



scit 1558

Dr. Stefan Schmalz
Shadow of the Crisis

Institute of Sociology

Friedrich-Schiller-Universität Jena

Klaus Dörre /Stefan Schmalz

**„In the Shadow of the Crisis:
Functional Change of Trade Unions and Social Conflict
in Germany (Theses)“**

**VI. Global Labour University Conference,
Berlin, 14th-16th, September 2010**



1: Two Competing Tendencies? Between „Labor in Crisis“ and „Comeback of Trade Unions“

- SASE Forum 2009 in Paris on „Labor and the Global Financial Crisis“; thesis: labor weakened despite collapse of finance
- Reasons: no resistance against finance-led capitalism and shareholder value model, decreasing bargaining power, loss of membership, etc. => „financial crisis“ turns into a „crisis of labor“
- However, German trade union leaders were welcome to participate in crisis management; certain influence on stimulus packages
- Even after conservative-liberal government came into office in 2009, overall orientation has been continued
- „Comeback of Trade Unions“ (Tagesspiegel) or „Revival of Rhenian Capitalism“: loss of membership slows down (IG-Metall, ver.di), renaissance of „social dialog“



2: Challenging the German Orthodoxy: „Social Movement Unionism“ and „Labor Revitalization“

- „Breaking the Iron Law of Oligarchy“ (Sherman/Voss 2000): „Strategic Choice“
- Elements of Organizing Campaigns (Movement orientation, membership participation, and campaigning capacity)
- Most of organizing literature refers to U.S. context (SEIU: „Justice for Janitors“) or to global south; weakly institutionalized context
- Adaption to German context complicated - critique: organizing as a sign of weakness as well as only useful for weakly institutionalized context
- Most scholars refer to the „intermediary approach“ and to some sort of institutionalism (varieties of capitalism, etc.)
- Political consequence: Trade unions have to rely on given system of negotiations to maximize gains



3: Jena Power Resources Approach

- According to E.O. Wright and B. Silver different sources of power resources of labor may be distinguished
- Structural power: results from position of certain groups of (blue and white collar) workers within economic system
 - a) production power: results from a special position in value chain and is often exerted spontaneously (labor unrest)
 - b) market power: negotiation power arising from (tense) situation in labor market
- Organizational power: combination of forces to form political or trade union organizations as well as collective action aiming at limiting capital's power and the degree of commodification of labor
- The Jena approach adds a further power resource: Institutional power – institutions take those social compromises that were agreed upon in the past and stipulate them for further economic cycles and times of labor in defense („institutionalized labor power“)



4: Reinterpreting the Historical Trajectory of German Trade Unionism

- Before World War II, German trade unions heavily relied on organizational power; during 1920s, trade unions reached a membership of 9.3 million members
- After World War II, new „wonder of organizational activity“ (Müller-Jentsch), but institutionalization of class conflict (dual system of representation, etc.); institutional power strengthened
- Since 1980s, due to „neoliberal landslide“ slow erosion of other power resources: organizational power (loss of members); structural power (plant relocations); market power (structural unemployment)
- Even though institutional power still exists, institutional mechanisms cease to work (e.g. „Alliance for Jobs“)
- Current debate on union revitalization: tapping further power resources - trade unions start to implement organizing campaigns



5: Two Basic Variants of Organizing (I)

	Organising wide	Organising narrow
Focus	Prioritisation of issues of justice over economic efficiency; combination with crucial social issues, “political unionism”;	Rather neutral in its content, if necessary combinable with value creation-oriented approaches
Goal	Strengthening of trade union organisational power as a means for the correction of power asymmetries and social change; offensive focus on organisational success among previously poorly organised groups (precariously employed, women, highly qualified employees)	Membership recruitment in order to strengthen trade unions’ organisational power; tendency to concentrate on the trade unions’ core groups; if at all, cautious inclusion of strategically important and financially strong groups of employees
Reference to opponents	Significant, rather oppositional and confrontational; crucial, however, are the coordination of the different social areas and the strategy mix	Not decisive, co-operation remains a possibility; what is crucial here, too, is the strategic richness and the – scientifically informed – adaptation of tactics and methods to the particularities of the respective field of conflict
Methods, Means	Campaign orientation, the practice of which brings about lasting change to the working structures of the trade union	Campaign orientation of a rather instrumental, or even professionalized nature: Partial juxtaposition with the organisational routine



5: Two Basic Variants of Organizing (II)

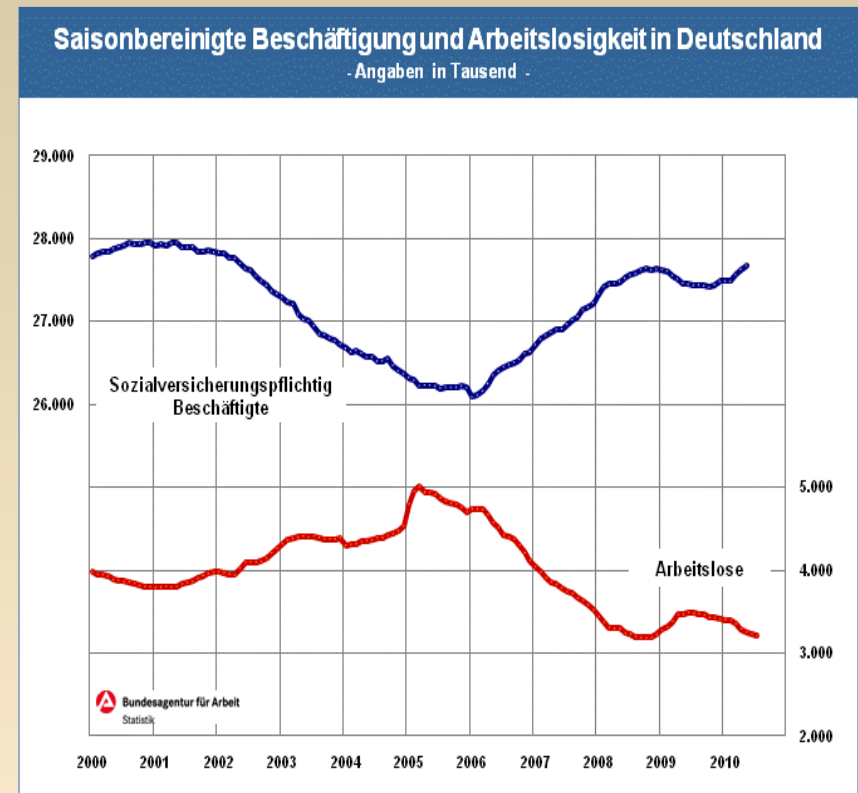
Bearer	‚Hinge groups’ between social movements and the functionaries’ apparatus, active membership, supported by headquarters	Mainly salaried and voluntary functionaries, partially professional organisers
Organisation, participation	New forms of direct participation by employees and members, democratisation and decentralisation of the decision-making structures right up to “membership self-determination”	Selective admission of direct participation, integration into hierarchic decision-making structures
Alliances	Policy of alliances in order to increase the ability to handle conflict, Priority on protest coalitions	Policy of alliances of a rather instrumental type, no priority on protest or influence coalitions
Problems	High standards for strategic organisational shift and trade union renewal; limitation of the ability to handle conflict; to some extent intensive use of resources without any short-term success; under-developed preparedness to participate on the part of the membership	Tendency towards a reduction to a set of methods, technocratic character, organising may seem as an end in itself, limitation of the ability to co-operate; threat of relapse into organisational routine; dominant position of the salaried staff over the membership



6: The Global Economic Crisis hits Germany (I)

- Highly export-oriented model: export share of 40% of GDP, in particular engineering, electronics, steel, chemicals; current account surplus of about 200 bio. US\$!
- Germany hit by financial crisis (e.g. breakdown of Hypo Real Estate), however even stronger impact by shrinking exports (April 2009: - 23%!); early 2009: inc. orders at level of 1991
- Two stimulus packages (US\$ 100 billion; minor size of stimulus packages, broad mix of short-term measures such as „scrap bonus“)
- Overall economic impact in 2009: GDP decreases by roughly 4.8%!
- At first sight, rather weak impact on labor market – decreasing unemployment in 2010!

Fig. 2: Development of Unemployment

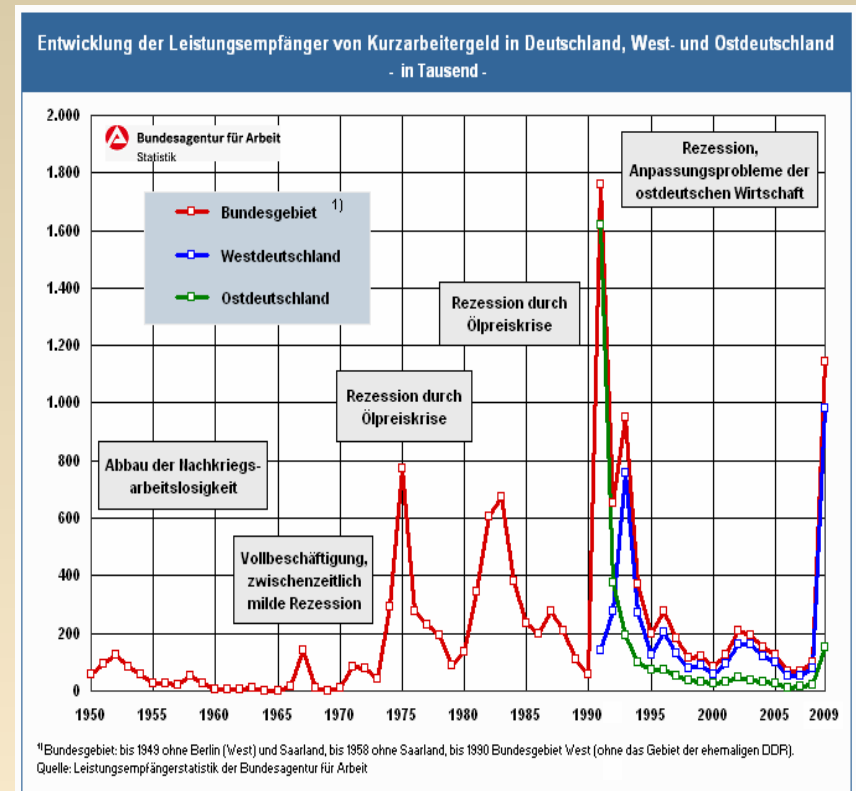




6: The Global Economic Crisis hits Germany (II)

- Impact on labor market as a result of a trade-off between government and trade unions
- „Inverse lobbyism“ to include social measures into stimulus packages
- Main measure: Subsidies for an extension of „long-term short-time work“
- At heyday, about 1.5 mil. people received short-time work-compensation
- Other related measures such as subsidies to lower non-wage labor costs

Fig. 3: Development of Short-Time Work





6: The Global Economic Crisis hits Germany (III)

- Trade unions' strategy: „crisis corporatism“ relying on institutional power
- However, no mobilization for change in economic model
- IG-Metall agrees on pay freeze (in several sectors) in 2010 and focuses on permanent staff
- Some organizing efforts, but most of them of the „narrow organizing type“ - for instance, little efforts to protect „agency workers“ against the background of the crisis (case of BMW Leipzig); exception: „equal work for equal pay“- campaign
- No general strategic reorientation: social partnership agreements
- Contradiction: „crisis corporatism“ and recent budget cuts!
- Danger of further erosion of market power and organizational power, in particular in lesser organized sectors
- Crisis acts as a catalyst for further erosion of trade unions' power resources!



7: Social Structure of „German Job Wonder“

- Unemployment rate drops from 11.7% (2005) to 7.0% (2010); GDP increase of 2.2% in 2/2010
- However, precariousness remains at high level/ even increases:
 - Still about 0.5 million receive short-time work-compensation
 - 1.4 million „benefit receivers“ („Aufstocker“)
 - Under-employment of about 4.7. million people!
 - Several groups doesn't show up in official unemployment statistics (one Euro-Jobs, unemployed in retraining measures, etc.)
- General trend of expanding precarious sector: poorest fourth of population experienced losses in real wages of 14% (1997-2007); subaltern class splits up into different groups (permanent staff, receivers of Hartz IV, agency workers, etc.)
- Crisis might act as a catalyst to deepen „Hartz IV-capitalism“



8: Functional Change of Trade Unions in Germany (Theses)

- 1) During times of crisis, trade unions in highly institutionalized systems of industrial relations tend to rely on institutional power
- 2) Most trade unions followed a strategy of „exclusive solidarity“, protecting permanent staff
- 3) This strategy is based a growing representation gap, due to a highly divided labor market and split of subaltern classes (different reactions - once again „strategic choice“)
- 4) The crisis has even further deepend the division of the labor market. Thus, the representation gap has further widenend („structural heterogenity“), but possibilty of „strategic choice“
- 5) Most of the organizing-campaigns of trade unions followed a rather technocratic „organizing narrow“-type and fit to overall crisis policy
- 6) The crisis led to a new wave of non-normatized-conflicts (in neighboring countries), because of shrinking organizational power – a problem that soon German trade unions might face, too
- 7) New situation goes along with an upvaluation of the political level of trade unions' activities (economic, social and employment policy)