they represent. One of the challenges facing Swedish unions stems from their outstanding strength (in terms of resources) and power (vis-à-vis employers) compared to almost all their European counterparts, as manifested in a very high capacity for dispute, even in a situation of mass unemployment. Secondly, Swedish union density (81 per cent in 1999) is impressive from a Nordic perspective (although densities in Finland and Denmark are only just lower), not to speak of countries like Britain, Germany, the Netherlands or France (all with an average union density of about 30 per cent or less – see Table 1.7). It is true that coverage of collective agreements is high in many countries (see Table 1.5), but often as an effect of extension mechanisms laid down in labour law rather than as a direct result of union power. Indeed, the very existence of extension mechanisms may,
on the contrary, be understood as a symptom of union weakness. Consequently, coverage is actually far from a precise indicator of union or bargaining power. In Sweden 94 per cent of all workers (90 per cent of private sector workers) are covered by collective agreements, despite the absence of any legal extension mechanisms.

With Swedish affiliation to EMU, the considerable differences in union density and power between European countries will be a major challenge facing Swedish unions, particularly if the system of wage formation is not reformed or other mechanisms of adjustment fail to operate when the national exchange rate ceases to function and substantial price differences disappear. This challenge is further brought into focus by the strong position of large, transnational companies in Sweden – half of Metall’s members are employed by the fifteen largest companies (excluding subcontractors) – which makes it easy to move production abroad in case of unfavourable Swedish terms of competition. In short, there will be an obvious risk that the unemployment rate – still relatively high – will climb to new heights if nominal wages expand more in Sweden than in other countries. This is, of course, unacceptable from a union point of view; on the contrary, a key issue is finding an effective formula for reducing unemployment. In the 1999 EMU report, the economists of Saco, Saf and Tco suggest ‘internal depreciation’ (by means of reduced payroll taxes combined with increased VAT or decreased transfer payments) as a last resort, insofar as the political situation allows it. As an alternative, buffer funds (introduced in Finland, see Chapter 5) are also mentioned. Increased occupational and geographical mobility by means of competence development, as well as more flexible working hours, promoted by the new collective agreements, above all in manufacturing industry, will be important, irrespective of Swedish EMU membership.

Tight labour markets, combined with increased mobility between firms, may, however, accelerate wage drift. Despite the absence of price rises in 1998, wage drift was unexpectedly high among private-sector white-collar workers, as a result of a shortage of civil engineers and others with relatively individualised wage systems. High overall unemployment, and wages containing a large individual component, are thus no guarantee of low nominal wage increases. As a consequence of an economy
characterised by deflation rather than inflation, real wages increased considerably in 1998, particularly for some groups of white-collar workers (Konjunkturläget, November 1998; LO-tidningen 29 January 1999). The result was increasing wage differentials between white-collar and blue-collar workers in the private sector. Regarded from a European perspective, Swedish civil engineers and other university graduates (for example, dentists) still have low or very low wages,11 as well as higher taxes. The shortage of civil engineers, aggravated by increasing numbers moving abroad (young persons in particular), will probably further raise wage differentials vis-à-vis blue-collar workers, but there is a risk that compensation mechanisms will trigger general wage inflation. Recently TCO warned that other ‘shortage professions’, such as IT specialists, teachers, nurses and building workers, might raise their wage demands considerably in the re-negotiations of 1999-2000, with the possible outcome that the following bargaining round might result in general wage increases, thus threatening Sweden’s competitiveness (Konjunkturfakta, TCO 1999: 3).

Widening gaps between different categories of workers

Increasing wage differentials are part of a general tendency towards widening gaps between different groups of workers: unemployed/employed, workers with short/long education, poor/good opportunities for training, temporary/permanent contracts, as well as between industries, regions and ethnic groups. The end of ‘full employment’ has lowered the pressure on employers for training facilities, but there are several examples of firms with a positive attitude to the union concept of ‘Good Work’, not the least in engineering industry (Jansson 1998). Furthermore, the deep recession of 1992-1994 intensified international competition, while new production methods have promoted a shift in favour of skilled jobs and teamwork, but changes were, in most cases, followed by increasing intensity of work and stress (Kjellberg 1998b: 111; Metall 1995). Changed work organisation to meet demands of increased flexibility is, however, used only infrequently in engineering firms with less than 100 metalworkers (Metall 1998a: 25). The growing employment share of small enterprises, reinforced by outsourcing,
increases their strategic position from a union point of view. This does not mean, however, that big companies become less important, as the small ones are often subcontractors, exposed to raised demands from the big ones. A survey on the development of ‘Good Work’ in Ericsson, the number one Swedish exporter with about 15 per cent of Sweden’s total exports, demonstrates that lean production methods, in addition to increased intensity of work and stress among metalworkers, also reduce the time available for desirable training (ibid: 19). This is confirmed by another Metall survey, according to which almost every second workplace club does not actively work with ‘competence development’ (Metall 1998b:10-11). As training is considered a key element for both secure jobs and future ‘wage development’, it is a significant challenge for Metall to promote greater involvement in competence development among more clubs. It is also a question of equality between the sexes, as women are the main losers in this respect.

Privatisation of public services and the introduction of buy-and-sell models within the public sector are other sources of increased intensity of work and stress. Recently bus-drivers in private companies, organised by Kommunal, victoriously concluded a strike against long periods of work without any opportunity for a break. Survey data indicates increased stress at workplaces in the period 1991-1997 and declining opportunities to influence working pace (Wikman et al. 1998: 90-99).

The expansion of temporary contracts, often combined with part-time work, also has negative effects on training facilities (LO 2000b). Approximately one in every two workers aged 16-24 years is on a temporary contract (see Table 16.5). By contrast, the overwhelming majority of employees in the many new media and IT firms have permanent contracts (Sandberg 1998). Many of them are university graduates. This industry, largely concentrated in metropolitan areas and operating on tight labour markets, is characterised by a relatively low union density. Less than one fifth of the new media and IT firms have collective agreements.

The expansion of both these groups – young workers on temporary contracts and workers in new media and IT firms – tends to lower average union density, but, above all, it forms part of a new Swedish
pattern, evident since the mid-1980s, of increasingly fluctuating density, particularly with respect to young, private sector workers in metropolitan areas (Kjellberg 1997; Kjellberg 2000b). As is apparent from Table 16.5, union density of workers aged 16-24 years in 1987-1999 dropped by as much as 16 percentage points (average of all sectors and regions), while the average density of all age groups declined by only one percentage point. It is also evident that the growth of temporary contracts has been, to a large extent, concentrated among the youngest workers. As expected, density among workers on temporary contract is lower than among those on permanent contract, although a marked growth in unionisation took place among women on temporary contracts, peaking in 1994, after which a decline occurred (Table 16.6). Many of the women on temporary contracts are employed in the large public sector.

Table 16.5: Union density by age in Sweden, 1987-1999*

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<td>36</td>
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<td>Sum 16-64</td>
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* Employed workers (blue-collar + white-collar), yearly averages.
** Employed workers (union + non-union workers).

Source: Labour Force Surveys
Table 16.6: Union density of workers with permanent and temporary contracts in Sweden, 1987-1999*

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</table>

* Employed workers, yearly averages

Source: Labour Force Surveys

While average union density among men declined between 1987 and 1999, density among women was the same in 1999 as in 1987 (Table 16.6). As a result, women increased their lead in union density from one to five percentage points. Today a majority – 52 per cent – of all ‘active’ union members (excluding students and pensioners) in Sweden are women, although women are still seriously under-represented among union officials and on the decision-making bodies of union confederations (Kjellberg 1998b: 104). These developments signify a double challenge for Swedish unions: on one hand adjusting themselves to
young workers, women and immigrants by more informal and flexible forms of organisation and work methods; on the other regaining confidence among male workers and winning the workers in new, expanding industries like new media and IT. Particularly among private service workers in metropolitan areas, a growing share join union unemployment funds without becoming union members (Kjellberg 1997). Immigrants are union members as often as Swedish-born workers, but are under-represented among union officials, in particular at higher levels. More seriously, the rate of gainfully employed is substantially lower among immigrants (57 per cent) than among Swedish-born (75 per cent), while the unemployment rate is inverse (13 per cent and 5 per cent respectively).12

Dilemmas and challenges facing trade unions

Swedish unions still possess an impressive strength and capacity for dispute. In 1994 and 1995 the big American company Toys ‘R’ Us refused to negotiate and conclude a collective agreement with Handels. The company had to concede in 1995 after a strike, boycott and gradually escalating blockade, including transport workers, graphical workers (advertisements) and bank employees (money transactions). Significantly workers’ support for the union was related to the very core activity of unions, concluding collective agreements for improving wages and other terms of employment. A recent survey demonstrates that most rank-and-file members have instrumental motives for their union membership, that is, they expect results in one way or the other (Kjellberg 1997). In the combined absence of inflation and a national exchange rate, assuming that Sweden joins EMU, workers might be confronted with the prospects of reduced nominal wages and deteriorating terms of employment in case of ‘asymmetrical shocks’. Unions then will face the severe dilemma of choosing between economic considerations on national and local employment, and running the risk of losing members by not fulfilling primary functions.

A similar situation might arise if unions in the EMU area become involved in a downward wage race evoked by considerations for national competitiveness and employment, or alternatively, as a result of
social dumping on the part of transnational companies. Such a
downward wage spiral certainly will result in increased unemployment.
To prevent this, unions have to give higher priority to international co-
operation between union confederations, as well as between national
unions and union workplace organisations in transnational companies.
As international variations in union power in the future will probably hit
union legitimacy first and foremost in countries with high union density
and power – in the event of downward wage races or asymmetrical
shocks (including those caused by too high wage increases during a
preceding period) – it should be in their interest to assist the
strengthening of unions in countries where they are in a weak position
vis-à-vis employers. This should in no way be understood as a
convergence of national systems of industrial relations or unions. Such
systems are not easy to change and change might not even be desirable,
as each union movement or system of industrial relations forms part of
a national context at the labour market and in society.

Another means of fighting unemployment by international co-operation
is supporting the concept of ‘co-ordinated fiscal expansion in the EU
countries’ (Rönngren and Westerlund 1998). United efforts for giving
‘full employment’ or at least ‘increased employment’ a higher priority
within the EU and EMU appear as one of the principal tasks of
European trade unions. The rapidly increasing power of transnational
companies and financial capital represents a major global challenge for
trade unions as well as (unions of) states.

Notes

1 All densities refer to employed workers unless otherwise stated. Yearly averages
according to the 1998 Labour force survey; Swedish-/foreign-born however from
the 1997 Labour force survey.
3 Among them Skogarbetarförbundet (Forest Workers’ Union). The unions of wood
workers and forest workers merged in 1998. This merger brought forestry together
with manufacturing in collective bargaining.
4 In an inquiry addressed to the presidents of the 18 TCO unions, between 11 and 12 indicated a positive attitude to Swedish EMU membership (SKTF-tidningen No 2 1999).

5 From 19 November 1992 to 31 December 1993, according to the information department of the Bank of Sweden.

6 The price of the krona in foreign currency (yearly averages) by calculation of data from the Bank of Sweden.

7 In the report I otakt med sysselsättningen (Out of Step With Employment), published in February 1997, a group of economists from the most important unions and employers’ associations draw attention to the fact that Swedish wage costs within manufacturing industry in 1983-91 and 1995-96 rose considerably more than among her main OECD competitors (in national currencies).

8 In 1995-98 the Swedish krona fell 17 per cent against the British pound and 11 per cent against the American dollar, but increased 9 per cent against the German Mark (yearly averages).

9 Since then unemployment declined to 5.6 per cent in 1999; 9 per cent including unemployment programmes (Konjunkturinstitutet: Analysunderlag March 2000).

10 In deliberations with the government SAF proposed a two-year pay freeze (1990-1991).

11 A secret wage cartel, Oktogonen, comprising ten of the largest engineering companies (among them ABB, Electrolux, Ericsson and Volvo), helps to explain the low wages of Swedish civil engineers (Dagens industri, 20 July 1999).

12 The average rate of gainfully employed was 73 per cent and the average open unemployment rate 5.6 per cent according to the 1999 Labour force survey.
Chapter 17: United Kingdom

Recovering from the neo-liberal assault?

Jeremy Waddington

Nowhere in western Europe were trade unions confronted by such a concerted neo-liberal assault as in the United Kingdom between 1979 and 1997. Institutions of the post-war consensus were dismantled by successive Conservative governments, which implemented economic and political policies that forced unions on to the defensive. Central to the neo-liberal agenda were policies intended to deregulate the economy: statutory supports for collective bargaining were removed; minimum wage legislation was abolished in all industries except agriculture; and the qualifying period for protection against unfair dismissal was extended. Whereas the wider western European policy shift towards greater labour market flexibility and deregulation excluded measures to restrict trade unions, no fewer than nine separate pieces of legislation were enacted in the UK to curtail union organisation and activity. The impact of these measures was particularly damaging to workplace representation, the bedrock of British union strength, which was not legally underpinned as in many countries of western Europe. It has been claimed that the combined effect of these measures is no less than the ‘dissolution of the labour movement’ and the secular ascendency of individualism (Phelps Brown 1990).

Employers exploited the opportunities presented to them by the Conservative governments, with the consequence that the political challenge was compounded by the impact of labour market reform. Employment shifts away from manufacturing towards private sector services, coupled to high levels of unemployment, resulted in a continuous annual decline in trade union membership between 1979 and 1998. In sectors where unions were recognised, employers decentralised bargaining to the detriment of union cohesion. In private sector services and other areas of employment growth, many employers resisted
unionisation. Although high levels of job insecurity pervade the economy, unions have been unable to attract workers in expanding areas of the labour market into membership. Furthermore, through the introduction of new management practices, employers have isolated or bypassed shop stewards and union workplace organisation in all but the most densely unionised sites.

The election of the Blair-led Labour government in 1997 offers some hope of respite from the neo-liberal challenge. In its pursuit of the ‘Third Way’, the Labour government is committed to several measures that have been favourably viewed within trade unions, including the reversal of the UK’s opt-out from the social protocol of the Maastricht Treaty (hereafter referred to as the Social Chapter); to introducing, for the first time in the UK, a National Minimum Wage (NMW); and to enacting legislation to facilitate trade union recognition. The Labour government, however, is committed to retaining much of the legislation introduced by the Conservative governments to regulate trade unions, and opposes the draft Directive of the European Commission (EC) on national-level information and consultation. There is also no likelihood that the social contract between the previous Labour government (1974-1979) and the trade unions will be renewed. As part of its policy to retain support from employers, the Labour government will also not enact measures to encourage the re-establishment of national multi-employer collective bargaining. Instead, the government has ‘distanced’ itself from the unions, which are treated as a special interest group rather than as being an integral part of a labour movement. The ‘contentious alliance’ (Minkin 1991) between the unions and the Labour Party is, once again, in a state of flux.

Trade unions were initially slow to meet the neo-liberal challenge, with the consequence that its impact was amplified. A wide-ranging process of reform is, however, now underway at all levels of trade unionism. The Trades Union Congress (TUC) has abandoned much of its committee structure in an attempt to adopt a more campaigning role. It was also instrumental in reversing the opposition of many British unions to the European Union (EU). Trade union mergers have continued apace, together with the reform of internal systems of representation. In addition, extensive organising campaigns have been implemented with the
object of developing recruitment and retention activities. New forms of ‘partnership’ have also been sought with employers. These measures have neither restored the political influence of trade unions, nor have they reversed the decline in membership. Trade unions in the UK thus remain on the defensive.

The de-coupling of trade unions from their traditional sources of influence, as a result, for example, of the weakening of links between unions and government and the decline in the coverage of bargaining, promoted crises of interest aggregation and interest representation. These crises were compounded by the decay in relations between trade unions and the Labour Party. In addressing the crises of interest aggregation and interest representation, unions have embarked on a series of reforms to policy, structure and activity. A key and, as yet, unresolved tension within the reform agenda is between policies and activities characteristic of Anglo-Saxon trade union practice and those resonant of unions operating within the European social market model. Trade unions, for example, concurrently advocate social partnership with employers and the organising model of union organisation. The tenets of social partnership are borrowed, albeit in a modified form, from western European trade union practice and view employers as partners in a search for mutual benefits. In contrast, it is the threat the employer poses to the employee that underpins the appeal of the organising model, which assumes that the employee will join a union in order to seek protection from the activities of the employer. The same tension is evident in the simultaneous promotion of the single channel and the dual system of representation. Furthermore, the expanding range of individual legal protections emanating from the EC and the Labour government are resulting in increasing demands on union organisation to ‘police’ the legislation on behalf of members. These demands also impinge on union reform and the processes of interest aggregation and representation. This chapter assesses the contradictions in trade union policy and activity that arise from these tensions in the reform agenda and argues that the character of interest aggregation and representation is in the process of a marked transformation.

This chapter addresses these issues in three sections. The first section examines the effects of the neo-liberal policy agenda. Although it argues
that many of the intended effects were not realised, it acknowledges that a range of union activities, structures and policies introduced before 1980 are now rejected by many trade unionists. It also reviews the effects of these measures on unionisation, merger activity and industrial conflict, and thus identifies the nature of the challenge faced by unions in the UK if they are to regain influence. The second section traces the development of Labour Party policy and examines how this is likely to affect trade union organisation. It argues that elements of both US market capitalism and the European social model are present in Labour government policy. The former represent continuity with the policies of the previous Conservative governments, whereas the latter present opportunities to develop union organisation. However, limitations in the capacity of British unions to mobilise and the ‘distancing’ of the Labour Party from the unions have curtailed the influence of unions on Labour government policy formulation. The third section identifies four areas of reform introduced by trade unionists: the re-orientation of the TUC; the shift in policy in favour of Europe; the adoption of social partnerships with employers; and the establishment of an organising culture within which recruitment can be extended to hitherto unorganised sectors of the economy. The argument of this section is that significant shifts in policy have been introduced, but they have not yet led to any widespread reverse of membership decline, nor have they addressed the key issues of union cohesion and articulation.

The challenge of the neo-liberal assault

Central to the political project of the Conservative government was the deregulation of the UK labour market, the promotion of competitiveness, flexibility, individualisation and entrepreneurial values, and the ‘marketisation’ of the public sector. In order to move towards these objectives a policy of union exclusion was pursued, integral to which was the restriction and regulation of the role of unions. Opportunities were thus provided for employers to exploit union weaknesses. Many employers took advantage of these opportunities and, in consequence, further restricted the range of union options. This section traces the impact of these measures in four stages. The first stage examines the
impact of the Conservative political programme on the exclusion of unions at national and workplace levels. The subsequent stages review the impact of these measures on unionisation, trade union restructuring by mergers and industrial conflict.

**The scope of the political challenge**

The three principal political objectives of Conservative governments were the exclusion of unions from any role in national policy making; to change the character of internal union democracy, by compelling unions to adopt representative forms of democracy at the expense of participative forms; and to encourage management to assume greater control within the workplace. British industrial relations policy was thus 'integrally geared' with economic policy for the first time since 1945 (Wedderburn 1985:36). Central to the Thatcherite project was a 'step-by-step' process of legal intervention.

The exclusion of unions from macro-economic and social policy formulation was effective and achieved soon after 1979. Many of the institutions central to even the dilute forms of corporatism that characterised the UK during the 1970s were dismantled, principal among which were the Industrial Training Boards, the National Enterprise Council and, in 1992, the National Economic Development Council. The TUC attempted to re-establish links with the government and employers around the time of the 1983 congress. This approach, termed 'New Realism', had the intention of formulating tripartite policies to address the high rate of unemployment. Its rejection was symbolised by the banning of unions from the Government Communications Headquarters (GCHQ) in 1984. The Conservative government's concerted action against the year-long coal strike in 1984-1985, for which it had planned since 1978 (Adeney and Lloyd 1986:72-74; Beynon 1985), further heightened enmity between it and the trade unions. The TUC derived much of its authority over affiliated unions through its role as a conduit to government during the 1960s and 1970s. The political exclusion of unions after 1979 was thus particularly hard-felt within the TUC.
A second political objective pursued by Conservative governments after 1979 was the regulation of union decision-making and electoral procedures. Under the rubric of ‘returning unions to their members’ (DE 1983), a series of measures were enacted which collectively comprise the most comprehensive regulation of union government ever attempted in the UK. The central pillar of this approach is the independently scrutinised, fully postal, individual membership ballot that is now required every five years in the election of union executive committees, union presidents and union general secretaries (Dickens and Hall 1995; Hendy 1989). By such means, it was anticipated that militant and unrepresentative union leaders would no longer be elected to positions of influence (DE 1983: 1-2). Individual union members were also afforded a range of statutory rights enforceable against unions. A Commissioner for the Rights of Trade Union Members (CROTUM) was appointed to assist union members in enforcing these rights.

Legislation intended to realise the individualist conception of union democracy advocated within the neo-liberal programme has had mixed effects (McKendrick 1988). Legislative changes have led to the increased centralisation of union government. The introduction of postal ballots has resulted in lower levels of membership participation in elections for senior positions in many unions, and there has been a decline in the role and influence within the democratic process of intermediary levels, such as regions and districts (Undy et al. 1996: 240-244). The introduction of fines when the balloting requirements were contravened also accentuated central controls, particularly as the finances of many unions were parlous (Willman et al. 1993). Furthermore, very few applications for assistance were made to the CROTUM, suggesting that member dissatisfaction with union practice and procedures was relatively limited. There is also no consistent evidence to suggest that the legislation reduced the impact of the political left during union elections (Undy et al. 1996: 188-190).

The political implications of the legislation for the union movement were wide-ranging. Until 1987 the majority of unions openly opposed the legislation and hoped for the election of a Labour government that would repeal it. Union reform was limited during this period, as it was
anticipated that the election of a Labour government would presage a return to circumstances akin to those of the late 1970s. Only the Amalgamated Engineering Union (AEU) and the Electrical, Electronic, Telecommunication and Plumbing Union (EETPU) were prepared to accept the Conservative legislation and financial support from the state to conduct ballots. This acceptance almost led to the expulsion of the AEU from the TUC in 1986, and was a key factor in the expulsion of the EETPU in 1988 (Waddington 1988). In addition to the divisions among unions provoked by the balloting measures, the failure of the Labour Party in the 1987 and 1992 General Elections led to a series of policy reviews, an outcome of which was the acceptance of the legislation on balloting by the Labour Party.

A third political objective of neo-liberal policy was to create the circumstances within which management could re-assert authority in the workplace. There were two strands to this element of the policy: restricting industrial disputes and opportunities for union organisation, and removing some statutory support for collective bargaining. The legal restrictions on industrial action were widened throughout the 1980s and unions were made liable for unlawful industrial action undertaken by their members. Industrial action was made unlawful unless preceded by an individual membership ballot. Secondary picketing and secondary industrial actions were also made unlawful, as were all forms of the closed shop. The statutory recognition procedure was revoked as early as 1980. In addition, Wages Councils, which had been established in 1909 to provide minimum wages in industries where collective bargaining was weak, were finally abolished in all industries except agriculture in 1993, after protection for workers aged under 21 had been removed in 1986.

Reform of the public sector complemented these measures and served as a political example to the private sector. The overarching objective was to bring market pressures to bear on a wide range of public services (Carter and Fairbrother 1999). Cash limits were imposed on the public sector in order to reduce costs and an extensive programme of privatisation was implemented. Compulsory competitive tendering (CCT) required large numbers of public sector workers to bid for the jobs they held, in competition with enterprises from the private sector.
Internal markets were also established. As a result of these measures, the number of public sector workers employed on short-term or temporary contracts rose sharply, as numerical flexibility rather than multiskilling was sought (Foster and Scott 1998). Contracting-out of services such as catering, cleaning and laundry became widespread, and permanent employment in the public sector was reduced with adverse effects on union membership. Management hierarchies were also restructured. In the civil service and local government, management was decentralised, whereas in education local management of schools was introduced. Conservative governments, however, stopped short of pay devolution (Bach and Winchester 1994).

The impact of these measures can be gauged in terms of their effects on the coverage of bargaining, union recognition and workplace practices. The failure of unions to organise in private sector services and the abolition of Wages Councils are undoubtedly associated with the decline in coverage of collective bargaining. By 1998 the coverage of collective bargaining had fallen to 34 per cent of employees from 72 per cent in 1973 (Brown et al. 1997; Bland 1999). Employers exploited the opportunities presented to them by the political programme. They withdrew from most multi-employer national bargaining arrangements, thereby rejecting trade unions as national bargaining agents (Clark and Winchester 1994). Employers also decentralised collective bargaining to company, division or workplace level. The rise in the number of bargaining units resulting from this decentralisation has placed an additional burden on union organisation, as union support services have become more thinly spread. In particular, the relatively few full-time officers employed by trade unions in Britain have been unable to provide sufficient support to members. Furthermore, several unions have encountered difficulties in recruiting adequate numbers of shop stewards and providing those that do come forward with sufficient training. In the absence of both full-time officers and shop stewards in adequate numbers, the internal co-ordination of many union activities has been jeopardised by the decentralisation of bargaining.

The proportion of workplaces at which employers recognised trade unions fell sharply. In 1984 unions were recognised at 66 per cent of workplaces. By 1990 this proportion had fallen to 53 per cent and to 45
per cent in 1998 (Cully et al. 1999). The extent of employer de-recognition of unions is limited to specific sectors and occupations, where unions are weak or where employers introduce individual bargaining for specific grades of employee (Marginson et al. 1993; Claydon 1996). Although de-recognition has contributed to the decline in the number of workplaces at which unions are recognised, it is not the sole explanation. Employer resistance to unionisation in new workplaces appears to be a more significant explanation of the decline. For example, in 1998 unions were recognised at 32 per cent of workplaces that had existed for 25 or more years. This proportion fell to 22 per cent in workplaces of between 10 and 24 years duration and to only 18 per cent in workplaces established during the last 10 years (Cully et al. 1999: 240). The extent of employer rejection of a union presence is thus broader now than at any other time since 1945. Furthermore, where unions have maintained a presence, management have isolated or by-passed many union representatives, thus excluding them from any consultation or negotiation processes associated with workplace change (Smith and Morton 1993 and 1994; Cully et al. 1999).

Accompanying the decentralisation of bargaining, and the declines in the coverage of bargaining and union recognition, have been extensive changes at the workplace. While this change is noted as being uneven and characterised by the piecemeal adoption of elements of the human resource management (HRM) agenda, the outcome has been the accentuation of individual aspects of the employment relationship. The growth of more individualised systems of determining pay and conditions and, in particular, performance-related pay has been marked (Kessler 2000; Heery 1998a). The HRM practices that British employers have introduced are those which emphasise direct contact between management and worker, and which encourage greater commitment among workers to the goals of the enterprise, thus further distancing union organisation (Guest and Peccei 1994; Cully et al. 1999).

Although the Conservative political project assisted employers in the exclusion of unions, there are several developments that present opportunities for unions. For example, wage inequality increased sharply during the 1980s and, although it slowed during the 1990s (Machin 1998), produced widespread dissatisfaction (Cully et al. 1998; Kelly
1998). Much of the British workforce is also insecure at work (Burchell et al. 1999; Gregg et al. 2000). Furthermore, the Citizens’ Advice Bureaux reported an increase in the number of work-related complaints from 469,000 in 1983 to 610,000 in 1997 (NACAB 1997). Attitudes towards management are also hardening as fewer workers felt their workplace was well-managed and that relations between managers and workers were good, while an increasing number of workers felt that managers would ‘try to get the better of them’ if given the chance (Kelly 1998). Even where individualised pay arrangements were in place, workers wanted unions to establish a framework within which individual pay was settled fairly and equitably (Waddington and Whitston 1996), although there is no evidence to suggest that trade unions have been able to meet this need.

**Plummeting unionisation rates**

Table 17.1 shows the movements in unionisation in Great Britain since 1948. Between 1948 and 1965 increases in membership were smaller than rises in employment, with the result that density fell from 45.5 per cent to 43.0 per cent. Following rapid membership growth after 1965, the period 1980-1998 was the longest period of continuous annual membership decline since 1892, when records were first compiled. The membership gains secured between 1965 and 1979 were lost in half the time it had taken to achieve them. Trade union density is now lower than at any time since 1937 (see Bain and Price 1980). Trade unions currently organise less than three in ten of the British labour force. The periods of steepest decline after 1979 were during the first few years of both the 1980s and 1990s, when the level of unemployment rose sharply during recessions. It is noteworthy, however, that declines in membership and density were also recorded during periods of employment expansion. The relationship between unionisation and unemployment was thus not direct after 1979. In recent years the rate of decline has slowed and several unions have reported small membership increases, but British unions are now less representative of the entire labour force than they were in 1979.


Table 17.1: Union membership: Great Britain¹, 1948-1998

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership²</th>
<th>Annual % change</th>
<th>Density³</th>
<th>Annual % change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(000s)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1948</td>
<td>9,102</td>
<td></td>
<td>45.5</td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>9,003</td>
<td></td>
<td>44.3</td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>9,460</td>
<td></td>
<td>44.5</td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>9,437</td>
<td></td>
<td>44.0</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>9,715</td>
<td></td>
<td>43.0</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>10,672</td>
<td></td>
<td>48.5</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>11,561</td>
<td></td>
<td>52.0</td>
<td></td>
</tr>
<tr>
<td>1979</td>
<td>12,639</td>
<td></td>
<td>55.8</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>12,239</td>
<td>-3.2</td>
<td>54.5</td>
<td>-1.3</td>
</tr>
<tr>
<td>1981</td>
<td>11,628</td>
<td>-5.0</td>
<td>54.4</td>
<td>-0.1</td>
</tr>
<tr>
<td>1982</td>
<td>11,138</td>
<td>-4.2</td>
<td>53.3</td>
<td>-1.1</td>
</tr>
<tr>
<td>1983</td>
<td>10,766</td>
<td>-3.3</td>
<td>52.3</td>
<td>-1.0</td>
</tr>
<tr>
<td>1984</td>
<td>10,336</td>
<td>-4.0</td>
<td>49.8</td>
<td>-2.5</td>
</tr>
<tr>
<td>1985</td>
<td>10,282</td>
<td>-0.5</td>
<td>49.0</td>
<td>-0.8</td>
</tr>
<tr>
<td>1986</td>
<td>9,998</td>
<td>-2.8</td>
<td>47.4</td>
<td>-1.6</td>
</tr>
<tr>
<td>1987</td>
<td>9,874</td>
<td>-1.2</td>
<td>46.3</td>
<td>-1.1</td>
</tr>
<tr>
<td>1988⁴</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>8,964</td>
<td></td>
<td>39.0</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>8,854</td>
<td>-1.2</td>
<td>38.1</td>
<td>-0.9</td>
</tr>
<tr>
<td>1991</td>
<td>8,633</td>
<td>-2.5</td>
<td>37.5</td>
<td>-0.6</td>
</tr>
<tr>
<td>1992</td>
<td>7,999</td>
<td>-7.3</td>
<td>35.8</td>
<td>-1.7</td>
</tr>
<tr>
<td>1993</td>
<td>7,808</td>
<td>-2.4</td>
<td>35.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>1994</td>
<td>7,553</td>
<td>-3.3</td>
<td>33.6</td>
<td>-1.5</td>
</tr>
<tr>
<td>1995</td>
<td>7,275</td>
<td>-3.7</td>
<td>32.1</td>
<td>-1.5</td>
</tr>
<tr>
<td>1996</td>
<td>7,215</td>
<td>-0.8</td>
<td>31.3</td>
<td>-0.8</td>
</tr>
<tr>
<td>1997</td>
<td>7,117</td>
<td>-1.4</td>
<td>30.2</td>
<td>-1.1</td>
</tr>
<tr>
<td>1998</td>
<td>7,107</td>
<td>-0.1</td>
<td>29.6</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

Notes:
1. The data refer to Great Britain, rather than the United Kingdom: that is, they exclude data from Northern Ireland.
2. Union membership excludes unemployed and retired workers that retain membership. Until 1987 this exclusion is undertaken on the basis of union membership records and is unlikely to exclude all such members. After 1988 the Labour Force Survey data is based on those in employment and thus excludes all unemployed and retired workers.
3. Union membership expressed as a proportion of all employees, except those serving in the armed forces
4. The difference in membership and density data between 1987 and 1989 can be explained in terms of membership decline and the transfer from one data source to another (see sources below for details).

Table 17.2: A comparison of unions with more than 100,000 members in 1998 with their 1979 membership

<table>
<thead>
<tr>
<th>Union</th>
<th>Membership 1979</th>
<th>Membership 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNISON</td>
<td>1,657,926</td>
<td>1,272,330</td>
</tr>
<tr>
<td>Transport and General Workers’ Union (TGWU)</td>
<td>2,086,281</td>
<td>881,625</td>
</tr>
<tr>
<td>Amalgamated Engineering and Electrical Union (AEEU)</td>
<td>1,309,553</td>
<td>727,977</td>
</tr>
<tr>
<td>GMB</td>
<td>967,153</td>
<td>712,010</td>
</tr>
<tr>
<td>Manufacturing, Science and Finance Union (MSF)</td>
<td>691,054</td>
<td>416,000</td>
</tr>
<tr>
<td>Royal College of Nursing (RCN)</td>
<td>161,692</td>
<td>320,206</td>
</tr>
<tr>
<td>Union of Shop, Distributive and Allied Workers (USDAW)</td>
<td>470,017</td>
<td>303,060</td>
</tr>
<tr>
<td>Communication Workers’ Union (CWU)</td>
<td>329,175</td>
<td>287,732</td>
</tr>
<tr>
<td>National Union of Teachers (NUT)</td>
<td>290,740</td>
<td>286,503</td>
</tr>
<tr>
<td>National Association of Schoolmasters and Union of Women Teachers (NASUWT)</td>
<td>152,222</td>
<td>250,783</td>
</tr>
<tr>
<td>Public and Commercial Services Union (PCS)</td>
<td>223,884</td>
<td>245,350</td>
</tr>
<tr>
<td>Graphical, Paper and Media Union (GPMU)</td>
<td>317,325</td>
<td>203,229</td>
</tr>
<tr>
<td>Association of Teachers and Lecturers (ATL)</td>
<td>87,763</td>
<td>168,027</td>
</tr>
<tr>
<td>Union of Construction, Allied Trades and Technicians (UCATT)</td>
<td>348,875</td>
<td>111,804</td>
</tr>
<tr>
<td>British Medical Association (BMA)</td>
<td>65,624</td>
<td>106,864</td>
</tr>
<tr>
<td>Banking, Insurance and Finance Union (BIFU)</td>
<td>131,774</td>
<td>106,007</td>
</tr>
</tbody>
</table>

Notes:
1. In 1979, the following unions also organised more than 100,000 members: Association of Professional, Executive, Clerical and Computer Staff (APEX); Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers (ASBSBSW); Confederation of Health Service Employees (COHSE); Civil and Public Services Association (CPSA); Electrical, Electronic, Telecommunication and Plumbing Union (EETPU); Institution of Professional Civil servants (IPCS); Iron and Steel Trades Confederation (ISTC); National and Local Government Officers’ Association (NALGO); National Graphical Association (NGA); National Union of Mineworkers (NUM); National Union of Public Employees (NUPE); National Union of Railwaymen (NUR); National Union of Tailors and Garment
Workers (NUTGW); Society of Civil and Public Servants (SCPS); and the Society of Graphical and Allied Trades (SOGAT). Since 1979 APEX, ASBSBSW and the NUTGW were acquired in mergers by the GMB; SOGAT and the NGA merged to form the GPMU; the EETPU and the Amalgamated Engineering Union (AEU) merged to form the AEEU; COHSE, NALGO and NUPE amalgamated to form UNISON in 1993; and the CPSA and SCPS were involved in a series of mergers leading to the formation of the PCS. The ISTC, NUM, NUR and IPCS remain independent, but with less than 100,000 members.

2. UNISON was formed in 1993 by the merger of COHSE, NALGO and NUPE. In 1979 the membership of these unions was, COHSE, 212,930; NALGO, 753,226; and NUPE, 691,770. The membership figure for UNISON given here for 1979 is the combined memberships of its three constituent parts.

3. In 1979 the Amalgamated Union of Engineering Workers included the Construction, Engineering and Foundry Sections, but excluded the Technical, Administrative and Supervisory Section (TASS) which became part of MSF.

4. In 1979, the National Union of General and Municipal Workers.

5. MSF was formed in 1988 by the merger of the Association of Scientific, Technical and Managerial Staff (ASTMS) and the Technical, Administrative and Supervisory Section (TASS). The memberships of these unions in 1979 was: ASTMS, 491,000; and TASS, 200,000. The combined figure is presented here for 1979.

6. The Union of Communication Workers (UCW) and the National Communications Union (NCU) merged in 1995 to form the Communication Workers’ Union. The combined memberships of the two unions is provided for 1979, which were UCW, 203,452 and NCU, (then called the Post Office Engineering Union) 125,723.

7. In 1988 the Society of Civil and Public Servants (SCPS) merged with the Civil Service Union (CSU) to form the National Union of Civil and Public Servants (NUCPS) which, in 1996 merged with the Inland Revenue Staff Federation (IRSF) to form the Public Services Tax and Commerce Union (PTC). The PTC and the Civil and Public Services Association (CPSA) merged to form Public and Commercial Services Union in 1998. The membership figure for the CPSA in 1979 is provided.

8. The National Graphical Association (NGA) and the Society of Graphical and Allied Trades (SOGAT) merged to form the GPMU in 1992. The combined memberships of the two unions is provided for 1979, which were NGA, 111,541 and SOGAT, 205,784.

9. The title ATL was adopted in 1993, when the union changed its name from the Assistant Masters’ and Mistresses’ Association (AMMA).

Sources: Annual Report of the Certification Officer, 1980 and 2000. The membership figures include unemployed and retired workers that retain membership, members from Northern Ireland and, for some unions, members from Ireland (see Chapter 10 for an explanation of this situation).
Table 17.2 illustrates some of the differences in the rate of membership change experienced by the principal unions of 1998. Eleven of the sixteen unions listed for 1998 lost members after 1979. The rates of membership loss reflect the different concentrations of membership: unions that organised manual workers in manufacturing in 1979 sustained the largest membership losses thereafter. Five unions recorded increases in membership between 1979 and 1997. In one of these cases, the Public and Commercial Services Union (PCS), the increase results from extensive merger activity. Thus, for four unions the recorded increase in membership results from ‘natural’ growth secured through recruitment: the Royal College of Nursing (RCN); National Association of Schoolmasters and Union of Women Teachers (NASUWT); Association of Teachers and Lecturers (ATL); and the British Medical Association (BMA). The membership of each of these unions is concentrated in the public sector and on specific professions: nurses, teachers or doctors. This membership growth reflects employment growth in these occupations and the relative success of unions that base their appeal to members on an occupational and professional identity.

A range of explanations have been advanced to explain the extent of the aggregate decline. There is a complex web of inter-relationships between these explanations, which precludes the identification of their individual effects. It is apparent, however, that the impact, either directly or indirectly, of the measures associated with the Conservative political project had a wide-ranging influence on the decline in unionisation.

A direct effect of government policy in promoting membership decline is claimed by Freeman and Pelletier (1990). This effect is seen as independent of other factors. They argue that the abolition of the statutory recognition procedure in 1980, the gradual removal of immunities protecting the closed shop, and restrictions on secondary action, accounted for ‘effectively the entire decline in UK density in [the period 1980-1986]’ (1990:155). In other words, this view assigns legislation the status of primary causal agent during the period of the steepest decline in membership and density.
Three factors undermine this explanation. Firstly, the decline in union density is shown to precede the initial legislation (Disney 1990). The decline in density may thus have facilitated the enactment of the legislation, not vice versa. Secondly, if legislation was the sole influence on the decline in unionisation, the rate of decline would be expected to rise as the cumulative effects of successive legislative measures restricted union organising opportunities. Table 17.1 shows that this is not the case, the rate of decline is uneven rather than accelerating. Thirdly, the effects of the legislation enacted during the 1980s are contradictory and closely related to other developments (IDS 1987; Brown and Wadhwani 1990). The case of the closed shop illustrates the point. Legislation on the closed shop was claimed to have had a marked effect on membership decline by Freeman and Pelletier. Yet, between 1980 and 1984 almost all of the steep decline in the coverage of closed shops was due to compositional and structural effects, rather than legislative reform (Millward and Stevens 1986).

The legal explanation, however, should not be dismissed outright. As was mentioned above, employers at new sites appear to have used the legislation to resist union recruitment initiatives. It is difficult, however, to separate this effect from other concurrent developments (Disney et al. 1998).

One of these concurrent effects is the shift in the composition of employment. Similarly to developments in much of western Europe, there has been a significant shift in employment away from manufacturing towards private sector services. Associated with this shift are trends towards more employment at small sites, of women, of part-time workers, of workers on temporary contracts, and of young workers. Each of these structural factors tends to be associated with lower levels of unionisation. Changes in the composition of employment are shown to account for between about 25 and 30 per cent of the decline in unionisation (Booth 1989; Waddington 1992).

Workers in private sector services join unions for similar reasons to those in manufacturing and the public sector (Waddington and Whistston 1997), suggesting that it is not only the shift in the composition of employment that is at issue. Other factors, such as
employer resistance or the absence of unions and union recruitment campaigns, are also influential. Employers in private sector services have been resistant to unionisation for many years. This resistance may have been facilitated by the presence of structural factors, such as the prevalence of small sites, and the absence of unions and organising campaigns. In recent years legislation may have also assisted employers in resisting unions. What existing research has been unable to do is to separate the effects of employer resistance from those of other influences. Union density among part-time women workers, for example, was found to be over 60 per cent where a union was available for them to join, whereas the average union density for such workers was less than 30 per cent (Green 1990). Similarly, where management is pro-union over 60 per cent of workers are unionised, but where management opposes unionisation the level falls to 7 per cent (Cully et al. 1998). Thus, although the evidence is not conclusive, it seems likely that employer resistance has prevented unions from securing a presence at many workplaces and, hence, extending unionisation throughout private sector services. This factor would also explain the incapacity of unions to record membership increases during periods of employment growth since 1979 (Disney et al. 1995; Disney et al. 1998).

The abandonment of any political commitment to full employment by the Conservative government was a further contributory factor to the decline of unionisation. Unemployment rose sharply from 5.2 per cent in 1979 to 11.5 per cent in 1983 and did not fall beneath 10 per cent until 1988. Many of the jobs were lost from manufacturing and involved male, full-time workers. In other words, the jobs were lost from areas of traditional membership strength. As unions in the UK offer very few services to unemployed members and there is no unemployment insurance administration conducted by unions, the majority of unionists made redundant abandoned their union membership. Associated with high levels of unemployment was the closure of many large workplaces within which trade union membership was concentrated (Machin 1995). Analysis reveals a close association between membership decline and rising unemployment during the 1980s (Carruth and Disney 1988). Furthermore, during the recession of the early 1990s extensive workforce restructuring was most likely to be
undertaken by those companies that were adversely affected by the recession, thus accelerating membership decline (Geroski et al. 1995).

**Union restructuring by mergers**

Membership decline was accompanied by a fall in the number of unions from 454 in 1979 to 233 in 1998 (Certification Office 1980 and 2000). Although more than sixty unions dissolved during this period, the principal reason for the decline in the number of unions is merger activity. The intensity of merger activity has been high in the UK since the mid-1960s (Waddington 1995). In the UK a merger may be completed by means of an amalgamation, in which two or more unions acting as equal partners combine to form a new union, or through a transfer of engagements, in which a large union acquires a smaller union. Mergers completed using the transfer of engagements procedure account for about three-quarters of the decline in the number of unions due to mergers, but less than 15 per cent of the membership involved in the merger process (Undy et al. 1996:45).

Unions that achieved membership growth by recruitment after 1979 have tended to remain apart from the merger process (see Table 17.2). Factors associated with membership decline and its effects on financial viability have promoted many recent mergers. Membership contributions continue to constitute a substantial proportion of union income, but competition for members between unions often precludes increases in the level of membership contributions, thereby exacerbating financial weakness. Mergers are seen as a means of achieving some economies of scale. Proponents of mergers also claim that they may form a base from which the post-merger union may expand into areas of employment growth. There is no consistent evidence to suggest that this objective has been achieved. More likely is that mergers have merely mitigated the effects of membership loss.

A diverse range of merger policies have been implemented with the consequence that the notoriously complex structure of British trade unionism has not been markedly 'simplified' by this extensive merger activity (Waddington 1995). There is a tendency for union memberships to become more heterogeneous, even as membership declines. This
tendency is clearly illustrated by the large number of unions that now have some form of internal sectional system of representation whereby groups of members are allocated to different sections according to their industry or occupation. A consequence of this development is that a wider range of support services is required at a time of membership decline and financial stringency, thus placing greater pressure on union resources.

The two traditional ‘general’ unions, the Transport and General Workers’ Union (TGWU) and the GMB, have acquired other unions since 1979. Although the TGWU was most active during the 1960s and 1970s, the GMB was more active after 1979, acquiring the Amalgamated Society of Boilermakers Shipwrights Blacksmiths and Structural Workers (ASBSBSW), the Association of Professional Executive Clerical and Computer Staff (APEX) and the National Union of Tailors and Garment Workers (NUTGW). In order to absorb these unions, an internal structure based on Sections was established. This complemented the traditional regional structure of the GMB and represented the adoption of a structure similar to the Trade Group system of the TGWU. A proposal to merge the TGWU and the GMB met with strong resistance from within specific regions of both unions.

The Amalgamated Engineering and Electrical Union (AEEU) was formed by an amalgamation in 1992. This merger combined two unions – the Amalgamated Engineering Union (AEU) and the Electrical, Electronic, Telecommunications and Plumbing Union (EETPU) – that originally recruited craft workers, although both had extended their recruitment activities throughout much of manufacturing prior to the merger. Immediately before the merger the EETPU had also acquired several small white-collar unions that organised in a range of industries. The AEEU is thus almost as wide in coverage as the two general unions, although its leadership still tends to be drawn from among former craft workers. A sectional structure has been adopted in order to incorporate an increasingly heterogeneous membership. This heterogeneity is likely to be widened if the current proposal to merge the AEEU with Manufacturing, Science and Finance (MSF) is ratified to take effect in January 2001.
The amalgamations to form UNISON, the Graphical Paper and Media Union (GPMU), the Communication Workers’ Union (CWU) and the Public Commercial Services Union (PCS) unified groups of workers from within the same industry or sector. UNISON organises across most of the public sector. The civil service is outside of UNISON’s ambit. It has particular concentrations of members in the National Health Service and local government. The merger brought together manual and white-collar workers in these industries, although the majority of nurses are outside and organised by the Royal College of Nursing (RCN). Similarly, the amalgamation to form the GPMU was the final merger, of a long series, that combined craft and unskilled workers within the printing industry. The formations of the CWU and PCS represent further stages in the unification of workers in communications (post and telephones) and the civil service respectively. Each of these mergers was accompanied by the adoption of internal sections, established to represent the interests of specific groups of workers. It remains to be seen if these new structures are the basis for cohesion between the different membership groups or whether they inhibit the co-ordination of activities involving members from different groups.

UNISON has introduced a particularly wide-ranging series of constitutional devices, designed to retain cohesion among a diverse membership. The constitution of the union incorporates representation on the basis of occupation, pay-bargaining group, gender and status group. Also integral to the constitution is the principle of proportionality in the composition of committees, conferences, delegations and meetings. Many other unions have also introduced committee structures through which under-represented groups, such as women and young workers, can be encouraged to participate in union activities.

The merger process is associated with attempts to develop new forms of cohesion and articulation among heterogeneous memberships. The impact of the legislative change in promoting the centralisation of union government has been amplified by the post-merger structures adopted in several unions. Tiers of management have been removed from union structures and an increasing number of union officials have attended management schools for customised training. While such managerial
approaches may result in much-needed cost savings, it remains to be seen how they impinge on union articulation. What is more certain is that mergers will continue to be a preferred method of union structural adaptation.

**Strike trends: a return to industrial peace?**

While strike activity does not embrace all forms of industrial conflict, it serves as a useful indicator of trends. Table 17.3 shows that strike activity in the UK is at its lowest level since the initial compilation of strike statistics in 1891. Although strike activity declined throughout much of western Europe during the 1980s and 1990s, the decline in the UK is steeper than elsewhere. During the run-up to the election in 1997, Conservatives suggested that the election of a Labour government would lead to a rise in strike activity. Although the number of days lost through strikes rose in 1998, because of strikes on the railways, London Underground and in construction, the overall trend after the election continued downward, contrary to the predictions of Conservatives. In contrast, proponents of social partnership view the recent decline as evidence of a maturity in relations between managers and workers, and as confirming the ‘partnership mood’ (TUC June 1999), an issue to which this chapter will return.

Although strike activity declined over the last decade, the distribution of reasons that underpin strikes has remained fairly constant. Strikes resulting from disputes over pay accounted for 51 per cent of working days lost in 1988 and 59 per cent in 1998 (Davies 1999). The most significant change over the period was the decline in the proportion of working days lost due to ‘staffing and work allocation’, which fell from 33 per cent to 6 per cent between 1988 and 1998. This decline suggests that management controls may be limiting workers’ ability to mobilise around these issues within the workplace. ‘Redundancy questions’ were the cause of a further 19 per cent of working days lost in 1998 and disputes over ‘dismissal and other disciplinary matters’ accounted for an additional 10 per cent of working days lost. No other reason was the cause of more than 10 per cent of working days lost in 1998.
Table 17.3: Strike trends*¹ in the United Kingdom, 1946-1998 (annual averages)

<table>
<thead>
<tr>
<th>Year</th>
<th>All industries</th>
<th>Workers Involved (000s)</th>
<th>Days Lost (000s)</th>
<th>Mining, energy and water</th>
<th>Manufacturing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946-1952</td>
<td>1,698</td>
<td>444</td>
<td>1,888</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1953-1959</td>
<td>2,340</td>
<td>790</td>
<td>3,950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960-1968</td>
<td>2,372</td>
<td>1,323</td>
<td>3,189</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1969-1973</td>
<td>2,974</td>
<td>1,581</td>
<td>12,497</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974-1979</td>
<td>2,412</td>
<td>1,653</td>
<td>12,178</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>1,348</td>
<td>834</td>
<td>11,964</td>
<td>259</td>
<td>1,691</td>
<td>42</td>
</tr>
<tr>
<td>1981</td>
<td>1,344</td>
<td>1,513</td>
<td>4,266</td>
<td>374</td>
<td>396</td>
<td>117</td>
</tr>
<tr>
<td>1982</td>
<td>1,538</td>
<td>2,103</td>
<td>5,313</td>
<td>649</td>
<td>352</td>
<td>211</td>
</tr>
<tr>
<td>1983</td>
<td>1,364</td>
<td>574</td>
<td>3,754</td>
<td>2,212</td>
<td>345</td>
<td>39</td>
</tr>
<tr>
<td>1984</td>
<td>1,221</td>
<td>1,464</td>
<td>27,135</td>
<td>38,425</td>
<td>529</td>
<td>114</td>
</tr>
<tr>
<td>1985</td>
<td>903</td>
<td>791</td>
<td>6,402</td>
<td>7,518</td>
<td>183</td>
<td>86</td>
</tr>
<tr>
<td>1986</td>
<td>1,074</td>
<td>720</td>
<td>1,920</td>
<td>293</td>
<td>220</td>
<td>46</td>
</tr>
<tr>
<td>1987</td>
<td>1,016</td>
<td>887</td>
<td>3,546</td>
<td>482</td>
<td>124</td>
<td>181</td>
</tr>
<tr>
<td>1988</td>
<td>781</td>
<td>790</td>
<td>3,702</td>
<td>536</td>
<td>339</td>
<td>116</td>
</tr>
<tr>
<td>1989</td>
<td>710</td>
<td>727</td>
<td>4,128</td>
<td>165</td>
<td>156</td>
<td>199</td>
</tr>
<tr>
<td>1990</td>
<td>630</td>
<td>298</td>
<td>1,903</td>
<td>245</td>
<td>228</td>
<td>44</td>
</tr>
<tr>
<td>1991</td>
<td>360</td>
<td>177</td>
<td>761</td>
<td>87</td>
<td>52</td>
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<td>1992</td>
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<td>148</td>
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<td>23</td>
<td>24</td>
</tr>
<tr>
<td>1993*²</td>
<td>211</td>
<td>385</td>
<td>649</td>
<td>91</td>
<td>28</td>
<td>31</td>
</tr>
<tr>
<td>1994</td>
<td>205</td>
<td>107</td>
<td>278</td>
<td>2</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>1995</td>
<td>235</td>
<td>174</td>
<td>415</td>
<td>6</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>1996</td>
<td>244</td>
<td>364</td>
<td>1,303</td>
<td>8</td>
<td>24</td>
<td>70</td>
</tr>
<tr>
<td>1997</td>
<td>216</td>
<td>130</td>
<td>235</td>
<td>9</td>
<td>21</td>
<td>7</td>
</tr>
<tr>
<td>1998</td>
<td>166</td>
<td>93</td>
<td>282</td>
<td>1</td>
<td>8</td>
<td>13</td>
</tr>
</tbody>
</table>

Notes: 
*¹: Strikes lasting less than one day or involving fewer than 10 workers are excluded from the UK statistics, unless the total numbers of days lost exceeds 100.

Why has strike activity in the UK declined so sharply? As with the explanation of membership decline, no single explanation accounts for the entire downward trend in strikes. A variety of contributory factors have influenced the pattern of decline.

The first of these is the changing composition of employment. Several strike prone-industries have lost jobs, with the result that there are fewer workers to influence aggregate statistics. Nowhere is this more apparent than in the coal industry. Between 1969 and the end of the miners’ strike in 1985, for example, strikes in coal mining accounted for over 80 per cent of the total number of strikes (Edwards 1995:439). The sharp decline in mining employment thereafter meant that there were fewer strikes in mining, thus contributing to the overall decline. This explanation is only partial, however, as even when changes in the level of employment are taken into account, the number of working days lost per 1,000 workers in mining, quarrying and water also shows a marked decline after 1985 (see Table 17.3).

A second explanation is that the industrial relations climate has improved. Within the terms of this broad explanation is suggested an increase in trust, commitment and co-operation; a reassertion of managerial prerogative; and a reordering of the workplace to eliminate some of the causes of strikes. Until 1995, there was no consistent evidence of an increase in trust, although elements of a reassertion of managerial prerogative and a reordering of the workplace were in place (Edwards 1995). More recently, it is also claimed that union attempts to generate social partnerships have been associated with a shift in the attitudes of trade union representatives, more of whom now see strikes as a last resort (Hyman 1999).

A third explanation builds on the shift in the balance of power. The rise in unemployment, the decline in unionisation and changes in the law are component parts of this explanation. The evidence of a relationship between unemployment and strikes is mixed, although there is greater consistency in the relationship between unemployment and the number of strikes, than with other strikes indices (Shalev 1980; Edwards 1995). A review of the evidence suggests that there may be some decline in strikes due to the law, although separating the impact of legal changes
from other influences remains fraught (Dunn and Metcalf 1996). What is clear is that the requirement for pre-strike ballots has changed the phase of the negotiation process that precedes the calling of a strike. The period within which employers can improve their offer to forestall a strike is now more clearly defined (between the result of the strike ballot and the date of the strike), which may assist in defusing what would otherwise be a strike.

To summarise, the Conservative assault on trade unions, aided and abetted by employers’ policies, had wide-ranging effects. At national level, trade unions were excluded by government and by employers. Where unions retained a workplace presence, shop stewards came under increasing pressure. The resistance of employers in private sector services and at new companies prevented unions from recouping the membership losses sustained from the decline of manufacturing. Furthermore, membership levels and strike activity fell to post-war lows. The extent of the decline in these measures suggests that the capacity of unions to mobilise is, at best, restricted to specific sectors of the economy. The search for an agenda appropriate to these circumstances is the subject of the final section. The next section examines whether the election of a Labour government in May 1997 represents a sea-change in the political position of trade unions.

**New labour: new opportunities for trade unions?**

To understand the Labour government’s industrial relations programme and its relations with trade unions, it is necessary to place them in the context of the 1970s. Several senior members of the present Labour government consider the weak form of corporatism that developed in the UK throughout the 1970s to be inappropriate. Furthermore, trade unions are held responsible by some for the Winter of Discontent (1978-1979) during which there were extensive strikes in the public sector, and which is seen as being instrumental in the defeat of the Labour Party at the 1979 General Election. In particular, the relationship between the then Labour government and trade unions was publicly seen to break down. Before 1979 Labour ministers regarded this relationship as a key element in the formulation of public policy.
that could not be replicated by a Conservative government (Minkin 1991). Many Labour ministers now view this relationship suspiciously, if not as a liability. In consequence, the Labour Party has ‘distanced’ itself from the unions.

It is thus certain that there will be no return to the politics of the 1970s by the current Labour government. What is more debatable is the categorisation of Labour’s ‘Third Way’ and its impact on union organisation. In one of the leading expositions of the ‘Third Way’, for example, there is no mention of trade unions (Giddens 1998). In a similar vein, throughout the joint statement with Chancellor Schroeder, Prime Minister Blair emphasised the role of trade unions in ‘protecting individuals against arbitrary behaviour’, rather than the wider role for trade unions envisaged by Prime Minister Jospin in the regeneration of the French economy (Blair and Schroeder n.d.; Jospin 1999). Present policies of the Labour government suggest a rejection of any Keynesian approach in favour of a commitment to orthodox economic management, thus retaining continuity with much of the policy of the previous Conservative governments. Within this approach, neo-liberal elements of an economic agenda are emphasised, epitomised by the pre-election commitment to the same public expenditure plans as envisaged by the Conservatives and tough monetary and fiscal policies; the partnership with business, intended to foster the support of ‘middle England’; and the advocacy of individual, rather than collective, relationships in policy formulation (McIroy 1998; Leys 1996).

These features of US market capitalism are qualified by policies more akin to a European social model. Among these policies are the emphasis on training, partnership between unions and employers, and the revitalisation of the education and health sectors; the use of the windfall tax on public utilities to promote employment; and a desire to be at the centre of European policy developments (Coates 1996; Undy 1999). Tension between these competing policy elements is reviewed below in two stages. The first stage examines the development of the relationship between trade unions and the Labour Party. It shows that the ‘distance’ between the two restricts the capacity of unions to exert an influence on policy. The second stage assesses the implications for trade unions of policy measures on the National Minimum Wage, the
Social Chapter and union recognition. This discussion serves as an introduction to the next section, which examines the new policy agenda emerging among British unions.

The relationship between unions and the Labour Party

During the election campaign of 1997 trade union support for the Labour Party comprised the provision of funds and support in the localities. Throughout the campaign Labour Party representatives downplayed the relationship between party and unions, while union General Secretaries kept a low profile, so as not to raise the spectre of the Winter of Discontent. Underpinning the union position was a belief that a Labour government was a prerequisite if the decline in union organisation was to be slowed, if not reversed. This preference and behaviour suggest that the alliance between Labour and the unions remained largely intact. However, the pre-election internal reform of the Labour Party and its post-election policy agenda indicate that this relationship is now operating under some tension, as the Labour government attempts to secure a position where it retains support from employers and assumes the continued quiescence of unions.

At the formal level, the share of trade union votes at the Labour Party conference was reduced from 70 per cent to 50 per cent. Support for this measure from the unions enabled the Party to introduce it. Furthermore, at a succession of union conferences, Mr. Blair went to some lengths to explain that Labour Party conference decisions are not binding on a Labour government (McIlroy 1998). Sponsorship by trade unions of Members of Parliament was also stopped by the Party, thus further distancing the unions. Instead of these formal and collective linkages, emphasis is placed by Labour Party representatives on the involvement of individual trade unionists, who are also Labour Party members, in the affairs of the Party. It is envisaged that this involvement will be based more on local ‘influence and networks’ rather than conference resolutions (Taylor and Cruddas n.d.).

The formal distancing by the Labour Party from the unions is not reciprocated by the unions. The case of the Trade Union Act of 1984 illustrates the point. This Act was intended to regulate the relationship
between unions and the Labour Party and to distance the unions from the Party. It required a ballot of union members every ten years in order that a union could maintain a political fund. Unions drew on such funds to provide financial support to the Labour Party. During two rounds of such ballots, in 1985-1986 and 1994-1996, not a single union voted to abandon its political fund and several unions established such a fund for the first time. The intention underpinning the legislation was thus not achieved. To the contrary, more unions established funds to facilitate a linkage with the Labour Party. During the TUC congress of 1999 only a single trade union general secretary, Ken Cameron of the small Fire Brigades Union, suggested that trade unions should examine their relations with the Labour Party with a view to restricting the extent of funding that the unions provide.

On policy questions the difference in emphasis between the Labour Party and the unions is apparent. Whereas union representatives emphasise the collective, Labour Party spokespersons tend towards the individual. Although the Labour Party initially welcomed the notion of stakeholding, for example, it was quick to distance itself from suggestions that unions were the representative organisations of workers through which they could stake a claim in economic management, and that stakeholders could expect more job security than is currently prevalent in the UK economy (Thompson 1996). Similarly, the modernisation of trade unions, as envisaged by several senior Labour Party representatives, involves turning away from the collective. Instead emphasis is placed on trade union modernisation through the provision of individual or friendly society benefits, such as the provision of training or advice on pensions. In addition, the influence of shop stewards is called into question. My current research suggests that shop stewards are viewed as driving the union agenda, but as being unrepresentative of trade union members. This criticism echoes arguments cited by the Conservative governments when introducing their legal restrictions of union activities and implicitly argues that a ‘modernised’ union movement is one that moves further away from participative forms of representation towards more parliamentary forms of representation. As is discussed below, such a move would also mean adopting the ‘servicing’ model to the exclusion of the ‘organising’
model. How the tension between these two competing emphases is resolved remains an open question. What is clear, however, is that the capacity of trade unions to exert influence is weaker than during the previous Labour government: membership and strike activity are in decline; formal voting strength is reduced; and the Labour Party has distanced itself from trade unions. Unions are more reliant than hitherto on an active caucus of Members of Parliament, which lobbies on their behalf.

Towards a new regulatory regime?

The legislative programme of the Labour government incorporates several measures of trade union regulation that were introduced by the Conservatives. In particular, the regulations on balloting, secondary action and the closed shop will remain in place. Measures repealed include the following: the rights to trade union membership at GCHQ are now restored; the triennial renewal of check-off arrangements is no longer required; and workers dismissed during industrial action are allowed to take their case to an Employment Tribunal. While the repeal of these measures was welcomed by trade unionists, three further measures are more central to the new regulatory regime envisaged by Labour: the National Minimum Wage (NMW); ending the opt-out to the Social Chapter; and legislation on union recognition.

Before April 1999 a NMW had never operated in the UK. The adult rate for the NMW was initially set at £3.60 per hour, which was in the mid-range of an international comparison of minimum wage levels expressed as a proportion of full-time median earnings (Metcalf 1999). The adult rate was well below the £4.61 per hour requested by major unions, but the principle of a NMW was well received (TUC 1998). Furthermore, the manner of settlement of the rate and the intended method of up-rating constitute a procedural point of departure. The Low Pay Commission, which recommended the terms of the NMW to government and is currently charged with the up-rating, comprised unionists, employers and independents. Whereas the tripartite institutions of the 1970s included unionists (and employers) acting as representatives, the unionists who serve on the Low Pay Commission do so as individuals, rather than as representatives. In other words, where the
Blair government tolerates union involvement, it does so on a different basis of participation than that which characterised earlier tripartite arrangements. While unions welcomed the up-rating of the NMW in 2000, their prime concern is that a formula for the automatic up-rating be introduced, thereby, ensuring that the role of the Low Pay Commission is limited on the up-rating issue.

At the Amsterdam summit in June 1997 the Labour government committed itself to ending the UK’s opt-out of the Social Chapter. Given the UK tradition of voluntarism and the Conservative’s policies of deregulation, the impact of the Social Chapter is likely to be as great, if not greater, in the UK than elsewhere. The unions welcomed this shift in policy as a means of providing some basic protections to workers (TUC 1997). Prior to this commitment, unions in the UK had successfully pursued a number of cases to the European Court of Justice (ECJ) in an attempt to stem the deregulatory tide of Conservative policy. The ending of the opt-out broadens the range of issues on which the unions can campaign with support from European measures. For example, a TUC co-ordinated initiative led to two ECJ rulings on the rights of part-time workers to join pension schemes. The TUC is now expanding this initiative by developing programmes to assist in the recruitment and representation of part-time workers, which incorporate elements from the Part-Time Work Directive and other aspects of the Social Chapter (Heery 1998b).

In addition to its new obligations under the Social Chapter, the Labour government has also implemented the Working Time Directive. Thus, for the first time, the UK has a statutory framework for the regulation of working hours and annual holidays. As workers in the UK work the longest hours in Europe, the measure is likely to have wide-ranging effects. At the behest of employers’ organisations, the Labour government sought to maximise flexibility and exclusions in applying the Directive in the UK. The TUC welcomed the Directive, but argued that many of those on long working hours in professional and white-collar occupations would be excluded from its coverage by the terms of the Labour government’s transposition and, thus, the effect of the Directive would be limited (TUC 1999).
The introduction of a union recognition procedure was a key pre-election pledge of the Labour Party. Such a measure was viewed within unions as a basis on which membership could be extended into private sector services. It also represented the consolidation of the single channel of representation, to the exclusion of a dual system, as found in much of western Europe. Central proposals of the subsequent White Paper, entitled *Fairness at Work* and published in May 1998, included automatic recognition where 50 per cent plus one of a bargaining unit are union members; statutory union recognition where at least 40 per cent of those eligible vote for it; and a right for workers to be accompanied by a work colleague or trade union official in company grievance or disciplinary hearings. The Central Arbitration Committee (CAC) oversees the operation of the different aspects of the recognition procedure. Intensive lobbying by employers resulted in the dilution of each of these measures in the subsequent Employment Relations Bill to the extent that automatic recognition is now subject to the discretion of the CAC; unions must demonstrate that at least 10 per cent of the bargaining unit are trade union members and that they are likely to win a ballot before the CAC can proceed with an application for recognition; and the right to be accompanied is restricted to ‘serious issues’. While these changes were contested by the unions, their absence of political leverage limited the extent of the concessions they were able to secure. Furthermore, the Labour government also proposes that employers be granted a right to derecognise unions in a manner similar to the decertification arrangements that operate in the United States. The measure raises the prospect of ‘union-busting’ firms operating in the UK and unions having to compete against their activities (Adams 1999). Given the extent of employer resistance to unionisation, this measure constitutes a significant new challenge to union organisation, particularly where less than 50 per cent of a workforce are unionised.

**A union transformation in the making?**

Three key points arise from the current analysis. First, unions were weakened by the neo-liberal assault. They now have a much-reduced capacity for action and do not represent a significant, and growing,
section of the labour force in the UK. Second, employers have contributed to the weakening of unions in that they have resisted unionisation in expanding areas of the economy and, where unions are present, have limited the influence exerted by union representatives. Third, the option of retreating to traditional union practices has been cut off, as unions have been largely de-coupled from their traditional sources of influence: the Labour Party, access to government and collective bargaining. In consequence, unions in the UK have sought a new agenda and have introduced internal reforms through which this agenda might be delivered, with the object of establishing new forms of interest aggregation and interest representation.

Four items are central to this agenda: the transformation of the TUC; widespread, but not universal, support for the European social dimension and European integration; the development of social partnerships with employers; and the adoption of organising campaigns intended to reverse the decline in unionisation and in the participation of members in union activity. By no means are these reforms complete, nor are they without their contradictions. They are reviewed below, with the purpose of highlighting their objectives and identifying the challenges that they raise. Several tensions inform the developments of these reforms. In particular, tensions persist between policies associated with the pursuit of adversarial trade unionism, that characterise US market capitalism, and the adoption of more features characteristic of a European social market model. How the tension is settled, between those with vested interests embedded within existing institutions and those driving reform, is a key unknown for the immediate future. What is more clear is that policies pursued for the new millennium will differ markedly from those of the 1970s, when the last Labour government held office, and that further juridification is likely, rather than a return to voluntarism. The argument advanced here is that central to these developments is the well being of union organisation at the workplace and its articulation with activity at other levels of union organisation. Only when union organisation is spread throughout private sector services will unions represent the entire workforce in the UK and will thus be able to exert wider political and social influence.
Chapter 17: United Kingdom

Transforming the TUC

Throughout the 1960s and 1970s the TUC acted as a conduit to government. The TUC, for example, convened union representation to government on legislation and the formulation of the terms for incomes policies. Affiliation to the TUC thus allowed access to government. Second, the TUC administered the Bridlington Principles whereby inter-union relations and disputes were regulated. In undertaking these functions the TUC gained some influence over affiliated unions. This influence went some way to making up for the absence of formal constitutional authority granted by affiliates to the TUC (Martin 1980). Apart from powers of expulsion, the TUC relies on argument and persuasion to maintain its position \textit{vis-à-vis} affiliated unions. The political changes of the 1980s weakened the TUC’s role in undertaking these functions. In particular, the dismantling of tripartite institutions and the rejection of any trade union role in macro-economic policy by the Conservative government eliminated the TUC’s role as a conduit to government. Moreover, the Trade Union Reform and Employment Rights Act 1993 gave workers a right to join any union that organised the same class of worker, thereby overriding the Bridlington Principles. Although the Principles were reformulated to incorporate the impact of the legislation, the 1993 Act marked a significant step away from self-regulated competition between unions and, hence, in TUC administrative influence.

In the absence of these influences the TUC has sought new forms of influence in order to maintain cohesion. The central feature of the new approach is the transformation of the TUC into a campaigning organisation (TUC 1993; Heery 1998c) and the identification of what the TUC has termed its ‘millennial challenge’. To this end the TUC initiated campaigns for part-time workers, the establishment of minimum standards at work, social partnership with employers, building the organising model, youth and anti-racism policies, and deeper involvement in Europe. Affiliated unions have been encouraged to participate in these campaigns, although co-ordination and direction remain in the hands of the TUC. Task Groups, drawn from TUC staff and representatives of affiliated unions, are responsible for developing campaigns. These Task Groups are not, however, viewed as permanent committees, but as tem-
porary institutions, with their longevity determined by the duration of the campaigns to which they are attached. As part of this development much of the TUC’s standing committee structure was jettisoned. The General Council was also ‘slimmed down’ and now meets less frequently than in the past (Heery 1998c).

During the 1970s the TUC claim that it represented British labour was substantiated by density rates of around 50 per cent. It is more difficult to sustain this position today, particularly as it is in the areas of employment growth that unions are at their weakest. In addition to the organising initiatives, which are examined below, two approaches have been adopted to address this weakness. First, the TUC has fostered a range of alliances with organisations whose interests overlap. For example, joint initiatives have been taken by the TUC with the Consumers’ Association, National Association of Pension Funds, Help the Aged and Stonewall. The purpose of these alliances is to raise the profile of the TUC and to engage more effectively on a wider range of public policy issues.

Second, the TUC has encouraged new affiliations. At the end of 1979 there were 109 unions affiliated to the TUC out of a total of 454 unions. By 1998 TUC affiliations had dropped to 76 and the total number of unions to 233. While mergers influenced these figures, no fewer than fifteen unions joined the TUC between 1995 and 1999. Largely as a result of the affiliation of the Association of Teachers and Lecturers (ATL), membership affiliated to the TUC increased between 1997 and 1998. Among the unions with more than 100,000 members listed in Table 17.2, only the RCN is now outside of the TUC. While there are no industrial or occupational restrictions on new affiliations, the TUC has been particularly successful in persuading unions from service industries to affiliate. A broader basis is thus in place from which to launch recruitment campaigns into these areas. Associated with the encouragement of new affiliations is the provision of a wider range of union support services by the TUC. In addition to training provisions made available to shop stewards and the supply of briefing information, the TUC has established an effective Campaigns and Communication Department to assist unions. Training provisions have also been extended to full-time officials and staff in order to improve
the management practices of unions. Such approaches are particularly welcomed by the smaller unions, which are unable to provide an extensive range of support services in-house (TUC 1997a).

The TUC also views the introduction of the new recognition procedure as a potential source of influence in relation to affiliated unions. The opportunity for unions to approach employers with a view to reaching a recognition agreement is available within the terms of the Employment Relations Act. A major challenge for unions is to avoid a free-for-all, in which recognition agreements are sought by unions competing with each other. Such a development would be seized on by both employers and those that question the union role within the Labour government, as evidence of indiscipline within trade unionism. In the light of its historical role as adjudicator of the Bridlington Principles, the TUC proposed that it assume a role in the co-ordination of activities directed towards recognition. It remains to be seen how affiliated unions respond to this proposal. Many employers, however, have sought voluntary recognition agreements, rather than go through the procedures laid down by the Employment Relations Act. As unions have already ratified many of these agreements, the opportunity for developing a co-ordinated approach is rapidly disappearing.

A longer-term option on the TUC’s agenda is the introduction of a flat-rate membership of the TUC for individual members, which could be topped up with membership of an affiliated union. For this flat-rate contribution, the member would have access to services such as information on rights at work, a stakeholder pension scheme and careers advice. Underpinning this initiative is the idea that the member would retain TUC membership as s/he moved from job to job, but would change the top up membership taken with affiliated unions. In other words, loyalty and commitment would primarily be generated between member and TUC, rather than, as now, between member and affiliated union. Elements of this approach resemble, and are based on, the policy of the Federatie Nederlandse Vakbeweging (FNV) in the Netherlands insofar as the confederation is expected to undertake more wide-ranging functions (see Chapter 12). As affiliated unions are likely to lose influence were such a development to be enacted, it seems unlikely that they would support it. However, affiliated unions will have
to improve the quality of their support services if they are to thwart this initiative altogether.

The TUC has thus attempted to restore some lost influence by adopting a campaigning role, entering into alliances with other campaigning groups, and by accepting more unions into affiliation. Proposals regarding the operation of the new recognition procedure may also restore some influence over inter-union relations. While these measures illustrate the extent of change within the TUC, three policy initiatives indicate the effect of the campaigning style on union policy in the UK. It is to these initiatives that we now turn.

**The quest for European regulation**

The invitation to Jacques Delors to speak at the TUC congress in 1988 marked a significant step in the transition from an anti- to a pro-EU union movement in the UK. Following the defeat of the Labour Party at the election in 1987, a pro-EU policy was seen as a means of mitigating the deregulatory thrust of Conservative policy. The growing social agenda emanating from the EC allowed British unions to secure a number of legal advances, particularly in the fields of health and safety, equality and atypical workers, by reference to the ECJ. Subsequently, the TUC was the first major public institution in the UK to voice support for British entry into the single currency, although several unions with membership in the public sector are more reticent. Similarly to most other national union confederations, the TUC advocates the development of national channels of representation within the European Trade Union Confederation (ETUC), rather than the expansion of structures based on European Industry Federations. In accord with its pro-EU stance, the TUC has established an office in Brussels through which many of its activities concerning Europe are co-ordinated. The search for European regulation lay at the heart of the shift in policy towards the EU.

The issue of workplace representation, however, is likely to be prominent in the relationship between British unionism and developments in the EU in the future. The traditional approach towards workplace representation in the UK rests on the single channel, in contrast to the
dual system, variants of which are characteristic of much of western Europe (see Rogers and Streeck 1995). European measures on working time, health and safety and redundancy compensation assume a dual system. The introduction of these measures into the UK has thus placed further pressure on the single channel of representation. This is likely to be exacerbated by the proposal of the European Commission (EC) for a Council Directive to establish a framework for national information and consultation rights, which is intended to extend the dual system. Although the European Parliament has supported the draft Directive, the Labour government remains steadfast in its opposition. Furthermore, it is claimed that the Labour government has an arrangement with the Social Democrat-led coalition in Germany, whereby the Labour government’s opposition to the draft Directive will be supported by Germany at the Council of Ministers, in return for UK support for the European Company Statute proposals (EWCB 1999).

The TUC welcomed the draft Directive, a position supported by many affiliated unions. An earlier report of a TUC Task Group had prepared much of the ground on the issues of information and consultation, without explicitly examining the cases for and against the single channel and the dual system of representation (TUC 1995). However, the two largest affiliated unions, UNISON and the TGWU, oppose the proposal, as it rests uneasily with the single channel of representation, which they wish to see maintained. Several smaller left-led unions oppose the proposal for the same reason. Furthermore, a significant proportion of active members within unions that support the proposal at national level remain unconvinced of the merits of the dual system. Whether support for the draft Directive outweighs opposition thus remains a very open question.

The challenge for unions in the UK on this issue arises if German support for the position of the Labour government is withdrawn and other member states support the draft Directive. In such circumstances, difficulties would ensue within the union movement. In particular, supporters of the draft Directive would be placed in the position of campaigning on its behalf against substantial opposition. Compounding these difficulties is the impact of the legislation on recognition, which consolidates the single channel of representation. By the time a Direc-
tive is implemented, unions will be engaged in securing recognition on the basis of the single channel. Supporters of the draft Directive would thus be in the position of simultaneously campaigning in support of both the single channel and the dual system of representation. Whatever the detail of the case, a transition from a single channel of representation to one that is based on the dual system necessitates a shift of considerable magnitude in day-to-day union practices within the workplace.

Further compounding sensitivities on this issue is the stance of employers. The Confederation of British Industry (CBI) and the Institute of Directors (IOD) oppose the draft Directive. The CBI has campaigned in opposition to the measure within Union of Industrial and Employers' Confederations of Europe (UNICE) and has successfully lobbied the Labour government to the same effect. This national-level position, however, is not uniformly replicated among companies. A survey of 481 businesses showed that 36 per cent of employers thought compulsory works councils to be a good thing, compared to 28 per cent who opposed them and a further 36 per cent who were undecided (Industrial Society 1998). Furthermore a growing number of employers have established company councils, company forums or similar arrangements, which represent a move away from the single channel of representation, as elements of social partnership arrangements (IRS 1995; IDS 1999). Whether these arrangements have been introduced as a means of excluding unions or in preparation for the later introduction of a Directive remains a moot point. For unions the issue is that, in practice, they are already confronted by a growing number of employers who have introduced workplace structures which are not usually associated with the single channel.

Greater engagement with the EU social dimension has allowed unions in the UK to build on a platform of minimum labour standards. In the context of Conservative deregulatory policies, reference to the social dimension was the only opportunity to mitigate the impact of deregulation. This commitment to the European regulatory framework may raise a significant challenge in the form of substantially reforming, if not abandoning, the single channel of representation in favour of a system more akin to the dual model. The role of the unions in ‘policing’
minimum labour standards at the workplace also represents a further shift away from traditional approaches based on voluntarism and requires unions to provide support capable of handling such matters through legal processes. Many full-time officers and shop stewards are now required to undertake duties with which they have little familiarity and for which, in many cases, they lack the requisite training.

**Social partnership: a new compromise with employers?**

During January 1977 the Report of the Committee of Inquiry on Industrial Democracy recommended that worker directors be appointed on company boards to foster a partnership between unions and management (Department of Trade 1977). This form of social partnership constituted a significant amendment to the single channel of representation and was, in consequence, rejected by many trade unionists and considered marginal by others (Forester 1980). In practice, most unionists took the view that greater benefits could be obtained through adversarial bargaining than by means of partnership. With the decline in membership and power after 1979, some unions sought new forms of co-operation with employers. Initially, such co-operation comprised agreements that stipulated single unionism, flexibility between tasks in the workplace and binding arbitration. These agreements provoked many bitter disputes within the TUC and their coverage remained limited (Gall and McKay 1994; Kelly 1996).

More than a decade after the initial recommendation for worker directors, the speech of Jacques Delors reawakened interest in the notion of social partnership. Early proposals for social partnership with employers assumed areas of 'common interest' between unions and employers could form the basis of partnerships of mutual benefit (GMB/UCW 1994). Included among these issues were job security, training, productivity and health and safety. Agreements settled on the basis of partnership tended to involve an exchange of union concessions on workplace flexibility for employer undertakings on job security (Williamson 1997). Several unions opposed the principle of partnership on the grounds that it offered few benefits for members and unions at the expense of traditional sources of workplace bargaining strength. Furthermore, proposals for partnership beyond the workplace, embra-
cing tripartite working groups to discuss major policy issues of the day or a return to national bargaining, were rejected by employers.

The election of a Labour government prepared to advocate social partnership marked a change from the approach of the Conservatives, but also sustained some continuities. In particular, the Labour government remained apart from any national-level developments in partnership and tended to emphasise the more individual aspects at the workplace (McIlroy 1998). In the TUC, however, the idea of social partnership was developed in a specific direction by embracing six principles: a commitment to success of the enterprise; a recognition that the interests of the partners may differ; a commitment to employment security; a focus on the quality of working life; a commitment to transparency; and adherence to adding value (TUC 1999b). Prime Minister Blair endorsed this package in principle, although he questioned whether trade union participation was essential for workplace participation (Hall 1999). Thus for the Labour government the parameters of social partnership are far narrower than in union circles.

Employers are also prepared to endorse the principle of social partnership. The Director-general of the CBI called for partnership between the TUC and the CBI to deal with EU social policy in a speech to congress in 1997 (see Taylor 1998). He later viewed the cases cited by the TUC as demonstrating ‘what can be achieved by companies and trade unions working in partnership’ (TUC 1999b:4). Furthermore, the number of companies at which partnership arrangements with unions are in place is claimed to be increasing (IPA 1997; Knell 1999). Evidence collected by the author, however, suggests that many new agreements concluded with employers have the title ‘partnership agreement’ attached to them simply because of the political climate rather than the content of the agreement. In other words, it is far from certain that the growth in the number of partnership agreements is a useful measure of any significant change in industrial relations practices. The rate of increase in such agreements appears to have accelerated more recently as employers enter into voluntary social partnership agreements to forestall the imposition of the terms of the Employment Relations Act. This is not to suggest, however, that there is a uniform position among employers. The Director-general of the CBI also
suggested that the TUC emphasis on union involvement was misplaced and too rigid, in arguing that partnership may be based on direct communication with employees or through share ownership schemes (Hall 1999). The then President of the CBI added to this position in directly questioning whether a union was necessary for partnership.\textsuperscript{17}

Many of the issues associated with social partnership replicate those from a traditional collective bargaining agenda. As such, a similar initiative launched in most other EU member states would not attract much attention. Why then has the social partnership initiative assumed a high profile in the UK? The answer is that it is a proactive union policy directed towards addressing the issue of union exclusion by employers; that is, a key source of union weakness. Furthermore, it does so with qualified support from the Labour government, thus necessitating that employers at least engage in the debate. As even critics of the policy acknowledge, an alternative based on union militancy is not viable in the current climate (Kelly 1996).

Social partnership is, however, a policy with significant risks for unions and is thus contested within the TUC. First, differences in approach between unions and employers persist. Whereas the union view on social partnership exhibits consistent pluralist tendencies, employers waver between pluralist and unitarist interpretations (Ackers and Payne 1998). Compounding this issue is the level at which social partnership operates. Employers see partnership as a workplace issue, while unions have a view that embraces national-level activities. The only area where employers have proposed a partnership at national level is to address the issue of European social policy (\textit{Financial Times}, September 10\textsuperscript{th} 1997). Indeed, for employers to enter into partnership at national level would necessitate reversing the policies of national de-recognition implemented throughout the 1980s. As the Labour government also tends to define social partnership in terms of the workplace, a risk for unions is that it remains purely a workplace issue. In such circumstances social partnership would not provide a source of cohesion between activities at different workplaces, which may remain, or become, isolated.
A second contested area is that searching for the partnership agenda may undermine union activities at well-organised sites, which are founded on adversarial union-management relations. Although the TUC and several affiliated unions have embarked on extensive training programmes to address this issue, (see, for example, Fisher 1997), there is little evidence of growing trust and mutual commitment between unionists and managements (Kelly 1998). In the context of the short-termism and extensive restructuring that is characteristic of the UK economy, the generation of this trust may be undermined by the external demands of shareholders or changes in management following a company merger or takeover. Social partnership is thus likely to be more precarious in the UK than in economies where a longer-term perspective informs management decision-making. This short-term outlook among many employers has led some unions to question whether any long-term benefits can be generated from partnership. Skepticism among this group of unions was heightened during the sale of Rover, where the partnership agreement was over-ridden by commercial decisions.

A third contested area associated with the partnership agenda concerns its relations with union organisation. The union position assumes a well-organised union presence at the workplace in order to develop the partnership agenda. Indeed, Sir Ken Jackson, President of the AEEU and one of more bullish advocates of social partnership, claimed that social partnership, coupled to the new recognition procedure, will lead to a 50 per cent increase in membership of the AEEU in the 18 months after February 2000 (Guardian, February 3rd 2000). The risk arises if such a presence cannot be established. In such circumstances, John Edmonds, general secretary of the GMB, suggested that unions would be marginalised (quoted in Taylor 1994:215). Thus, associated with social partnership are campaigns to reverse the decline in unionisation, to which this chapter now turns.

Moving towards an organising approach

Table 17.4 illustrates the range in union density across the British labour force in 1991 and 1998. Two points are apparent from the data. First, the areas of union weakness in the expanding sectors of the economy...
mirror the pattern seen in much of western Europe. In private sector services, among young workers, part-time workers, temporary workers and sales employees union organisation is relatively weak. In practice, there are two target groups to recruit in private sector services: the relatively secure, high paid, technical staff, typically working in finance or computing-related employment; and low-paid, unskilled and insecure workers, employed in catering, hotels or cleaning. The second point to arise from Table 17.4 illustrates a contrast with the situation elsewhere in Europe in that unions in the UK are now weak in many areas traditionally associated with strength. For example, in 1998 not a single occupation was unionised to 50 per cent, manufacturing was only 30 per cent unionised and one third of full-time workers were unionised. In other words, the recruitment task facing unions is twofold: to extend union organisation into sites with no union presence, and to deepen unionisation at sites where unions have established a presence. Recent estimates suggest that more than three million workers are non-members but are employed at workplaces where unions have secured recognition (Bland 1999). Similarly, over one million workers are not union members although their pay is set by collective agreement.¹⁸

In broad terms, two approaches have been employed to address these tasks, the servicing model and the organising model, both of which are intended to deepen and to extend union organisation (for details, see Chapter 1). At this juncture it is sufficient to note that the servicing model relies on the provision of union support and services to members at their workplaces from sources external to the workplace, such as full-time officers or through facilities available from official trade union structures. In contrast, union support and services in the organising model are made available from within the workplace by local representatives and members, who receive training, guidance and advice from their union to undertake these roles. In the UK these two approaches are not mutually exclusive and have been pursued as different elements of a unionisation strategy. The distinction between the two models is thus analytical rather than practical (see Boxall and Haynes 1997). As is shown below, however, there has been a shift of emphasis in recent years away from the servicing model towards the organising model.
Table 17.4: Union density in Great Britain by individual, job-related and workplace characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>1991 %</th>
<th>1998 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>42</td>
<td>31</td>
</tr>
<tr>
<td>Women</td>
<td>32</td>
<td>28</td>
</tr>
<tr>
<td>1991: aged 16-24; 1998: under 20 years of age</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>1991: aged 25-34; 1998: 20 to 29 years of age</td>
<td>37</td>
<td>19</td>
</tr>
<tr>
<td>30 to 39 years of age</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>1991: aged 35-49; 1998: 40 to 49 years of age</td>
<td>42</td>
<td>38</td>
</tr>
<tr>
<td>50 years and over</td>
<td>42</td>
<td>34</td>
</tr>
<tr>
<td>Full-time employees</td>
<td>42</td>
<td>33</td>
</tr>
<tr>
<td>Part-time employees</td>
<td>33</td>
<td>20</td>
</tr>
<tr>
<td>Permanent employees</td>
<td>38</td>
<td>31</td>
</tr>
<tr>
<td>Temporary employees</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Workplaces of (1991: under 6 and 6 to 24; 1998: less than 25) employees</td>
<td>11</td>
<td>23</td>
</tr>
<tr>
<td>Workplaces of (1991, 24; 1998, 25) or more employees</td>
<td>47</td>
<td>37</td>
</tr>
<tr>
<td>Managers and administrators</td>
<td>32</td>
<td>19</td>
</tr>
<tr>
<td>Professionals</td>
<td>53</td>
<td>49</td>
</tr>
<tr>
<td>Associate professionals/technical</td>
<td>55</td>
<td>44</td>
</tr>
<tr>
<td>Clerical and secretarial</td>
<td>38</td>
<td>24</td>
</tr>
<tr>
<td>Craft and related</td>
<td>57</td>
<td>32</td>
</tr>
<tr>
<td>Personal and protective service occupations</td>
<td>46</td>
<td>27</td>
</tr>
<tr>
<td>Sales</td>
<td>25</td>
<td>11</td>
</tr>
<tr>
<td>Plant and machine operatives</td>
<td>59</td>
<td>38</td>
</tr>
<tr>
<td>Other occupations</td>
<td>49</td>
<td>27</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>42</td>
<td>30</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
<td>78</td>
<td>58</td>
</tr>
<tr>
<td>Construction</td>
<td>19</td>
<td>21</td>
</tr>
</tbody>
</table>
Chapter 17: United Kingdom

<table>
<thead>
<tr>
<th>Service</th>
<th>1991</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale and retail trade</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>55</td>
<td>42</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Real estate and business services</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Public administration</td>
<td>63</td>
<td>60</td>
</tr>
<tr>
<td>Education</td>
<td>55</td>
<td>53</td>
</tr>
<tr>
<td>Health</td>
<td>63</td>
<td>46</td>
</tr>
<tr>
<td>Other services</td>
<td>N/A</td>
<td>22</td>
</tr>
</tbody>
</table>


Note: 1. The data in the Labour Force Surveys of 1991 and 1998 were collected on different bases. In particular, the Standard Industrial Classification changed between the two dates and the form of the questions on occupation and to define the sector in which people work were changed. The 1991 data are thus estimates based on the classification that was then in use.

In the years after 1987 the Special Review Body (SRB) of the TUC published a series of reports which advocated that affiliated unions offer a range of financial services as a means to entice workers from private sector services into membership (TUC 1988, 1988a and 1989). These reports anticipated that financial services would attract potential members from across the occupational spectrum by appealing to the more ‘individualised’ consumer interests of the new workforce. In accord with the recommendation of the SRB, most affiliated unions started to offer packages of financial services, which included discounted insurance on holidays, cars and housing; credit card facilities; personal loans and mortgage arrangements; and independent tax, financial and pensions advice. The individual financial services were offered in addition to benefits covering injury, funeral costs and sickness that many unions had offered throughout much of the twentieth century. Initial emphasis was, thus, placed on the extension of the servicing model.

As is apparent from Table 17.4 this broader range of individual services has had no significant effect on the rate of unionisation in either the expanding areas of the economy or the areas of traditional membership strength. A range of research results confirmed that packages of
financial services were not attractive to either potential or existing members (Kerr 1992; Sapper 1991). For example, financial services were cited by 3 per cent of new members as being one of the two principal reasons for joining a trade union. By comparison, over 72 per cent of new members cited ‘support if I have a problem at work’ and 36 per cent mentioned ‘improvements in pay and conditions’ (Waddington and Whitston 1997). Packages of financial services are thus marginal to the recruitment of new members. They are also of little attraction to existing members. Only 3 per cent of members cite financial services as being one of the two principal reasons for remaining in membership, whereas 64 per cent cite ‘support if I have a problem at work’ and 40 per cent refer to ‘most other people at work are members’ (Waddington and Kerr 1999a). Neither recruitment nor retention is thus significantly influenced by the provision of financial services. Indeed, the old-style industrial benefits were more effective in both recruitment and retention than were financial services.

In the light of the research findings and in the absence of any widespread membership growth, there has been a shift in emphasis away from the servicing model towards the organising model. This shift comprised activities at the TUC and within affiliated unions.

In this context, the key TUC initiative is the establishment of an Organising Academy. This builds upon similar ventures launched by the American Federation of Labor-Congress of Industrial Organisations (AFL-CIO) and the Australian Council of Trade Unions (ACTU) (see Bronfenbrenner et al. 1998; Mort 1998). The weaknesses addressed by the Organising Academy are the shortage of time and the inadequate resources available to full-time officers and union representatives within many affiliated unions. Membership decline has led to financial constraints, and the decentralisation of bargaining has increased the demands on full-time officers and shop stewards. It is now difficult for many of these representatives to engage extensively in recruitment activities, as they are fully occupied dealing with existing members (IRS 1993; Kelly and Heery 1994). In addition, many employers have curtailed the amount of facility time available to shop stewards, thus further restricting their opportunities to recruit. Furthermore, many unions have been unable to sustain workplace organisation and repre-
sentation at many sites. Recent estimates, for example, indicate that union representatives were present at 28 per cent of all workplaces and at only 64 per cent of workplaces where a union was recognised (Cully et al. 1999:96). Supplementing scarce resources and addressing inefficiencies in union organisation are thus key objectives of the Organising Academy and the organising model.

Within the framework of the Organising Academy trainees are provided with the skills necessary to undertake recruitment. Each trainee is sponsored by an affiliated union, thus enabling him/her to gain fieldwork experience to supplement the formal training provided at the Organising Academy. After graduating from the Organising Academy, the trainees become recruitment officers for their sponsoring union. Trainees are selected so that they are similar to the target groups of potential members, on the basis that ‘like best recruits like’. The intention underpinning the initiative is that trainees will be able to concentrate on recruitment in the unorganised sectors of the economy. Initial results, however, suggest that sponsoring unions tend to employ the trainees for deepening recruitment in partially organised sectors. No major non-union company has yet succumbed and granted recognition under pressure from activities associated with the organising model (Delbridge et al. 1999).

Active members, shop stewards and local full-time officers are key to the success of the organising approach. Unions have thus attempted to create conditions for a more active membership and have directed more resources to support local unionists in implementing the approach. Although it is difficult to assess how much additional funding has been provided, at present it is likely to be less than that provided by unions in the US to their recruitment activities. However, additional training has been made available to existing shop stewards and campaigns have been launched to convince more members to become shop stewards. In order to relieve some of the pressure on shop stewards, several unions have offered financial incentives to members to encourage them to become involved in recruitment activities. Furthermore, in recognition that many workplaces have no shop stewards, telephone help-lines have been installed, whereby members can contact a union for advice. Of course, this last point illustrates the inter-connections between the
organising and servicing model, as it is a servicing approach, in the form of the central provision of telephone advice, that is used to address a shortfall in shop stewards.

There are other challenges to be faced before the organising model can be implemented on a wide-ranging basis. A significant proportion of members are dissatisfied with the extent of contact with shop stewards and full-time officers, and regard the provision of information by unions to be inadequate (Waddington and Kerr 1999a). Furthermore, a large number of members are shown to leave the union because of shortcomings in union organisation at the workplace (Waddington and Kerr 1999b). The recent legislation on recognition allows a worker to be accompanied by a union representative throughout grievance or disciplinary hearings. In several unions this is seen as an opportunity to extend recruitment: the argument being that if the union representative performed well, the worker would join and encourage others to do the same. However, if existing members are dissatisfied with the quality of support that they receive, it seems unlikely that union representatives will be able satisfactorily to meet additional demands from non-members. The legislative promotion of parliamentary forms of representation also runs counter to the thrust of the organising model, because postal ballots have lowered participation rates in union elections compared to those achieved through workplace ballots (Undy et al. 1996: 241-244), and allow members to vote without directly participating in any union forum. A further outcome of Conservative legislation was the weakening of regional and district levels of union organisation, as unions sought to centralise decision-making and, hence, avoid exposure to sequestration (Undy et al. 1996). As a precondition of the organising model is an articulated union structure, its operation is threatened where these levels function inadequately. It thus seems likely that more resources and new forms of internal operation are required, if the organising model is to secure membership growth in private sector services.

What is clear, however, is that recent organising initiatives launched by both the TUC and affiliated unions have engaged more members than earlier initiatives. The TGWU’s Link-up campaign, the GMB’s FLARE campaign and the Union of Shop, Distributive and Allied Workers’
(USDAW) Shop Watch campaign, for example, raised the profile of membership recruitment as a priority among full-time staff of the unions, rather than embracing the active membership who actually do much of the recruiting (Snape 1995). It remains to be seen whether the centralised setting of recruitment targets (Waddington and Kerr 2000) or other ‘models of implementation’ adopted for the organising model in the UK (Carter 2000) will involve sufficient members to reverse the long-term decline in membership.

Associated with the promulgation of the organising model is the development of institutions within trade unions to promote participation in union affairs among under-represented groups. Many unions have now introduced representative structures specifically for women, young workers and members from ethnic minorities. Such measures have assisted in the articulation of members’ interests within branch and wider union organisation (Munro 1999). The engagement of women in workplace learning initiatives also offers the potential for new forms of workplace organisation with higher rates of participation among women (Munro and Rainbird 2000). Significant issues need to be addressed before such arrangements generate member participation at the levels required to further the organising model. For example, separate structures have been associated with the marginalisation of issues of importance to the groups represented therein (Briskin and McDermott 1993; Cunnison and Stageman 1995), they have proved inadequate to prevent the items they generate for bargaining agendas being among the first to be dropped during negotiations (Colling and Dickens 1998) and are not associated with a marked increase in the number of people from these groups assuming senior positions within trade unions (Garcia et al. n.d.). Furthermore, women are more likely to cite shortcomings in union organisation as a reason for leaving a union than are men (Waddington and Kerr 1999b). In short, considerable progress is still required before issues of concern to these groups are mainstreamed within union organisation and activity, thus facilitating the widespread adoption of the organising model.
Conclusions
The social and political influence of trade unionism in the UK is dependent upon its strength at the workplace and on articulating this strength throughout the different levels of trade union organisation. The neo-liberal assault weakened trade union organisation in terms of its coverage and influence within the workplace. Where workplace union organisation remained, it was too often isolated, as mechanisms to articulate union activity decayed. Isolation of organisation at the workplace accentuated membership decline, as potential members were unable to see the benefits of union membership. Inadequate support provided by trade unions to members at their workplace is a reason cited by about 25 per cent of the members that leave Britain’s largest union every year (Waddington and Kerr 1999b).

Unions were also excluded from national-level engagement by both government and employers. The practices and activities that guided British trade unions in the 1970s were thus undermined both at workplace and national levels. The election of a Labour government has certainly mitigated some of the most adverse elements of neo-liberal policy. However, the political distance from the unions sought by the Labour government, as it strives to maintain support from employers, has necessitated that the unions develop a role that no longer relies on traditional ties with Labour. Furthermore, both the Labour government and employers oppose any widespread restoration of national-level exchange through which unions may exert influence.

Central to the union programme of reform is reversing the decline at the workplace. While a new recognition procedure will assist in securing additional members, it is the generation of an organising approach that is likely to sustain membership growth and address the issues arising from the exclusionary policies of employers. A range of measures is in place directed to establishing the organising approach, but its effects are qualified by limited resources and inadequate facilities. Furthermore, the means of union articulation are far from secure, thus raising the prospect of isolated activity undertaken in different workplaces with inadequate internal inter-linkages.
Other elements of the union agenda will be influenced markedly by the nature and extent of the recovery in the workplace. As proponents of social partnership acknowledge, a robust workplace presence is required to ensure that the terms of partnership are mutually beneficial. Similarly, if national-level information and consultation arrangements are introduced, unions will only be able to secure positions of influence if workplace organisation secures the majority of representative positions for unionists.

New approaches to interest aggregation and interest representation underpin the policy options pursued by trade unionists. Rising membership heterogeneity, the requirement to ‘police’ a widening range of individual legal rights within an environment of decentralised bargaining raise fresh challenges for under-resourced union organisation. Key to success in these areas is the engagement of larger numbers of better trained shop stewards and the provision of appropriate support to shop stewards at their workplaces.

The new agenda emerging among unions in the UK exhibits several key differences from the policies of the 1960s and 1970s. Although reforms have been implemented, many of the institutions and vested interests that operated during the earlier period remain in place. Pursuit of the new agenda is thus far from being unproblematic. Among the tensions that persist are those involved in the transition from a US market capitalism to one more akin to the social market models of western Europe. The debate between the single channel and a dual system of workplace representation; the pursuit of social partnership, when more employers than ever before reject even a union presence; and the adoption of an organising approach in conjunction with both social partnership and support for wider juridification, all pose questions for the coming years. Furthermore, unions have yet to shed the pattern of male dominance that continues to inform activity at all levels, and have failed to address the interests of young workers. Only when marked progress in these areas has been achieved will unions be able to extend organisation into private sector services on the basis of high rates of membership participation, as envisaged within the organising model.
Notes

1 Formally, the TUC covers Great Britain rather than the UK. In other words, the TUC excludes Northern Ireland from its coverage. In practice, however, many TUC affiliated unions organise members in Northern Ireland and would count these in their affiliation to the TUC. Several TUC-affiliated unions also organise members in Ireland, which they count in their affiliation to the TUC.

2 GCHQ is a government centre involved in monitoring and eavesdropping operations. Because of the national security implications arising from many of the activities undertaken there, the Conservative government deemed that it was inappropriate for the workforce at GCHQ to be represented by trade unions.

3 Between 1988 and 1996, 382 applications for assistance were made to the CROTUM, an average of 42 per year. The three most common applications for assistance related to breaches of union rules concerning election to, or removal from, union office; breaches of rules concerning disciplinary action; and a union’s failure to comply with statutory duties for election of certain union offices (for details, see IRS, 1996).

4 These data refer to workplaces at which 25 or more people are employed. As union recognition at smaller workplaces is lower than that at larger sites, these data exaggerate overall levels of union recognition.

5 Trade union mergers are regulated by law in the UK. In order to complete an amalgamation, a simple majority must be achieved among the members that vote in all the participating unions. For a transfer of engagements a simple majority is required only among the members of the smaller union.

6 In addition to these relatively large unions, the GMB has also acquired more than ten small unions that organise in the textiles industry and the Greater London Staff Association.

7 It is noteworthy that if the merger of the AEEU and MSF is ratified in the proposed merger ballot, it will mark the end of large-scale non-industrial white-collar unionism in the private sector. Only UNIFI in banking, insurance and finance will organise more than 100,000 members.

8 Also included in Labour’s modernising agenda for trade unions is the further restructuring of trade unions through mergers. Given the existing complexity of union structure and the absence of any constitutional authority within trade unionism to develop and impose a single framework of structural reform, it seems unlikely that an all-embracing co-ordinated strategy can be implemented. Mergers are thus likely to occur with relative frequency, but not with a single structural objective, such as industrial unionism, as a blueprint.

9 Check-off arrangements allow an employer to deduct union contributions directly from the wages of employees and forward the sum to the union. The union is thus released from the obligation of collecting membership contributions. The majority of
trade union members pay their contributions through the check-off. The Trade Union Reform and Employment Rights Act 1993 required that each worker paying his/her contributions through check-off arrangements must provide written consent every three years. In consequence, trade unions had to contact the majority of their members to obtain this written consent. While there is no evidence to suggest that large numbers of members were lost as a result of this procedure, there is no doubt that it required a huge administrative effort by unions to complete.

10 A rate for young workers of £3.00 per hour (£3.20 from April 2000) applies to those aged over 18 and under 22, while those aged 16 or 17 are excluded from coverage. Both of these exclusions from the adult rate are opposed by trade unions.

11 The Bridlington Principles were originally agreed at the Annual Congress of the TUC in 1939, which was held in Bridlington. These Principles stipulated that the Disputes Committee of the TUC was the arbiter of disputes between affiliated unions over members. Although the Principles were periodically amended, the complexity of British union structure and the growth in the number of unions that organised across several industries and occupations led to much criticism from within unions about their operation.

12 Stonewall is an organisation which campaigns on behalf on gay men.

13 Affiliations to the TUC since 1995 include: Association of Magisterial Officers; Professional Footballers’ Association; Undeb Cenedlaethol Athrawon Cymru; Community and Youth Workers’ Association; Managerial and Professional Officers; Community and District Nursing Association; UNIFI; British Orthoptic Society; Independent Union of Halifax Staff; Society of Chiropodists and Podiatrists; British Dietetic Association; Association of Flight Attendants – Heathrow Local; Association of Teachers and Lecturers; Alliance and Leicester Group Union of Staff; and the Association of Educational Psychologists.

14 These proposals were discussed by Francis O’Grady, Head of Organisation and Services at the TUC (Times, Thursday March 2nd 2000) and Matthew Taylor, Director of the Institute for Public Policy Research (Unions Today, March 2000).

15 In the single channel of representation trade unions form a single channel from national level to workplace level. Shop stewards and other lay representatives are trade union members and act as representatives of their trade union and of other trade unionists. Although works councillors in the dual system may be trade union members, they are representatives of employees rather than of trade union members.

16 The Spanish government also opposes the draft Directive. The re-election of the administration led by Prime Minister Aznar in March 2000 no doubt strengthened opposition to the measure and is likely to have delayed its introduction.

17 The speech made by Sir Clive Thompson to employers in June 1999 referred to ‘good industrial relations’ as being something that can be achieved without a union presence. John Monks, General Secretary of the TUC, replied that workers want to
be ‘partners not poodles’, that Sir Clive’s views were backward looking, and that they illustrated differences towards partnership among employers.

18 These figures are from the Labour Force Survey 1998. The number of employees in workplaces with union recognition is 10.1 million and the number of employees whose pay is determined by collective agreement is 8.0 million. The number of trade union members, estimated from the same source, is 6.8 million.
Chapter 18:
European trade union structures and the prospects for labour relations in Europe

Reiner Hoffmann

The contributions collected in this volume demonstrate that, against a background of extensive structural change on the labour markets, and despite all the differences in national industrial relations and union structures, Europe’s trade unions are required to radically overhaul their policies and structures. Only on this basis will they be able to fulfil their classic role – ensuring social cohesion and justice – and uphold their cultural values – solidarity and equal opportunities – in the globalised economy of the future.

Interpretations of what modernisation actually means vary from one country to another. But the common challenges for all of Europe’s trade unions can be summarised in the following catchwords: plans for a renewal of collective bargaining policy and workplace representation; recruitment of new groups of employees to union membership; adaptation of organisational structures to sectoral change; and europeanisation of trade union work. This contribution will focus in particular on the europeanisation of industrial relations and hence that of trade unions, the thesis being that europeanisation is a key element of trade union modernisation. By europeanisation we do not mean that industrial relations are harmonised to a high degree or even standardised. Nor should we expect national industrial relations systems to become increasingly meaningless. The crucial question, rather, is whether it will prove possible to establish – or further develop – a functioning, effective European level of trade union representation and activity as a complement to national systems.
The idea that it is necessary to build a European system of labour relations is by no means a new one. The beginnings of a social dialogue at European level date back to the 1960s in the coal and steel industry, and were linked even then to the explicit goal of creating Europe-wide industrial relations. What is more, ever since their inception trade unions have pursued the aim of international solidarity, at least in theory. But only with the deepening of the European integration process and more specifically with the completion of the European internal market (1992) and the establishment of European monetary union (1999) did the ‘limits of international solidarity’ (Ebbinghaus and Visser 1994) seem to have become surmountable. Continuing globalisation – of which the internal market and monetary union are in one sense an integral element – makes it even more essential that the rhetoric in favour of international (or at least European) representation of trade union interests be translated into practice.

Despite all their scepticism and criticism, the trade unions belonging to the ETUC have been open-minded and positive about the process of European integration and European monetary union. The scepticism was based on fears of further job losses and the possibility of wage and social dumping as a consequence of monetary union; the criticism was directed above all at the considerable shortcomings of the social dimension to the integration process. Against a backdrop of admittedly divergent points of view, we can refer in shorthand form to a far more positive attitude on the part of trade unions in southern Europe and a sceptical to negative attitude on the part of the Nordic unions. A huge gulf is likewise evident between the opinions of the grass-roots and those of union leaders: this is partly because proactive debate about the risks and opportunities of the European integration process has long been – and still is – sadly lacking in everyday trade union work.

The single market and monetary union have without doubt boosted competition on national labour markets. And – as most of the contributions to this volume make plain – the pressure on trade unions has clearly increased significantly. This, however, has led not merely to an erosion of national systems of labour relations, but also in many countries to a revival of corporatist-style concertation. This development has become very marked since the mid-1980s with the
upsurge in national employment pacts (see Fajertag and Pochet 2000). Thus, for example, Regini and Regalia note in this volume that compliance with the Maastricht convergence criteria was an important factor in the stabilisation of industrial relations in Italy. This applies similarly to other EU member states, in which pay restraint has been pursued on the basis of alliances for jobs, in particular so as to contribute to overcoming the employment crisis and at the same time to improve international competitiveness. It is quite legitimate in this context to speak of ‘a collective bargaining policy geared to competitiveness’ (Schulten 1999), although this has not as yet led to the feared wage dumping. Thanks to pay restraint it has been possible to pursue a relatively successful policy of protecting real incomes, one which has not fully exhausted the scope for distribution but has given trade unions and workplace representatives in many countries new opportunities for participation (Hassel and Hoffmann 1999). In countries with pluralist union structures the changed overall circumstances have, furthermore, made trade unions much more willing to co-operate (for example in Italy and Spain; to a lesser extent also in France). The social dialogue at European level – not least a concession to the unions to encourage them to adopt a positive attitude towards monetary union (Dølvik 1999) – also gave the trade unions an opportunity to ‘bring their policies up to date at national level’. In the United Kingdom it was used in addition to curb the deregulation policy of the then Conservative governments of Thatcher and Major (see Chapter 17). In spite of these trends, some of them positive, the risks for the trade unions should in no way be underestimated. There are widespread fears, especially in north European countries with high levels of trade union organisation, that the unions’ influence and room for manoeuvre could be restricted as a result of the relative weakness of other unions in Europe (see Chapter 16).

Economic structural changes, globalisation and the European internal market have greatly increased the pressure on trade unions to modernise. The unions have been relatively successful – albeit according to each country’s national circumstances – in refocusing their policies. To a certain extent this has also led to a reform of trade union structures and, in countries with extensive trade union pluralism, to
closer co-operation. However, these processes are far from complete and the unions can on no account be given the 'all clear' signal. Even if the national arena remains the central terrain for stabilising and further developing industrial relations, there is no alternative to the europeanisation of trade unions as a key element in their modernisation. Social dialogue at European level, European co-ordination of collective bargaining and the work of European works councils are important components in this process. In order to utilise these mechanisms effectively in the future, Europe's trade union bodies - such as the European Trade Union Confederation (ETUC) and the European industry federations - must be greatly strengthened.

**European bodies representing trade union interests**

This section briefly describes the European bodies for the representation of trade union interests. As outlined in the introduction, union representation in the national arena is no longer sufficient in view of continuing globalisation in general and ongoing European integration in particular. Proper representation of trade union interests also requires at the very least an effective European structure serving this same goal.

**The ETUC - a unified European trade union**

Trade unionists realised quite early on that a policy geared to representing workers' interests within national borders is less and less able to meet the new challenges inherent in the process of European integration. The European Trade Union Secretariat was founded as long ago as 1958, in the same year that the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) became operational. It nevertheless took a full 15 years until 17 trade union confederations from 15 countries founded the ETUC in 1973.
Development of the ETUC

1973: FOUNDATION OF THE ETUC

1974
1st enlargement:
The first Christian unions are affiliated.

2nd enlargement:
The first formerly Communist union becomes a member.

1991
3rd enlargement:
European industry federations become full members.
ETUC introduces observer status.
ITUCs obtain observer status.
10 federations from central and eastern Europe obtain observer status.

1995
4th enlargement:
Federations from central and eastern Europe become full members of the ETUC for the first time.

1999
Affiliation of the French CGT.

In the early years the ETUC limited itself mainly to lobbying the European institutions, and its opinions and demands usually set out carefully worded compromise formulas. It was often difficult to seize the agenda, because there was little understanding of the different cultural and political points of departure for trade unions in neighbouring European countries, and, especially in the 1970s, ideological clashes quite frequently put paid to any prospect of joint action. The role played by the ETUC in overcoming ideological barriers between European trade unions in recent years should not be underestimated. With the affiliation of unions in Spain and Portugal whose roots lie in the Communist movement, and those of the German white-collar workers’ union
Deutsche Angestellten Gewerkschaft (DAG) and the French Confédération Générale du Travail (CGT), the ETUC now virtually constitutes a unified European trade union which brings together national confederations of diverse political persuasions and religious denominations. In actual fact there has been a marked decline in the differences between unions with party-political links in Europe. Furthermore, the ETUC’s geographical coverage has been extended following the wave of reform in central and eastern Europe, and the first unions from central and eastern Europe were affiliated to the ETUC in 1995. At present the ETUC organises 68 trade unions from 29 countries. These are specified in Table 18.1. Six organisations from four countries have observer status. In addition, the 14 European industry federations have been full members since 1991 (Dolvik 1999).

Table 18.1: ETUC Member Organisations (as at October 1999)

<table>
<thead>
<tr>
<th>Country</th>
<th>Federation</th>
<th>Member of ETUC since</th>
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<tr>
<td>Austria</td>
<td>1. ÖGB</td>
<td>February 1973</td>
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<td></td>
<td>2. FGTB/ABVV</td>
<td>February 1973</td>
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<td></td>
<td>3. CSC/CSC</td>
<td>March 1974</td>
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<td>Belgium</td>
<td>4. CITUB</td>
<td>January 1996</td>
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<td>5. PODKREPA</td>
<td>January 1996</td>
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<td>Bulgaria</td>
<td>6. SEK</td>
<td>October 1981</td>
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<td></td>
<td>7. TURK-SEN</td>
<td>October 1981</td>
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<td>Cyprus</td>
<td>8. CMKOS</td>
<td>January 1996</td>
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<td>Czech Rep.</td>
<td>9. LO</td>
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<td></td>
<td>10. FTF</td>
<td>November 1973</td>
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<td>11. AC</td>
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<td>Finland</td>
<td>12. SAK</td>
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<td>13. AKAVA</td>
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<td>14. STTK</td>
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<td>France</td>
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<td>16. CFDT-UNSA*</td>
<td>February 1974</td>
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<td>17. UNSA</td>
<td>May 1999</td>
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<td>18. CFTC</td>
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<td>19. CGT</td>
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<td>21. DAG</td>
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<td>Greece</td>
<td>22. GSEE</td>
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<td>23. ADEDY</td>
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<td>Poland</td>
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<td>San Marino</td>
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<tr>
<td>United Kingdom</td>
<td>68.</td>
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</table>
European industry federations

As with the founding of the ETUC, or its predecessor organisations, the development of the European industry federations is closely linked to the process of European integration. The first series of bodies was founded during the late 1950s and mid 1960s. The European industry federations established at that time mainly covered economic sectors over which the EU (then the EEC) already possessed significant regulatory powers. This meant the agricultural sector was first, followed by the transport sector. By autumn 1999, 14 European industry federations were members of the ETUC, their formal status differing to some extent. Independent European federations generally exist in cases where the European member organisations have resolved to set up an autonomous European body (eight organisations altogether). The other six bodies are regional organisations (ROs) or European committees of International Trade Secretariats (see Table 18.2). Strictly speaking, the European committees and regional organisations are also independent of the International Trade Secretariats. Back in 1973 the ETUC Executive Committee laid down its internal criteria for the recognition of European industry federations; these relate to the following three fields:

- The geographical range of European industry federations should correspond to the regional coverage of the ETUC;
- European industry federations should be formally independent of the relevant International Trade Secretariat.
- They must be open to national trade unions belonging to ETUC-affiliated federations.

The number of members and the number of member organisations varies considerably. For instance, the European Public Services Union (EPSU) has over 170 member organisations which in turn represent some 10 million members. The European Federation of Agricultural Workers’ Unions (EFA), by contrast, comprises only 35 member organisations representing just 2 million members. Such huge discrepancies in the number of member organisations can be attributed to the very diverse sectoral structures of national trade unions. Thus it is commonplace that a national sectoral union belongs to two or more
European industry federations. The rules state that European industry federations may not admit workers as individual members, but only member organisations. In actual fact, European industry federations are increasingly granting trade union members working outside of their home country the same union services as national members. In so doing they are complying with the charter signed at the 9th ETUC Congress on mutual recognition of trade union membership.

In parallel with developments at national level, new configurations are emerging within the European industry federations. A merger occurred in 1996 between the European Federation of Chemical Workers’ Unions (EFCWU), founded in 1988, and the Miners’ European Federation (MEF), founded in 1991, to form the European Mine, Chemical and Energy Workers’ Federation (EMCEF). On 1 January 2000, at international level, FIET, Communications International, the International Graphical Federation and Media and Entertainment International merged to form Union Network International (UNI). As a result of this international merger, the European industry federations affiliated to the ETUC - EURO-FIET, the European Graphical Federation, the European Committee of Communications International and EURO-MEI - grouped together to form UNI-Europe. The European Federation of Agricultural Workers’ Unions is also planning to amalgamate with the ECF-IUF in full in 2000. The total number of European industry federations will thus be reduced to ten. This European restructuring does not however correspond in any way to a national reorganisation of trade union structures, which is following different patterns due to the wide differences in national union structures. The specific resolution ‘Towards a European system of industrial relations’, adopted at the 9th ETUC Congress, states among other things that structural reforms of national trade unions will have repercussions for European trade union organisations. ‘The need for an exchange of relevant experience and stronger co-ordination is beyond question. Modernised trade unions at national level, which are open to new groups of workers and able to adjust to the new labour market realities, are a fundamental prerequisite for a Europeanisation of industrial relations’ (ETUC 1999). This implies that the reorganisation of national unions should in future correspond more closely to European requirements.
### Table 18.2: European Industry Federations (in 1999)

<table>
<thead>
<tr>
<th>Name</th>
<th>Founded in</th>
<th>Status</th>
<th>Number of Member Organisations</th>
<th>Number of Members (millions)</th>
<th>Collective Bargaining Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Transport Workers' Federation (ETF)</td>
<td>1958</td>
<td>EF</td>
<td>120</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>European Federation of Agricultural Workers' Unions (EFA)</td>
<td>1958</td>
<td>EF</td>
<td>35</td>
<td>2</td>
<td>A</td>
</tr>
<tr>
<td>European Federation of Building and Woodworkers (EFBWW)</td>
<td>1958</td>
<td>EF</td>
<td>51</td>
<td>3.1</td>
<td>S, WG</td>
</tr>
<tr>
<td>European Trade Union Federation - Textiles Clothing and Leather (ETUF-TLC)</td>
<td>1964</td>
<td>EF</td>
<td>47</td>
<td>1.4</td>
<td>S, NC (1997)</td>
</tr>
<tr>
<td>Communications International(^1) (European Committee)</td>
<td>1998</td>
<td>EC</td>
<td>65</td>
<td>1.6(^2)</td>
<td></td>
</tr>
<tr>
<td>European Metalworkers' Federation (EMF)</td>
<td>1971</td>
<td>EF</td>
<td>50</td>
<td>5.5</td>
<td>S, NC (1971)</td>
</tr>
<tr>
<td>European Regional Organisation of the International Federation of Commercial, Clerical, Professional &amp; Technical Employees (EURO-FIET)</td>
<td>1972</td>
<td>RO</td>
<td>133</td>
<td>6.1</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Formerly PTTI (Postal, Telegraph and Telephone International)

\(^2\) Number of members in Europe
| European Federation of Public Service Unions (EPSU) | 1978 | EF | 170 | 10 | S, WG |
| European Trade Union Committee for Education (ETUCE) | 1975 | EF | 68 | 2.4 | |
| European Committee of Food, Catering and Allied Workers' Union within the IUF (ECF-IUF) | 1981 | RO | 99 | 1.7 | |
| European Graphical Federation (EGF) | 1985 | RO | 46 | 0.7 | NC (1995) |
| European Federation of Journalists (EFJ) | 1988 | RO | 50 | 0.25 | |
| Euro-MEI | 1993 | RO | 75 | not known | |
| European Mine, Chemical and Energy Workers' Federation (EMCEF) | 1996 | EF | 88 | 2.5 | S, NC (1996) |

Situation as at April 1999

EC: European Committee  A: Agreement
EF: European Federation  NC: Negotiating Committee
RO: Regional Organisation  S: Study
WG: Working Group

3 Merger of the EFCWU (European Federation of Chemical Workers' Unions, founded in 1988) and MEF (Miners' European Federation, founded in 1991)
From social dialogue to a European industrial relations area

Social dialogue first began in the form of so-called ‘joint committees’, which were established as general forums for consultation and information between the social partners and the European Commission. One such joint committee was formed back in 1955 for the coal and steel sector, its goal being to contribute to building a European system of labour relations and to promote free collective bargaining. We are still a long way from achieving these aims today, and over 30 years passed before ‘social dialogue’ made any real impact on relations between employers and trade unions at European level and the first outline of a system of European labour relations became visible.

The term ‘social dialogue’ is a European coinage which dates back to the efforts of former European Commission President, Jacques Delors, at whose initiative a first meeting was held at the Brussels château Val-Duchesse in 1985 between the European social partners and representatives of the European Commission. The regular encounters between the social partners were put on a firmer footing thanks to the incorporation of a new Article 118b into the EEC Treaty, which stipulates: ‘The Commission shall endeavour to develop the dialogue between management and labour at European level which could, if the two sides consider it desirable, lead to relations based on agreement.’ In October 1991 the ETUC, the Union of Industrial and Employers’ Confederations of Europe (UNICE) and the European Centre for Public Enterprises (CEEP) signed a joint agreement containing proposals for the wording of Article 138(4) (118a and 118b of the Treaty on European Union [Maastricht Treaty]). Under the Dutch government’s EU presidency, the social partners’ text was incorporated virtually unchanged into the Agreement on Social Policy annexed to the Maastricht Treaty, which was signed by eleven of the then twelve member states (all but the United Kingdom). It stipulates that social policy directives in certain fields such as working conditions, information and consultation of workers, equal opportunities and improvement of the working environment no longer have to be adopted unanimously but can be passed by a qualified majority. The principle of unanimity continues to apply to provisions concerning pay, a European right of association and in the field of social security.
Another aspect of the Social Protocol was significant in shaping labour relations at European level: in the case of major legislative initiatives in the field of social policy, the trade unions and employers can now decide whether or not to enter into negotiations with each other in an attempt to reach an agreement (Bercusson 1992). It was ultimately thanks to the Social Protocol of the Maastricht Treaty that the directive on the establishment of European works councils (EWCs) was adopted in September 1994. It did not prove possible to reach an agreement through negotiation, in keeping with the procedure under the Social Protocol; the reservations of the European employers’ association UNICE were evidently too great. The initiative, therefore, reverted to the European Commission, which for its part submitted a draft EWC directive: this was adopted in September 1994 by the Council of Employment and Social Affairs Ministers (see below for details).

The first success was however achieved with the conclusion of the Agreement on parental leave in December 1995, jointly signed by UNICE, CEEP and the ETUC. This Agreement constituted the first instance of social policy standards being established on the basis of negotiations between the social partners. The EU Commission forwarded the Agreement direct to the Council of Ministers in the form of a directive, and it was approved by the latter in June 1996 without any changes of substance. The Agreement lays down minimum standards for all companies and sectors, granting women and men the right to be released from work for three months following the birth or adoption of a child before the completion of the eighth year of its life. The directive had to be transposed into national legislation by March 1998, and means that a legal entitlement to parental leave was (or is being) introduced for the first time in three member states (Ireland, Belgium and Luxembourg). Moreover, the directive contains substantial improvements for six other member states (Clauwaert and Harger 2000).

Both the experiences over the failed negotiations concerning European works councils and the first successful negotiations between the social partners contributed significantly to the consultations in the context of the Intergovernmental Conference (IGC) on the revision of the Maastricht Treaty, making it clear that the social dialogue can amount to
more than non-committal ‘fireside chats’ between management and labour. In the light of these positive experiences, and, not least, because of the political changes following the elections in the United Kingdom (May 1997) and France (June 1997), the IGC successfully integrated the Maastricht Social Protocol into the EU Treaty of Amsterdam (Goetschy 1997). This brought to an end both the UK’s opt-out and a two-speed European social policy.

A further stage in the social dialogue was reached with the successful negotiations on part-time work (1997) and on fixed-term contracts of employment (1998) (Clauwaert 1999; Lapeyre 1998). The purpose of the social partners’ second agreement was to eliminate discrimination against part-time workers and to improve the quality of part-time work, as well as promoting voluntary part-time work. The prospect of further negotiations about other forms of atypical employment was thereby opened up, which resulted in 1998 in the agreement on fixed-term contracts of employment. The agreement was designed to remove the disadvantages suffered by workers on fixed-term contracts and to prevent the improper use of such contracts. The principle of non-discrimination is the key provision in the agreement, as in the one on part-time work: that is fixed-term employment relationships should be placed on the same footing as permanent ones. Furthermore, it is recognised that permanent contracts are and should remain the standard form of employment relationship.

These agreements must be transposed into legislation in the member states within a two-year period. Although some may contend that very few legal amendments will be required in most member states, the social and political significance – in view of EU enlargement to incorporate the central and eastern European countries – should not be underestimated. The agreements form part of the acquis communautaire, and as such will be applicable in the accession countries. This will undoubtedly entail marked improvements in the social situation of accession countries, but also of certain EU member states, while at the same time going some way to avert the threat of social dumping.

Despite the partial successes achieved so far, there are still differing views within and between Europe’s trade unions as to the content and
use of the social dialogue. One of the main controversies centres on the question of what instruments should be used for the purposes of social regulation. Which are preferable, agreements between the social partners or legislative initiatives from the Commission? Opinions vary in union circles as to whether more far-reaching results could be achieved by means of EU directives than has been the case hitherto in the negotiations concerning parental leave, fixed-term contracts and, in particular, regarding the agreement on part-time work. Although there are exceptions, in general terms trade unionists from the Nordic countries prefer the route reliant on agreements between social partners, whereas their southern European counterparts opt for wider use of directives (Waddington 2000). However, for all the criticism of the limited practical scope of the agreements reached thus far between the social partners, it has to be acknowledged that – given the very diverse levels of social policy regulation in Europe – the outcome is regarded by trade unions in certain EU countries as a considerable improvement on the national conditions.

The resolution entitled ‘Towards a European system of industrial relations’, adopted at the ETUC Congress in Helsinki (1999), draws attention to the way in which European legislation and negotiations complement national social regulations. It states that – depending on the issue in hand – trade unions should take a case by case decision as to which of the two avenues to follow. This makes sense, given the EU Commission’s many years of neglect of social legislation, the frequently changing political balance of power in the Council and the still limited experience of negotiations between management and labour.

It also makes sense for the aims of negotiations to be formulated as precisely as possible and for the relevant national regulations to be kept very much in mind. The subjects under negotiation in the European arena will, moreover, need to be aired within the member states at the same time. There is little point in conducting European negotiations in Brussels while totally different subjects are on the agenda nationally. Unless synchronisation with national debates and negotiations can be achieved, the outcome of European negotiations will continue to be modest.
Talks between the social partners on the basis of the Social Protocol, now integrated into the Amsterdam Treaty (Articles 136 to 139), are still dependent on a social policy initiative on the part of the European Commission. In other words, if no such initiative is forthcoming, negotiations cannot be held pursuant to Article 138 (ex-Article 118a). Thus, it was pointed out at the ETUC Congress in Helsinki that social dialogue cannot in future be a substitute for autonomous negotiations between the social partners. To this end there is a need for European collective bargaining autonomy and, above all, a need for European employers’ associations capable of reaching agreements – these still remain few and far between. Therefore, the trade unions believe, one task of the Intergovernmental Conference to be concluded under the French presidency in December 2000 – over and above the necessary institutional reforms – must be to enshrine a binding Charter of Fundamental Rights in the EU Treaty. The Charter must, among other things, include transnational trade union rights and European collective bargaining autonomy (ETUI 1999; Bercusson et al. 2000).

Further development of the social dialogue will depend on its being strengthened at sectoral level. A distinction must be drawn here between the institutionalised procedure whereby the Commission holds consultations with the social partners’ sectoral federations and the institutionalised form of social dialogue based on the social provisions in the Amsterdam EU Treaty (Articles 136-139), which also apply to the sectoral level.

Until 1998 there were nine Joint Committees in sectors such as agriculture, transport, marine fisheries, telecommunications and postal services. In addition, nine informal working groups existed in sectors such as the hotel and restaurant trade, commerce, insurance, banking, textiles and the construction industry, as well as eight discussion groups including for the chemical industry and automobile industry. The outcome of sectoral dialogue was limited to around 100 joint – but not legally binding – opinions on social and economic themes (Keller and Sörries 1999). Furthermore, numerous joint conferences were held and studies carried out, mainly so as to foster a better understanding of different socio-economic interests. Further to a Commission decision on 20 May 1998, the former sectoral social dialogue structures were dissolved and replaced by the
formation of sectoral dialogue committees. These can, however, only be established following a joint request from the social partners; this has so far happened in only 14 sectors or industries, so it is doubtful whether the Commission’s decision will make an effective contribution to strengthening sectoral dialogue. Experiences to date have been extremely diverse, and have depended on the existence at sectoral level of European employers’ bodies which are prepared to enter into talks. This is not the case in key sectors such as the chemical industry and the metalworking industry. Therefore, until such time as the employers are compelled to come to the table, they will have little interest in participating voluntarily in a structured dialogue between the social partners and the Commission. Experience in the field of sectoral social dialogue based on the Social Protocol is even more limited. The first binding framework agreement was concluded between the Federation of Ship-owners in the EU and the European Transport Workers’ Federation on the duration of working time. The background to this was that certain sectors, in particular the transport sector, were excluded from the scope of the EU working time directive of 1993. As a result of this sectoral framework agreement, the directive now applies in this sector too. Otherwise only a very small number of voluntary – but not legally binding – framework agreements have been signed at sectoral level. It is worth mentioning in particular the agreement between GEOPA – the Employers’ Group of the Committee of Agricultural Organisations in the European Union (COPA) – and the EFA on the reduction of annual working time to 1,800 hours.

In principle, it must be acknowledged that the sectoral level is ideally suited to firming up social dialogue, so as to lay down sector-specific provisions. Yet progress can be expected only if effective employer organisations take shape at sectoral level. For this to happen, more positive incentives are required from the European Commission, which must demonstrate its readiness to use legislative powers. The trade unions, for their part, need to step up their co-operation and co-ordination at sectoral level, especially in relation to aspects of collective bargaining. Only under these circumstances can sectoral social dialogue be expected to contribute significantly to the Europeanisation of industrial relations.
European works councils (EWCs) – a catalyst for the europeanisation of industrial relations?

After 20 years of strenuous efforts by the employers’ organisations to prevent the introduction of any binding regulations on the information and consultation of workers in multinational companies, the adoption of the Directive on the establishment of a European works council or a procedure in Community-scale undertakings and groups of undertakings for informing and consulting employees (EWC directive) can be judged a success for the trade unions. In keeping with the procedure under the Social Protocol, the Commission had called on the social partners to reach a negotiated agreement on the right of workers to information and consultation. Since UNICE did not receive a negotiating mandate and refused to hold talks, the Council of Employment and Social Affairs Ministers ultimately adopted on 22 September 1994 the directive proposed by the Commission. EWCs are likely to be an important catalyst in the europeanisation of industrial relations in the future. Nevertheless, we should not have excessively great expectations: many plans for their future operations still exist only on paper, and the acid test is to come. It remains to be seen whether or not this trade union victory in the European arena will turn into a lasting success story. But European works councils do open up fresh possibilities and opportunities for overcoming the limits of international solidarity in the future.

As shown by Table 18.3, some 1,850 companies fall under the scope of the EWC directive. Once the Labour Government in the United Kingdom had signed the Social Protocol in 1997, thereby ending the British opt-out from European social policy, a further 237 British multinational companies became obliged to establish EWCs. The directive also applies to multinationals whose headquarters are located outside the European Union: a total of around 400 non-European companies meet the criteria of the directive, including 287 US undertakings. The sectoral breakdown is as follows: some 500 companies in the metalworking industry, and approximately 180 companies each in the chemical industry and the food industry, including the hotel and catering sector (see Kerckhofs 2000).
### Table 18.3: Number of companies affected by the EWC directive and number of agreements concluded

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of companies affected</th>
<th>Agreements under Art 13 of dir. 94/45/EC</th>
<th>Agreements under Art 6 of dir. 94/45/EC</th>
<th>Newly negotiated agreements under Art 13 of dir. 94/45/EC</th>
<th>Agreements under Art 3 of dir. 97/47/EC</th>
<th>Agreements under Annex to dir. 94/45/EC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>9</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>66</td>
<td>22</td>
<td>6</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>58</td>
<td>13</td>
<td>13</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>414</td>
<td>92</td>
<td>10</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>49</td>
<td>16</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>148</td>
<td>40</td>
<td>9</td>
<td>8</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>237</td>
<td>64</td>
<td>22</td>
<td>1</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>38</td>
<td>3</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>53</td>
<td>14</td>
<td>3</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Japan</td>
<td>46</td>
<td>19</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>16</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>21</td>
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</tr>
<tr>
<td>Norway</td>
<td>22</td>
<td>10</td>
<td>5</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>42</td>
<td>9</td>
<td>4</td>
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<td></td>
</tr>
<tr>
<td>Portugal</td>
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<td></td>
<td></td>
<td></td>
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<td>94</td>
<td>26</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>32</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>99</td>
<td>22</td>
<td>16</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>287</td>
<td>66</td>
<td>25</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1844</td>
<td>442</td>
<td>153</td>
<td>25</td>
<td>6</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Source: ETUI database
The adoption of the EWC directive generated a momentum of its own, leading to the conclusion of over 440 voluntary agreements pursuant to Article 13 of the directive between September 1994 and September 1996. Prior to the adoption of the directive, in the absence of legally binding rules, only 55 companies were prepared to approve these or similar regulations. Developments over those two years confirm the need for European legislation. What is especially striking is that over 60 British companies concluded voluntary agreements based on Article 13 before the Labour Government endorsed the Social Protocol. This result is surprising, in that the UK employers’ federation, the Confederation of British Industry (CBI), was for years one of the fiercest opponents of the directive. After its adoption, however, the CBI very rapidly recommended that its member organisations actively participate in the establishment of European works councils. A similar picture emerges for US multinationals: after many years of outright opposition, 66 of the 287 or so US multinationals had concluded voluntary agreements by September 1996. After September 1996 the pace slackened markedly, and only 150 or so further agreements incorporating the special negotiating body (Article 6) have been concluded until now. Negotiations are, however, reportedly underway in over 200 companies (Kerckhofs 2000). The trade unions – particularly the European industry federations – will be faced with a twofold task over the next few years: on the one hand they will need to lend support to the practical work of EWCs already in existence; on the other, they will be confronted with the task of ensuring that EWCs are established in over 1,200 more multinational companies.

The ETUC strongly emphasised once again at its 9th Congress that trade unions have special responsibility for breathing life into EWCs, which require (among other things) professional advice and training from unions if they are to live up to expectations. But the opportunity should also be seized to further improve the directive during the course of the scheduled revision (Buschak 2000). One of the demands being made is that the consultation processes be strengthened and effective sanctions be made available, should the directive be infringed – as has happened several times over the past few years. At the same time, bearing in mind the diverse structures of trade union representation in Europe, the rights of all workers to information and consultation must be streng-
thened at the various levels. The ETUC thus argues that the right to information and consultation should be guaranteed for all businesses whatever their size.

EWCs are being set up at a rate which justifies the assumption that they can act as a catalyst in the europeanisation of industrial relations. Yet there is no cause for excessively high hopes; it is more a matter of EWCs achieving modest and down-to-earth objectives which will serve as a basis for further developments. Initially it will be particularly important to ensure an in-depth exchange of information, with a view to initiating learning processes that can help build bilateral and multi-lateral communication structures. The next step is to arrange for regular exchanges of information, which will make it far more difficult for managers of multinational companies to play off one location against another. Information about wages and salaries, and, above all, about unit wage costs, has taken on increased importance now that the single currency is a reality. A systematic exchange of information on collective agreements can likewise make a very worthwhile contribution to under- pinning a co-ordinated trade union approach to collective bargaining. Information concerning working time and work organisation, as well as staffing trends, the proportion of full-time and part-time employees, the rate of female employment, the percentage of trainees and fixed-term contracts, is a precondition for achieving minimum agreements in these fields.

The conclusion of over 400 voluntary agreements has meant that a 'bargaining culture' has begun to emerge for the first time between employers and worker representatives and their unions at European level. The remaining 1,200 or so agreements will equally play their part in fostering a European bargaining culture (Hoffmann 1997).

**European co-ordination of collective bargaining policy**

The need for Europe-wide co-ordination of national collective bargaining policies under the conditions of European Monetary Union (EMU) is nothing new; it has been the subject of intensive discussion within trade unions since the early 1990s. Back in February 1993, for instance, the ETUC Executive Committee adopted a position paper...
entitled 'Guidelines for collective bargaining and the prospects for the development of the social dialogue', according to which the task of europeanising collective bargaining consisted of two parts. Firstly, the position of unions in national negotiations should be strengthened through information and co-ordination at European level. Secondly, the national dimension of collective bargaining should be complemented by cross-border and European negotiations. Furthermore, it was suggested that a comprehensive exchange of views on the overriding aims of collective bargaining and the likelihood of harmonising them should be carried out every two years under the auspices of the ETUC. These far-reaching guidelines have all but remained a dead letter in practice; the only noteworthy progress made has been in the field of the social dialogue. By contrast there has, as yet, been virtually no co-ordination of collective bargaining policy.

The completion of monetary union on 1 January 1999 raised the pressure on the trade unions to put into practice what they had come to realise back in 1993. The specific resolution passed at the 9th Statutory Congress of the ETUC, 'Towards a European system of industrial relations', constitutes another theoretical starting-point for new practical action. It draws a very clear distinction between the social dialogue at European level, the co-ordination of collective bargaining and the development of an autonomous European system of negotiations between the social partners. According to the specific resolution, the primary goal of a co-ordinated collective bargaining policy should be to guarantee workers a decent income, as well as creating jobs and improving existing working conditions in Europe. The European industry federations have the primary responsibility for co-ordination in the field of collective bargaining at the European level. Co-ordination has to be developed by means of a bottom-up strategy. As far as reasonably possible, the timing of agreements and bargaining rounds should be synchronised' (ETUC 1999). Such a strategy does not amount to centralising collective bargaining at European level; few European countries would welcome that, to be sure. Nor is it the intention to achieve 'across-the-board' European collective agreements; that would in any event be a futile venture, given the great diversity of collective bargaining systems within the European Union. The essential
idea of the co-ordination strategy is to bring together the diverse regional and international economic and social structures and traditions in a constructive fashion, rather than standardising these in keeping with an outmoded style of claims (Hoffmann and Hoffmann 1997).

In view of the fundamental differences in systems of industrial relations and collective bargaining, co-ordination at European level is anything but straightforward. Attempts to co-ordinate are often considered unrealistic in the light of deeply entrenched national systems and the enormous differences between them. The widespread scepticism must undoubtedly be taken seriously. Nonetheless, it is worth pointing out that co-ordination efforts do not mean squeezing these systems into a uniform European collective bargaining mould in the medium term. Rather, co-ordination means taking account of regional diversity and creating a complementary European level. It is also worth noting that, despite all the differences, the results of collective bargaining are showing a clear tendency towards convergence (Traxler 1997). This should and must be pursued further through efforts to co-ordinate.

Successful co-ordination of collective bargaining policy at European level will in future be dependent on three main factors:

- It is vital that co-ordination should build on efficient bargaining structures at national level;
- Effective trade union bodies at European level in the appropriate sectors are necessary for co-ordination at European level;
- Sectoral European co-ordination of collective bargaining policy must be backed up by a reliable database and information.

Despite an unmistakable trend towards the decentralisation of collective bargaining structures in Europe, the prime negotiating level in Europe still remains that of sectors or industries in many countries. The increasing tendency for collective bargaining to be conducted at company level is, however, beyond question (Fajertag 2000). In the long term, successful co-ordination at European level should help to stabilise national collective bargaining systems. If European co-ordination fails to materialise, there is a danger that national systems might be further eroded.
The European industry federations: main players in a policy of coordination

Table 18.2 demonstrates that in autumn 1999 only four European industry federations had a collective bargaining committee. With the exception of the European Metalworkers’ Federation, which established a collective bargaining committee at its inception, equivalent committees have been established only in the past few years in the European Graphical Federation (1995), the European Mine, Chemical and Energy Workers’ Federation (1996) and the European Trade Union Federation - Textiles Clothing and Leather (1997). Two other federations (the European Federation of Building and Woodworkers and the European Federation of Public Service Unions) have established working groups in this field. Furthermore, the various European industry federations have sectoral working groups which regularly hold exchanges of information on collective bargaining policy. It has to be said in summary, however, that the internal organisational structures of the European industry federations are still insufficiently developed to allow effective co-ordination of collective bargaining policy. Nevertheless, clear signs began to emerge in 1999 that efforts to set up appropriate bodies for the co-ordination of collective bargaining policy had been stepped up markedly. For instance, both the European Committee of Food, Catering and Allied Workers’ Union (ECF-IUF) and EUROFIET held collective bargaining conferences during 1999. Other trade unions – including the European Federation of Building and Woodworkers – passed decisions at their congresses or general assemblies aimed at making co-ordination more binding. The declaration of principle on collective bargaining policy issued by Europe’s building unions states among other things: ‘After several years discussing the collective bargaining situation, the bargaining policy of Europe’s building unions should move on to the next stage’. In the first instance, the same periods of validity and notice periods are to be agreed bilaterally for national collective agreements, so that European objectives can be prepared and implemented at the same time. Talks about the co-ordination of collective bargaining policy have also been intensified within EPSU.
The activities of the ETUC over the past four years have caused the European industry federations to step up their efforts to co-ordinate collective bargaining policy. Thus, annual joint meetings now take place with the European industry federations to exchange views about ongoing activities in the field of collective bargaining. What is more, as a consequence of the resolution passed at the 9th Congress in Helsinki, a committee for collective bargaining co-ordination has been established: its membership comprises the affiliated federations’ secretaries responsible for collective bargaining policy. The committee’s first task will undoubtedly be to demonstrate the background to, and reasons underlying, the call for co-ordination. In the long term the ETUC, with the aid of this collective bargaining committee, must help to ensure that the trade unions’ collective bargaining strategies are reasonably consistent.

Co-ordination of collective bargaining policy must be viewed as a long-term objective. This can be developed above all at sectoral level and in border regions, as illustrated by the so-called Doorn Initiative. The trade union confederations from the Benelux countries and Germany met for the first time in the Dutch town of Doorn in 1997 to lay the foundations for closer co-operation on collective bargaining. The result was the establishment of a joint project secretariat and annual summit meetings, which have led to common guidelines stating that future collective agreements are to be based on price trends and the regulation of labour productivity. Such a co-ordinated formula is purely indicative and needs to be fleshed out with qualitative elements. Active co-ordination of substantive collective bargaining areas – such as working time, initial and further vocational training, health and safety at work or equal opportunities – may open the door to dialogue at European level, thereby making an additional contribution to Europeanising industrial relations.

Conclusions

The Europeanisation of industrial relations should be regarded as a medium- or long-term process. It will not mean that national systems are simply harmonised into – or even replaced by – a European system. Social dialogue, European works councils and the co-ordination of collective bargaining will come to form a supplementary level of activity
which, without sounding the death-knell of national systems, will constitute an important precondition for the functioning of a European system of labour relations. The institutions and players of national systems will at the same time undergo an adjustment, inasmuch as they will have to incorporate deliberations about European issues into their national agendas.

Whereas social dialogue has led to the first agreements at multi-industry level, creating an altogether new dimension, the results to date are still meagre and certainly not on a par with national collective bargaining. They are largely dependent on the European Commission’s readiness to take legislative action in the field of social policy. Without such initiatives – as demonstrated by recent experience – European employers will not come willingly to the negotiating table. The scope of negotiations in the context of social dialogue is likely to remain limited and will probably be confined above all to framework agreements in essential fields of activity. The outcome of future negotiations will be more substantive if a firm linkage can be established with the national level. This means that European-level topics of negotiation must become the subject of campaigns and debates at national level too. The same applies to the sectoral social dialogue, which at the end of the day can contribute to overcoming the employers’ opposition and reservations only on the basis of stronger trade union co-operation.

European works councils are a major building-block in the development of European industrial relations, but their full potential will be realised only if their work receives active support from trade unions. There are, however, no grounds for over-optimistic expectations, the information and consultation rights of EWCs are modest in comparison with the rights enjoyed by many national workplace representatives. For this reason the trade unions’ demands for a review of the EWC directive are entirely justified; their legal powers are so modest that it is virtually impossible for them to keep pace with the rapid europeanisation of businesses.

Trade unions have been discussing co-ordination of collective bargaining policy for many years, yet it continues to play a subordinate role in the national unions’ bargaining practices, and very little has been
achieved on the ground. If it is to be effective as a strategy to combat the possibility of wage dumping, more binding arrangements need to be made at sectoral level. The co-ordination formula discussed within the ETUC and various European industry federations (collective agreements based on inflation and regulation of productivity) provides a useful yardstick; it should not, however, be interpreted as a mathematical exercise but rather as a medium-term process. Substantive areas of collective bargaining policy, in particular, offer scope for tangible results. If binding co-operation can be achieved, there will be all the more pressure on the employers to demonstrate their capacity for action on collective bargaining issues. In order to underpin this process and put it on a firm institutional footing, European collective bargaining autonomy needs to be included in a revised EU Treaty. The opportunity to do so is provided by the establishment of a binding Charter of Fundamental Rights which contains transnational trade union rights.

Last but not least, the Europeanisation of industrial relations will succeed only if the trade unions for their part Europeanise their national structures and policies and significantly strengthen trade union structures at European level.
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P


Trade unions in Europe: facing challenges and searching for solutions


T


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Bibliography


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