1. Introduction: return of the state and the trade unions

States and trade unions play a key role in the European employment model. In terms of their capabilities, however, neither have been in particularly good shape for some time. There has been a broad consensus in the literature that the pressure for change to which they were subjected in the course of the transition to deregulated financial market capitalism forced both onto the defensive. This applies both to welfare states (see Bosch, Rubery and Lehndorff 2007a and b; Pierson 2001) and to trade unions (see Brinkmann et al. 2008; Dörre 2010).

When crisis struck global financial market capitalism, however, both the state and the trade unions appeared to make a political comeback. Many states demonstrated unanticipated capabilities. Economic stimulus packages, encroachments on capitalist property rights and measures to restructure the financial sector were just some elements of a new state interventionism practiced by governments across the political spectrum (Hassel and Lütz 2010; Mayntz 2010). At the same time, social dialogue gained in importance within the framework of state crisis policies (Glassner and Keune 2010a and b; Hyman 2010a). In some countries cuts in working time, wage moderation measures and flexibilisation of remuneration contracts were agreed backed by statutory provisions and state compensation payments. This negotiated response to the crisis made it possible to ensure that companies remained in business and employment was secured. In the political arena amenable trade unions often encountered cooperative government policies (Hyman and Gumbrell-McCormick 2010a). On occasion the trade unions were able to play an influential role in these social pacts. This was the case in Germany, for example, whose crisis-policy model is the focus of this chapter. The German trade unions were a decisive factor in the ‘German labour market
miracle’ (Möller 2010), which made it possible to stabilise jobs, enterprises and value creation in the industrial sector, although the slump in production and orders was particularly sharp. This success prompted a debate on a possible trade union renaissance, giving rise to new academic interest (see the special issue of Industrielle Beziehungen 4/2012) and to new recognition among functional elites (Urban 2010a).

Underpinned by a new strand in international trade union research and by observations of developments in Germany we shall argue that although corporatist arrangements, as elements of a national crisis corporatism, entailed high costs, they proved effective for trade unions that had become rather short on political muscle. It may be doubted, however, that the new social pacts represent an appropriate institutional framework for future interest representation and a sustainable organisational revitalisation of the trade unions. For the trade unions a strategy of autonomous revitalisation would appear to be more promising, although to be sure this entails a revival of trade union power resources and a strengthening of trade union negotiating and organisational capabilities.

The chapter is structured as follows. A brief outline of the power resource approach in revitalisation research (Section 2) is followed by a presentation of the German social pact and an attempt to formulate a number of generalisations based on the thesis of the new crisis corporatism (Section 3). Complementing these considerations we outline examples of successful trade union revitalisation, which, with reference to IG Metall, lead us to posit the notion of successful organisational learning (Section 4). After noting the requirements and limitations entailed by the emerging regime of precarious authority in Europe, we discuss a number of conclusions for trade union practice and touch on some open research and strategic issues.

2. Power resources and trade union revitalisation: theoretical context

Trade union research in Germany has concentrated mainly on spelling out the crisis dimensions of the trade union situation; there has been less attention to the options and requirements of trade union recovery. Gradually, however, a new strand of international trade union research, known as the ‘strategic unionism approach’, has emerged, which has become a branch of research in its own right in the form of ‘labour re-
vitalisation studies (Voss and Shareman 2000; Frege and Kelly 2004; Huzzard, Gregory and Scott 2004; Dörre 2008; Gall 2009; Haipeter and Dörre 2011; Gumbrell-McCormick and Hyman 2013; Schmalz and Dörre 2013). According to this new approach even under financial market capitalism the trade unions find themselves in an open, undetermined situation. Rather the economic, social and political/cultural contexts articulate a realm of possibilities with a diversified opportunity structure. This makes a range of strategic options available to the trade unions, which vary in terms of their potential with regard to the envisaged revitalisation (Huzzard 2004). In the words of Hyman and Gumbrell-McCormick (2010b: 327), ‘Hard times can often result in strategic paralysis, but can also be a stimulus for the framing of new objectives, levels of intervention and forms of action’. Successful selection of strategic options and viable engagement in innovative practices, however, require a realistic assessment of the context for action, action strategies adequate to meet the challenge and sufficient implementation capacity (‘strategic choice’, see also Child 1997).

Whether the available options can be exercised, however, depends not least on power. Power can here be understood to mean the capacity of individuals and organisations to realise class interests. One can distinguish here – with reference to E.O. Wright (2000) – between structural and associational power. The former arises from the position of wage earners in the labour market (‘labour market power’) and within the production process (‘production power’). Associational power, by contrast, arises when wage earners form collective organisations, in terms of which the trade unions are the key actors in political interest representation. In the course of the debate institutional power introduces a further dimension of trade union power (Dörre 2009). This is based on trade unions’ position within the institutional arrangements of the welfare state. It is also determined by the social balance of power between the state, capital and labour, which tends to remain stable despite brief cyclical fluctuations. A fourth dimension, finally, is the communicative power of trade unions, which might be termed trade union ‘soft power’. This comprises the ability to intervene successfully in hegemonically pre-structured public spheres. Communicative power is discernible in the conflict concerning ‘opinion-making’ and the ability to obtain societal recognition of one’s interests (Urban 2010b: 444).¹

¹. For further development of the power resources approach see the contributions in Schmalz and Dörre (2013).
3. Trade union interest representation and the crisis of European financial market capitalism

In the transition to deregulated financial market capitalism the trade unions lost power in every dimension (Addison and Schnabel 2003; Brinkmann 2008; Dörre 2010; Urban 2010b, 2013a and b). Even though developments in individual countries varied depending on the politico-economic and institutional contexts, overall the trade unions were weakened by the great crisis.

3.1 A success model and its costs – the case of Germany

Germany was no exception, but the German variant of negotiated response to the crisis is held up as a success story. In essence, it involves the involvement of the trade unions in a state crisis strategy to stabilise industrial employment and value creation, but oriented towards easing enterprises’ financial burden and largely refraining from imposing the costs of the crisis on financial market actors. What the state offered the trade unions initially came as something of a surprise because it came from a conservative-led government coalition. The Agenda 2010 policy of a previous Social Democrat–led government and its at times aggressive policy of confrontation with the trade unions appeared to confirm the thesis of a ‘disengagement’ between the trade unions and the Social Democrats (Piazza 2001) and the end of German corporatism. However, even before the Bundestag election of 2009 the Grand Coalition was making political overtures to the trade unions. A new inverse lobbying was discernible. While in traditional lobbying social organisations seek to pursue the interests of their clientele by influencing state decision-making, in inverse lobbying the main stream of intended influence flows in the other direction. The initiative was taken by the political parties or government representatives. Such a strategy seemed at first sight to be more attractive to party and government representatives of the SPD. The termination of the ‘special relationship’ between the trade unions and Social Democrats had not done them any good at all, as disastrous opinion polls and election results prove. However, under Chancellor Angela Merkel evidently the ‘social democratisation’ of the CDU/CSU and its repositioning towards the centre went hand in hand with a corporatist revival. As a result, the trade unions re-emerged as a potential resource in support of CDU/CSU policy strategies and stabilising political majorities (a ‘vote seeker’ function). Under pressure of the crisis and the
conflict potential of the adopted crisis policy inverse lobbying recommended itself as the core of a cross-party tripartite social pact.

It is no easy matter to determine the outcome of the German response to the crisis from a trade union standpoint. On the plus side, one might mention the success in securing employment and the enhanced public esteem for trade unions. Even among critics of corporatism trade union leaders and policies in the tripartite negotiating rounds were acknowledged. ‘They proved themselves as crisis managers and in the course of political horse-trading won concessions (generous rules on short-time working, scrappage premiums) and outcomes (securing core workforces) that were not achieved in other countries even with militant protests’ (Dörre 2011: 268; also Gumbrell-McCormick and Hyman 2013). Clearly, the new social pact, made necessary by the crisis, opened up new channels of influence to the trade unions, which they were able to use in pursuit of their interests (Urban 2010a and 2013). However, it came at a price. For example, securing jobs by cutting working time entailed a reduction in temporary jobs and considerable concessions on the part of the core workforce with regard to wages, performance and working conditions. Besides relatively low nominal collectively agreed wage increases the tendency was for collective bargaining periods to increase and for agreed wage increases to be delayed. Lump-sums and one-off payments also increased, moderating future wage increases (Bispinck 2011). At the same time, employment security was linked to accelerated enterprise restructuring, leading to far-reaching performance intensification and an adverse impact on workers’ health (Schröder and Urban 2011). Furthermore, this policy model did not prove amenable to realising some of the essential aspects of the trade union strategy for tackling the crisis. This includes IG Metall’s demand for a public equity fund, to be based on a levy on private wealth and to be used as an instrument of crisis-policy intervention in the system of property ownership and the necessary structural change (Urban 2009). This was not feasible, however.

Looking at the German social pact from a power-resource perspective it is clear why the trade unions had to pay a high price to secure employment and why more far-reaching trade union demands were not achievable. Corporatist negotiation systems are based on the principle of political exchange (Hassel 2009: 9–10). Thus success is generally not possible without concessions. As a consequence, the inherent logic of negotiation operates as a demand filter, which winnows out the demands of a corporatist actor that conflict too sharply the interests of the others.
Which set of interests and demands ultimately prevails depends, to be sure, on the negotiating skills and institutional rules of the exchange, but above all on the endowment of negotiating clout. The German social pact, too, follows this logic. Thus workforce retention – for example, by means of short-time working – and maintenance of industrial value creation (for example, by means of the ‘scrap age premium’) were in the interests of the trade unions and the employers’ organisations, as well as a government concerned about popular support. These aims were thus capable of gaining a consensus and implementable, forming the basis for ‘discourse and decision-making coalitions’ encompassing a range of actors (Hegelich 2010) who paved the way for these demands, in the general interest. The situation was different with regard to the demand for a public equity fund. This was not in the interests of all the relevant actors and thus agreement could not be reached. The public equity fund would have represented a structural intervention in the crisis conflicting with the rules of the economic mainstream. This was considered indispensable by the trade unions and some sections of the general public, but clearly was anathema to the asset and power interests of the capital organisations and an economic-liberal government pursuing its own brand of Ordnungspolitik (in a 2012 speech German finance minister Wolfgang Schäuble defined Ordnungspolitik as ‘economic and fiscal policies that are consistent with the principles of markets and competition’). This proposal thus didn’t even make it onto the agenda of the negotiation rounds.

3.2 A new crisis corporatism?

The German social pact thus brought the trade unions considerable defensive successes, but also substantial costs, while some of their more far-reaching demands were thwarted. However, it was not only in Germany that negotiated solutions to the crisis and a new dynamic of wage and working-time moderation prevailed (see, for example, Hyman 2010; Glassner and Keune 2010a and b). This revival of social partnership and social pacts can also be understood as a further stage in the metamorphosis of the classic corporatism of the social democratic/Keynesian period (Schmitter and Grote 1997; Traxler 2004; and for a critical view, Hassel 2009: 13).

In the latest research particular attention is paid to the significance of the power resources and interests of the state, trade unions and organisations representing the interests of capital, on the basis of which
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Corporate actors define their strategic preferences (Boccaro 2008; Hassel 2009). The macroeconomic aspect is particularly highlighted in this context. Analysis was improved by distinguishing between ‘policy interests’ and ‘power interests’. Both can be given different strategic weight (Hassel 2009: 9–13). While policy interests give rise to strategies orientated towards the solution of political problems or the achievement of political goals, power interests primarily promote strategies for stabilising a government’s political power or the organisational power of associations. From the standpoint of the state it has an interest in cooperating with the trade unions if the inclusion of the latter can help to solve important economic or social problems; or if the trade unions can and wish to help to obtain public acceptance of government actions or increase their electoral chances. A strategic interest in social pacts on the part of trade unions arises when trade union capacities extend to mobilising some sort of veto or blockade against the government, but not to obtaining higher wages, secure employment and generous social transfers via confrontation. Also relevant is whether representing members’ interests in social pacts can contribute to trade union stability. In this context

**Table 1 Variants of corporatism**

<table>
<thead>
<tr>
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<th>Social corporatism</th>
<th>Competitive corporatism</th>
<th>Crisis corporatism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Periods in financial capitalism</strong></td>
<td>Preliminary period</td>
<td>Development period</td>
<td>Crisis period</td>
</tr>
<tr>
<td><strong>Distribution regime</strong></td>
<td>Symmetrical (classes) distribution compromise between labour / capital / state</td>
<td>Tendency towards asymmetrical distribution in favour of capital and at the expense of labour and the state</td>
<td>Structural-asymmetrical distribution in favour of financial capital and at the expense of labour, the state and real capital</td>
</tr>
<tr>
<td><strong>Normative model</strong></td>
<td>Redistribution / solidarity</td>
<td>Competition / solidarity</td>
<td>Social pacts as communities of acute need</td>
</tr>
<tr>
<td><strong>State type</strong></td>
<td>Welfare state</td>
<td>Competition or market state</td>
<td>Crisis state</td>
</tr>
<tr>
<td><strong>Trade union type</strong></td>
<td>Distribution / actor</td>
<td>Competition / partner</td>
<td>Crisis / facilitator</td>
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</tbody>
</table>

Source: Author’s presentation.
actors’ interests and strategic preferences, and thus also stability and the durability of cooperative alliances, can change rapidly

Empirical research on social pacts has revealed striking differences between Länder in the formation of corporatist arrangements before the crisis, but also similarities. The similarities were relatively independent of institutional contexts and political traditions. The description of these competitive-corporatist alliances as ‘coalitions of the weak and the moderate’ refers to the actors’ endowments of power and strategic calculations (on this see Boccaro and Lim 2006; Baccaro 2008). Weakened governments that, due to globalisation, the electoral system or powerful veto players are unable to solve problems alone come together with trade unions that have lost negotiating clout due to falling membership and general changes in the economy and politics, but which nevertheless retain a certain capacity to mobilise and thus a veto power. Trade union decisions in favour of participation in social pacts were often preceded by considerable internal struggle, in which ‘moderates’ won out over ‘radicals’ and took over the strategic direction of the organisation. The employers’ organisations’ willingness to engage depended on their expectations with regard to the outcome of the social pacts and sometimes proved important not for the coming into being but definitely for the stability of such pacts.

The crisis of financial market capitalism has generated a new macroeconomic context that shapes the actors’ interests and viability. This applies, on one hand, to the economy, in view of the sheer scale of the fall in capacity utilisation and production. But it also applies to the state. The new state intervention exhibits a number of substantial differences in comparison with that of the welfare-state era. Nationalisation, economic stimulus and market-correcting regulation took place under the coercion of a severe financial and economic crisis and served the primary purpose of stabilising the country as a financial centre and business location. At the same time, the relevant objectives could be achieved only by means of intense cooperation between nation-states, which in turn limited the capabilities of individual states (Hassel and Lütz 2010). Finally, these ad hoc interventions, which sought to stabilise the economy and the financial system by means of extensive spending programmes and compensation for losses due to private debt, put considerable strain on the state’s financial capacities. As a result of the ‘biggest rise in debt in peace time’ (Wagschal and Jäkel 2010) caused by the crisis most governments not only violated the deficit and debt guidelines of the European Growth and Stability Pact (Streeck 2013: 141–224), but also heightened
polarisation between the euro-states: while countries such as Germany were able to reduce their interest burden because of falling interest rates with regard to the refinancing of public debt, thereby provoking a beneficent response from the financial markets (Bundesbank 2013: 47–67) the public budgets of other countries staggered under the additional weight imposed by exorbitant interest rises.

These particular features suggest that state crisis policy based on cooperation with the trade unions was not merely a warmed up version of pre-crisis competitive corporatism. We shall call the arrangements that emerged from this new constellation ‘crisis corporatism’. In Germany the new corporatism, while certainly in the corporatist tradition, differs somewhat from previous incarnations (see Table 1). The social corporatism of Fordist capitalism functioned on the basis of more or less equal actors who resorted to negotiating symmetrical class compromises in the event of conflict. The interests of all the relevant actors had to be acknowledged. The state acted as market-correcting welfare state and the trade unions were the distribution agents of wage earners. The redistribution of market-mediated income streams was largely recognised as a necessary requirement of solidarity. The subsequent competitive corporatism developed during a period in which the Fordist welfare state model of capitalism had come under pressure to change, both internal and external. The transnationalisation of the economy expanded companies’ range of strategic options to include relocation and thus strengthened their negotiating clout in relation to both states and trade unions. The interest of wage earners in redistribution became increasingly subordinated to the competitive interest of companies. The state, whose hand had been weakened with regard to the economy, switched focus from a demand-oriented redistribution policy to a competition-oriented supply-side policy (the ‘market state’). For companies, boosting competitiveness takes priority over redistribution, which means that the interest of the workforce in distribution can be satisfied only within the framework of additional competitive gains. This new ‘competitive solidarity’ (Streeck 2000) also subordinated workplace and trade union interest representation, which was not to deny their contribution to company survival in a situation of tougher international competition.

The tripartite alliance that emerged in Germany during the crisis differs significantly from both social corporatism and competitive corporatism. It is plausible to call it a new ‘crisis corporatism’. First, the acute crisis
of financial market capitalism represents a specific macroeconomic context, which differs fundamentally from the period of prosperity and has changed the interests and power resources of corporatist actors. The state, the trade unions and companies in the real economy have come together under pressure from the crisis shock to defend themselves against the mechanisms of the financial markets and the lobbying power of their key actors. Crisis corporatism represents an alliance of the weak who consider enterprise and political social pacts as emergency alliances in response to the crisis. This has shaped the policy outcome. Although at the height of the crisis the employment interests of the core workforce were defended relatively successfully a willingness to lay off non-core employees – especially temporary workers – concessions on pay, working time and working conditions by the core workers and the refusal by financial market actors to bear their share of the costs of the crisis make it clear that the distribution interests of wage earners in this alliance remain largely subordinate. Although – as usual – the aggregate wage share briefly increased at the height of the crisis and thus the relative distributional position of wage earners, this development does not reflect any gain in distributional power on the part of the trade unions, but rather a rapid decline in profits in the real economy due to the crisis. Even though this development was reversed as early as 2010, companies in the real economy were not the main beneficiaries, in contrast to the arrangements of competitive corporatism. Rather the dominant crisis policy was accompanied by a value creation transfer from the real economy to the financial economy, resulting in a slump in industrial profits and an explosion of public debt. Government policy was not oriented towards the goal of sustainable improvement of competitiveness but towards the ad hoc stabilisation of companies and as much as possible avoided any regulation of the financial economy. The trade unions and works councils acted as facilitators in companies’ urgent fight for survival, which participants and the public alike perceived as emergency alliances in an intensified crisis situation.

4. Stabilisation by professionalisation? Attempts to revitalise power politics

As things stand at the moment we can say that, although the costs and restrictions characterising the inclusion of the trade unions in crisis corporatism cannot be underestimated when drawing up a balance of trade union crisis policy the crisis social pact also furnished the trade
unions with channels of influence that they were in a position to use even with the level of organisational and lobbying clout they currently possess. Whether a rejection of corporatism and a strategy of confrontation would have brought the emaciated trade unions higher dividends is doubtful, especially if one compares developments in other countries. As recent research shows, even before the crisis trade union militancy and political strikes were not always part and parcel of a trade union campaign, but rather a reaction to governments’ refusal to cooperate (Kelly, Hamann and Johnston 2013). Even in the crisis – not least because of the trade unions’ inadequate power resources – the ‘limits of radicalism’ were evident (Gumbrell-McCormick and Hyman 2013: 77).

Nevertheless, the manifest limits of militant conflict strategies on the part of weakened trade unions should not lead us to underestimate their organisational power and readiness or willingness to engage in conflict. Interpreting trade union participation in the social pact as evidence of weakness and helplessness is a misunderstanding of the logic of corporatist negotiations. Even under the conditions of such a severe capitalist crisis the inclusion of trade unions in corporatist alliances requires a minimum level of mobilising and negotiating power. Weakened trade unions without veto power are not included, but marginalised, as developments in a number of neighbouring countries show (see Lehndorff on trade unions in this volume). Ultimately, we can conclude, any decision on whether to pursue a cooperative or a conflictual strategy depends on an adequate level of organisational power. In its absence neither have good prospects. This points to the centrality of organisational and negotiating power as a condition of strategic decision-making.

4.1 Systematic recruitment and retention

This realisation seems evident among trade union strategy-makers. After a period of eroding trade union power IG Metall, for example, has been able, both during and since the crisis, to stabilise and expand its power resources.

The first strategic element of this revitalisation strategy involves systematically upgrading recruitment and retention of members in trade union practice. As a result of the crisis in 2009/2010 employment fell in the metal and electrical industry as production slumped. This accelerated IG Metall’s membership losses, which instigated a broad internal debate. In
order to stabilise the membership base the issue of membership became the focus at all organisational levels and in relation to all standard tasks, projects and activities. Resource utilisation was restructured in support of these measures. Development work on recruiting new members (or groups of members) now ranges from the systematisation of first contacts with workplaces and employees through the expansion of the existing workplace presence to member-oriented conflicts for the purpose of collective bargaining coverage.

Another key element of membership-related activities was the extension of opportunities for participation by employees and members, for example, through new forms of approach or regular, issue-related member or works council surveys. In this context a specific variant of trade union organising plays a key role. Organising is conceived here as a participation-, member- and conflict-oriented approach to the implementation of so-called ‘development projects’ and thus to strengthening organisational power. These efforts are supplemented by concerted efforts to reduce membership turnover. Thus local organisational units (‘administrative agencies’) endeavour to win back former members. Successful approaches are combined and disseminated within the framework of an internal benchmarking procedure, by which the recruitment and retention practices of particularly successful administrative agencies are used as guidelines for all administrative agencies. This takes place within the framework of an annual ‘business plan process’ by which the available financial and staff resources are coordinated with the target figures for membership development and the focus of local trade union policy determined for the coming year. By this and other means it has been possible to halt membership losses and successively to increase membership numbers since 2011.

4.2 Development work in the problem area of precarious employment

A second element of the revitalisation efforts was directed towards organisational development with regard to precarious employment. In the crisis that began in 2008 the limits of trade union efforts to protect employment became evident in relation to temporary employment. Since

2. For example, substantial funding was diverted via an internal ‘strategic investment fund’ from the executive and other departments to workplace and local recruitment.
deregulation accelerated in the early 2000s temporary work has also expanded in the branches covered by IG Metall. Despite the same performance level temporary workers are paid much less than permanent employees, besides having fewer rights and insecurity of employment. In the current crisis from 2008 almost one-third of temporary employees were laid off in IG Metall’s domain. Not least in response to this development IG Metall launched a campaign under the motto ‘Equal work, equal pay’, in an attempt to make the public more aware of the situation of temporary workers. The campaign was part of a vision of a social restructuring of the labour market, aimed at putting precarious employment into reverse. In this way IG Metall was not only able to step up pressure on political decision-makers, but also to raise its labour market and social policy profile and credibility among both core and peripheral employees. Overall, its campaigning and collective bargaining activities were reflected in significant membership growth, with a particular rise in the organisation of temporary workers from just under 13,000 in 2010 to over 44,000 in 2012.

4.3 Measures against work intensification

A third strategic element is a labour and social policy initiative. During the financial and economic crisis not only were standard employment conditions eroded, but in many companies productivity was increased dramatically by means of work intensification. As a result, there was a significant increase in psychological ill health among the employees. IG Metall responded with a campaign against permanent work intensification (euphemistically known as ‘doing more with less’). Central to this was a demand for the closure of ‘legal loopholes’ by means of a nationwide ‘anti-stress decree’ to protect against psycho-social hazards. These activities were supplemented by a campaign ‘Decent jobs, decent pensions’, whose aim was to disseminate among companies and obtain media exposure for the idea of ‘optional transitions’ to retirement, in which a number of flexible options would be set alongside the uniform retirement age of 67. While pension-law alternatives were raised in the political arena, companies were presented with a demand to adapt the workplace for the sake of ageing employees.

The activities which we have presented here selectively and only in outline raised IG Metall’s profile in terms of interest representation in the workplace and as a social policy actor, both among companies and in
society as a whole.\(^3\) Success was achieved in terms of membership development and presence in the workplace. And even though it remains to be seen how sustainable these successes will be in the inevitable downturns in production and employment in the metal and electrical industry, IG Metall has made real progress in the struggle to come off the defensive.

In other words, upgrading the recruitment issue, representing the interests of precarious employees and initiatives against work intensification have contributed to produce an operational professionalisation and a stabilisation of trade union organisational and negotiating power. These initiatives were based on significant strategic reorientations. In this context IG Metall’s strategic and policy mix can definitely be considered evidence of successful organisational learning. In the context of the traditional routines of an industrial trade union, familiar with its membership bastions in industrial workforces, the systematic development work in relation to precarious employment can be considered a particular strategic innovation. This suggests that the trade unions, even when largely on the defensive, have a range of options open to them, offering them a ‘strategic choice’ by means of which they can make real progress instead of remaining stuck in a rut.

5. Gaps in trade union strategy in the European regime of authoritarian stability

This outline of the tripartite response to the German crisis can (and will) be only a first approach to corporatist developments. The empirical and theoretical diffusion of the social pacts that emerged, not only in Germany, in response to the crisis is ongoing, but far from concluded. Even the current evaluation represents rather a snapshot than verified findings. The same applies to indicators of successful trade union revitalisation efforts, outlined here on the example of IG Metall.\(^4\) However, it is also important to understand that the observations and conclusions presented here are provisional. In other words, we have not answered the question of whether these successes mark the end of trade unions’ being on the

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3. Also important were measures directed towards differentiating in collective agreements between working time (within the framework of the so-called ‘Pforzheim agreement’), workplace resistance to labour cost reductions and relocations (within the framework of the campaign ‘Better instead of cheaper’), as well as activities against deterioration of working conditions in the area of skilled white-collar work.

4. For a new analysis of IG Metall’s organizing activities see Wetzel (2013); on the activities of service sector trade union ver.di see Kocsis, Sterkel and Wiedemuth (2013).
defensive and thus represent a turning point that opens up the prospect of a comprehensive societal, political and economic offensive.

In any case, it would be risky to conclude from the stabilising effects of operational professionalisation that revitalisation will necessarily be sustainable. Complex strategic problems still await a solution and the challenges facing the trade unions’ strategic capabilities are enormous. These problems undoubtedly include the development of new leading economic sectors and employment groups, as well as increasing the level of trade union organisation in all branches. If success remains elusive here then lasting stabilisation of trade union organisational and negotiating power will not be achieved. But as if that was not enough, if one considers trade unions’ future prospects in a European perspective questions of political strategy emerge that have not obtained promising answers in trade union strategic debate thus far. Considering the debate in Germany, one might mention the low status accorded to the equally crisis-plagued developments at the European level. Although in research on integration European unification is analysed mainly as a multi-level process, in which developments at the regional, national and European levels are regarded as interdependent elements of an overall process (see, for example, Jachtenfuchs and Kohler-Koch 2003) this multi-level perspective has as yet barely penetrated research on German corporatism. This European gap is problematic because fundamental decisions are taken at the European level that may have crucial policy implications in the member states.

5.1 New European governance and trade unions

At the end of 2010 the budget deficits and public debts of almost every country in the euro zone violated the stability guidelines of the European economic and monetary system (ECB 2011). In an opaque negotiating process distorted by national interests new economic and financial policy rules were gradually put together. It comprises agreements already reached on European governance and enhanced economic policy coordination, which by way of follow-up to the revised Lisbon Strategy were combined into the ‘Europe 2020’ package. The architecture of the new order is based on two institutional pillars: the first pillar consists of rules on enhanced economic policy governance and budgetary policy supervision in the euro area. This envisages, in particular, measures to boost the competitiveness of economically weaker member states and
the sanctioning of those running budget deficits. The second pillar represents a permanent crisis management mechanism, the European Stability Mechanism (ESM). It is to be activated when a country’s overindebtedness threatens the financial stability of the euro zone overall and imposes strict conditions on the granting of financial aid in the form of loans (Urban 2011 and Urban 2013b: 121–158; as well as Leschke et al. in this volume).

This new institutional regime is working its way into areas of policy and regulation previously reserved to the member states and the social partners. This proceeds, on one hand, by narrowing fiscal options at national level. This illustrates the tendency towards technocratic solutions, which were already inherent in the Stability and Growth Pact within the framework of economic and monetary union (EMU) (avoidance of excessive deficits of more than 3 per cent or a level of public debt higher than 60 per cent of GDP). In the new regime this latent authoritarianism has attained a new quality. As a whole, the new institutional arrangement can be conceived of as a regime of authoritarian stability, which may prove to be economically counterproductive, socially polarising and politically a threat to legitimacy. What is intended to be a programme to stabilise the EU and its monetary affairs may, in the event, serve only to exacerbate its economic and societal problems and result in a precarious stability (Urban 2011). By complying with the conditions imposed with the loans the familiar sequence of problems attendant on procyclical finance policy is set in motion, leading to falling demand and growth. Declining growth, in turn, makes it difficult to obtain funds to refinance debts. This adversely affects the debtor’s creditworthiness, which will immediately trigger a poorer rating by the leading agencies. This drives up risk premiums and interest on capital market bonds and thus the cost of new borrowing.

The new authoritarian regime of precarious stabilisation goes hand in hand with manifold violations of the interests of wage earners and a dramatic deterioration in trade union options. The guidelines for the development of wages, productivity and welfare states make serious inroads into the mechanisms of national relations between capital, labour and the state, subordinating national economic policies and the labour and social constitutions of the member states, across the board, to an excessive emphasis on competition and stability policy (see Schulten and Müller in this volume). This should set alarm bells ringing for the trade unions. In order to reduce budget deficits and public debt states intend
to drastically curtail social protection systems and cut benefits and services. Reduced compensation for life’s contingencies, especially unemployment and incapacity to work, further increases pressure on wage earners and intensifies the ‘reserve army mechanism’ operating in the labour market. This undermines the trade unions’ negotiating power. At the same time, the fiscal restrictions will lead to states ceasing to function as a Wirtschaftsstaat in the positive sense of pursuing economic stimulus, employment and industrial policies for the purpose of stabilising growth and employment, not to mention the inability to implement state tasks within the framework of eco-social structural change. The possibility of lending impetus to growth and employment is being given away. Wage negotiations, conducted hitherto in a spirit of social partnership, will not go unscathed, either. The verbal acknowledgement of protecting the autonomy of the social partners in collective bargaining may soon turn out to be smoke and mirrors in the face of the disciplinary and downsizing logic that is now gaining momentum. The massive contraction of national autonomous collective bargaining systems may be the inevitable consequence.

5.2 The gap in European policy strategy

The trade unions in the EU member states seem ill prepared to meet these risks. Hitherto, their policies have been directed primarily at defending their core membership against infringements of its interests and have tended to remain within the arenas of national economic and social policy. Attempts to exert influence over government policies on Europe and thus over crisis policy at the European level have been as tenuous as efforts to coordinate distribution conflicts across borders or even to network. If the trade unions wish to contribute effectively to a long-overdue change of course in Europe qualitatively new demands become evident with regard to their political mandate, but especially their European policy mandate. They are called on to play a dual role: first, as collective bargaining actors, who do their best to take advantage of the available options via an active distribution policy and second, as a political pressure group mobilising against the fatal ‘austeritarian’ mania of the Troika and for a redistributive economic policy that creates real value.

To date, there has been no escaping the striking discrepancy between what is needed and what the trade unions have actually been doing. To be sure, this is due to their lack of clout in Europe. At the same time,
however, it indicates conceptual failures emerging from a painful gap in European policy strategy. Their impact in the euro zone and on competitive structures between the euro countries is not adequately reflected in either questions about the future in collective bargaining or in the formulation of national collective bargaining demands, nor are the European trade unions’ collective bargaining goals coordinated, not to mention strategic ideas about transnational mobilisation against austerity policy. Finally, there is little systematic consideration of how the national and the European levels could be connected by policy measures that take into account the specific conditions facing the trade unions in their national contexts and which influence their ability to assert themselves more strongly at the European level. If the different conditions in the various ‘trade union worlds’ (on this see Lehndorff on trade unions in this volume) are not recognised and the strategic gaps in European policy are not closed it will not be possible to amass sufficient political clout against capital and European decision-making elites. Hitherto, the demands referred to here have not even been adequately formulated, never mind worked on with the necessary assiduity. This failure must urgently be put right.

6. Outlook: open strategic and research questions

To sum up, despite signs of a trade union revival the crisis so far can hardly be described as a positive ‘turning point for labour’ (Baccaro 2010). The trade unions have not benefited from neoliberalism’s political and ideological fall from grace. Evidently, not only the defensive stance in which the left had got stuck in general but the erosion of trade union power in particular made it difficult for the organisations representing dependent labour to make a rapid come-back (Boyer 2010; Crouch 2010). However, there are indications that some trade unions have experienced something of a revival since the crisis. We cited IG Metall as an example. Clearly, organisational learning may take place under crisis conditions and successful organisational revitalisation may occur by means of innovative practical strategies. An interim summary may thus appear contradictory: on one hand, the trade unions have by no means ceased to be on the defensive, but on the other hand, this defensive position is neither total nor inescapable.

What conclusions can be drawn from this ambiguous verdict on the trade union strategy debate? The outlined problems show that correcting the
asymmetrical distribution of income and power before and during the crisis, as well as the Europeanisation of trade union interests should be given high priority on the trade union agenda. On top of that efforts must be made to revitalise trade union power, because success is feasible with regard to distribution and European policy only on condition that sufficient negotiating and organisational power can be deployed. In light of such demands it appears questionable whether the social pacts of crisis corporatism represent an appropriate framework for coping. A positive re-regulation of the labour market and an egalitarian redistribution of income and wealth may rapidly prove to be incompatible with corporatism because they conflict too sharply with the interests and power claims of the other actors. At the same time, we cannot dismiss the danger that the logic of national social pacts may be a stumbling block for the long overdue transnationalisation of trade unionism. If, after the worst of the crisis is over, the crisis corporatist alliances continue in the form of a resumption of location pacts within the framework of competitiveness-oriented corporatism the very trade union resources required for the strategic Europeanisation of trade union policy will be tied up elsewhere.

It is difficult to discern where the limits of corporatist interests really lie. Research into the achievements and long-term effects of crisis corporatism is still in its infancy. It is conceivable that crisis corporatism is rather a short-lived and temporary phenomenon that emerged at the height of the crisis as a result of corporatist remnants in the German labour relations model and specific features of the shock experienced by financial capitalism, only to evaporate in the course of the recovery of economic growth. Thus crisis corporatism would turn out to be a variant of corporatism that ceases to exist with the end of the crisis, thus differing from its corporatist predecessors also in terms of its duration. However, whether the crisis of financial market capitalism is really at an end, whether the revitalisation of trade union power lasts and how the strategic preferences of corporatist actors in Germany and Europe as a whole develop are far from certain. There appears to be no shortage of potential research questions.

Only one thing is certain, namely that any successes that trade unions might register in capitalist societies will not depend solely on their strategic will, but also on the realities of the balance of power. It thus matters a great deal what power resources trade unions have at their disposal. This applies both within and outside any tripartite arrangements, as well as with regard to conflict-oriented and militant strategies, on one hand,
and compromise and dialogue-oriented strategies, on the other. Thus the regeneration of trade union power in financial market capitalism will become a general condition of a successful assertion of interests, regardless of whether ‘boxing or dancing’ is the appropriate metaphor (Huczyszard, Gregory and Scott 2004).

Strategic efforts to this end must be developed and implemented in tandem with national variants of the European employment model and thus in accordance with the relevant production, employment and welfare systems (Bosch, Rubery and Lehndorff 2007a). Under the circumstances of the German model the following aims have been designated as particularly important:

(i) expansion of trade union embeddedness in the workplace and the de-precarisation of work;
(ii) increasing the general level of trade union organisation and the organisation of new groups of wage earners;
(iii) institutional reform of sectoral collective agreements and of labour and social regulation;
(iv) expansion of trade union influence in the national economic and social policy arenas; and finally,
(v) strengthening of communications with regard to trade union crisis policy and its normative models (Urban 2005 and 2010b).

However, regardless of the institutional specificities of the national regime the trade unions’ conception of their strategic role could determine whether the strategic challenges are recognised as such and properly tackled. This is unlikely to succeed in the form of a structurally conservative blockade to salvage whatever can be defended both during and subsequent to the crisis. Furthermore, even persevering in the role of cheerleader for modernisation and facilitator during the crisis is likely to come up short with regard to the relevant challenges. More promising appears to be a conception of the trade union role as a constructive veto player (Urban 2005). This conception assumes that not only the transition from the Fordist model to a new socio-economic development model, but also the exit from the crisis of this model will take place via distribution and negotiation conflicts based on power; furthermore, the ability to adequately mobilise power resources will determine one’s ability to assert oneself as a key player in arenas of conflict. The same applies to firefighting conflicts with regard to inadequate strategies for dealing with problems and (partial) successes in that regard within the frame-
work of a strategy for gradually overcoming the trade unions’ defensive stance. Nevertheless, the veto power based upon this will be deployed ‘constructively’ in the sense that it is used not to conserve status-quo structures but to contribute towards the reconstruction of the socio-economic development model. Side by side with the mobilisation of veto power to block strategies purportedly aiming to overcome the crisis but in fact likely to exacerbate it, is the mobilisation of power for change in the implementation of policy ideas aimed at solving problems.

It is also desirable to consider the far from trivial implications of the corporatist involvement of the trade unions for internal decision-making. Crisis corporatism is also characterised by a tension between an orientation towards influencing policy and a conflicting membership-oriented logic (Streeck 1999: 223–245). Thus being too closely and for too long involved in social pacts that blatantly distribute the costs and benefits of the crisis unequally may jeopardise the internal democracy of the trade unions. In other words, the deeper the implication of the trade unions in corporatist arrangements and the higher the price to be paid for asserting trade union interests, the stronger the inclination of federation leaderships might become to try to influence internal discussions and decision-making processes in order to minimise conflicts between emerging internal opinion and the requirements of corporatist alliances and to maximise trade unions’ ability to comply with their commitments. Measures of this kind to shape internal processes could rapidly impose constraints on the proper articulation of members’ interests and thus damage internal democracy (for a stimulating contribution on this see Molina 2008). Whether these risks to democracy can be countered by means of more decentralised decision-making structures and more membership participation, or whether these measures will instead result in the obstruction of the tripartite model needs to be examined by policy research with a clear eye for practical implementation.

All in all, the scholarly and the trade union policy evaluation of crisis corporatism reveal a broad field for social science research and trade union strategic debate. This involves continuing scholarly work on corporatism and developing a terminology that expresses the specific features of the macroeconomic context, the interests involved and the actors’ power endowments. For that purpose we have put the concept of crisis corporatism up for discussion. These efforts are intended to link up with the current debate on the new capabilities of nation states. If the scepticism concerning the thesis of the return of more capable states in the crisis...
is substantiated (see Hassel and Lück 2010) this is unlikely to leave the reliability of state promises and the chances of success of crisis corporatist alliances unaffected. Finally, the revitalisation of trade union power represents a project that requires above all internal efforts. However, there is much to suggest that they should be seen in a more comprehensive, Europe-wide context, paying due attention to alliance formation. The strategic gain for the trade unions could be that they are able to supplement their unsatisfactory power resources with alliances with other powerful movements (Hyman and Gumbrell-McCormick 2010b: 328). Neglect of these tasks would come at the cost of keeping the trade unions on the defensive.

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