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UNION POWER AND INDUSTRIAL RESTRUCTURING IN WEST GERMANY

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A WORKING PAPER
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A crisis of German unionism has often been postulated and an imminent decline prophesied. Despite these interpretations, German unions are in fact quite stable with respect to the percentage of German workers who are unionized, and the total membership figure is still fairly high. In fact, the percentage actually increased during the last 15 years. This holds true for the Deutsche Gewerkschaftsbund (DGB)--the union of the unions--in general and, for the most part, for the Metal Workers' Union (IGM) in particular trend. Yet, beneath the surface, there are other forces which will eventually influence the situation.

This high degree of unionization reflects the ongoing effectiveness of the recruiting programs of the German unions. The first step involves recruiting the qualified industrial workers who readily join unions, followed by semi-skilled and unskilled blue collar workers. Once successful on these levels, the unions have bettered their chances to organize the white collar workers. This success is partly due to the aura which dynamic unions project and partly due to closed shop practices.

However, I believe that the past approaches are gradually becoming ineffective. I would like to stress that present and future structural changes in industry are and will be detrimental to the union movement. On one hand, the industries and occupations where the unions have been strongest are now threatened by stagnation or even contraction. On the other hand, those industries and occupations where the unions are traditionally weak are now becoming much more important: those are the industries with skilled professional white collar workers, e.g., the electronics industry, etc. The result is that the union membership is not representative of today's workforce. The structure of the memberships corresponds to that of the workforce of thirty years ago.

These observations are nothing new and they certainly remind one of the present situation in American unions. What is perhaps not self-evident and what I am going to talk about is first, some peculiarities of the dynamics underlying that change. The peculiarities that I am referring to relate to the massive redistribution of quality of life caused by the industrial restructuring in West Germany. We are beyond doubt justified in calling this redistribution a zero-sum game. A vast gap is opening up within the working class itself as opposed to the traditional separation between the working class and the establishment. Several sociological terms have become common in German politics: "coming of society of the two thirds," and the polarization between "winners and losers in rationalization" refer to this gap but these epithets must be supported with hard facts.

For the unions, the zero-sum situation represents an extremely disturbing

potential: when in fact some can win everything and others can lose everything, a new polarization of interests between employees arises. This is disastrous for the unions because their traditional wage policies cannot accommodate these diverse interests. However divided the working class may have been in the past, the common goals of higher wages, greater leisure, more job security were a strongly cohesive force. This is no longer the case. In the view of today's winners, who get nearly everything they want, such objectives are too tame. And for the losers, who actually need union support, the union's current approach offers little or nothing. This is true because the traditional union policy presupposes functioning employment of its members and this is exactly what the losers are lacking. Therefore, the German unions are doubly jeopardized because they are going to become irrelevant to both winners and losers.

One side of that problem--the winner's side--I will discuss in the second part of my paper. First, I will make some comments regarding the "zero-sum situation." If one wants to understand the difficulties which German unions presently have in organizing and representing the workforce, there are three important areas to address:

1. Within the area of blue collar work--an area which admittedly is becoming less important but to which 45% of the German workforce belongs--a new type of skilled work, "skilled systems control," has taken over with remarkable speed. This is a result of flexible automation and innovative work/organization. People who become skilled systems controllers are typical winners (see Chart 1). However, it must be emphasized that this change is mainly restricted to high-technology areas.

This is due largely to increased capital invested in technological equipment and processes which necessitated a new workforce. In low-tech areas, manual labor still prevails and in the automobile industry, this manual labor is unskilled (see Charts 2 and 3).

Thus, especially in the automobile industry, one has to cope with a further segmentation of the workforce: mechanical departments versus final assembly and, in between, body assembly. More precisely, on the one hand, in the high-tech areas of this industry and similar ones, a growing minority of blue collar workers are going to win with respect to qualifications and social status. On the other hand, there remain a shrinking majority who are excluded from such advantages.

2. Within the area of white collar work--that is an area which, to be sure, is becoming more important (now 45% of the German workforce, excluding government employees)--an internal division may also be observed. Winners in that field are: highly qualified R&D people, trained technicians in services, engineering in manufacturing, professionals using electronic data processing, etc., mainly in the electronic industry, aircraft industry, machine tool industry, and similar technology-based industries. These white collar workers are already in the majority. The increase of white collar workers has been achieved mainly by the increase in these categories. But the regrouping of white collar workers does not eliminate all simple white collar tasks. These operations shrink considerably but there remains some clerical work particularly in the mass production industries. Unskilled white collar workers and laid-off traditional professionals accumulate in these industries. These people do not have a

chance to become winners. I cannot yet offer figures from personal research in order to quantify these changes, but Chart 4 provides some data from official statistics.

3. These processes coincide with high unemployment. In particular, the proportion of jobless people who are long-term unemployed, is increasing-- "long term" meaning those who are registered as unemployed and who are without occupation for more than one uninterrupted year. In West Germany, there are 0.65 million long-term unemployed persons (32% of all the unemployed). These figures reflect the economic expansion achieved by the core sectors of the German economy. The expansion, however, was not large enough to absorb many of the workers who have lost their jobs in declining industries. Overall, the total demand for labor was decreasing. Additionally, the economic expansion of core industries was not great enough to employ the increased number of workers created by changing demographic factors: increasing birth rates, shifts in the makeup of the working population, including the addition of women to the workforce. When discussing the long-term unemployment that exists in West Germany, we also have to blame the personnel policies of the core industries. They, for the most part, function totally independently of labor trends in the rest of industry. They use their expansion mainly to stabilize the employment in their own cadres and seldom hire from the ranks of the unemployed. Only new workers with excellent qualifications are recruited from the external labor market. Without government intervention, which is now more effective in countering the crisis of the labor market, joblessness and long-term unemployment will increase

indefinitely.

To summarize briefly: within the employment system there will continue to occur a differentiation of working conditions and opportunities in both directions, upward and downward. It is exactly that process I have in mind when using the term "zero-sum situation." When we look at the German labor market, we can observe different groups of employees, each characterized by a specific set of opportunities, experiences, and--correspondingly--political dispositions. First, the winners: skilled production workers, maintenance specialists, technicians, engineers in innovative production processes, research and development personnel, sales and service specialists, systems experts, etc. To give an idea of the size of this group: in the metal industry these winners may now comprise a third of the workforce and may reach 50% by the year 2000. Second, all categories of traditional workers, the unskilled manual laborers and machine feeders, the white collar workers in routine jobs, etc. If members of this group still possess a job in the core of the economy, their jobs are protected by wage agreements and their working conditions are defined by collective bargaining. For that reason, they represent the middle. Third, are the workers who are not considered candidates for any jobs in the new workplaces and who are, in fact, if they are working, on the verge of being let go, and those who never had a chance to enter the stable segment of the labor market.

Given this structure, the main problem of the German unions is as follows: Will the unions be able to prevent the winners from being politically neutralized or even worse, absorbed by the social opponents of the unions? The unions

should pay attention to this problem because the winners already form an important reservoir of potential union membership which will grow in the future. Last but not least, the winners can exert quite a bit of social and political power because of their key position in the modern production process and they are an example to others. If the unions are unable to reach this group, they will no longer be able to transform functional importance in the work process into leverage in the political process.

The key questions are, then:

- (1) Do the German unions possess the capability to discourage the winners from allying with traditional power elites, i.e., management, the high-ranking staffs, etc.?
- (2) Are they capable of preventing the new establishment from coming into being, an establishment which includes the

winners and is extremely powerful because it is in charge of the production process?

- (3) Are the unions capable of protecting other groups of employees, the losers and the middle group, from being squeezed out by this establishment?

I will address some of these questions in more depth in the next part of my paper. I primarily want to point out the political preferences and the behavior of the winners with respect to the unions. This emphasis is justified because of the fact that the behavior of these winners has become a crucial point of union power in West Germany. For the sake of simplicity, I will avoid discussing the internal differences among the winners. Interestingly enough, the winners tend to see themselves as a unified entity, in spite of their actual differences. They see themselves as being integrated into a collectivity, based on their cooperative work and performance. To this collectivity belong the skilled production workers as well as the maintenance specialists, the technicians, engineers, technically qualified office workers, etc. The old status symbols are fading away. To stress that the winners do have, in fact, a great deal in common, I'll call them the "modern employees."

I wish to make five basic points:

1. The "modern employees" are not at all "born" members of the union movement. The old message which the German unions addressed to workers is not effective in their case. It is impossible to mobilize the "modern employees" on the basis of the concept that the interests of workers are harmed through their subordination to capital and that the unions are the champions of the oppressed. This does not mean that "modern employees" are totally content either. As a matter of fact, many of their requests are not met. However, management's past history of refusal to acknowledge basic needs, which historically brought the worker into the labor movement, is no longer a motivating issue. The "modern employees" possess sought-after, desirable skills and need not be concerned about being lost in the sea of workers looking for a job or basic needs. Instead of suffering from financially restrictive circumstances, they earn good money. Instead of being ruled by other persons who define work and effort, the norms no longer seem to be personalized; they appear as obvious demands of the machinery and the social systems; "modern employees" accept demands defined in that way. Finally, instead of skills being unimportant as in Fordism, the modern work process encourages employees to achieve and gain knowledge and skills. If modern workers show interest in the areas of job security, money, effort, and skills (i.e., in the traditional areas of collective bargaining in Germany), they do so in a vague manner and in the abstract. "Stress could capture us early" or "Our knowledge could quickly become obsolete" are typical concerns of "modern employees." Yet it is also typical of their thinking to immediately state their optimism in meeting these challenges individually by means of individual bargaining, further education, job change, advancement, etc. Admittedly, to

offer help for gaining such solutions may sound like a politically astute move for unions, but the requests from these workers are so specialized that they are not appropriate for a comprehensive union program. There is only one issue which could be an exception: when it comes to money and other tangible gratification, modern employees, to be sure, are not so concerned with the actual sums but are very critical of a system of rewards which for them may remain secretive. Modern employees passionately demand openness. They want to "KNOW." They are disturbed by any power structure in factories and offices which remains a mystery to them. This leads to my second point.

2. Modern employees want to be involved. The main fault they find with work organizations is a participation gap: ponderous decision-making processes, unclear criteria and evaluation of aims and means, no opportunity for participation in strategic goal-fixing, arbitrary exclusion of alternatives worthy of consideration, lack of opportunity for unconventional proposals. They see themselves as knowledgeable managers whose knowledge is not adequately used, despite their comprehensive working roles. They have been trained to be independent and responsible but these qualifications are normally only expected to be used in limited structured workplace situations. The workplace remains a hierarchical environment.

The main complaint has been that when one offers ideas, they are not seriously evaluated let alone, implemented. However, this gap has been recognized by management, at least by the more open-minded parts of it. The response has been an attempt to open lines of communication. These include organization development, quality circles, simplified decision paths, etc. Yet

real participation often fails because the traditionally privileged ranks fear change and experiments and the power structure is too rigidly set up to change. Thus, the desire for participation by "modern employees" has not been satisfied as hoped.

For the unions, theoretically, the participation gap offers great opportunity to mobilize the modern workers. Unions could try to create a distinctive political image for themselves with the slogan that the arcane elements of the power system should be abolished and effective democratic decision processes guaranteed. Unfortunately, many of the union organizations have an internal participation gap as great as those in business organizations.

But there is a snag in all this. "Let us have more democracy" is the right slogan for "modern employees" only under the condition that the result is an increase in individual participation. This means that it explicitly avoids new mediations--"codetermination-bureaucracies." It implies involvement from the bottom, therefore the effects of individual participation are primary. As a result, the German unions are now returning to the concept of co-determination in the workplace which they have tended to ignore in the past. But today, the unions need a more comprehensive and detailed model for bottom-up participation if they really want to become attractive to "modern employees." Frankly, instead of acting for the employees they must restrict themselves to the role of political brokers. Unions must try to enlarge the avenues through which the employees can independently realize their interests and at the same time they must be there to aid those who, in doing so, find themselves in conflict with management.

Obviously, only those unions which have appropriate internal structures can be credible advocates of the participation interests of "modern employees." In this context "appropriate" means, flexible approaches, openness for experiments, and member participation, instead of monolithic organizations embodying the principles of "democratic centralism." This is exactly the challenge the German unions must face. Their handling of the so-called Lafontaine affair is proof of their present inability to cope with the problem.(1)

3. The "modern employees" are "knowledge workers." If they make successful decisions, they do so by means of careful deliberation, intellectual discipline, flexibility, and independent judgment. Workers who exhibit these qualities became obsessed with the concept of rational decision making: reasonable solutions are appreciated, others are scoffed at. To be sure, technicians often interpret reason very narrowly as instrumental reason. In that case, rationality turns into a rationalistic prejudice and becomes narrow-minded with respect to political problems. But in our interviews we often observe that many "modern employees" are well able to avoid such narrow-mindedness.

So today we can find, for example, skilled chemical workers who use their professional competence as a resource for a more general environmental criticism and who, based on their knowledge, appreciate the possibility and rationality of less hazardous production systems with fewer emissions producing safer products. And today we can also mention the example of engineers who, on the one hand design and manufacture labor-saving equipment, but who, on

the other hand, see the single-mindedness in which industrial planning processes frequently develop. They realize that these processes lag behind current technical possibilities and also observe that the humanization potentialities typical of modern technologies are often not taken advantage of. A final example is that of industrial engineers who, as planning professionals, have learned to think according to models which optimize a high number of relevant variables and who are accustomed to paying attention to undesired side effects of planning. They are able to see that industrial production is often restricted to a narrow ends-and-means test, calculated on the level of the individual company and that this approach frequently causes immense social costs. Consequently, these social costs have to be subtracted from the profits of the individual firm, with the result that the overall balance may become negative.

These reflections can be viewed as considerations of "social" or "holistic rationality." In these considerations we have to see more than the so-called staff-and-line controversy of the old bureaucratic organization theory. This theory assumes a fundamental opposition between the technical experts and those

having actual power, but in reality such a controversy does not always develop.

These ideas are not based exclusively on the "modern employees" working role, but on their working role as "modern employees" but on their double role as employees and as members of society. This dual identity enables them not only to identify the deficiencies of the capitalist version of modern life, but using their professional knowledge and competence, they can also recognize the deficiencies as unnecessary and as conquerable.

In my examples the skilled chemical worker, the work planner, and the industrial engineer act as persons who may experience environmental destruction when they walk through a devastated German forest after work. In another example the designers and producers of machinery act as persons who also experience unemployment privately in their family and neighborhood. Also computer experts who see the consequences of primitive layouts of machines in the learning deficiencies of their own children due to insufficient computers in school. Through their professional training they all are well aware that these happenings must not occur.

Those who have come to the point of recognizing and analyzing these divergent experiences and issues are open to the argument that rationality on the level of the whole society is necessary (i.e., Max Weber's "material rationality"). They will openly examine new solutions which avoid the known shortcomings and will perhaps involve themselves in realizing them--even if it does not affect them in their work or even if it requires some of their free time. We should not underestimate the attractiveness that such reasonable social interpretations have for persons who become used to thinking holistically in their everyday working life. Here once again developments bring not only challenges but opportunities for the German unions.

It is not that the unions could rely blindly upon the rational elements of the "modern employees'" conscience, but they may trust in the fact that slowly an idea is becoming reality, an idea which Theo Pirker(2) emphasized thirty years ago: that there can be a reversal in the representation of collective identity within factories and offices. Employees can supplant managers as the protagonists of the further historical progress.

Union policies must include, develop, represent, and strengthen this mentality. It is quite possible to define a union policy which builds on these opportunities.(3) But once again, I have to stress that the German unions are hesitant to follow this route.

4. The process of political socialization has developed in another way, compared with socialization in the old worker's movement. We can speak straightforwardly about a turnaround of the typical life histories of active

unionists. In former times, an employee entered the plant at the lowest level, very early in his life, around age 14 and was shaped and politically educated by his elder colleagues.

Today, many of the modern employees come out of the enlarged and more independent educational system; they are much older and they often go directly into relatively high positions. That is to say that employees tend to come from the outside rather than advancing from within. Today the work tasks they occupy are defined as strictly professional ones because the trade unions have not yet incorporated these positions.

In former times, the worker became a unionist early on and more or less without choosing. This made him rather open for the political branches of the labor movement. Contrarily, if a "modern employee" is unionized, he looks at the world through another window: perhaps he became a strong unionist because he previously had contact with left-wing politics, exposure through education and friends, belonging to the 68-generation, having contacts with the Social Democratic Party of Willy Brandt's times, or at present, being active in a peace or a citizen's movement, in the Protestant church, or wherever. Only based on such a background did it or would it make sense to him to become a union activist as the complement to his political worldview.

The result of this is that for their attempts to mobilize modern employees the unions are very much more dependent on a previous mobilization through other issues and institutions. If they want to mobilize these groups more intensively they have to be in closer contact with those social groups where primary political socialization is happening today. In West Germany that means the unions have to cooperate closely with the Social Democratic Party, perhaps the Greens, the environmental and peace movements, the churches, or the women's movement, etc. Seen from the side of the historical politicization patterns, the unions must finally realize that they are no longer "the" organization of the labor movement. However far back their tradition may reach, and however strong their membership still is, more than before they have to accept that they must fit into the camp of the political left. Instead of continuously cutting themselves off from other organizations, they need to politically protect themselves by forming allies. However, I have not observed that the German unions have acknowledged that their power has become a

function of the whole camp.

5. What is true for mobilizing new members evidently is also true for collective bargaining. The success in collective bargaining depends on the power relations between the opponents. In the past, these relations were strongly influenced by the capacity unions had to strike effectively. In the future, to be sure, to call a strike will remain an important instrument of combat. But it will be even more complicated than before to apply this tactic. To strike is fairly far from the minds of the "modern employees" and if they should nevertheless strike, they would do it in a changed manner.

Their mental distance to striking results from their view of the strike as a crude form of political pressure. Striking is not well adapted to the intellectual and sophisticated habits preferred by this group. They are impressed by the power of the spoken word and therefore they believe in the effectiveness of their arguments. If in a bargaining process the union wants to mobilize the modern employees, it has to offer good and precise reasons for its claims and tactics. When these workers side with unions, they aid in the realization of the union goals through propaganda. Verbal arguments advance take on importance. Bargaining processes will have to take the shape of teach-ins and become campaigns of revelation and instruction. The support of public opinion will gain more and more importance. Only in such a context will the refusal to work be called into play as an ultimatum. It will be performed with a gentle hand rather than with a punch. Nevertheless, such strikes could be very effective because of the fact that the modern employees can use their resourceful, professional competence, transforming it into clever, creative,

perhaps even inspiring restrictive practices.

Modern strikes are demonstrations and arguments to the public. If such public pressures are not sufficient, more active interventions will occur, but they will be applied subcutaneously. Only those trade unions which are able to enlarge and develop their bargaining methods in these directions, i.e., which are capable of using sophisticated pressure, will have a chance to transform "modern employees" power into political leverage. Yet, the German unions, confused by their traditions, seem to have difficulties advancing along these lines.

When I explain this theory to German union members and officials, and I have had many such opportunities, the reactions are often ambivalent. The "zero-sum argument" is mostly accepted. Yet, my comments with respect to the political behavior of the "modern employees" often arouse critical reactions. To my critics I answer that it is not necessary to accept all elements of my argument. But no one should ignore the fact that the political integration of the "modern employees" has become a central factor in union power in West Germany. It is this result of changed industrialization which the unions have to accept but to which they can adapt in different fashions. For those who do not want to accept my solutions, they are then obliged to offer others. The German unions can no longer sweep the problem of the "modern employees" under the rug.

FOOTNOTES

- (1) Oskar Lafontaine, one of the deputy presidents of the Social Democratic Party, offered some ideas on how to reduce the weekly working time in order to absorb unemployed workers. Admittedly, Lafontaine's statements were political maneuvers, not well thought out, and improperly presented. Lafontaine is obviously no expert on wage agreement policy. That was problematical enough, but the reactions of the unions were perhaps even more problematical. The unions countered immediately and defensively, ignoring all differences of opinion within the unions with respect to the policy of reduction of working time. Instead of using Lafontaine's remarks as a contribution to a discussion which is still open, all discussion was cut off.
- (2) Theo Pirker published this idea in 1957 in "Arbeiter, Management, Mitbestimmung" (Workers, Management, Co-determination), one of the classics of German industrial sociology.
- (3) I gave more details in a talk at national conference of the German Metal Worker's Union in Frankfurt, September 21, 1988. See; Die Tarifbewegung der Zukunft: Oeffentlich, Mitgliederbeteiligung und Kampfformen (The Future of Collective Bargaining: Public, Members' Participation and Bargaining Methods), in: IG Metal (ed.), Die andere Zukunft: Solidaritaet und Freiheit, Tarifpolitisches Forum, Koeln 1988: Bund Verlag (forthcoming). Preprint: Frankfurter Rundschau 186/1988, p. 16.

APPENDIX

The following charts sum up some preliminary results of a survey on the development of work structures in selected industries. The research is being conducted by Volker Baethge, Uwe Neumann, Michael Schumann, and Roland Springer from our SOFI-Institute (Sociological Research Institute, University of Goettingen). The findings are reported in Schumann et al.: Trendreport ueber Rationalisierungskonzepte und verlaeuft (Trend Report on Concepts and Forms of Rationalization). SOFI - working paper, Goettingen, April 29, 1988.



10% of the respective workforce



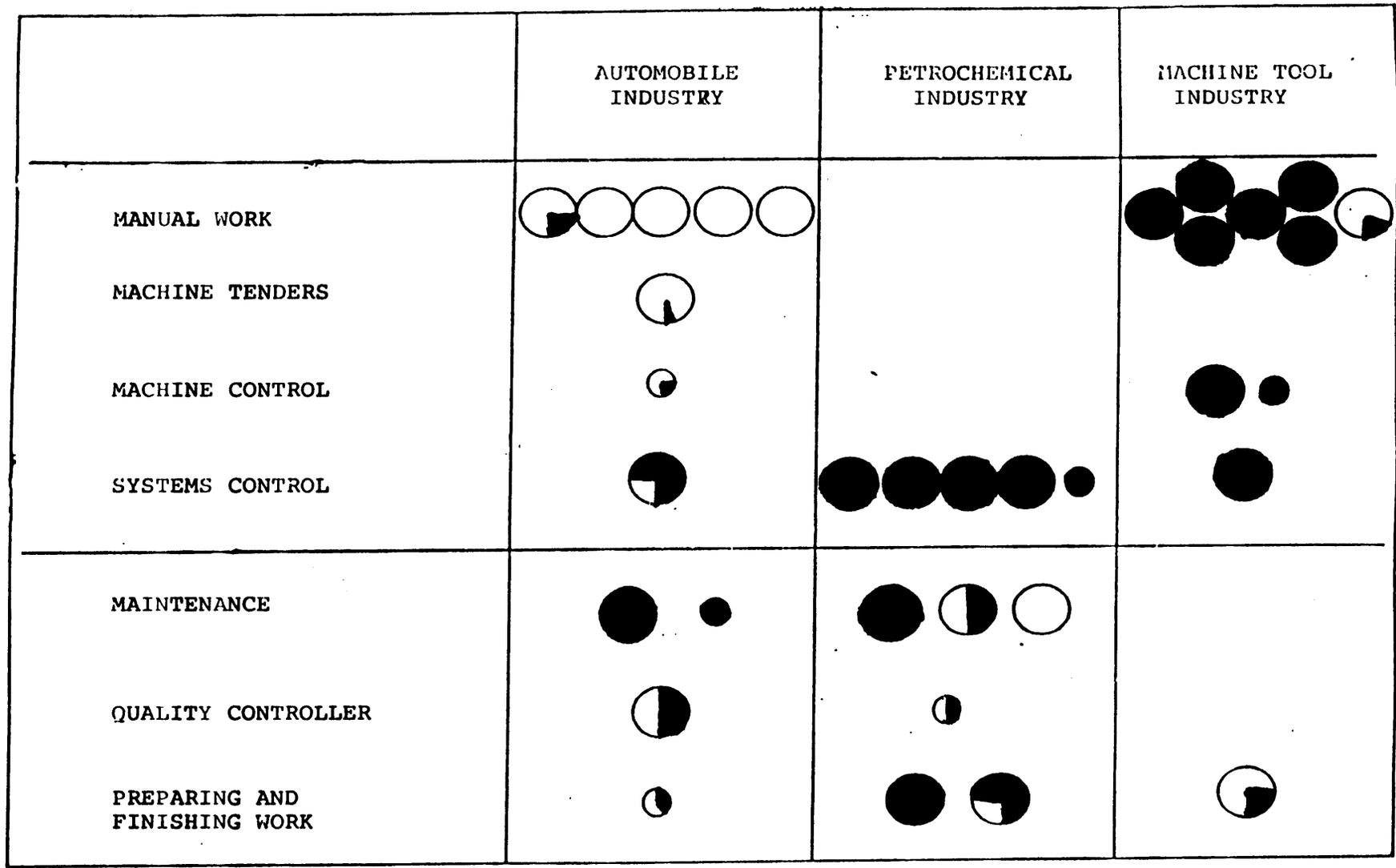
up to 5%

The filled part of the circles indicates the proportion of skilled workers in the respective group.



These figures represent "pilot projects," i.e., departments whose work-structures indicate the future development according to management planning.

CHART 1: BLUE COLLAR WORK FORCE IN SELECTED INDUSTRIES



SOFI

CHART 2: BLUE COLLAR WORK FORCE IN PRODUCTION OF AUTOMOBILE INDUSTRY

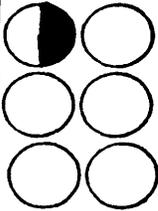
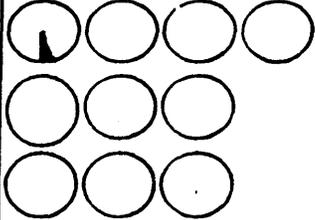
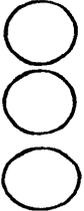
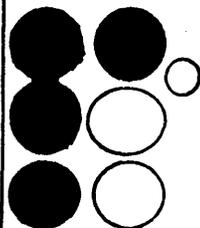
	MACHINE SHOPS	BODY ASSEMBLY	FINAL ASSEMBLY
MANUAL WORK			
MACHINE TENDERS			
MACHINE CONTROL			
SYSTEMS CONTROL			

CHART 3: SAME AS CHART 2 BUT WITH ADDITIONAL INFORMATION ON PILOT PROJECTS

	MACHINE SHOPS	BODY ASSEMBLY	FINAL ASSEMBLY
MANUAL WORK			
MACHINE TENDERS			
MACHINE CONTROL			
SYSTEMS CONTROL			

SOFI

The last chart uses official statistics.

Source: Statistisches Bundesamt, Fachserie 16: Arbeiter- und Angestell\tenverdienste in der Industrie.

The data is given in obsolete figures:

LG 2:	1970 - 264.000	1985 - 484.000
LG 3:	1970 - 511.000	1985 - 508.000
LG 4 & 5:	1970 - 358.000	1985 - 209.000

CHART 4: WHITE COLLAR WORK FORCE IN METAL INDUSTRY
(i.e. AUTOMOBILE, ELECTRONIC, STEEL, MACHINE ETC. INDUSTRY)

THE CATEGORIES IN OFFICIAL STATISTICS

