

Trade union decline and what next: is Germany a special case?

Visser, Jelle

Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:

Rainer Hampp Verlag

Empfohlene Zitierung / Suggested Citation:

Visser, J. (2007). Trade union decline and what next: is Germany a special case? *Industrielle Beziehungen : Zeitschrift für Arbeit, Organisation und Management*, 14(2), 97-117. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-343930>

Nutzungsbedingungen:

Dieser Text wird unter einer Deposit-Lizenz (Keine Weiterverbreitung - keine Bearbeitung) zur Verfügung gestellt. Gewährt wird ein nicht exklusives, nicht übertragbares, persönliches und beschränktes Recht auf Nutzung dieses Dokuments. Dieses Dokument ist ausschließlich für den persönlichen, nicht-kommerziellen Gebrauch bestimmt. Auf sämtlichen Kopien dieses Dokuments müssen alle Urheberrechtshinweise und sonstigen Hinweise auf gesetzlichen Schutz beibehalten werden. Sie dürfen dieses Dokument nicht in irgendeiner Weise abändern, noch dürfen Sie dieses Dokument für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen.

Mit der Verwendung dieses Dokuments erkennen Sie die Nutzungsbedingungen an.

Terms of use:

This document is made available under Deposit Licence (No Redistribution - no modifications). We grant a non-exclusive, non-transferable, individual and limited right to using this document. This document is solely intended for your personal, non-commercial use. All of the copies of this documents must retain all copyright information and other information regarding legal protection. You are not allowed to alter this document in any way, to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public.

By using this particular document, you accept the above-stated conditions of use.

Jelle Visser*

Trade Union Decline and What Next. Is Germany a Special Case? **

Abstract – This paper commences with a survey of international trends in union membership, union density and collective bargaining, while focusing on the comparative position of trade unions in Germany. The author considers three hypotheses concerning the development of unionism in recent decades. The first one is that globalisation and structural change in the economy and labour market pull all countries towards a neo-liberal convergence of which union decline is one manifestation. The second predicts that resilient national institutions of collective bargaining and union-employer cooperation enable continued divergence in unionization levels across Western economies. The third one, which seems particularly relevant for Germany, states that feedback mechanisms from internal diversity among both employers and workers trigger processes of institutional destabilisation and decline from which both employers associations and unions suffer. In the final part of the paper the author gives a number of theoretical and empirical reasons why reversing union decline is very difficult and presents a major challenge for unions in Germany and elsewhere.

Gewerkschaftlicher Niedergang und was dann? Ist Deutschland ein besonderer Fall?

Zusammenfassung – Dieser Beitrag beginnt mit einem Überblick über internationale Trends bei gewerkschaftlichen Mitgliederzahlen, Organisationsgraden und kollektiven Verhandlungen, wobei ein besonderes Augenmerk auf Deutschland gelegt wird. Der Autor diskutiert dann drei Hypothesen zur gewerkschaftlichen Entwicklung in den letzten Jahrzehnten. Die erste ist, dass Globalisierung und Strukturwandel alle Länder in Richtung einer neo-liberalen Konvergenz beeinflussen, die sich auch im Niedergang der Gewerkschaften manifestiert. Die zweite Hypothese postuliert, dass elastische nationale Institutionen kollektiver Verhandlungen und Gewerkschaft-Arbeitgeber-Kooperationen weiterhin divergente Organisationsgrade in westlichen Ländern ermöglichen. Die dritte Hypothese, die für Deutschland besonders relevant zu sein scheint, geht davon aus, dass Rückkopplungsmechanismen aus internen Unterschieden auf Arbeitgeber- und Arbeitnehmerseite Prozesse der institutionellen Destabilisierung und des Niedergangs auslösen, unter denen Arbeitgeberverbände wie Gewerkschaften leiden. Im letzten Teil des Beitrags wird eine Reihe von theoretischen und empirischen Gründen angesprochen, weshalb die Umkehrung des gewerkschaftlichen Mitgliederrückgangs sehr schwierig ist und eine große Herausforderung für die Gewerkschaften in Deutschland und anderswo darstellt.

Key words: **Union Membership, Union Density, Collective Bargaining**

* Jelle Visser (1946) is professor for empirical sociology and sociology of labour and organization at the University of Amsterdam, where he is scientific director of the Amsterdam Institute for Advanced Labour Studies. Plantage Muidergracht, 1018 TV Amsterdam, The Netherlands. E-mail: jelle.visser@uva.nl.

** The author thanks Laura Buit at AIAS for competent research assistance and two anonymous reviewers and the editors for their constructive comments and critique. The responsibility for errors lies with the author.

Artikel eingegangen: 11.1.2007

revidierte Fassung akzeptiert nach doppelt-blindem Begutachtungsverfahren: 11.4.2007.

Introduction

Are Germany's trade unions a special case? In recent times, there is more uncertainty about the future of German unions and industrial relations than at any time since the foundation of the Federal Republic. Union membership is declining and bargaining coverage has eroded. Employer pressure and political voices calling for the withdrawal of legal support for the current model of union-management relations have increased. With union density approaching a critical boundary of twenty percent of the employed workforce, Addison/Schnabel/Wagner (2007) pose the question whether that will be enough to sustain corporatist industrial relations. The decline in union representation decreases the industrial power, public legitimacy and political clout that unions need to act as the collective custodians of employee rights in the political and industrial arena. Given the importance of the German economy in Europe and its 'model' character for other 'co-ordinated market economies' (Hall/ Soskice 2001), the future of German labour relations and trade unions has wider implications.

I start this paper with a survey of international trends in union membership, union density and collective bargaining. Taking my inspiration from Thelen/van Wijnbergen (2003), I consider in the next section three hypotheses regarding the explanation of trends in unionization: (1) globalisation and structural change in the economy and labour market pull all countries towards a neo-liberal convergence of which union decline is one manifestation; (2) resilient national institutions of collective bargaining and union-employer cooperation enable continued divergence in unionization levels across Western economies; and (3) feedback mechanisms from internal diversity among employers and workers trigger processes of institutional destabilisation and decline of representation in employers' associations and trade unions, and these mechanism are particularly albeit not exclusively present in the German case. The third section considers the possibilities of reversing decline.

Union decline – Germany compared

Membership trends

Germany's trade unions are losing members and represent a declining share of the labour market (Beck/Fitzenberger 2004; Ebbinghaus 2003; Fichter 1997; Schnabel/Wagner 2007). The decline – nearly four and a half million members¹ in the ten years between 1991 and 2001, an average of 4.5 percent per year – is unprecedented in post-war German history. In the thirty year between 1950 and 1980 there were only four years with membership decline, the largest between 1966 and 1968 averaging just over 100,00 members or 1.3 percent per year (Ebbinghaus/Visser 2000: 324). In the 1980s growth stopped, but in the fifteen years since 1991 aggregate membership, counting all unions together, declined every single year.² A continuous decline of this

¹ All membership figures in his article refer to members in dependent employment, disregarding those who have retired from the labour market, are unemployed (though a small number might be included) or self-employed. For methods of calculation and national data-sources I refer to Visser, 2006.

² Union decline continued after 2001 (see Table 1), but in 2004 and 2005, according to figures of the German Federation of Trade Unions (DGB), the pace appears to have

magnitude over such a span of time is rare. The only examples are British unions between 1979 and 1998, French unions between 1976 and 1989, Austrian unions since 1990, Swiss unions since 1992, and Japanese unions since 1994 (Nakamura 2007).

After 1980 union decline became after 1980 a worldwide phenomenon, affecting nearly all industrialised nations and most developing countries (Visser 1991; 2003). Of the G7, only in Canada did unions weather the storm relatively well, especially when compared with developments south of the border. Of the 24 OECD countries in Table 1, absolute membership numbers are now lower than in 1980 in all but eight countries: Canada, South Korea, Spain, Denmark, Finland, Ireland, the Netherlands, and Norway. In many countries – foremost the USA, the UK, Australia, New Zealand, France, Japan, but also Austria and Switzerland, as well as the four transition economies in Table 1³ – union membership decline was very significant and continued one or more decades without signs of reversal.

Remarkable for the German case is that union decline started very late. The haemorrhage started only after the incorporation of the four million union members of the former German Democratic Republic. Before 1990 there was a small rise in union membership even in manufacturing, at that time still representing more than fifty percent of total membership (Ebbinghaus/Visser 2000: 327). Developments in German unions during the 1980s were similar to those in Japan, where union membership levels did not start to fall until 1994 (Nakamura 2007), and Sweden, where 1991-92 signalled the end of fifty years of union expansion. This stood in sharp contrast to the decline in union membership, particularly concentrated in the 1980s and among workers in manufacturing, in the US (-17%), New Zealand (-16%), the UK (-25%), France (-40%), Italy (-18%) and the Netherlands (-11%).

Union density trends

Union density rates, or membership relative to the size of the labour force,⁴ facilitate the comparison over time and across countries. Again, our first observation (from the right hand panel of Table 1) is that until 1980 unionisation trends were upwards in most countries, with notable exceptions for the US (where union density peaked in 1953) and Japan (where union density started its downward movement after 1974).

slowed (“Union membership decline slows down”, EIRO, <http://www.eurofound/2006/04/articles/de0604039i.html>, accessed 14.12.2006. It should be mentioned that not all union federations are equally affected. There was some union growth for the German Union of Civil Servants (DBB) and the small Christian Federation (CGB).

³ For the four former Communist countries in Table 1, Instead of 1980 1990/91 is used as yardstick, it being the first year when credible estimates of union membership were available.

⁴ All density or unionization rates in this article express net or employed union membership, excluding the self-employed, as a proportion of wage earners and salaried employees (including civil servants) in employment, as published in OECD Labour Force Statistics. The exclusion of the self-employed has only a small effect, since unions hardly organize independent workers like the Ich-AG in Germany (Visser 2006).

Table 1: Union members in employment and net density rates, 1980-2003

	Union members in dependent employment (thousands)					change in percentages			Net union density rates					ESS** 2002-2004
	1970	1980	1990	2000	2003	1970s	1980s	1990s	1970	1980	1990	2000	2003	
EU-15	33,940	43,664	39,262	36,382	35,375	28.5	-10.1	-7.3	38	40	33	27	26	..
USA	19,381	20,095	16,740	16,258	15,776	3.7	-16.7	-2.9	29*	23*	16*	13*	13*	..
Canada	2,211	3,487	3,898	3,740	4,100	57.7	11.8	-4.1	31	35*	33*	28*	28*	..
Australia	2,052	2,568 ^a	2,660	1,902	1,867	29.9	3.6	-28.3	44	50 ^a	41*	25*	23*	..
New Zealand	529	714	603	319	335	35.0	-15.5	-47.3	52	69	51	23	22	..
Japan	11,605	12,369	12,265	11,539	10,531	6.6	-0.8	-5.9	35	31	25	22	20	..
South Korea	473	948	1,932	1,481	1,606	100.3	103.6	-23.4	13	15	18	11	11	..
West Germany	6,966	8,154	8,014	6,493 ^d	..	17.1	-1.7	-19.0	32	35	31/29 ^c	25*	20 ^g	..
East Germany			4,150 ^b	2,046 ^d	..			-50.7			..	19*	18 ^g	..
Germany			11,969 ^b	8,067	7,120			-32.6			..	36 ^h	25*	20
UK	10,068	11,852	8,952	6,636	6,524	15.7	-24.5	-25.9	45	51	39*	27*	26*	27
Italy	4,736	7,189	5,872	5,212	5,327	51.8	-18.3	-11.2	37	50	39	35	34	28
France	3,458	3,282	1,968	1,780	1,830	-5.1	-40.0	-9.6	22	18	10	8*	8*	12
Spain		1,030	1,193	1,964	2,197		15.8	64.6		13	13	16	16	16
Sweden	2,235	3,039	3,260	2,951	2,964	30.7	7.3	-9.5	68	78	81	79*	78*	79
Finland	828	1,332	1,527	1,504	1,495	60.8	14.6	-1.5	51	69	73	75*	73*	76
Norway	683	938	1,034	1,129	1,129	37.2	10.3	7.3	57	58	59	54	55	60
Denmark	1,108	1,605	1,756	1,804	1,710	44.8	9.4	2.7	60	79	75	73	70	81
Belgium	1,231	1,651	1,646	1,705	1,590	34.1	-0.3	3.6	42	54	54	51	47	47
Austria	1,355	1,444	1,375	1,187	1,129	6.5	-4.8	-13.7	63	57	47	37	34	33
Netherlands	1,430	1,517	1,348	1,578	1,575	6.1	-11.1	17.1	37	35	27 ^h	26 ^h	24 ^h	28
Switzerland	760	853	820	687	643 ^d	12.1	-3.9	-16.2	29	31	24	19	18 ^e	18
Ireland	382	491	442	506	521	28.6	-10.0	14.3	53	57	51	38*	35*	39
Poland			6,300	2,100	1,880			-66.7			53	20	18	19
Czech Rep.			3,820	1,075	866			-71.9			79	27	22	20
Slovakia			1,920	700	590			-63.5			79	34	30	..
Hungary			3,000	650	620			-78.3			63	20	19	18

^a=1982=1991; ^b=1992; ^c=1997; ^d=2001; ^e=2002; ^f=2004. ^h recalculated with national data excluding jobs under 11 hours per week.

Sources: J. Visser (for methods and national sources; Visser 2006), additional data from Schnabel/Wagner (2003, 2007) for density rates of Western and Eastern Germany in 1992, 2000, and 2004, based on ALLBUS survey, and from Guy van Guys (Hoger Instituut voor Arbeid, Catholic University of Louvain) for 2003 density estimates for Belgium, Hungary, the Czech Republic and Slovakia. * = estimated from household or labour force surveys; ** = estimated by author from 2002/3 and 2004/5 European Social Surveys (without self-employed and retired), <http://www.europeansocialsurvey.org>. The Pearson correlation coefficient between the 2003 net density rates and the ESS estimates for 2002-2004 is 0.977.

Both the USA and Japan are examples of enterprise unionism and company bargaining, caught up with the difficulty to expand beyond their strongholds in some public services and large companies in mining and manufacturing. Early trends of union decline were also visible in Austria, France, Switzerland and the Netherlands. After 1980 there were few countries where unions continued to grow after 1980 (Sweden, Finland and, coming from far behind, Spain and Korea) or maintained their position (Belgium, Norway, Canada). With only a four-point drop in density, Germany's trade unions seemed to do comparatively well.

If the 1980s were bad for the unions in most countries, the 1990s were not much better. The decline in unionization rates continued in all but two countries (Spain and Finland) and there were particularly large decreases in density in the UK, Australia, New Zealand, Ireland, Germany, Austria and Switzerland, as well as in the four post-communist countries (Table 1). About each of these cases a different story can be told: even while gaining more members, Irish unions, like those in the Netherlands and Switzerland, were unable to keep pace with the formidable expansion of employment in the new service economy; British unions, like those in the US, France and perhaps more surprisingly Austria, found no recipe to halt or reverse the downward slope begun a decade or more earlier; unions in New Zealand and Australia were adversely affected by the overhaul of legislation ending national agreements and closed shop membership awards. Germany's trade unions now truly entered their crisis years: in the Eastern *Länder* unionization levels halved between 1992 and 2000; in the Western *Länder* they dropped to 25 percent, some ten points lower than what had been customary in post-war Germany.

The precipitous fall in unionization in Eastern Germany is rather similar to what happened to the trade unions in Poland, the Czech and Slovak Republics, and Hungary. Whatever big mistakes German unions made by incorporating the GDR union organizations without first reorganizing them (see Fichter 1997; 1998), the makeover of trade unions that had been charged with social policy tasks in companies and counted on quasi-compulsory membership, into voluntary organizations lacking 'selective goods' was never going to be easy. I do not know of one successful example. Portugal, Brazil and Poland each offer interesting case material for the study of such transitions away from 'corporatist' or 'communist' quasi-compulsory union membership. In each case we observe brief successes and mobilisation waves when new unions and organizers offered strong but transient 'identity incentives' (Pizzorno 1981) in the struggle for democracy.

Levels of unionization

Regarding the level of unionization, Europe's North is exceptional with 55 (Norway) to 78 (Sweden) percent of the employed wage and salary earners joining the unions.⁵

⁵ The estimates based on the European Social Survey (averaged over the two waves of 2002/3 and 2004/5) suggest slightly higher density rates. The correlation between the two sources for the 17 European countries with comparable data (see Table 1, right hand panel) is very high (.977). Especially in the case of high-density countries, i.e. in the Nordic countries, do surveys indicate higher unionization levels in comparison with administrative data. Further research would have to establish whether the reluctance to declare non-

In recent years unions in 'high density' countries are affected by decline as well, as were other 'high density' countries (Austria, Ireland, the UK, and outside Europe, Australia and New Zealand) much earlier. At the other end of the scale we find France, but that is no news. For most of its history the French union movement got by with very low membership numbers, poor finances and a strong reliance on public support and state aid. Not so far away - with union density levels between 10 and 25 percent, or 8-20 percent if we consider the private sector only - we find a large group of countries with quite different systems of industrial relations including the US, the UK, Spain, Switzerland, the Netherlands, Japan, Germany, and all but two (Slovenia and Slovakia) of the ECE countries. In sum, with the exception of Northern Europe, trade union members are the minority, and often a rather small one.

Bargaining or union coverage

In addition to trade union density, it has become common to consider bargaining coverage as a key measure of the influence of trade unions in labour markets (Flanagan 1999; OECD 2004). Defined as the share of wage and salary earners whose terms of employment are affected by collective agreements negotiated between unions and employers, bargaining coverage indicates the capacity of trade unions to commit employers to the joint regulation of employment.

Averaged over the fifteen economies of the European Union before the enlargement of May 2004, collective agreements cover 70 percent of all employees (EC 2004). Bargaining coverage in the United States has decreased to less than 14 percent, in Japan to 24, in Canada to 32, in Australia to 50 percent (Visser 2006: 11). In China and India there is no such bargaining or joint regulation outside a minute segment of state employment (ILO 1998).

With an estimated coverage rate of 63 percent (68 per cent in the Western and 53 per cent in the Eastern *Länder*⁶), Germany lies below the average for Western Europe. Only Swiss (45 percent) and British (35 percent) workers are less covered. Moreover, the German decline in coverage - ten to fifteen points in just as many years - contrasts sharply with the stability observed elsewhere in Western Europe. In fact, in many countries, including Denmark, Sweden, the Netherlands and Belgium, but also in France, Italy, Spain and Portugal more sectors of the economy and more employees are now affected by union-management negotiations or state-imposed collective wage regulations than in the 1970s (OECD 2004; EC 2004). Germany seems to have gone different ways. There is evidence that bargaining coverage in Western Germany has decreased even in core sectors like metal manufacturing (Hassel, forthcoming), with an increasing number of small and medium-sized firms choosing to stay outside the sectoral agreement, though many follow the agreement in some aspects voluntarily, without being formally bound by it.

membership in face-to-face interviews in a context where membership evidently is the social norm, produces an upward estimation bias. A bias in the opposite direction might lead to erroneous predictions in low-density countries.

⁶ According to the figures based on the IAB enterprise survey of 2004, analyzed by Ellguth/Kohaut (2005).

In East Central Europe (ECE) free collective bargaining in its current format was unknown before 1989. Rather than the erosion of existing practices, unions in these countries face the difficulty of establishing collective bargaining outside a handful of large firms and the public sector. In ECE, collective bargaining has until now only affected a minority of firms and employees – some 30-40 per cent of those in employment, less if we consider only the private sector (Kohl/Platzer 2003; EC 2004). Unable to build strong and autonomous employers' organizations, with weak and divided unions, and an economy fragmented between struggling state enterprises, foreign-owned firms and the myriad world of small and medium-sized enterprises, the Western European model of sectoral collective bargaining never stood much of a change in ECE. Fifteen years into transition towards a market economy, it is clear that wages in the private sector are decided at company level and that these decisions are often taken unilaterally by management, albeit with some consideration of the level and changes of the minimum wage decided by the government, sometimes after consultation with central employers' and union organisations. Sectoral collective bargaining is mostly restricted to the state sector. In most small and many large foreign-owned companies there is no collective bargaining or union representation. We may conclude that in this aspect East meets West, with ECE industrial resembling Anglo-American realities rather than continental European ones.

Explaining trends in union representation and bargaining

Convergence toward decline or continued divergence?

The thesis that the decline of American unions, begun in the 1950s, was foreshadowing what would happen one or two generations later in Europe is old. Long before anybody talked or wrote about globalisation, Daniel Bell (1953; 1976) noted that American labour unions were unable to set foot in the service sector and gain significant membership among white-collar staff. From this, he and others drew the conclusion that employment trends towards a post-industrial economy were bound to set limits to union growth and would eventually cause union decline. With attention to technological and cultural change and trends towards diversity within social classes, some sociologists predicted the disorganisation of the working class and the decline of economic interest organizations such as trade unions and employers' associations (Lash/Urry 2000). Since the late 1980s globalisation became the new champion, or ghost, responsible for the international convergence towards union decline (see Berger/Dore 1996).

The general downward trend of union decline after the 1980s, albeit with large temporal differences, seemed to confirm such predictions. However, the continued and even increased divergence in unionization trends – mainly the case of the small and open economies of Northern Europe and of Germany until the 1990s (Golden/Wallerstein/Lange 2000) – belied any such global trend. The remarkable resilience of collective bargaining institutions in continental Western Europe was another stubborn fact that could not be squared with the prediction of convergence on an Anglo-American pattern.

Longitudinal analysis and institutions

Several authors have tried to explain longitudinal trends in union density (Cecchi/Visser 2005; Oskarsson 2001; Scruggs/Lange 2002; Western 1997). All these authors use more or less the same data sources and econometric estimation methods, though they differ in the choice of countries, years and regressors. Western (1997) finds a significant role for cyclical variables (a negative impact on union growth of unemployment and a positive one for inflation) and a downward impact of labour force growth, presumably because of the entry of more people with weak labour market attachments and a low propensity to unionize. He deals with the role of institutions by partitioning the sample into countries with union-administrated unemployment insurance or the 'Ghent' system (like Sweden, Denmark, Finland, and to some extent Belgium) and finds that such institutions neutralise the negative drag of rising unemployment on union membership. He also finds that in the period considered (1950-85) union growth was stronger in countries with a left-of-centre government and centralized wage bargaining. Scruggs/Lange (2002) and Oskarsson (2001) explicitly study the impact of globalisation and absence of convergence.

Examining the period until the late 1980s, Scruggs and Lange control for cyclical variation (GDP growth rate, unemployment rate, government partisanship) and structural change (public employment and labour force growth), but their main concern is with the impact of globalisation, which they measure by the share in GDP of foreign trade, foreign direct investment and financial liberalization. The authors deal with the institutional aspects by creating a single measure of 'union compatible institutions', which is the sum of three indicators – Ghent; workplace representation, and bargaining centralisation – identified by Ebbinghaus/Visser (1999) in their qualitative comparative analysis of European unions as the institutional combination most favourable to union growth. This variable is then interacted with all regressors, leading to the conclusion that increased financial openness is associated with increasing density in countries with 'union compatible institutions', whereas it is detrimental to unions where these institutions are absent or weak. In similar fashion, Oskarsson proposes an 'institutional index', which is the product of centralization and workplace representation summed to a dummy for 'Ghent'. His central claim is that the combination of centralized bargaining and locally embedded trade unions can exert positive influence on the union density level even under conditions of globalisation (Oskarsson 2001).

Cecchi/Visser (2005), finally, consider a longer time period and a larger variety of institutions including wage indexation, bargaining centralization, workplace representation, and unemployment benefits, while allowing (slow) variation in these institutions over time, and they explicitly distinguish between annual and periodic change. Their main finding was that union density rates declined because unemployment went up (but in 'Ghent countries' the relation was pro-cyclical), newcomers in the labour force were recruited into (flexible and service) jobs and (smaller) workplaces less covered by unions, inflation decreased, indexation clauses were dismantled and replacement rates were lowered, contributing to a decline in the perceived need for and effectiveness of unions. In separate tests for developments after the early 1980s, they find

that neither political variables, nor globalisation, measured as financial openness, have a significant effect on union growth or decline.

Institutional divergence – will it last?

These and other studies – like Traxler (2006) on employer organization, and Traxler/Blaschke/Kittel (2001) on collective bargaining patterns – amassed empirical support for the institutionalist divergence hypothesis, while rejecting the convergence hypothesis based on globalisation or technological change (as reflected in employment patterns). The question to be asked next, is whether the institutions favourable to unions can last? What makes their survival possible? This is in essence the question asked by Thelen/van Wijnbergen (2003).

The “varieties of capitalism” approach is based on a dichotomy of how the German and the US economy are supposedly functioning and how each derives competitive advantage from its combination of institutions (Hall/Soskice 2001). It is not clear whether strong trade unions are part of that combination, but bargaining coordination and employer organization certainly are (Soskice 1990). Scandinavia, the Benelux, Scandinavia, Austria, Switzerland, and Japan, are counted as “coordinated market economies” (Hall/Soskice 2001: 20). The comparatively low aggregate level of union organization in Germany, Japan, Switzerland and the Netherlands appears at first an anomaly, but the presence of centralising institutions offering coordination across the economy, like trendsetting wage bargaining in Germany, orchestration of annual wage campaigns in Japan, collective action of employers and referendums in Switzerland, or national social partnership in the Netherlands, might have compensated for union weakness. Moreover, in the German and Japanese case the strength of the unions in manufacturing and in the dominating exporting firms was notable and perhaps all that mattered for the ‘varieties of capitalism’ thesis.

Thelen and Wijnbergen present a more refined or dynamic analysis. Their starting point is that in a high-quality export economy industrial peace becomes the major concern for large employers. If push comes to shove it will be prioritized over the goal of wage moderation. As a consequence, an organization like *Gesammetall* was in the late 1990s no longer able to meet union strike threats and this led to settlements that many firms could not sustain, prompting their defection. This ‘weakness’ of employer organisation is not a ‘strength’ of unions, as it may seem at first sight, but rather exposes the unions to a strategic dilemma between short-term wage gains and long-term erosion of sectoral bargaining and representation.

Thelen and Wijnbergen offer two specific reasons why this problem is more pronounced in Germany than in other co-ordinated economies, like for instance the Netherlands, Belgium, Denmark, Sweden or Austria. Centrifugal tendencies, they argue, will be stronger if membership in the employers’ association is very heterogeneous, especially with regard to firm size. Tensions within employers’ associations related to firm size and the differing ability to sustain sectoral agreements seem to have increased in many countries (see the accounts on Sweden, Switzerland and the Netherlands in Grote et al. (2006), but they are particularly pronounced in Germany. Of the countries mentioned above, Germany is the only large one. When bargaining

units are very large⁷ and include large and small firms with sharply different abilities to pay, the pressure to break up agreements in smaller or more differentiated units is bound to rise. This pressure should be larger in large than in small countries, given the increase in heterogeneity and regional variation. If decentralisation or differentiation is blocked and if it is impossible to make bargaining units smaller for a larger range of issues, employers with the lowest capacity to sustain the costs of sectoral agreements will withdraw and coverage decreases. Tendencies to defect from employers' associations were much less present among the smaller neighbours, but even there — especially in Denmark and the Netherlands — employers insisted on, and unions conceded, further decentralisation and differentiation of agreements, allowing agreements on wages and company social policy to diverge within sectors (Visser 2005).

Among the large economies Germany is the only one with a continued (post-war) history of sectoral wage bargaining. In the USA, Canada, Japan and since the 1970s in the UK, wages in the private sector are set at company level, with a residual role for statutory minimum wages in some cases. Much the same can be argued for the case of France, though here the role of the statutory minimum wage and of state intervention is much more pervasive, with many sectoral agreements only following and sometimes falling behind ministerial decisions. In response to the Maastricht convergence criteria and preparing for participation in the Economic and Monetary Union, Italy has redefined a new role for sectoral bargaining in the 1990s within a multi-level system with productivity-oriented wage bargaining in large firms. However, in Italy additional flexibility is guaranteed through the vast empire of small firms and informal employment to which much lower standards of protection apply.

The second reason why the German system is particularly exposed to centrifugal pressures is, according to Thelen and Wijnbergen, due to the absence of state mediation or arbitration of conflict in Germany. With the demise of the lockouts as the deterrent of aggressive union wage pressure, *Tarifautonomie* may have become a handicap. This is how things are perceived in Sweden, with an economy and industrial relations system in many ways similar to Germany. Responding to repeated threats of the state to impose statutory mediation, Swedish unions and employers in industry agreed in 1997 to set up their own mediation procedures and joint economic forecasting institute (Elvander 1999). Note that parliamentary and state intervention in the ending of strikes has been common in Denmark and Norway and that in Belgium the law sets a maximum to wage increases. In the Netherlands and Austria social partnership set strong limits of self-restraint on the behaviour of unions and employers, both at the national and sectoral level. The recent history of German industrial relations points to the dangers of a combination of a weak (federal) state, encumbered by many veto positions, and strong organized interests which tend to defend their autonomy (Streeck 2003).

The combined heterogeneity and autonomy hypotheses of Thelen and van Wijnbergen give a plausible account of the negative dynamic in which German em-

⁷ Industry bargaining in Germany takes place at the regional level, but agreements are highly patterned. Contractual rates in the Eastern states are lower than the national average, but differences have narrowed, as has been a consistent union objective since 1989.

ployers' associations and trade unions got caught in the 1990s. Surely, it is a hypothesis — its testing requires time series data on firm heterogeneity, export shares of firm sales, wages (or wage costs), and membership in employers' associations and unions in different sectors in Germany and some other countries, if possible.

Can current trends of union decline be reversed?

In this third and final section, I shall consider the possibilities and difficulties of a trend reversal. Unions can respond differently to strategic dilemmas like the one describe before. The Pforzheim agreement of 2004 in the metal engineering sector may be interpreted as an attempt to stop the erosion of sectoral organization and bargaining by allowing more 'organised decentralisation' and flexibility at company level, following similar choices made by the neighbours (Visser 2005). Usually, there is a defeat, like the failed IG Metall strike over shorter working hours in Eastern Germany in June 2003, which make such policy changes possible. In this section I shall first discuss the nature of the difficulties of a trend reversal and then review some policy responses.

Employment growth in a declining 3M world

Table 1 showed that in some countries — Canada, New Zealand, South Korea, Italy, Spain, Ireland, the Netherlands (until the recession of 2002-3) — trade unions have managed to attract more members, often after many years of decline. These countries share the experience of strong employment growth. Job growth tends to be a necessary condition for union growth: after 1990 there are no countries with employment stagnation or job decline and an absolute rise in union membership, in fact it is the decline in employment growth that is behind the end to union membership growth in countries like Sweden and Finland. But it is not a sufficient condition. There are other countries with strong increases in employment during the 1990s and beyond — the USA and the UK among them — where unions nonetheless failed to stop or reverse negative membership trends.⁸

Under conditions of strong job growth, union membership increases may not translate in a rise in union density. In fact, in recent years aggregate union density rates in Canada, New Zealand, Ireland, Italy, Spain, the Netherlands fell, or stayed just about level, in spite of membership growth. The expansion of employment is nowadays a matter of service jobs, flexible contracts and female employment. Unions come from a different world — the world of the 3 Ms of Manufacturing, Manual, and Male.

In developed economies the 3M world has become a minority. On average, three out of four employees now work in services. Within manufacturing, manual workers have become a minority and an ageing one. In the past twenty years, the share of women in paid employment and people working part-time has doubled. Non-standard employment contracts (fixed-term, work agencies, casual and variable hours, the dependent self-employed) are on the rise — to some 15-25 percent in the European Union. With some exceptions, mainly found in Scandinavia to which some examples in Northern Italy may be added, trade unions in Europe and elsewhere have had little

⁸ The total membership in trade unions in the UK increased in 1999 and 2000 for the first time in two decades, but from 2001 the decline continued (Granger 2006: 11).

success with recruiting outside their traditional strongholds, they do poorly among immigrants and people with non-standard employment contracts, and they appear to be losing the connection with the world of young workers.

In France the probabilities of a worker to join a union are five to six times higher in public sector employment compared to the private sector; in the US the difference is a factor of four to five, in the UK three to four, in Germany and the Netherlands two to three. In Sweden the difference is only marginal (Visser 2006). The weaker the trade unions are – as measured by low aggregate union density rates – the more they tend to be dominated by workers in large manufacturing firms and by public sector employees. As a consequence, unions tend to represent workers in relatively protected employment positions. In continental Europe, Japan and Korea, employment representation rights and dismissal protection above rights guaranteed by the law are strongly correlated with firm size and public sector employment.

The new world: young, female and white collar

Table 2 shows the estimated union density rates by gender, age, sector and occupation for a number of European countries. These estimates are based on the 2002/3 wave of European Social Survey (ESS) and need to be interpreted with caution. Although they represent the best comparative survey statistics to date based on well-designed samples and questionnaires, samples are small and questions about union membership may have been misunderstood leading to under- or over-reporting as the case may be. The estimates based on these surveys are therefore best seen as midpoints within relatively wide confidence intervals. Nonetheless, some general conclusions may be drawn from these results.

Firstly, in the past twenty years the male-female gap in unionisation has disappeared in Scandinavia and the UK. Estimates from much larger labour force surveys and administrative records show higher unionisation rates for females in Sweden, Denmark and Finland, and equal rates in the UK (Visser 2006). In the UK case this equalisation trend is driven by the sharp fall in male unionization related to the decline in manufacturing. In Scandinavia the narrowing of the male-female gap is driven by a pattern of job segregation, which attracts women disproportionately to public sector jobs and to professions in education, health and social services that tend to be more prone to unionisation. The dominance of public sector employment in combination with an “adult worker model” of full-time earning women (Lewis 2002) which is traditionally found in the planned economies of East Central Europe, though now fading and under severe pressure, may explain why unionisation rates in these countries tend to be higher for women than for men. It is of interest to note that in Eastern Germany in 1992 union density rates were higher for women (43.5 percent) than for men (35.8 percent). In just over a decade these density rates for both women and men have halved to 20.0 percent for women and 16.8 percent for men in 2004,⁹ still with a slight advantage for women, in line with what we observe elsewhere in ECE.

⁹ Estimates based on ALLBUS surveys, as rendered in Schnabel and Wagner, 2007.

Table 2: Trade Union densities by gender, age, sector and occupation

Total	Gender		Age groups				Employment sectors				Occupational groups				Coefficient of Variation		
	male	female	-30	30-49	50+	ratio	industry	services	AHS	ratio	white-collar	blue-collar	skilled	unskilled		ratio	
	(2)	(3)	(4)	(5)	(6)	(4):(6)	7	8	9	(8):(7)	PMS	clerical	12	13		(11):(12)	
average density	(1)	(3):(2)	4	5	6		7	8	9		10	11	12	13			
Germany	22	14	0,467	14	22	29	0,483	29	16	24	0,552	23	14	32	22	0,438	0,298
UK	30	31	1,107	15	30	43	0,349	22	15	52	0,682	35	26	19	29	1,368	0,381
Italy	28	34	0,676	23	47	48	0,479	25	26	35	1,040	31	28	37	23	0,757	0,278
France	12	13	0,846	4	13	21	0,190	9	12	15	1,333	0,397
Sweden	77	74	1,095	55	82	83	0,663	88	65	88	0,739	80	72	85	74	0,847	0,127
Denmark	84	82	1,049	61	90	90	0,678	85	77	91	0,906	86	81	89	80	0,910	0,100
Austria	36	43	0,674	26	38	41	0,634	40	27	46	0,675	41	29	38	42	0,763	0,189
Belgium	47	49	0,878	45	49	43	1,047	55	45	42	0,818	33	49	60	67	0,817	0,186
Netherlands	28	33	0,697	15	28	44	0,341	32	19	42	0,594	31	16	42	26	0,381	0,342
Poland	20	18	1,278	6	27	22	0,273	19	12	36	0,632	24	12	23	19	0,522	0,389
Czech Rep.	21	22	0,955	7	24	24	0,292	21	23	21	1,095	19	22	26	19	0,846	0,231
Hungary	18	16	1,313	7	21	24	0,292	15	13	27	0,867	21	22	17	14	1,294	0,304

Notes: AHS=public administration (including public education), health and social services; PMS=professional and managerial staff. Source: based on EES 2002/2003 survey data. See: R. Jowell & Central Coordinating Team (2003): European Social Survey 2002/2003. Technical Report. London: Centre for Comparative Social Surveys, City University, and <http://www.europeansocialsurvey.org>.

Despite the convergence of female employment patterns in Eastern and Western Germany towards a part-time earner-care model (Rosenfeld/Trappe/Gornick 2004) and despite convergent trends in unionisation in the two parts of Germany (Schnabel/Wagner 2003), a large difference in the female-male unionisation gap has persisted in the West. In Western Germany, the 2004 density rate for women is 15.8 percent compared to 26.3 percent for men, down from 18.5 percent (women) and 36.0 percent (men) in 1992 and 20.3 percent (women) and 39.6 percent (men) in 1980 (Schnabel/Wagner, 2007). In other words, the female/male gap in unionisation in Western Germany has hardly changed in these twenty years and the massive fall in union membership among male workers (in industry) has not been compensated by the recruitment of female employees (in services).

In this respect, Dutch unions did a better job. Starting from a very low point, female membership in the Dutch Federation of Trade Unions jumped with 160 percent from 132,700 in 1985 to 346,800 in 1998, whereas male membership increased with 16 percent from 760,900 to 883,500 (Ebbinghaus/Visser, 2000: 495). FNV net density stagnated around 14.5 per cent for men and increased from 6.3 to 9.8 per cent for women (*idem*, 497). DGB unions achieved no rise in female density between 1985 and 1997, which stayed around 14 percent, whereas male density decreased from 25.8 to 19.7 percent (*idem*, 332). With some justification, one former president of the FNV claimed that women rescued Dutch unions.¹⁰

Table 2 corroborates the finding reported in the literature based on ISSP surveys (Blanchflower 1996), that the young are underrepresented in today's trade unions. German unions have a particularly large deficit in attracting young people, though east of the border unions do decidedly worse. In the IG Metall, between 1998 and 2002 44 percent of the new entrants came from apprenticeships, but this share has since decreased to 39 percent or lower. Even in Scandinavia, there are signs that young people are disenchanted with the unions. Combined with the finding, based on a Dutch study of patterns of joining behaviour that people tend to join union early on in their working life or not at all (van Rij 1994), the decline in the recruitment of the young predicts lower future union growth. Unions are struggling against a negative demographic trend. The IG Metall loses every year 25,000 members because of death and there are less young recruits to replace them.

Finally, the data in Table 2 show that most unions have difficulties organizing the vast, heterogeneous and growing world of services. In this regard, German unions are as unsuccessful as Dutch unions. In both countries, there is clearly a problem with building up the "critical mass" of union organizing in commercial and business ser-

¹⁰ The Dutch union density rate among females in 1980 was one of the lowest (16.2 percent) in Western Europe and the female/male gap one of the largest (0.389). Today, most women work part-time and part-time workers are less unionised than full-time workers, especially when working in mini-jobs. Estimates from the Netherlands Labour Force Survey (*Enquête Beroepsbevolking*) of 2004 show that density rates vary from 27 percent for those working 35 hours or more weekly, to 23 percent (20-34 hours) and 12 percent (12-19 hours), and from 27 percent of workers with standard employment contracts to 11 percent of temporary workers (www.cbs.nl/statline, approached 05/01/2007).

vices. This is confirmed by the differences in unionisation between skilled manual and white-collar workers, excluding those in managerial and higher professional positions. According to the estimates based on the ESS, these differences are larger in the Netherlands and Germany than anywhere else. Of course, these findings have to be read with caution and will become more telling when future waves of the EES re-affirm these differentials and allow us to observe trends over time. As they stand, however, they allow us to picture some of the comparative weaknesses of Germany's trade unions.

A "first loser advantage"?

A hypothesis that needs further exploration is that the more their membership is skewed towards large manufacturing firms and the public sector, the more difficult it is for unions to make the transition to the service economy and support policies that promote job growth and recruitment of women and employees in small firms. In his article about "the snakes and ladders of trade unions", Crouch suggests that the past strength of German unions may have become a handicap, when it comes "at the expense of falling into the trap (...) of coming to represent an ostensibly privileged group of labour-market insiders to the possible cost of various groups of outsiders" (Crouch 2000: 81). In one of their hypotheses Thelen/van Wijnbergen (2003: 87) propose that centrifugal pressures, or the difficulty to define common bargaining strategies, on the union side will be much stronger in countries where union organization is disproportionately concentrated in the core firms, which are conflict-adverse and willing and able to pay a high price for labour peace. A comparison between unions in Sweden and Denmark, or between those in Germany and the Netherlands, should shed light on this.

I cannot do that here, but one possible explanation why German unions have more difficulties in adjusting to change may reside, paradoxically, in the fact that they were so long able to boost a strong and successful economy based on manufacturing and exports, with a vital role for themselves. Perhaps there exists something like "a first loser advantage", of early losses forcing rapid learning and adjustment when sharp differences between insiders and outsiders are not yet settled. Behind the Dutch miracle and the support of the Dutch unions for a strategy of job growth based part-time employment for women lies their defeat to defend wages, employment and membership based on the male breadwinner model of the past (Visser/Hemerijck, 1997). Moreover, only after *all* major affiliates of the Dutch Federation of Trade Unions (FNV) began to loose members between 1980 and 1986, they were prepared to participate in a joint plan of action to reverse negative trends and invest, among others, in the recruitment of women and part-time workers. As predicted by Steekelenburg, FNV president from 1988-1996, this extraordinary degree of joint action would end as soon as some key (public sector) unions made again membership gains.¹¹

¹¹ The *FNV 2000* plan, adopted as a basis for policy in 1986, proposed union mergers and joint union action with regard to the recruitment of (part-time working) women, service workers, immigrants and young people, and included the improvement of statistical analysis of membership trends, increased use of ICT, surveys of members and non-members

Maintaining a social norm of membership and the persistence of decline

Workers join unions because they want something that they cannot readily get on their own: better wages and working conditions, social protection, job security, defence against arbitrary decisions of management. Another reason for membership is social belonging, the desire to be part and earn the respect of the group. This mixture of instrumental and social reasons is time and again reported in surveys in which members report why they joined. However, since many things that unions achieve are 'collective goods' from which non-members also benefit, unions are exposed to the threat of free-riding behaviour (Olson 1965; Crouch 1982).

It is for trade unions, therefore, not enough to be efficient and effective in delivering the goods and services that members want. They must also create and maintain a social norm of membership. In addition, unions can try to create 'loyal' members, and prevent defection, through 'selective' benefits that accrue only or more favourably to members. Union administrated unemployment insurance modelled on the 'Ghent system' is an example. Other examples include favourable treatment of members in union or works council negotiated social plans in case of company restructuring (used in Denmark and the Netherlands), the return of contributions and specific benefits for members related to membership tenure (used in Belgium), or special training programs for members (used by all unions). There are some interesting examples of such attempts to discourage free riding in Germany as well, for instance in *IG Metall* in North-Rhineland-Westphalia. However, the literature on this subject suggests that such selective benefits are most effective when unions are embedded socially and there is also a social norm of membership.

In social custom theory compliance with such a norm derives from a reputation effect (Booth 1985). People stick to the norm because they believe in the purpose of unionism *and* they do not want to loose their reputation as a good fellow in the group. This implies that the 'membership norm' strongly depends on two conditions: the overall standing and prestige of unions in society (are they perceived and portrayed as effective or ineffective, is their reputation one to defend general worker interests or only insiders?) and the embeddedness of the union in the local situation, the workplace or local community. Italy, for instance, offers interesting examples of the latter, especially in the small towns of Middle Italy. In a sense, obedience with the norm depends on how many others in one's environment are union members and prepared to be open and positive about it. A favourable political and legal climate and the absence of employer harassment do help as well. Another application of this approach was offered by Goerke/Pannenberg (2004) for Germany. Using panel data, they found empirical evidence for norm-based union membership, in which conformity with the norm and willingness to join a union varies with union density.

and their demand for and evaluation of union policies and services. This approach was shelved in the mid-1990s when membership decline was no longer a problem for some unions and others became overwhelmed by post-merger problems. (The author was as advisor involved in the preparation of *FNV-2000*.)

It has been demonstrated that voluntary ('open-shop') unionism can exist at various levels of union density despite employer opposition and a potential free-rider threat (Naylor 1990). However, as shown by Booth/Chatterji (1993) in the case of Britain, there is a minimum level of union density (10%? 20%?) below which reputation effects will not work. In a situation where the norm is that of the self-made man and unions are associated with the old economy, one's reputation may even suffer from joining a union. There is anecdotal evidence that this is the case in the ICT sector in the Netherlands. Another example is that many union members in commercial staff functions in Dutch banks kept their membership secret, not just for fear of management retaliation. Surely, unions always depended on people who were prepared to stick their necks out, but mass unionism is not built on heroes only.

Social custom theory helps to explain the intriguing fact of *diverging* unionisation trends across countries in spite of common challenges and shocks in the union's environment. Where union density is lower, the effectiveness of unions and reputation losses from non-membership will be weaker; fewer workers will be attracted, which in turn undermines the belief in the union needed for observance of the norm among new recruits or in the next generation. A further implication is that a reduction in union membership caused by a *temporary* shock (like unification and the sharp rise in unemployment in Germany in the 1990s or one decade earlier the collapse of major manufacturing sectors in Britain and the Netherlands) is likely to be *persistent* and that rebuilding the unions to their previous strength will be very difficult as it can no longer draw as much as in the past on social pressure.

What should German unions do?

The preceding analysis implies that, in the German case, a return to the unionization levels of before 1989 is unlikely. Even maintaining present levels will require a considerable joint effort of German unions and a policy at all three levels distinguished before: an improvement of the standing or prestige of unions nationally, cleverly designed selective incentives (related to training and improving members' employability), and strengthening the unions in the workplace and in the community. In view of the fact that many professional and skilled worker are employed in networks rather than in fixed locations and that there is a growing flexible workforce with short tenure or part-time jobs, the local community becomes more rather than less important for unions.

Joel Rogers argues in *A Strategy for Labor*: "Unions advance when they put forward practical programs of action that (a) benefit their members or potential members; (b) solve problems in the broader society – often, problems for capitalists, on whose well-being the rest of society unfortunately depends; and (c) by doing both these things achieve the political cache and social respect – as carriers of the 'general interest' – needed to secure supports for their own organization" (Rogers 1995: 381). Any union revival strategy should begin with an analysis what those problems in the broader society are.

In the 1980s, the relatively stability of German unions and collective bargaining institutions suggested that unions could sustain their strength in spite of globalisation, the shift to services, restructuring and rising unemployment, if they are capable of

making a productive contribution, by simultaneously preventing firms to follow a low-wage adjustment path and by helping management to raise functional flexibility of internal labour markets in pursuit of quality competition (Streeck 1992). This may have distinguished German and Swedish developments before the 1990s, compared to the rapid demise of unions in the US and UK and the deep crises in France or the Netherlands. The proximate cause of the collapse of sectoral bargaining in the UK was the massive withdrawal of employers. Given the “low degree of control and an unrealistically narrow scope” (Brown 1993: 190), sectoral agreements did nothing for them and abandoning sectoral bargaining was therefore a relatively costless option for employers. The outcome of the German story may still be different.

Germany’s trade unions seem to have missed the two “ladders” or rescue strategies that unions in Ireland, the Netherlands or Denmark used with some success during the 1990s. These strategies consisted in developing a strategy of “organized decentralisation”, with more choice for firms and workers; a new agenda for the post-industrial economy confronting issues of gender and work-family related stress; and the promotion and management of welfare state and labour market reform based on partnership and so-called new social pacts.

On firm-level flexibility German unions may be better than their reputation, but it is the latter that counts. With the Pforzheim agreement of 2004 the IG Metall seems to have moved in the direction of organized decentralization, like the chemicals union. With regard to the second strategy – addressing the problems and developing a union agenda for the new world of women, youth and services – German unions have dragged their feet and are now far behind developments in Scandinavia and Anglo-American unions. The statistics discussed in the previous sections confirm the analysis of Behrens et al. who in their review of several union revitalization strategies found little that suggested strategic priorities or a deep concern for structural change. Their conclusion is that German unions “have not yet succeeded in radically rethinking their organizing strategies” (Behrens/Fichter/Frege 2003: 28).

Finally, one of the major reasons for the failure of the ‘Alliance for Jobs, Training and Competitiveness’ was the unwillingness of German unions to make compromises on labour market and welfare reform. Scholars have attributed this to the strong secondary power resources embodied in sectoral corporatist institutions of German unions (Traxler/Blaschke/Kittel 2001; Siegel 2004), and to the social insurance institutions that long concealed the costs of high unemployment for unions and those in stable employment (Hassel, 2003). Lack of preparation and *Tarifautonomie* prevented the state from casting a “shadow of hierarchy” over the bargaining table in the primary domain of union wage bargaining, while key employers prioritised social peace. If union could not convince themselves to follow a modernisation strategy, nobody else could. The next thing was that the unions found themselves sidelined and politically isolated.

Partnership with employers is not a panacea for all problems that unions have. For unions it is rather a tightrope, but one that must be walked. John Monks, General-Secretary of the *European Trade Union Confederation* (ETUC) bemoans that “New Capitalism” tends to destroy the social nexus between worker and employer and the broad employment rights and social obligations that since Industrial Revolution had been

built on that nexus. “We may not have always liked it but we knew where we were with the Ford Motor Company. Goldman Sachs by contrast is foreign land and hedge funds are in a different universe. We won’t achieve anything by cuddling up to them...”.¹² Nor will they by ignoring the world of New Capitalism or failing to engage. Taking on worldwide financial capital requires broad international and European coalitions, partnerships with governments and with producers in the real economy, and membership strength, which in the final analysis is the basis for union pressure.

This brings us back to my initial question. Can German unions turn around the decline in membership? In my view, the answer must begin with a dispassionate analysis of the manifold reasons of the decline, some of which I have tried to identify in this paper. Next, if unions want to reverse trends membership recruitment should be made into a “Chefsache” and deemed a strategic priority. There is no “magic bullet” and regaining membership will never come from just one ‘stand alone’ policy and it will not come quick. Membership growth, even of modest proportions, will require a mixture of a long-term political strategy towards employers and governments, job growth, the building of supporting institutions, finding concrete measures to limit free riding behaviour, paying constant attention to the membership issue at all levels of union organisation, finding new forms of membership, perhaps not all offering the same package of rights and obligations, as well as new ways of communication with both members, aspiring members and non-members. Given the size and the nature of the Germany economy, the strength and orientation of German unions has always been vital for other European unions and for European industrial relations. They are still largest in absolute numbers. If German unions continue their decline or remain in a state of denial of the new world we have entered, this is bad news for their European friends.

References

- Addison, J.T./Schnabel, C./Wagner, J. (2007): The (Parlous) State of German Unions. In: *Journal of Labor Research*, 28 (1): 3-18.
- Beck, M./Fitzenberger, B (2004): Changes in Union Membership Over Time: A panel analysis for West Germany. In: *Labour* 18(3): 329-362.
- Behrens, M./Fichter, M./Frege, C.M. (2003): Unions in Germany: Regaining the initiative? In: *European Journal of Industrial Relations* 9 (1): 25-42
- Bell, D. (1976): *The Coming of Post-Industrial Society. A venture in social forecasting*. New York: Basic Books
- Berger, S. /Dore, R. (eds) (1996): *National Diversity and Global Capitalism*. Ithaca, NY: Cornell University Press.
- Blanchflower, D. (1996): *A Cross-country Study of Trade Union Membership*. Bonn: IZA Discussion paper 210
- Booth, A.L. (1985): The Free Rider Problem and a Social Custom Model of Trade Union Membership. In: *Quarterly Journal of Economics*, 100: 253-261.
- Brown, W. (1993): The Contraction of Collective Bargaining in Britain. *British Journal of Industrial Relations* 31(2): 189-200.
- Checchi, D./Visser, J. (2005): Pattern Persistence in European Trade Union Density - A longitudinal analysis 1950-1996. In: *European Sociological Review* 21(1): 1-22.

¹² “Aneurin Bevin Lecture”, London, 14 November 2006, speech by John Monks, ETUC General Secretary.

- Crouch, C.J. (2000): The Snakes and Ladders of Twenty-First-Century Trade Unionism. In: *Oxford Review of Economic Policy*, 16 (1): 70-83.
- Ebbinghaus, B. (2003): Die Mitgliederentwicklung deutscher Gewerkschaften in historischer und internationaler Vergleich. In: Schroeder, W./Wessels, B. (eds.): *Die Gewerkschaften in Politik und Gesellschaft der Bundesrepublik*. Wiesbaden: Westdeutscher Verlag.
- Ebbinghaus, B./Visser, J. (1999): When Institutions Matter: Union Growth and Decline in Western Europe, 1950-1995. In: *European Sociological Review* 15 (1): 1-24
- Ebbinghaus, B. /Visser, J. (2000): *Trade Unions in Western Europe Since 1945*. London, Palgrave-Macmillan.
- EC (2004): *Industrial Relations in Europe 2004*. European Commission, Directorate-General for Employment and Social Affairs. Luxembourg: Office for Official Publications of the European Communities.
- Ellguth, P./Kohaut, S. (2005): Tarifbindung und betriebliche Interessenvertretung: Aktuelle Ergebnisse aus dem IAB Betriebspanel. In: *WSI-Mitteilungen* 58:7.
- Elvander, N. (1999): *The Industrial Agreement: An Analysis of Its ideas and performance*, Sandviken: Almega förlag.
- Fichter, M. 1997): Trade Union Members: A vanishing species in post-unification Germany. In: *German Studies Review*, 20: 83-104.
- Fichter, M. (1998): Unions in the New Länder: Evidence for the urgency of reform. In: Turner, L. (ed): *Negotiating the New Germany: Can social partnership survive?* Ithaca and London: Cornell University Press.
- Golden, M./Wallerstein, M./Lange, P. (1999): Postwar trade union organization and industrial relations in twelve countries. In: Kitschelt, H./Lange, P./Marks, G./Stephens, J.D. (eds): *Continuity and Change in Contemporary Capitalism*. Cambridge, MA: Cambridge University Press.
- Goerke, L./Pannenberg, M. (2004): Norm-Based Trade Union Membership: Evidence for Germany. In: *German Economic Review*, 5(4): 481-504.
- Grote, J./Schneider, V./Streeck, W./Visser, J. (eds) (2006): *Governing Interests: Business associations facing internationalization*. London: Routledge. *Studies in International Business and the World Economy*.
- Hall, P./Soskice, D. (2001): An Introduction to Varieties of Capitalism. In: Hall, P./ Soskice, D. (eds.): *Varieties of Capitalism. The institutional foundations of comparative advantages*. Oxford: Oxford University Press.
- Hassel, A. (2003): The Politics of Social Pacts. In: *British Journal of Industrial Relations*. 41 (4): 707-726.
- Hassel, A. (forthcoming): What Does Business Want? Labour market reforms in CMEs and its problems. In: Rhodes, M./Hancké, B./Thatcher M. (eds.): *Institutional Change in Contemporary European Capitalism: Conflict, contradiction and complementarities*. Oxford: Oxford University Press.
- ILO (1998): *World Labour Report 1997-98*. Geneva: International Labour Organisation.
- Kohl H./Platzer, H.-W. (2003): *Arbeitsbeziehungen in Mitteleuropa. Transformationen und Integration: die acht EU-Beitrittsländer in Vergleich*. Baden-Baden: Nomos
- Lash, S./Urry, J. (2000): *The End of Organized Capitalism*. Madison WI: University of Wisconsin Press
- Lewis, J. (2002): Gender and Welfare State Change. In: *European Societies*. 4 (4): 331-357.
- Nakamura, K. (2007): Decline or Revival? Japanese labor unions. In: *Japan Labor Review*. 4 (1) 7-22,
- Naylor, R. (1990). A Social Custom Model of Collective Action. In: *European Journal of Political Economy*. 6: 201-216.
- OECD. (2004): *Employment Outlook*. Paris: Organisation for Economic Co-operation and Development.
- Oskarsson, S. (2001): Class Struggle in the Wake of Globalisation: union organization in an era of economic integration. In: L. Magnussen, L./Ottosson, J. (eds.): *Europe: One Labour Market?* Brussels: P.I.E. - Peter Lang.
- Pizzorno, A. (1981): *I soggetti del pluralismo*. Bologna: Il Mulino.
- van Rij, C. (1994): *To Join or Not To Join. An event-history analysis of joining behaviour in Dutch trade unions*. Amsterdam, thesis University of Amsterdam.
- Rogers, J. (1995): A Strategy for Labor. In: *Industrial Relations*, 34 (3): 367-381.

- Rosenfeld, R./Trappe, H./Gornick, J.C. (2004): Gender and Work in Germany: Before and after reunification. In: *Annual Review of Sociology*, 30: 103-124.
- Scruggs, L./Lange, P. (2002): Where Have All Members Gone? Globalisation, institutions and union density. In: *Journal of Occupational Psychology*, 64: 125-153.
- Siegel, N. A. (2005): Social Pacts Revisited: 'Competitive concertation' and Complex Causality in Negotiated Welfare State Reforms, In: *European Journal of Industrial Relations*: 11 (1): 107-126.
- Schnabel, C./Wagner, J. (2003): Trade Union Membership in Eastern and Western Germany: Convergence or divergence? In: *Applied Economics Quarterly*: 49 (3): 213-232.
- Schnabel, C./Wagner, J. (2007): The Persistent Decline in Unionization in Western and Eastern Germany, 1980-2004: What can we learn from a decomposition analysis? In: *Industrielle Beziehungen*: 14, this issue.
- Streeck, W. (1992): *Social Institutions and Economic Performance: Studies of industrial relations in advanced capitalist economies*. London: Sage.
- Streeck, W. (2003): From State Weakness as Strength to State Weakness as Weakness: welfare corporatism and the private use of the public interest. Cologne: MPIfG Working Paper 03/2.
- Thelen, K./van Wijnbergen, C. (2003): The Paradox of Globalization. Labor relations in Germany and beyond. In: *Comparative Political Studies*, 36 (8): 859-880.
- Traxler, F. (2006): Economic Internationalization and the Organizational Dilemma of Employer Associations: a comparative study of 20 OEWCD countries. In: Grote, J./Schneider, V./Streeck, W./Visser, J. (2006): *Governing Interests: Business associations facing internationalization*. London: Routledge.
- Traxler, F./Blaschke, S./Kittel, B. (2001): *National Labour Relations in Internationalized Markets: a comparative study of institutions, change, and performance*. Oxford: Oxford University Press.
- Visser, J. (1990): In Search of Inclusive Unionism. In: *Bulletin of Comparative Labour Relations* 18: 5-278.
- Visser, J. (1991): Trends in Trade Union Membership. In: *OECD Employment Outlook 1991*. Paris: OECD, 97-134.
- Visser, J. (2003): Unions and Unionism around the World. In: J. T. Addison, J.T./Schnabel, C. (eds.): *International Handbook of Trade Unions*. Cheltenham: Edgar Elgar.
- Visser, J. (2005): Beneath the Surface of Stability: New and Old Methods of Governance in European Industrial Relations. In: *European Journal of Industrial Relations* 11 (3): 287-306.
- Visser, J. (2006): 'Union Membership Statistics in 24 Countries', In: *Monthly Labor Review*, January, 3-14
- Western, B. (1997): *Between Class and Market: Postwar unionization in the capitalist democracies*. Princeton, NJ.: Princeton University Press.