Two worlds of unionism? German manufacturing and service unions since the Great Recession

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1. Unions and the transformation of German capitalism

Looked at from abroad, German trade unions convey a picture of strength. This impression is confirmed, first of all, by their numerical strength as they are amongst the largest unions in the world. Moreover, German unions are widely acclaimed for their decisive role in the management of the 2008 crisis and their contribution to ‘Germany’s jobs miracle’ (Krugman 2009). The tripartite crisis management during the Great Recession is regarded as proof of the longevity of the traditional German model of industrial relations with its strong bargaining institutions at workplace and sectoral level. Some observers have even talked about a ‘comeback of trade unions’ after a period of decline and being on the political defensive (Schmalz and Dörre 2013).

The state of German trade unions has always been closely linked to the specific economic development model of German capitalism, which traditionally is based on three main pillars (Berghahn and Vitols 2006). First, a highly competitive manufacturing sector with at its core the automotive, machine building and chemicals industries. These sectors were the backbone of an export-led growth model on which Germany’s post-war ‘economic miracle’ was based. Second, a dense network of cross shareholdings and interlocking directorates between major German companies and the large universal banks which created a specific form of corporate governance, which guaranteed a high degree of stability with a focus on long-term strategic developments. Third, German post-war capitalism also contained a relatively comprehensive public sector, including some important national monopolies. While trade surpluses became a major driver of Germany’s economic development as early as the late 1950s, a relatively strong public sector combined with a continuous growth in real wages ensured a certain balance between the external and domestic sectors. The economic success of German post-war capitalism went along with a high level of employment, which bolstered the unions’ bargaining position.

Since the 1980s, however, German capitalism has undergone some profound changes which have transformed some basic features of its social and economic development model (Lehndorff et al. 2009; Streeck 2009). These changes were politically implemented in reaction to a changing international economic environment, as well as to the new economic challenges caused by German unification. As a result, Germany entered a period of neoliberal restructuring which became effective in at least three major policy areas. The first was the liberalisation and privatisation of public services, which led to a significant shrinking of the public sector (Brandt and Schulten 2008). The second was the deregulation of financial markets which promoted an increasing shareholder-value orientation in German corporate governance and important changes in the ownership structure of major German companies. The third area was social and labour market policy, where deregulation led to a significant weakening of social and employment
protection so that ‘precariousness has been institutionalised as a substantial part of the labour market’ (Nachtwey 2016: 13 [our translation]). In addition, Germany saw a significant decline of its core institutions of industrial relations, in particular, in the area of collective bargaining.

After Germany’s export-led development model was temporarily shifted towards more domestic-oriented economic development due to the effects of German unification, from the 2000s Germany saw an outstanding increase of its export performance, leading to an ever-growing trade surplus (Figure 1). Under the conditions of Economic and Monetary Union, the growing ‘import deficit’ gave rise to the widening economic imbalances between current account surplus and current account deficit countries (for the discussion of this contentious issue cf. Schulten 2015 and Lehndorff 2016). The new model of German capitalism as it emerged during the 2000s can be characterised as a revived ‘export championship amidst institutional and social disintegration’ (Lehndorff et al. 2009, p. 124).

Figure 1  Exports, imports and trade balance in Germany, 1991-2017 (% of GDP)

During the 2000s Germany saw a growing gap between its flourishing export industries and relatively weak domestic sector, which led to rather different economic framework conditions for the various sectoral trade union organisations. The relatively weak development of domestic demand had a particularity strong effect on the unions in domestic private services, but also in public services, which suffered from privatisations and a lack of public investment. In manufacturing the strong export-orientation was accompanied by a dominant discourse of competitiveness, which put the unions under increasing pressure to accept moderate wage developments and other kinds of concessions. The structural and political upheavals in German capitalism led to a growing differentiation in industrial relations between manufacturing and services and to ‘fragmented labour relations’ (Dörre 2016) at all levels.

As the impacts of the upheavals in the German model on unions differed across industries, the unions’ responses to these challenges were also rather different. Against
that background one key assumption of this chapter is that we cannot speak about the German trade unions as a single or even homogenous actor. In order to highlight the multifaceted picture of German trade unionism we will focus our analysis on the two largest unions, the German Metalworkers’ Union IG Metall and the United Services Union ver.di. In what follows we will start with an overview on the impacts of the changes in the German model on trade unions’ power resources, before turning to IG Metall’s and ver.di’s responses to these challenges since the mid-2000s. Drawing on an actor-related approach (Heery et al., 2000; Brinkmann et al., 2008) we compare, with appropriate consideration for the respective contextual conditions, the interventions and campaigns of the two unions. While looking at architectures and actors when analysing the change of national models of capitalism, the emphasis on agency and political choice guides our analysis of German unions’ development over the past two decades, as well as our conclusions on their future challenges.

2. Changes in unions’ power resources since the 1990s

Union strategies and tactics develop in interaction with members and constituents, employers, the state and civil society (Gumbrell-McCormick and Hyman 2013: 2). So does trade union power. Drawing on the recent literature on union power resources (for example, Silver 2003; Arbeitskreis Strategic Unionism 2013; Gumbrell-McCormick and Hyman 2013, 30–31; Schmalz and Dörre 2014) we distinguish four major forms, namely structural, organisational, institutional and societal power.

**Structural power** has two major components based on the respective positions of workers in the labour market and within the labour process. The more difficult workers are to replace the stronger their bargaining power. This motivates unions’ interest in full employment, regulation of the labour market or the development of skills. While it can only indirectly be influenced by unions, structural power is directly shaped by economic and social policies and by employers’ decisions to restructure value chains and labour processes. **Organisational power** is not only based on numerical strength but includes the ability to successfully mobilise the membership. It is the power resource which is most strongly influenced by unions’ own activities.

**Institutional power** is largely the result of political processes to institutionalise and thereby appease class struggles. The institutions of economic governance shape not only the capacity of unions to organise and represent workers (for example, Ebbinghaus and Visser 1999; Dribbusch 2003) but also their position in collective bargaining and corporatist arrangements. **Institutional power** secures union influence across economic cycles. It tends to erode when the underlying balance of power on which it is based fundamentally changes and it is very sensitive to legislative intervention.

Structural, associational and institutional power are complemented by what Schmalz and Dörre (2014) define as societal power. It has two main components. The first can be identified as coalitional or collaborative power, which is based on the capacity of unions to build coalitions and to act within civil society networks, including the more traditional but still important link to political parties. The second can be termed...
discursive or communicative power (Urban 2015: 271); that is, the capacity of unions to successfully influence the public discourse and agenda setting.

2.1 Structural power

The structural power of employees is strongly influenced by the situation on the labour market. From the mid-1970s the level of unemployment increased from business cycle to business cycle and reached its peak in the mid-2000s, with levels well above the EU average (Figure 2). Since then official unemployment has declined considerably and overall employment levels have reached unprecedented highs. While employment growth until the crisis was channelled into part-time, mini-jobs and precarious labour, overall employment could be stabilised during the crisis and began to include — for the first time since the early 1990s — standard full-time employment (for a critical assessment of the widely shared view on recent employment growth as an effect of earlier ‘labour market reforms’, see Knuth 2014). In 2017, Germany had the lowest unemployment rate in the EU, and some industries and regions were even affected by labour shortages. After German unions had for a long time experienced a continuous decline in their structural power resources due to increasing unemployment, the situation has changed more recently towards a re-strengthening of their bargaining position.

Figure 2  Unemployment rate in Germany and the European Union, 1992–2017 (% of civilian workforce) (Eurostat definition)

Source: Eurostat.

Apart from the overall development of the labour market, however, structural power is also influenced by some other developments. Among them are the trends in economic restructuring, which have also contributed to a significant weakening of unions’ structural power. The international liberalisation of markets, as promoted through
the European integration process, created new opportunities for a transnational reorganisation of Germany’s larger manufacturing companies, which integrated, in particular, the low cost countries of central and eastern Europe into their transnational production chains. The more companies could point to their exit options by threatening to relocate production the more employees and unions became sensitive to pressure to accept cost cutting strategies.

In the public sector the traditional balance of power has been overthrown by way of privatisation. Whereas employees in the former state monopolies in rail transport, post and telecommunications and much of health care enjoyed enhanced job securities and were shielded from downward competition, private transport, postal services and care are now sectors in which some of the most vulnerable segments of the workforce can be found.

The weakening of traditional sector-level power resources, however, has given rise to paradoxical counter-effects. Most importantly, privatisations have triggered an increase in the number of workers in formerly public services who are no longer bound by the legal strike ban on civil servants in Germany (for example, train drivers). Moreover, as the overall manufacturing process is more and more organised in closely linked (transnational) production networks cooperating on a just-in-time basis, it is also highly vulnerable to business interruptions. For some observers these developments have shifted the structural power again in favour of the unions (Losse 2012). While certain groups of workers, especially at the hubs of production networks, have indeed relatively high workplace power, such potential is not automatically transformed into higher structural power for the unions as a whole.

2.2 Organisational power

The trade union landscape in Germany is dominated by the German Confederation of Trade Unions (Deutscher Gewerkschaftsbund, DGB). Total DGB membership reached its all-time high – almost 12 million members – following the integration of East German union members in 1991, only to slump shortly afterwards. The overall decline has slowed down significantly since 2010 with some DGB affiliates being able to turn the tide (Dribbusch and Birke 2016). In 2017 the DGB represented about 6 million members, who account for more than three-quarters of all trade union members in Germany (Table 1). The second largest confederation is the German Civil Service Association (dbb beamtenbund und tarifunion) with 1.3 million members, including 915,000 civil servants. A third confederation is the small Christian Trade Union Confederation of Germany (Christlicher Gewerkschaftsbund Deutschlands, CGB). It claims to have around 280,000 members, although this figure is contested (Müller and Wassermann 2015). Finally, there are several occupational unions that do not belong to any confederation. The largest among them is the Union of Salaried Medical Doctors (Marburger Bund, MB) with around 120,000 members. Together with the small but influential pilots’ union (Vereinigung Cockpit) and the dbb-affiliated train drivers’ union (Gewerkschaft Deutscher Lokomotivführer, GDL), the MB represents a certain renaissance of occupational unionism.
Table 1  **Trade union members in Germany**

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<tr>
<td><strong>Deutscher Gewerkschaftsbund (DGB)</strong></td>
<td>7,899,000</td>
<td>6,265,000</td>
<td>5,995,000</td>
<td>–20.7%</td>
<td>–4.3%</td>
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<td><strong>Confederation of German Trade Unions</strong></td>
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<td><strong>DGB affiliates:</strong></td>
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<td><strong>Industriegewerkschaft Metall (IG Metall)</strong></td>
<td>2,710,000</td>
<td>2,301,000</td>
<td>2,263,000</td>
<td>–15.1%</td>
<td>–1.7%</td>
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<tr>
<td>German Metalworkers’ Union</td>
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<td><strong>Vereinte Dienstleistungsgewerkschaft (ver.di)</strong></td>
<td>2,807,000</td>
<td>2,138,000</td>
<td>1,987,000</td>
<td>–23.8%</td>
<td>–7.1%</td>
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<td>United Services Union</td>
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<td><strong>Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE)</strong></td>
<td>862,000</td>
<td>701,000</td>
<td>638,000</td>
<td>–18.7%</td>
<td>–9.0%</td>
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<tr>
<td>Mining, Chemicals and Energy Industrial Union</td>
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<td><strong>Industriegewerkschaft Bauen-Agrar-Umwelt (IG BAU)</strong></td>
<td>510,000</td>
<td>336,000</td>
<td>255,000</td>
<td>–34.1%</td>
<td>–24.1%</td>
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<td>Building, Agriculture &amp; Environment Workers’ Union</td>
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<td><strong>Gewerkschaft Erziehung und Wissenschaft (GEW)</strong></td>
<td>268,000</td>
<td>252,000</td>
<td>278,000</td>
<td>–6.0%</td>
<td>10.3%</td>
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<td>German Union of Education</td>
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<td><strong>Gewerkschaft Nahrung-Genuss-Gaststätten (NGG)</strong></td>
<td>251,000</td>
<td>206,000</td>
<td>200,000</td>
<td>–17.9%</td>
<td>–2.9%</td>
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<tr>
<td>Food, Tobacco, Hotel &amp; Allied Workers Union</td>
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<tr>
<td><strong>Eisenbahn- und Verkehrsgewerkschaft (EVG)</strong></td>
<td>306,000</td>
<td>219,000</td>
<td>190,000</td>
<td>–28.4%</td>
<td>–13.2%</td>
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<td>Railway and Transport Union</td>
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<td><strong>Gewerkschaft der Polizei (GdP)</strong></td>
<td>185,000</td>
<td>169,000</td>
<td>185,000</td>
<td>–8.6%</td>
<td>9.5%</td>
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<td>German Police Union</td>
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<td><strong>Deutscher Beamtenbund und Tarifunion (dbb)</strong></td>
<td>1,211,000</td>
<td>1,280,000</td>
<td>1,312,000</td>
<td>+5.7%</td>
<td>2.5%</td>
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<tr>
<td>German Civil Service Association</td>
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<tr>
<td><strong>Christlicher Gewerkschaftsbund Deutschlands (CGB)</strong></td>
<td>306,000</td>
<td>275,000</td>
<td>271,000*</td>
<td>–10.1%</td>
<td>–1.5%</td>
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<tr>
<td>Christian Trade Union Confederation of Germany</td>
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<td><strong>Non-affiliated unions</strong></td>
<td>220,000</td>
<td>255,000</td>
<td>280,000</td>
<td>+15.9%</td>
<td>9.8%</td>
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<td><strong>Among them:</strong></td>
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<td><strong>Marburger Bund (MB)</strong></td>
<td>70,000</td>
<td>106,000</td>
<td>120,000</td>
<td>+51.4%</td>
<td>13.2%</td>
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<tr>
<td>Union of Salaried Medical Doctors</td>
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<td><strong>In total</strong></td>
<td>9,636,000</td>
<td>8,075,000</td>
<td>7,858,000</td>
<td>–16.2%</td>
<td>–2.7%</td>
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<tr>
<td><strong>Net union density</strong></td>
<td>20%</td>
<td>17%</td>
<td>15%</td>
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Note: * 2016.
Source: Membership information by the respective trade unions; WSI based on assumption of 25% pensioners and unemployed members; employment figures from Federal Statistical Office (destatis).

In Germany the power of the DGB in relation to its affiliated unions is relatively weak and largely restricted to representative matters and political lobbying. It is the affiliated trade unions that organise workers, are active at the workplace and are engaged in collective bargaining and industrial action. After a period of restructuring and union mergers the number of DGB-affiliated unions has been reduced to eight. The two largest are the
German Metalworkers’ Union (IG Metall) and the United Services Union (ver.di), which have about two million members each and represent together around 70 per cent of all DGB trade union members. IG Metall has its main constituency in metal manufacturing, including the automobile industry as its largest organisational base. Besides this it covers the steel, textile and wood processing industries. Ver.di is much more diverse and represents, apart from the public sector, about 200 industries in private services.

Net union density (all confederations and non-affiliated unions combined) peaked in 1991 after German unification when 36 per cent of employees were members of a union. By 2001 it was down to 20 per cent and in 2017 only 15 out of 100 employees were unionised, 11 of them in a DGB affiliated union. By European comparison net union density in Germany is – despite its large individual trade unions – in the lower ranks, in western Europe only undercut by France (cf. ICTWSS, version 5.0).

Union density shows substantial differences across industries and job categories. The automotive industry, with at its core the large OEMs, is comparatively well organised with some traditional car plants still having density levels up to 90 per cent or more. Density levels are on average much lower in the bulk of small and medium-sized enterprises. In some of the new sectors in manufacturing, such as the solar and wind energy industries, IG Metall frequently had to build union organisation from scratch (Dribbusch 2013).

In services the picture is equally diverse. While utilities and the former state owned companies in the rail, telecom and postal services are still comparatively well organised the picture is much bleaker in companies that entered the market only after the liberalisation of these sectors. The health care sector and education have seen positive membership development because nurses and child care workers have become the focus of increased union activity since the mid-2000s. In these sectors, comparatively strong organising levels in metropolitan areas contrast with weaker levels in small towns, rural areas and among staff in church-owned facilities. Public administration remains a very difficult terrain for ver.di. The same applies to retail, where organizing efforts meet structural hurdles and widespread employer resistance (Dribbusch 2003).

2.3 Institutional power

The traditional ‘German model’ of industrial relations included the corporatist integration of trade unions via fairly far-reaching participation and codetermination rights at company level, the development of a comprehensive collective bargaining system at sectoral level and the overall enhancement of corporatist welfare state institutions. Ideologically legitimised by the concept of ‘social partnership’ (Sozialpartnerschaft) this class compromise gained support among the working class as the ‘economic miracle’ of the post-war years provided both high profits and steadily increasing wages.

Although the legal framework governing codetermination and collective bargaining remained largely untouched – the Works Constitution Act even saw a small union friendly reform in 2001 – institutional power of unions entered a process of erosion which began in the mid-1990s (Bahnmüller 2017). Its most prominent feature is the increasing
fragmentation and partial erosion of collective bargaining (Schulten and Bispinck 2015; Haipeter and Lehndorff 2014; cf. Figure 3). For the whole of Germany, in 2016 no more than about 30 per cent of establishments representing 56 per cent of employees were covered by collective agreements (Ellguth and Kohaut 2017). A recent survey by the Statistical Office resulted in an even smaller share of establishments and workers covered by collective agreements of 15 and 45 per cent, respectively (Destatis 2016).

Figure 3  **Collective bargaining coverage in Germany, 1998–2016 (% of all workers)**

Bargaining coverage differs widely between sectors (Amlinger and Bispinck 2015). In some, such as public administration, education, or finance, a vast majority of workers – 80 per cent or more – are still covered. In the chemicals and automotive industry coverage is also very broad, whereas in construction, private health care or retail coverage ranges between 40 and 50 per cent. Finally, in a large number of private services (for example, hotels and restaurants, scientific, technical and IT services) at best a third of the workforce, or even less, works under a collective agreement.

The bargaining system has also undergone a process of internal transformation best described as decentralisation and fragmentation (Bispinck and Schulten 2011). From the mid-1990s onwards unions and employers increasingly agreed on so-called ‘opening clauses’ which made it possible to deviate from industry collective agreements in the case of economic difficulties. In a landmark agreement concluded in the metal industry in 2004, however, the ‘improvement of competitiveness’ became an equally accepted reason to negotiate derogations. This so-called Pforzheim Accord was partly a reaction to threats by the Red-Green government to break the bargaining monopoly of the unions in favour of works councils if the bargaining parties would not pave the way to more flexibility. It was, however, also an attempt by the unions to regain control over a process of wildcat derogations which were complacently tolerated by works councils. By the mid-2000s almost all major industry-wide agreements included opening clauses which provided far-reaching opportunities for deviations at company level (Bispinck...
and Schulten 2011a). As a result, concluding ‘employment pacts’ at company level became widespread, leading to a broad wave of concession bargaining, especially in the manufacturing sector and in public utilities (Hassel 2014; Behruzi 2015).

Works council representation, however, is not the norm within the German economy. Only 9 per cent of establishments with five or more employees and thus eligible for a works council had one. The smaller the establishment the less likely such a body is. Whereas 51 per cent of West German and 43 per cent of East German workers were covered by a works council in 1996 the figures were down to 43 per cent in West Germany and 34 per cent in East Germany by 2016 (Ellguth and Kohaut 2017). Unions have difficulties establishing works councils where they are hardly present, as for example in large parts of the quickly developing but fragmented private service sector. To this is added the resistance against works councils, in particular by employers in owner-led SMEs (Behrens and Dribbusch 2013). Finally, the number of companies covered by board-level codetermination was 635 in 2014, down from 767 in 2002 (Sick 2015). Using legal loopholes such as the European Company Statute, more and more companies openly circumvent German codetermination laws.

To sum up, both major pillars that traditionally formed the institutional power of German trade unions have seen a significant decline. In 2016, only 34 per cent of workers in West German private industry were covered by both a collective agreement and a works council, while 36 per cent had neither. In East Germany the figures were even worse, as only 23 per cent were protected by collective agreements and work councils, while 49 per cent had no protection (Ellgut and Kohaut 2017: 285). As a result, the low wage sector grew rapidly to reach the highest level in the euro zone.

2.4 Societal power

By the beginning of the 2000s, a mainstream perception of the German economy was that of ‘the sick man of Europe’ (Sinn 2003). It was taken for granted in large parts of the German media and politics that trade unions and sector-wide collective agreements were major barriers to economic growth and international competitiveness. German unions were widely regarded as ‘totally outdated, losers from globalisation and relics of a vanishing age of industry’, as Michael Sommer (2013 [our translation]), the former head of the DGB put it when looking back at this period. He also acknowledged that neoliberal thinking had gained ground among ‘friends and allies’, a reference to the Social Democratic Party (SPD).

The realistic implication of this assessment is that the societal power of German unions relies primarily on their links with the political system. Although the DGB and its affiliated unions consider themselves to be a unitary and non-partisan movement, affiliates have had close ties to the SPD. This ‘privileged partnership’ came increasingly under pressure when the union movement was sidelined in the second term of the ‘Red-Green’ coalition government following the 2002 elections. The alienation between unions and SPD grew when Chancellor Schröder in 2003 launched ‘Agenda 2010’, whose core was a substantial revision of existing welfare legislation (Hassel 2010; Bosch...
It reached its climax when in 2007 the succeeding Grand Coalition extended the retirement age to 67 against fierce opposition by the unions.

The tripartite crisis management during the Great Recession in 2009 led to a first rapprochement, which gained momentum when the SPD leadership had to reconsider its relationship to the unions after a devastating defeat in the 2009 national elections. In the meantime the political landscape had changed. On the one side, the Left Party (Die Linke) had established itself as a fairly stable opposition in parliament, with active support from many disappointed trade unionists who had left the SPD. But although this left party supported most of the unions’ programmes it only won limited electoral support in western Germany and was effectively excluded from political power at national level. The majority of union members still voted SPD or supported the Christian Democrats. As a consequence the DGB abstained from 2005 onwards from any electoral endorsement or even recommendation in favour of a particular party, acknowledging that in the end it had to seek support from any government.

This development was favoured by the gradual opening up of the Christian Democrats under Angela Merkel to union demands. This rapprochement ran parallel to an improvement of the unions’ reputation in the media and public discourse. While, according to representative surveys, in 2003 only 23 per cent of the population had a ‘positive’ view of trade unions and for 45 per cent their image was clearly ‘negative’, the picture had turned around by 2012. Now more than 40 per cent of respondents had a positive image of trade unions, while only 20 per cent judged them negatively (Figure 4).

![Figure 4](image.png)

**The public image of German trade unions (% of all persons surveyed)**

Note: missing figures to 100 % = undecided.
Source: Allensbach Institut für Demoskopie.

There were at least two major causes of the change in the unions’ public reputation: on one hand, it was their role in the management of the crisis in 2008/2009, in which especially IG Metall was perceived to have made a major contribution to securing jobs
and safeguarding industries in Germany. On the other hand there was a notion among increasing parts of the German public that the deregulation of labour markets, with its consequences of growing inequality and precariousness, had gone too far. This strengthened the discursive power of unions with regard to questions of social justice. This became visible in particular during the campaign for a statutory minimum wage.

3. German unions since the Great Recession

Although unionism in Germany is less divided along ideological, religious or white-collar/blue-collar lines than elsewhere in Europe, there are significant differences between unionism in manufacturing and in the service sector. Both sectors differ not only in their general economic and structural set-up but also in union presence, bargaining coverage and employment relations. These different settings favour specific union priorities, agendas and approaches to interest representation. To examine these differences but also commonalities we focus in the following on IG Metall and ver.di, which represent different constituencies in largely different sectors of the economy.

IG Metall, whose base is in metal manufacturing, is embedded in an industrial corporatism with the overarching aim of securing the future of German manufacturing with the car industry at its core. This corporatism finds its expression in an established relationship with employers at company and industry level and the ability to effectively lobby the government based on a joint understanding of the relevance of Germany’s industrial core. The union’s position within that arrangement relies on high union densities, strong works councils and a substantial disruptive potential, at least in many bigger and medium-sized companies.

Ver.di, on the other hand, is more like a confederation. It organises about 200 industries which demand widely different approaches. Corporatist relationships that once existed in the public sector have ceased or are substantially weakened. In most private services such arrangements never existed. Here ver.di is frequently confronted with open employer hostility, while often lacking the power to establish works councils or enforce sectoral collective bargaining across highly fragmented industries. To compensate for its lack of workplace power ver.di turns comparatively frequently to mobilising the public and campaigning for legislative support. Its relationship with government at all levels is complicated by the fact that it is its bargaining counterparty in the public sector pay rounds.

Against this background, some observers see IG Metall and ver.di as representatives of two distinct models of unionism (Fehrmann 2015). Unionism in manufacturing is depicted as an essentially old-fashioned model and opposed to a more promising one of social movement unionism, as allegedly practised in the service sector. In a similar vein, Streeck (2016), in a critical appraisal of Müller-Jentsch’s (1991) concept of ‘conflict partnership’, depicts industrial relations in services as dominated by ‘conflict without partnership’ as opposed to manufacturing where he identifies a predominance of ‘partnership without conflict’. At a closer look the picture is, however, less clear cut: both unions are fairly pragmatic when it comes to pursuing their goals and can
be very innovative when the circumstances demand a revision or enlargement of the established repertoire of action. This has been demonstrated since the mid 2000s by various revitalisation initiatives in both manufacturing and services, including the recent attempt of IG Metall to put working time back on the collective bargaining agenda (Haipeter and Lehndorff 2017).

Given the wide range of topics we will focus, in what follows, on a small selection of union activities between 2009 and 2016. We start with the different challenges the unions met during the Great Recession – a key event in the recent history of IG Metall. We then turn to two union campaigns to tackle low pay and precarious employment – the campaign for a national minimum wage which became the major collective point of reference for ver.di and the one for ‘equal pay’ for agency workers, which was led by IG Metall.

3.1 Crisis management in 2008–2009

The Great Recession of 2008–2010 was a major challenge to the unions in Germany. But unlike some of their sister organisations across Europe they witnessed a comparatively happy end. Given the run-up to the federal elections in autumn 2009 none of the governing parties of the ‘grand coalition’ of Christian and Social Democrats was interested in unemployment figures jumping to unprecedented highs. The unions, which had been widely sidelined in previous years, were now needed as potential mediators and saw themselves invited into a tripartite crisis management to fight the consequences of the crisis for Germany’s industrial core. IG Metall signalled its top priority in the title of its action plan of December 2008 ‘No dismissals’. This interest was partly shared by employers who expected the economy to recover and had no immediate interest in dismissing their core of skilled workers (Möller 2010).

Detailed accounts of the crisis management in manufacturing have been given elsewhere (Bispinck and Dribbusch 2011; Dribbusch 2012; Herzog-Stein et al. 2018). As early as 2012 employment in metal manufacturing had regained its pre-crisis level, as had IG Metall’s employed membership. This was achieved by a mixture of economic stimulus packages, the quick extension of short-time working, an extensive use of internal and external flexibility and, last not least, a portion of luck when the slump in European exports was overcompensated by those to overseas markets, in particular in East Asia (Lehndorff 2015). All that did not happen without conflicts (Schwarz-Kocher 2014), but the overall perception of IG Metall was that the ‘crumbling pillars of social partnership’ (Streeck and Hassel 2003) had shown some unexpected potential for revival (Wetzel 2013: 13–18). The ‘crisis corporatism’, as it was termed by Hans-Jürgen Urban (2015), shared with previous corporatist arrangements the overlapping interest of union and employers to defend the competitiveness of German industry (Esser 1982: 260–262). At company level it was built on ‘coalitions of competitiveness’ (Rehder 2002) of the 1990s. Many ‘pacts of employment and competitiveness’ (PECs) concluded long before the crisis were now renegotiated under different terms.

The corporatist crisis management by works councils and employers at plant level frequently followed a ‘selective corporatism’ (selektiver Korporatismus), a pattern
Esser (1982) had found in the restructuring processes of the late 1970s. The focus was on the employment interests of the core workforce, while those of temporary agency workers found much less representation (Behruzí 2015: 208–226). IG Metall was well aware of this. A price for crisis management, however, was also paid by those who kept their jobs. The cost-cutting strategies of the crisis years were not only continued but partly deepened by employers, just as critical observers within IG Metall had predicted (Ehlscheid et al. 2010). What proved to be particularly important for the years after the Great Recession, however, was a paradoxical implication of crisis corporatism: while before the crisis the main emphasis of employers’ strategies and labour market policies had been on pushing external flexibility, internal flexibility proved to be the single most important lifebelt during the crisis, which allowed for a rapid recovery from the second half of 2009 onwards (Lehndorff 2016; Herzog-Stein et al. 2018).

The success of ‘crisis corporatism’ remained restricted to the immediate business and employment interests in German metal manufacturing. None of the wider political demands IG Metall had tabled in 2008/2009, such as the proposal of a public fund for investments, a re-regulation of agency work and a significant extension of codetermination rights, were picked up by the ‘grand coalition’ and its conservative-liberal successor, which came to power in late 2009. A broader political mobilisation of members for these demands had not taken place either. Despite all their shortcomings, however, crisis corporatism and company-level crisis management retain a firm place in the collective memory of IG Metall. ‘Germany’s jobs miracle’ helped the union to gain new prestige and self-confidence, which gave a tailwind to inner-organisational reforms focused on organising initiatives (Schmalz and Thiel 2017). And although on closer examination the period of tripartite consultation and state intervention was a short-lived marriage of convenience (Ohl 2011) it is perceived by the union as a pattern to return to in the future if needed.

3.2 The service sector in times of recession and austerity

In comparison with manufacturing the Great Recession had much less immediate impact on the service sector. Thanks to extensive state guarantees the banking sector was stabilised in autumn 2008, at least for the moment. Transport and logistics suffered from the 2009 slump in production. Some department store chains already in trouble before the crisis faced additional difficulties as access to loans became more difficult. But all these problems were perceived as comparatively marginal compared with those of the car industry. Finally the public sector was largely unaffected by the Great Recession. In contrast to other European countries, the German public sector had already been subject to austerity policies even before the crisis (Keller 2013). This made ver.di in comparison to IG Metall largely a bystander in national crisis management, even though the union had already presented extensive proposals to re-regulate the financial market in September 2008 (Uellenberg-van Dawen 2009).

As the service sector was rather in the shadow zone of the Great Recession unions were able to successfully mobilise public support for their demands amidst the crisis. This was first demonstrated when in June 2009 ver.di called for the first national strike ever in municipal social services and child care. The dispute focused on better
working conditions for staff in social services and in particular child care facilities. It was embedded in a broader union campaign in favour of a financial upgrading of social work and child care, which received great public support. Later in 2009 the employers in the industrial cleaning sector threatened to call off the sectoral collectively agreed minimum wage. The construction workers’ union IG BAU, which negotiated those wages, received widespread sympathy from a public concerned about low pay when it called for the first national strike of cleaners in Germany. It was less the direct impact of the strike than the public pressure which led employers to finally give in and to agree to the renewal of the collective agreements at higher rates of pay.

However, while these disputes went comparatively well the privileged political treatment of the car industry became visible in 2012 when one of the largest employers in retail, the Schlecker drugstore chain, declared bankruptcy in 2012. More than 20,000 retail workers, almost all of them women, were immediately threatened with redundancy. Despite intensive lobbying and public campaigning of ver.di the conservative-liberal government which had come to power in 2009 refused any meaningful intervention. Unlike the automotive industry in 2009 the Schlecker bankruptcy was not perceived as essential to the economy. A broader social movement which might have been able to enforce government action did not materialise despite some local efforts and public sympathy with the ‘Schlecker women’ (Neumann 2014).

While IG Metall made headlines with its industrial policy ver.di was at the core of the tertiarisation of industrial conflict; that is, the shift of industrial action from manufacturing to services, which took off in the mid-2000s (Bewernitz and Dribbusch 2014). The fact that ver.di was more often involved in industrial action than IG Metall is related rather to different characteristics of their respective organising territories than an expression of fundamentally different approaches. Both IG Metall and ver.di regard the strike as a regular part of their repertoire of action. But industrial relations in the service sector have become less stable and are much more fragmented than in manufacturing (Dribbusch and Schulten 2007). Ver.di is heavily confronted with the consequences of privatisation of former public services and has to tackle employers who opt out of sectoral collective agreements or, like mail-order giant Amazon, simply refuse to even enter into collective bargaining (Boewe and Schulten 2015). The latter conflict still dragged on in 2016, highlighting the difficulties experienced by the union in defeating a powerful and determined employer in a difficult organising territory. Big retailers such as Aldi, Lidl and the EDEKA group have neither works councils nor union presence and overall union density remains low (Dribbusch 2003). The success stories of the union are in health and child care, where the union is better able to convince a wider public that better working conditions for employees are in the general interest.

One very prominent issue was the campaign for the financial upgrading of municipal social services and child care professions in 2015, which built on the 2009 mobilisation (Kutlu 2015). The union’s popular argument was that employees who care for people should not be paid less than those who care for machines. The dispute was accompanied by a high degree of rank and file participation and many lively and also controversial debates. When after four weeks of strike action the leadership was prepared to settle for a compromise the vast majority of members rejected it and enforced further negotiations.
Like similar union campaigns in health care it received broad public sympathy as these services are considered to be essential. ‘More of us is better for all’ is the slogan of a ver.di campaign in health care which is widely shared. The common denominator of successful public mobilisation is that the issues at stake are related to normative questions such as ‘fair pay’ or ‘social justice’, which have apparently facilitated public mobilisation since the second half of the 2000s (Wiedemuth 2016). However, when public employers cannot dismiss demands for fair pay they point to restricted budgets and the solidarity of the public is challenged the longer public service disputes last. Industrial disputes in the public sector, therefore, touch the fundamental political question of public austerity. The logic of austerity had become a common political creed when in 2009 German Christian and Social Democrats, Liberals and even the majority of the Green Party agreed to give spending caps and debt ceilings constitutional status at national and federal state (Länder) level. This so-called ‘debt brake’ was later exported to the EU, enshrined in the ‘Fiscal Compact’ in 2012. Directly affected by the ‘debt brake’ ver.di appealed in June 2012 to all members of the German parliament not to pass the subsequent legislation, which was nevertheless adopted by a 80 per cent parliamentary majority.

3.3 Mobilising for social justice – campaigning against low pay and agency work

The so-called ‘Hartz-reforms’ of the early 2000s had deregulated temporary agency work and given an additional boost to the low wage sector. The growing pressure on employment standards from the fringes of the labour market triggered widespread public concern about social insecurity and the working poor. It was against this background that the union campaigns for a national minimum wage and a re-regulation of agency work gained increasing popular support.

3.3.1 The campaign for a statutory minimum wage

The introduction of the statutory minimum wage with effect from 1 January 2015 brought to an end Germany’s peculiar status as one of the few European countries without a national minimum wage (Schulten 2014). For ver.di it marked the biggest political success in its short history. The campaign had become a common point of reference for an otherwise largely fragmented organisation. Today reclaimed by all DGB affiliates the minimum wage had initially been a rather controversial issue (cf. Behrens and Pekarek 2016). In particular IG Metall and the chemical workers’ union IG BCE initially saw no need for a statutory wage floor and wanted to keep the state out of wage setting. The credit for initiating the debate goes to the Food, Beverages and Catering Union (NGG) which raised the demand for a statutory minimum wage as early as 1999. The campaign took on momentum when ver.di joined NGG in 2004 but it was only in 2006 that the DGB congress decided to follow and launch a federal campaign. IG Metall eventually joined the campaign. The decisions within DGB followed the realistic assumption that overall bargaining coverage had become increasingly patchy and unions did not have the capacity to close the gaps, especially in those service sectors where wages are lowest.

The Minimum Wage Campaign was built not so much on a mass mobilisation of low-paid workers, who often were out of the direct reach of unions, but rather fought as
a political campaign aimed at winning over the public. This proved to be successful. Shortly before the Bundestag elections in autumn 2009, the support for a statutory minimum wage in opinion polls had increased to 85 per cent, including a majority of conservative and liberal voters (infratest dimap 2013). Public support, however, is one thing; to turn this into political support another. A turning point was that the Social Democratic Party, following a major defeat in the 2009 national elections, started to reconsider their social appeal and in 2010 adopted the demand of the DGB for an hourly minimum wage of €8.50. The ‘social’ wing within the Christian Democratic parties also opened up to the introduction of a statutory minimum wage. When the (neo-)liberal Free Democratic Party (FDP) fell below the threshold for parliamentary representation in the 2013 Bundestag a major political obstacle was removed. The introduction of a national minimum wage was a major precondition by the Social Democrats to enter into the Grand Coalition government which emerged from the 2013 elections. Although the final legislation foresaw a number of exceptions it was finally welcomed by the DGB affiliates. In 2018 the minimum wage is widely regarded as a success story (even though more and more information about illegal breaches is being brought into the public domain), not least because the apocalyptic effect on the labour market which had been predicted by its opponents did not materialise (Amlinger et al. 2016).

The importance of the campaign for German unionism was threefold. First it was a discursive success on the part of the unions to win over a majority of people for a key trade union demand. Second, the minimum wage debate returned the focus of the public and the unions to such issues as low wages and precarious employment. This in turn has had positive repercussions for collective bargaining in formerly unregulated industries, such as meat slaughtering and others where unions so far had neither organisational nor institutional power (Wiedemuth 2016). However, the statutory minimum wage is also proof of the lack of employees’ bargaining power in much of the service sector. Where there is no meaningful union presence free collective bargaining (Tarifautonomie) becomes redundant. Public and state intervention is required if a race to the bottom is to be avoided. This continues to be a major difference between much of the service sector and manufacturing, at least in western Germany. This difference explains why a second national union campaign which ran parallel to the minimum wage campaign took a different way.

3.3.2 IG Metall campaign on agency work

The DGB long refused to conclude collective agreements on temporary agency employment so as not to confer legitimacy on it. This position changed in the 1990s, not least because it was clear that banning temporary agency employment was simply not an option politically. When the ‘Red-Green’ government deregulated agency work in 2002 it accepted the EU directive on equal pay but included an opening clause in the Temporary Employment Act which allowed deviations from equal treatment by way of collective agreement. This was finally accepted by the DGB unions. While they accepted that a strict introduction of equal pay might lead to the collapse of the agency industry they also saw a chance to collectively regulate this form of employment (Aust et al. 2007). Their aim was to bridge the gap between agency pay and the rates in the hiring companies by way of specific collectively agreed supplements. This strategy quickly failed at the beginning of 2003 when the CGB concluded a collective agreement which
undercut the rates envisaged by the DGB affiliates (Benassi and Dorigatti 2015). The DGB affiliates, including IG Metall, finally agreed to a collective agreement which only gradually improved the poor levels set by the CGB. The shortcomings of this approach and the fact that DGB unions had been trapped by the opt-out clause for the benefit of a ‘yellow union’ were reflected in the soaring number of agency workers in metalworking. Low wage agency work became a permanent feature of employment in core operations, too. Thus IG Metall realised its limited influence vis-à-vis the rise in precarious employment and revised its strategy.

In April 2008 the union launched a campaign, ‘Equal work, equal pay’ focussing on organising agency workers at their workplaces. To put this novel approach into practice required getting the works councils on board. Some works councils felt uncomfortable about this as agency workers were often not regarded as part of the constituency but rather as an external buffer which helped to protect the core employees (Hassel 2014). Thus, IG Metall had to tackle a strategic problem whose rise in importance had been tolerated by many of its establishment level activists as the most acceptable of all bad solutions.

Parallel to these workplace initiatives IG Metall pursued a collective bargaining strategy in combination with a public campaign and an organising campaign. Tens of thousands of agency workers joined the union not least in the hope of receiving support for permanent employment. At the local level, by 2012 over 1,200 works agreements had been concluded by works councils to improve conditions for agency workers (Benassi and Dorigatti 2015: 547–548). At sectoral level, in 2010 a collective agreement in the steel industry secured (almost) equal pay for agency workers. In the much larger metal working industry the union pursued a strategy of parallel negotiations with employers’ associations in the agency industry and those in metal working. In the end two packages of agreements were concluded in 2012. The one signed with the agency industry provided that temporary workers were to receive an on top payment worth between 15 and 50 per cent, depending on length of service in any hiring company in the metal industry. According to IG Metall this meant that agency workers could reach about 97 per cent of the wage floor in the industry. A parallel package concluded with the employers’ associations in the metalworking industry stipulated that after 24 months of service on the premises agency workers were entitled to be taken on by the hiring company.

The agreements met some criticism within the DGB. Ver.di argued that the agreements effectively diminished the political pressure for a legal re-regulation of agency work without offering a viable way forward for the service industries, let alone the fact that the hiring period of agency workers is on average not longer than three months. IG Metall defended its strategy by pointing to the fact that a broad-based political campaign which had been launched within DGB in 2010 has stagnated and that in particular ver.di had lacked any mobilising capacity when it came to stage national action days. Eventually, similar agreements to those in metalworking were concluded in, for example, railways, textiles, wood and plastics and finally also in sectors represented by ver.di, such as printing (Schulten and Schulze-Buschhoff 2015).

With the advent of the Grand Coalition in autumn 2013 the DGB unions pushed for a re-regulation of agency work. The focus was to introduce a maximum length
of employment, a guarantee of equal pay and an effective prohibition on employing agency workers as strike-breakers. In addition, works councils were to be given more information and codetermination rights, not only with regard to agency work but also for so-called contracts for work and services (Werkverträge) concluded with solo (bogus) self-employed people or firms for the performance of certain tasks and workloads by the contracting party. With regard to the envisaged legal re-regulation of agency and contract work the Grand Coalition agreed on a partial re-regulation in 2016.

The volume of this form of employment had increased substantially after the crisis and partly supplemented the extensive use of agency work. It became a matter of concern for IG Metall when employers began to relocate parts of the production process to contract manufacturers, which operated under the collective agreements of logistics and thus outside the scope of those in the metalworking industry. They paid their workers according the lower rates of the logistics industries. Here comparatively poor agreements reflected the difficulties experienced by ver.di in organising in an industry where employers used to specialise in transport and storage but had rapidly diversified into contract manufacturing. This development led to a bitter dispute with ver.di when IG Metall publicly announced in 2011 that it would challenge the traditional boundaries between the two unions and claimed sole responsibility for all operations along the value-chain of the metalworking industry (Wetzel 2011). The conflict escalated and increasingly poisoned relations within the DGB. It was eventually settled in late 2015 with agreement between the two about union representation in contract logistics.

To sum up: both the minimum wage campaign headed by ver.di and the campaign by IG Metall to improve wages and conditions for agency workers showed that the German unions were able to reach out beyond their core constituencies. The minimum wage campaign had a clear focus on legal change. It was won because the issue was widely perceived as a ‘fair cause’ in conjunction with growing concerns about poverty wages. A distinctive feature of the IG Metall campaign was that it combined organising activities on the ground with an industry-wide bargaining strategy and a social justice campaign aimed at the wider public.

4. Conclusions: trade unions facing the need to build bridges

In terms of the political balance of power the early 2000s were a particularly difficult and defensive period for trade unions in Germany. Contrary to the unions’ hopes they lost their traditional ally when the SPD-led Red-Green coalition sidelined the unions on core social issues. Labour and product market deregulations and welfare state retrenchments, alongside the ongoing decrease in union density and collective bargaining coverage were topped, in the first half of the 2000s, by major political setbacks, such as the failed IG Metall strike for the 35 hour week in eastern Germany, the soaring number of local deviations from sectoral collective agreements in manufacturing, and an ever more aggressive austerity policy which pushed ver.di onto the defensive in its remaining strongholds in the public service. Centrifugal tendencies in industrial relations made it increasingly difficult to ‘hold the shop together’ (Silvia 2003).
In this situation the Great Recession marked a certain turning point. In contrast to many other countries in Germany it did not lead to a further weakening of the unions but turned out to be an opportunity to revive their position. This was possible through a reactivation of exactly those elements of the German model that had survived the neoliberal-inspired destructive zeal of the pre-crisis period. What is more, unions were able to run some prominent campaigns which gained broad public support. By fighting for equality and decency in the labour market they could demonstrate that they did not just care for their core constituency but for society as a whole. Improving their image in the public increased their acceptance in the political sphere.

This gradual comeback of German unions was favoured by a comparatively good economic performance that pushed down unemployment, thereby improving the unions’ structural power. Germany entered into a virtuous circle of higher wage increases, which fostered growth of the domestic market, thereby stabilising the economic recovery and leading to increasing employment (Horn and Herzog-Stein 2013). This dynamic developed in contrast to what has been imposed by EU bodies – under the increasing dominance of German governments – on weaker economies since 2010 within the framework of the ‘new economic governance’.

This development is, however, far from being sustainable. Although the domestic sector has recently gained some ground, Germany is still relying on a rather unbalanced export-led growth model with continuously excessive trade and account surpluses. This makes the German economy still highly vulnerable and largely dependent on the international economic environment. What is more, the euro crisis is rooted in strong economic imbalances and deepened by the austerity approach adopted by the EU and its core countries. All this can harm the trade unions’ regained structural power.

The same applies to institutional power. The first attempts to re-regulate the labour market, although welcomed by the unions, have been rather timid and have not curtailed the damage caused by the deregulation of the 2000s. To overcome the growing divisions between standard and precarious employment would require substantial legislative steps towards a ‘new labour market order’ (Bosch 2015: 497 [our translation]).

As far as the unions are concerned they stopped the erosion of neither workplace representation nor collective bargaining coverage. Aware of these challenges German unions have taken two initiatives that might shape the forthcoming struggles. One is a recent campaign by all DGB affiliates labelled ‘Offensive for codetermination’ (Offensive Mitbestimmung) which aims to enlarge the spread of works councils and to widen their rights (DGB 2016). The other is a joint initiative by the heads of IG Metall, ver.di and the chemical workers’ union IG BCE to strengthen bargaining coverage by a combination of enhanced efforts to force employers back into collective bargaining and demands for new legislation to facilitate the mechanisms to declare collective agreements generally binding (Hofmann et al. 2016).

Although we insisted that there is no such uniform entity as ‘the unions’ in Germany we have hopefully made it clear that, besides differing organising territories substantial commonalities exist between unions in manufacturing and services. The core challenge
for German unions remains to build organisational power by increasing their membership and enhancing their ability to engage in political mobilisation. Most DGB unions are still struggling to stabilise their memberships and stop their decline. The substantial gap between union densities in manufacturing and private services persists. To tackle this gap is more than ever a challenge for all DGB affiliates, demanding joint strategies and coordinated efforts. Given the different cultures and traditions and distinct interests among the DGB affiliates this will not be easy.

However, one of the main challenges for German unions is to build bridges across sectors in order to develop a joint approach for a progressive modernisation of Germany’s socio-economic development model. The core of such a strategy needs to be a more fundamental rebalancing of the German economic development model through a comprehensive strengthening of the domestic sector. As far as the labour market institutions are concerned this requires the support of a higher wage dynamic by means of a substantial re-strengthening of the collective bargaining system, higher increases in the statutory minimum wage and a systematic upgrading of jobs in the service sector in order to revise the large gap in relation to manufacturing. The latter is a challenge not only for ver.di but for all German unions, since the traditional sectoral demarcations have become more and more blurred.

Equally crucial for a turn towards a progressive development model is to replace austerity policy with an increase in public investment, especially in education, social and health services. So far this topic has been raised almost exclusively by the service sector unions. However, different emphases along the borders of industries represented by the respective unions are arguably not sustainable solutions for the future. As much as the ‘Agenda 2010’ made the conflict around primary income distribution more political, the stubborn defence of low taxation and of the ‘debt brake’ (and the EU ‘fiscal compact’ for that matter) by major political actors in Germany confronts the whole trade union movement with the challenge of entering the already political conflict around secondary distribution. The starting point could be the fact that employees in manufacturing industry are also users of the public services that will go to the dogs as a result of austerity. The struggle for high-quality public services would then be a matter for all sections of the trade union movement. It would also entail the need for unions to decide upon their capacities and willingness to act as autonomous political actors, independent of any government coalition agenda.

Last but not least, the question of how to build bridges and develop capacities as autonomous political actors is even more challenging when it comes to the future of Europe. Over recent years, German unions have taken a more and more explicitly critical stance towards the EU’s austerity policy approaches and in particular to the leading role of German governments in this context. They equally oppose the attempts to include unions at EU level in the so-called ‘structural reform’ initiatives. German unions have helped to foster the debates about a large strategic investment programme in Europe (most notably, the DGB proposal of a ‘Marshall Plan for Europe’). However, any such progress in public statements cannot resolve the problem of how trade unions can bridge the gap between the level of EU policies and the areas of conflict they have to confront at national level. As unions in individual countries have no choice but to fight
predominant crisis management policies at national level it is fair to assume that efforts
undertaken at this level are the only possible basis for joint initiatives and campaigns
at European and national levels for social and democratic reforms of the EU. In the
German case, in particular, this means regarding proactive approaches to primary and
secondary distribution as one major contribution to fighting the imbalances in Europe.

Thus, in Europe, trade unions in Germany, as in any other country, are facing the
challenge of building bridges both domestically and across borders. Arguably, given the
gradual revitalisation of German unions over recent years their contribution to greater
progress on this stony path can be greater than in the pre-crisis periods of strategic
setbacks and political turmoil.

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All links were checked on 20 April 2018.