



# The DGB Trade Unions since the Crisis

## Developments, Challenges, Strategies

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April 2014

- The crisis unleashed new dynamics in the interaction between state, enterprises and trade unions. In the run-up to the Bundestag election in 2009 overlapping interests favoured a new »crisis corporatism« to rein in the consequences of the crisis. For the trade unions employment security was at the top of the agenda.
- In spring 2014 it looks as if workers and trade unions in Germany have come through the years of the Great Recession and the ensuing »euro-crisis« comparatively unscathed.
- At the same time, the increase in precarious employment is evident. The debate on regulating temporary work is an example of how the trade unions have reacted to this problem.
- In 2013 five of the eight DGB trade unions experienced positive membership growth. Since the mid-2000s the DGB trade unions have come to regard strengthening and expanding their position in companies as their biggest practical challenge.
- The DGB plays the important role of coordinator in more large-scale actions supported by all trade unions, such as the minimum wage campaign.



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## Introduction

The aim of this brochure is to provide, in a compact form, information on and assessments of the development, challenges and strategies of the DGB trade unions. Its assertions are based on the overview of trade unions in Germany published in spring 2012 (Birke/Dribbusch 2012).

The paper begins with a brief overview of the changed political environment in Germany in the context of the Bundestag elections in autumn 2013. This is followed by an updated presentation of the trade unions' organisational and membership situation. In Section 3 a number of current challenges facing the DGB trade unions are outlined. This is accompanied by a brief overview of wage development and the state of industrial action in Germany.

One focus of this brochure is on the description and assessment of trade union strategies and campaigns (Section 4). For that purpose we decided to discuss three important areas of trade union policy: (i) trade union crisis policy; (ii) the struggle against the low-wage sector; and (iii) trade union organisation policies.

## 1. Political Environment

In spring 2014, to all appearances, workers and trade unions in Germany have come through the years of the Great Recession and the ensuing »euro-crisis« relatively unscathed. The official unemployment rate was clearly below the EU average (see Table in the appendix). In 2012 and 2013 the trade unions managed to achieve collective wage settlements for wages and salaries above the rate of inflation. After 2010 real wages rose at first modestly, while between 2001 and 2009 Germany was bringing up the rear in Europe with a fall of 6 per cent. Public perception of economic development was generally positive, especially in comparison with Europe's crisis countries. It was in this environment that the Bundestag elections were held in September 2013. The CDU/CSU emerged as clear victors, winning just under 42 per cent of the vote. Trade union members generally speaking leaned heavily towards the SPD, but less emphatically than in previous elections. While in 2002 51 per cent of trade union members had voted for the SPD, by 2013 this had fallen to 36 per cent. The CDU/CSU re-

ceived just under 33 per cent of the votes in this group, a rise of 6 percentage points on 2002. Also doing particularly well among trade union members in 2013 was Die Linke (»The Left«), which was founded in 2007 from the merger of the breakaway SPD faction Wahlalternative Arbeit und soziale Gerechtigkeit (WASG – Electoral Alternative for Labour and Social Justice) and the left-wing party PDS (see Table 1).

After the FDP's exit from the Bundestag as the CDU/CSU's desired coalition partner, arrangements were rapidly made between the CDU/CSU and the SPD to resume the Grand Coalition. It quickly became clear that SPD members would give their consent only if the SPD managed to assert some of its key demands. They included in particular the introduction of a general statutory minimum wage of 8.5 euros an hour. This was also a key demand of the DGB trade unions. The latter had not explicitly backed any party in the run-up to the elections, but some of its issues had featured in the election campaign. They included, besides the minimum wage, the withdrawal or significant correction of the extension of the retirement age to 67 adopted by the CDU/CSU and the SPD in 2007, as well as re-regulation of temporary employment.

### Rapprochement between the SPD and the DGB Trade Unions

The DGB trade unions regard themselves as unified trade unions. In other words, they are not linked to a particular political party and are not financed by political parties. Historically, however, there have been particularly close relations with the SPD. Even today the DGB chair and almost all individual trade union chairs are SPD members. An exception is the chair of ver.di, Frank Bsirske, who is a member of Bündnis 90/The Greens.

The relationship between the trade unions and the SPD has experienced considerable turbulence since 2003. The social policy of the Red-Green coalition under Chancellor Gerhard Schröder, which introduced swingeing cuts in unemployment benefits from 2003 in the teeth of DGB opposition, as well as actively promoting the expansion of the low-wage sector, led to a certain estrangement between the DGB trade unions and the SPD. This resulted in splits from the SPD. The upshot was the founding of a separate political party and – through a merger with



Table 1: Results of the Bundestag elections in 2002 and 2013, together with the voting behaviour of trade union members (%)

	CDU/CSU	SPD	LINKE	Grüne	FDP
<b>Election result 2013</b>	41,5	25,7	8,6	8,4	4,8
<i>Trade union members 2013</i>	33	36	11	8	3
<b>Election result 2002</b>	38,5	38,5	4,0 (PDS)	8,6	7,4
<i>Trade union members 2002</i>	27	51	5	9	5

Note: Results of the second vote Bundestag elections 2013; trade union members (all trade unions) on the basis of exit polls. Quelle: *einblick* 17/2013; data manual of the Bundestag.

the PDS, which hitherto had been rooted mainly in eastern Germany – the emergence in June 2007 of the party Die Linke (»The Left«), in which a whole series of former SPD members involved in the trade union movement became active. In particular The Left is supported by a significant minority of trade union members in ver.di and IG Metall. The relationship between the DGB and the SPD was again put under strain by the raising of the retirement age to 67 adopted jointly by the SPD and the CDU/CSU. After a serious election defeat in 2009 the SPD found itself on the opposition benches in the Bundestag up to 2013 and began to make advances to the trade unions once again. The main expression of this was to take up the DGB demand for a standard minimum wage.

In the course of negotiations on forming a government representatives of the DGB trade unions close to the SPD were actively involved in working out the compromise agreed with the CDU/CSU. The fact that the CDU/CSU, as election winner, was dependent on cooperation with the SPD in order to form a government majority and, at the same time, the SPD – not least because of competition from The Left – was once more making overtures to the trade unions, formed a political constellation that was congenial to the DGB. They were, in the literal sense, once more in demand. Accordingly, the DGB trade unions were largely satisfied by the coalition agreement. Particularly positive was the planned introduction of the minimum wage. The coalition’s envisaged facilitation of declaring collective agreements »generally binding« – in other words, applying to all employees in a sector – was broadly welcomed by the DGB. Support was also given to the limitation of temporary employment to a service period of 18 months, although the DGB considered the harmonisation of the wages of temporary employees and regular employees after nine months unsatisfactory.

The DGB has also applauded the coalition’s plan to enable older employees with at least 45 years’ social security contributions to retire early. A general withdrawal of the extension of the retirement age, as demanded by the DGB, is not on the table, however.

Overall, the DGB trade unions hope that they will once more enjoy easy access to government and again have their issues taken seriously. The trade union wing of the CDU/CSU, which had little influence in the coalition with the FDP, also regained its voice in the process of forming a government. It remains to be seen how the relationship between the DGB trade unions and the government develops in the coming years. European policy played virtually no role in the election campaign. The austerity policy commenced by the previous Grand Coalition was continued by the conservative/economic liberal coalition and in the course of the so-called »euro-crisis« its basic features were also implemented in the EU. The EU’s austerity policy, decisively influenced by the German government, was thus, in essence, supported by the SPD, then in opposition (as well as by the Greens). In particular, the freezing of new borrowing – the so-called »debt brake« – adopted as early as 2009 by the CDU/CSU and the SPD, which subsequently also guided European debt policy, has been subject to constant criticism by the DGB. To date, however, the DGB has been restrained in its criticism of the continuation of austerity policy. This also applies to social policy, with regard to which a fundamental correction of the cuts introduced in 2004 is not on the cards. In both financial and social policy the DGB sees a »need for improvements«, while with regard to other demands it has declared that »given the (...) current majority in parliament« they cannot be achieved. This hints at a strategy of not fundamentally questioning – despite grave concerns about the austerity

policy – the Grand Coalition, at least for the time being, and refraining from demands for a fundamental change of course in economic policy. The DGB and most executive committees of individual trade unions see more chance of success in exerting pragmatic influence over legislation whose details, as has been highly publicised, are a matter of considerable controversy even within the government.

## 2. Current Development of the DGB Trade Unions

### 2.1 Trade Union Federations in Germany

At the end of 2013 just under 8 million people were trade union members in Germany. These members are spread across three large and competing trade union federations and a number of individual trade unions not linked to a federation. By far the largest trade union federation in Germany is the Deutsche Gewerkschaftsbund (DGB – German Trade Union Confederation), founded in 1949, which at the end of 2013 represented around 6.1 million members, a good three-quarters of all trade union members in Germany. The DGB represents the common interests of its individual trade unions in relation to political decision-makers and associations at federal, *Land* and municipal level. Furthermore, it is formally responsible for resolving disputes between its individual trade unions. The DGB as umbrella organisation is financed by the individual trade unions. Employees are not members of the DGB, but direct members of the member trade unions, to which they pay their contributions.

The position of the umbrella organisation in relation to its individual trade unions is relatively weak and largely limited to representative tasks. The principal policy agenda is determined by the member trade unions. The DGB is not, as a rule, directly involved in negotiations with employers' organisations and companies, collective bargaining and industrial disputes.

If recent trends are anything to go by, the DGB's role may be changing, given the changed political situation outlined above. For example, the DGB has played a more prominent role as coordinator of large-scale actions involving all trade unions, such as the recent minimum wage campaign.

The second largest umbrella organisation is dbb Beamtenbund und Tarifunion (DBB), with around 1.3 million members at the end of 2013. The third and by far the smallest umbrella organisation is the Christliche Gewerkschaftsbund Deutschlands (CGB – Christian Trade Union Federation), with 273,000 members, according to its own figures. It is in conflict with the DGB trade unions because CGB unions have concluded numerous agreements that undercut the collective agreements concluded by DGB unions on working time and pay. Finally, there are a number of trade unions with no links to an umbrella organisation, whose membership the WSI currently puts at 240,000 or so. The largest of these is the *Marburger Bund – Verband der angestellten und beamteten Ärztinnen und Ärzte Deutschlands* (MB). In recent years small federations with no links to the DGB have been the focus of considerable public attention due to industrial action sometimes involving substantial demands, thereby challenging the collective bargaining of individual DGB trade unions.

### 2.2 The DGB and Its Individual Trade Unions

Within the DGB the principle of one company, one trade union applies. The eight individual trade unions regard themselves as industry unions, which organise all the employees in the branch and firms and offices within the scope of their organisation. As a result of mergers and groupings large multi-branch trade unions have emerged.

The restructuring of branches, dual responsibilities (such as in the education sector) or the emergence of new industries (IT, solar and wind energy) have, in recent years, led more frequently than in the past to demarcation problems and conflicts between individual DGB trade unions. However, the industry association principle remains dominant.

Around 20 per cent of members of the DGB trade unions are pensioners and around 7 per cent unemployed. A total of 463,000 members are civil servants (*Beamte*). The latter have special status in Germany, although this is losing significance both quantitatively and with regard to the guarantees attached to it. Basically, civil servants cannot be dismissed. They enjoy freedom of association, but their pay and working time are laid down statutorily by parliament. Collective bargaining does not exist for them. According to established legal interpretation civil servants thus have no right to strike.



Table 2: Individual DGB trade unions

Trade union	Important branches
<b>Industriegewerkschaft Metall (IG Metall)</b>	Metal and electrical industry, steel industry, textile and clothing, dry cleaning, wood processing, automobile trade, electrical trade, joinery, plumbing etc.
<b>Vereinte Dienstleistungsgewerkschaft (ver.di)</b>	Civil service, commerce, banks and insurance companies, health care, transport, ports, media, social and educational services, printing, private services, fire service etc.
<b>Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE)</b>	Chemical industry, pharmaceutical industry, mining, energy supply companies etc.
<b>Industriegewerkschaft Bauen-Agrar-Umwelt (IG BAU)</b>	Construction, industrial cleaning, agriculture
<b>Gewerkschaft Erziehung und Wissenschaft (GEW)</b>	Teachers, educators, universities
<b>Eisenbahn- und Verkehrsgewerkschaft (EVG)</b>	Railways, rail transport
<b>Gewerkschaft Nahrung-Genuss-Gaststätten (NGG)</b>	Food industry, mills, catering, restaurants
<b>Gewerkschaft der Polizei (GdP)</b>	Police

### 2.3 Membership Development and Density

The DGB trade unions are financed exclusively from member contributions and income from their assets. They do not receive government money or public subsidies. The whole apparatus, all administrative staff and all full-time officials have to be paid by the trade unions themselves. In contrast to some European countries, such as the Netherlands or Switzerland, the trade unions do not receive additional income from levies laid down in collective agreements to be collected by companies. The monthly contribution is 2 per cent of the gross monthly wage at most DGB trade unions. If the number of members falls a trade union faces financial problems.

The biggest individual trade unions within the DGB are the industry trade union IG Metall and the Vereinte Dienstleistungsgewerkschaft (ver.di), which represent around 70 per cent of all DGB trade union members together. Ver.di and – especially – the GEW (Education and Science Union) are the two DGB unions in which women make up the majority of members. Since 2004 the DGB trade unions have lost almost 900,000 members or 12 per cent, a dramatic development, although

different trade unions are affected very differently. While the GEW has been able to increase its membership, for example, IG BAU has lost almost one-third. Since 2009 the loss of members has slowed significantly. In 2013 five of the eight DGB trade unions enjoyed positive membership development (see Table 3).

Of these, GdP and GEW have enjoyed continuous positive growth since 2009. The same applies to NGG. IG Metall has been gaining members again since 2010 and in 2013 had more members than in 2009. Ver.di ended 2013 with a positive net balance for the first time since its founding in 2001. The DGB's problem cases are IG BAU and EVG, both of which are far from turning the tide in terms of membership development at the moment. IG BCE has also had to struggle with membership losses.

Union density – the proportion of employees who are members of a trade union (DGB, DBB, CGB and trade unions not linked to an umbrella organisation) – was just under 18 per cent in 2013 and thus almost up to the level of 2009 (19 per cent). By European comparison Germany is thus – despite its large individual trade unions – slightly below average.



Table 3: DGB Trade Unions: Membership 2009–2013 ('000)

Trade union	2013	2012	2011	2010	2009	Proportion of women 2013 in %
<b>IG Metall</b>	2.266	2.264	2.246	2.240	2.263	17,7
<b>Ver.di</b>	2.065	2.061	2.071	2.094	2.138	51,3
<b>IG BCE</b>	664	669	672	676	687	20,5
<b>IG BAU</b>	288	298	306	315	325	23,3
<b>GEW</b>	270	267	263	260	258	70,7
<b>EVG</b>	209	214	221	232	219	21,4
<b>NGG</b>	207	206	206	206	205	41,7
<b>GdP</b>	174	173	172	171	169	23,2
<b>DGB</b>	6.143	6.151	6.156	6.193	6.265	33

Note: Membership numbers also include unemployed and pensioners. Source: DGB; authors' calculations.

### 3. Challenges for the German Trade Unions

#### 3.1 Membership Losses and Membership Recruitment

After unavailing efforts to counter the problem of falling membership with mergers in the 1990s the DGB unions now regard expanding membership as their biggest practical challenge.

It remains the case that the best organised employees in Germany are those in the metal and electrical industry. The proportion of trade union members at the large car makers is particularly high: in individual production plants sometimes nine out of ten employees are members of IG Metall. Similarly well organised are the – albeit greatly diminished – steel industry, energy supply and individual parts of the public service and the core areas of the companies that emerged from the privatisation of postal services and the railways. The situation is very different in the chemical industry. This is also the case in the construction industry, in which the large building companies have shrunk. Between 1995 and 2005 the number of employees in construction halved, from 1.4 million to 700,000. IG BAU lost many of its members as a result of this and is finding it difficult to organise the new small companies emerging in the market. Among the new companies in wind and solar energy the trade unions remain underrepresented. However, in recent

years they have begun to make progress, improving the development of trade union structures. IG Metall has experienced significant success in recent years with long-term recruitment campaigns.

In public services, local public transport and waste disposal have traditionally been trade union bastions; the same applies to the railways and postal services. As a result of privatisation and liberalisation of public services, however, new private providers have emerged in all these areas, which the trade unions have found difficult to penetrate. In private services many members come from the retail trade. Because they are very unevenly distributed, however, the proportion of trade union members in this branch is low overall. The same applies to banks and insurance companies. Hotels and restaurants are also poorly organised. Craftsmen are also little unionised; logistics and the large number of security firms, too, are problem areas.

In general, recruitment is easier in large enterprises. In contrast, trade unions find it tough to get a foothold in small enterprises, in which it is very difficult to establish works councils, and where there are no works councils there are generally few trade union members. The increasing precarisation of employment is also posing problems for trade unions: many employees are only on fixed-term contracts or temporary. Furthermore, many companies, especially recently founded ones, pursue a deliberate strategy of keeping trade unions out.

### 3.2 Erosion of Social Partnership?

Germany has a dual system of interest representation. Collective bargaining is the sole domain of trade unions and employers' organisations or companies («free collective bargaining»). By contrast works councils are the key institution for the representation of employees at the establishment level. The basis for industrial relations in Germany is social partnership. The basic idea is that conflicts of interest between employees and employers are not insuperable because there is a common interest in maintaining the competitiveness of the company and the economy.

Economic progress in the post-war period, in which there were both rising profits and a marked improvement in living standards for many workers, gained broad acceptance for this model among the trade unions and many employees. The substantial development of the welfare state complemented this class compromise during the post-war period. Both establishment codetermination by works councils and company codetermination promoted an industrial relations culture based on negotiations and cooperation in many ways. Many workplace conflicts are subject to negotiations between the works council and the management or go before the courts. A restrictive strike law makes industrial disputes that do not follow these paths more difficult.

Sometimes in competition with, sometimes complementing social partnership among DGB trade unions is the idea of «the trade union as counterpower». The basis for this is a stronger emphasis on the fundamental differences between employees and employers. Whether trade unions tend towards social partnership or confrontation largely depends on current circumstances. Generally speaking both approaches are to be found in companies and in collective bargaining so that they are never found in their «pure» form, and solutions emerge from discussions within the trade union. The clout of employees and trade unions is decisive for industrial relations outcomes. Where employees and trade unions are in a position to assert their interests in case of conflict they have better prospects of reaching a compromise with substantial concessions from the employers' side.

To the extent to which conditions on world markets changed in the 1990s, along with the global economic situation, relations between employees and trade un-

ions, on one hand, and employers and employers' organisations, on the other, also changed. A higher level of unemployment, but also increased opportunities to outsource and relocate production shifted the balance of power in favour of the employers. In public services extensive privatisation changed industrial relations, which traditionally had been based on stable employment. In particular in the collective bargaining system from the mid-1990s there were clear tendencies towards erosion, leading to more collective disputes and industrial action.

### 3.3 Wage Development and Collective Bargaining

In Germany only trade unions have the right to negotiate collective agreements, whether with employers' organisations or individual enterprises. Most collective agreements are concluded by DGB trade unions. Germany's national collective bargaining system remains dominated by general collective agreements. These agreements are negotiated for whole or parts of branches and apply regionally or nationally to all enterprises belonging to the employers' organisation signing them. In this context free collective bargaining plays a major role. It means that collective agreements are negotiated and signed without the involvement of the government. Statutory intervention in working conditions and wages in Germany is relatively low by European comparison besides collective bargaining. There is a statutory upper limit on daily working time of ten hours (exceptions are possible) and statutory minimum holidays of four weeks. Otherwise, weekly working time and annual holidays, as well as remuneration are not subject to state regulation, but are laid down by collective bargaining.

In the past 14 years German trade unions have, on average, been able to obtain only modest wage rises. Overall, between 2000 and 2013 nominal wages laid down in collective agreements rose by just under 27 per cent. In the chemical industry and the metal and electrical industry there was nominal growth of around 40 per cent, while in retail trade the figure was 21 per cent and in the civil service (federal and municipal employees – *Beamte*) wage growth was only 23 per cent. Taking price rises into consideration wages laid down in collective agreements in 2013 were 8.2 per cent higher than in 2000 in real terms.



If one looks at wage development as a whole and considers »effective wages«, which take into account, among other things, the income of employees not covered by collective agreements, there was negative development over the period in question. Rises in effective wages were predominantly below average wage increases in collective agreements. Adding in price development it turns out that between 2004 and 2009 inflation was no longer compensated and effective income fell in real terms (see Figure 1). Between 2000 and 2013 effective gross wages fell by 0.7 per cent.

Since 2010 wages have been rising again even adjusted for prices. However, to date they have not made up for the considerable losses registered in the 2000s. Nevertheless, the gap has been diminishing: in 2010 real gross wages were 3.5 per cent lower than in 2000.

In 2009 the sharp increase in short-time working had a particularly adverse effect on effective incomes. Under short-time working employees receive, in place of wages or salaries, so-called »short-time allowance«, which is the same amount as unemployment benefit. The main thing is that they maintain their employment and related entitlements during this period. During the crisis the

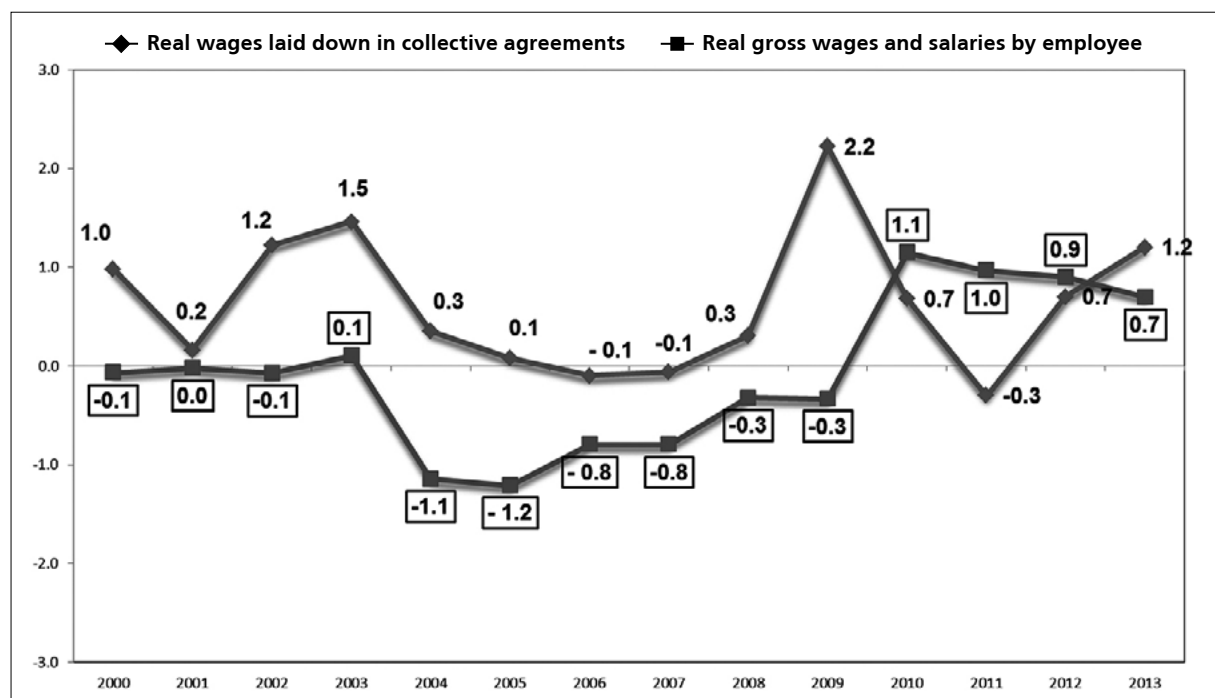
government created the possibility to extend short-time working to up to 24 months. This extension of short-time working has been supported by the trade unions in order to avoid collective redundancies as a consequence of the economic crisis.

### 3.4 Collective Agreement Coverage and Workplace Representation

The reasons for the negative development of effective wages are manifold. First of all, for a long time now many of the 28 million or so employees subject to social insurance payments are not employed in companies covered by collective agreements (see Table 4).

Thus collective agreement coverage, as shown by the data of the Institute for Employment Research (IAB) of the Federal Employment Agency, differs widely by branch. For example, according to these data all employees in the public administration were covered by collective agreements. Almost 90 per cent of employees in banks and insurance companies and more than 85 per cent in financial services were also covered by a collective agreement. In manufacturing collective agreement

Figure 1: Development of real wages laid down in collective agreements and of effective wages, 2000–2013 (changes on previous year in percentage terms)



Source: Destatis (VGR), WSI-Tarifarchiv, as of January 2014.

Table 4: Collective agreement coverage in western and eastern Germany, 2012  
(proportion of companies and employees in percentage terms)

	Centralised agreements		Company collective agreement		No collective agreement <i>(wages linked to collective agreements)</i>	
	West	East	West	East	West	East
<b>Companies</b>	32	18	2	3	66 (41)	79 (41)
<b>Employees</b>	53	36	7	12	40 (51)	51 (48)

Source: IAB Betriebspanel 2012.

coverage was just under 50 per cent, while in services, such as retail, it was just under 40 per cent and in hotels and restaurants, at 36 per cent, only a minority are covered by collective agreements. Since the mid-1990s, furthermore, there has been a substantial decline in collective agreement coverage (see Figure 2).

The erosion of collective agreement coverage differs regionally. According to the IAB, in the eastern *Länder* in 2012 almost 80 per cent of companies and around half of employees were not covered by a collective agreement. On top of that, especially since the mid-2000s, companies have increasingly exercised the option of opening clauses and thus of temporary deviations from collective agreements.

Regional and branch inequalities, too, have become more pronounced in Germany because the second pillar of the »dual system« of interest representation varies considerably (on the basic function of works and staff councils, as well as enterprise codetermination, see [Birke, Peter/Dribbusch, Heiner, 2012](#)). As a rule of thumb we can say that enterprise interest representation is much more difficult in smaller and recently established companies. Thus the establishment of works councils frequently leads to conflicts with companies. Some firms, indeed, especially if owner-managed, positively oppose them. Works councils exist in only 9 per cent of all enterprises with five or more employees, which employ 42 per cent of all workers. By contrast, in around 85 per cent of all large companies with 501 or more employees there is a works or staff council. In accordance with the dominant enterprise structure there are also major differences between branches, with a tendency for there to be fewer works councils in branches with a more substantial »low-wage problem« (see Table 5).

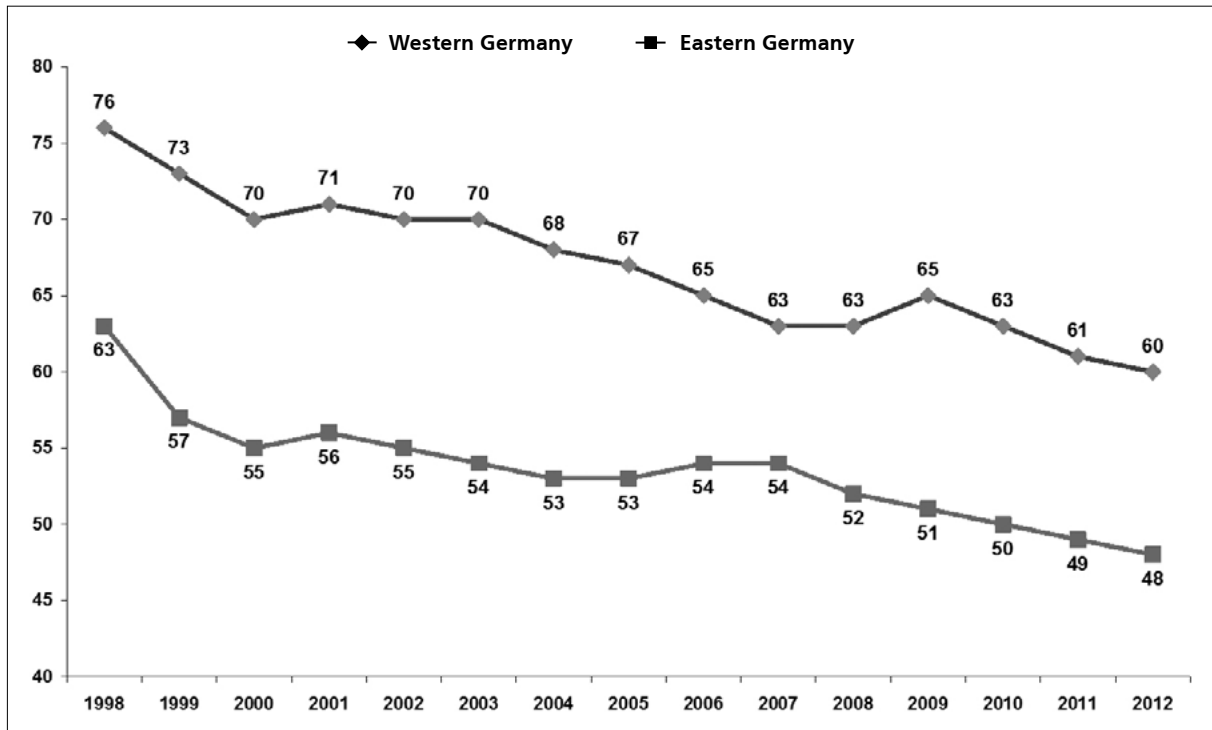
These tendencies are of the utmost significance for trade union recruitment. An analysis of recent works council elections carried out at the behest of the Hans-Böckler-Stiftung in 2010 showed that around 77 per cent of all works council members are organised in a DGB trade union. Most of the other works council members do not belong to a trade union. Members of works councils enjoy extensive protection against dismissal, so that the works council has de facto become the institutional basis of the trade union presence in companies. As a rule, trade unions are strongly represented only where works councils are trade-union dominated.

### 3.5 Expansion of the Low-Wage Sector

Besides the declining collective agreement coverage and patchy interest representation at enterprise level there is another factor contributing to the negative development of real effective wages in Germany, namely the substitution of full-time by part-time employment. Thus, again according to IAB figures, the number of full-time employees fell from 25.5 million in 2001 to 23.6 million in 2010. The number of part-time employees rose from just under 10 to 12.5 million in the same period. This structural transformation in employment has been deliberate policy in Germany, backed by a wide variety of tax and social policy measures. This has resulted in the expansion of so-called marginal employment, including the notorious »mini-jobs«, with maximum wages of 450 euros a month. In June 2013 7.4 million people had a mini-job; 4.8 million employees, two-thirds of them women, were solely in marginal employment; while 2.6 million were in marginal employment in their second jobs.



Figure 2: Development of collective agreement coverage of employees, 1998–2012, western and eastern Germany (in percentage terms)



Source: IAB Betriebspanel.

In 2010 another 260,000 people were working in so-called »one-euro jobs«, from which persons registered unemployed, in addition to minimum income support, receive between 1 and 2.5 euros an hour. Formally, such jobs do not count as regular employment, which means that they provide little by way of insurance and only limited entitlements under labour law. In the past three years the number of such employment arrangements has diminished, however, in the face of ongoing criticisms of their displacement of regular employment subject to social insurance. Another decisive factor in the increase in low-wage jobs is temporary work, which has been entirely deregulated since 2003. In 2012, on average, the number of temporary employees was 878,000, compared with only 330,000 in 2003.

The upshot of all these developments is that the low-wage sector – in other words, the number of employees who earn less than two-thirds of the median wage – expanded from 15 per cent of all employees in 1995 to 24 per cent (8.4 million) in 2012. The demand for a statutory minimum wage in Germany urged strongly by some trade unions gathered popular support against this background.

### 3.6 Shift in Emphasis in Labour Struggles

In Germany the law on industrial disputes is relatively restrictive. Unlike in some other western European countries this is not laid down explicitly in the Constitution, but has been cumulatively defined in the case law of the Federal Labour Court (Bundesarbeitsgericht – BAG) and extrapolated from freedom of association, which is laid down in the Constitution. The limitations established in case law apply not only to strikes but also to lock-outs, which are legal within this framework and can be deployed by both individual companies and by employers' organisations in pursuit of their aims.

There is no individual right to strike. Work stoppages are legal only if called by trade unions; works councils are explicitly not entitled to call on workers to down tools. Furthermore, strikes may be called only in pursuit of a collective agreement. Solidarity and sympathy strikes are permissible only under certain circumstances. For the duration of collective agreements a peace obligation applies; in other words, during this period strike action is not permissible in relation to anything regulated in a col-



Table 5: Works councils by branch, 2012 (proportion of companies and employees in percentage terms)

Branch	Companies with a works council	Employees in companies with a works council
Mining/energy	40	78
Manufacturing	15	64
Construction	3	15
Trade	9	29
Transport/shipping	14	51
Information/communication	14	44
Financial services	23	66
Hotels and restaurants, other services	3	13
Health care, education	13	47
Economic and technical services	7	31
<b>Total</b>	<b>9</b>	<b>42</b>

Note: Companies in the private sector with at least 5 employees, not including agriculture and non-profits.  
Source: IAB Betriebspanel 2012.

lective agreement. Current legal opinion denies a right to strike to civil servants (*Beamte*, in contrast to public sector workers, *Angestellte*). This strike ban in Germany affects most teachers, the police and large parts of the public administration.

General strikes or political strikes – of the kind, for example, that have taken place recently in numerous other European countries (Spain, Greece, Portugal, Italy) within the framework of protests against the crisis policies of European governments – are not permissible in Germany, according to current legal opinion. This includes, in principle, all strikes directed against government measures or existing or planned legislation. Trade unions that call strikes illegally are liable for damages. For some years now the DGB trade unions have hotly debated whether they should campaign for a right to call political strikes.

In Germany striking and locked-out trade union members generally receive substantial financial support from their trade unions. This is an important aspect of what trade unions do for their members. The service sector trade union ver.di, for example, pays 2.5 times the monthly contribution in strike pay for every day of strike action (in the case of an eight-hour working day). Strike pay is disbursed only in the event of trade union organised strikes.

A key feature of the German trade union movement is its pronounced legalism. The DGB trade unions regard themselves as guarantors of social peace. Strike action is taken usually within the narrow framework of what the law allows. On top of this comes experience with German courts, which as early as the 1950s in a number of instances ordered trade unions to pay substantial damages due to illegal strikes. The trade unions overwhelmingly reject any form of legal violation. Even roadblocks are rare. Generally speaking, trade union demonstrations and strikes rarely lead to clashes with the police.

Although strikes have become more frequent in the past ten years, in comparison with other countries strikes are not frequent in Germany (see Figure 3). According to WSI estimates, on average only around 16 working days per 1,000 employees were lost to industrial action in 2005–2012. Official Bundesagentur für Arbeit statistics – although extremely fragmentary – show only four days lost to such action. The traditionally low level of strikes in Germany long rested on five factors: (i) restrictive strike law; (ii) national trade unions in Germany (but also recently emerging branch trade unions) are generally not particularly strike-oriented, but prefer to reach agreement with the management side on the basis of mutual recognition; (iii) the still

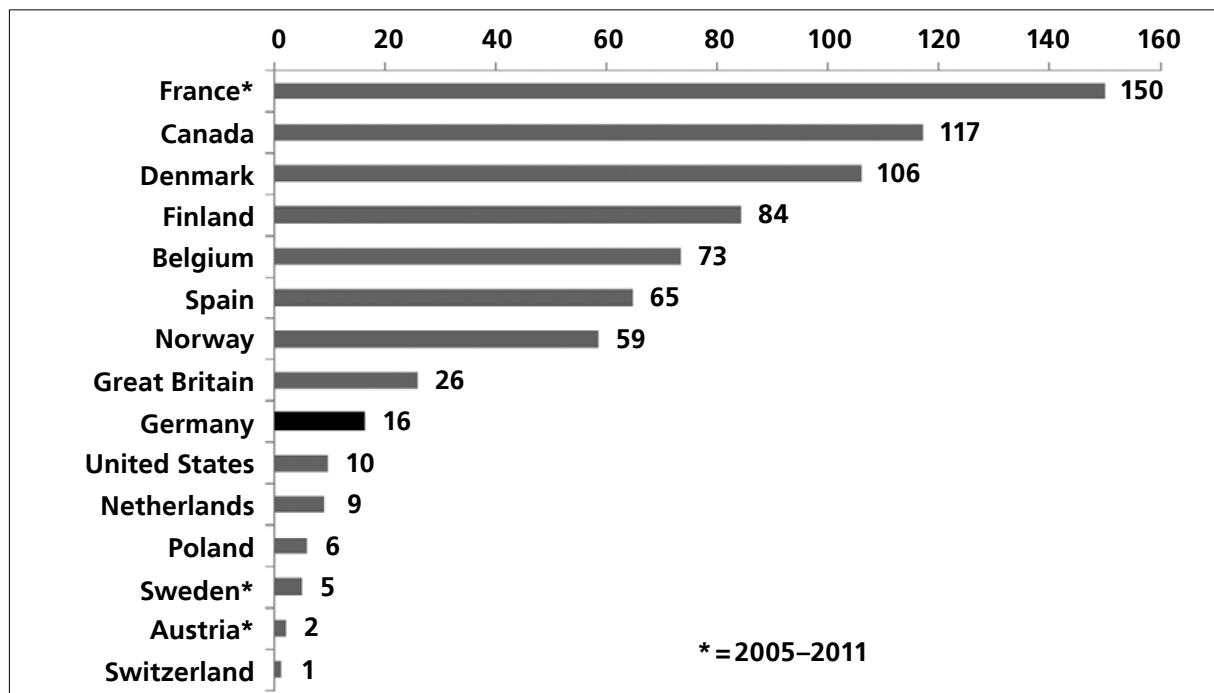
dominant principle of industry and unified trade unions largely precluded strike action on the basis of demarcation conflicts between competing trade unions and strikes by individual occupational trade unions have to date been rare; (iv) the institution of the works council helps to prevent strikes because they divert into institutional channels many workplace conflicts that in other countries lead to industrial disputes; (v) the continuing prevalence of centralised collective agreements, which considerably limits the number of collective bargaining disputes.

However, to the extent that the collective bargaining system as described in the previous paragraph has changed the number of potential industrial disputes has increased. This has been particularly marked in the civil service. Up to the 1990s there was generally a single major bargaining round in which wages and working conditions were laid down. As a consequence of the privatisation of postal services, however, the railways, local public transport, municipal water and energy supply and, finally, public health services, the collective bargaining landscape has been transformed. On top of this

companies in the service sector are constantly trying to withdraw from collective agreements or even not to sign a collective agreement in the first place.

At the same time, a noticeably more hard-line approach on the part of employers is giving rise to new conflicts. To the extent that companies and public employers have demanded cuts in hard-won collective agreement provisions in recent years, trade unions have gained much less at the negotiating table than previously. In particular, active trade union members expect their trade unions to organise resistance in this respect. In response to this development conflicts have become more and more frequent since the mid-2000s. An increase in strike frequency is particularly evident in relation to the service sector trade union ver.di. In 2004 there were 36 industrial disputes; by 2008 that had quadrupled (see Figure 4) and in 2012 ver.di was involved in over 200 industrial disputes. Ranking second in terms of industrial disputes is the trade union NGG, with between 25 and 35 strikes a year. Particularly frequent are small – in terms of scope – strikes in the drinks industry and food processing.

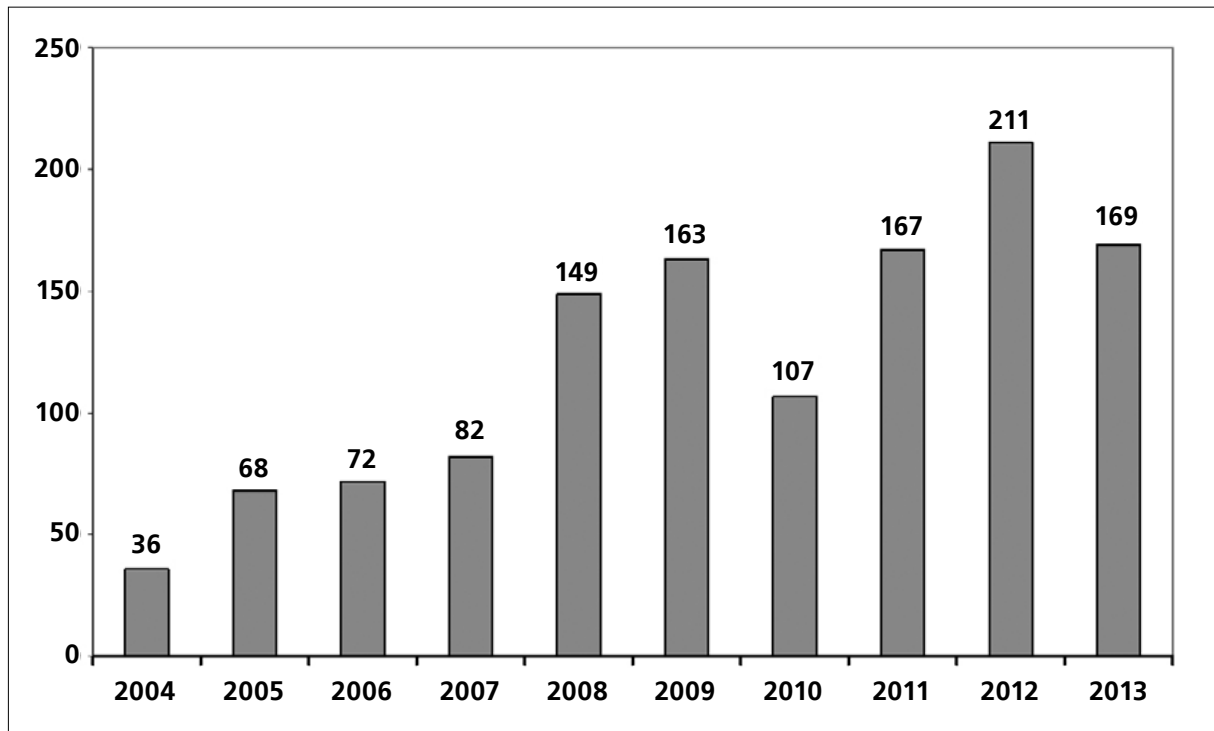
Figure 3: Days lost due to industrial action by international comparison, 2005–2012  
(annual average per 1,000 employees)



Source: National statistics; OECD; Germany: WSI estimates; authors' calculations.



Figure 4: Ver.di: annual industrial disputes within the framework of collective bargaining, 2004–2013



Source: ver.di, WSI Tarifarchiv.

Most of the strikes under the aegis of ver.di tend to be minor – in terms of the number of striking employees – disputes about workplace or company agreements, although they can sometimes be fairly protracted.

The increase in strike action in ver.di's purview is part of a general trend: the shift in strike action from industry to services. Although the majority of striking workers in years of large warning strikes are still from the metal industry, that no longer applies with regard to a number of days on strike. Between 2005 and 2013 the service sector, both public and private, accounted for between two-thirds and 90 per cent of all strike days in Germany. The first two national strikes by employees of day nurseries and industrial cleaning workers highlight the changes in strike action; also significant in this connection are industrial disputes involving individual occupational groups, instigated by smaller occupational trade unions, which previously tended not to strike in Germany, such as train drivers, pilots and, in particular, doctors. Strikes by medical practitioners have also helped to break the taboo on strikes in hospitals. In contrast to many other countries strikes in the health care sector were previously scarcely imaginable in Ger-

many; now even care workers are much more inclined to strike in pursuit of their demands. Another novelty are strikes involving security sector workers; in 2013 for the first time airport security workers came out en masse against the low wages in their sector, often with great success.

In comparison with ver.di IG Metall tends to be involved in few industrial disputes in any given year. Workplace disputes are infrequent and larger conflicts in the metal and electrical industry tend to be limited to – albeit large-scale – waves of so-called warning strikes (without a previous strike ballot) in tandem with collective bargaining. The respective branch structure is reflected in the different forms taken by strike action on the part of individual trade unions. For example, IG Metall organises far fewer branches than ver.di. Large-scale warning strikes, which take place not only in the metal sector, but also in the civil service, mobilising hundreds of thousands of workers, are decisive in terms of the development of strike levels. The number of striking workers is particularly high in years in which collective bargaining disputes involving civil servants coincide with those of the metal industry (see Figure 5).

## 4. Strategies of the German Trade Union Movement

### 4.1 Pre-history of the DGB Trade Unions' Crisis Policy

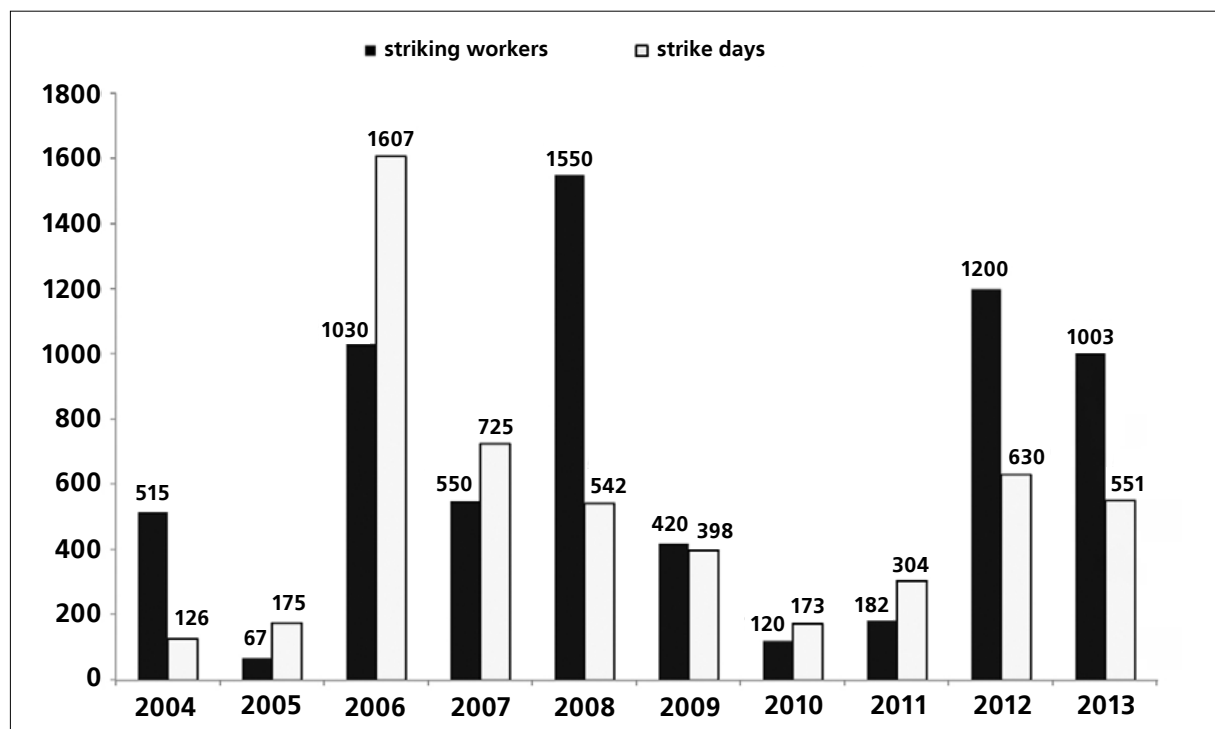
In order to understand the strategies of the German trade union movement in the financial and economic crisis it is important to recall a number of fundamental changes that go back to the 1990s. The framework of industrial relations changed substantially at the beginning of that decade. In parallel with the economic upheavals in eastern Germany the western German economy plunged into its deepest recession to date after the end of the unification boom in 1992. The economic downturn overlapped with the accelerating internationalisation of the economy in the wake of the end of the Cold War. Unemployment, which in the late 1980s had fallen slightly, rose to record heights by 2005. This represented an underlying threat that increasingly weakened workers' resistance to planned closures and relocations. This structural undermining of the trade unions' bargaining position was compounded by falling membership.

In response to the loss of industrial jobs the DGB trade unions made a poor show of gaining a foothold in the burgeoning service sector.

Pointing to changing economic conditions companies in many branches demanded radical revisions in existing collective agreements. First and foremost were demands for extending the working week, all forms of flexibilisation and cuts in wages and bonuses. This was accompanied at workplace level by relentless cost-cutting programmes, outsourcing, closures and relocations or at least threats to that effect.

A fundamental feature of the trade union response to the corporate cost offensive was to safeguard production locations in terms of the sometimes conflicting interests of employment, wages and competitiveness. With regard to collective bargaining this development led to a sharp increase in so-called opening clauses in collective agreements. They permitted deviations from centralised collective agreements at workplace level if this was deemed to favour employment protection or company competitiveness. Sometimes this has taken the

Figure 5: Germany: strike days and number of striking workers, 2004–2013 ('000)



Source: WSI Tarifarchiv.

form of collective agreements, sometimes that of company agreements between works council and management. Generally speaking, such agreements also have to be approved by the parties to collective agreements, which ensures the trade unions some degree of control.

Particularly in the core areas of the metal and electrical industry companies came up against highly organised workforces and a trade union also seeking to maintain its organisational power. Companies also had to take into account the institutional might of enterprise interest representation, their codetermination and information rights and their inherent potential for disruption. Thus, for example, attempts to bring about younger workforces in the course of work intensification could not be achieved through enforced redundancies, but rather by means of congenial offers to well-protected older workers. Although structurally on the defensive the employees' side thus had negotiating positions that generally militated in favour of negotiations on restructuring processes, especially in the 1990s, rather than industrial conflict. Time and again, however, in particular in the early 2000s, there were spectacular workforce protests against relocation disputes. Demands for cuts by Daimler, for example, triggered massive protests among the employees. IG Metall reacted with a day of action, in which 60,000 Daimler employees downed tools. In October 2004 an unofficial strike followed at Opel Bochum, lasting several days, in response to the announcement of redundancies. In both instances the stoppages sent a strong signal to management and the works council that the employees' willingness to make compromises had its limits.

Several waves of so-called »location agreements« followed up until the crisis in 2008. The most significant concession on the part of companies was the temporary agreement to refrain from dismissals, usually of permanent employees. This was often linked to wage concessions, including in the form of postponed wage increases or wage cuts for new recruits. Ultimately it also concerned workforce reductions, implemented not only by dismissal of existing employees, but also by early retirement of older employees or severance agreements. Flexibilisation of working time in line with production requirements turned into an important instrument of employment protection. While at first the focus was on temporary shortening of working time, as in the case of the four-day week agreed at VW in 1993, later on

extension of working time came to the fore. Extensive working time corridors were created, which, for example, from 2004 again at VW encompassed a range of 800 hours. These instruments were also to play an important role in the crisis from 2008.

The problematic side of many location agreements was that cost cutting in one enterprise exerted pressure on the works councils of competitors and, in particular, on suppliers.

From 2005 IG Metall began increasingly to link disputes about deviations from collective agreements and location agreements with member mobilisation and organisation. Before any agreement subject to concessions the aim was to involve IG Metall members in the company and to put the outcome to a members' vote. In parallel IG Metall launched a campaign, under the motto »better instead of cheaper«, aimed at enabling works councils to respond to cost-cutting programmes involving worsening working conditions with their own proposals. The involvement of trade union members also played a key role in this approach. Here, too, a substantial trade union base and trade union clout mean that works councils are taken seriously as negotiating partners by management.

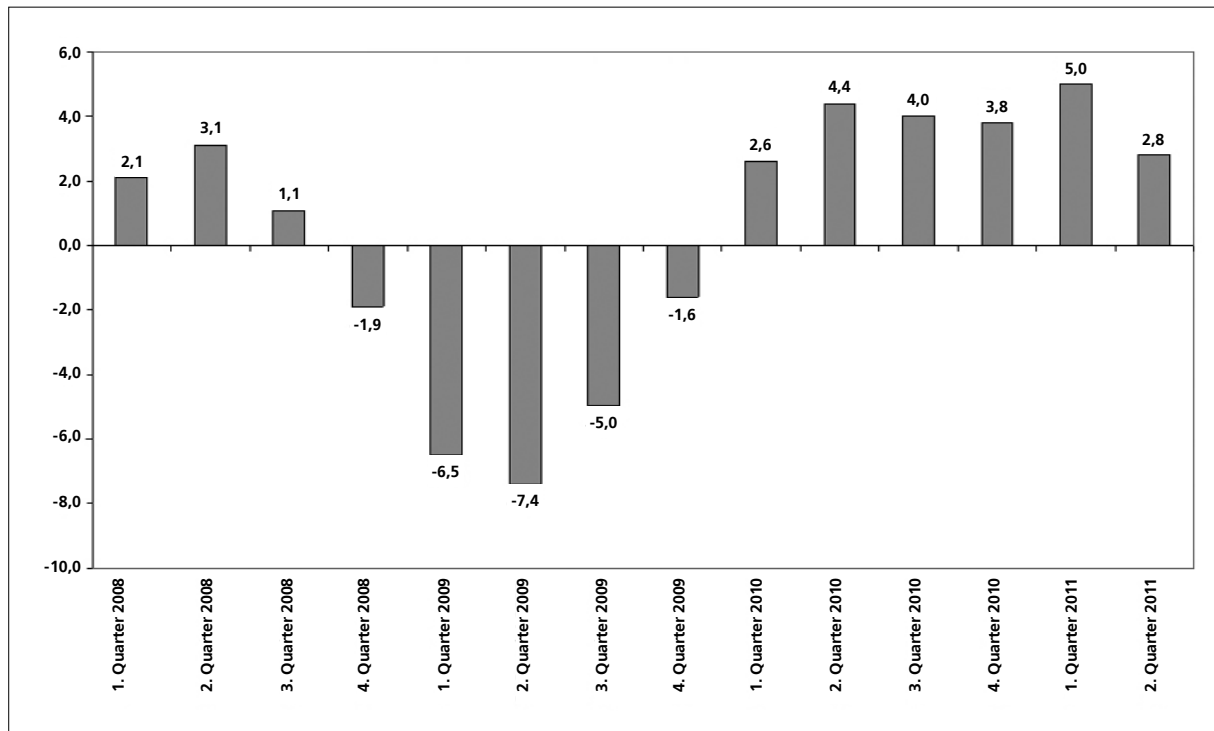
#### 4.2 Trade Union Policy in the Crisis after 2008

From the fourth quarter of 2008 the global financial and economic crisis affected Germany's national accounts with the same degree of severity as in many other European countries (see Figure 6). Contracts and production fell dramatically. The crisis triggered new dynamics in the interaction of states, companies and trade unions. Thus the trade unions were called on to give support when companies got into financial difficulties and state bridging loans were required, while also being faced by new demands for wage restraint and other concessions within the context of collective bargaining and at enterprise level. For the trade unions employment security was at the top of the agenda. They stood shoulder to shoulder on demands that the government extend the period of entitlement to short-time working allowance. Furthermore, state economic stimulus measures were called for. In the face of the crisis IG BCE and IG Metall wanted state action to help their industries. The service sector trade union ver.di





Figure 6: GDP in Germany, 2007–2011 (adjusted for inflation and other factors; change on previous year)



Source: Statistisches Bundesamt, Wiesbaden, Destatis, German economy, 2<sup>nd</sup> quarter 2011.

demanded an expansion of public services by means of extensive stimulus packages. While in 2009 the service sector, both public and private, was only partly affected by the crisis, the conjunction of the financial crisis and economic downturn in the car industry led to a massive fall in production, which spilled over into other parts of the metal and electrical industry, as well as the chemical industry.

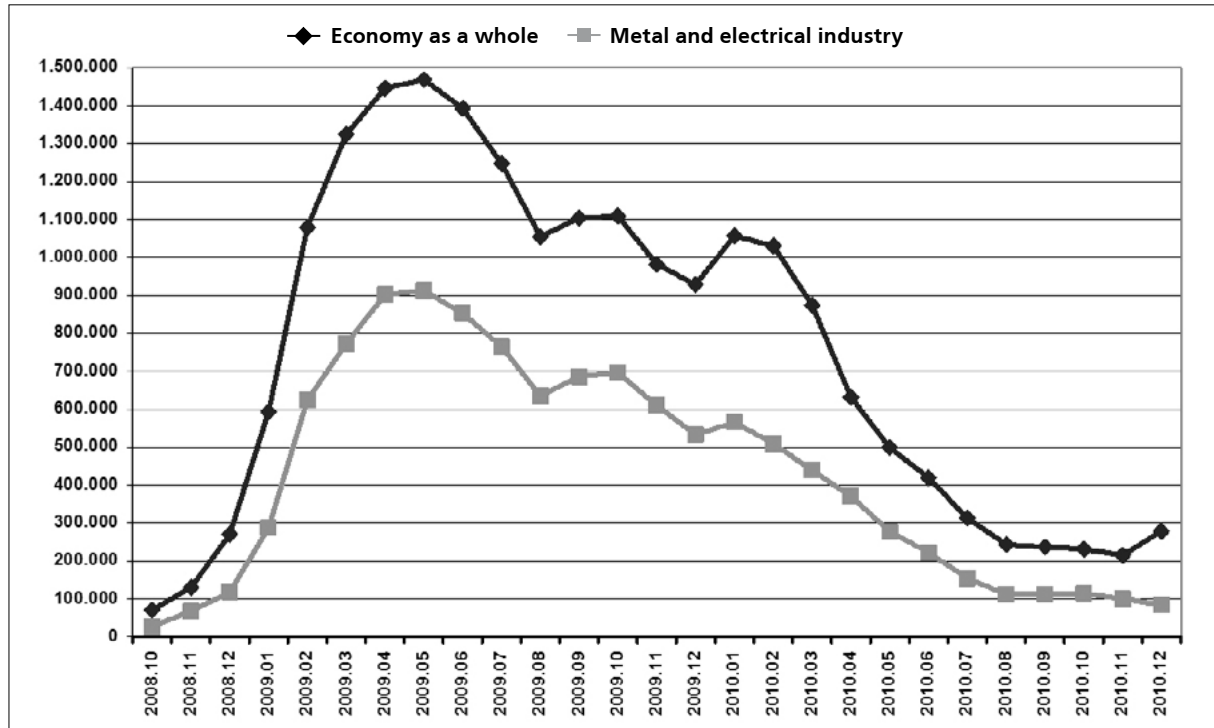
The political situation in autumn 2008 favoured the involvement of the trade unions in state and industrial-policy crisis management, which can be described as crisis corporatism. First of all the crisis affected the pillars of Germany's export economy and, in the metal and electrical industry, a branch in which IG Metall has a relatively good position. The then ruling Grand Coalition of the SPD and the CDU/CSU found itself caught up in a pre-election campaign for the Bundestag elections in September 2009 as early as 2008 and could not stand idly by in the face of a massive increase in unemployment. In late autumn 2008 it also seemed at times that the crisis might get out of control and lead to unforeseeable social upheavals. This raised the profile of the trade unions among companies and the government as

a force at enterprise level and in collective bargaining. On top of this, interests in curbing the crisis overlapped. Enterprises favoured a rapid termination of the economic downswing and in the face of the lack of skilled workers of which they had complained before the crisis they had a major interest in keeping experienced permanent staff at reasonable cost.

By January 2009 the government had introduced two economic stimulus packages, whose best-known element was the so-called »scrappage premium«. This was based on a joint proposal from IG Metall and the Automotive Industry Association and involved the state subsidising the purchase of new cars when older cars were scrapped. When the envisaged funding ran out in March 2009 due to the enormous demand IG Metall called for an infusion of new funding, which the cabinet assented to at the end of the month. The scrappage premium, according to economists' estimates, gave rise to a discernible growth impetus. In 2009 it boosted domestic demand for cars, especially in relation to mass producers, such as Volkswagen and Opel, while also relieving suppliers. On the other hand, there was criticism of its negative environmental effects.



Figure 7: Development of short-time working on a monthly basis in the economy as a whole and in the metal and electrical industry, October 2008–December 2010



Source: Federal Labour Office.

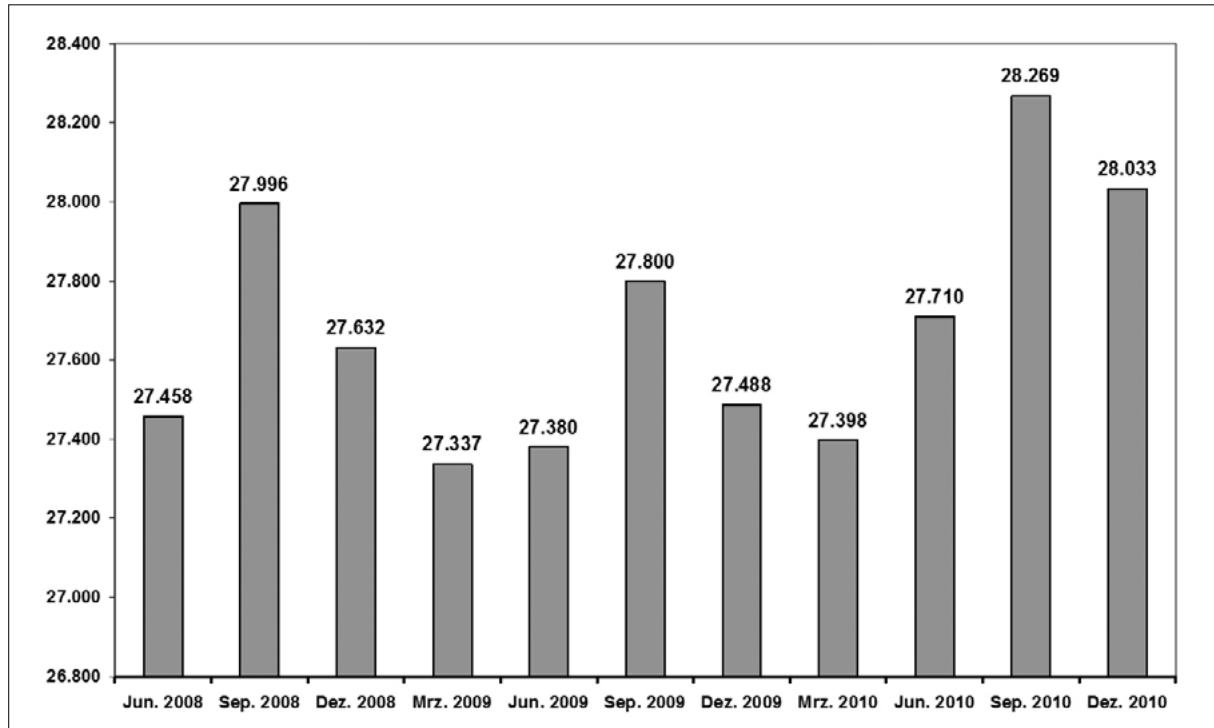
Even more important for stabilising workforces, because its effects were broader, was the government’s extension of short-time working (see Figure 7). Its duration was lengthened – to the approbation of both the trade unions and the employers’ associations – first to 18 months and, finally, to 24 months in May 2009. More relief for enterprises came when the Federal Labour Office undertook to assume social contributions in the case of prolonged short-time working. Consensus among the social partners on this issue was once more evident in autumn 2009 when both the Confederation of German Employers’ Associations (BDA) and IG Metall called for the extension of these special regulations beyond 2009. The widespread deployment of short-time working helped, according to labour market researchers, to ensure around 1 million jobs.

The logic underlying short-time working, namely radical, albeit time-limited cuts in working time to bridge gaps in order books, involving minimisation of both losses in employees’ incomes and company costs, also pervaded IG Metall’s crisis management policy in both collective bargaining and on the shopfloor.

Overlaps in the interests of enterprises and trade unions also provided the framework for workplace crisis management. Working-time flexibilisation options, laid down in collective agreements and agreed at enterprise level before the crisis, represented an important bridging instrument for companies in the crisis, enabling enterprises to shorten working time without incurring additional costs. Time credits accumulated during the economic boom were now abolished and all available options for debiting time-credit accounts were exhausted. The working time corridors whose introduction was viewed with some scepticism by trade unions, not without reason, now proved to be a relatively cost-effective way of plugging the first employment gaps. Existing location and competition pacts were now renegotiated under the changed conditions. In the process, new concessions were often demanded of the workforce in order to ensure that companies refrain from redundancies for operational reasons even in the crisis. Thus collectively agreed wage rises were postponed and working time was cut without wage compensation for employees not subject to short-time working. The role of IG Metall in crisis management was also based, be-



Figure 8: Development of employment subject to social security contributions, June 2008–December 2010 ('000)



Source: Federal Labour Office; authors' calculations.

sides the economic significance of the industries it organises, on its potential resistance due to its strength in the workplace, which gave it negotiating power. A key aspect of this is the ability of the trade union, its members and employees to deliver negotiated compromises. This is also the case because in the crisis the primary function of collective bargaining was to underpin tripartite crisis policy with concessions on wages and working conditions, which can be taken to explain the broad employee acceptance of IG Metall's strategy in the 2010 collective bargaining round in the metal and electrical industry.

That does not mean, however, that »crisis corporatism« managed to stifle workplace conflicts completely. For example, the imposition of short-time working or the provision of additional funding often gave rise to workplace disputes, for example, with managers who rapidly shed staff instead of resorting to short-time working. Conflicts also continued with regard to the relocation of production lines. The most dramatic conflict of this kind was Daimler's announcement in December 2009 that the production of the C-class model would be shift-

ed from Sindelfingen to Bremen or the United States. In response the employees engaged in workplace stoppages and protests for several days, supported by other Daimler workers in the region. The existential threat of relocation was perceived as going too far. The vehemence of the protests underlined that resistance could indeed be mobilised in the workplace if certain red lines were crossed. Also significant was a hunger strike lasting several days by temporary workers, who were due to be dismissed at VW's commercial vehicle plant in Hannover in March 2009 and sought to prolong their employment. This action remained a – albeit spectacular – one-off, however, despite the fact that safeguarding core workforces at the expense of employees with more precarious terms of employment was a key instrument in stemming the crisis.

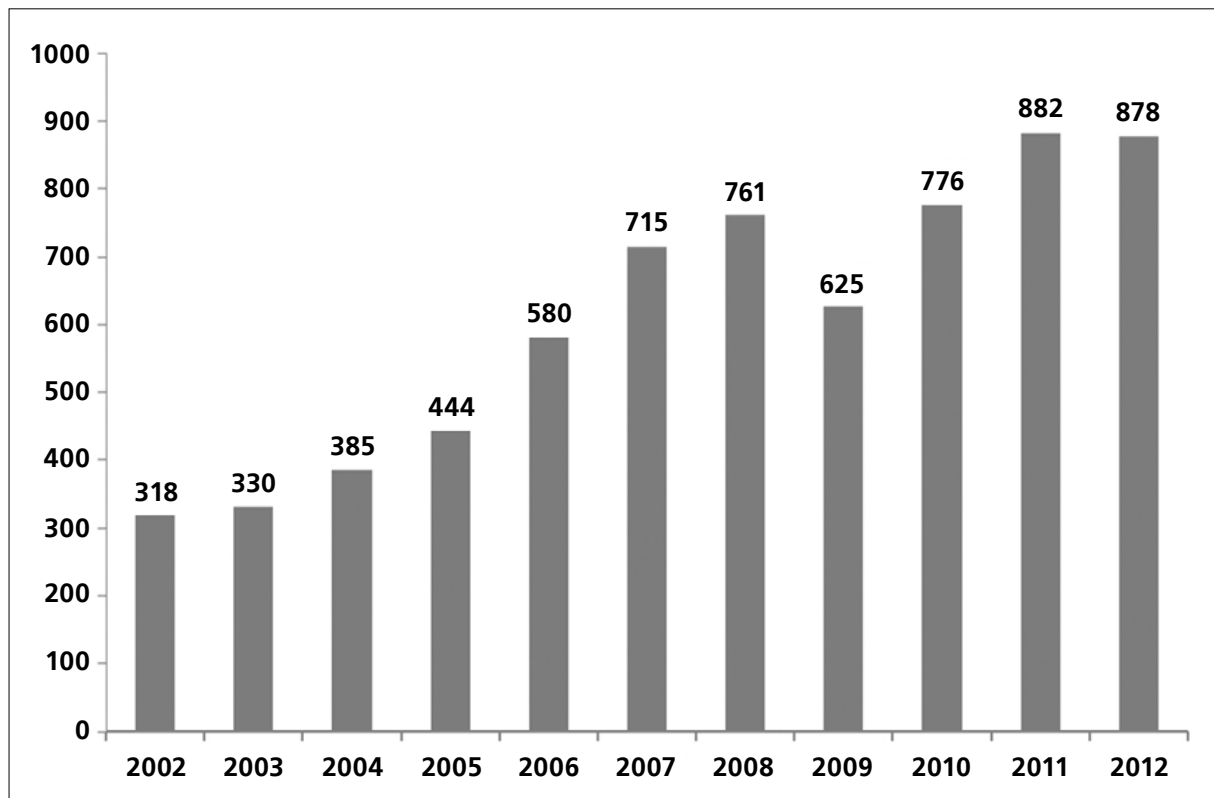
Especially in comparison with what was feared at the outset of the crisis both a large number of employees and particularly hard-hit trade unions came through relatively unscathed. As early as September employment subject to social security contributions topped pre-crisis levels (see Figure 8). In the end government, enter-

prises and trade unions were also, quite simply, lucky. The automobile market went back into the black unexpectedly quickly, in particular due to demand in the Far East. German car production in 2010, at around 5.6 million vehicles, was above the level of 2008.

In addition to this relief which was maintained throughout the crisis for part of the core workforce, the limits and dilemmas of crisis management became evident. Despite all the crisis intervention many employees lost their jobs. Fixed-time workers did not have their contracts renewed and many temporary workers were not re-employed. Relatively unprotected by the law they formed a buffer for management, but also for many works councils and permanent employees, which made it possible to some extent to externalise the crisis and avoid redundancies among the core workforce. This also ensured that personnel departments were able to resort to precarious employment once again when employment picked up, as illustrated by the rapid increase in temporary work after the crisis (see Figure 9)

Those who had initially been »rescued« paid a price for employment security, however. The »contributions« paid by employees to ensure their workplaces involved not only financial losses, but also systematic depletion of staffing levels, thus heightening the pressure of work. A primarily long-term problem is also developing in the public sector, which in Germany at least initially was not affected by the crisis as core industrial sectors. At the same time, it faces a cap on public spending by municipalities, *Länder* and the federal government, which up to 2020 will have substantial effects. The current (April 2014) collective bargaining round in the civil service – both federal and municipal – in which the trade unions GEW and ver.di have tabled an across-the-board raise of 100 euros and relatively modest percentage wage increases illustrates the potentially growing conflicts in which, on the part of the state, a »logic of austerity« confronts trade union wage demands aimed primarily at improving the situation of those on low wages. At the time of writing this conflict remains unresolved. However, its emergence shows that the differences between sec-

Figure 9: Development of temporary work, 2002–2012 (annual average in '000)



Source: Federal Labour Office.

tors have to be taken into account by any comprehensive assessment of the consequences of the financial and economic crisis.

On balance, the period of tripartite consultation and state intervention was limited to acute crisis management. The most important measures were strictly time-limited. The government made no long-term social and labour market policy concessions to the trade unions. Crisis corporatism, on closer examination, was a relatively short-lived marriage of convenience. The period of intensive tripartite cooperation was narrow, both substantively and temporally, and largely over when the CDU/FDP coalition came to power in autumn 2009.

#### 4.3 The Campaign to Regulate Temporary Work

The political influence of the DGB trade unions over the structural framework of the federal government's labour and economic policies in the crisis remained limited overall. Exceptions were two so-called »fairness issues«: the regulation of temporary employment and the introduction of the minimum wage. In recent years growing income polarisation in Germany and, in particular, the growing number of working poor have been the objects of wide-ranging debate. Examples include the campaigns against working conditions among discount retailers (Schlecker, Lidl); criticisms of low wages, especially for eastern European EU citizens in agriculture and slaughter houses; and the controversy concerning a universal basic income. All these issues were widely discussed in the media, which gave the DGB's campaigns broad social resonance.

Criticisms of temporary employment played a special role in media coverage. The DGB's position on temporary employment has changed in recent decades. To begin with it rejected temporary employment out of hand. The DGB's 1981 programme contained a demand for a ban on temporary work. In practice the DGB long refused to conclude collective agreements on temporary employment so as not to confer legitimacy on it. This position changed in the 1990s, not least because it was clear that banning temporary employment was simply not an option politically. In 1996 the demand for prohibition of temporary work was cut from the DGB programme.

Gradual deregulation began in the mid-1980s and at the end of 2002 – in the course of the SPD/Greens government's labour market reforms under Gerhard Schröder, which were strongly criticised by the trade unions – almost all restrictions on this form of employment were removed. In order to satisfy EU demands the basic principle of equal pay for equal work was included in the Temporary Employment Act. However, this was then subjected to the caveat that as soon as a collective agreement came into force it was possible to deviate from the equal treatment principle. The DGB trade unions did not protest against this because they hoped to be able to regulate temporary employment on this basis. In fact, it quickly became clear that, on one hand, CGB trade unions were eager to agree on particularly low rates, thereby undermining the equal pay principle. On the other hand, the DGB trade unions, lacking a foothold among temporary workers, had few options for effective collective bargaining, so that they, too, agreed to low wages. As a consequence temporary work grew rapidly (see Figure 9). In many cases temporary workers' pay was far below wages laid down in collective agreements in the companies using them.

#### IG Metall's Temporary Work Campaign

IG Metall, too, initially supported the DGB trade unions' policy, not least because it did not consider itself particularly affected by temporary employment. This was a grave mistake. Between 2005 and 2008 alone temporary work in the metal and electrical industry rose by almost 150 per cent.

In 2007 it began to become clear to IG Metall that it had to review its stance on temporary work, not least to prevent centralised collective agreements in the metal and electrical industry from being undermined by it. In a position paper a critical verdict was cast on the union's own policy: »Attempts so far within the framework of the DGB to improve material working conditions in the temporary employment branch by concluding collective agreements with the employers' associations of temporary employment firms have failed. Indeed, levels of protection in collective agreements have sometimes fallen and wage differences between temporary workers and permanent employees have steadily increased. Ever widening wage differentials have given employers further incentive to hire temporary workers.«

The upshot was a campaign launched in April 2008, »Equal work, equal pay«. What was new about this campaign was that the trade union shifted the emphasis from the collective bargaining to the workplace level. The aim was to directly address temporary workers to organise them in trade unions. In parallel with this the campaign was aimed at getting works councils to engage actively on behalf of temporary workers and, where possible, to conclude so-called »better agreements« to achieve wage alignment at the level of the company using temporary workers. According to IG Metall, over 1,200 of these agreements have been signed, ranging in their effects from limited bonuses to equal pay. The campaign was also relatively successful with regard to organisation: by the end of 2013 more than 45,000 temporary workers had joined IG Metall.

#### Improvements with Regard to Temporary Work

The campaign also contributed to improving the conditions of temporary employment. A first breakthrough in collective bargaining was agreement on alignment of wages for temporary workers in the steel industry in 2010. From mid-2011 a national minimum wage was negotiated between the employers' associations in the temporary employment branch and the DGB trade unions. Since 1 April 2014 temporary employment has been subject to a generally binding minimum wage, which currently stands at 8.5 euros in western Germany and 7.86 euros in the east (and Berlin). By 1 June 2016 this rate will be raised gradually to 9 euros (western Germany) and 8.5 euros (eastern Germany). Furthermore, in the course of 2012 collective agreements were negotiated in which – apart from in the steel industry – it was not possible to obtain equal wages. Instead, a model developed under which temporary workers receive different premiums on top of the basic wage, depending on the branch.

Once again the metal and electrical industry led the way. Since 1 November 2012 temporary workers, after six weeks on the job in the receiving company, receive a bonus of 15 per cent of the gross wage, which is then raised gradually by up to 50 per cent after the tenth month. The contract was an object of controversy among the trade unions. For example, the ver.di spokesman emphasised that the initial service periods of temporary workers in the service sector are much shorter, so that employees often do not receive bonuses.

However, as a result collective agreements were concluded by other trade unions with the two major employers' associations in the temporary employment sector, for example, in railways, textiles, wood and plastics and finally also in sectors represented by ver.di, such as printing.

Furthermore, IG Metall has strengthened the information and consultation rights of works councils with regard to temporary workers' initial service periods in some collective agreements applying in receiving companies, for example, in the steel industry and, again, in the metal and electrical industry. Further regulation of temporary work, in particular statutory underpinning of the equal pay principle, are not in view under the current government. The opposition parties in parliament to some extent continue to seek abolition of temporary employment. Many trade union members also reject it. The dominant position of the DGB trade unions in terms of practical politics can be described as follows: temporary work should be strictly limited once again and government regulated. It is acceptable in exceptional cases to cope with peaks in demand and efforts made to establish the same working conditions among temporary workers and regular employees. The increasing prevalence of »contracts for work and services« is sometimes regarded as more problematic than temporary work.

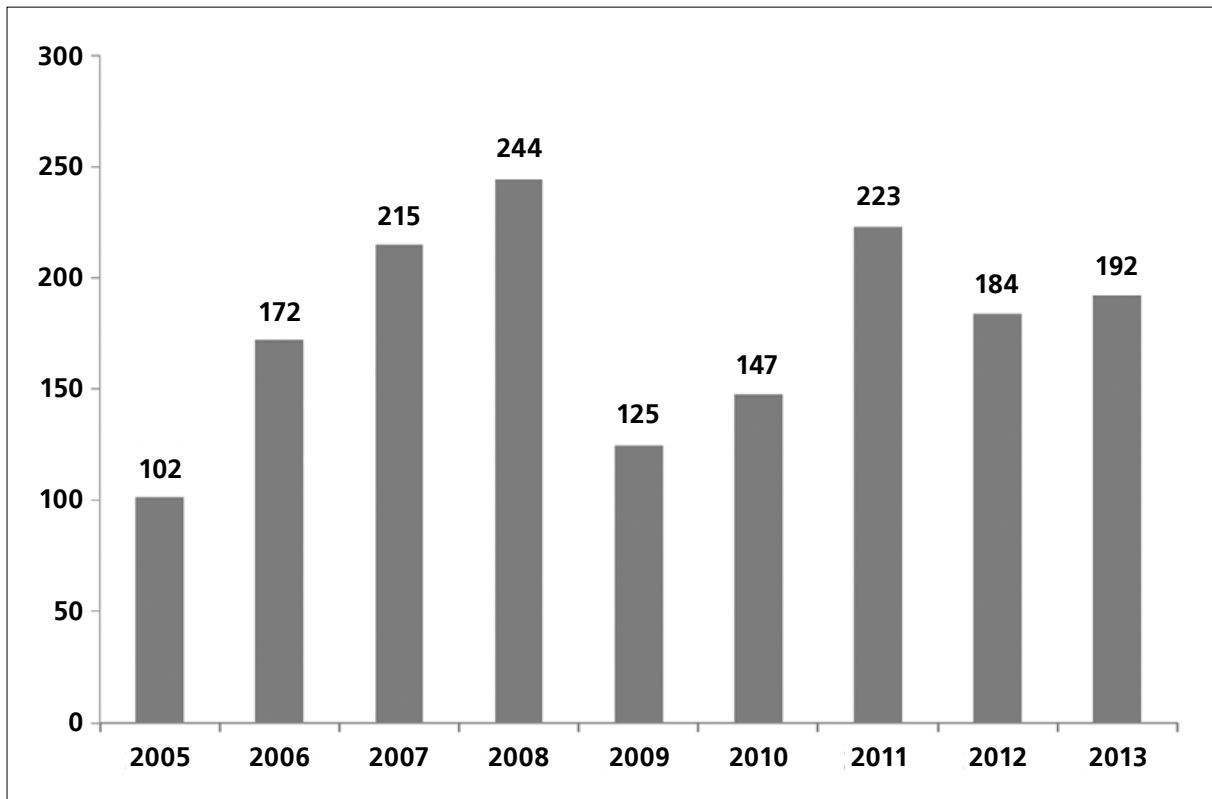
#### Expansion of »Contracts for Work and Services«

The temporal limitation of temporary work envisaged in the coalition agreement mentioned above could consolidate the tendency to make employing temporary workers less attractive among companies. At the same time, the extension of employment governed by contracts for work and services poses a new challenge to German trade unions.

At the end of 2013 IG Metall published the results of a study of the metal and electrical industry that showed that temporary work is being superseded by other forms of employment in some branches. For example, in the automobile industry, according to the data, there are around 763,000 regular employees and about 100,000 temporary workers, but also around 250,000 people employed on so-called contracts for work and services. Such contracts are thus particularly problematic because they almost entirely elude codetermination by works councils. Contracts for work and services signed with solo



Figure 10: Temporary employment in the metal and electrical industry, 2005–2013 (annual average '000)



Source: IG Metall based on IAB panel.

self-employed people or firms envisage the performance of certain tasks, so-called »work«, by the contracting party. The latter is responsible for carrying out this work and, if need be, provides the necessary labour. In the accounts of the company issuing such work contracts these appear as material costs, not personnel costs. Works councils do not have to be informed concerning whether collective agreements are being complied with. Sometimes entire production stages are now outsourced to specialised logistics firms via contracts for work and services. Overall, according to IG Metall's survey, around one-third of employees in the metal and electrical industry are employed by contractors for work and services. This compares with the just over 2 per cent of overall employment in Germany accounted for by temporary work.

#### Increase in Tripartite Regulation

The debate on the regulation of temporary work is one of several examples indicating the increasing importance of tripartite negotiations in industrial relations. In 2012

34 per cent of all workers in western Germany were employed in establishments without either a collective agreement or collective bargaining coverage. In 1998 the figure was only 21 per cent. In eastern Germany the proportion of those who fall entirely outside the system of dual interest representation rose from 35 per cent in 1998 to 45 per cent in 2012. Means of restabilising the collective bargaining system include, besides the introduction of a statutory minimum wage, the extension of so-called declarations that a collective agreement is generally binding. The Grand Coalition wants to simplify the process of declaring collective agreements generally binding, after agreement has been reached between the collective bargaining parties and the federal labour minister.

Not only in temporary work, but also in a number of other branches – such as construction – minimum wages laid down in collective agreements already exist, which were declared binding in accordance with the Posted Workers Act. The Grand Coalition plans that this form of general applicability shall be possible for all branches

in future. If this really does come to pass it could go a long way towards stabilising the collective bargaining system. However, this will also depend on whether trade unions and employees manage by their own efforts to prevent companies from bailing out of collective agreements, where they exist, if necessary by strike action. There has been little discussion – and general scepticism – to date among DGB trade unions on whether it would make sense to close the gaps in the presence of works councils by statutory means.

#### 4.4 Campaigns for a Statutory Minimum Wage

The introduction of the statutory minimum wage in Germany is a milestone. This brings to an end [Germany's peculiar status](#) as one of the few European countries without a national minimum wage. The fact that this is now changing is a major achievement for the DGB trade unions, for two reasons. First, it has managed to win over a majority of people to its side on the key trade union demand of a general wage floor. Second, the minimum wage debate returned the focus to such issues as low wages and precarious employment. This in turn had positive repercussions for collective bargaining. Low-wage branches received more trade union attention, benefiting industrial action on low wages, for example, the national strike in the industrial cleaning sector in 2009 or the strike by security employees at airports in North Rhine Westphalia and Hamburg in 2013.

##### The Trade Union Campaign

Initially, however, the minimum wage campaign was not approved by all trade unions. On the contrary, the DGB trade unions long rejected a statutory minimum wage, primarily because they were against state interference in free collective bargaining. The state was supposed to keep out of wage determination. As the low-wage sector expanded and it became increasingly difficult in some sectors to conclude collective agreements it began to dawn on the trade unions that a statutory wage floor was needed. It is not by chance that the Food, Beverages and Catering Industry Trade Union (NGG) raised the demand for a statutory minimum wage long before the other trade unions, as early as 1999. Some of the branches it represents are extremely difficult to organise because of their fragmented enterprise and employment

structures. Employees are rarely able to accumulate collective political clout. Without the ability to strike the trade union in many cases found itself reduced rather to collective begging.

To begin with, the NGG stood alone. Only from 2004 did the demand for a minimum wage start to become an issue, kick-started by the SPD/Green government's decision to tighten up the rules for the unemployed within the framework of their labour market deregulation programme under the aegis of »Agenda 2010«. The upshot of the reform was that henceforth any job offer had to be accepted, even if the pay was not subject to a collective agreement. This led to an increase in the number of those whose wages were so low that they were dependent on state assistance. The then SPD labour minister tabled a minimum wage for debate, although without mentioning a particular sum. This proposal was met with rejection and scepticism within the ranks of the party and the majority of DGB trade unions. Nevertheless, the trade union debate moved up a gear.

The breakthrough for the minimum wage demand among the trade unions came in spring 2006 when ver.di merged with the NGG and the two unions agreed on a joint campaign. In May of the same year the DGB conference took up the demand for 7.50 euros an hour. Both the SPD and the CDU, which formed the government coalition after the 2005 elections, rejected this demand in no uncertain terms, while the Linkspartei was in favour, albeit at much higher hourly rates.

The DGB's resolution was the start of a broad-based minimum wage campaign. The case for the minimum wage demand was made with a wide range of public relations activities, its own website, large-format billboards and a blizzard of information leaflets. The spread of poverty wages became a national scandal.

In the SPD the demand for a minimum wage acquired majority backing from 2009. At the Bundestag elections in 2009 the party registered its worst result since the War. In parallel with this the Linkspartei obtained its best election result to date. As a consequence, within the SPD advocates of rapprochement with the trade unions gained ground. Disenchantment with the party had increased even among Social Democratic trade union activists when the retirement age had been raised to 67.



Public opinion increasingly warmed to the trade union campaign. As early as 2006, according to one survey, a majority of 57 per cent supported the demand. Shortly before the Bundestag elections in autumn 2009, in the context of the financial and economic crisis, as many as 85 per cent backed the demand, including a majority of CDU/CSU voters. This figure held up in subsequent years. In 2010 the DGB conference raised its demand to 8.50 euros an hour. A representative survey commissioned by the DGB in June 2013 put general approval of this demand at 86 per cent. The result of the last Bundestag election, as already mentioned, especially the electoral demise of the FDP, cleared the way for statutory regulation.

#### Introduction of the Statutory Minimum Wage

»A new era on the labour market« – this is how economist Rudolf Hickel described the introduction on 26 March 2014 of a statutory minimum wage of 8.50 euros. The draft law agreed in cabinet on 2 April contains exemptions. The minimum wage does not apply to young people under 18 years of age or to trainees. Furthermore, the so-called long-term unemployed – those without a job for more than a year – become entitled to the minimum wage only six months after finding employment again. This affects around 1 million unemployed. It remains to be seen whether the legislative procedure will yield further exemptions (for those in mini-jobs, pensioners, young adults over 25 years of age and so on), as demanded by employers' organisations and parts of the CDU/CSU. Up to 1 January 2017 a transitional period shall apply during which collective agreements with lower wages may continue and even newly concluded collective agreements may undercut the minimum wage. This exception, however, helps to promote declarations of collective agreements as generally binding, as referred to above, as it applies only to national agreements, for which such declarations are available. Finally, a commission with three trade union and three employers' representatives, with a neutral chair, will meet to negotiate an increase in the statutory minimum wage, first on 1 January 2018. Until then the minimum wage will remain at 8.50 euros. The trade unions and the left-wing parliamentary opposition have welcomed its introduction, in keeping with their long-standing advocacy, but oppose any restrictions with regard to particular groups of people or employees.

The level of the new German minimum wage is relatively modest in comparison with other western European countries, as [Thorsten Schulten's WSI overview](#) shows (see Figure 11).

The future minimum wage lies below the low-wage threshold for Germany as a whole, calculated at 9.30 euros for 2012 (Kalina/Weinkopf 2014), according to a study by the Institute for Work, Skills and Training (IAQ). Around 8.4 million employees earned less than 9.30 euros in 2012, according to the study.

Estimates of how many people will benefit from a minimum wage of 8.50 euros vary between 6.6 million (IAQ) and 5.2 million (WSI; see Amlinger et al. 2014). Ultimately it will also depend on how many employees are exempted from the minimum wage in the end. Because the minimum wage will remain fixed for three years after its introduction employees whose pay is based on it will be left behind by general wage development and experience losses in real wages due to inflation. It is far from certain whether such losses will be compensated by sufficient increases. Thorsten Schulten of the WSI assumes in his calculations that a sum of 12 euros will be needed if the minimum wage is to have any chance of substantially reducing the (also long term) risk of poverty facing the mass of employees. From a trade union standpoint the introduction of the statutory minimum wage is a victory, but over the coming years it must be increased, extended and secured.

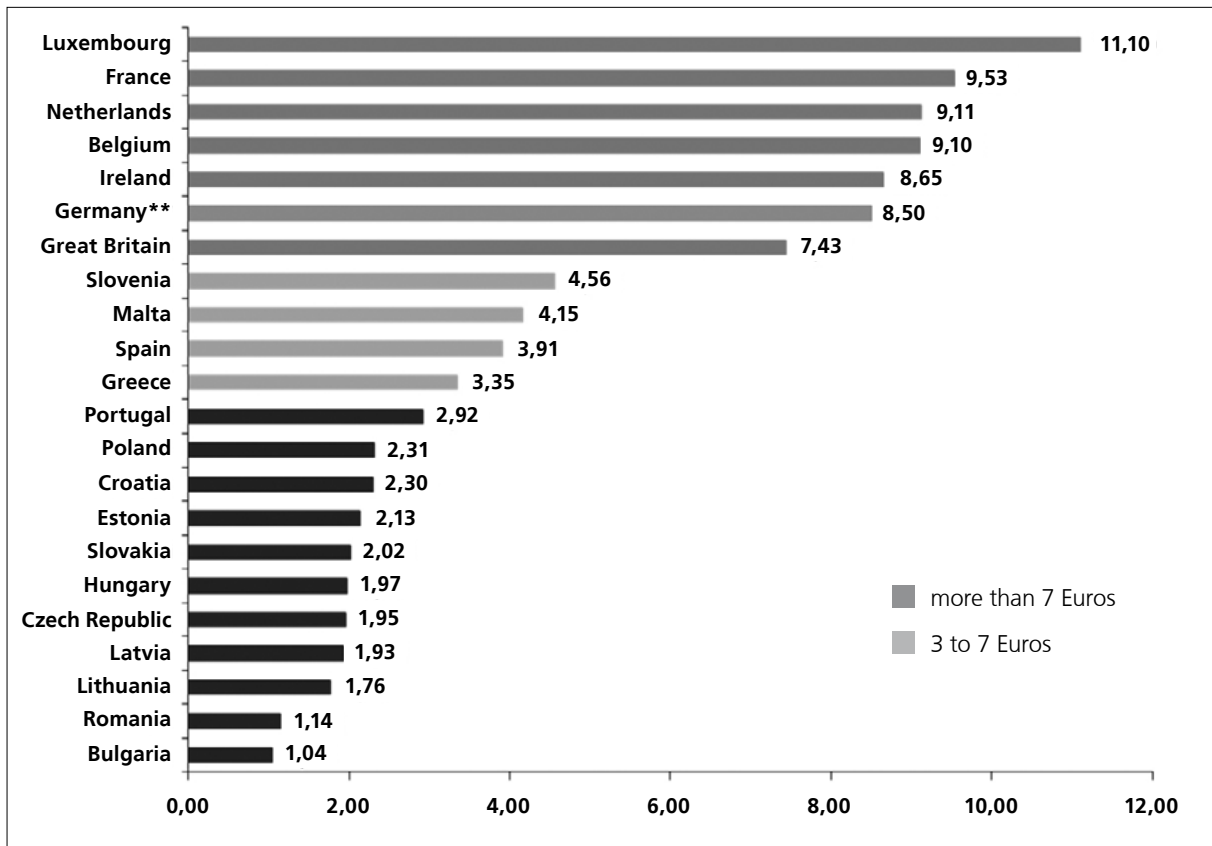
#### 4.5 Organising and Other Recruitment Strategies

The introduction of the statutory minimum wage does not mean that workplace organisation and membership development are no longer an issue for trade union work – quite the contrary. Since the mid-2000s the debate on organising, which involves both new organisational experiences in Germany (such as the Schlexer campaign in the 1990s) and a transnational discussion of trade union strategies, has caught on among individual trade unions in Germany.

Among other things, discussions and practices among trade unions in the Anglo-Saxon countries have come to the fore, which are oriented towards everyday disputes, tailoring to employees' individual needs and activation. The link between trade union membership and conflicts



Figure 11: National minimum wages per hour, 2014 (euros)



Note: \* as of January 2014, euro conversion at the annual average rate 2013; \*\* from 1.1.2015.  
Source: WSI Minimum wage database 2014.

in the workplace established by a number of studies offers a number of important considerations for involving members more closely. To date the results of practical efforts to apply such strategies – for example, in the private security sector, industrial cleaning, retail trade, hospitals and wind energy – have been patchy. In some areas, such as discount retailers, there have been sustainable achievements (Schlecker) or at least precarious working conditions have been stigmatised (Lidl). In other instances, however, organising efforts have accompanied conflicts about company and centralised collective agreements (industrial cleaning) or campaigns to extend coverage, as recently at the German affiliate of mail order giant Amazon.

Experience shows that participation-oriented efforts at organising provide a toolbox that can prove valuable, especially in conflict situations, although the specific context has to be taken into account. Industrial disputes, as mentioned in the previous paragraph, are increasingly being perceived by trade unions as »opportunities« for

organisation. This applies in particular to »untypical« industrial disputes in little organised and highly precarious domains. There is a general tendency towards pragmatic tailoring of organising efforts to particular workplaces. For example, the ongoing campaign to improve working conditions at Amazon contains organising elements, but the strikes and public protests against the online retailer go beyond that.

Besides new approaches to organising ver.di in particular has been pursuing »collective bargaining with strings attached« with some success. This is directed against individual workplaces and companies without collective agreements. Deals on collective agreements are tied to the condition that first an adequate proportion of employees are organised.

Broadly speaking, however, the increasing decentralisation of collective bargaining and attempts by some companies to elude collective agreements, or even not to

conclude collective agreements in the first place, has led to an increase in industrial disputes. Interestingly, several trade unions (especially ver.di, but also NGG and GEW) have found that before and during conflictual collective bargaining rounds and strikes an above average number of employees join the union. For example, in 2013 in the run up to and at the beginning of what turned out to be an eight-month industrial dispute in the retail trade more than 20,000 retail employees joined ver.di, well over twice the number in »peaceful« years.

The main reason for this, as studies have shown, is that trade unions tend to go the extra mile in such situations to establish close communications with the employees. Workers, in turn, are keener to become trade union members when they see their company threatening hard-won benefits and the relevant trade union makes comprehensible demands and is willing to battle it out for them. On top of this, in Germany in particular, the trade unions offer strike funds during industrial disputes, but of course strictly for their members. It is also important, however, that in case of conflict only trade union members are entitled to the provisions of collective agreements.

The question of what forms of organisation might help to sustainably reverse the fall in membership experienced by German trade unions over the past two decades is difficult to answer, based on the available data. What is certain is that the more confrontational policy adopted in recent years has raised the unions' profile and attracted more members.

## Outlook

In 2014 the DGB trade unions can look back on a number of important achievements. However, a number of unresolved problems remain. For example, a majority of DGB trade unions have, for the time being, halted the decline in membership. Overall, however, the DGB has not reversed the trend. Organising the private service sector remains the biggest challenge. The minimum wage campaign waged by the DGB, the NGG and ver.di brought the trade unions a victory of a kind not seen for a long time. IG Metall's campaign against tem-

porary employment did much to make an issue of precarious working conditions in Germany. At the same time, it was important for IG Metall that core export industries came through the crisis relatively unscathed. All these activities have raised the profile of the DGB trade unions and their social visibility.

At the same time, current trade union policy is not without ambivalences and conflicting aims, often resulting in controversy. The efforts of IG Metall and IG BCE to boost export industry are to some extent in conflict with ver.di's desire for more public investment in services. The temporary employment campaign gave rise to internal trade union conflicts with those works councils that regarded temporary work as a necessary buffer against economic downturn and accepted it mainly as a flexibility tool. Even the minimum wage campaign initially had to overcome considerable concerns and reservations among the trade unions themselves. Although the minimum wage now in prospect – especially its staggered mechanism for increases – will alleviate the low-wage problem in Germany it will by no means eliminate it. Its implementation will be monitored carefully and influence further discussions within the trade unions.

The DGB trade unions have agreed on a strategy of seeking to help shape the policy of the new CDU/CSU/SPD government rather than to oppose it. That is also clear in relation to the minimum wage and temporary work, as discussed here. The dominant view in the DGB is that the current balance of power in society precludes any fundamental shift in terms of social redistribution. At the same time, it is expected that the government at least has no intention of exacerbating the social situation and the low-wage sector, which erupted in the 2000s, will be kept in check from now on. It remains to be seen whether this assessment will prove true. In any case, this stance – although barely conspicuous – could entail a shift in the division of labour among the DGB trade unions. The role of the DGB as umbrella organisation could be accentuated in the coming years. Whether and in what sense this will bring about a politicisation of trade union policy is currently in the lap of the gods, however. The cornerstones of austerity policy appear to be relatively durable in the new government. How social conflicts will develop in the coming years is difficult to predict.



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## Annex

Unemployment rates in the European Union, 2008–2015  
(unemployed as a percentage of the working population)

	Total unemployed			Young unemployed below 25 years of age		
	2008	2012	2013	2008	2012	2013
<b>Austria</b>	3,8	4,3	5,1	8	8,7	9,0*
<b>Germany</b>	7,5	5,5	5,3	10,6	8,1	7,9
<b>Luxembourg</b>	4,9	5,1	5,9	17,3	18	19,9
<b>Malta</b>	6	6,4	6,5	12,2	14,2	13,9
<b>Netherlands</b>	3,1	5,3	6,7	6,3	9,5	11
<b>Denmark</b>	3,4	7,5	7	8,1	14	12,9
<b>Czech Republic</b>	4,4	7	7	9,9	19,5	18,9
<b>Romania</b>	5,8	7	7,2	18,6	22,7	23,6
<b>United Kingdom</b>	5,6	7,9	7,7	15	21	20,7*
<b>Sweden</b>	6,2	8	8	20,2	23,7	23,4
<b>Finland</b>	6,4	7,7	8,2	16,5	19	19,9
<b>Belgium</b>	7	7,6	8,4	18	19,8	23,1
<b>Estonia</b>	5,5	10,2	9,3	12,1	20,9	18,0*
<b>Slovenia</b>	4,4	8,9	10,2	10,4	20,6	22,7
<b>Poland</b>	7,1	10,1	10,4	17,2	26,5	27,4
<b>France</b>	7,8	10,2	10,8	19,3	24,7	25,5
<b>Hungary</b>	7,8	10,9	11	19,9	28,1	27,2*
<b>Latvia</b>	8	15	11,7	13,6	28,5	23,9*
<b>Lithuania</b>	5,3	13,4	11,8	13,3	26,7	22,3
<b>Italy</b>	6,7	10,7	12,2	21,3	35,3	40,0*
<b>Bulgaria</b>	5,6	12,3	12,9	11,9	28,1	28,6
<b>Ireland</b>	6,4	14,7	13,1	13,3	30,4	26,6
<b>Slovakia</b>	9,6	14	14,2	19,3	34	33,6
<b>Cyprus</b>	3,7	11,9	16	9	27,8	38,7
<b>Portugal</b>	8,5	15,9	16,5	20,2	37,7	38,1
<b>Croatia</b>	8,4	15,9	17,6	21,9	43	49,9
<b>Spain</b>	11,3	25	26,4	24,6	53,2	55,7
<b>Greece</b>	7,7	24,3	27	22,1	55,3	59,0*
<b>EU</b>	<b>7,1</b>	<b>10,5</b>	<b>10,9</b>	<b>15,8</b>	<b>23</b>	<b>23,5*</b>

\* provisional data; \*\* European Commission forecast autumn 2013.  
Source: Eurostat.



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### Imprint

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The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung.

This publication is printed on paper from sustainable forestry.



ISBN  
978-3-86498-875-2