

The Reconstruction of Labour Representation in Former East
Germany 1989 - 1992. A Comparative Study of the Strategies
of Two German Trade Unions.

By

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Abstract

This thesis examines the strategies applied by two German trade unions after the collapse of the GDR. It looks at the causes of stability and instability of corporatist systems and their institutions and how these maintain membership and organizational coherence. The study explores the reconstruction strategies of two contrasted West German trade unions seeking to maintain their organizational position and to protect the neo-corporatist industrial relations system that secures their survival. Their strategies for the organizational survival of the unions are determined partly by the neo-corporatist industrial relations structure and partly by their different organizational constraints.

The first section looks at explanations of how encompassing trade unions in a neo-corporatist system maintain their membership and their organizational coherence. After delineating the various incentives which encompassing trade unions provide to their membership, the study examines the threats posed by the disintegration of the GDR to the provision of union services and thus to their ability to attract members. The effects of the collapse of the GDR could reduce their membership's willingness to define interests in collective terms (i.e. a favourable trade-off between inflation and unemployment). The study then examines the objectives for an intervention by the West German trade unions in the GDR in order to secure neo-

corporatism by incorporation of the East German membership within the encompassing body of the West German unions.

The second section looks at the main determinants of the reconstruction process which have been the legacy of low trust in former East German industrial relations as well as the FDGB's inadequate efforts which facilitated the intervention by the West German trade unions in the form of incorporation.

The third section assesses the motives of two West German trade unions related to the reconstruction strategies of free labour representation in the GDR. Both trade unions followed the strategy of incorporating the East German workforce by narrowing the existing East-West wage gap (contractual exchange) as well as offering solidarity (diffuse exchange). In particular the motive of contractual exchange reveals the unions' desire to maintain stability within the neo-corporatist environment.

As the research on corporatism rarely examines the causes of stability of corporatist systems and institutions, this thesis makes a contribution to our understanding of the strategies to maintain corporatist structures. The sudden collapse of the GDR, with its repercussions for the FRG, provides a special opportunity to analyse the strategy of corporatist institutions seeking to maintain stability.

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Index of Abbreviations

ADGB	Allgemeiner Deutscher Gewerkschaftsbund (General German Trade Union Federation until 1933)
AGB	Arbeitsgesetzbuch der DDR (Labour Law of the former GDR)
AFG	Arbeitsförderungsgesetz (Work Promotion Law)
AFL	American Labour Federation
BAVC	Bundesarbeitgeberverband Chemie (Chemical Employers' Association)
BetrVG	Betriebsverfassungsgesetz (Works Constitution Law)
BGAG	DGB Financial Holding Company
BGB	Bürgerliches Gesetzbuch der BRD (Civil Legal Code)
BGL	Betriebsgewerkschaftsleitung (Former East German Plant Trade Union Shop)
BGO	Betriebsgewerkschaftsorganisation (FDGB's primary organization in large companies)
CDU	Christlich Demokratische Union Deutschlands (German Christian Democratic Party)
CIO	Amerian Labour Federation
coop	DGB-owned food retailing company
DGB	Deutscher Gewerkschaftsbund (German Trade Union Federation)
FDJ	Freie Deutsche Jugend (Former East German Youth Organization)
FDGB	Freier Deutscher Gewerkschaftsbund (Former East German Trade Union Federation)
FRG	Federal Republic of Germany
GDR	German Democratic Republic

- IGM(E) Industriegewerkschaft Metall der DDR (East German Metalworkers' Trade Union)
- IGM(W) Industriegewerkschaft Metall der BRD (West German Metalworkers' Trade Union)
- IGCPK Industriegewerkschaft Chemie-Papier-Keramik (Chemical, Paper and Ceramic Workers' Trade Union)
- IGCGK Industriegewerkschaft Chemie-Glas-Keramik (Former East German Chemical, Glass and Ceramic Workers' Trade Union)
- IG Bergbau und Energie Industriegewerkschaft Bergbau und Energie (Minerworkers' Trade Union)
- IUG Initiative Unabhängiger Gewerkschaften (Initiative of Independent Trade Unions, East Germany)
- LO Swedish Federation of Unions
- ÖTV Gewerkschaft öffentlicher Dienst Transport und Verkehr (Public Service and Transport Workers' Union)
- PDS Partei des Demokratischen Sozialismus (Party of Democratic Socialism)
- SED Sozialistische Einheitspartei Deutschlands (former ruling East German Socialist Unified Party)
- SPD Sozialdemokratische Partei Deutschlands (German Social Democratic Party)
- STASI Staatssicherheit (former East German Secret Police)
- TCO Swedish Central Organization of Salaried Employees
- WWSU Wirtschafts- Währungs- und Sozialunion (Inter-German Economic, Monetary and Social Union)

I Introduction

1. The reason for the research

The literature¹ on corporatism² has almost exclusively concentrated on the results of corporatist structures and institutions. The research on corporatism rarely examines the causes of stability or instability of corporatist systems and their institutions and how they maintain membership and organizational coherence. This thesis aims to contribute to a better understanding of the strategies to maintain corporatist structures.

The German reunification provides an excellent opportunity for case studies to examine the strategies applied by corporatist institutions. The process of German reunification did not consist of the gradual removal of barriers between two countries with different legal, political and economic systems. The sudden collapse of the GDR and socialism caused a major shock to the Federal Republic of Germany (FRG) (cf. Hickel 1990, p.62), its economic system, its industrial relations system and to the neo-corporatist institutions. The shock emanating from the

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- 1) Cf. Crouch (1990), Lehbruch (1979), Olson (1971), Schmitter (1979) and Streeck (1981).
 - 2) Schmitter (1979, p.13) defines corporatism 'as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.'

German reunification offers the opportunity to analyse the behaviour of corporatist institutions in their efforts to maintain stability. The disintegration of the German Democratic Republic (GDR) caused a severe shock to West German industrial relations in a number of respects: (i) a considerable migration wave from East to West Germany took place, (ii) the East German Trade Union Federation (FDGB) appeared on the scene as a rival organization to the near-representational monopoly³ of the West German Trade Union Federation (DGB) affiliates, (iii) the dissatisfaction with the former East German low trust⁴ industrial relations system and the FDGB could have meant a loss of encompassiveness (iv) and the possible loss of a unionised sector in the former GDR (increased fear of undercutting by the East) might have occurred. All these threats enumerated can have a severe impact on the stability or instability and hence on the future of neo-corporatism as practised in the FRG.

The aim of the thesis is to study the strategies applied by two differing West German trade unions (IG Metall and IG Chemie) seeking (i) to maintain their organizational position and (ii) to protect the neo-corporatist industrial relations system that secures the survival of the West

-
- 3) The near-representational monopoly describes the situation that most DGB affiliates virtually lack competition on the side of union representation in West Germany.
 - 4) The connotations of low trust or transmission belt industrial relations apply to industrial relations systems imposed by dictatorships. Their task is to discipline the workforce and to adjust the members to the prevailing party line.

German trade unions. Thus we look at trade unions, not solely as altruistically or ideologically bound to maintain neo-corporatism framework, but we argue they do so predominantly as a part of their strategy for organizational survival.⁵

We argue that the organizational cohesion of the unions determine their institutionalised behaviour within the neo-corporatist system. The institutionalised behaviour of the unions and their neo-corporatist environment have a considerable influence on a country's economic performance (e.g. the Okun-index⁶), and thus on the outcome of the collective bargaining process. If the outcome of collective bargaining is desirable for the membership, it will be of vital importance for the unions. Thus we argue that there is a virtuous circle between a desirable outcome to the union membership of collective bargaining and the organizational cohesion of the union. If the outcome of collective bargaining is not desirable for the membership, the level of encompassiveness will deteriorate. As the disintegration of the GDR has inflicted severe strains on the economic, social, and industrial relations, and on the legal system of the FRG, and thus on the outcome of collective bargaining and the structure of industrial relations, we expect that these momentous changes may have repercussions on the encompassiveness of the unions.

5) According to Ross (1948, p.16) the organizational survival is 'the central aim of the leadership.'

6) The Okun-index is a measure of the trade-off between unemployment and inflation.

The strategy for organizational survival of the unions is partly determined by the neo-corporatist industrial relations structure and their different organizational constraints. This research concentrates on the question of how centralised encompassing trade unions can sustain their organizational cohesion despite the shock emanating from the collapse of the GDR.

2. The structure of the research

The aim of the thesis is to study the reconstruction efforts of two West German trade unions in order to maintain their organizational position and neo-corporatism⁷ from 1989 to 1992. For the subsequent analysis of trade union behaviour in the reconstruction process 'strategy' means a 'consistent approach over time which is intended to yield results in the medium and long term for a specific problem' (Thurley and Wood 1983, p.197).

The study uses case studies of trade union strategies applied by two West German trade unions. The decision to focus on the Industriegewerkschaft Metall (IGM) (Metal Workers' Union) and the Industriegewerkschaft Chemie-Papier-Keramik (IGCPK) (Union of Chemical, Paper and Ceramic Workers) was made for several reasons.

The central importance of the IGM and the IGCPK to the West German economy is underscored by the fact that the

7) For the classification of industrial relations systems cf. Crouch (1985).

industries they represent account for three-quarters of all employees in former West Germany. Over the last decades both trade unions proved to be controversial pace-makers within the West German federated trade union body (DGB).

As far as the unions are concerned, there are two tendencies within the DGB, which Markovits (1986) labels as 'activists' and 'accommodationists'. To a certain degree the DGB is made up of these two opposing tendencies. The activists advocate a militant self-reliance and an expansive wage-bargaining stance. The accommodationists rely on legally guaranteed status rights. The activist unions are often inspired by Old Left as well as New Left theories of the capitalist economy and society, while the accommodationist union officials tend to adhere to what is often called a 'state fixation'⁸ and the exercise of social partnership⁹ with the employers.

The IGM, the largest trade union in the western world, encompassing a little over one-third of the entire organized West German labour movement makes 'it the hegemonic force in post-war developments concerning the working class' in former West Germany (Markovits 1986, p.158). IGM's significance pertains not only to the most crucial sectors of the West German industry (automobile

8) The expression 'state fixation' refers to the accommodationists' reliance on the juridification of labour relations enacted by the government.

9) The early penetration of the labour side by capital led to highly developed cooperation programmes between labour representation and management in the chemical industry (cf. Markovits 1986, p.319).

manufacturing, electronics, machinery and steel) but also to its leadership position in various areas of trade union policy-making (e.g. '35-hour week', 'new-maneuverability', quantitative bargaining), as well as the collective consciousness and militancy of its strong and self-confident shopfloor organization (shop stewards and works councillors). The IGM can count on strong socialist sympathizers among its many rank-and-file activists. The IGM's strong shopfloor poses a much more serious problem of legitimation for the leadership than the weak shopfloor of the IGCPK (cf. Markovits 1986, pp.177-178). The IGM's leadership has to court and convince the strong rank-and-file activists to continue their active support and to cooperate within the union. To gain the support of this influential faction within the IGM, socialist ideology has been a means to incorporate the activists within the union body (cf. Markovits 1986, p.178 and pp.208-209).

Whether in its role as the vanguard for almost every annual wage round, in the formulation of new concepts regarding collective bargaining issues and economic policy, or in the key realm of union-state and union-party relationships, the IGM represents a 'first-among-equals within the DGB federation' (Markovits 1986, p.158). From the very beginning a pronounced ambivalence¹⁰ has characterised the IGM's position within the political economy of the FRG. While consistently trying to cultivate an 'image as a challenger of the system' (countervailing power), the IGM

10) The IGM is engaged in industries depending on exports and working with advanced technologies.

has with equal tenacity attempted to project itself as a responsible and legitimate actor within the parameters of the post-war FRG economy (Markovits 1986, p.184). According to Markovits (1986, p.184) both strains have coexisted since the 1950s and their contradictory relationship has influenced all of IGM's policies and strategies.

The IGCPK, the leader of the accommodationist movement within the DGB, perceives its function in German industrial relations in emphasising social order and in practising a pragmatic social partnership. The German chemical industry developed fast after the war and is distinguished by its export orientation, high propensity towards automation and rapid centralisation into larger units of production (Markovits 1986, p.268). The IGCPK is beset by weak and fragmented shopfloor representation, and partly dependent on employer support. This union has not developed a viable alternative to the existing strategy of social partnership and cooperation with management (Markovits 1986, p.322). The organizational weakness on the shopfloor has posed the most serious structural impediment to the development of the IGCPK's political power and its bargaining strength. As in the IGM, the decision-making power for bargaining in the IGCPK is centralised at the peak of the union. However, the IGCPK does not have to fear militant actions from its placid shopfloor representation. The IGCPK securely established itself during the 1980s as the DGB's 'most outspokenly accommodationist union, advocating strategies with vastly different visions' (Markovits 1986, p.326) from

those favoured by the activist DGB affiliates (e.g. early retirement, workers' wealth formation plans, qualitative bargaining, common classification for blue- and white-collar workers).

The two strands of unionism within the DGB can be distinguished by the differences in the conduct of collective bargaining, the ideology, and their respective sources and exercise of trade union power. Because of their leading positions in the DGB and their significance in the West German economy, these two industrial trade unions serve as a test case. How have they acted and reacted to the strains stemming from the collapse of the GDR. We argue that in accordance with the different organizational constraints the unions will choose appropriate and possibly different strategies in order to secure their organizational survival.

The study sets out a strategy model followed by an assessment of common and different approaches by the unions. The study addresses these questions:

(i) Why did the West German trade unions intervene in the GDR?

(ii) Which factors influenced the strategies to reconstruct labour representation in East Germany?

(iii) How did the West German trade unions intervene in the GDR?

(i) The task of the first section is to build up a predictive trade union strategy model to explain the

strategies applied by the two West German trade unions to secure their organizational coherence and strength. The predictions centre on possible courses of action which can be and are likely to be applied by neo-corporatist unions due to the shock created by the collapse of the GDR and its repercussions on the FRG. The theoretical part starts with an assessment of different types of incentives (public and selective) which centralised and encompassing trade unions provide for their membership or the workforce as a whole.

As West German trade unions are 'neutralized'¹¹ from the shopfloor (the accommodationists such as the IGCPK often lack strong representation on the shopfloor), the organizational success of the centralised West German unions rests predominantly on the provision of collective goods¹². The influx of a skilled workforce, the emergence of a 'low wage country' and of rival union organizations in the former GDR could inflict damage on the West German unions' ability to provide public benefits to their members. As most accommodationists lack organizational alternatives to the social partnership practised with the employers, the emergence of rivals to the West German unions could violate their potential for success. Their potential for success in collective bargaining is based on

11) According to Marsden (1978, p.10) the key weakness of the West German unions lies in the 'neutralization' of the workplace through the exclusion from it of the union as a collective institution by the Codetermination Acts.

12) A collective good is a good that, if it is consumed by one person, is still available for consumption by others.

the 'growth alliance'¹³ with the employers - a specific and intensive application of neo-corporatism. It is necessary to underscore that the erosion of the near-monopoly of collective representation would also have an impact on the provision of collective goods by the activists, but the difference is that the activists did not lack the organizational alternative of a strong shopfloor representation. The strength of the activists and the weakness of the accommodationists on the shopfloor is an important organizational constraint which helps to explain the different reconstruction strategies applied by the two unions.

By assessing the different types of incentives for union membership, it is possible to draw conclusions about the extent to which the West German trade unions are vulnerable to the troubling effects stemming from the disintegration of the East. The subject of this assessment is to demonstrate that the organizational success of the West German trade unions rests predominantly on the provision of collective goods and on the virtual single status¹⁴ of trade union representation. The main point of this assessment is that the cohesion of the encompassing trade unions is fragile. Thus any deterioration in the economic

13) The expression 'growth alliance' refers to the trade unions' ability to develop a bargaining policy which does not endanger the economic growth process.

14) After World War II the West German industrial relations system had been structured according to the principle of unitary unionism and the principle of one company one union. Thus the West German industrial relations structure is shaped by centralised and encompassing industrial unions with clear demarcation.

performance of the neo-corporatist environment might have severe repercussions on the encompassiveness of the unions and such on the future of neo-corporatism (cf. Streeck 1981a).¹⁵

The following section provides a short assessment of the decision-making process within the centralised West German trade unions. The study is based upon the assumptions that there is a principal-agent relationship between membership and leadership and that a dominant objective of the leadership is their re-election.

The trade union strategy scenario includes a short assessment of the alternative union strategies. Due to the FDGB's inexperience and discredited reputation, however, the options of the West German unions were limited to a one-way intervention in the East. Describing the various aspects of the disintegration of the GDR, a following chapter assesses several types of intervention, and the motives for the West German unions' strategies in the East. The study comprises economic and sociological theory. By assessing the vulnerability of the centralised and encompassing unions some interventionist categories of the predictive trade union model will be derived.

15) Streeck (1981a) argued that qualitative demands could not be so easily incorporated within the union policy as the wage demands could. Streeck argued that the introduction of qualitative demands could disrupt the neo-corporatist balance.

(ii) The subject of the second question (which factors influenced the reconstruction strategies) is to identify the main determinants of the reconstruction process. The study therefore concentrates on the factors that generated a comparative advantage on the side of the West German unions. (i) It starts with a critical analysis of former East German industrial relations. The objective of this second section is to prove the distance and even hatred felt towards this imposed system on the part of the East German workforce. As the FDGB resisted reform, its organization and the one-way movement of the East German system towards the West triggered a reaction that the East German workforce expected, and partly encouraged the West German unions to intervene in the GDR. (ii) Another important factor has been the one-way convergence of the GDR towards the West German economic, political and social system. This convergence produced a competitive advantage for the West German trade unions in comparison with the FDGB and its inexperienced affiliates.

(iii) The third part (question: How did the trade unions intervene?) of the thesis is the comparison and contrast of the strategies applied by the two unions. This descriptive section follows the contemporary history of the unions in their reconstruction efforts from 1989 until 1992. In the case of the IGCPK the reconstruction had already been achieved in 1991. The intention of this part is to test the hypothesis set out in the predictive model. In the predictive model we assume that (i) the accommodationist

union will intervene early in the GDR by a take-over in order to sustain organizational coherence by the protection of the outcome of corporatism and (ii) in the case of the activist we assume a take-over after a period of ideology-determined cooperation. The activist will focus on the protection of corporatism in order to avoid further decentralisation efforts by the self-confident membership. Both unions focus on the protection of neo-corporatist industrial relations and thus on centralised collective bargaining and the encompassing trade union structure.

3. The methodological approach

The methodology was divided into several approaches. The reason is that each methodological approach has 'at least one intrinsic weakness' (Smith 1982). Consequently, the research strategy consisted of choosing a combination of several research methods in order to compensate for the intrinsic weakness of a single method and thus to enhance empirical knowledge.

Firstly, a survey of the literature on the theory of collective action, corporatism and different industrial relations systems was made. The main structure of the research has been based on documentation analysis. For the documentation analysis of trade union reconstruction processes the material was collected from as many relevant sources as possible - trade unions, employers' associations, newspapers and journals - in order to ensure

the validity and the reliability of the processed data. The comparison of the various publications¹⁶ helped to identify the bias of each type of document. The contents of the documents were analysed to draw conclusions and make comparisons regarding the strategies employed.

By obtaining the support of the unions' executive departments, reservations on the part of local union officers concerning the provision of internal documents were dissipated. Both trade unions provided confidential internal documents (the minutes of several of the trade unions' executive board meetings). This improved the quality of the data, but official trade union publications exhibit ideological and thus biased elements. Especially the minutes of the executive boards helped to reveal the various problems during the reconstruction period. Despite the revelation of important information by the minutes provided, it is necessary to bear in mind that they are also biased. Often minutes leave out critical assessments or are limited to decisions taken by the majority vote of the union executives. The collection of material was supplemented by correspondence with union executives and the former West German Home Secretary Dr Schäuble in order to assess the reliability of data which the unions provided concerning their strategies. In addition, the employers' associations also supplied materials. In the case of

16) To ensure the completeness of the strategies taken by the two West German unions the author compared the information obtained with that of Wilke's and Müller's (1991) summary on the DGB affiliates' history of early reunification efforts.

Schäuble we assume a certain conservative political bias. The data provided by the employers' associations also show biased elements.

In the second information-gathering method, the author attended a number of union congresses¹⁷, the centenary anniversaries of the IGM and IGCPK, and union training sessions for East German personnel and membership. The participant observation involved the collection of data in a 'field' setting by a degree of direct observation. In all instances note-taking and tape recording were permitted and much confidential internal material was supplied. On occasion personal attendance was not possible, as in the case of the IGM's centenary anniversary admission, because of security demands and restricted participation. In this case the author sought to substitute a thorough analysis of the video tapes covering all the speeches to which admission had been denied. The personal attendance by the author turned out to be a strategy for gaining further access, and presented a rich yield of data.

Thirdly, interviews were held with East and West German union executives, West German union officers, East and West German labour delegates¹⁸ and members of the employers' associations, as well as experts in the area of West German industrial relations. The interviews were held both on an

17) Cf. appendix no. 2.

18) To verify the various levels and number of interviews conducted with trade union members, union delegates, union officers and union executives we refer to appendix no.1.

individual as well as on a group basis. A variety of venues were used. The trade union members and labour delegates, and also the inexperienced East German union members preferred to meet on union premises to avoid retaliation by management.

A senior official of the IGM requested that his identity be concealed in light of the critical assessment of the IGM's tardy and inappropriate reunification strategies. The author is aware that the answers of trade union executives can be biased. Union leaders' behaviour¹⁹ is often politically determined and they sometimes have an interest in 'rewriting union history'. Some difficulties occurred as interviewees, for example trade union officers deployed to the East, often could not be contacted because of the poor telecommunication facilities.

Fourthly, questionnaires²⁰ were distributed to trade union leaders, East German labour delegates and West German union membership.²¹

To analyse the strategies of trade union leaders systematically, a written questionnaire was circulated to 10 union executives. The questionnaire was chosen to assess

19) In the case of the union leaders and union personnel the author assumes a bias of 'bureaucratic conservatism' (Kelly 1988, p.149).

20) In the case of the questionnaires the author was aware of the halo-effect. To reduce possible halo-effects a pretest had been chosen followed by a subsequently new arrangement of the questions asked.

21) Appendix no. 3 gives details on the composition and characteristics of the respondents of the various questionnaires.

the objectives stated in the minutes and to receive further information that had been left out of the minutes. Of the questionnaires 7 were returned (4 from IGCPK and 3 from IGM(W)) and processed. Follow-up interviews with trade union executives (2 from IGCPK and 2 from IGM(W)) took place in order to verify the results of the questionnaire and to provide further information. Arrangement for interviews with trade union executives turned out to be difficult. Due to their time restrictions, the interviews were structured.

420 questionnaires were circulated to East German labour delegates (both IGM and IGCPK). The decision to chose labour delegates was based on several considerations. Firstly, the participation rate proved to be high and the delegates easily accessible. Secondly, as a result the delegates' composition the research sample turned out to offer an almost representative sample of the East German membership.²² The response of 402 returns²³ (IGCPK 186 and IGM 216) was high because the leadership of both unions encouraged participation. The survey was conducted and collected after lunch during the trade union congresses with bad weather conditions outside. In this case a pilot study (trial run) had been conducted earlier in order to test the validity and reliability of the questionnaire. It is interesting to note that the willingness to participate

22) Cf. appendix no. 3.

23) Information on those labour delegates who did not participate was not available regarding a non-response bias. Six of them did not want to participate, twelve delegates did not attend lunch.

in questionnaires and interviews was high in the case of the East German labour delegates. We report that the interviewees turned out to be extremely active in all venues of the trade unions (training activities, trade union congresses). Thus a more critical assessment of the history of the FDGB was possible. The results were consistent with the findings of other research projects (e.g. Bust-Bartels 1980, Voigt 1971, Wilke and Müller 1991), and the election results show that the data does not seem to be biased in the direction of a more critical assessment of former East German industrial relations and opportunism towards the West German industrial relations system.

A further short questionnaire was conducted with West German IGM and IGCPK members concerning the collapse of the GDR and its repercussions on West German industrial relations.²⁴ The venues were union training sites, but despite the support of the local union officers the participation rate was lower than in the case of the East German labour representatives. Of 398 questionnaires 347 were returned and analysed. In the case of both the IGM(W) (182 questionnaires) and the IGCPK (165 questionnaires) each individual member's assessment of the threats emanating from the East often was identical with the assessment of the threats stated in union publications (even the wording often corresponded).

24) Appendix no. 4 gives the characteristics of the participants and assesses the sample in comparison with the membership composition of both unions.

Fifthly, a variety of empirical methods have been applied in order to avoid as far as possible the limitations of the single research method. In almost all cases several methods had been combined in order to assure the validity of the data. The data obtained from interviews and questionnaires have been supplemented and checked by document analysis (and vice versa). The principle of cross examination of the data proved to be cumbersome and time consuming, but helped to reveal and identify contradictions in the data set.

4. The Theory of an encompassing trade union

4.1. The trade union as an organization

According to Hirsch and Addison (1985, p.9), a trade union can be viewed as an 'association of employees whose primary goal is to improve the well-being of its members.' Associations exist to fulfil purposes which a group of people have in common. Such organizations are expected to further the interests of their members. Every organization presupposes a set of interests which its members share. By analogy with Coase's theory of the firm (1988), we derive the existence of a trade union organization from advantages in the internalisation of transactions. A trade union reduces the multitude of individual and expensive exchange processes on the labour market to very few exchanges through collective bargaining and collective representation. Thus Külp (1994, p.291) expects a macroeconomic-based reduction of costs in the case of industrial unions.

The mechanism by which trade union members induce their representatives to behave in a manner which realises the members' objectives is explained by the economic theory of agency. A trade union leadership pursues its members' interests by acting as their agent in collective bargaining and in the political process. Typically, the trade union leader, the agent, has to choose a course of action, from a number of alternatives, and the action chosen affects the

membership's welfare. A labour union is expected by its membership to strive for higher wages and better working conditions. Sometimes a group sets up a formal organization before it can obtain a collective or selective²⁵ good.

Behavioural decision-making theory explains the existence of an organization by its ability to adapt to its changing environment. The equilibrium of an organization with its environment is determined by the balance between the inducements provided by the organization and the contributions of its membership. According to Simon (1957, p.173) '... each participant will remain in the organization if the satisfaction (or utility) he derives from the net balance of inducements over contributions (measured in terms of their utility to him) is greater than the satisfaction he could obtain if he withdrew.' As demands and perceived alternatives, and thus the balance of satisfaction and burden, vary constantly, the 'vitality' of an organization means its ability to accommodate to such constant changes.

Talking of trade unions as physical entities made up by workers is unrealistic (cf. Hyman 1985, p.47). As in a simple collectivity, we can neglect any problems concerning the representation of the various interests of a quite heterogeneous membership. Trade unions, and especially encompassing trade unions, are organizations which are made

25) A selective good or benefit is consumed by an individual by the exclusion of others from the consumption.

up of a quite heterogeneous membership and different groups (e.g. blue- and white-collar workers, skilled, semi-skilled and unskilled,...). With a high level of encompassiveness, trade union leaders have to face the difficult task of binding together the different interests within the actual and the potential membership. On occasion, workers dissatisfied with their trade union might form 'break-aways', by leaving their former trade union (exit) or by setting up a new forum or organization of labour representation. The very task that trade union leaders have taken has been to prevent workers forming or joining rivals. Further, a union leadership must be concerned to prevent free-riding behaviour in the case of public goods, such as collective representation.

Labour organizations are not simply the embodiments of their members' interests; they are social institutions in their own right, and develop their own internal patterns of power, goal-seeking and conflict (cf. Kirsch 1993, p.18). One implication of the potential for conflicting interests between trade union leaders and membership can be explained by the bargaining process. Crouch (1982, p.176) assumes that the union leadership's central interest is in securing its capacity to make deals; the membership's interest on the other hand is focused on the substantive outcome. Crouch (1982, p.176) demonstrates that the trade union leadership will take steps to secure the unity and strength of its organization, and to maintain the stability of the bargaining relationship, in order to establish its

credibility as a bargaining partner. In the case of bargaining we can infer that divergent interests between the objectives of the membership and the leadership can occur especially with reference to the time horizon.

Regarding centralised collective bargaining as practised in West Germany, problems of remoteness between trade union leadership and the rank-and-file are understandable (evidence for central organization-membership tensions: ÖTV bargaining in 1992, when the membership dismissed in a ballot the ÖTV leadership's collective bargaining results). Crouch (1982, p.177) points out that the Olsonian problems²⁶ of collective action will not be so serious at the plant level as the membership's involvement and participation is generally more focused at this level. Therefore there is not the same gulf between a passive trade union membership and the organization erected to conduct collective tasks for them²⁷. When collective action and trade union representation are focused in a very centralised²⁸ organization we assume some distance between the interests of the leadership and the membership. To exemplify the potential divergence of interests between

26) The Olsonian problem consists in insufficient preference revelation and free-riding behaviour.

27) To support this view we refer to the West German trade unions' dislike of and behavioural inertia towards introducing workplace-related co-determination. Vilmar(1971, p.6), Wächter (1983, pp.70-71) and Drumm (1993, p.32) argue that the unions' behaviour is explained by their apprehension of losing 'control over the organizational and plant-related opinion leading' of the workforce by the unions.

28) Bendix (1978, p.6) submits that the power of trade unions lies at the level at which collective bargaining takes place.

trade union leadership and its membership, it is possible to refer to Michels' (1915) contributions. Michels' 'iron law of oligarchy' says that the leaders of trade unions dominate the membership. This happens for three reasons (Crouch 1982, p.163): technical, organizational and psychological. First, technical knowledge, which is a precondition for the conduct of the union's campaigns, offers the leadership a certain degree of expertise. This superior knowledge can be used by the leadership to refute critics (Crouch 1982, p.164). Second, the control over the organizational structure of the union enables its leadership to fend off challenges from rivals (cf. Lipset et al. 1968, pp.9-10). Finally, the leadership enjoys psychological advantages. The rank-and-file identify²⁹ with their leaders, and they actively desire that their leadership exercise power on their behalf (Crouch 1982, p.164).

Reinforcing the domination of trade union leadership over its membership is an important underlying assumption that there is a principal-agent³⁰ relationship between the trade

29) Barnard (1938, p.152) demonstrates that the organizational leadership is often able to influence demands of their members by an 'injection of motives' in order to make them perceive the provided inducements as satisfactory.

30) According to Turnbull (1988) 'empiricism and the predominance of market clearing models, has led to a mistaken view of the trade union as simply a 'bargaining agent'', acting on behalf of others in the process of collective as opposed to individual bargaining. Action on behalf of others certainly introduces the notion of 'agency'', but many of the services trade unions offer fall outside that description, and unions also play a crucial role in the social and political fabric of society.'

union leadership and the rank-and-file. The principal-agent relationship only reinforces Michels' view if there is no alternative agent. If there is competition among the agents, and there is no serious information asymmetry, then the principal need not to be dominated by the agent. Despite the fact that the trade union leadership does not always follow the substantial interests of its membership (e.g. Crouch 1982, p.164), we have to raise the question why people join a trade union. This question is also important for the objectives set out for research, as the benefits³¹ which the trade unions provide are essential for its strategy in the reunification process. The question why people join a trade union can be answered by explaining the different kinds of goods the trade unions provide. By assessing the various kinds of goods trade unions provide, it is possible to analyse the different threats to an existing trade union by the emergence of another trade union or the collapse of the East German industrial relations system. The analysis is of interest, as it offers an assessment of the vulnerability towards the cohesion of the trade union with reference to the goods provided. As the emergence of a second trade union can cause harm to the provision of goods provided by a trade union, this could mean that the organizational existence of the trade union is threatened. If the organizational existence of a union is threatened, we assume that the trade union leaders will

31) According to Fleisher and Kneisner (1980, p.223) workers' decisions to form or join unions depend on the benefits from union membership.

intervene by an appropriate strategy in order to reduce the strains on the existence of their trade union organization.

What do trade unions provide?

The most fundamental question in a study of trade unionism is: Why do workers combine together in unions at all? The simplest answer is to point to the weakness of the isolated individual worker in his relations with his employer. Combination appears to be an effective strategy for the workforce, because it offers a chance of reducing the inequality between workers and employers. The key characteristic of a trade union is that it combines the power of individual workers in a situation in which the 'sum is more powerful than its parts' (Batstone et al. 1986, p.2). Some form of cartelisation or monopoly can³² offer potential gains over what individual sellers of labour services could achieve. Having established an organizational form for a trade union combination, it is necessary to express its power against the employer.

In order to classify the type of goods the trade unions which the DGB affiliates provide, the author refers to the categories of public (collective) and selective (private or non-collective) incentives. The assessment of the different categories is of importance as it exemplifies the fragile cohesion of the West German unions. To the extent that the

32) 'Can' refers to the situation that some individual sellers of labour are likely to find themselves forced in the non-union sector as the unionised employers moved up their labour demand curve.

shock stemming from the disintegration of the GDR has a severe impact on the provision of goods, the cohesion of the unions can be affected.

4.2. Collective incentives/benefits

One important aspect of industrialised societies is the existence of goods with collective character realised by collective representation. For example, the gain for an individual worker from collective representation is that the net gain for an individual worker consists of the probability of extra benefits from a job in a covered sector multiplied by the wage gains minus the probability of a job in the non-covered sector multiplied by the wage loss. An important problem for organizations that provide collective representation is to diminish and control the incentive for individual free-riding.

Free-riding takes place where the individual gain from not joining the union outstrips the marginal utility of the collective gains to an individual (cf. Buchanan 1986). Free-riding is likely to occur in situations where excluding others from consumption is impossible or prohibitively expensive. Free-rider problems and non-optimal preference revelation³³ will lead to less than an optimum amount of public goods being provided by the market

33) The problem of non-optimal preference revelation is that if dues are collected according to the demand, individuals have an incentive to lie. If the people lie, the supply of collective goods will be less than in the case of true preference revelation.

(Hirsch and Addison 1985, p.24). As 'competitive markets will not provide enough of such goods; some form of collective decision-making is needed' (Freeman and Medoff 1984, p.9). A further reason for free-riding can be seen in the perception of individuals that the various costs of membership or joining do not pay off, and where the individual contribution is virtually imperceptible. Trade union membership has similar characteristics: if it is a large trade union, an additional membership subscription will be such a small proportion of its assets or income that it will hardly affect the trade union's strength. On the other hand, if the trade union negotiates improvements in working and living conditions, all employees will gain, whether or not they are members of the trade union. With increasing size (membership) and remoteness from the organization that provides collective representation, free-riding might be more likely than in the case of local representation with personal interactions between the members and various forms of direct and immediate sanctions for non-contribution. The quality of the internal control and disciplining system of an organization accounts to a certain degree for the level of free-riding.

A free-rider is someone who gets to consume a good that is costly to produce or to provide without paying for it. The free-rider problem applies particularly to public goods. A public good is a good that, even if it is being consumed by one person, is still available for consumption by others. To get a better understanding of public goods one has to

think of externalities³⁴ in the consumption of such goods. Externalities exist when actions by one person or an organization affect the welfare of others without any action on the part of those affected. Collective representation provided by trade unions exhibits features of a public good. For instance the outcome of collective bargaining can improve the working and living conditions (e.g. humanisation of work) not just of its membership but also of non-members. According to Freeman and Medoff (1984, p.8), collective rather than individual bargaining with the employers is necessary for two reasons for the workforce to develop an effective voice. Firstly, many important aspects of an industrial setting are 'public goods', that is, goods which will affect the well-being of every employee in such a way that one individual's partaking of the good does not preclude someone else from doing so. Safety conditions, the speed of the production line, cyclical wage adjustments, and pension plans all obviously affect the entire workforce in the same way that defense and social security affect the community. Secondly, collective action is necessary because workers who are tied to a company are unlikely to reveal their true preferences to the employers, for fear that the employers may dismiss them. The danger of job loss puts individuals at risk and makes them reluctant to speak out. Collective representation is a means to overcome the free-rider problem that arises where individual workers express

34) An externality arises whenever the production or consumption of a good has spillover effects beyond the consumer or producer involved in the market. The idea of externalities is based on the fact that a particular good is not priced. This lack of pricing leads to a misallocation of resources.

grievances on behalf of other workers. A subsequent function of trade unions is to monitor the fulfilment of collective agreements.

The opportunity to voice criticism and the monitoring activities exercised by unions offer externalities to non-members. In the discussion of public goods with externalities the problem of exclusion of free-riders arises. Considering collective representation as a public good with its beneficial externalities, one has to bear in mind that exclusion of free-riders from consumption is impossible or expensive. One aspect of free-riding as a behavioural pattern in the case of public goods can be explained by the individual decision not to reveal preferences.

Associations that supply collective goods often welcome new, and especially paying members. In the non-market capacity (public representation) each trade union has an interest in acquiring new members, outside its own industry or craft, as well as inside it, as long as this does not cause any form of congestion problems³⁵ (cf. Buchanan 1965). Public or collective representation and its

35) In the case of public goods as public representation in a union an additional member will improve the union's capacity to realise economies of scale. Then the optimal size of a union is determined by its capacity. Increasing the size of members despite the limit of the capacity the union will have to invest in improved or new computer facilities in order to cope with the new situation with repercussion on the financial aspect.

externalities (higher wages, better working conditions) can be denoted as a public good for the workforce.

The utility of collective representation varies with the usefulness of the trade union to the workers in question (cf. Musgrave et al. 1986). According to Crouch (1982, p.67), the more unionism is useful to an employee, the less able he or she is to use other means of advancing his or her interests - that is, the more dependent he or her is on collective action for improving his or her standard of living or the enhanced provision of job security. Or, as Farber and Saks (1980) have put it, the perceived advantage of unionisation is inversely related to the individual's position in the distribution of earnings.

If all workers have identical preferences regarding appropriate trade union wage-employment policy, then the problem of preference aggregation is trivial. However, the assumption of homogeneous preferences is untenable in reality, and the preferences of workers solely with regard to optimum wage-employment policy will differ along a broad scale. The most important differences are likely to be that workers have varying labour market alternatives and different amounts of seniority affecting their job security through the job allocation system. The heterogeneity in preferences among workers raises an important question. Why can industrial trade unions keep up their encompassiveness

despite the fact that the utility of trade union representation is highest for the less able.³⁶

If in an encompassive trade union the membership's preference structure does turn out to be unimodal (single peaked preferences), the median voter model³⁷ will be able to explain the phenomenon of cohesion causing the encompassiveness of the organization. In order to sustain organizational cohesion, the trade union leadership could also foster another approach: namely the 'marginal voter'³⁸. In this concept the union leadership's policy and strategy is determined by the preferences of that membership faction that is most likely to leave the trade union soon. This implies that the trade union leadership is always aware of membership's preference structure and able to implement the appropriate policy. But there is considerable ambiguity if such a stop-and-go policy can provide organizational encompassiveness in the long run.

36) For a further discussion of this issue the author refers to Crouch's (1982, p.68) 'dimensions of usefulness of collective organization.'

37) The median voter model only works for preferences such as seniority based rights - so that the workers have a hope of reaching above median seniority. If they have no such hope, they have no incentive to follow or join the union and they should set up a rival organization.

38) As the main bulk of all German trade unions lack participation by the young membership, trade union policy has shifted to a certain degree on issues concerning the demands of the future membership (e.g. 'green' issues). Interviews with the trade union leadership revealed that future union policy will focus on the recruitment of the 'marginal voter' a young, mobile, dynamic fellow with few seniority rights and consequent low job security. 'Marginal' in this context means that those workers will leave the union soon if the union does not satisfy their demands for job security.

Therefore it is necessary to determine those factors that will stabilise a union's organizational coherence.

The cohesion of a trade union depends on three factors: How much individual members gain from group membership; how effectively the group members punish those who violate its formal and informal rules; and the membership's altruistic sentiments stemming from the exercise of solidarity with the less able. Despite solidaristic and group-oriented sentiments, the better qualified trade union members still face the situation that a trade union is more useful to employees if collective bargaining is both widespread and concerned with important questions, rendering it easier to achieve success through combination of the different skills within one union (cf. Berghahn and Karsten 1987, p.44).

If we assume that the utility of collective representation provided by the unions varies inversely with the ability of an employee, the question arises why the highly trained workforce sustains membership in an encompassing organization? An important argument for the existence of an encompassing body is given by Turner (1952, p.232) who explains the feature of the narrowing of wage differentials by the extension of trade unionism to all sections of the workforce. It was the time when the great new amalgamations and federations of trade unions appeared, especially in the case of industrial trade unions. An industrial union is one which seeks to organise all members of the workforce - irrespective of occupation - in a particular industry. Thus

an industrial union is made up of various separated groups³⁹, but what drives those groups to form and sustain a bargaining alliance?

Turner (1952, p.236) explains the formation of these amalgamations by the 'conviction to the generality of their members' that the prospect of 'these mergings of sectional identities' triggered 'general improvements in wages and conditions superior to those which the separate groups could achieve alone.'⁴⁰ On the other hand, several industrial trade unions are in fact subject to a recurrent threat from break-away organizations (cf. Berghahn and Karsten 1987, p.44), which aim at representing groups of the workforce which believe their interests to have received insufficient consideration from the comprehensive organization. The decision of the skilled workforce to maintain membership in an encompassing organization is based upon a number of reasons.

Firstly, regarding West German encompassing industrial unions with only a comparatively small wage differential among the members, it seems predictable that the trained workforce might form break-away organizations. The formation of a break-away organization for the skilled workers refers to the following arguments. Large unions imply pay scales which bring up the relative pay of low-

39) The elasticity of demand for labour is probably less for highly skilled than for unskilled.

40) In Turner's case, there was the skilled workers' fear of losing control of semi-skilled workers as mass production methods spread during the 1914-1918 war.

skilled members in order to attract them. Therefore, in such unions, the skilled gain less in proportion. In terms of short-run benefits, the skilled workers could do better on their own, hence by the incentive to break away. An argument against a splinter organization is the skilled workers' apprehension of undercutting by the less skilled workers. According to Turner (1952, p.248) 'where such a danger exists, it is not to the craftsmen's deeper interest to maintain a too wide gap between their rates and those of the unskilled.' The egalitarian sentiments of narrowing the differentials and thus the existence of an encompassing trade union has its rationale to prevent a substitution by less skilled sections of the workforce.⁴¹

Incorporating the less skilled into a broadly-based union results in reducing the impact of substituting skilled by unskilled workers. Thus the argument of incorporation refers to a union's enhanced ability to control the process of skill substitution by the employers. This means to prevent employers from reorganising work in such a way that the unskilled can be substituted for skilled workers. Possible means for enhanced union control of this substitution process are craft rules, industry agreements on job classifications, job evaluation, and possibly skilled control of the works councils. Even the extension of the coverage of collective agreements will improve trade union strength (e.g. density) by avoiding substituting

41) The existence of non-union workers can reduce the effectiveness of unions in securing higher wages, because firms considering contract demands must consider the competition of non-union rivals.

behaviour by other latent groups in the union society. For a trade union incorporating groups from the outside means an improvement in collective representation. In order to attract the less skilled, the organization can be forced to narrow wage differentials, often by a flat rate. The closing of the wage gap indicates the determination of encompassing organizations to prevent differentiation or discrimination among its members. If one section within the organization feels treated as 'second class', its members probably will voice opposition or even exercise the exit option. From this point of view the demands of the DGB trade unions for abolishing the differences in status between blue-collar and white-collar workers seem reasonable (for example, the IGCPK succeeded in equalising the status of blue- and white-collar workers in the 1987 collective bargaining round; the IGM intends to achieve equalisation by 1996).

By including the strong and the weak parts of the workforce in one comprehensive system for collective bargaining, the industrial unions intend to effect a redistribution of bargaining power and hence of income in favour of the weak. This is confirmed by Markovits (1991, p.42) when he claims that centralised collective bargaining is a 'good minimum base for a universalising solidarity. It protects the weak

without obstructing the strong.'⁴² The rationale why the West German unions favour centralised collective bargaining is determined by the 'averaging out' of market power among the different groups of their heterogeneous membership (Streeck 1984, p.37). Thus 'averaging out' implies some loss of relative gains for the skilled. Incorporating weak groups of the workforce and allowing them to share the bargaining power of strong sections prevents attempts at differentiation within the workforce (cf. Kùlp 1994, p.292). In strategic terms, encompassing industrial unions are able to fend off employers' divide-and-conquer (substitution) attempts between different groups of the workforce. Incorporating the less skilled seems to be understood to arise from a feeling of 'solidarity', but the strategy outlined by Turner (1952) has a defensive connotation as its rationale coincided with the protection of the skilled workforce determined by an individualistic contractual exchange.

Secondly, an alternative to the above mentioned attempt to secure encompassiveness and thus prevent undercutting and substituting by incorporating other groups is the opening up of better channels of communication within the trade union body. The intricate task of the trade union leadership consists in providing a sufficient voice to each

42) In terms of the Hicks-Marshall rules the skilled workers can gain: (i) at the expense of the unskilled (a cooperant factor of production with a lesser elasticity of supply); (ii) at the expense of the consumer (but if the unskilled have larger wage increases than the skilled they will gain a larger share of monopoly rent). These arguments can invalidate Markovits' claim.

section within the membership in order to prevent dissatisfied groups from using the exit option. When the membership exercise their right to speak out, this means that the rank-and-file is sufficiently convinced that their voice will be effective. The options exit and voice do not comprise the whole scope of trade union policy. Following Hirschman (1970, pp.77-78) we predict that members with a 'considerable attachment' to an organization 'will often search for ways to make them influential, especially when the organization moves in what they believe is the wrong direction and these members are convinced that they can get the organization back on the track.' Loyalty towards a trade union may act as a brake on the decision to exit or break away. We further assume that the 'usefulness of loyalty depends on the closeness of the available substitute' (Hirschman 1970, p.80). As there is virtually no rival to the DGB trade unions a high degree of loyalty seems likely. Loyalty prevents the break-away of dissatisfied members (cf. Külpe 1994, p.288). A promising strategy of the trade union leadership consists in fostering activities to build up loyalty within the membership.

Thirdly, a further reason in favour of sustaining a unitary trade union has been based on the historic failure of the fragmented and weak German trade unions in 1933. These conditions caused the disintegration of the unions under the pressure of the Nazi dictatorship almost without resistance by the free trade unions (cf. Ruck 1988 and Blüm

1979). Democratic forces in society, such as the trade unions, have condemned the cruelty of the Nazi dictatorship, and during the reconstruction period after 1945 encompassiveness has been viewed by DGB's leadership as an organizational precondition to counter anti-democratic tendencies. The formation of unitary unions had been 'the common experience' of trade union leaders in the concentration camps in order to counter the outgrowth of the Nazi dictatorship (Blüm 1990, p.43). After the experience of the sudden collapse of trade unionism in 1933, encompassiveness is contemplated especially by the incumbent union leadership as an historic and moral obligation to membership and society (cf. Markovits 1986, pp.64-65).⁴³ Recalling this moral obligation to avoid self-paralysis can be an incentive to keep up the unions' organizational structure and thus to enforce the procedural objectives. The procedural objectives of the union leadership will secure the union's capacity to make deals and thus enable the substantive outcome of the collective bargaining process.

Fourthly, the positive effects of collective representation by an encompassing union may contribute to strengthening this type of organization. Thus we have to assess the incentives of comprehensive organizations. Olson (1971, p.134) argues that the incentives facing a special interest group are dramatically different from those facing an

43) An indication of this moral obligation on the side of union leadership and its membership can be seen in the determination to condemn right-wing terrorism and demonstrations against in 1993.

organization that represents a third of the benefit from any effort to make the society more productive. An organization whose membership comprises a large bulk of society is naturally concerned about the efficiency and welfare of the society as a whole. The leadership and membership of the highly encompassing organization own so much of the society and owe so much to it that they have an important incentive to be actively concerned about how productive it is. Thus we assume that the leadership of large and comprehensive organizations will care about the excess burden⁴⁴ arising from distributional policies favourable to its membership and will strive out of sheer self-interest to make the excess burden as small as possible. In comparison with other countries (e.g., Britain - the British disease⁴⁵) the West German trade union members are partly aware of the mutually beneficial power of neo-corporatism to avoid severe excess burden to society and the workforce. Thus they envisage encompassing organizations as a precondition for achieving corporatism. This means that the trade union policy of a unitary organization has to offer a significant share of the achieved benefits to the different constituents within the organization. Securing the encompassiveness of an organization can be sustained if there are barriers to entry for the market of trade union representation (e.g., financial resources, refusal of management to bargain with

44) An excess burden is a losses by one group or the other that are not captured by someone else. They are net social losses to society.

45) Cf. Jordan (1991, p.39) describes the structure of the British trade unions as an 'organized chaos.'

factions of the workforce or to recognise a new faction). Schmitter (1979, p.13) argues that a 'representational monopoly' on the part of the industrial relations actors is of paramount importance for the maintenance of neo-corporatism and thus stability.

Market forces work against any organization that operates only in a part of a market. Employers often will not be able to survive if they pay higher wages than competing firms⁴⁶. Thus an existing trade union often has an interest in seeing that all firms in any given market are forced to pay trade union wage scales. When only a part of an industry or skill group is organized, employers also have a ready source of strike-breakers among non-organized segments. In addition, workers with a given skill who migrate from one community to another have an interest in belonging to a national trade union.

Finally, the political strength of a large trade union is obviously greater than that of a small one. Further, the strategic position of a trade union can gain an industrial and political power for them extending far beyond their numbers. The Hicks-Marshall rules provide a framework for considering the objective conditions which enhance trade union power on the demand side of the labour market. Trade union policy can be directed at reducing the own wage elasticity of the demand for union labour by reducing the elasticity of supply of substitute factors. In the attempt

46) Employers might survive if Freeman and Medoff are correct about the productivity effects of unions.

to increase bargaining strength, the union recognises the advantage of monopolistic control over the labour supply. The incentive to federate local trade unions and organise unorganized firms increases considerably as improvements in transportation and communication enlarge the market. The attempts to create large national trade unions are accordingly logical and understandable.

History⁴⁷, political economy and the structure (neutralization strategy from the shopfloor) of West German industrial relations have led the trade unions to act in a comprehensive (centralised and integrated) and thus coordinated (predictable) way⁴⁸. Traxler (1993, p.162) states that encompassiveness, and thus centralised collective bargaining, triggered a reduction of uncertainty and supported the incomes policy of the government especially during the period of economic reconstruction in the 1950s. The political concept behind the choice by West German unions of a centralised and integrated pattern of collective bargaining can be summed up in the notion of a solidaristic wage policy.⁴⁹ Streeck (1984, p.37) reports that the West German unions believe that the benefits of economic progress should be shared by the whole workforce, and that a worker should suffer as little as possible from

47) 'History' refers to the failure of the fragmented German trade unions to counter the Nazi-dictatorship.

48) West German management has always had an interest in stable parameters for planning with regard to the individual firm and the desire to limit the areas of discretion of its adversaries in bargaining (cf. Conrad 1986, p.178).

49) Solidaristic wage policy implies a commitment towards equality, i.e., reducing wage dispersion.

his employer's incapacity to achieve a high level of productivity. Wage increases and improvements in working conditions are thus negotiated in a common round for the whole workforce rather than for individual groups of workers separately. For decades employers, governments and trade unions have appreciated the outcome (the public good character) of the neo-corporatist West German industrial relations system. The gains from supporting an encompassing union within a corporatist environment are collectively available to the workers. Thus we assume that workers have an incentive to achieve those collective benefits. With reference to Crouch (1985) neo-corporatist industrial relations systems are shaped by the following features, which have also characterised the West German economic and industrial relations system as compared to pluralist systems:

- low involvement in industrial conflicts,⁵⁰
- low inflation rates,
- low unemployment records.⁵¹

In line with Crouch's above enumerated items of macroeconomic performance Schmitter (1990, p.9) emphasised that OECD data revealed that productivity growth of the neo-corporatist systems was 'significantly better' than in the case of pluralist systems. Large, encompassing trade

50) According to Shanks (1961, p.115) the main functions of trade union leadership are to deter the membership from putting in ambitious wage claims, stop them from going on strike,...

51) Econometric research conducted by Schnabel (1989) confirmed Crouch's characteristics in the case of West Germany.

unions negotiate on behalf of such a large number of workers that their actions have direct and predictable macroeconomic consequences. According to Schmidt (1986, p.331) economic growth has been characterised by a high degree of motivation to work, high morale, the workers' motivation and readiness to adjust to technical and structural change, and only to a minor extent in comparison with other countries by a readiness to strike. Furthermore, Visser (1987, p.37) argues that centralised collective bargaining increases the visibility of the effects of wage increases on price levels, unemployment⁵² and government policies. In a highly unionised economy with centralised wage bargaining, trade unions are probably encompassing and are willing to choose a growth-oriented economic policy strategy.

Over the last 30 years the West German labour force and its trade unions have experienced continuously rising wages, the reduction of working time, and the expansion of the social security system, raising the living standards of the West German workforce to an unprecedented level. These achievements are among the public goods which are secured by the encompassiveness of the West German unions. The trade unions, which made only occasional use of their potential to conduct labour disputes, gradually developed a collective bargaining policy, the aim of which was to participate in economic progress. The strategic motive

52) An argument to explain an industrial trade union leadership's interest in low unemployment records is that high levels of unemployment weaken trade unions (Batsone and Gourlay 1986, p.2).

underlying this policy was not to endanger the conditions of the growth process (Jacobi 1986, p.213: 'growth alliance'⁵³). Streeck (1981a, p.152) reports that comprehensive trade unions, if they want to avoid their disintegration, will 'have to make their members define their interests in terms of collective goods' (low inflation⁵⁴, low unemployment, productivity, economic growth, a good social system⁵⁵) that can benefit all of them.⁵⁶ According to Streeck (1981a p.153), such accomplishments have contributed to legitimate trade union compliance with the legal and economic system, especially on the shopfloor (neutralization), and have enabled the trade union leadership⁵⁷ to fend off demands from militant sections for shopfloor autonomy, hereby securing

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- 53) 'Growth alliance' refers to the trade unions' willingness to develop a bargaining policy that does not endanger economic growth: i.e. productivity-oriented bargaining).
- 54) The struggle against inflation has been the dominant objective of West German economic policy as the West German population shows extreme sensitivity towards changes in the price level (cf. Mussel and Pätzold 1993, p.84-85). The anti-inflation policy is also viewed as the 'best social policy'. Violating this collectively internalised objective could be dangerous for the unions.
- 55) The application of corporatism combines features of 'economic' and 'social efficiency' (Marr and Stitzel 1979, p.79).
- 56) To confirm Streeck's argument we refer to Nickel's research (1974, p.274) on the scope of trade union welfare policy. 84 per cent of the trade union members stated that the scope of trade union action is focused on the public welfare, 12 per cent said the scope of trade union action is limited just to the membership and 4 per cent did not state anything.
- 57) Today the union leadership praises the juridification of industrial relations as an institution that provides continuity and essential predictability which are crucial to reducing uncertainty among the contracting partners.

organizational cohesion, especially in the case of the activist unions.

The securing of economic growth demanded not only a high investment rate, but also - above all, in view of the high export dependency of the West German economy - the strengthening of the competitiveness of the West German goods and services on the world market. The West German trade unions in the export-sensitive sectors are likely to be more concerned with problems of international competitiveness than those in the protected sectors.

To the extent that a trade union movement is dominated by industrial trade unions in the export sector, 'foreign trade-conscious behaviour' characterises the movement as a whole (Crouch 1990, p.70). Jacobi and Müller-Jensch (1991, p.131) describe Germany as a country with more or less 'one single export lobby and the skill of the unions consists in getting as much as possible for their contribution toward a secured continuation of production and technology.' Exposed-sector oriented industrial trade unions represent the union type most capable of internalising national economic requirements within its policy (e.g. Crouch 1990, p.71 and p.81). Streeck (1981, p.152) argues that in the past, the DGB affiliates had in principle accepted that long-term employment security in an export-oriented environment depends on high productivity; that sustaining international competitiveness requires high rates of

technological innovation; and that the latter demands a certain degree of labour mobility.

Often corporatist scholars (Lehmbruch 1979) argue that corporatism can be interpreted as an attempt to negotiate efficient⁵⁸ wage bargains at the macroeconomic level⁵⁹. Lehmbruch (1979) argues that corporatism represents the deliberate construction of institutions required to conduct negotiations on wages and employment and to insure subsequent compliance by both employers and trade union membership. The corporatist arrangements are 'institutionalized patterns which involves bargaining' between interest groups, 'one element in the bargain being that the groups receive certain institutionalized' (often by the government) 'or ad hoc benefits in return for guarantees by their groups' representatives that their membership will behave in certain ways considered to be in the public interest' (Crouch and Dore 1990, p.3). Thus corporatism is based on a comprehensive trade union's ability to 'break or control the violence of faction' (Schmitter 1979, p.15) of its membership. The legalisation of unions and granting of rights can in 'itself mute some of the radicalism associated' with their former demands (Hyman 1975, p.55).

58) 'Efficient' means pareto optimal results, that can be verified by a good Okun trade-off.

59) According to Lehmbruch (1979, p.55) macroeconomic analysis, especially Keynesian theory has become an important frame of reference for the strategy of elaborating and promoting wage demands by Austrian and West German trade unions.

Where unions are willing to confine their demands within the limits of the 'public interest', often⁶⁰ employers have little reason to resist, and some reason to welcome, the unionisation of their employees. Unions help to make workers' behaviour more predictable and manageable.⁶¹ Firstly, the involvement of unions in various consultative and administrative bodies in a corporatist environment can generate a degree of identification with government and the economic system on the part of the union leaders, and encourages them to cut back their own demands accordingly (Hyman 1975, p.54). Once trade unions have acquired a recognised social status, their membership tends 'to integrate their members into the larger body politic and gives them a basis for loyalty to the system' (Lipset 1959, p.113). Secondly, we argue that trade unions stick to corporatism as its application has been appreciated by the membership by reaching public goods without relying on charitable behaviour by other bargaining parties involved.

Corporatist scholars claim that in organized economies performance and adjustment are better in countries with centralised and consensus-prone interplay between the

60) If the benefits of corporatism outstrip the costs of corporatism employers will be willing to pay for positive externalities. In the case of some small employers individual employer interest and public interest may diverge if they complain about the costs of corporatism (e.g. uniform pay rates crush weaker and smaller firms).

61) Glismann et al. (1987, p.266) refer to the notion of predictability by referring to the duration of the long-term cloak agreements (with a duration up to six years). They also argue that long termed agreement reduce the 'costs' of the annual collective bargaining procedures.

relevant actors of the system. Corporatist decision-making is based on consensual agreements between partners. The system of consensual decision-making guarantees that the interests of every collaborating group will be respected, which means that this theory is based on the Pareto criterion⁶². Corporatist decision-making has also been analysed as an institutional way of getting cooperative solutions in many prisoner's dilemmas⁶³. Inflation may be analysed as a set of prisoner's dilemmas. Wage-wage prisoner's dilemmas may occur between sections of the workforce (Paloheimo 1990, p.116). Paloheimo (1990, p.116) demonstrates that in a non-cooperative environment 'wage maximisation is a rational strategy as opposed to wage restraint, but still a co-operative solution with wage restraint has been, at least under certain conditions, even more beneficial giving better pay-offs in employment and perhaps also in real wages.'⁶⁴

We argue that the German trade unions have served their members' interests by helping to make the society in which

62) A situation is Pareto optimal where no one in the economy can be made better off without someone else being made worse off. The Pareto criterion describes a situation in which a policy introduced caused some people to be better off and some worse off. But the surplus resulting from this policy allows the better off to compensate the worse off.

63) The prisoner's dilemma has been a mainstay of game theory and is closely allied to Olson's (1971) free-rider dilemma. Both suggest discouraging perspectives regarding the problems of human cooperation and coordination.

64) That does not mean that corporatism is the best outcome. Corporatism may score better on the Okun-index than the semi-decentralised bargaining structure, but it may not do better than fully decentralised pay determination (cf. Paloheimo 1990 and Calmfors and Driffill (1988) 'inverted U-curves').

they operate more productively⁶⁵ by enhancing economic growth. The securing of industrial efficiency and international competitiveness are closely related and have brought about extensive efforts to encourage technological innovations in order to offer highly advanced goods (cf. Kern and Schumann 1990, pp.123-125). During the 1980s the DGB trade unions countered their membership's increasing anxiety about a progressive devaluation of traditional manual skills (cf. Kern and Schumann 1990) by technological innovation with the application of agreements concerning the 'protection against rationalisation' (Streeck 1981, p.150) as well as the promotion of training and qualification programmes. One aspect in favour of strong unions and codetermination rights is that union representation plays a central role in the regulation of skills and training - on which especially the economic position of the skilled workers depends (cf. Schmid 1984, p.148).

Trade union organization can in principle serve its members either by making the pie the society produces larger, so that its members would get larger slices even with the same shares as before, or alternatively by obtaining larger shares or slices of the societal pie for its members (Metcalf 1988, p.4). If industrial relations with the

65) The West German trade unions have encouraged society to invest in the kinds of skills and knowledge that have indirectly contributed to secure or enhance the unions' position (e.g. making labour demand more inelastic). Such investments shape the long-run growth of skills and knowledge, which are the underlying determinants of economic growth (growth alliance).

employers are good, the trade unions and government working together can produce a bigger 'pie' as well as contending over the size of the slices. Thus we assume that determining the style of industrial relations can be perceived as a non-zero-sum game⁶⁶. And as Olson (1982) describe this kind of behaviour: 'The familiar image of the slicing of the social pie does not really capture the essence of the situation; it is perhaps better to think of wrestlers struggling over the contents of a china shop.' Kendix and Olson (1990, pp.44-45) suppose that organizations attempt to obtain a large share of the national income through special-interest legislation or cartelistic price or wage setting, which will in general generate excess burdens and normally also entail agreements and regulations that slow innovation.

Among West German trade unions pay rises are not the only goal of union policy. Their leaders also keep price developments and unemployment in mind, which can mean that the trade union leadership is interested in limiting negative externalities (cf. Calmfors and Driffill 1988, p.33). An important reason for these results is found in industrial relations systems with the following characteristics (e.g. Visser 1987): unified trade union movements, low degree of fragmentation, high member concentration, monopoly of the umbrella organization, hierarchical superiority of the peak associations,

66) Glismann et al. (1987, p.153) argue that the 'general societal consensus' is based on the positive achievements of industrial relations.

centralised wage negotiations and cooperation with the state - thus conditions corresponding to Schmitter's (1981) definition of neo-corporatism.

There are a number of reasons why comprehensive and centralised trade unions have exercised the kind of restraint which has led to the neo-corporatist industrial relations style. Olson (1982) has argued that encompassing trade unions must somehow mix distributional and production goals. Small and narrowly defined trade unions are more likely to behave as 'distributional coalitions', which are 'overwhelmingly oriented to struggles over the distribution of income rather than the production of additional output' (Olson 1982). Over the decades the West German trade unions have exercised neo-corporatist industrial relations. A high degree of encompassiveness in a trade union is shaped by the following characteristics prevailing in Austria, Sweden and West Germany (e.g. Visser 1987): a monopolistic, unified and concentrated trade union system. Crouch (1990, p.84) submits that over the last decade the DGB and its affiliates have successfully reduced the power of rivals, retaining their former dominance as a virtually monopolistic representative on the side of trade unions.

Until now all explanations for the organizational coherence of an encompassing union have been dominated by the Olsonian assessment of collective action, which is based on rational individual behaviour. However, the cohesion of trade union membership and especially the existence of

large and encompassing trade unions cannot be solely based on rational individual self-interest⁶⁷ (cf. Sen 1987, p.41). Von Rosenstiel (1992, pp.267-268) submits that the cohesion of a group is also based upon a shared acceptance of certain group norms, a sense of belonging to a group⁶⁸, and on a common interpretation of the individual's environment. Perceiving and defining employers or employers' associations as a powerful force in collective bargaining might also account for keeping the coalition of a heterogeneous membership on the side of the unions intact. The perception of a mighty organization on the opposing side can ensure trade union cohesion.⁶⁹ A unions' warning of the employers' associations power can be an indicator of the effectiveness of the unions' indoctrination in strengthening organizational cohesion.

Because neo-classical analysis in general concentrates solely on market exchange relations, the scope of trade union research has been limited. The rationale of forming a comprehensive collective representational body cannot be derived solely from standard individualistic (economic) exchange models (e.g. Olson, Turner) often based on the

67) Cf. Olson (1971, pp.1-3) 'Olsonian' assumptions on rational self-interest.

68) Evidence of the German workforce's group consciousness is given by Popitz (1971).

69) The cohesion might be explained by enhancing class consciousness.

assumption of individual utility maximisation⁷⁰. Akerlof (1986) shows that standard neo-classical models often cannot explain the behaviour of groups; we have to apply some sociological theory in order to explain the non-economic sentiments in the interactions of groups.

Assessing the work done by Akerlof (1986), Aoki (1990) and Fox (1974) we introduce the argument of diffuse exchange, which to an important degree determines work relations. Furthermore, we assume that if workers have an interest in the welfare of their coworkers, they gain utility if the management relaxes pressure on the workers or groups within the workforce who are hard pressed. In return for reducing pressure, even excellent workers are willing to work harder or even join a trade union organization in order to increase trade union strength to counter the pressure of the management. The reason for such behaviour by the talented workers is explained by the fact that in working together people acquire sentiments for each other. An indication of this can be seen in the fact that trade unions alter the distribution of power between marginal (generally junior) and more permanent (generally senior) employees, causing unionised companies to select different

70) In reality trade union policy is not shaped by individualistic utility maximisation (cf. Oswald 1986, p.4), or just an aggregation of individual to group preferences. According to Arrow (1963), aggregated sets of individual preferences, which are transitive at the individual level, can violate the rule of transitivity on the aggregate level. Regarding Arrow's voting paradox, it is possible to demonstrate that even transitive individual preference orderings cannot necessarily be aggregated into a collective transitive ordering (cf. Marsden 1986, p.77).

compensation packages and personnel practices from those of non-union firms. According to Elliott (1991, p.205), trade unions can be viewed as a 'powerful vehicle for implementing notions of fairness and for codifying these in a set of formal and informal rules.' Thus trade unions are able to insure that these notions of fairness become enshrined in custom and the network of informal rules of an industrial relations system.⁷¹ A feature of these informal rules is that trade union negotiators and workers draw comparisons between the rate of change of their wages and those negotiated in previous contracts. The implicit understandings between workers and firms, the implicit contracts between workers and firms, will embody such notions as comparability.

Exchange is defined as the voluntary actions of individuals who are motivated by the returns they are expected to bring and do. Fox (1974) distinguishes between two types of exchange; first the Olsonian approach of an economic exchange, where the transaction rests on a formal individual standard economic contract stipulating the exact quantities to be exchanged (e. g., incorporating the less skilled in an encompassing body in order to avoid undercutting). The second exchange type, the diffuse, or social one, is characterised by the fact that the social exchange 'entails unspecific obligation' (Fox 1974, p.71). Social exchange means that one person does another a

71) An example is that trade unions promote the idea of a 'common rate for the job', or of 'taking wages out of competition.'

favour, and while there is a general expectation of some future possibly unspecified pay-off, its exact nature is definitely not stipulated in advance. Social exchanges between people engender feelings of personal obligations, gratitude and trust. The outcome of the social interactions can be help, social support (solidarity) and companionship. According to Fox (1974, p.71) these 'diffuse transactions give the partnership some intrinsic significance.' By providing voice trade unions can have some positive effects on the productivity of a company, an industry or the whole economy. The outcome can improve management's policies, reduce the quit rates and can account for an improvement of morale and cooperation among the workforce (Freeman and Medoff 1984, p.13). In his explanation of group behaviour Akerlof (1986) assumes that the results are highly appreciated by the workforce. The partial gift exchange can lead to reciprocity and solidarity within the workforce.

From the perspective of a group of workers, socialising recipients feel obligated when the donor is perceived to have acted from altruistic motives. This serves to reinforce and maintain altruistic dispositions in group members, thereby enhancing group cohesion and cooperation. Greenberg (1980, p.5) found that the perceived magnitude of the donor's motivation to help was significantly correlated with the magnitude of reciprocity. 'Altruistic' solidarity can cause the following multidetermined forms of reciprocity: First, reciprocity may be motivated by the recipient's desire to receive future rewards from the

donor. The major determinant for this type of reciprocity is the belief that the donor has the ability to provide him with future benefits. Second, reciprocity may derive from the recipient's increased attraction to the donor following the receipt of a benefit. An attraction to the donor can result from a number of attributions made about the donor's motives, such as his liking for the recipient and his concern about the recipient's welfare. Kirsch (1993, pp.23-24) assumes that the concern about the recipient's welfare has an 'emotional intensity' symbolising the donor's 'devotion' to the recipient.

Now we shall discuss an explanation of diffuse exchange relationships in order to secure the cohesion of an encompassing union. Diffuse exchange relationships can be incentives in which people are motivated by a desire to win prestige, respect, friendship and other social and psychological objectives. With the support of the works councils the trade unions encourage the formation of company leisure and sporting groups to exercise the considerable influence of the trade unions on the potential membership to join the trade union. As West German trade unions are debarred from shopfloor representation, we argue that developing loyalty to the trade union is of importance. It is necessary to mention that the trade union leadership never tires of emphasising the achievement of its organization, which might be explained by the desire to proclaim proud sentiments within its membership in order to generate a feeling of corporate identity, hereby promoting

a certain degree of loyalty towards the organization.⁷² The promotion of a corporate trade union identity and loyalty can increase trade union strength as well as insulate the trade union from 'exits' and competition by other labour organization.

Recalling the macroeconomic performance of former West Germany (e.g., the Okun-index) the argument of diffuse exchange relationships can account to an important degree for the records achieved. Evidence from Japan (cf. Aoki et al. 1990) revealed that the diffuse exchange relations partially explained the high productivity which has been based upon flexible work assignments, job rotation and the long term of employment. According to Fox's (1974) research such key features enumerated above are components of high trust operating in an industrial relation system.

Friends, trade union members, shop stewards, and especially the works councillors use 'social pressure' to encourage other workers to do their part in achieving the group goal. The consciousness of belonging to a group and shared perceptions by group members are used by the trade union to mobilise latent groups. For instance, the successful conduct of a strike can improve the group consciousness of the workforce and thus forge membership together. The trade union leadership might use emotional and ideological elements for the recruitment of trade union members.

72) The sentiment of 'being a <Metaller> means to be a member of IGM' is a quite common answer of the blue-collar workers in the metal industry expressing loyalty towards their trade union.

Ideology might be an integrative force for organizations, but in the case of large and encompassing trade unions the application of a certain degree of ideology could turn out to cause disintegration of the embracing unit. The organizational principle of an unitary union means a non-partisan organization, but this does not mean that German trade unions lack ideology or political attitudes. Especially in the case of the activist trade union movement, leftist ideology has been used by the union leadership to inspire and mobilise their socialist-minded rank-and-file activists. In the case of the IGM and the IG Medien, socialism has been a force to secure encompassiveness⁷³, and thus to incorporate the militant left rank-and-file.

Streeck (1981, p.160) argues that, while corporatist systems depend on the horizontal integration of heterogeneous interests, encompassing trade unions seem to be accompanied by the process of 'structural de-ideologisation', which has worked especially in the case of the accommodationist trade unions (Streeck 1981, p.160). As the DGB's coop enterprise system collapsed shortly before the East German socialist system the activist trade unions were concerned about the integrative force of socialist ideology. Thus it might be possible to argue that the prevailing West German corporatist industrial relations

73) Examples are the unions' enthusiastic backing for the SPD's Ostpolitik ('East Policy') and their willingness to intensify contacts with their counterparts in the GDR (cf. Markovits 1986, p.27, p.79, pp.115-118, p.446).

structure fulfilled its task of de-ideologisation⁷⁴ of the workforce. The left often denounced corporatism as a 'means of incorporating and emasculating the working class' (Crouch and Dore 1990, p.9).

Large or latent groups have no incentive to act to obtain a collective good, because, however valuable the collective good might be to a group as a whole, it does not offer the individual any incentive to pay dues to any organization. A separate and 'selective' incentive will stimulate a rational individual in a latent group to act in a group-oriented way. There are further problems with collective membership, as the expected benefits are spread out over a period of time. This might be an argument to abstain from trade union subscriptions especially for workers whose employment is likely to last only a short period. Even a recruitment policy that refers to the 'marginal voter' concept seems to be of no value. Another problem is, while all members within a bargaining unit are subject to a single contract, their preferences as to the mix of contract provisions are not likely to be identical. In comparison with a private good, where individuals adjust their consumption until marginal valuation equals price, the output of a public good is unlikely to realise exactly his preferred contract or working conditions through collective bargaining (Hirsch and Addison 1985, p.24).

74) De-ideologisation can be interpreted as an attempt to counter the main official ideology of the German socialists and German Marxist tendencies.

Defining interests in collective terms is an incentive to set up an encompassing trade union in order to receive the positive public good results of neo-corporatism and thus an important integrative force for maintaining a cohesive body. The encompassiveness of the union is a precondition to achieve this desirable outcome. An erosion in the provision of the desirable neo-corporatist outcome, probably by the shock stemming from the disintegration of the GDR, can have severe repercussions on the attractiveness of the union for the West German membership and thus on the encompassiveness of the unions. Thus we argue that in accordance with the significance of the public goods provided by the neo-corporatist structure, the West German unions will secure this institutional environment by avoiding a disintegration of their encompassiveness.

Group solidarity can account for the cohesion of an encompassing trade union, but it cannot solve the Olsonian problem of free-riding. Olson (1971) contended that organizations which mainly or only provide public goods will find it difficult to generate membership commitment or raise financial support for their activities. Olson (1971) claims that the existence of a chronic free-rider problem in trade unions explains the selective benefits which trade unions provide for their members (sickness, old age, unemployment, etc.) and the occurrence of quasi-compulsory membership (closed shop, etc.).

4.3. 'Selective incentives' - non-collective benefits

Kendix and Olson (1990, pp.42-43) have pointed out that, since all collective action must overcome a public good problem, even those groups that have the potential to develop selective incentives will be able to organise only when they have good leadership and favourable circumstances. The incentives must be 'selective', so that those who do not join the trade union working for the group's interest, or in other ways contribute to the attainment of the group's interest, can be treated differently from those who do. Olson (1976) claims that a mass organization has to develop a range of services which are secondary, possibly even unrelated, to its central public purpose, but which meet some individual need of actual and potential members and which are available only to the membership.

An important question to answer is how the encompassiveness of trade union organizations can be sustained. Crouch (1982, pp.52-53) submitted that there is a further problem built into Olson's model, that is, while the cohesion of an organization can be partly based upon individual self-interest, it is also based upon a shared acceptance of certain group norms. Despite selective incentives, group behaviour can provide the cohesion which allows group action to be more stable and more effective. According to Marsden (1986, p.88), group pressures can be divided into four kinds. These four kinds of pressure might also be used

by the trade union leadership to exercise discipline over their membership. The first concerns direct pressures upon deviant members who fail to conform to group norms involving material sanctions⁷⁵ (e.g. IGM's works councils inhibit the career of a deviant member even if the person leaves the company and wants to start in an other metal-producing company) and the second, moral pressures. The third concerns elements of group consciousness, and the fourth, perceptions and orientations shared by group members which can lead them to interpret their situation and the action of other groups in similar ways (cf. Taylor 1989 'moral space'). All four elements can facilitate the process of individualistic socialisation within the union.

In this section we shall assess to what extent selective incentives might be used to provide organizational coherence regarding the following group pressures:

(i) Moral and material sanctions

Social sanctions and social rewards are selective incentives; they are among the kinds of incentives that may be used to mobilise a latent group. Large organizations that are not able to make membership compulsory must also provide some non-collective goods in order to give

75) According to Marsden (1986, p.89) the self-interest of individuals can be bolstered by the threat of sanctions by coworkers, such as being 'sent to Coventry'.

potential members an incentive to join⁷⁶. A selective incentive can be either negative or positive. They can either coerce by punishing those who fail to bear an allocated share of the costs of the group activity, or they can provide positive inducements for those who act in the group interest.⁷⁷ By far the most important single factor enabling large national trade unions to survive is that membership in these trade unions, and support of the strike they might call, is to a large degree compulsion. According to Olson (1971, p.68), silent and unseen, but absolutely complete compulsion (e.g., the closed shop), 'is the ideal of every trade union.' Organized labour in the FRG has consistently suffered from the free-rider problem stemming from the constitutional ban on closed-shop agreements (Article 9, Paragraph 3, German Basic Law)⁷⁸, a prohibition which accords with the unions' self-perception as the representatives of all workers.

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- 76) Shop stewards and union-controlled works councillors exercise considerable power over the workforce in order to establish a deeply-felt sentiment, that free-riding is wrong, and the belief that one is morally obliged to share the costs of trade unionism, as one enjoys the benefit.
- 77) There are two ways in which an institution assures compliance (cf. North 1990). First, it is necessary to form a communications mechanism that provides the information necessary to know when punishment is required. By making available the relevant information, institutions make possible the policing of defections. Second, because punishment can often be perceived as a public good from which the community benefits, but the costs are borne by a small set of individuals, institutions must also provide incentives to carry out punishment when called on to do so.
- 78) Trade union power is curbed by the so called 'negative coalition freedom', i.e. whether one has the absolute right not to join a trade union (ban of a closed shop).

Virtually every DGB trade union has discussed the implementation of 'advantage schemes' and preferential treatments ('selective incentives'), which were designed to exclude those who, as free-riders, gained all the contractual benefits that the trade union had achieved without having to bear the burdens and responsibilities of active trade union membership, such as paying the relatively high membership fees. Despite the constitutional ban on closed shop arrangements, especially in large companies (e.g. Daimler-Benz, Volkswagen), the trade unions considerably influence their works councils to accept only trade union members and their family members⁷⁹, or to exercise pressure on blue-collar applicants to join the trade union.

In addition to compulsory membership, picket lines, and violence, some trade unions also have selective incentives of a positive kind: they have offered non-collective benefits to those who join the union and denied these benefits to any who do not. In certain cases the non-collective goods have been important. For a classic example we need to look no further than the early trade union movement. In addition to their work in pressing for improvements in collective goods as wages and in working class living standards, the early trade unions developed a range of individual services such as contributory funeral benefit schemes and insurance funds. These were important

79) Works councillors especially in the chemical industry are extremely eager to support the applications of IGCPK membership's friends and family (cf. Kern and Schumann 1990, p.299)

in recruiting members for immediate and tangible objectives, while also affording the trade union funds and organizational facilities which could be used for more collective purposes.

The early establishment of Bismarck's state social security system cut the ground away⁸⁰ from the German trade unions as regarded providing a British trade union model (cf. Hartwich 1991, p.28). While thus retaining trade union membership, the system was partly based on mutual insurance. All DGB trade unions have offered various forms of mutual insurance and friendly benefits to those who join the union. Since the 1960s the DGB trade unions have accepted non-members. The growth of social security and unemployment insurance, sponsored by the government, and the proliferation of private insurance companies (caused by increasing and more evenly distributed wealth) have made trade union insurance schemes much less useful for attracting members than they once were. But the DGB and affiliated trade union staff does not tire of proclaiming (and this is widely believed by trade union members)⁸¹ that these social achievements resulted from an active trade union policy.

80) Despite the fact that these social insurance schemes were far from universal.

81) Trade unions nominate one third of members for boards which monitor state social welfare funds. The DGB is first and foremost the voice of labour, lobbying for legislation and particular policies in the areas of social welfare (old age pensions, unemployment insurance, sickness benefits). Nickel (1974, pp.18-19) supports the view that unions are perceived by their membership as a force for improvements in the West German social system.

Despite the extensiveness of the West German social system, the trade unions do provide something in the way of non-collective benefits, such as insurance, welfare benefits, and seniority rights. Seniority, defined as the length of service in an employment unit, governs numerous personnel decisions in virtually all unionised companies. The seniority of one worker relative to another frequently determines who gets temporarily laid off, terminated, or promoted (Freeman and Medoff 1984, p.122). Such a situation may arise because the typical trade union member, or the members whose preferences are reflected in union policy, are insulated from involuntary redundancy.

Seniority rules can be an effective kind of a selective benefit since they cost the union nothing, bring gains to its members, and provides a basis for stable groups and peer group pressures. Since the administration of such rules is rarely absolute⁸², unions have the possibility of selective defence of seniority cases. Trade union policy reflects the preferences of the median voter, and redundancies are on a last in, first out basis. Bergmann (1985, p.104) points out that until 1982 'trade union membership had been widely perceived' by the organized workforce as a means 'for a secure job and more generous dismissal compensations.' Despite that fact that the dismissal procedures are subject to codetermination and thus conducted in accordance with the 'independent' works

82) Employers often insist on seniority only when productive characteristics are similar.

councils, the West German workforce is aware of a 'slight' trade union membership influence.⁸³

An example of a selective good highly appreciated by the trade union membership is the provision of individual legal representation⁸⁴. Some selective social incentives can be powerful and inexpensive, but they are available only in certain situations. We argue that today the selective goods offered by the trade unions to their members have lost their appeal. The DGB, with its holdings such as the insurance company 'Volksfürsorge', are extremely active on the German insurance market with quite respectable profits. As insurance policies are offered to the public for the same insurance premium as for union members, it is exaggerated to call it a selective incentive. The argument of profitability accounts for DGB's other holding companies (BGAG), such as the banking organization ('Bank für Gemeinwirtschaft'), the food shop company ('coop') and the building construction company ('Neue Heimat'). The revelation of corruption and mismanagement within these holdings caused the end of the coop-enterprise system and

83) This refers to the fact that most work councillors are members of a trade union. § 102 BetrVG demands that the employer has to inform the works council before taking legal steps for a dismissal. The works council has to approve a dismissal but also exercises extensive rights to reject it. In *Der Gewerkschafter* (7/1990, p.39) the IGM(W) leadership 'reminds' its membership and free-riders that the offering of voice and representation tasks of the works councils depends upon union membership.

84) All DGB trade unions offer individual legal representation to their members. This includes the provision of hired or trade union lawyers in labour courts. According to Nickel (1974, p.154) individual legal representation is the second most important reason for joining a trade union.

generated resentment among the trade union membership⁸⁵ (cf. Stuttgarter Zeitung 7.3.1990, p.9 and 22.5.1990, p.2).

A further selective incentive in sustaining trade union membership can be seen in the fact that the DGB's regional offices sell a quite respectable contingent of less expensive theatre and concert tickets to organized members. As the West German trade unions use a considerable part of their resources for education and training purposes, members are encouraged to enrol and improve their skills. Thus attendance at these elaborate training courses might be perceived as a selective benefit.

Despite the extensiveness of the social system and the failure of the coop-enterprise system, there is still a strong selective incentive for the rank-and-file to join and stay in a trade union, which is the trade unions' and DGB's ability to provide experienced legal representation. Another selective incentive for its membership is the DGB's and affiliates' support with personal tax advice. As the German workforce expects to receive high strike compensation, this might be an important selective incentive to join and stay in a trade union. Regarding the accelerating militancy of the West German trade unions after 1975 Bergmann (1985, p.104) noted that 'joining a trade union had been rational for non-members with reference to economic self-interest (strike compensation).'

85) A common feature within the DGB affiliates has been that they 'renounced the system of coop-enterprise' as not practicable (Wolf 1990a, p.15).

But this selective incentive also became blurred as the trade unions nowadays offer strike payments even to non-members to prevent them from strike breaking or to encourage subsequent trade union membership. It might seem to be a contradiction to offer strike payment to the non-organized workforce as well as simultaneously organising strict and expensive picket lines. We argue that the offering of strike compensation to non-members diminishes the incentive to join the trade union, but on the other hand one could say that the ineffectiveness of a called strike due to strike breakers could cause more harm to the attractiveness of a trade union.

(ii) Group consciousness and shared perceptions

The studies of German workers' attitudes conducted by Popitz et al. (1971) revealed a strong degree of consciousness of belonging to a distinct community of manual work.⁸⁶ Despite the consciousness of belonging to a group, which can be a feature of a feeling of solidarity, it is necessary to point out that collective sentiments have declined in favour of individualistic ones (cf. Bleicher and Detje 1991, Mückenberger 1993, p.210). Not just the consciousness of belonging to a distinct community of the workforce creates the necessity to organise collectively, but awareness of the horrifying impact of the globalisation of markets intensifies the desire, especially

86) According to Herkommer et al. (1979) West German trade union density is shaped by the union consciousness of the workforce.

within the manual workforce, to avoid sectionalism in order to counter the strengthening of the management's prerogatives (cf. Steinkühler 1989a, p.12). The task of the trade union leadership is to publicize the various threats (e.g., by means of such a slogan as 'together we stand, divided we fall') to the workforce stemming from the environment and other important factors in the industrial relations system. Upholding awareness of the various threats to the workforce can assure the organizational encompassiveness (cf. French and Bell 1994, p.152). Thus one cornerstone of trade union existence and survival is to hold up a certain kind of identification of class relationship between capital and labour as a major determinant of social relations (cf. Schmitter 1990, p.30). Thus trade unions are an expression of workers' dissatisfaction within society and a means of resolving workers' grievances by offering them a voice. There might nevertheless be some doubt about the issue of whether there is still a 'class' relationship between capital and labour. In all the free elections in East and West Germany the workforce showed virtually no indication of revolutionary consciousness (cf. Kirsch 1993, p.248).

Crucial to Olson's (1971) theory of collective action is the fact that the trade union in question is so large that an individual member's contribution hardly affects the union's financial assets. In the first instance, most trade unions are denoted as so called mass organizations. According to Crouch (1982, p.64), evidence from research

shows that the majority of the workforce defines a 'trade union' as the shopfloor organization, and in the German case probably the works councillors loyal to the trade union rather than the remote national body with its headquarters. If workers had to orient themselves solely to the national organization, there would be a major problem of Olson's logic of collective action in the form of pronounced free-riding and reduced encompassiveness. According to research undertaken by Batstone (et al. 1977, p.180) the propensity to sustain an encompassing union lies in the role of the shop stewards and the works councillors. They are also most familiar with the prevailing community and work group customs. They also know the management culture of their company. Thus the shop- or plant-level trade union organization is the linking pin of the centralised trade union in enforcing cohesion in remote areas.

More important is the fact that in almost every free country the trade unions handle members' grievances against the employer. In some countries the non-collective benefits provided through trade union action on individual members' grievances have also been limited in recent decades by the legal requirements that a trade union must represent all workers in a given group fairly, whether or not they belong to the trade union. Especially in the FRG, where trade unions are 'neutralized' from the shopfloor, the trade unions' influence on their firms' works councils is of paramount importance. The collectivist solidarity provided

by the unions stands to become eroded by the self-interest of the works councils, whose protective actions only help employees in their own plants (plant syndicalism). Thus the desire to 'control' the works councils is crucial for the provision of non-collective goods. Various DGB-affiliated trade unions launched campaigns to create a shop steward system within the companies.⁸⁷ The works councils depend on the specific knowledge of the union officers (cf. Kern and Schumann 1990, pp.231-232). The more elaborate the regulations, the greater the need for specialists to deal with these regulations. When these specialists become significant enough, as in the case of the German industrial relations system's juridification, there is even the possibility that the specialists with a vested interest in the complex regulations will collude or lobby against simplification or elimination of the regulation.

Selective benefits are an important factor in reducing free-riding behaviour, and thus can help to secure the cohesion of the trade unions. But the application of selective incentives by the unions is curbed by the extensiveness of the social security system and the decline of collective in favour of individualistic sentiments.

87) In the 1950s the IGM introduced a shop steward system in response to the Works Constitution Law cf. Markovits (1986, pp.186-187). The same happened in the case of the IGCPK, cf. Markovits (1986, pp.294-295). By the works councillors the creation of a shop steward system had been viewed as a potential rival or control organization which caused severe irritation. Hence the union leadership stopped this strategy of implementing a shop steward system (Schmidt and Trinczek 1993, p.174).

4.4. Conclusion: The worries of the West German trade unions

As was discussed in the previous chapters, the cohesion of the West German trade unions is determined by the application of collective and selective benefits. Going from analysis of the benefits provided by the encompassing trade unions, we argue that their cohesion is rather fragile in a number of respects: (i) the encompassing impact of the selective benefits is limited; (ii) collective sentiments have declined in favour of individual sentiments; (iii) the willingness to define interests in collective terms (growth alliance) will decline if economic performance is stagnating and (iv) the collapse of the coop enterprise and the East German 'socialist' system could have a severe impact on trade union cohesion in the case of the activist trade unions.

The external shock of the disintegration of the GDR can have a severe impact especially on the incorporating force of defining interest in corporatist terms (e.g. high wages, low inflation, etc.). In the case of the activist trade unions we assume that with the collapse of the socialist states leftist ideology applied by the union executives might lose its force and thus weaken the unions' cohesion. The next step to take in pursuing this analysis is to examine how the threats resulting from the disintegration of the GDR can affect the provision of collective goods (e.g. growth alliance) by the unions and correspondingly

its repercussions on the unions' organizational cohesion. There are four main threats stemming from the East: (i) the migration wave from East to West Germany, (ii) the emergence of the possible rival organization FDGB, (iii) the dissatisfaction of the East German workforce with the former East German industrial relations system and the FDGB, which could mean a loss of encompassiveness, (iv) the loss of a unionised sector in the former GDR.

The provision of collective benefits largely determines the attractiveness of the West German trade unions and thus their membership's willingness to form an encompassing organization. This means that these trade unions are not small and narrowly defined, and do not act just as a distributional coalition. In the case of West German industrial relations, the success of the trade unions has rested to a certain degree on the attractiveness of the collective incentives and thus of the structural preconditions to generate corporatism as a unionised trade union movement, with a low degree of fragmentation, a monopoly of the umbrella organization, the hierarchical superiority of the peak associations, and centralised wage negotiations. In a country such as West Germany, where trade union rights belong only to particular organizations which are recognised by law, and where a rationalised system of industrial trade unions exists, there are few opportunities for the existence of more than one trade union available to any category of worker (Crouch 1982,

p.169). The shock emanating from the disintegration of the GDR caused the following worries:

(i) The influx of labour from the East, with likely undercutting of West German wages and working conditions, could lead to a deterioration of union strength in collective bargaining⁸⁸. The sudden removal of the Iron Curtain, with its influx of labour to the West, and the mobility of all factors of production, especially capital, eroded the DGB trade unions' belief in the continuation of beneficial neo-corporatism. Offe and Wiesenthal (1980, p.74) point out that capital is always a collectivity and automatically has the advantages of organization⁸⁹, while organization presents special problems for workers.⁹⁰ The dismantling of the Berlin Wall and the comparatively high level of training and education in the GDR could lead to massive investments in the GDR, which could mean an investment strike for the western parts of Germany. Eventually West German equipment would become obsolete and economically non-competitive.

(ii) Having been used to a virtually single trade union status, the DGB and affiliates underwent moments of extreme anxiety immediately after the collapse of socialism. The

88) A theoretical model of the competitive fringe of oligopoly is given by the kinked demand curve. OPEC's decline is a good illustration of the organizational weakness of such a cartel.

89) Capital's advantage of organization increases with intensified competition.

90) Offe and Wiesenthal tend to forget that firms in a market economy are also in competition with each other, and face the possibility of new entrants in their markets.

DGB and affiliates feared that the very existence of a rival organization, such as the East German FDGB or its affiliates could erode the near-monopolistic position of the West German umbrella organization (DGB) and the conduct of collective bargaining by the member unions, increase fragmentation within the workforce, and undermine centralised wage bargaining.⁹¹ This meant that the FDGB or its affiliates could erode the West German trade unions' stronghold in the provision of collective goods and thus inflict damage on West German industrial relations and the trade unions' cohesion. Thus the process of German reunification had an extremely worrisome effect on the West German trade union movement, as this event could impose severe strains upon the organization's encompassiveness.

The idea of trade union encompassiveness seeks to combine the principles of the centralisation of decision-making and control (vertical integration) with that of horizontal integration (cooperation between trade unions and groups within the trade unions). Visser (1987) proposes two separate measures of the power of confederations: the internal, horizontal integration of the movement as a whole; and the vertical integration of the main confederation. According to Crouch (1990, p.74), vertical integration includes the following variables: ... 'the locus of control over strikes, allocation of finances and staff resources, characteristic bargaining levels, the role

91) Swedish evidence suggests (Ahlen 1989, p.338) that the centrifugal forces of decentralisation and wage drift interact with what seem to be irreconcilable union rivalries.

of officials in bargaining and organizational concentration.' The existence of a second mighty trade union organization such as the FDGB, or the emergence of new trade unions in the GDR could mean that the organizational strength and thus the success of the West German trade unions could be at stake (e.g. market share unionism). Corporatism entails that the economic actors are organized, and order is secured by hierarchical control of the organization.

A rival organization competing against the DGB unions could cause disintegration in the exercise of control of the trade union leadership over its membership (e.g., the locus and the control of strikes) or workforce and thus in the predictability of the economic and industrial relations system. If wage bargaining became decentralised and the labour force is highly unionised but at the local level, there would be a number of groups looking mainly at their sectional interests. Prisoners' dilemmas could emerge in decision-making both between different trade unions and between the trade unions and employers. Cooperative⁹², growth-oriented and stable solutions would be difficult to achieve because of a lack of coordination in decision-making. Redistributing strategies will be easier to mobilise. Different small groups would have good possibilities for externalising the negative side effects of their redistributing policies. According to Buchanan et

92) According to North (1990, p.12) cooperation is difficult to sustain when the game is not repeated, when information on the other player is lacking, and when there are a large number of players.

al. (1980) this can be denoted as a trend towards a rent-seeking⁹³ society. This also means that, if trade unions become weak and fragmented, prospects for active interplay between the government and the trade unions will be low.

In societies with powerful trade unions, both governments and trade unions are highly dependent on each other. The government cannot implement a growth-oriented economic policy without the support of the trade unions, and the strategy of the trade unions is dependent on their relations with government. In a unionised country with centralised collective bargaining, trade unions are liable to choose growth-oriented strategies. With the FDGB representing labour the growth-orientation policy of the Conservative-Liberal government could be jeopardised. Industrial relations would cease to be predictable and the respected industrial relations climate of high trust could be eroded.

(iv) The disintegration of the GDR could have triggered the loss of the unionised sector, as one can presume (iii) increasing dissatisfaction with the former low trust transmission belt industrial relations system. Especially in the case of the activist trade unions the stated dissatisfaction of the East German workforce with low trust industrial relations might have had an impact on the socialist ideology's integrative and visionary force. This

93) In such a society each faction tries to exploit a given system to its own advantage.

argument applies to the strongly socialist-minded rank-and-file of the West German activist unions.

The disintegration of the GDR and growing dissatisfaction of East German union members with their situation could improve recruitment efforts of the West German unions. Because these two factors could cause the loss of a unionised sector, it is a worrying feature to the extent that it could weaken the union strength. The decline in union strength could have repercussions on the substantive outcome of collective bargaining. Upholding the 'growth alliance' with the employers and the government has resulted in the strengthening of the trade unions as a factor of order. Over the past forty years a stable trade union density has been achieved within West German industrial relations, securing the success and cohesion of the West German trade unions.

All those negative impacts stemming from the disintegration of the GDR could have interfered with the provision of collective goods to the West German union membership. Trade-offs in the provision and outcome of collective goods can trigger subsequent dissatisfaction in the membership that can reduce their willingness to define their interests in collective terms and thus weaken organizational cohesion. Securing corporatist structures and institutions can be seen as a means for the organizational coherence of encompassing unions.

In the face of threats from East Germany, it would be predictable that the West German trade unions would apply such strategies to restore neo-corporatism. Markovits' (1986) research on West German trade unions outlined a split within the DGB's affiliates, dividing them into the activist and the accommodationist wing. Especially the accommodationist affiliates, such as the IGCPK, practise social partnership with the employers and government. The explanation is the IGCPK weakness on the shopfloor. The attraction of these trade unions rests strongly on the collective incentives and thus on the further conduct of the mutually beneficial neo-corporatism. Any erosion of neo-corporatism by the FDGB would have inflicted severe damage especially on the accommodationist trade unions and German industrial relations.

Crouch (1982, p.147) distinguishes two types of trade union objectives, which are the substantive (pay), and procedural (control) goals. Procedural objectives encompass the extrinsic end of controlling the means of securing their intrinsic goals (improving wages and working conditions). In other words the trade union membership and its leadership is interested in the right to control, to co-determine, or to bargain every detail of a work relationship (Crouch 1982, p.149). Thus trade union decision-making is centred around the substantive and procedural goals, or pay and control. According to Crouch (1982, p.158), the pursuit of control goals implies a degree of organization, whereas material gains may be

achieved more or less automatically. Thus we assume that the emergence of a second rival trade union organization or growing non-unionism in the GDR, and thus an erosion of the procedural objectives, could impede a high level of substantive bargaining outcomes. To counter these dangerous effects, the West German trade union will have to determine appropriate strategies in order to generate a stable solution.

5. Trade union decision-making and a predictive trade union strategy model

5.1. The classes of trade union decisions

Confronted with the collapse of the GDR, the influx of East German workers to West Germany, a possible loss of a unionised sector, or the emergence of a rival organization, the erosion of neo-corporatism and the unions' cohesion, the West German trade union leadership, had to determine appropriate strategies in order to protect this system of industrial relations. Before we can determine appropriate strategies we have to assess the process of decision-making within the DGB unions. Who within the trade union will decide and what type of decision will it be?

Collective bargaining of all corporatist industrial relations systems entails centralisation on the part of the actors. Thus we assume that in the decision-making process the union executives will decide on appropriate strategies

to counter the effects stemming from the collapse of the GDR. Despite the existence of a principal-agent relationship between union leadership and the rank-and-file, these important decisions will be taken by the union leadership (cf. Berghahn and Karsten 1987, pp.54-65). The reason for this prediction is that such a type of decision is two-fold, as the reconstruction situation is shaped by a high degree of uncertainty, and thus requires a high potential of problem-solving.

From a decision viewpoint, the overall problem of leadership is to configure and direct the resource conversion process in such a way as to optimize the attainment of the objectives. Since this calls for a great many distinct and different decisions, a study of the overall decision process can be facilitated by dividing the total decision 'space' into several distinct categories. Using Ansoff's (1965, p.5) terminology, the distinctions occur in three categories called respectively (i) operating, (ii) administrative and (iii) strategic⁹⁴, each related to a different aspect of the 'resource conversion process' of trade unions.

(i) The operating decisions usually absorb the main bulk of the trade union's energy and attention. The objective is to improve the efficiency of the trade union. Examples are the collection of information and dues, provision of legal

94) According to Ansoff (1965, p.5), the term 'strategic' means pertaining to the relationship between the organization and its environment.

advice, the conduct of regular consultation with works councillors and shop stewards, and representation of trade union members on supervisory boards and labour courts. Operating decisions contrast with strategic decisions in that they take place by almost regular turns.

(ii) Administrative decisions are concerned with structuring the trade union resources in a way which improves performance potential. One part of the administrative problem is concerned with organization: the structuring of authority, work and information flows, location of facilities, personnel and bargaining districts. The other part is concerned with acquisition and development of resources: financing, personnel training and development, recruitment of membership.

(iii) The strategic⁹⁵ decisions are primarily concerned with the external rather than the internal problems of a trade union. They comprise the selection of the mix of 'services' to its membership, the selection of cohorts for subsequent recruitments, decisions on the level of collective bargaining, decisions on the industrial relations climate between a trade union and other actors in the industrial relations system (e.g. employers, government, other trade unions). Strategic decision-making

95) Referring to the situation of the collapse of socialism and the introduction of pluralism with a market economy 'strategic' denotes 'important.' Thurley and Wood (1983, p.213) assume that in strategic theory 'it is clear that the survival of the organization and the extension of its powers are assumed as given and strategy is seen as a way of rationally building in the modifications of policies for survival and growth.'

relies on gathering extensive information on future events as well as strategic planning. The task is to analyse and assess future relationships between the environment and the trade union. The necessity to conduct such an assessment depends on how far the environment of the trade union is perceived by its leadership as unstable and turbulent.

The important features of strategic decisions are that they are centralised on the level of the top trade union leadership, and non-repetitive. In the case of the DGB trade unions, strategic decision-making is predominantly focused on the level of the trade union leadership, which is responsible for informing the advisory council, the highest inter-congress trade union body. The by-laws often allow all trade union leaders to be permanent members of the advisory council. Thus it does not seem to be difficult to reach approval for the strategic proposals. Referring to Lehmruch (1979, p.61), and from the author's experience with DGB trade union organizations, it is possible to report a growing role played by experts. Bahnmüller (1993, pp.823-824) confirms that over the last twenty years trade union policy has been determined by the specialisation and professionalising of trade union work, which has intensified the significance of scientifically trained staff.

Despite the fact that strategic decisions are centralised at the peak of the hierarchy, one should not underestimate the influence of the personal assistants to the trade union

leaders as well as the experts of the trade union's central office. The author's interviews with trade union leaders and their assistants revealed a significant one-way relationship in the form of informational dependence between the leaders and their highly trained assistants. Lehmbruch (1979, p.55) also reports that the macroeconomic bias of the German trade union policy is explained by the influence which experts (Keynesian-influenced approaches⁹⁶) have gained within the DGB affiliates. Thus we predict that personal assistants and trade union experts, in order to retain their influence, are interested in a continuation of macroeconomically determined trade union policy, hereby incorporating neo-corporatist effects, such as low inflation (cf. Kromphardt 1987, pp.209-211).

At the time of strategy formulation it is not possible to enumerate all the project possibilities which will be encountered.⁹⁷ This is why bounded rationality (Simon 1957) is a necessary precondition to explain strategic decision-making. Normally, strategy formulation is based on highly aggregated, incomplete and uncertain information about classes of alternatives. These facts on strategic decision-

96) The macroeconomic bias refers to the former WWI, which was later renamed the WSI, and especially to Agartz, who took responsibility for the dissemination of the Keynesian interpretation of wage policy (cf. Markovits 1986, pp.83-86).

97) In the case of strategic decision-making, not every possible outcome of particular courses of actions can be specified. These decisions are said to be made under conditions of uncertainty. In other cases outcomes can be specified, but nothing is known about the likelihood of the occurrence of each particular one. Insofar as the situation can be appraised, the generation of alternatives and the examination of adverse consequences are hampered by uncertainty.

making account for the growing influence of experts within a trade union. Once strategic decisions are implemented, they are virtually irreversible. According to Ansoff (1987, p.107) in most organizations the pre-strategy decision-making is heavily political in nature.

The formulation of strategies by the West German trade unions was accelerated when rapid, unpredicted and discontinuous changes occurred in their environment. With reference to the ambiguity of trade union objectives one can infer from strategic decision-making that the survival of the organization is the central purpose of the trade union leadership⁹⁸, especially in the abruptly competitive shock stemming from the collapse of the GDR. Regarding trade union objectives, we infer that the shock eroded mainly the procedural ones with likely repercussions on the substantive goals and the cohesion of the organization. The sharp increase in potentially competitive labour forces (e.g., the FDGB, influx of East German labour) intensified the pressure on the West German trade unions to make decisions with far-reaching effects. The collapse of the East German system has thus had severe impacts on the West German system and on the trade union movement. The environment of the trade unions was accordingly affected. Thus the trade union leaders would have to assess a sequence of decisions set in motion by the collapse of the GDR.

98) In the case of the union leadership the author assumes an in-built bias of 'bureaucratic conservatism' (Kelly 1988, p.149)

We argue that the West German trade unions seek to maintain their organizational position, and want to protect the neo-corporatist industrial relations system and the organizational cohesion that secures the survival of the West German trade unions in order to avoid the impacts of trade union competition, the East-to-West migration wave, the deterioration of pursuing real wage growth within a macroeconomic balance (e.g. a shift towards competitive wage bargaining), decentralisation of decision-making, as well as the loss of a unionised sector. Those impacts can have cause a deterioration in the provision of public goods and a possible change in the union strategy with a consequence on the individual willingness to sustain union membership.

To support the argument of protecting neo-corporatism in order to secure organizational cohesion, we shall consider the most plausible rival explanation. If we assume that the West German trade unions do not intend to protect the neo-corporatist environment, what would be the repercussions on their encompassiveness?

The answer could be that the shocks stemming from the disintegration of the GDR could destabilise neo-corporatism, causing competitive wage bargaining on the side of the unions. The main argument in this case is that a rival trade union could cause a change in the conduct of macroeconomic-based collective bargaining to competitive wage bargaining. Competitive wage bargaining would not be

compatible with an encompassive trade union membership's willingness to define interests in collective terms, as each member would try to maximise his personal objectives in the bargaining process. Thus rent-seeking behaviour could not generate the positive public good outcome of centralised collective bargaining. Insofar as the unions could not provide positive public goods, we argue that a decline in the union's attractiveness could take place with accelerating individualism and sectionalism on the part of the workforce. The result of dissatisfaction with the outcome of collective bargain could lead to the break-up of the encompassing union body. If the centralised unions could no longer provide low inflation and low unemployment rates, its membership probably would not feel obliged to follow the union leadership's policy.

An encompassing trade union can justify constraints over individuals by its achievement of public benefits for all. If these benefits are lost, then this justification is weakened, and so the corporatist trade union would become exposed to the sort of argument that it was a self-seeking body with no compensating public benefits. Thus, the constraints on individual freedom in the name of the benefits of corporatism would become unjustified. Competition may destroy corporatism as the trade unions compete for new marginal members and strive for a leadership position. Equally, employer acceptance of corporatism may depend upon its benefits (e.g. control of

the workforce) being greater than its costs (e.g. loss of flexibility for firms).

An encompassing union's ability to break or control the violence of factions has depended strongly on the provision of public goods. If an encompassing union cannot provide such goods, their ability to control the shopfloor vanishes. In the case of the accommodationist unions this means the collapse of the union, and in the case of the activist unions this means increasing self-determination by the socialist-minded militant shopfloor representation. The position and significance of the trade union leaders would be at stake, as dissatisfaction with the provision of public goods could trigger attempts towards decentralisation within the unions or growing non-unionism.

If the centralised union leadership is not able to control its heterogeneous membership, involvement in industrial conflicts will probably increase, with negative effects on the predictability of the system. Further, we have to assess the possibility that the breakdown of corporatism accompanied by the emergence of sectionalism might cause enhanced ideologisation within the various sections of the workforce. Dissatisfaction with the goods provided by the unions, enhanced decentralisation, sectionalism and possibly ideologisation could trigger the growth of multiunionism. Assessing this possible scenario of a neo-corporatist breakdown, we have to state that the outcome is instability, with the collapse of corporatism causing an

irreparable fissure in the trade unions' cohesion. Thus we assume that the West German trade union leaders will choose a strategy to maintain stability and thus the organizational cohesion of the encompassing union.

5.2. The trade union strategy scenario

The purpose of a trade union strategy model is to provide a logical framework for evaluating alternative trade union strategies in the case of German reunification. The intention is to explain within the context why trade union leaders decided on particular approaches in the reconstruction efforts. The model should include the possibility for the analysis of (i) alternative strategies and (ii) their desirability and feasibility.

(i) The assessment of possible alternative strategies

Now we shall turn towards an assessment of possible West German trade union strategies to accommodate the new situation. By definition the scope of trade union strategies comprises the following two alternatives:

- intervention by one trade union in the industrial relations system of the other trade union or
- the acceptance of trade union coexistence.

In the first instance the West German trade union leaders had to assess whether they would become active in the GDR (one-way intervention) or whether they would foster a

situation of coexistence in a reunified Germany. Both strategies may have different corollaries stemming from the reactions of the East German actors.

The next step is to set out a basic model of alternative trade union strategies. For the analysis of possible alternatives we make the following assumptions:

- * two interconnected countries, two different industrial relations systems, but with the possibility of different forms of convergence,
- * at least one encompassing industrial trade union in each country,
- * formal symmetry between the two trade unions (formal equality, e.g., proportional distribution of resources).

Figure 1: The general alternatives of trade union strategies

		Intervention by East German trade unions in West Germany	
		no	yes
Intervention by West German trade unions in East Germany	no	Case 1	Case 2
	yes	Case 3	Case 4

Now we shall analyse the implications of the cross-tabulation above. Regarding the assumptions, all four cases are possible by definition.

(i) Case 1 for both unions embraces the strategy of non-intervention. The strategy of non-intervention encompasses trade union coexistence and accommodation. The pattern of relationship of cooperative coexistence (collusion) means an orientation and action towards the other union by cooperative tendencies to assist or preserve. Such a strategy can be based on extended trust or on a potential of mutual blackmail. To a certain degree collusion could include the possibility of upholding the representational near-monopoly. Accommodation stands for action strategies of an individualistic policy of hands-off towards the other union. Whether one union believes in the legitimacy of the other would be governed by a level of limited trust (e.g., IGM(W)'s early strategy).

(ii) Case 2 encompasses an intervention by an East German trade union in the West German industrial relations system, as well as a strategy of non-intervention by the West German union in East Germany. Such an intervention by one trade union could be determined by a competitive spirit and insufficient trust in the stability of collusiveness or accommodation, in order to weaken or even destroy the opponent in the case of the intervening union. The level of trust in conducting the intervention in another industrial relations sphere results in the future behaviour of the opponent. Regarding belief in legitimacy of the other union, we predict the denial of legitimacy in the case of the intruder. The rationale of an intervention can emerge

from the objective to protect the representational near-monopoly.

(iii) In case 3 the strategy of the West German union is determined by an intervention in East German industrial relations and the pursuit of a non-interventionist strategy by the East German union. In this case we refer to the arguments already stated in case 2.

(iv) Case 4 is determined by the intervention of each union in the sphere of influence of the other union. If both trade unions intervene in the sphere of influence of the other union the orientation will be determined by distrust. The competitive spirit generated in such a case would prevent other forms of coordination, and would render a stable situation of coexistence virtually impossible.

The decision to take will depend on the orientation towards the other union (level of trust), and expectations of future behaviour and its effects on the stability of future industrial relations.

(ii) The desirability and feasibility of the strategies

Having weighted the intervention and non-intervention orientations we shall abandon the assumption of formal symmetry between the West and East German actors. Referring to the four cases, we find that not all options of the

cross-tabulation seem to be feasible considering economic, political, legal and social constraints.

As German reunification has been determined by a one-way convergence towards the West German economic, political and social system, we infer a competitive and political advantage in favour of the West German trade unions. To underscore this statement we refer to the level of West German workers' wealth formation, which turned out to be an important factor in explaining of the considerable East-West migration wave. Further we have to consider that East German industrial relations had been governed by a low trust Stalinist industrial relations system, imposed by violence upon the workforce.

As outlined in the previous chapter, the decision-making process will be centred at the peak of the organization. To secure their re-election the trade union leaders will choose a strategy which allows the union to realise the desirable outcome of the neo-corporatist system. As the protection of the union's cohesion is determined by the membership's willingness, to define their interests in collective terms, the leadership will concentrate on choosing a strategy which allows a stable solution in a unified Germany.

A stable solution refers to the assessment of alternative strategies to maximise or satisfy the expected total pay-offs to the union in the long run. In the case of the

encompassing West German trade unions, a stable solution is shaped by the avoidance of undercutting, the achievement of a representational near-monopoly on the part of the West German unions (cf. Külp 1993, p.291), as well as the avoidance of growing East-West migration, non-unionism or multi-unionism in the former GDR.

Now we turn to possible options as illustrated in Figure 1, and assess each case to determine to what extent a stable solution could be obtained.

Case 1: For a number of reasons the non-interventionist strategy of the West German union does not seem to be feasible, because such a strategy cannot maintain a stable solution: (i) non-intervention cannot prevent the dangerous impact of East-West migration, (ii) non-intervention and thus organizational inertia cannot stop growing non-unionism or the emergence of multi-unionism, (iii) a non-interventionist approach could also help the FDGB to recover⁹⁹ and present itself as a powerful force on the side of the unions, (iv) even a high degree of collusiveness between the West and East German trade unions could not secure stability, as cartels might break up and the West German unions might be viewed as successors of low trust industrial relations.

99) An early intervention in the East could prevent a recovery of the FDGB. As an example we refer to the recovery of the former Communist trade unions in Poland.

Case 2: This case of an one-way intervention by an East German union does not seem feasible, as (i) the East German union lacks experience with the new West German industrial relations system and probably will not receive recognition by the employers, (ii) the East German union compares very poorly with its West German counterparts. They cannot impress the West German workforce with the Eastern legacy of low trust and poor achievements, (iii) a strategy of non-intervention by the West German trade unions does not seem feasible, as such a strategy cannot prevent the West German membership from the impact of undercutting, migration, growing non-unionism, multi-unionism or a recovery of the FDGB. Thus the strategy of non-intervention by the West German union does not turn out to secure a stable solution.

Case 3: The intervention by the West German union and the non-intervention of the East German union provides a feasible option to maintain stability in West German industrial relations. The intervention in the East by the West German unions seems to be possible, as it could aim to introduce the same working and living conditions in the East in order (i) to reduce or stop the considerable East-West migration, (ii) to avoid the emergence of multi-unionism or growing non-unionism, (iii) to destroy a rival organization, and thus to secure a representational near-monopoly, (iv) to offer solidarity to the deprived East German workforce. Trade union competition could follow but in view of the legacy of low trust, a discredited FDGB and

the inexperience of the East German unions, this interventionist strategy could turn out to secure a successful intervention with a stable solution.

Case 4: In view of the arguments set out in case 1, an East-West intervention does not seem to be successful. On the other hand the intervention of the West German union in East Germany seems plausible, due to its desire for a stable solution (cf. case 3).

Assessing the four cases regarding the West German union's desire for a stable solution, an intervention in the East seems to be necessary in order to reduce or stop the undercutting impact (case 3 and 4). An intervention by the East German trade union in the West does not seem to be feasible due to its poor reputation, inexperience with Western unions and poor achievements. We can thus assume that case 2 and case 4 are not applicable to the decision-making process. The West German union will not accept case 1, as it does not generate a stable solution and could lead to a recovery of the East German union. The remaining option, and the only possible feasible strategy to reach a stable solution, is limited to a one-way intervention of the West German union in the East (case 3).

5.3. The organizational objectives and the motives for an intervention

Regarding the general alternatives of possible trade union reconstruction strategies we excluded an intervention by the FDGB, so that the remaining option is limited to one-way intervention by the West German trade unions. This option also avoids recovery by the FDGB. This chapter will analyse the various advantages of an one-way intervention (case 3) by the DGB affiliates in favour of a strategy of trade union coexistence between East and West German trade unions.

The level and nature of inter-union competition is likely to affect the unity of the trade union movement, its public image and the future success of trade union membership drives. The predominance of market share unionism¹⁰⁰ is a depressing scenario for trade union leaders, as this can undermine the provision of collective benefits.

Incorporating the East German workforce within the DGB affiliated trade unions could prevent the dangerous effects of a second powerful trade union organization in a united Germany, or the growth of non-unionism in the GDR, and thus an erosion of neo-corporatism. According to West German association and club law, clubs and other associations such as trade unions are prevented from amalgamation.¹⁰¹ The

100) Market share unionism is described by a situation of competition between unions to secure larger shares of the membership in existing organised sectors.

101) Cf. Kittner (1990), pp.162-163.

principle requires individual and free adhesion. A possibility is that the members of the dissolving trade union join the other trade union by an individual declaration, after an amendment of the organizational territory covered in the by-laws.

The justification is that this will protect the encompassiveness of the union by securing the continuation of neo-corporatism with its positive collective outcome. The collapse of the GDR caused or could cause severe strains (e.g. influx, growing unionism, trade union coexistence, undercutting impact, etc.) on the stability of neo-corporatism, with likely repercussion on the union's cohesion. Thus we argue that the union's leadership will choose a strategy to secure the cohesion of its organization by protecting neo-corporatism. As discussed in the previous chapter, we established that one-way intervention in the East was the feasible strategy (case 3) to sustain in a stable neo-corporatist environment. To reach a stable solution the union leadership will follow a strategy of incorporating the East German workforce within the body of the West German union. The following four partly interdependent organizational interventionist motives have been derived from the Olsonian self-interest based contract theory (e.g. incorporation in order to prevent undercutting and substitution), the personal interest of trade union executives (e.g. re-election, membership), as well as from the diffuse exchange approaches (e.g. solidarity) in order to secure the

stability of the fragile cohesion of encompassing unions¹⁰²:

- (i) Enhancement of membership (e.g. economies of scale/scope, personal ambitions, reputation).
- (ii) Protection of the West German status quo and avoidance of growing non-unionism or multi-unionism in East Germany:
 - protection of the near-representational monopoly (e.g., especially accommodationists want to secure neo-corporatism, avoidance of a FDGB recovery, the organized small groups in the GDR could be the basis for free-riding);
 - prevention of an undercutting of West German collective agreements by the East German workforce and avoidance of non-unionism or multi-unionism (a threat to the system of industry-wide regulation of wages).
- (iii) Changes in the significance of affiliates within the DGB
 - improvement in the relative position (e.g., within the DGB);
 - catching up in membership and relative position (reactive strategy).
- (iv) Exercise of solidarity with the East German workforce.

102) Cf. Appendix no.5

Now we shall assess the various aspects of the partly interdependent organizational motives influencing or determining the strategies of the West German trade unions. In this section the author discusses the reasons for a West German trade union intervention in East Germany.

(i) The enhancement of membership

Assessing the aspects for an intervention or coexistence of West German trade unions in East Germany, it is necessary to bear in mind the political problem that the West German trade union leadership is committed to growth in order to ensure that the extension is acceptable to the majority of the West German membership. Growing trade unions must generate a 'surplus' in the West German unions in order to spend it in others; the current West German membership must probably subsidise the acquisition¹⁰³ of new East German members, and must, presumably, see some benefit in doing so. Leaders of intervening trade unions must in effect convince the existing membership that growth will generate a return on their 'equity' (Willman 1989, p.267). Competition between FDGB and DGB affiliates for the East German membership market could turn out to be financially unrewarding (cf. Kulp 1994, p.291). Low subscription levels could reduce the marginal returns from each new member, and, further, it can be argued that trade union success in an intervention would exacerbate the costs. As density within a given area goes up, the costs of recruitment of

103) 'Acquisition' encompasses recruitment or even expensive trade union competition.

the marginal member will rise, and the enticement of such difficult recruits may act both to raise costs and to depress the average subscription level (Willman 1989, p.268). We assume that this problem is likely to be worse where there is employer resistance.

Arguments in favour of an enhancement of union membership are the possibility of reducing free-riding, the avoidance of undercutting, the pooling of strength in an encompassing organization, as well as satisfying the ambitions of trade union officials.

The trade union intervention can result from the objective of enlarging membership. The reason can be the realisation of economies of scale¹⁰⁴ effects stemming from enhanced membership. Olson's argument rests strongly on the assumption that membership in a voluntary body, such as the German trade unions, costs something - whether money-costs of subscription, costs in terms of time and effort, or costs in the sense of punishments imposed by opponents of the organization (Crouch 1982, p.57). Undoubtedly, the higher these costs, the greater the problem of persuading potential membership to participate in collective action or to sustain actual membership. This is why Crouch (1992, p.57) expects that collective organizations strive hard to reduce the costs of membership relative to those of non-membership. An indication is that trade unions lobby hard

104) Baumol et al. (1982) devised the term 'economies of scope' to describe the impact on total costs, plant-specific and product-specific, attributable to production of more than one product.

to see that dues are tax-deductible from the individual member's taxable income. In order to avoid members feeling too sharply the cost of dues, trade union management struggles to keep their subscriptions low, and they try to make payment of dues as automatic and as painless as possible by getting employers to agree to the check-off system.

The institution of works councils, the most important forum of trade union representation on the company level, offers the trade unions the chance to shift a considerable bulk of overheads¹⁰⁵ to the employers. On the shopfloor and at the company level the trade unions are heavily subsidised by the employers. According to West German labour law, employers have to support labour representatives. Through the provision of facilities such as office space and equipment, time off for union business, check-off and training, the trade unions can reduce overheads. With the granting of recognition and facilities, the union is able to shift some of the costs of organization to the employer, presumably in return for its role in the provision of a 'voice' mechanism within the system of employee control in the workplace. The employer and membership markets are clearly related, since, without recognition, membership is difficult to maintain and, without an adequate level of

105) Hirsch and Addison (1985, p.33) argue that a national union can set up representational machinery, procedures, and expertise to organise at a number of plants, spreading overheads more effectively than individual local unions could.

membership, recognition is difficult to maintain (Willman 1989, p.263).

If we assume that trade unions are labour-intensive service businesses, a trade union will be concerned with the protection of collective goods to often heterogeneous sectional interest groups. Such goods may be generated through collective bargaining and other forms of pressures on the employer. They may also be generated through reallocation of subscription or investment income, for example in the provision of friendly benefits. Some part of the services provided by the trade unions can be conceived as a public good. In the case of public goods the marginal costs of a further user equals zero. But trade unions do not solely rely on the provision of public goods. The passive extension of latent trade union membership will not cause massive investments and direct costs, as the main bulk of trade union representation/services is provided collectively. Economically, trade unions depend on a simple scale of economies in the provision of collective benefits and on a certain stability in the economic environment so that most of the members will pay their subscriptions and not be a drain on trade union resources. Batstone et al. (1986, p.17) argue that trade unions achieve economies of scale where there are large numbers of members; hence the costs for a national trade union of a declining membership are significant. One can imagine that if unions achieve

economies of scale they will be more able to demonstrate their value to potential membership.¹⁰⁶

Kochan (1980, p.161) submits that the main bulk of arguments for trade union mergers centre on the administrative advantages associated with economies of larger scale. Especially small trade unions which lack the financial resources and professional expertise needed to service their membership could benefit by an absorption into larger and more richly endowed trade unions. Kochan's argument (1980, p.161) that trade union mergers produce increased administrative or collective bargaining effectiveness has been challenged¹⁰⁷. Critics of trade union mergers have stressed the negative consequences of large-scale trade unions for membership control and trade union democracy. Thus we have to assess the question if there is an 'optimum' or 'maximum' size of a trade union referring to the possibility of an increasing heterogeneous membership.

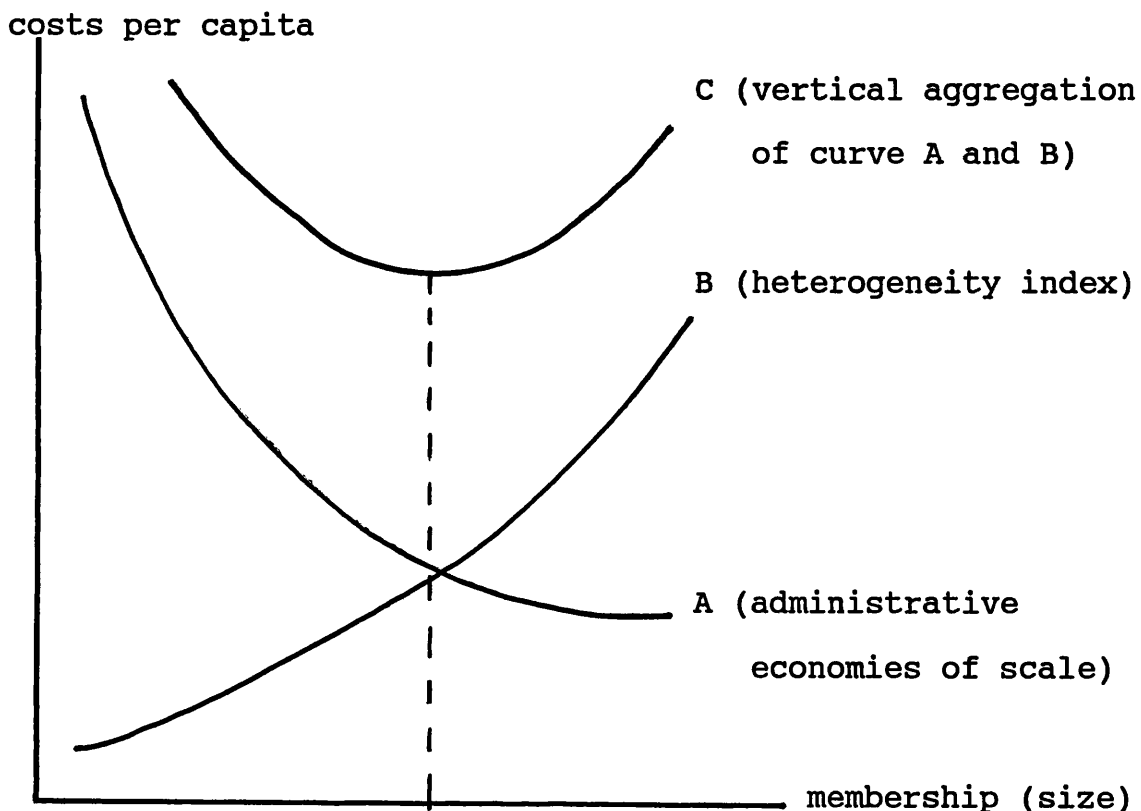
Offe and Wiesenthal (1980, p.81) argue that with the growth of the trade union size the 'heterogeneity of members' positions, occupations and immediate interests tends to

106) An important motive for joining a trade union is according to Nickel's research (1974, p.151) to receive the protection of a 'large, powerful and rich' union. Thus the union size and the realisation of economies of scale can enhance the attraction and thus encompassiveness.

107) Undy et al. (1981, p.158) argue that a common problem of small trade unions had been that due to shortage of financial support they could not independently maintain or improve their existing levels of services and benefits.

increase, which makes it more difficult to formulate generally agreed-upon demands and to mobilise a common willingness to act that flows from a notion of shared, collective identities and mutual obligations of solidarity.' The maximum size of a trade union is therefore not its optimum size. There is (Offe and Wiesenthal 1980, p.81) an 'optimum size beyond which union power decreases,' and there are trade-offs between size and the collective identity of the trade union (cf. Figure 2).

Figure 2: The financial trade-offs between encompassiveness and enhancement of membership



Curve (A) symbolises the realisation of a union's economies of scale (e.g. synergy effects) and can be derived from its

cost function. The realisation of economies of scale are related to certain administrative (e.g. depreciation of computer facilities and buildings) and bargaining costs (e.g. collective representation). Curve A is explained by the fact that large trade unions are able to provide their service more cheaply than small trade unions. In a service sector where there are decreasing costs, the market may support only a few trade unions of a reasonably efficient size. In the case of the West German trade unions the main bulk of costs are overheads¹⁰⁸, in so far as we assume the realisation of economies of scale by enhancing membership. According to Olson (1971, p.37), an increase in the size of the group does not bring competition to anyone, but may lead to lower costs for those already in the group. This is why associations that supply collective goods in a non-market situation almost¹⁰⁹ always welcome new members. In this capacity each trade union has an interest in acquiring new members, inside as well as outside its 'own' industry or craft, or even in another geographical area, such as East Germany.

Curve (B) corresponds to the trade union's control function of its membership. We denote it as the union's heterogeneity¹¹⁰ index and it can be measured by the

108) Cf. Kirsch (1993, pp.112-122), Willman and Morris (1988, p.97), Willman (1989, p.262).

109) 'Almost' refers to the cases that the group in power wishes to retain power, or to exclude infiltrators.

110) The kind of heterogeneity that requires unions to offer a large variety of special member services depends upon the state of mind of the membership (e.g. UK miners' strike) and their interests are well represented by general demands or not.

coordination costs. In the case of the heterogeneity index (curve B) the author assumes rising costs per capita as trade union membership increases. The reasons might be that a more heterogeneous membership with diverse demands can pose an even greater problem for the union, which must not only deal with disagreements but also find selective incentives strong enough to hold together dissatisfied parts of the membership. A more heterogeneous membership could cause slower decision-making within the unions, causing crowded agendas and the existence of distributional coalitions at the bargaining tables. The underlying assumption is that increasing heterogeneity within the membership might have risky effects on encompassiveness and thus on trade union strength. Expanding the membership to East Germany could mean that because of the enhanced membership the social heterogeneity could reduce consensus, and that collective action could become more difficult. If collective action did nonetheless take place, it would incur the extra cost of accommodating and comprising the different views of the new membership. In order to attract new sections of the workforce, certain incentives might be necessary to incorporate them. One important problem inherent in the objective of enhancing encompassiveness is that potential members who wishes to join could force the whole organization to offer them significant attractions (exploitation of the core group). Extending membership can cause considerable strategic behaviour, with subsequent demands on the part of the potential membership.

Assessing the trade-offs between the realisation of economies of scale (curve A) and an increasing heterogeneity index (curve B), we have to raise the question where a trade union may realise its optimum size? A trade union can realise its optimum size (O) where the vertical aggregation (C) of curve (A) and curve (B) realises its minimum. The optimum size depends on how fast costs of heterogeneity increase and on the trade union's capacity to integrate the heterogeneity. Now we have to raise the question why the trade union leadership does not realise its optimum size?

Arguments against the realisation of optimum size are that extending the membership prevents a union from developing a coherent power base in order to cope with free-riding and undercutting by non-unionists. According to industrial organization theory, the realisation of economies of scale is a significant barrier to entry for latent competitors in a market. The incorporation of a potential competitive workforce (undercutting) and possible free-riders in East Germany (extending-the-coverage argument) can be assessed as a reduction of negative externalities and as a struggle against growing non-unionism. Restoring the representative near-monopoly by the West German trade union in a reunified Germany, X-inefficiency¹¹¹ in subsequent trade union management might accelerate. According to Leibenstein

111) X-inefficiency means in the case of a West German trade union intervention in East Germany that monopolistic structures often do not realise the effective utilisation of inputs. Not all forms of synergy can be fully realised.

(1980, pp.191-193), a monopolistic environment puts much less pressure on trade union executives, because decision-makers for monopolies do not face the pressure to make 'optimum' decisions in comparison with the market situation of perfect competition. Recalling Hicks' quip, we assume that perhaps the greatest reward of the monopolist is a quiet life. The absence of necessity to compete with rivals in the membership market can result in the continuation of corporatism with centralised bargaining. A further reason of utmost importance is the realisation of economies of scale/synergy effects on the part of the trade unions. Consequently this is a reason why trade union leaderships are interested in being active in the membership market as well as in shifting costs to the employers by competing in the employers' market¹¹². Trade union finance is an argument worth assessing, as a rich trade union is usually a more influential one. This raises the general issue of the relationship between finances and bargaining behaviour. Rich trade unions may be more capable of sustaining strikes, and thus may be more aggressive bargaining agents. In the case of West German industrial relations one explanation (cf. Der Spiegel 29.10.1990, p.188) for the low strike record refers to the good financial situation of the DGB-affiliates, as their accumulated wealth makes the employers shrink back from conflicts (e.g., the joint cost

112) On the one hand, unions compete to provide representation, insurance and other services to its membership. On the other hand, unions compete, under competitive conditions, to become bargaining agents with employers. In the employer market, they seek recognition and facilities from the employer (Willman 1989, p.263).

approach). A rich trade union may also secure political influence through the establishment of a political fund. An argument for an intervention in the GDR can be gained from the American AFL and CIO merger. In the case of the AFL and CIO merger the underlying reason was to pool their political strength (Marshall, Cartter and King 1976, p.79). Moreover, enhanced membership can improve bargaining strength.¹¹³ Hence, when the leadership and membership of an organization attains improved bargaining strength, they may feel that they possess the ability to alter the formal rules of the industrial relations system. In the case of German reunification we assume that the DGB's leaders know about the former ADGB's failure to resist the Nazi dictatorship. A further argument in favour of enhanced membership is the union leadership's objective to create a powerful organization to pool political strength¹¹⁴ in order to influence the Conservative-Liberal Kohl government. These arguments account for the objective of extending membership despite the optimum size determined by the heterogeneity index and the realisation of economies of scale.

A further argument in favour of enhanced membership is that multi-unionism in an industry has been criticised on the

113) Union recognition and union growth are mutually dependent, because the degree to which employers are prepared to recognise unions is dependent upon their membership size (According to Bain and Price 1983, p.253 recognition and size combines in a 'virtuous circle').

114) Also an obligation to the union leadership due to the failure of the ADGB to counter the NAZI-dictatorship in 1933.

grounds that it involves a great deal of duplication on the part of all trade unions involved, which is wasteful of energy, effort and resources, and requires endless tiers of inter-union channels of communication to function at all¹¹⁵. Intervening in the East German membership market can produce various synergy effects in the West German trade unions, as the 'product' they offer to the East German rank-and-file is closely related to the West German services¹¹⁶. Transferring Ansoff's (1987, p.83) synergy types to the situation of incorporating the East German workforce within the West German unions, we distinguish the following four categories:

- Service synergy: This occurs when the services use common distributive channels and a common administration. In this case an opportunity will arise if the West German trade unions can offer related services in the GDR. Common recruitment efforts and a positive reputation for past achievements can have multiple returns for the same investment.

- Operating synergy: Ansoff (1987, p.82) defines this as the outcome of higher utilisation of facilities and personnel, spreading of overheads, advantages of common learning curves, and the realisation of large-lot purchasing.

115) In a market situation competition normally trims costs. But certain organizations seem natural monopolies, with their economies of scale so important that even a single organization will always operate under conditions of decreasing costs, and having more than one organization would involve a serious loss of scale economics (Scitovski 1971, p.251).

116) The 'product' of a trade union encompasses public goods as well as individual services.

- Investment synergy: This results from joint use of common inventories such as office space and business equipment.
- Managerial synergy: This type represents the experience and expertise of the West German trade union executives in handling trade union affairs in a market economy. Regarding the practise of corporatism and the West German Works Council Act, trade union leaders and executives have incorporated linkages and informal channels with management and government. This has caused an interlocking of the personal ties of the social partners so as to stabilise West German industrial relations.

Whether a trade union will have to incur start-up costs depends on how well its skills and resources are matched to the requirements of the new membership-market area. If the required new capabilities are very different from those of the West German trade unions, then cost diseconomies may result in any of the major functional areas. British evidence (Willman and Morris 1987, p.98) on trade union mergers states that it is of utmost importance for trade union management to control the administrative costs after the merger. Thus starting-up in a new membership market can have potentially negative as well as positive synergy; a trade union with positive synergy will have a competitive advantage over other trade unions which lack it. Having experienced and successfully shaped a market economy for the benefit of its membership, the West German trade unions, the DGB and affiliates have a competitive advantage in comparison with the FDGB. Initial costs in the possible

case of trade union unity can be neglected, as the FDGB's affiliated trade unions will not appear with empty pockets. Thus the financial aspect of trade union unity is eased.

A further argument in favour of an enhanced membership is the consideration of the personal ambitions of the trade union officers. The empiricist literature, some sociological texts and some managerial theories all suggest that the main beneficiaries of trade union growth are the union officials. The ambitions of trade union leaders are very strongly endorsed in the empiricist literature, particularly in the histories of trade unions where there is a very strong identification between the organizational development of a trade union and the personalities of its trade union leaders. The personal objectives of achieving enhanced membership for the trade union leadership can be grouped in two categories: personal economic interests, which include the extension of current earnings, fringe benefits, job security (Wächter 1983) and job progression, and the personal non-economic interests, which include philanthropy, personal ethics, social responsibilities, social status and reputation (Ricardi 1992).¹¹⁷

Referring to the decision-making process of the West German trade unions the union leadership has to assess that the

117) Simultaneously linked with the extension of membership is trade union representation on the supervisory boards providing royalties, fringe benefits and information on the company strategies. It offers the opportunity of informal links with management and early participation. Several trade union leaders expect to conduct a political career.

enhancement of membership can result in several beneficial effects for unions such as the possible realisation of economies of scale or synergy effects, the pooling of the political strength of the unions, and an improvement in the personal ambitions of trade union leaders.

(ii) Protection of the achieved West German status quo and avoidance of growing non-unionism

In this section we focus on the protection of neo-corporatism by the West German trade unions.

Economic approaches to trade unionism are often concerned with the union as a bargaining agent. In a corporatist system unions operate as mediating organizations between employers who see some benefit either in the granting of recognition or its maintenance (employer market), fearing to deal with an unorganized workforce, and employees who seek various forms of selective and collective benefits (membership market). It follows that to succeed unions must appeal to both sets of interests. The model presented here is based on the view that trade unions seek to provide distinct services in two related markets and, in order to be successful, both financially and in terms of membership growth, they must reconcile the demands of these two markets. If we assume the existence of a trade union membership function, the variables will be the union's attractiveness to its membership, and the granting of recognition by the employers.

On the one hand, trade unions compete to attract membership on the basis of the provision of collective representation (e.g., high wages) and selective benefits in the membership market. They seek a body of membership, in order to guarantee revenue and secure bargaining power, often in competition with other unions, or with non-union environments. We assume that the attractiveness of a trade union is a function of the benefits provided by the union to its membership.

On the other hand, unions compete under similar conditions to become bargaining agents with the employers. In this market the union seeks recognition and facilities from the employers. Without recognition, union effectiveness in an establishment is difficult to achieve, and membership is likely to dwindle over a period of time. We assume that the employer's willingness to grant recognition is a function of the advantages provided by the union. The advantages of unionisation can comprise the exercise of 'voice' and employee control in the workplace. Where unions are willing to exercise 'voice', the management has little reason to resist, and some reason to welcome, the unionisation of the employees. By making explicit the discontents of the workforce, a union helps to make workers' behaviour more predictable and manageable. A union involvement in a settlement increases the likelihood that the organized workers feel committed to the agreed terms (cf. Hyman 1985, p.54). Thus the workers' commitment and the effective

control function of the corporatist trade unions shape the comparably low strike record of these systems.

The employer and membership markets are related, since, without recognition, membership is difficult to maintain and, without an adequate level of membership, recognition is difficult to secure (cf. Willman 1989, p.263). If we assume that the membership function of a trade union is determined by the union's attractiveness to its membership (e.g. high wages) and by the advantages to the employer (e.g. control and low wages) the result is a conflicting relationship in the wage-setting between the membership and the employer market.

Applying the principal-agent theory to German unification, the West German trade unions will have to compete to attract the East German workforce (the East German membership market) and for recognition by the East German employers (East German employer market). With the FDGB-affiliated trade unions an agent emerged for both related markets.

Regarding the interventionist categories we have the following strategic alternatives for the West German DGB affiliates which are:

- (a) trade union competition between the affiliates of the FDGB and the DGB,
- (b) trade union cooperation between the affiliates of the FDGB and the DGB,

(c) the incorporation of the FDGB-affiliated union within the appropriate DGB-affiliated trade union (the specific form of a take-over).

The criteria for the assessment of the desirability of each alternative for the West German union membership and trade union leadership are:

- the avoidance of growing non-unionism (loss of a unionised sector),
- the avoidance of emerging multiunionism (protection of the representational monopoly and from balkanisation of industrial relations) in the former GDR,
- and the protection of neo-corporatism with the subsequent maintenance of encompassiveness and centralisation of the unions (regarding the provision of public goods).

As the application of neo-corporatism is firmly based on the control and predictability of behaviour, we infer that the corporatist DGB affiliates are interested in stable solutions. Common to all interventionist alternatives enumerated above is the underlying traditional argument of the union leadership in extending the coverage¹¹⁸ of their collective agreements. Extending the coverage of collective bargaining to enhance membership reduces the elasticity of labour demand (e.g., the undercutting impact of the non-unionised workforce). An early intervention in the East could succeed in sustaining a high union density and thus avoiding growing non-unionism, or a recovery of the FDGB

118) A supplementary effect of extending coverage is also the reduction of free-riding.

organization or further forms of individualisation. Now we shall turn to assessment of the interventionist categories:

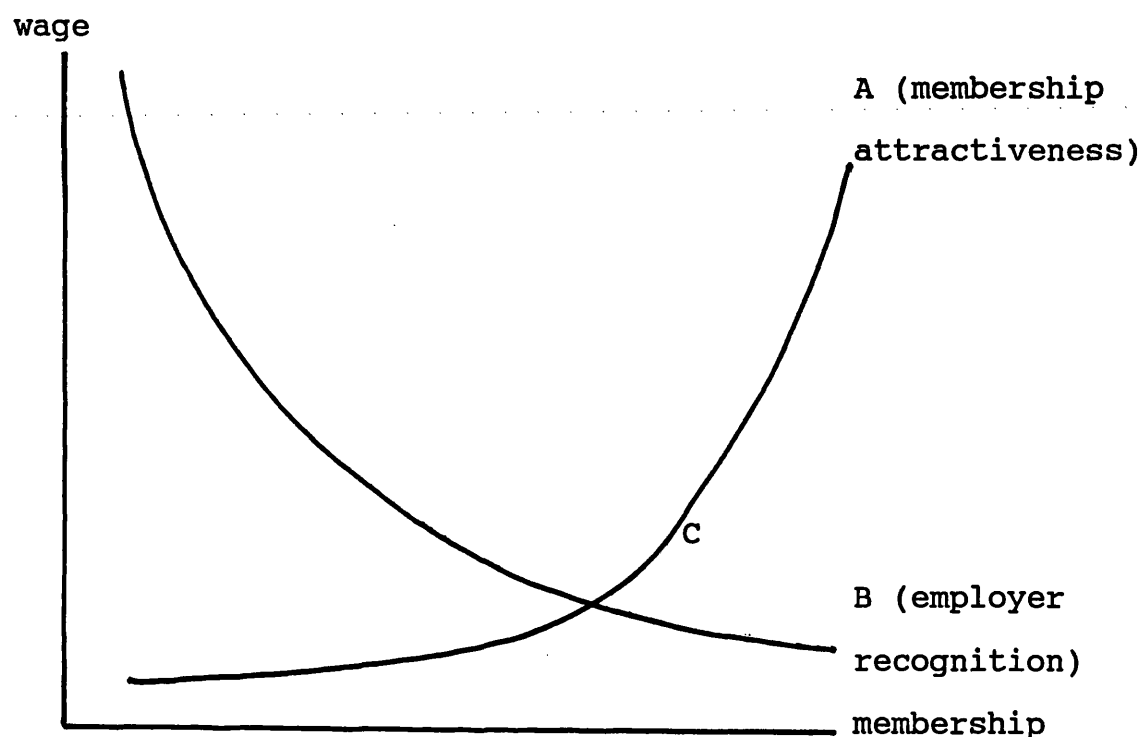
(a) Trade union competition

If we assume competition between the West German and the East German trade unions in the membership market, both trade unions will have to enhance their attractiveness by offering better benefits than the other union. Regarding the desires of the East German workforce, the attractiveness of a union can be enhanced by substantial wage increases or other benefits in the collective bargaining process.

The attractiveness of a union and thus its size is related to the extent it can bring wages up to the West German level. In the membership market union competition by the agents means attracting members by expensive wage bargaining. If one union is able to raise the wages of its membership, the other union will have to follow in order not to lose membership (inter-union leap-frogging of wages). The closing of the existing East-West wage gap could mean that with this strategy the undercutting/substituting impact (regarding migration and investments) of the East German workforce could be reduced, but probably at the expense of East German employment. We also have to bear in mind that higher wages can lead to lower employment, with repercussions on the size of union membership. Competition in the membership market is

financially unrewarding, as low subscription levels reduce the marginal returns from each new member. This problem is likely to be worse where there is employer resistance.

Figure 3: The relationship between the employer and membership market related to the wage



As has already been outlined, the membership and employer markets are related. Thus we argue that, without gaining recognition by the employers, no union will be able to offer collective representation to its members. Competition in the employer market can lead to the development of 'beauty contests', where concessions for recognition are given (Willman 1989, p.269). Employers will grant recognition to that union which in return will provide the effective degree of 'voice' and control of the workforce at

lowest wage costs¹¹⁹. Figure 3 gives a sketch of the related markets for union representation regarding wages. Curve (A) symbolises the union's attractiveness function for its membership. With rising wages realised by the conduct of the union's collective bargaining, we assume enhanced membership. Curve (B) corresponds to the union's attractiveness to the employers and their willingness to recognise the union¹²⁰. In the case of the employers' market we assume an inverse relationship between high wage demands by the union and union recognition by the employer. The intersection of both curves (C) visualises the equilibrium of the differing demands stemming from both related markets and emphasises the union's task of reconciliation, especially in a corporatist system.

Union competition in the membership market could be interpreted by certain parts of the East German workforce as an act of hostility by the West (lack of solidarity with the East German workforce - just an agent of the West German membership). This could trigger anti-western sentiments in the East German workforce after a successful intervention of the DGB affiliates with negative repercussions on union density and thus on the bargaining strength of the union. Dissatisfaction with a competitive and anti-solidaristic spirit on the part of the West German

119) However, the author submits that trade union control over its membership is likely to increase the higher the wage mark-up because this increases the cost to workers quitting the job.

120) The prime determinant of the slope of curve B is not the demand for labour, but rather the employer's increasing incentive to refuse recognition.

trade unions could enhance the emergence of grass-root unionism (balkanisation) or growing non-unionism (fear of an unorganized workforce)¹²¹. Being perceived by the East German workforce as an intruder in East German industrial relations could lessen the desire to set up a strong and encompassing trade union.

As outlined earlier, the success of the centralised trade unions (which are neutralized from the establishment level by the Works Constitution Acts and Codetermination Act) has rested on the successful application of a neo-corporatist industrial relations system with the provision of public goods. This was related to both markets, and also the provision of private goods to their membership. The organizational success of the unions is predominantly based upon the provision of public goods. The membership's definition of interests in the form of public goods means that any competitive behaviour or rent-seeking could erode the encompassiveness of the trade union. Competing in the East German membership market could mean that bringing up wages as fast as possible could take place without a link to productivity developments and thus could cause unemployment. Further, competing in the membership market can lead to a rent-seeking society in which the members are not willing to define their narrow interests in collective

121) The author neglected the argument, that competition between East and West German unions could make grass-root unionism unnecessary as both unions seek out additional membership among those who are inadequately represented for the following reasons: (i) attraction of the West German trade unions for the vast majority of both German memberships, (ii) the reputation of the FDGB union.

terms (e.g. wage restraints). The shock emanating from the disintegration of the GDR could cause repercussions to the FRG industrial relations system and the provision of public goods, especially in the case of the accommodationist trade unions, as they lack organizational strength on the establishment level. In the case of the activist unions a failure in the provision of public goods could imply a recurrent attempt to achieve decentralisation by the self-confident shopfloor representation.

Until now we have neglected the fact that competing in the membership market in terms of wage policy is unrelated to the employer market. As we have seen in the introduction to this chapter, both markets are related regarding the desire to build up a large and encompassing union. To analyse the impact of union competition for recognition, the kinked oligopoly demand curve makes a particularly interesting assumption about the response of rivals to the price changes of competitors¹²². The assumption is that when a union cuts the wages¹²³ of its members, all existing unions go along, but if a union raises its membership's wages, none of its rivals will follow suit. When wages are raised, the union loses business because rivals keep their wages low as the employer hires the cheaper membership. When the wage is reduced, however, the union does not gain much of

122) At the first sight, trade unions are not standard oligopolists: they do not supply labour, nor do they have a price in the oligopolist sense.

123) In this case the assumption is that wages are flexible. In reality trade unions are a force to establish minimum wage and thus try to reduce competition in the labour market (wage stickiness).

the business, because their rivals also cut their wages. The argument of the kinked demand curve is that in an oligopolist situation, where market policies have settled down to routine and become stabilised, each wage maker may be reluctant to change his market behaviour for fear of disturbing what seems a stable situation. We argue that a common market policy agreed upon by the members of a collective monopoly is likely to be stable, simply because the parties to the agreement shirk the bother and difficulties involved in negotiating and reaching a new agreement. Scitovski (1971, p.429) stresses that the kinked demand curve applies not only to price but to 'other aspects of price maker's market offer as well.' Thus we shall try to apply the kinked demand curve to the unsettled East German market for collective representation regarding employers' recognition of unions.

Management's willingness to recognise and bargain with a union is determined by the union's willingness to offer concessions in exchange. Management will thus choose that union which offers a high degree of 'voice', control of its membership and willingness to accept wage restraints. Employers can make use of the competition in the employer market by exercising divide-and-conquer strategies in order to receive concessions from the unions¹²⁴ (e.g. 'sweet-heart' deals). To enhance a union's chance to receive recognition the employer's market competition will centre

124) Cf. the switch of IBM Germany from IGM to DAG (Stuttgarter Zeitung 14.7.1995, p.13).

on undercutting wage claims stated by other unions. Competing on the employers' market means the levelling down of wages¹²⁵. This implies sustaining the West-East wage gap with implications for investments and the East-West migration wave of the skilled East German workforce. But we can argue whether a strategy of pushing wages down is an appropriate strategy to attract the East German workforce to join or sustain trade union membership. In particular, competing for employers' recognition will have a severe impact on the stability of the West German neo-corporatist environment and thus the membership's willingness to define their interests in collective terms.

Regarding the attractiveness of a union for its membership and its recognition in the employer market we realise a contradiction related to wage demands. The problem of the union leadership consists in the reconciliation of the members' and employers' demands, as, without recognition, membership is difficult to maintain, and, without an adequate level of membership, recognition is difficult to secure, with repercussions on the substantive outcome of collective bargaining. We argue that a reconciliation of the demands stemming from both markets is difficult to achieve in a competitive environment, and might not provide a stable solution. A competitive situation in both markets cannot generate the speedy formation of a near-

125) The standard economic analysis predominantly focuses on standard prices in oligopolist settings but often neglects the possibility of the seller to offer discounts and gadgets (free radio) so that the effective price paid by the consumer is lower.

representational monopoly. Competing in both markets presents a constellation which emphasises the balkanisation of labour representation with narrowly defined sectional interests. Distributional sections might emerge¹²⁶, with an impact on the provision of public goods on which the cohesion of the West German trade unions is strongly based. Thus competing in the membership and employer markets can negatively affect the cohesion of an encompassing union and thus is not a feasible strategy for a union leadership in a corporatist environment.

(b) trade union cooperation

As the competition between the West and East German unions in the employer and membership market does not offer a stable structure (e.g., in form of a collective monopoly as an agreement of oligopolists to restrain competition among themselves) we will analyse the possibility of cooperation between the agents.

In accordance with microeconomic theory we denote the inter-union relationship between the DGB's and the FDGB's affiliates as an oligopolist market structure, as it pertains to representation in the employer or membership market. In an oligopolistic situation each trade union recognises that its best choice depends upon the choices its rivals make. In such a case trade unions are interdependent and actually aware of it. We illustrate this

126) Under the condition that the curve A and curve B are unrelated.

kind of interdependence between two unions by assessing the moves of a chess¹²⁷ player (Simon 1969, p.246) in a game. One requirement of a good move is that it puts pressure on the opponent by attacking him in some way or by preparing an attack (e.g. competing in the employer or membership market). The union leaderships' decisions depend, then, upon the assumptions they make about rival decisions and reactions regarding the employer or membership market - and many alternative assumptions might be entertained. Deciding on the basis of assumptions and potential reactions can clash with the desire for a 'quiet life' and a predictable and stable solution. From this dynamic perspective of the participants, the oligopolist decision/strategy-making problem shares characteristics of a game.

Collusion, in this case, is interpreted as joint bargaining by the union affiliates, pulling the oligopolists towards a collective monopoly solution and thus can generate neo-corporatism (centralised bargaining, representational monopoly). As collusion between the unions can secure neo-corporatism with its positive public effects it can generate a growth alliance. It is possible to characterise this solution as a positive-sum game. In some basic models of oligopoly behaviour it is assumed that the trade unions see their joint interest in maintaining their demands and achieving standards at a monopoly level, thus possibly narrowing the existing East-West wage gap. Each trade union knows that all trade unions are better off if they can

127) Chess is a vital explanation for interdependence, but is limited to a zero-sum game.

accommodate conditions. Therefore they will not move their standards away from this level. Instead, each trade union knows that it can hurt the others by reducing its level below the accommodated level and taking employment away from other unions, but in the process it will probably get hurt itself when the other trade union responds¹²⁸. The degree of monopoly power often increases as an organization becomes more encompassing.¹²⁹ Now we turn towards the analysis of the inherent tendency of undercutting in oligopolistic relations, the cause of their long-run instability.

To assess the stability/instability of the collusive solution we have to determine the salient conditions which facilitate oligopolistic coordination. Collusive behaviour is most likely to emerge when the sphere of influence is tightly oligopolistic, sellers' products or services are close substitutes, cost curves are similar, there are barriers to the entry of new rivals, and the demand for the industry's output is relatively inelastic.

Collaboration between West and East German trade union will be easiest when no new trade unions enter the field of labour representation to disturb possibly comfortable collective arrangements. Thus the ideal in the case of the

128) Price wars do sometimes have victors (e.g. Pan Am - American Airways)

129) Calmfors and Driffill (1988) argued that successive degrees of aggregation of bargaining groups first produced increasing scope for selfish behaviour, but with full centralisation self-restraint outstripped selfish behaviour.

collaborating oligopolist coexistence of a DGB and a FDGB affiliate is for both to be allowed to agree wages and to have control over new entries to the market of labour representation. Lack of experience and expertise with an industrial relations system¹³⁰ can provide such a barrier to entry¹³¹ for new emerging trade unions along with the employer's unwillingness to recognise the new unions. Thus we predict that neither a FDGB nor a DGB affiliate would assist emerging independent trade unions in their efforts to establish themselves in East German industrial relations during the transition period. Such behaviour could be interpreted as withholding necessary information and support to protect themselves from competition by newcomers. According to Olson (1982, p.46), 'effective cartels must always block entry into the line of business', which means in the case of the trade unions the field of collective representation, in which they have raised wages and improved working conditions. Further, the author assumes that rebuilding the East German single unions will incur substantial starting-up expenditures (new offices away from the FDGB and equipment). Another significant cost would be supporting individual legal representation of dismissed members. Thus we assume that the cost curves of the East German unions will not be similar to those of the West German unions.

130) For example, in the case of West German industrial relations with its characteristic juridification, one has to assess the experience of the West German trade union personnel as a stronghold in labour representation.

131) As discussed above, economies of scale are important barriers to entry in the case of trade unions.

Making a cooperation or a collusive agreement between the two trade union organizations means giving up some freedom of action for each partner. This would only be done when others have also restricted their choices, and the prospects in the markets for each trade union are improved as a result of all the restrictions taken together.

The risk of collusion is determined by the interdependence of the two trade union federations in a united Germany. The degree of risk can be derived from the stability of collusion between both trade union organizations. There are several factors affecting collusion: the extent of structural changes in an industrial relations system; new services and processes; and a shift in demand which may swamp collusive agreements. Economists expect collusive agreements to be maintained only in situations the structures of which are relatively constant. In the downturn phase of the business cycle and in view of the structural change in the GDR, with its impact on unemployment the author assumes¹³² that such a situation, with its strains upon the unions, could destroy collusive agreements. Further, a factor influencing the stability of collusion is related to increases in the level of aspirations of the trade union leadership and its membership. If such increases occur, we might expect to see

132) The assumption is based on Hardes, Krol, Rahmeyer and Schmid (1993, pp.311-314) as in an economic downturn each trade union is eager to protect its own clientele at the expense of other unions. In the economic downturn even marginal improvements can become important.

trade union leadership attempting to breach the agreements, since small increases become quite important.

Trade union cooperation might carry the threat that the discredited East German trade union leadership (especially the FDGB) could influence the conditions of the merger or cooperation, causing disillusion with the DGB and its affiliates in both the East and West German trade union membership. On the other hand, sharing industrial power with the FDGB's leadership did not seem acceptable to the West German trade union leadership and its membership, as this implies conspiracy with the FDGB.¹³³

Further, there is considerable ambiguity concerning management's willingness to recognise the East German trade union staff, as large proportions of the East German workforce reject this leadership. If the agent is not acknowledged by the workforce, it will not be able to provide 'voice' and exercise a union's control function.

Realising that the conditions facilitating oligopolist coordination are not encouraging, we turn towards industrial organization theory to assess the two tactical institutions for coordination between oligopolists (for adjusting prices), which are the formation of a cartel, and, with specific reference to the German unification situation, the implicit agreement of wage leadership. The

133) This could mean that the West German trade unions are (i) condoning the FDGB's past and (ii) the acknowledgement of FDGB/SED staff.

very importance of these institutions is whether they are able to generate a stable solution.

We assess the possibility of a cartel in the form of wage leadership¹³⁴ between the DGB and FDGB affiliated unions. As the FDGB affiliates are not experienced in the new environment, one could think of a dominant wage leadership by the DGB affiliate. But there is ambiguity in the desire of the East German union leadership to gain recognition by the employers if they accept wage leadership by the West German union, in the way that the TCO's objectives were long dominated by the LO in Sweden.¹³⁵ In order to guarantee stability in the relationship between the LO and the TCO Meidner (1994, p.11) recommends a merger.

Two central problems disturb the stability of union cartels. First, the conspiring unions in the cartel may have divergent ideas about appropriate wage levels and membership market shares, making it difficult to reach an understanding which all will respect. Second, when the group agrees to fix and abide by a wage approaching the monopoly level, strong incentives are created for one participant to cheat on the agreement, that is, to increase its market share or avoid trade-offs in the form of unemployment.

134) A wage leader is an organization that, by changing its price, gives the signal to other organizations in the same market to change their wages.

135) Illustrations of the centrifugal forces endangering neo-corporatism in Sweden are given by Lash (1985) and Ahlen (1989).

The paramount problem for trade unions trying to make the best of an oligopolistic market structure is to devise and maintain communications systems that permit behaviour to be coordinated in their common interest (e.g., reducing the elasticity of labour demand). The conflicts that arise must be resolved without resorting to wage competition (e.g., in the employer or membership market). Adjustments to changes in demand for labour must be made so as to elicit unanimous consent and minimise the risk that action taken in the group's interest will be misinterpreted as prisoners' dilemma-style defecting.

Assessing the analysis of collusion between East and West German trade unions we argue that in oligopolistic relations there is an inherent tendency to underbid a given standard, the cause of long-run instability in an oligopolist setting. Due to the inherent tendency to underbid by oligopolists emphasizes that prisoners' dilemma-style defecting is likely to occur in such an environment. Thus strategic alternative of collusion does not provide a stable solution to secure beneficial neo-corporatism.

(c) strategy of incorporating the FDGB affiliate within the DGB affiliated union

As not all forms and factors facilitating collusive behaviour protect against competition, industrial relations probably have to be based upon unstable solutions. One

oligopolist might be interested in breaking the collective monopoly agreement in a procedure comparable to defecting in a prisoners' dilemma. As neither trade union competition, by definition, nor trade union cooperation can prevent actors from competing in the membership and employers' markets, the remaining strategic alternative of incorporating the East German workforce within the encompassing body of the West German union will be tested. The question is whether this incorporation strategy can provide a stable solution and thus protect neo-corporatism?

Incorporation occurs for a myriad of economic reasons, and, in a given case, several different motives may simultaneously influence this kind of behaviour. Regarding reunification, it is useful to attempt a preliminary sorting-out of the diverse motivating forces of the West German trade union leaders which are quasi merger-based on economies of scale and the desire to achieve or strengthen the near-monopoly power of their organizations (cf. Külpe 1994, p.291). As the desire to achieve economies of scale has been discussed already, we will turn towards the monopoly motive.

The incorporation perspective suggests that a reduction of inter-union competition in the membership or employer markets generates a stable solution. As trade unions are defined as labour monopolies, and as monopoly profits are always greater than those achieved under competitive conditions, it follows that competing trade unions should

merge. Monopoly power can be achieved through the formation of a single labour monopoly in an industry. Securing monopolistic representation can account for the argument of avoiding undercutting by other forces. The argument is that incorporation can make an organization virtually encompassing.

Turner (1952) has argued that the threat of being undercut by less skilled workers explains the willingness of the skilled organized workforce to incorporate the less skilled. As already outlined in the chapter on collective incentives, the existence of an encompassing trade union might partly be explained by the apprehension of being undercut. Attracting and incorporating the less skilled workforce can be done by narrowing the wage differential, and by avoidance of feelings of 'second class' membership on the part of the new or potential membership. This means offering a considerable concession to the less skilled in order to achieve the secure representational monopoly which is a precondition for the application of neo-corporatism. Incorporating the potential membership by narrowing the differentials could promote the attractiveness of the unions, as the potential workforce could perceive the 'egalitarian' sentiments as 'solidaristic' motivation (cf. Külp 1994, p.292). The same strategy can be applied in the case of German reunification. We argue that the organized West German workforce has a vital incentive to incorporate the skilled East German workforce within their trade union organization in order to prevent any forms of undercutting,

and thus an erosion of neo-corporatism. To attract the East German workforce, the West German trade union members and leaders might be interested in narrowing the existing wage differential as soon as possible. Rapid wage convergence between East and West Germany could prevent an erosion of the corporatist relations on which the West German trade unions have depended. If the rapid process of wage convergence in the East cannot be linked to an appropriate productivity increase, unemployment will follow. Under such conditions, we infer that the West German unions defend their wage levels, encompassiveness and neo-corporatism at the expense of East German employment.

The apprehension of competing in the membership or employer markets can cause a breakdown of the benefits of neo-corporatism, and might cause a deterioration of the living and working conditions in West Germany. Thus we presume the combined interest of the West German membership and its leadership to incorporate the East German membership within the encompassing union body. The objective of incorporating the East German workforce is explained by the attempt to protect the West German workforce and its trade unions from the dangerous impacts (such as the influx of labour) stemming from the East, as well as the repercussions emanating from competition in the East German employer or membership markets. In such a case the West German trade union leadership could possibly act on behalf of the West German membership as they would enjoy full membership backing.

If we assess the outcome of this interventionist category, the underlying motive is to curb the tendencies towards competition (monopoly motive). Thus it is the desire to achieve or strengthen monopoly power (single trade union status) on the part of the trade unions. The author demonstrates that an important objective of the West German trade union leadership has been to protect the West from the threatening impacts of the East. The trade union leadership's goal was to secure the position of its West German membership. For the West German trade unions the incentive to intervene actively in the GDR means partly determining the terms of trade union unification, and thus softening the negative effects on its West German membership. The drive to intervene is determined by the encompassiveness (strength/density on the shopfloor in West Germany) of the trade unions in relation to the whole German workforce. This means that a less encompassing trade union will be immensely interested in intervening in the GDR in order not to jeopardise the position of its West German membership, as well as to secure the survival of the organization, even at the expense of East German employment, by narrowing the differential.

The more a West German union has to rely on the application of neo-corporatism (e.g. social partnership) and public goods, the more its leadership will be interested in a stable solution, which is the incorporation of the East German workforce within its own organization. Having made its membership define their interests in the form of public

goods, a union leadership would not be willing to tolerate the disintegration of encompassiveness by competing in the related markets, as this could hamper the organizational strength.

As has been outlined a strategy, in the case of the accommodationists exercising social partnership can be to establish themselves in the GDR by incorporating the East German union membership and hereby eroding and extinguishing the FDGB peak organization. The aim is to dissolve the FDGB in order to secure the neo-corporatist arrangements of which especially the accommodationists have been the beneficiaries (growth alliance) for a long period. In the case of the activists one can argue that the protection of the neo-corporatist environment will be necessary to avoid decentralisation efforts by the militant rank-and-file.

Incorporating the East German workforce could also trigger support from the West German government and from some employers' associations in order to prevent communist agitation and resistance by FDGB personnel during the reconstruction period. A side-effect of the Works Constitution Act 1972 was a drastic decline in unofficial movements on the shopfloor. Having experienced the various positive forms of the institutionalisation of conflict in the area of industrial relations, West German trade unions and employers have been extremely keen on avoiding any erosion of encompassiveness.

Regarding the German employers' interest in sustaining the centralisation of the unions, the employers prefer strong, reliable, and trustworthy trade union leadership that is able to provide 'voice' and control over its membership. We argue that an objective of the employers' associations is to avoid any form of 'balkanisation' on the part of the trade union movement. Management fears having to deal with an unorganized workforce (Wever 1990). A further reason for management's desire for continuation of neo-corporatism might also be seen in the fact that, since shopfloor trade union organization has only little capacity to act, managerial prerogatives in organising production are unchallenged by direct trade union intervention. The same argument might also account for the trade union leadership's desire to continue with centralisation. The collapse of neo-corporatism could harm the level of centralisation. The process of incorporation, on the other hand, could pay off, as government and employers might support the West German unions in the reconstruction process.

Thus incorporating seems to be an appropriate and stable interventionist strategy, as it allows the avoidance of non-unionism, hinders multi-unionism, and protects organizational encompassiveness.

(iii) Changes in the significance of the affiliated trade unions within DGB

The enhancement of membership in a DGB-affiliated union can improve its significance within the federation. The balance of forces among the unions has substantially determined the overall political strategy of the West German labour movement. In practice, the larger a trade union is, the more powerful its presence within the DGB, and consequently the greater its influence over other trade unions. Small trade unions perceive themselves to be at a disadvantage within the forums of the DGB, and the DGB disputes machinery is biased in favour of the largest trade unions, because the DGB is not seriously in a position to discipline the largest affiliates.¹³⁶ With reference to game theory, an intervention of one DGB member union in East Germany can improve this union's significance within the DGB at the expense of the other affiliates.

At the federal level, the DGB congress is the basic legislative body. Delegates from the seventeen member unions attend each DGB congress. Each affiliated union is assigned a given number of delegates proportionate to its size (the criterion is the number of members) within the federation. The delegates to the DGB congress are not elected, but are chosen by the leadership of the member union (about 60 to 70 per cent of the delegates are full-

136) According to Martens (18.5.1990, p.16), large trade unions have eroded the DGB's authority, reducing its role to a 'dispatching office for social and economic appeals to parliaments and parties.'

time union officials). Since each member union sends a number of delegates in proportion to its size, and since union delegates almost always vote as a block, it is possible to draw conclusions about the power constellation at DGB conferences and thus within the DGB itself. Each DGB congress elects a Federal Executive Committee which actually runs the organization. Between congresses, the Executive Committee is responsible to the DGB Federal Council. The power of this reviewing body is called the 'de facto chief organ' of the DGB (Markovits 1986, p.21). Its role is symbolic of the member unions' dominance over the DGB.

As there have been two main groups of unions within the DGB, corresponding to the notion of the radical activists and the moderate accommodationists, enhancing membership on the part of one group can produce an improvement in the significance of the group and especially of the individual trade union within the federated body. Enhancement of membership can improve the member union's ability to promote its conception and policy within the DGB and thus exercise more influence upon the other unions. Despite the fact that union strength predominantly rests with the affiliates, an assessment of the DGB's history unveils the fact that to a certain degree some strategic decisions (e.g., the decision on working time reduction - activists: 35-hour-week versus accommodationists: early retirement) have often been decided by the DGB congress in favour of the activists. Regarding the organizational dynamics of an

intervention by one DGB affiliate, it is possible to draw some conclusions from Schumpeter's economic theory of 'creative destruction' (1994, pp.81-106). Thus we distinguish between two interventionist categories, which are:

(a) an intervention by one DGB affiliate in order to improve its position and significance within the DGB ('pioneer' union) and

(b) as the voting procedures and decision-making process within the DGB are limited to a zero-sum game, other affiliated unions will possibly intervene in order to reduce the loss of their significance within the DGB ('imitators' - reactive intervention).

Now we will exemplify the two interventionist categories:

(a) The first objective of some trade union leaders is to improve the position and significance of their organization within the DGB. This implies that other affiliates do not follow, or that the recruitment reservoir of a trade union is relatively more favourable than in the case of other affiliates. When there is an intervention by a 'pioneer' trade union, its significance within the DGB can improve. Some trade unions in one country might also be interested in the single trade union status in order to improve their relative position within the peak organization (cf. appendix no.6 and no.7), or the objective of their intervention is improvement of their disadvantageous treatment within the DGB. This argument is especially true

for small and accommodationist trade unions which experienced set-backs at the hands of the IGM.

(b) Other 'imitator' unions might be forced to follow with an intervention to improve the deteriorated position (reactive intervention) within the DGB. If such a union does not intervene, its relative position in a new peak organization will deteriorate. As the first trade union intervenes successfully in the other country, the others will follow in order to improve the deteriorated position.

Two categories for the changes in the formal significance of single trade unions within a federation will help to exemplify the desirability of an intervention in the GDR and the necessity to follow by others. After German reunification the desirability of trade union unity with reference to its formal position depends mainly on three interdependent figures: - the number of recruits by each trade union in the GDR, the change in membership of the DGB as a result of the affiliated recruits, and the extent of structural unemployment in each industry, as one can infer that with increasing unemployment trade union membership can decline.

As the relative position of a DGB-affiliated union depends on these three factors, we assess the desirability of an intervention by means of the following three scenarios:

Scenarios: (H) means retention of all FDGB membership (100%), (I) means that only 50 per cent and (J) means that

thirty per cent of the former membership could be symmetrically retained by all DGB single trade unions¹³⁷.

Table 1: The formal significance of some DGB trade unions after a possible merger with their relevant East German sister trade union

Trade union	formal significance			
	G ¹³⁸	H(100%) ¹³⁹	I(50%) ¹⁴⁰	J(30%) ¹⁴¹
IGM	34.1%	25.7%	28.3%	29.7%
ÖTV	15.8%	16.0%	15.9%	15.8%
IGCPK	8.4%	6.8%	7.3%	7.6%
Gew. Bergbau (IG BE)	4.3%	4.8%	4.6%	4.5%
Gew. Textil....	3.7%	5.1%	4.7%	4.5%
Gew. Land + Forstwi.	0.6%	4.0%	2.9%	2.4%
...				
Sum	100.0%	100.0%	100.0%	100.0%

Source: partly Schmitz, Tiemann and Lührlein (1991, pp.83-89) and author's estimations

The scenarios outlined above indicate with reference to recruitment success to what extent an insignificant trade

- 137) This means that each DGB-affiliated trade union is able to recruit the same percentage of the old FDGB membership in the GDR.
- 138) This column visualises the percentage (influence) of each trade union within the DGB before reunification took place.
- 139) This column visualises the percentage of some DGB trade unions under the condition that they could recruit 100% of the East German workforce.
- 140) This refers to successful recruitments of 50% of the East German workforce.
- 141) This refers to a recruitment success of 30% of the East German workforce.

union such as Gew. Land- und Forstwirtschaft is interested in intervening in the GDR. The scenarios outline that recruitment efforts will be extremely valuable especially for the smaller trade unions within the DGB. In order to improve the deteriorated situation in the other DGB-affiliated trade unions, it becomes inevitable to intervene (eg. IGM). In the case of the IGM its leadership acquired a controlling interest in the DGB. With more than thirty per cent (34,1%), IGM's leadership exercised a blocking (vetoing) minority, as almost no important decision within the DGB could take place without the IGM's approval. This is important, as the threshold for a blocking minority is 1/3 of the delegates of a DGB congress or 1/3 of DGB Federal Council members. We assume that the IGM's leadership would be extremely worried about the impact of losing the blocking vetoing minority. This scenario will take place if the IGM abstains from recruiting in the GDR, while other DGB affiliates undertake recruitment efforts.

The underlying motive for an intervention is that the political strength of large trade unions is obviously greater than that of small ones. The absence of intervention by even one DGB trade union could encourage trade unions outside the DGB confederation to become active, thus reducing the DGB's absolute power. Despite the eagerness of each DGB-affiliated trade union's leadership to improve its union's relative significance, all are interested in securing the DGB's dominant position in

German industrial relations. Thus they recommend an intervention by all other affiliates.

(iv) Exercise of solidarity with the East German workforce

Now we will turn to the interventionist motive of offering solidarity to the East German workforce. Following Fox (1974), we distinguish between two types of exchange, which are firstly the Olsonian approach based on self-interest, and secondly, the 'diffuse' or social type of exchange (solidarity, altruism, charity), which we will now discuss. Offering solidarity can turn out to be a symbiotic force in order to achieve the other interventionist Olsonian based motives (e.g. economies of scale, protection of neo-corporatism).

An intervention by a DGB trade union can also be the result of solidarity with the workforce in the other country. The exercise of solidarity means a social exchange between the East and West German union membership engendering feelings of personal obligations, gratitude and trust. As outlined on the role of collective benefits provided by the trade unions, Akerlof (1986) mentioned that groups exercise considerable non-economic sentiments in their interactions. Despite the existence of profound self-interest on the side of the West German trade unions as regards avoiding the harmful effects of the break-up of the GDR, it is possible

to assume a certain¹⁴² interest on the parts of the West German trade union leadership and membership in the welfare of the East German workforce. The hardships and the suppression of the East German workforce by the Soviet Union after the War, and the horror of the SED/STASI State caused sentiments of compassion on the part of the West German population¹⁴³ for East German citizens. Improving the poor working and living conditions of the East Germans was seen as a desirable objective for the main bulk of the West German population.¹⁴⁴ Offering solidarity¹⁴⁵ to the East Germans is a means to prove loyalty and thus altruism.

Further, we submit that solidarity is an important component of political legitimacy of the union, which that needs to appeal to society rather than to sectionalist groups. From this point of view, we argue that a two-tier membership in the case of encompassing industrial unions is

142) The notion 'certain' refers to the fact that the West German union leaderships had not been extremely interested in the exercise of solidarity with the East German population. From the 1981 Basic Programme onwards the DGB omitted any mention of Germany's unification as one of the main preconditions for a peaceful order in Europe.

143) It is necessary to bear in mind that most West German families have relatives in the former GDR towards whom they feel obligations.

144) The West German basic law, politics and formal education were based on the desire to realise reunification and thus support the East German population.

145) The evidence for the offering of solidarity for the East German population by individual West German citizens was seen in significant financial contributions, extensive donations in kind, widespread invitations, and holidays offered to East German friends and relatives. These activities were carried on and financed by West Germans, mainly privately, over forty years.

not a viable strategy, as this implies discriminating against the East German workforce.

As the East German workforce almost never received solidarity from the FDGB and its bodies, help and social exchange from the West stimulated the trust of the East German workforce in the West German labour organizations, and improved the attractiveness of the DGB unions. Thus the solidarity received facilitated the process of incorporation and the recruitment of potential membership. If someone makes contributions of time, money or goods to unrelated persons or to organizations, he is said to be 'charitable' or 'philanthropic'. The discussion of contributions indicates that charitable¹⁴⁶ behaviour can be motivated by the desire to improve the general well-being of the recipients (e.g., the East German workforce). The recipient of support is likely to feel indebted to the extent that he perceives that the donor was more concerned with the recipient's welfare than with his own. This could imply that the protection of neo-corporatism as well as the pursuit of other non-altruistic objectives are virtually imperceptible for the East German workforce¹⁴⁷, as the needy East German recipients feel particularly obligated to reciprocate when the West German unions have acted from

146) Often charitable behaviour is defined as improving the welfare of other people without reciprocity. But we have to point out that even this behaviour depends upon goals.

147) When the donor is perceived to have acted in response to role requirements, the recipient may perceive that the donor's net costs are not very great, since the donor is likely to receive certain benefits from others for fulfilling role obligations.

altruistic motives. Apparently 'charitable' behaviour can also be motivated by the donor's desire to avoid the scorn of others, or to receive social acclaim (Becker 1976, p.273). As recipients of the DGB affiliate's support, the East German workforce may be motivated by the desire to receive further future rewards from the donor, which seems to be an important argument considering the inexperience of the East German population in a new and rather complicated economic, social and political system. Offering solidarity to people in a situation of inexperience and personal uncertainty may generate an organizational dependence of the East German workforce towards the DGB affiliates. Further, the attractiveness of the West German trade unions can be enhanced, as the East German workforce is able to increase its level of trust in the new industrial relations system as well as the achievement of narrowing the wage differentials between East and West in order to avoid second-class treatment of the East German workforce, even at the expense of growing unemployment. Incorporating the East German workforce within the West German trade unions as 'equal partners' and offering them voice can generate a feeling of corporate identity that may trigger improved loyalty towards the organization and greater strength. Willingness to join the West German unions may be motivated by the need of the East German workforce to reduce their indebtedness towards the interventionist DGB member union by joining, and thus improving encompassiveness.

A cultural value orientation such as solidarity might help to sustain the cohesion of an organization. Solidarity can also be used by the leadership to enforce internal discipline within the union, which predominantly means IGM's militant rank-and-file. Especially on the part of the West German union membership, offering solidarity can generate intrinsic satisfaction. Hence solidarity can also be used as an integrative force to secure the inclusiveness of a union. Insofar as an intervention is determined by solidarity, we assume overwhelming approval by the union membership.

In comparison with the above-mentioned reasons that speak in favour of an intervention (economies of scale, relative position, protection of neo-corporatist industrial relations) trade union solidarity is not just an aspect of altruism. Acting on behalf of trade union solidarity additionally offers a vital moral justification for an intervention by the DGB affiliates.

5.4. Conclusion and predictive trade union strategy model

The structure of West German industrial relations at the workplace ('neutralizing') has permitted high productivity, which has permitted centralised and thus macroeconomically based wage bargaining with high real wages, low inflation rates, low unemployment rates (a good Okun-index), low strike records, and the provision of an elaborate social system. In this sense (Streeck 1981, p.153) the West German

industrial relations system has moved in a 'virtuous circle'. Especially in the case of the activists the accomplishments of the neo-corporatist growth alliance have contributed to trade union moderation in general, and trade union acceptance of the industrial relations system in particular.

The distance of the West German trade unions from shopfloor representation ('neutralization') as determined by the Works Constitution Act and the Codetermination Acts has resulted in the organizational success and survival of the West German trade unions, based predominantly on the provision of collective and to a minor degree on selective, incentives.

With regard to the fact that organizational strength on the shopfloor differs between the accommodationist (weak) and activist (strong) wings within the DGB, especially the (i) accommodationists are often bound to the practice of social partnership with the employers (cf. Markovits 1986) in order to secure the cohesion of their organization. In the case of the (ii) activist trade unions the application of neo-corporatism with its outcome has led to a moderation of the militant rank-and-file and thus has successfully defeated the various attempts at decentralisation.

The success of the West German unions rests predominantly on the application of collective benefits. The shock stemming from the disintegration of the GDR can account for

various threats, namely: possible features of undercutting by the influx of the East German workforce or FDGB trade unions, probably the loss of a unionised sector in the former GDR, possibly growing non-unionism or multi-unionism which can erode the representational near-monopoly and encompassiveness of the DGB affiliates. Especially undercutting can trigger severe problems for the West German trade unions, as this can cause a collapse of the provision of collective goods (a bad Okun-index) with likely repercussions on the beneficial application of neo-corporatism. If neo-corporatism breaks down, the trade union encompassiveness and organizational strength may deteriorate, as they have made the membership define their interests in terms of public goods (e.g. a good Okun-index) and in the continuation of the beneficial growth alliance.

(i) If we assess the weakness of the accommodationist trade unions on the shopfloor and their necessity to provide beneficial collective goods, their organizational existence is based on the representational near-monopoly and the avoidance of growing non-unionism. As outlined in the explanatory part, accommodationist trade unions, with their organizational weakness on the shopfloor and their desire to survive, do not in the short run have any other alternative than the application of neo-corporatism, probably by gaining recognition from the employers. We predict that the accommodationist trade unions will intervene in the GDR in order to restore the single trade union status and thus to continue with the beneficial neo-

corporatist growth alliance. The dominant objective of the West German trade unions and especially the accommodationists will be to generate a stable solution by their intervention.

The strategy applied especially by the accommodationist unions will centre around the following two motives, which are:

First, centralised union decision-making will be focused on the protection of neo-corporatism and the subsequent undercutting of public goods by existing or emerging East German labour organizations. Securing centralisation and a virtually representational monopoly status, an encompassing union could apply a reunification strategy of incorporating the East German workforce within its own organization. Hence the motive for the strategy of an encompassing organization is based on standard economic exchange, which means incorporating the East German workforce in order to secure the representational near-monopoly, the provision of public goods, and neo-corporatism. Turner's argument in favour of incorporation is not just applicable to different skill levels, but even to the case of the economic and political integration of countries. Recalling the fact that the West German trade unions have been 'neutralized' to a certain degree from the shopfloor, trade unions with weak shopfloor organizations have been especially keen on the application of social partnership, as this means gaining recognition by the employers. In comparison with the

activist trade unions, the accommodationist unions will seek to cooperate with the employers, and their bargaining efforts will possibly focus on East German productivity growth in order to bridge the existing East-West wage gap. As a result of their lack of alternatives, the accommodationist trade unions will be eager to avoid any erosion of public goods and neo-corporatism. Hence these unions will foster an approach of incorporation. In line with the self-interested desire to incorporate to protect neo-corporatism and to improve organizational strength are the additional motives of enhancing membership as well as expanding union significance within the DGB.

Second, despite the contractual model described above, motives of diffuse exchange also guide the West German union leadership and membership. Partial gift exchange, reciprocity and solidarity with the East German workforce could turn out to be important factors in a strategy of incorporation. As we have seen, solidarity can turn out to be a widely accepted interventionist motive which can improve the cohesion of the union and especially facilitate recruitment in East Germany.

(ii) The activist trade unions which have a considerable stronghold on the shopfloor will also protect the positive outcome of neo-corporatism, thus as defining interests in collective terms by the membership has secured centralisation of decision-making and collective bargaining. The fact that the membership appreciates the

outcome of corporatism moderates the behaviour of the militant rank-and-file. The trade union leadership has been able to fend off the various decentralisation attempts. In order to avoid decentralisation and probably the weakening of the encompassing trade union body, the activist union leadership will protect the neo-corporatist environment.

The strategy of protecting the neo-corporatist environment is also based on standard economic exchange following Turner's proposal of incorporation. In comparison with the accommodationist unions the activist trade unions' strategy will be more focused on competing in the membership market in order to present its 'challenger face' (cf. Markovits 1986). This means that the activist union leadership will focus its strategy on pushing up wages in order to attract the East German workforce and thus to reduce the migration wave to the West and the other undercutting impacts of the GDR's collapse.

In the case of the activist trade unions socialist ideology has been a means to inspire and mobilise the socialist-minded rank-and-file. The sudden collapse of the East European countries and socialism caused a severe shock to the German left, as socialism had lost its attraction and the Stalinist systems did not prove to be a desirable alternative to the West German system. The collapse of socialism caused displacement of the integrative utopian trade union objective. Especially in the case of the activist trade unions, the diffuse exchange of solidarity

with the East German workforce or another ideology could be a vital integrative factor replacing socialist ideology and thus sustaining union cohesion.

Common to both trade unions is the prospect that despite the protection of neo-corporatism and the exercise of solidarity with the East German workforce, the enhancement of membership as well as changes in the significance of the unions within the DGB might be further objectives compatible with the strategy of incorporation.

Before we test the predictive interventionist model, we have to determine and assess the factors that will generate a competitive advantage for the West German trade unions in order to intervene in the GDR, probably by the strategy of incorporating the East German workforce within the encompassing union body.

II. The main determinants of the reconstruction process

This chapter is of interest, as it accounts for the preconditions and arguments in favour of a successful one-way intervention by the West German trade unions, possibly by incorporation, in East Germany in order to maintain their organizational position and thus to protect neo-corporatism. A successful intervention had been feasible, as the East German workforce hardly showed any commitment towards the FDGB and the East German industrial relations system. The reason for the dissatisfaction can be explained by (i) the legacy of low trust inherent in the Stalinist determined transmission belt industrial relations system and (ii) after the dismantling of the Iron Curtain, the FDGB's ignorance of and inexperience with the new and attractive West German economic, political and social system. Thus the hope of the East German population rested with the West German trade unions, explaining the virtual absence of emerging grass root unionism. The one-way convergence of the former East German economic, political and social system towards the West German system offered the DGB and its affiliates a competitive advantage and prepared the ground for the organizational intervention.

The chapter on the legacy of low trust is of importance for the case of the activist trade unions, as their leadership has used socialist ideology to motivate its West German socialist rank-and-file shopfloor. As socialism became discredited, the force of socialist ideology might

deteriorate, with possible repercussions on union cohesion and on the choice of the appropriate interventionist strategy.

As a corollary to the dissatisfaction of the East German workforce, and especially the FDGB's former affiliates, the process of the dismantling of the FDGB started in cooperation with the DGB affiliates.

1.1 The legacy of low trust

According to Fox (1974, p.73), a low trust industrial relations system is characterised by roles of the following kind - 'a perceived disposition on the parts of subordinates to behave as if the role occupant cannot be trusted, of its own volition, to perform according to their goals and values; - the imposition of permanent close personal supervision, specific impersonal rules by the remote personnel, or other forms of systematic control; - the imposition of tight coordination through externally applied standardised routines and schedules, thereby ruling out the open unrestricted communication and interaction patterns...; - an assumption that failures or inadequacies of performance result from negligence or insubordination...'

As a result of low trust industrial relations, virtually no commitment of the East German workforce towards this imposed transmission belt industrial relations system took

place. Even the sentiments of the workforce had been characterised by distance, as the FDGB did not represent the workforce as its agent. The subject of this chapter is to demonstrate that former East German industrial relations had been governed by a low trust system wherein the East German trade unions failed to act on behalf of the East German workforce. This is important, because the East German workforce was able to assess the advantages of both German industrial relations systems after the dismantling of the Iron Curtain. An East German industrial relations system characterised by distrust offered the West German trade unions a significant competitive advantage over the East German FDGB, and could thus facilitate an intervention in the East by protecting West German neo-corporatist industrial relations.

Labour representation in the former GDR

The Free German Trade Union Federation (FDGB) was a federated monopoly, which embraced some 97 per cent of eligible members and was organized in sixteen industrial trade unions (cf. appendix no. 8). All employees, including management, belonged to the same union.

It should be emphasised that the organizational structure of the FDGB and its affiliates was similar to that of the DGB (cf. Schmitz, Tiemann and Löhrlein 1991, p.74). It is worth bearing in mind that the demarcation (organization by industries) between the trade unions had been virtually

identical with that practised in the FRG, which was a significant fact, as this offered the possibility of inter-union links on the affiliate level. If we contrast East and West German trade union structure, the organizational strength and representation in the East rested solely on the FDGB, the peak organization, whereas trade union representation and strength in the West rested mainly with the affiliates. From the beginning, the FDGB was a highly centralised, unified body that rested on two organizational pillars. It was organized along territorial lines, and its 16 unions were organized on the basis of production. The individual unions acted as specialised divisions, lacked fiscal autonomy and were bound by the FDGB board decisions. Consequently, their members belonged to the FDGB and not to the union responsible for them. The most important task of the latter was to maintain trade union organizations in the larger enterprises (Betriebsgewerkschaftsorganisation, or BGO), which served as the 'primary organizations' (Wilke 1990, p.367). The body governing the primary organizations was the Betriebsgewerkschaftsleitung (BGL, works union management).

With approximately 9,500,000 members (Müller 1990, p.350), the FDGB was the most important 'social organization' in the GDR. The Constitution of the GDR (Art. 44 and 45), Labour Code (AGB §§ 6-8 and 18-27) and the by-laws of the FDGB stressed its role as a mass organization and as the 'transmission belt' (cf. appendix no. 9) of the Communist SED, as 'the conscious and organized advance guard of the

working class and working people in the socialist GDR,' to which the FDGB professed allegiance (cf. National Executive of the Confederation of Free German Trade Unions 1969, pp.3-6 and Autorenkollektiv (ed.) 1986, p.15). In 1950 the FDGB expressly acknowledged the leading position of the SED in its statute. According to this statute, the SED constituted the 'leading force of all organizations of the working class and of the working people generally, and of state and social organizations;' this entitled it to use the organizations to transmit its will to the masses. The party's statute imposed on members the duty to carry out the party's directives and decisions within the other organizations to which they belonged.

Unlike the SED, the FDGB had no direct influence on the government machine and disposed of no direct means of sanctions in the state. The union activity centred on so-called production tasks assigned to the enterprise level. The function of the transmission belt encompassed: the promotion of socialist competition, application of more modern methods, collaboration in collective bargaining, application of the socialist principles of achievement, participation in the affairs of the cadres, development of cultural and sports activities and accident prevention, and protection of health. For the promotion of the SED policy the FDGB provided a large variety of publications, especially through its Tribüne Verlag. After the dismantling of the Berlin Wall the author's interviews with East German workers revealed that the workforce's attitude

towards the FDGB's promotion of policy had been determined by the FDGB leaders' propagated 'distortion of reality' in their 'simulated' glorification of socialist achievements.

The end of the FDGB as the agent of the workforce was sealed at the Bitterfeld Conference on 25-26 November 1948, when the FDGB relinquished its union rights in favour of a communist dictatorship, after having experienced severe opposition on the shopfloor by the works councils as a result of the introduction of payment-by-result schemes (cf. Zank 1990, pp.59-61). The structure of the FDGB corresponded to that of the party on all levels: the chairman of the executive body of FDGB usually belonged to the corresponding echelon of the party, so that the party's leading role was always assured. The official history of the FDGB (Bundesvorstand des FDGB 1982, p.222) termed this decision as a 'fundamental rejection of all attempts to separate the party and the trade unions or to countenance trade union neutrality toward SED policy.' In accordance with Stalinist doctrines, the industrial relations system of the SED did not provide for the possibility of dissenting interests. The SED's leadership always claimed that their system had been an example for harmony of interests ('all-social interest'), resulting from the leading position of the party and the fact that, since all enterprises were nationally owned, they were in the hands of the workers themselves, and no conflict could thus arise between the political leaders and the workers.

From the Bitterfeld Conference on the SED expanded its position on the shopfloor by disbanding the works councils, and replacing them by loyal party members forming the BGL. Jendretzky (1961, p.63), the former FDGB leader, legitimated the abolition of the works councils with the following words: 'The works councils are not able to provide the necessary level of mobilisation which is vital for the attainment of the new objectives.' The rationale behind the formation of the BGLs during the FDGB's period of Stalinisation was to avoid the influence of the SPD on the works councillors and to strengthen the SED and FDGB representation on the shopfloor (Suckut 1982, pp.2-5). Relating the imposition of the BGLs to Fox's definition (1974, p.73) of a low trust industrial relations system, we argue that this introduction accounts for the ruling out of 'open, unrestricted communication and interaction patterns.' In interviews conducted by the author with older East German labour delegates, the forced implementation of the 'inorganic' BGLs¹⁴⁸ and the dissolution of the highly appreciated works councils have been described as an act of the Communist leadership to 'straighten' the will of the workforce towards the Party line.

With the establishment of the FDGB's monopoly in labour representation on the company level, the codecision and codetermination rights vanished. The unions in the GDR acted, like their model the Soviet Union (cf. Zimmermann

148) Bahro (1977, p.148) explains the poor productivity in the GDR by 'inorganic restructuring' efforts causing a severe reduction in the spontaneity of the masses.

1986, p.15) since the 1920s, as transmission belts between the workers in the enterprises and the party state: they were organizations with quasi-compulsory membership, often led by 'geriatric apparatchiks, acting both as agents of labour discipline and as channels for allocating social welfare provisions' (Hyman 1990, p.14). The membership of the FDGB was not officially compulsory; but to opt out amounted to an act of defiance against the regime, entailing the loss of many important social benefits.

The FDGB's primary function as the SED's transmission belt consisted in the implementation of Party policy. In the economic field this involved carrying out state plans, reducing waste and inefficiency, encouraging technical progress and worker discipline, and organising 'socialist emulation' to improve various aspects of worker performance. The socialist emulation had been defined as the 'comprehensive expression of voluntary, deliberate and creative initiative of the workforce for the promotion and implementation of scientific-technological progress in order to improve productivity, working and living conditions, as well as the democratic participation in the planning and management of production' (Ehlert et al. 1983, pp.815-817). The trade unions participated in planning, although in reality their impact was marginal (cf. Jeffries and Melzer 1987, p.22). In accordance with the principle of 'exclusive leadership', the FDGB and its affiliates 'did not even have an influence on the economic aspects of the production plan, though they are responsible for the

political and ideological promotion of it' (Grebing 1985, p.187). The East German government compensated for the limitations of collective bargaining and planning by a trade union veto on certain items under the labour code such as termination of individual employment contracts, work rules, changes in the hours of work, and wage rules, but this veto right had never been exercised by the FDGB's leadership. In the author's interviews with East German labour delegates a severe discrepancy between what could be achieved by the FDGB's leadership and its actual behaviour had been stated. Verifying the reason for the perceived deviation, the workforce stressed the FDGB leadership's strict obedience to the imposed terms of the SED.

The FDGB congress had to take place a short time after the SED held its Party conference, because the former had to discuss and interpret the decisions of the latter. The basic wage rates were formally agreed by the Council of Ministers and the FDGB. Real power, however, lay in the former body. Like its western counterparts, the FDGB played a part in determining wages; but their function was fundamentally different from that of, for example, the West German unions. In the FRG, the unions may resort to the strike weapon in an attempt to enforce wage demands, but that was impossible in the GDR, where, in the official view, class conflicts and struggles for the distribution of incomes were done away with when private ownership of the means of production had been abolished. Any attempt to oppose the employer (i.e. the State) and to try and

negotiate working conditions and wages, was considered (in view of the predominant theory of class struggle) an anti-socialist and thus a counter-revolutionary action. Such an attempt was viewed as a violation of the labour code, which was developed into a system of strict and very detailed regulations with practically no room for negotiation.¹⁴⁹ The labour contract was in fact reduced to a contractual declaration of entry into labour relations with the employer, i.e., the State, on terms fixed by the government.

The framework for the development of incomes was determined in accordance with the priorities set out by the economic plans. The guidelines for wages and incomes policies were formulated by the Council of Ministers in cooperation with the FDGB Central Executive. The crucial issues affecting the system of wage agreements were similarly settled by the Council of Ministers by agreement with the FDGB. The wage rates in publicly owned enterprises were fixed by standard collective agreements between the authorities in charge of an economic sector and the unions concerned. In accordance with the prevailing organizational principle of 'democratic centralism' (§ 14 FDGB bylaws), all agreements and directives of a superior union body had to be obeyed by subsequent union bodies (cf. Bobke-von Camen 1990, p.317). Therefore the impact of the affiliated unions on wages was less than marginal, because they had to stick to the

149) There was almost no room for negotiations in the Stalinist-style industrial relations systems behind the Iron Curtain. Cf. Tomes (1991), pp.2-4.

agreements set out by the FDGB. In the author's questionnaire conducted with East German labour delegates, one important reason for the workforce's low commitment to the existing industrial relations system had been the principle of 'democratic centralism', neglecting the desires of the workforce. Democratic centralism is in line with Fox's (1974, p.73) feature of a 'tight coordination through externally applied standardised routines and schedules' by central planning, often causing low trust.

That the FDGB was not able to motivate its membership by codetermination, was a logical result of the abolition of the independent works councils and the implementation of the BGLs with the dominant principle of 'democratic centralism.' A further reason was the way the FDGB ignored its membership's initiatives and did not act on them (cf. Hürtgen 1992, p.28). 'Voice' refers to the use of direct communications to present issues in order to bring about actual and desired conditions. It means talking about problems. As problems had not been acknowledged or dealt with by the FDGB, and the actual and desired conditions had been framed by the FDGB strictly according to the guidelines of the SED, virtually no voice had been provided. The participation in East German industrial relations consisted in approving the policy of the SED. Table 2 accounts for the inappropriate representation of the FDGB's and SED's representation on the establishment level.

Table 2: The desirability of the FDGB's representation on the establishment level

Question: 'Does the FDGB or SED represent you on the establishment level in a desirable way?'	
workforce in per cent	answer
74.1	'no'
10.3	'do not want to answer'
8.9	'do not understand'
6.7	'yes'

Source: Voigt (1971), Montagearbeiter in der DDR, Gießen, p.110.

In their assessment of the cause for the ratings (Table 2), East German labour representatives identified the principle of democratic centralism. The research of Voigt (1971) supports the view of Bust-Bartels (1980) that the unions in the GDR did not offer 'voice'. In the political context voice refers to participation in the democratic process, through voting, discussion and bargaining. Since the FDGB controlled and manipulated these three channels of voice, East German industrial relations had clearly not been shaped by democratic proceedings.

The darkest hour of the existence of the SED/FDGB occurred in Spring 1953, after the regime cancelled an increase in wage payments, and actually increased the prescribed norms. The East German workforce reacted with mass demonstrations, the SED regime called in Russian troops, which crushed the demonstrations by killing hundreds of workers. This upheaval also saw massive demonstrations against the FDGB's leadership, and the devastation of FDGB property (Chronik

des 20. Jahrhunderts, 1983, pp. 780-782). The FDGB virtually lost the confidence of the workforce as their agent in the GDR after its leadership condemned the upheaval as a 'fascist riot' and called for 'severe punishment of the ringleaders' (Die Arbeit, 1953, p.902). Despite the severe punishment by the SED, newly released information (Der Spiegel, 27.5.1991, p.88) revealed that upheavals on the company level were quite common after the Russian troops and STASI crushed the demonstrations. The archives of the FDGB show that FDGB officials were not only involved in gathering information on those members of the workforce who participated in the upheaval, but also drew up the accusations for the punishments¹⁵⁰. The author's questionnaire conducted with East German labour delegates uncovered the fact that the events of 17 June 1953 caused sentiments of low trust, hardly any commitment, and even alienation towards the FDGB and the industrial relations system. After this upheaval the workforce in the GDR realised that the power of the FDGB was based on violence. For more than four decades, the people in the GDR did not forgive the FDGB's behaviour in their struggle for freedom. Shortly after the upheaval the SED/FDGB experienced the most severe exodus¹⁵¹ of its workforce to West Germany. The FDGB's uncompromising stand on the side of the SED caused

150) Cf. Zentrales Gewerkschaftsarchiv des FDGB 11/2348/4450, 'Streikende in der DDR-Metallindustrie am 17.Juni 1953 - Aufstellung des Zentralvorstandes der IG Metall des FDGB.' In Eckelmann, Hertle and Weinert (1990): FDGB intern. Innenansichten einer Massenorganisation der SED, Treptow.

151) One corollary of the 17.June 1953 was that the East German workforce left the GDR. The subsequent reaction to the exodus was the erection of the 'Iron Curtain.'

the East German workforce to lose any credibility that the FDGB had. From this event onwards the FDGB was treated as a suspicious entity by the workforce and even by the SED's leadership. An assessment of internal documents and a subsequent interview conducted by the author with a former member of the FDGB's ideological department confirmed that after June 17, 1953 the SED's leadership blamed the FDGB's board for deficiencies in the system, while at the same time the SED's leaders claimed to be responsible for any East German achievements. An indicator of such a strategy was that in August 1956 the FDGB had to take over the 'political, organizational and financial administration' of the social security system.¹⁵² The explanation for shifting the administration from the Government to the FDGB was that the SED did not want to be blamed and made responsible for the increasing time lag in which pensions followed the income of the working population, and especially the SED's unwillingness to raise the low living standard of the pensioners (Friedrich-Ebert-Stiftung 1988, pp.40-41). The Friedrich-Ebert-Stiftung (1988, p.40) argues that the rationale of the SED's policy was the ever-present fear that members of the FDGB could form a second Marxist party causing the dismantling of the SED's monopoly. Eckelmann et al. (1990, p.52) describe that from 17 June 1953 onwards the relationship between the SED and FDGB was dominated by 'institutionalised suspicion.' As a corollary of the events of 17 June 1953, the SED intensified the recruitment of

152) For a survey of the varieties of tasks in social security administered by the FDGB, cf. Bäcker and Steffen (1990), pp.275-281.

Party-loyal FDGB representatives, cleaning out those with a 'bourgeois' representation. Subsequently the FDGB's board members perceived their role as practically members of the Central Committee, and only partly as representatives of the FDGB. Therefore its leadership was never keen on exercising any form of democracy within the FDGB, but imposed the Party will on the mass organization. In subsequent interviews conducted by the author, especially older members of the East German workforce often mentioned that the events of 17 June 1953 clearly demonstrated that the Stalinist industrial relations system was imposed by the SED and the USSR, and was not based on voluntarism or loyalty. The organizational monopoly of the FDGB and its industrial relations system consisted of coercion and brutality.

In subsequent years increasing international competitive pressure triggered measures in the GDR to improve motivation within the workforce. For the existence of motivational problems and low productivity, we refer to some indicators. The unions in the former GDR were not able to provide the positive aspects of voice or an industrial relations climate characterised by high trust. The totalitarian East German one party system and its transmission belt organization were notoriously unresponsive to the voice mechanism, and even suppressed its exercise. As 'exit' from the industrial relations system had been practically denied, and 'voice' suppressed, we assume that the commitment of the East German workforce

to the imposed industrial relations system was weak. Hof (1983, p.104) enumerates the following indicators of the low commitment and thus of the low trust of the East German workforce towards its imposed, practically 'no-exit' industrial relations system:

- the constant appeals of SED and FDGB representatives to socialist working morale,
- the various types of 'socialist competition' (cf. Baumeister 1990, p.897), not being a result of spontaneity, but dictated and planned by the FDGB's and SED's executives,
- the permanent monitoring and criticism of unsatisfactory working discipline and slow work,
- the permanent criticism by the FDGB concerning the level of absenteeism (cf. Schneider 1988, p.82) and high rates of fluctuation, causing financial burdens to the companies (cf. Fuchs 1983, pp.218-219),
- the quasi-compulsory activities unrelated to the workplace (e.g. parades organized by the FDGB, welcome parties for Party leaders),
- the severe criticism of poor quality standards by the FDGB,
- the large number of hearings by the plant conflict commission (cf. Kunz 1980, p.33).

Further indicators for the missing 'voice' as a result of the poor performance of the FDGB can be seen in the behaviour of the workforce on the shopfloor in such different forms of resistance as (Bust-Bartels 1980): the

inadequate discipline at the workplace, the slow production, the waste of time and input, the fiddling with the prescribed norms, the level of absenteeism and fluctuation (18% according to internal FDGB documents)¹⁵³. In the job market, 'voice' means discussing conditions that ought to be changed with the employer, rather than quitting the job. The fact that most of the union meetings were held during working time showed the resignation of the workforce towards the FDGB's policy. Regarding interviews conducted by the author with East German labour delegates, we report that there was hardly any participation when meetings took place during leisure time.

Due to the administrative system in the GDR, the people had grown accustomed to the fact that a variety of individual needs were not satisfied through particular commitment at work. The majority of employees in industry carried out undemanding and meaningless work - in some cases under psychologically strenuous Tayloristic conditions - and had virtually no promotion opportunities.¹⁵⁴ At the same time, however, they did not have to worry about losing their jobs. This situation destroyed virtually any achievement motivation. Everyone tried to make the best of the situation. Turning up late, staying away from work without an excuse, or shopping during working time were part of the workday routine in the GDR economy.

153) FDGB (ed.), Abteilung Organisation (22.9.1987)

154) Hof (1983, p.114) indicated that working places with high intrinsic motivational characteristics were rare.

The low productivity had partly been a corollary of insufficient central collective planning and an inappropriate remuneration policy, which drastically reduced incentives. Instead of criticising the SED government for poor central planning, the FDGB blamed the workforce for failures or inadequacies in performance or in achieving prescribed norms. According to the SED's assessment of those shortcomings, and Fox's (1974, p.73) low trust characteristics, these failures resulted from 'negligence, insufficient ideological indoctrination or insubordination on the side of the working population.' Being permanently criticised for their inadequate achievements by the FDGB, the vast majority of the East German labour delegates stated in the author's questionnaire that they did not approve of the FDGB as their agent (cf. Table 5). On the contrary, the rank-and-file distanced itself from its organization. The reaction of the workmates had been to form groups living an industrial life of their own despite the FDGB's hegemony. An important factor which influenced the workers' outlook in East Germany was the collective solidarity of small groups of workers, developed and implemented by the FDGB.

The small groups acquired a solidarity which militated against the required direct identification with the interests of the whole community, and which conflicted with

the formal organization of the enterprise¹⁵⁵. The organization of work was characterised by a parallel structure of formal, rational, 'scientific principles of organizations,' and an informal organization on the part of the small work groups. The informal sector on the shopfloor was a sign of the considerably strong position of the workforce determined by a permanent shortage of labour.¹⁵⁶ Grebing (1985, p.190) points out that identification with a small group of workmates led to a loss of political involvement and offered some protection against uncomfortable social and political pressures. According to interviews conducted by the author with East German labour delegates, living their own group-oriented industrial way was an expression of the workforce's dissatisfaction with the low trust industrial relations system.

Every month the FDGB's department of organization had to report to the Central Committee of the SED on the 'mood and attitudes of the members towards current political topics' and on 'special occurrences' (cf. Pirker et al. 1990, pp.130-133). The control system was expanded when massive criticism had been voiced after the invasion of socialist forces, dashing the reforms of the Czechoslovakian government in 1968. The objective of the SED was to provide

155) Bust-Bartels (1980, p.81) reports that the small groups 'formally accepted' the norms prescribed, but internal solidarity and shortage in labour supply allowed them to retaliate by 'insufficient working morale', 'slow work' and the avoidance of overfulfilling piece-rate norms.

156) Voßkamp and Wittke (1991) suggest that the permanent shortage of labour favoured the development of the 'passive strength' of the workforce and that the workers enjoyed virtually guaranteed positions.

the FDGB with the essential and most advanced equipment to pin-point dissenting voices in the companies. Eckelmann et al. (1990, pp.85-89) report on new computerised facilities in early 1969, in order to install a disciplinarian control system, as a result of massive criticism of the invasion.

In the author's questionnaire conducted with East German labour delegates on the FDGB's tasks in East German society, its main functions were described as controlling and disciplining the workforce. As the two dominant features perceived in East German industrial relations had been the control and discipline of the workforce, the East German workers did not rely on the FDGB, because the trade union personnel would denounce critical statements. We conclude that East German industrial relations were haunted by extreme and extensive 'forms of systematic control' (Fox 1974, p.73).

The socialist emulation initiated by the FDGB had been applied to increase the performance of the workforce by a quite differentiated incentive system encompassing the conferring of orders and honorary titles, often in connection with additional income or fringe benefits. The honorary title of a 'hero of the workforce' was based on high performance, which meant an overfulfilment of the norms prescribed. The movement of the activists within the FDGB, responsible for the socialist emulation, often

manipulated the working conditions of promising workforce members in order to create a 'hero of the workforce'¹⁵⁷.

Such an achievement offered the possibility of raising the norms. Thus Barthel (1979, p.4) reports different forms of assault by the workforce against members of the Hennecke activists. Interviews conducted by the author with East German labour delegates uncovered the fact that 'heroes of the workforce' experienced social isolation by co-workers. As 'heroes of the workforce' overfulfilled their norms, higher norms were prescribed for the rank-and-file. Despite the promotion of prescribed norms by the FDGB, few of the East German workforce had information on how the norms were determined. The Table 3 mirrors the mood of the East German labour representatives towards the determination of the prescribed norms.

According to the industrial relations theory of western market economists, unions are perceived as a force to implement the notion of fairness within an industrial relations system. Assessing the results of Table 9, we infer that the FDGB was not the labour force's agent to counter the perception of unfairness. On the contrary in the questionnaire conducted by the author with East German labour representatives, the FDGB was described by East German labour delegates as the 'agent' or 'long arm of the SED.' Bust-Bartel's research (1980, p.83) supports this

157) The incentive for workers to seek such a title often referred to the privileged consumption of rare goods e.g. telephone, Trabant.

view, as he reports on attacks on FDGB and SED time-takers during work measurements. The FDGB/SED agents were considered by the workforce not to care about the type of work and the qualification of the working group. If the FDGB had fulfilled its transmission belt function, which would have meant representing and not just disciplining the workforce on behalf of various government and Party bodies, we argue that FDGB would have exercised a two-way communication. In interviews conducted by the author the East German labour delegates complained that the FDGB exercised hardly any two-way communication.

Table 3: The attitudes of the East German workforce towards norms

Were your work norms realistic and fair?	workforce in per cent
no	51.5
almost not	31.9
yes, with reservations	11.3
yes	4.2
no answer	0.1

N = 402 100.0
 Source: Author's questionnaire with East German labour delegates

The reality of industrial relations in the GDR revealed that the FDGB neglected or simply dismissed the objectives of its membership as regarded improvement of its working and living conditions. To explain the FDGB's negligence of membership objectives, we refer to the SED's and the management's personal theory of motivation. In the case of

East German management, we presume that management's views coincided with those of McGregor's Theory X, because it tended to regard incentive payment schemes as necessary to control the workers. Exercising Theory X is a further indicator of a low trust system. If the workers do not understand the norms prescribed and feel no sense of participation, these shortcomings must have a severe adverse impact on the remuneration schemes (cf. Table 4).

Table 4: Satisfaction with the existing remuneration schemes

Answer	Workforce in per cent
not satisfied	79.9
partly satisfied	7.1
satisfied	10.4
do not know	2.6

Source: Voigt (1971), *Montagearbeiter in der DDR, Gießen*, p.91.

The dissatisfaction¹⁵⁸ with the remuneration schemes, insufficient valence and instrumentality of the wages was a further indicator that the FDGB did not fulfil its task as the workforce's agent. Slow work, low working morale and poor standards might be indicators of the dissatisfaction. According to the responses in the author's questionnaire, the determination of wages and norms in the interests of government without the participation of the workforce

158) The dissatisfaction could also result due to the lack of goods on which one could spend extra money, which was a common feature in the former East European countries.

caused a feeling of distance towards the imposed industrial relations system and especially the FDGB.¹⁵⁹

Balter (1990, p.189) argued that the workforce was annoyed by the FDGB, which fostered socialist competition by raising the prescribed output norms. The union membership became quite disillusioned by this policy when the FDGB leaders started a campaign to increase shift work. The disillusion meant of the workforce centred on the issue that its own trade union was eager to promote shift work instead of improving the working conditions.

Table 5 shows that the FDGB had rarely been perceived as an agent of the workforce to counter the effects of intensification of work.¹⁶⁰ On the contrary, more than one third of the respondents rated the FDGB as the 'initiator' of such efforts. The great majority of the participating labour delegates in the author's sample described the FDGB as the agent and promoter of the decisions of the SED, which is confirmed by Hürtgen (1992, p.28). The responses of the workforce towards the FDGB were very reserved: often they did not distinguish between the FDGB and the SED¹⁶¹. In almost all interviews conducted with the East German labour delegates, the criticism centred on the issue that

159) Hof's analysis (1983, p.113) comes to the same conclusion.

160) The ratings of table 5 are in line with the research conducted by Stoll (1979, p.356), who described the FDGB as a 'long arm of plan fulfilment.'

161) Däubler and Klebe (1990, p.363-370) confirm this assessment in their research.

all policy had been determined by 'those above.'¹⁶² According to Popitz's West German research (1971, p.91), such reflexions represent 'late bourgeois consciousness,' a hint of the failure of the FDGB's socialist education efforts.

Table 5: The FDGB's influence on the intensification of work

Please tick the FDGB's influence on the intensification of work according to these ratings.	
Ratings	Frequency in per cent
'initiator'	35.5
'promoter of SED's decisions'	61.0
'agent of the workforce'	2.3
'no answer'	1.2

N = 402 100.0
 Source: Author's questionnaire conducted with East German labour delegates.

The author's interviews with East German labour delegates uncovered some efforts by the rank-and-file to ask the BGL representatives to avoid the furtherance of shift work.¹⁶³ The local BGL members dismissed the argument that the introduction of shift work could erode family life by labelling the demand as 'anti-socialist sentiments.' In a

162) In his research Bust-Bartels (1980, p.87) reports the same sentiments of the workforce against the SED and the FDGB.

163) In 1986 the FDGB managed to recruit 35,000 people from the youth organization (FDJ) for shift work (Schneider 1988). The FDGB proclaimed and organized the trend towards shift work, despite contradictions within Marxist dogma and the deterioration of the social climate in society.

discussion with former BGL representatives they stated that often they did not report such demands of the workforce to the local FDGB or SED officer in order not to be blamed for the 'insufficient promotion of socialist ideology.'

Eckelmann et al. (1990, p.88) mention that the main reason for conflicts on the company level had been the behaviour of the directors, revealing a fundamental discrepancy between the objectives of the directors and the workforce. The FDGB explained this discrepancy of interests by the 'neglect of political and ideological work' and not by insufficient participation (cf. FDGB Bundesvorstand 22.10.1970). In the author's interview conducted with Grundmann, a former FDGB shop steward, she stated that FDGB shop stewards received a premium for each member of the workforce who participated in the annual ideological training sessions to avoid a discrepancy of interests between the stated objectives of the SED and the objectives of the workforce. After the end of the Cold War and intensified contacts with the West, the FDGB's impact on training changed from vocational to ideological, creating the 'School of Socialist Work' in 1972, and stressing the promotion of the prescribed 'socialist culture', further indicators for the insufficient ideological indoctrination. The author's interview revealed that the East German workers had been reluctant to sign up for those courses. According to Grundmann the rationale for the premium had been to encourage FDGB personnel to conduct the annual ideological training and to secure the participation of the

main bulk of the workforce. The structure of the course consisted of specific¹⁶⁴ lectures on Marxism/Leninism and predominantly on the dissemination of current Party doctrines, with subsequent review sessions. According to the author's interviews with East German labour delegates they considered the ideological training as a further attempt of the FDGB to strive for compliance on the shopfloor in favour of the management. Another reason for the stated dissatisfaction with former East German industrial relations of the East German labour delegates had been that from 1973 onwards even military training had been taught by the FDGB in close cooperation with the army. According to Gill (1990, p. 63) the military training within the FDGB put even more between the workforce and the FDGB.

Avoiding active participation by the workforce in the decision-making process, the East German directors managed to control the flow and kind of relevant information in the company. A striking feature of the flow of information was the existence of 'information filters' (Schunter-Kleemann 1977, p.82), which can be interpreted according to Fox (1974, p.73) as avoidance of 'unrestricted communication.' It was argued that access to information had to be determined by the social stratum and role of a person in socialist society. The union representatives on the shop and company level hardly ever objected to this hierarchical

164) E.g. the courses did not contain the theory of Rosa Luxemburg, as she criticised one-party rule and the principle of democratic socialism.

information policy. The feeling of not being informed on company policy led to low commitment in the operating industrial relations system. In the questionnaire conducted by the author with East German labour delegates the BGL's influence on workplace industrial relations was rated as 'marginal' (cf. Table 6).

Table 6: The influence of BGL representatives on industrial relations

Please tick how much influence the BGL representatives had on industrial relations	
Ratings of influence	Frequency in per cent
no influence	9.4
marginal influence	43.7
little influence	30.9
moderate influence	13.4
some influence	0.1
great influence	1.4
no answer	1.1

N = 402 100.0
 Source: Author's questionnaire conducted with East German labour delegates.

The most common reasons for those ratings are the ignorance shown by the FDGB and management and the anxiety of reprisals. Further interviews conducted by the author uncovered the fact that active and critical workforce representatives had to experience special 're-training sessions' directed by the FDGB in order to adjust them to the prevailing Party line. The duration of such 're-training-sessions' was about six months; workforce representatives who did not comply in the desired way after

the training were imprisoned for two years and were denied training courses and job promotion within their companies. A further reason for these ratings above cannot solely be fear or the existence of information filters, but also the asymmetric training opportunities of the BGL members and management. The management had to attend courses at the Psychological Institute of the University of Jena dealing with concrete problems in the field of industrial relations, in order to acquire interpersonal skills to solve social conflicts to its own advantage (cf. Schunter-Kleemann 1977, p.85).

The tough control system of the FDGB on the one hand and the directors' behaviour on the other hand inhibited innovative movements on the company level. According to the SED, industrial relations at the workplace offered the essential vital opportunity for the socialist education process, to be achieved mainly by socialist competition. But the type of emulation applied consisted of an intensification of work¹⁶⁵ launched by the FDGB. The intensification of work had been launched by reducing the times per production unit allowed. The organization on the shopfloor was dominated by Taylorism, which had never been challenged by the unions.¹⁶⁶ On the contrary, as already

165) For an extremely hypocrite description of the necessity to launch measures to intensify work by the unions cf. Brzoska (1978).

166) According to Bust-Bartels (1980, p.179) Taylorism had never been challenged, as it offered the possibility to control the workforce from 'outside of the plant.'

mentioned in the case of extending shift work¹⁶⁷, the FDGB sought to please the SED leadership even by overfulfilling the introduction of the intensification of work. According to the Party doctrine the worker, while a 'co-owner' of social property, was also an obedient executor, with his primary interest vested in an effective contribution to production, to plan fulfilment. The SED supposed its workforce to be, in a sense, an ideal Taylorian worker. The economists of the GDR did not concentrate on the development of the 'universal man', but their orientation had been determined by productivity and high utilisation of the capacity of the workforce and machinery. This produced a bureaucratic system creating the classes of the 'commanders' and the 'receivers of instructions' (Bahro 1977, p.148). These 'instructors' secured their system of exploitation by means of 'inorganic structures' such as transmission belts and control systems. The impact of the BGLs and the FDGB on training and development lagged far behind constitutional rights. In the author's interview conducted with Sivers, he reported that despite the fact that he had been a FDGB shop steward for more than 14 years, his application to be admitted to the 'Meister' course was rejected by the FDGB and the Party with the argument that he was not a Party member. Hence a professional career was hardly conditioned by formal regulations, but rather by political obedience to supervisors and to patronage. According to the author's

167) Schneider (1988, p.77) emphasised that extending shift work had caused a further deterioration in the social climate between labour representation and the workforce.

interviews with former BGL shop stewards, the overriding criterion for promotions on the shopfloor and within the FDGB was 'perceived' loyalty towards the ruling Party. 'Perceived' loyalty eroded the whole promotion system, favouring opportunism and nepotism instead of measurable endeavour and abilities. These promotion criteria isolated the workforce and placed them at a considerable distance from the top echelons in the industrial relations system.

The FDGB's department of organization, together with the STASI, had been responsible for planning and conducting the 'working visits' of SED and FDGB leaders to companies. Intricate preparations were carried out to prevent the leadership from being asked undesired and unprepared questions by the workforce. The FDGB banned critical members of the workforce from the premises of the company during these 'working visits'. The goal of the preparations was to demonstrate the 'high spirits'¹⁶⁸ of the workforce. Interviews with East German labour delegates by the author confirmed that the workmates disliked these 'working visits'. Real problems were not discussed. Management, the STASI and the FDGB concentrated on harmony of interests to please the SED's leadership. The ban on critical personnel was perceived by the workers as an attempt to undermine the solidarity of the small working groups, as the author's interviews with East German labour delegates revealed. The BGLs' and FDGB's unwillingness to discuss and tackle

168) Cf. FDGB Bundesvorstand (ed.), Abt. Organization 'Informationen über die Stimmungen und Meinungen von Werktätigen zum Besuch des Vorsitzenden des FDGB, Harry Tisch, im VEB Plauener Spitze am 3. Juli 1987.'

genuine insufficiencies within the industrial relations system did not foster the demonstration of the 'high spirits' of the East German workforce. On the contrary, it distanced the labour organization further from the rank-and-file.

The task of the BGL representatives on the company level was dominated by the reconciliation of disputes within the workforce, the allocation of holiday places, political education of the workforce, preparation of the massive statistical requirements of the FDGB, activation of the masses (e.g., socialist emulation, parades), and the control of security, kindergartens and canteens. The social benefits were selected and distributed by the FDGB to the public according to the 'utility of a person for socialist society' (Hedtkamp 1982, p.122). The Party's and FDGB's 'utility' doctrine even made the provision of hospital places and urgent operations dependent on socialist criteria.¹⁶⁹ Distinguishing between different personal 'utility' levels caused especial resentment on the part of the critical and less productive workforce (Hedtkamp 1982, pp.122-123).

Assessing the devastating condition of pollution in the East German companies, we argue that the company and local unions bodies failed to secure or improve the qualitative living conditions of their workforces (cf. Table 7).

169) Cf. Wulffius (1982, p.157-158): the utility doctrine was determined by the preservation of the workforce.

Table 7: The assessment of the monitoring of the statutory safety standards by the BGL

Please assess the BGL's monitoring of the statutory safety standards.	Please tick.
Ratings	frequency in per cent
excellent	1.0
good	9.3
satisfactory	19.8
poor	35.1
extremely poor	33.6
no answer	1.2

N = 402

100.0

Source: Author's questionnaire conducted with East German labour delegates.

Table 7 indicates that the vast majority of the labour delegates rated the monitoring efforts of the BGLs as poor or extremely poor.¹⁷⁰ We assume that the BGLs often failed to exercise their statutory rights and to offer voice. Eckelmann (1990, p.121) reports that in the chemical industries more than 7,000 people had to work with a special licence because of extremely polluted and dangerous working conditions, without any resistance on the part of the FDGB. In the author's interview with Grundmann she stated: 'The greatest problem for us shop stewards was that a lot of written complaints were handed in. The workforce was dissatisfied with the working conditions. There was never any protective clothing or face guards. The written reports were never evaluated. They circulated within the

170) Thalheim's assessment (1982, p.93) of the monitoring efforts of the BGLs comes to the same conclusion, that these efforts were poor, in order not to interfere with the fulfilment of the plan.

union organization. The reply always came from the Party. The trade union leadership never intervened.¹⁷¹ Environment protection issues, which represented a part of the bargaining claims of the DGB-affiliated unions (cf. Die Quelle 1990b, pp.10-11 and European Industrial Relations Review 10/1990, pp.21-22), were rarely stated and never implemented. Despite massive rights, the FDGB and its BGL failed to monitor the safety standards¹⁷² (Dichmann 1990, p.130).

In all interviews conducted by the author with the East German labour delegates they overwhelmingly expressed the view that with the exception of the company kindergarten and the cohesion of the small working groups there had been no commitment towards the low trust Stalinist transmission belt system operating in the GDR.

Summary

Referring to Fox's (1974, p.73) criterion of the low trust industrial relations which characterise the system operating in the former GDR, we must report that there was a system of severe control and even violence.

171) A similar assessment of the poor working conditions in the case of the metal industry is given by Linkersdörfer (1990 p.12)

172) Discussions on the inappropriate security standards in East Germany took place during the IGCPK's trade union congress. Participants stated that FDGB personnel manipulated reports, or did not report accidents on the company premises. The rationale had been to please the SED and avoid any changes on the company level.

Especially June 17, 1953 disclosed that the FDGB was no longer perceived as an agent of the workforce. The FDGB's policy was described as the long arm of the SED, and partly as the initiator of the intensification of work. The absence of voice, the Tayloristic working conditions, and the FDGB's permanent disposition to blame its membership for the shortcomings of the incumbent political and economic system caused distrust and even alienation (cf. Schmitz, Tiemann and Löhrllein 1991, p.70). As a result of the legacy of the low trust industrial relations system, the East German workforce adopted an anti-socialist attitude, causing a difficult situation especially for the West German activist trade unions, as they used socialist ideology as a means to inspire their militant rank-and-file. As socialism had been discredited in the GDR, a reconstruction strategy in the East by means of incorporation and upholding union cohesion by socialist ideology probably was not be a viable strategy.

As socialism had been discredited in the East, we predict that the existence of a high trust (neo-corporatist) and successful industrial relations system with trade unions acting as agents of their memberships was able to offer an attractive alternative to the East German workforce, generating a competitive advantage in favour of the West German trade unions.

1.2. Implications of the strategies resulting from the one-way convergence of East Germany towards the West German economic, political and social system

Introduction

The topic of this chapter is to demonstrate the competitive advantage of the West German trade unions in comparison with the FDGB, the FDGB affiliates or emerging trade unionism in the former GDR, as the GDR was integrated within the system of the FRG institutionally and politically. In principle, institutional integration was accomplished at one stroke when East Germany joined the FRG according to Article 23 of West Germany's Basic Law, thereby adopting West Germany's institutional system. Monetary integration was also realised at one stroke by extending the currency area of the DM to East Germany and by establishing the monetary authority of the Bundesbank in the former GDR.

This chapter is of importance, as it accounts for arguments in favour of a successful intervention of the West German trade unions in the GDR. The support of the West German unions was appreciated by the East German workforce. Despite the legacy of low trust, research has determined two intertwined factors that influenced the welcome of the West German trade unions by the East German workforce, namely:

- (i) The apprehension of the East German workforce triggered by the rapid change and their feeling of inexperience regarding the new West German system and
- (ii) the attractiveness of the West German trade unions and industrial relations system in comparison with the FDGB and its inappropriate reconstruction efforts.

Now we will analyse the two features that generated a competitive advantage, and hence facilitated the successful West German intervention.

(i) Apprehensions of the East German workforce

The result of the ad hoc introduction of the West German system in the GDR meant a rise in the degree of uncertainty concerning their future (cf. Canibol 1990, p.18) for the majority of the East German population. Being used to a 'quiet and organized life' controlled by the SED, the East German population was eager to reduce its uncertainty regarding an actually unknown system by the institutionalisation of exchanges within organizations (Froese 1990, p.7). The complexity and incompleteness of information at this time increased uncertainty. Accordingly the East German workforce wanted and expected a reduction of uncertainty and insecurity. In this state of mind they particularly appreciated the expertise of experienced and reliable agents and their organizations. Table 8 accounts for the three most important worries expressed in the

political priorities of the East German population during the reconstruction period.

Table 8: The political priorities of the East German population in 1990

Political priorities	Frequency in per cent
Social security	92
Employment	85
Independent trade unions	64

Source: Feist (1990), 'Votum für einen konservativen Modernisierungskurs,' p.240.

Social security had been rated as the dominant objective in the process of reunification when the East German workforce experienced the first dismissals. The author's interviews with East German labour delegates revealed that social security was viewed as a precondition to ease the impact of unemployment triggered by the structural change in the former GDR and the introduction of the monetary union. Appendix no. 10 illustrates the rise of unemployment and short-time working as one of the most dominant worries of the East German population. The author's interviews with East German labour delegates revealed that unemployment would cause a loss in income and status, but especially it would destroy the collective solidarity of the small groups of workers.¹⁷³ The small working groups' solidarity had

173) Despite the break-up of the informal network, newly released research (Voßkamp and Wittke 1991, Kern and Land 1991) states that the process of the disintegration the East German system took place virtually without major resistance from the workforce.

been viewed as a means of overcoming uncomfortable political pressures of the SED and FDGB. Any erosion in inter-labour relations caused uncertainty.

In the author's questionnaire conducted with East German labour delegates the fears shaped by the East German workforce were above all the rise of unemployment, short-time working and privatisation, which could weaken labour representation and improve management's 'right to manage.' Given such conditions, the workers would be less able to resist the introduction of more technology and more flexible working practices. In the author's interviews conducted with East German labour delegates the management buy-outs were treated with suspicion. Fear of the impacts of privatisation and buy-outs¹⁷⁴ by the old discredited management enhanced the desire for a strong and experienced body of labour representation in order to counter the 'new' management's prerogatives¹⁷⁵. According to the author's questionnaire conducted with East German labour delegates, the desire for 'independent trade unions' (cf. Table 8) is partly explained by the legacy of low trust and partly in terms of defending the interests of the workforce, so that the workers would not be at the 'mercy of the high-handed company bosses.' The monitoring influence of the works councils and of an independent trade union have been viewed

174) The old East German managers proved to be extremely active in the privatisation process. Until June 1992 the Treuhand realised 1350 management buy-outs (Sonntag Aktuell 21.6.1992, p.2)

175) An indicator of management's increased right to manage had been especially the dismissals of young and critical apprentices (cf. Deutsches Institut für Wirtschaftsforschung, 11.10.1990, p.586).

as a means to counter increasing management's prerogatives. Thus the East German workforce has realised that the training of works councillors is vital. As these training courses have been supplied by the experienced West German trade unions, their influence upon the East German labour delegates improved significantly. The support and solidarity offered by the West German unions had been extremely well perceived by the labour delegates and workforce¹⁷⁶. They often reciprocated by requesting an intervention of the Western unions in the former GDR.

If issue of German reunification turned out to be extremely complex and unique, the outcome for the East German population has been all the more uncertain. The complexity in the environmental change during the reconstruction process has been enormous for the East German workforce, as labour delegates explained in the author's interviews. The uncertainty about the future arose as a consequence both of the complexity of the problems to be solved and of the problem-solving abilities possessed by the inexperienced East German workforce. The uncertainties or worries arise from incomplete information of the FDGB and the East German workforce. In the author's interview of with Mr. Ernst the latter stated that in many East German companies the introduction of works councils had been invalid and illegal, as the East German workforce did not understand

176) The appreciation of legal representation in the case of dismissals and bargaining on severance pay improved the attraction and the belief in the capacity of the West German unions as an agent of the workforce.

the statutory provisions of the Works Constitutions Act¹⁷⁷. Given that example, the complexity of West German industrial relations, with the enormous extent of juridification, has caused extreme forms of dependence by the East German workforce on the expertise of the West German unions. The expectations of the East German workforce concerning reduction of the impact of uncertainty rested predominantly on the West German trade unions. Because of the new, never-experienced dynamic environment and the inadequate problem-solving mechanisms, the worries of the East German workforce became a motor for the process of incorporating the Eastern workforce within the West German unions. An indicator of the reliance on the problem-solving capacity of the West German trade unions is the virtual absence of grass root unionism¹⁷⁸ in the former GDR. In the author's interviews conducted with East German labour delegates the explanation given for the absence of grass root unionism has been the problem-solving capacity of the West German trade unions, as well as the fact that few workers had any experience of organising themselves.

The criterion for belief in the problem-solving capacity of the West German trade unions has been their record in improving the working and living conditions of the West German workforce. This result was confirmed by the European

177) Especially the East German workforce did not stick to the § 9 BetrVG, which determined the number of works councillors.

178) The Initiative zur Gründung unabhängiger Gewerkschaften (IUG) called for the formation of basic groups within the plants in order to found an independent trade union in Spring 1990.

Industrial Relations Review (9/1991, p.6), as studies carried out with the East German workforce revealed that the East German workforce described the West German trade unions as a 'hope factor'. Thus we predict a certain attraction to the West German trade unions by the East German workforce.

(ii) Attractiveness of the West German trade unions and insufficient reformability of the FDGB

The attraction to the West German trade unions results from the dissatisfaction with the former East German industrial relations system and the insufficient reformability of the FDGB. First we wish to analyse the attractiveness of the West German trade unions. Therefore we will refer to equity theory. The disillusionment with former East German industrial relations and its agent, the FDGB, was based on individual comparisons of the East German workforce with the West German working and living standards. According to Leventhal (1980, p.28), equity theory employs a unidimensional concept of justice. The theory assumes that an individual judges the fairness of his own or others' rewards solely in terms of a merit principle. Fairness exists when rewards are in proportion to contributions¹⁷⁹. The equity theory proposes that in an interpersonal exchange (East - West), individuals (especially the East

179) In some discussions with East German workers the difference in productivity between East and West Germany was not an important criterion for determining different rewards. The criteria most often applied for the assessment were the working conditions and the working time.

German workforce) are concerned with the ratio of the perceived value of outcomes (e.g., income) to inputs (labour supply), and that they consider themselves to be fairly treated when the ratio is the same in their job as they perceive it to be elsewhere (West Germany). The author's interviews with East German workers during the reconstruction period often unveiled statements like that: 'I have worked for 28 years and for what? During that period a colleague in West Germany could afford to buy his third new car.' The perception of the situation by the East German workforce has been strongly determined by severe disappointment with the former industrial relations system, especially the FDGB, and sentiments of 'betrayal and exploitation' by the SED-system¹⁸⁰. Analysing the statement above, we can say that the East German workforce realised a comparative¹⁸¹ unfairness in remuneration in relation to their West German colleagues. Table 9 accounts for arguments stated in the questionnaire by East German labour delegates to support this view of unfairness.

180) This answer is in line with Bahro (1977, p.156), who described the State as playing the role of an exploiter and Hürtgen (1992, p.29), who wrote that strike actions by the rank-and-file took place because of the 'high life that the union officials had been living at the expense of the workers.'

181) In almost all cases the comparison took place on an individual assessment of East German remuneration packages with those of the FRG.

Table 9: The fairness of the former East German remuneration in comparison with the remuneration of a West German colleague

Please compare the fairness of former East German remuneration in comparison with the remuneration of a West German colleague. Please tick.	
Sentiments	Frequency in per cent
fair	8.3
somewhat fair	28.6
unfair	57.0
no answer	6.1

N = 402

100.0

Source: Author's questionnaire conducted with East German labour delegates

In subsequent interviews conducted by the author the ratings above referred predominantly to the amount of the monthly income and the much better working conditions of the West German colleagues. Overall, the vast majority of the East German workforce felt that the level of payment was unfair for their job. In line with this assessment is Thalheim's (1982, pp.94-96) comparison of income and benefits between the FRG and GDR. Heym (1990, p.4) also reports that the 'mood of the of the workforce changed in the direction of hatred (of East German institutions); derived from frustration' caused by perception of unfairness and exploitation. The corollary has been that 'the hatred was directed against Communism and especially against its delegates' (Heym 1990, p.4). We have seen from the equity theory that the perception of the relation of

input of labour supply to the wages received was assessed as unfair in comparison with the West. Thus we predict a certain attraction to the West German trade unions, in order to insure that this ratio is brought in line with what the East German workforce perceives. Thus the West German trade unions were viewed as a means to restore fairness and thus equalise the working and living conditions in a united Germany. To verify the data obtained by the East German labour delegates we refer to Kern and Land (1991), who reported that the East German workers expected the West German industrial relations system to provide a fairer system.

The perception that they had been treated unfairly as well as the legacy of low trust caused severe disillusionment and hatred against the FDGB (Heym 1990, p.4). This alone explains why the East German workforce did not follow its former peak organization. East German workers felt strongly during the transition period that the FDGB did not possess sufficient reformability. After the collapse of the SED-system massive¹⁸² and constant revelation of scandals¹⁸³ within the FDGB took place (cf. Der Spiegel 28.1.1991, pp.89-90). The unveiling of the FDGB leadership's corruptibility and high-handed behaviour caused a severe loss of trust in the FDGB's leadership (Table 10).

182) After Tisch resigned, 2,000,000 Ost-Marks were found in a FDGB safe. Also, the old leadership fraudulently took 100,000,000 Ost-Marks from the solidarity fund in order to finance the FDJ.

183) FDGB leaders had used funds carried on the books as subway works expenses and subway personnel to build themselves houses (cf. Die Quelle 1990a, p.7).

Table 10: The dimension of trust in the FDGB leadership during the reconstruction period¹⁸⁴

Please classify your dimension of trust in FDGB's leadership during the reconstruction period. Please tick.	
Classification	Frequency in per cent
'trustworthy'	2.3
'no answer'	3.5
'untrustworthy'	94.2

N = 402
 Source: Author's questionnaire conducted with East German labour delegates 100.0

Instead of working off its past and the scandals, the newly elected leadership of the FDGB tried to generate a new organizational profile by opposing the East German government (cf. Pirker et al. 1990, p.25). According to Wilke and Müller (1990, p.43), the plan was to present the FDGB as an aggressive and maximalist lobby of the workforce and, hence, perceivable as indispensable. Opposing government, however, as the FDGB did, caused massive protest from the company directors fearing an erosion in the principle of individual management. Some directors started to prevent the FDGB representatives from organising meetings on the company premises and refused to remunerate the company's FDGB representatives. In order to counter management, the FDGB's leadership massively demanded a

184) To underscore the validity of the data it is possible to refer to Wilke's assessment (1990, p.366) of the level of trust in the FDGB: 'In its previous form, the umbrella organization can no longer meet the challenges of the day. The FDGB remains politically discredited.'

trade union bill to secure its position. Demands for special protection of union officials and monopolistic privileges for the BGLs were the common theme running through everything published by the FDGB (cf. Tribune 18.12.1989). When the SED could no longer guarantee the FDGB's monopoly position, the task fell to the state. The FDGB officials' call for state protection via a trade union bill ignored the interests of the union members (Wilke 1990, p.369). The FDGB could not realise that the future strength of a union rested on members voluntarily joining the union. With reference to the demands of a trade union bill, Däubler (1990, p.357) described the FDGB representatives as people 'without any ability and willingness to learn' from the discontent of the membership. On 20 February 1990 the FDGB faction within the still Communist-controlled Volkskammer introduced the trade union bill, which was enticing: It prohibited lockouts, and granted extensive company veto rights as well as the right to call a strike (cf. Nägele 1990). Wilke and Müller (1990, p.43) argue that the FDGB leadership's temptation was to secure its representational monopoly, to speak in the name of the whole workforce.

The dominance and claim to power of the FDGB was severely challenged by the emergence of independent and spontaneous works councils. The FDGB's organizational reform plan could only function if the organizational basis was not obstructed. However, the works councils emerged where the entanglement of the BGL, FDGB and SED had been close. Not

implementing works councils¹⁸⁵ was perceived by the workforce as the continuation of the former low trust industrial relations and a policy determined by 'above.' The workforce viewed the works council as an important means to counter the threats of the transition period and as a forum to exercise 'voice' for the first time (cf. Table 11).

Table 11: The East German labour delegates' preference regarding the type of codetermination

Which type of codetermination do you prefer? Please tick.	
Type of codetermination	Frequency in per cent
Works councils	85.5
Other forms	7.3
BGLs	6.1
No answer	1.1

N = 402 100.0
 Source: Author's questionnaire conducted with East German labour delegates.

The author's interviews for this rating in favour of works councils revealed that setting up such a body was meant to challenge¹⁸⁶ and break the industrial relations system imposed by the FDGB and SED and at the same time enhance self-determination on the part of the rank-and-file.

185) The FDGB's officers estimated trade union density to be higher than in the case of works councils. The calculations of the FDGB's personnel was that BGLs offer a more preferable forum for political agitation than the distanced and independent works councils.

186) Not tackling the most burning interest, namely whether or not to operate with works councils or BGLs caused emerging protest and later the introduction of works councils by the workforce.

Realising the voice effect of works councils triggered a spontaneous movement¹⁸⁷ that spread quickly over the GDR, replacing the BGLs. This eroded the FDGB's monopoly on the company level, and lockouts of the FDGB representatives from the company premises by the workforce were reported (Die Mitbestimmung 1990a, p.135). Access was permitted to the members of the industrial unions as well as the West German trade unions. The lockouts of FDGB personnel from the premises represented extreme dissatisfaction with its paternalistic policy and the way it had ignored the will of the East German workforce. Hürtgen (1992, p.28) described the behaviour of the East German workforce thus: 'they demonstrated no loyalty to the union; they distanced themselves.' Since it did not foster any attempt for a reconstruction from below, the vast majority of the East German labour delegates rated the FDGB leadership's willingness to conduct reforms as weak or non-existent (cf. table 12).

Arguments for the ratings of Table 12 (page 218) were, according to the author's questionnaire conducted with East German labour delegates: the FDGB's permanent tutelage (no reconstruction from below) of the workforce, the constant efforts by its leadership and FDGB personnel to protect their position, and especially the unresponsiveness towards the demands of the workforce and inexperience with the new system. The FDGB's policy of challenging the newly elected

187) Pirker (1990, p.68) gives an interesting abstract of the process of introducing works councils in the former GDR.

government in East Germany proved its inexperience and incapacity to solve the problems, according to the author's interviews conducted with labour delegates. Organising rallies together with the PDS, formally the SED, in order to put pressure on the democratically elected Volkskammer, offered the FDGB a platform from which it agitated against the voter's choice. The alliance with the PDS/SED and the attempt to put pressure on the government with unacceptable demands caused the new government to exclude the FDGB as a partner for further consultation (Hertel and Weinert 1990, p.960). In contrast to other East European countries (e.g. Poland) at no time during the reconstruction process was the FDGB able to influence the government or other movements in political terms. The explanation can be seen in the fact that the former opposition (Neues Forum, Bündnis 90) in the GDR did not acknowledge the FDGB as a forum of political activities.

Table 12: The FDGB's reformability during the transition period

Please indicate FDGB's willingness to conduct reforms during the transition period. Please tick.	
Willingness to conduct reforms	Frequency in per cent
strong willingness	2.1
intermediate willingness	5.7
weak willingness	42,5
unwillingness	46.6
no answer	3.1

N = 402

100.0

Source: Author's questionnaire conducted with East German labour delegates

Despite the banning of the FDGB personnel from the premises of companies and the establishment of works councils, we have to consider further indicators of the dissatisfaction of the East German workforce with the FDGB. Developments in the membership indicate this state of dissatisfaction. Within the first three months after the break-up of the GDR, 983,000 members left the ranks, or more than 10 per cent. Lecher (1990, p.320) called it 'astonishing' that only ten per cent of the membership left the FDGB within the first three months. Interviews conducted by the author with East German labour delegates revealed that the remaining high density did not indicate loyalty towards the FDGB, but rather that until this time the FDGB administered the social system (pensions) as well as the reservation of holiday places. This proved to be an institutional barrier to leaving for the East German workforce (cf. selective incentive). Thus we argue that the persistently high union density in the GDR was not an indicator of attachment. Bialas and Ettl (1993, p.73) point out that the legacy of low trust generated suspicion and disillusionment on the part of the East German population towards East German organizations. A feature of the weak attachment of the East German workforce was that about one third refused to pay their dues, others only paid the minimum of 0.5 Ost-Marks¹⁸⁸, others froze their dues in blocked accounts or even barred¹⁸⁹ the FDGB from collection (Die Quelle 1990h,

188) Interviews revealed that these payments had been effected in order to qualify for entitlement to a subsidised holiday place.

189) According to Hertle and Hemmer (1990, p.659), by May 1990 more than sixty per cent of the workforce were barring their dues.

pp.11-12). As a result, the FDGB did not have access to a large share of membership funds.

Quite early on, the affiliated trade unions of the FDGB realised the dissatisfaction with the peak federation and therefore demanded autonomy, especially in financial affairs. This demand meant the radical transformation of a centralised oligarchic mass organization comprising independent trade unions, thus causing the disintegration of the authority of the FDGB's executives and a financial disruption in the FDGB's position. At the FDGB's congress the member unions decided to eliminate the hegemony of the FDGB and received full autonomy. Realising that the free elections in the GDR would change the economic structure of the GDR, the East German trade unions became active in signing collective agreements. During the conduct of collective bargaining actually all the West German DGB member unions supported the East German sister organizations.

A number of factors combined to topple the FDGB. Populism and demagogy had been substituted for labour union policy; the problem-solving capacity was inadequate; the FDGB made declarations without consultation; and absolutely unrealistic demands were on the agenda. The split between the FDGB and its affiliates accelerated further. Introducing the West German social market economy in the GDR not only meant freedom of trade, but also wage autonomy and adoption of the substantive and procedural rules of the

West German industrial relations system. Most of the West German unions were or had been actively seeking to cooperate with their East German partner. Apparently the FDGB leadership did not realise the extent to which this cooperation threatened its organizational security and thus its existence (cf. Wilke 1990, p.371). The DGB and its affiliates kept a clear distance from the FDGB, but engaged in cooperation with the FDGB single unions. In mid-April 1990 the DGB publicly proclaimed that the FDGB no longer had the support of the workers in the East German enterprises.

The FDGB affiliates held central conferences of delegates to elect boards with democratic legitimation and to decide on their next tasks. They were generally assisted by the corresponding DGB union. In April 1990 the East German Miners' union declared the goal of achieving trade union unity with IG Bergbau und Energie under the umbrella organization of the DGB. The finale for the FDGB began in April 1990, when the affiliated unions demanded the immediate disclosure of finances and union assets. They also reduced their payments to the umbrella organization and threatened to take active steps to dissolve the FDGB and its union assets for the benefit of the affiliates.

Under this severe pressure the FDGB's executives tried to provoke the newly elected government by presenting a list of excessive demands, and to ensure its survival by calling for a mass demonstration. The demands, which were made

without contacting the member unions before, proved to be completely irresponsible¹⁹⁰. IG Bergbau und Energie suspended its membership in the FDGB, denied the FDGB the right to make statements in its name in the future, and called all other member unions to take the same position, and if necessary to prepare an extraordinary congress for the purpose of dissolving the FDGB (Wilke 1990, p.372). The accelerated discrepancy between the FDGB and its member unions resulted in an emancipation on the part of its individual unions, achieved with the cooperation and experience of the DGB trade unions. The Western support for the East German unions meant that the FDGB was no longer indispensable. In May 1990 the remaining trade unions within the FDGB decided to call an extraordinary congress in autumn to dissolve the FDGB¹⁹¹ (Deutschlandarchiv 1990, p.90). The decision to dissolve the FDGB was not difficult to take, as Junge¹⁹² explained in an interview with the author explained. The reason was that the expectations of the East German workforce rested on the West German trade unions' experience, and by this time the FDGB had lost its entire credibility as a result of its inappropriate and policy.

190) The FDGB's leadership demanded the immediate introduction of a 38-hour week and wage increases of 50 per cent (Stuttgarter Zeitung 8.5.1990, p.1).

191) The decision to dissolve the FDGB had been fostered by the DGB affiliates, and it was 'recommended' to the FDGB's affiliates to take this action (Stuttgarter Zeitung 10.5.1990, p.3).

192) Junge was the ICGGK's executive during the transition period, and since 1991 he has been a member of the IGCPK's executive board.

Summary

This chapter explains the factors which provided a comparative advantage for the West German trade unions during the reconstruction period: the residual fear of the old East German command and control system, the attractiveness of the West German unions, and the profound dissatisfaction with the FDGB.

The East German workforce felt insecure, which caused them to welcome the West German unions as the agents who could bring equal working and living conditions soonest. The feeling of betrayal and exploitation by the FDGB and its representatives, as well as the leadership's incapacity to act as an agent of the workforce, resulted in a situation of virtually no commitment to the FDGB. This absence of loyalty towards the FDGB by the East German workforce shows that a strategy of collusion between the West German unions and the FDGB was not viable for the DGB trade unions.

Thus the intervention in the East seems to have been based on solid ground, especially as the East German workforce expected that the attractive West German unions would be able to reduce insecurity, and offer voice and equal working and living conditions. As the East German workforce demanded the West German living standards, the strategy of incorporating the East German workforce within the encompassing West German union body would be able to secure neo-corporatism and thus the cohesion of the union.

III. Comparison of applied trade union strategies

The subject of the subsequent chapters is an analysis of the different reconstruction strategies of the IGCPK and the IGM(W). The analysis follows the chronological order of the events and the various strategies which the unions' applied to rebuild free labour representation in former East Germany.

The last chapter compares the different approaches taken by the IGCPK and the IGM(W) in so far as the results can confirm the hypothesis set out for the reconstruction of labour representation.

1.1. IG Chemie-Papier-Keramik (IGCPK): Unification in accordance with West German conditions

(i) Introduction

Comparing the various strategies of all DGB affiliates aimed at trade union unity, one has to point out that the IGCPK pursued the most determined strategy, based on social partnership and in accordance with the values of the West German constitution (Wilke and Müller 1991, p.128).

The reason for this strategy was based on the IGCPK leadership's firm determination to protect its organizational survival by the avoidance of an erosion in the provision of collective goods to its membership. The objectives of the IGCPK's leadership in the case of reconstruction were to continue successfully exercising their industrial relations climate of social partnership, thus securing organizational success and stability within the industrial relations system of the FRG. The application of social partnership has been the corollary, as the IGCPK lacks organizational strength on the shopfloor.

(ii) The IGCPK unification strategy

Before it had any hint of the forthcoming break-up of the SED-system in the GDR, the IGCPK passed its basic paper¹⁹³ in June 1989. The theme running through this programme

193) IGCPK (1989), Einig im Ziel.

emphasised (Gewerkschaftliche Umschau 4/1989, p.1) that the 'basis of our union policy has been the conviction that the democratic and social constitutional state is an inalienable prerequisite for the development of free trade union work and solidaristic coexistence.' In comparison with some other DGB trade unions, this maxim meant that the IGCPK had a profound and generally accepted starting point, which was to demand and support the democratisation process in the GDR. The firm demand for democratisation and support of democratic forces in the GDR had been one of the basic objectives for reconstruction of labour representation.

Concerning the forthcoming developments in the GDR, the IGCPK's chairman Rappe stated (presse-dienst 14.12.1989) that it would be necessary to undertake a complete change and that there was no chance of survival with the 'rotten remainder of the old corrupt and suppressive' East German dictatorial system. Thus free elections were necessary to form a new government. According to the IGCPK's chairman (presse-dienst 14.12.1989, p.2), 'each change in the GDR's economic order towards the direction of market economic structures and concepts has to take place with social priorities and with social protection. This is why free trade unions are a prerequisite. If there is a desire for a social market economy it will be necessary to have a free and powerful trade union movement.' Regarding the East German transmission belt industrial relations system, Rappe distanced his organization from the FDGB. He offered support solely to the East German 'colleagues.' The

analysis of various IGCPK documents shows that its leadership regarded the whole East German system, and especially the SED and FDGB with suspicion.

Quite early, in fact as soon as December 1989, the IGCPK's leadership made it plain that the democratisation process launched in the GDR would inevitably flow sooner or later, due to the political reunification efforts, in the direction of trade union unity. According to Rappe (presse-dienst 14.12.1989, p.2), when the IGCPK offered 'solidarity and support for the reconstruction of free and powerful trade unions in East Germany, then I am thinking some years ahead. I would like to help to prepare a trade union movement in the GDR that some time in the future can unite with a trade union with our character and self-evidence.' Rappe also distanced the IGCPK as an organization from the current debate within the DGB launched by the activist wing to protect 'socialist achievements' and prepare the GDR for a 'third path'¹⁹⁴ experiment. The IGCPK's clear distance from the FDGB and the condemnation of low trust industrial relations improved the IGCPK's credibility with the East German workforce. The author's interviews with West German IGCPK members confirmed that the firm stance of the IGCPK's leadership also assured the concerned West German membership and also the West German employers that an important part of the IGCPK's strategy was the continuation of social partnership.

194) For the discussion of the third way and democratic socialism approach within the DGB's affiliate unions cf. von Beyme (1990) and Die Zeit (9.2.1990, pp.37-44).

When considering the IGCPK's early offer of support combined with the stated objective of uniting with a reformed East German union, we have to assess the reasons for this behaviour. Thus we refer to the results of the author's questionnaire conducted with the IGCPK's leadership. The objectives of the IGCPK's leadership in the reconstruction process fell into two categories, first the protection of neo-corporatism by incorporating a reformed East German union (exchange relationship) and second, the exercise of solidarity with the East German workforce (diffuse exchange relationship). Having established the objectives for an exchange relationship and solidarity, we have to assess their causes. We will start by referring to the exchange relationship aspect, and test the objectives which determined the intervention.

(a) The protection of neo-corporatism

The protection of neo-corporatism was based on the apprehensiveness of the IGCPK leadership and West German membership (cf. appendix no. 11 and petitions of IGCPK's West German membership for IGCPK's 14th ordinary congress) about the effects stemming from the disintegration of the GDR. The author's questionnaire conducted with the IGCPK's leadership centred on the threats stemming from the East, which had been that the disintegration of the GDR might cause the following results:

- the loss of a unionised sector and emerging non-unionism,
- the emergence of grass root unionism or multiunionism,

- the revival of the FDGB,
- the influx of the East German workforce into West Germany.¹⁹⁵

All the features enumerated above would have likely repercussions on the future conduct of social partnership by the IGCPK, and could undermine the IGCPK's organizational strength. The loss of a unionised sector might attract some West German employers to invest in the GDR. The influx of a skilled workforce from East Germany could account for a rise in the elasticity of the West German labour supply¹⁹⁶. The emergence of multiunionism and a revival of the FDGB could interfere with upholding the virtual representational monopoly in German industrial relations, a vital precondition for the subsequent application of neo-corporatism. All of these worrisome features could trigger undercutting behaviour by the East German actors, and thus cause damage to social partnership and on the IGCPK's organizational strength. The response by the IGCPK's leadership focused predominantly on the protection of neo-corporatism, as its success had rested mainly on the provision of collective benefits (a good Okun-index). Thus the protection of the near-representational monopoly was identified as a means to

195) To confirm these threats we refer to: Breit (1990) in *Der Gewerkschafter* (5a/1990) pp.4-7. Protection from further deregulations was also a stated objective.

196) Cf. Mersmann (1990,p.6): 'The apprehension, that the GDR or the area of the GDR, will become a "cheap wage country" will have to be perceived as a challenge to the unitary union.' An illustration of the inelastic nature of the German labour supply is given in Elliott (1991), p.18.

secure an erosion in neo-corporatism. If the IGCPK could sustain alliance and predictable industrial relations with its growth, this might secure the organizational encompassiveness of the union. Trade union competition in the membership or employer market, trade union coexistence, decentralisation or deregulation might divide the workforce and cause divisive conditions in the plants. The plant-specific differences might cause conflict within the union and might limit centralised collective bargaining, with adverse repercussions on the cohesion of the IGCPK.

An evaluation of the situation is given by Mersmann¹⁹⁷ (1990, p.6): 'two competing organizations in one industrial area cannot solve the future tasks.' In an interview conducted by the author with Mersmann the 'future tasks' of the IGCPK consisted in the continuation of social partnership with the employers as well as the enhancement of white-collar membership. Mersmann's answers confirm the belief in a virtuous circle in the related markets if IGCPK were to be able to uphold its near-monopoly status in union representation.

In interviews conducted with the author, the IGCPK's leadership and union officers, referring to the existing East-West wage gap ('the GDR is a cheap wage country'), assessed it as a potential erosion of the IGCPK's successful activities, which had for a long time rested on

197) Mersmann had been the personal assistant of IGCPK's chairman Rappe during the reconstruction period and signed accountable for the determination and implementation of IGCPK's reunification strategy.

the provision of collective goods. To confirm this assessment we refer to Mettke¹⁹⁸ (Gewerkschaftliche Umschau 2/1990, pp.4-5), who argued that the impact of the wage gap can cause a deregulated bargaining system' which 'will lead to the end of a predictable, reasonable and responsible bargaining policy. The deregulations can lead to the dispersal of the workforce and thus to a weakening of the unions. The diverging conditions in the companies could cause harsh conflicts.' Company-specific regulations could impede national and centralised collective bargaining, with harmful repercussions on the union's attractiveness. Thus Mettke (1990, p.5) emphasised that employers and unions could no longer pursue 'the path of common basic interests', such as a good Okun-index, a threat in the form of rent-seeking behaviour to the bargaining system of industry-wide regulation of wages.

The opinions and evaluations of the IGCPK's officials of the unification situation reported here confirm the author's prediction that its leadership was interested in a rather stable solution shaped by centralised collective bargaining and virtual single union status. The next step in the analysis is to test to what extent the IGCPK membership were willing to define their interests in collective terms, as this strongly determines the attractiveness and cohesion of an encompassing trade union with a weak shopfloor. Before we assess the willingness of

198) Mettke had been the expert on collective bargaining on the IGCPK's executive board until his death in 1990.

the IGCPK's membership to define interests in collective terms we have to raise the question of how they define the economic outcome of the IGCPK's conduct of social partnership (cf. Table 13).

Table 13: The economic effects of social partnership

What is the outcome of social partnership? Please tick.	
Ratings	Frequency in per cent
low inflation	5.5
low strike record	6.7
low unemployment record	3.6
comparatively high wages	22.4
combination of high wages, low inflation, low strike record, low unemployment record	59.3
no answer	2.5

N = 165 100.0
 Source: Author's questionnaire conducted with West German IGCPK members

Table 13 indicates that the great majority of the respondents said they were aware of the economic results of the application of neo-corporatism in the chemical industry. Further evidence of the outcome of social partnership and its effects on union cohesion is given by Die Tageszeitung (25.6.1991) and Mettke (1990, p.5). Die Tageszeitung (25.6.1991) described the IGCPK's determination to pursue social partnership successfully as the IGCPK's 'unitary doctrine.' Mettke (1990, p.5) outlined that combining different interests of a heterogeneous membership is the 'precondition to taking over responsibility for the conduct of collective bargaining' which can trigger positive results for the whole workforce.

Mettke (1990, p.5) dismissed 'conducting any bargaining policy in favour of one group.'

The results of Table 13 confirm that the IGCPK's membership was aware of the economic effects of social partnership. The IGCPK's 'unitary doctrine' (Die Tageszeitung 25.6.1991) and Mettke's assessment confirm the author's prediction that the IGCPK leadership was using the integrative force of defining interests in collective terms in sustaining organizational cohesion. The IGCPK leadership's decision to protect the collective goods and thus the cohesion by an appropriate strategy can be derived from its leadership's strong incentive to secure its position, which implies acting as its membership's agent. If we assume that the IGCPK's leadership was acting on behalf of its membership, the subsequent step in the analysis is to test the membership's willingness to continue with social partnership and thus to protect the good Okun-index.

To support the argument of protecting the public good results¹⁹⁹ of collective bargaining, we can refer to the IGCPK membership's motions passed at the ordinary congress 1991 (cf. Gewerkschaftliche Umschau 2/1991, pp.6-10) supporting continuation with the positive economic effects stemming from the conduct of social partnership.²⁰⁰ Table

199) Mettke (1990, p.5) called on 'conservative and economically liberal politicians' to ponder about the positive macroeconomic outcome of centralised collective bargaining.

200) The same argument is mentioned in Hannoversche Zeitung (22.6.1991).

14 provides further evidence of the IGCPK membership's appreciation of a continuation of social partnership.

Table 14: The desirability of the continuation of social partnership

Regarding the experience and economic outcomes of social partnership, continuation is (please tick):	
Ratings	Frequency in per cent
desirable	70.9
partly desirable	13.9
undecided	4.8
undesirable	8.5
no answer	1.9

N = 165 100.0
 Source: Author's questionnaire conducted with West German IGCPK members

Accustomed to the benefits of social partnership, most of the IGCPK members defined their interests in collective terms²⁰¹ (presse-dienst 20.2.1990, p.2: high productivity, extremely low strike record, low unemployment and high wages in the chemical industry). Any stoppage in the provision of collective benefits might cause damage to IGCPK's attractiveness for its members and thus to its encompassiveness. Combining Table 13 with the results of Table 14 the highest approval of the pursuit of social partnership came from the group of respondents who defined the outcome in the terms of a good Okun-index.

201) In the author's interview an IGCPK officer defined 'interest' in collective terms as an important 'common denominator' of the attractiveness and coherence of an industrial union.

In the author's questionnaire conducted with the IGCPK's leadership the respondents reported that the 'lack of alternatives' referred to the weakness of labour representation on the shopfloor; the encompassive structure of the West German union also determined the strategy of incorporation. Incorporation was the strategy to avoid any interdependence between unions, such as competing in the membership or employer markets.

The task of the IGCPK leadership consisted in developing a stable solution which could secure the continuation of corporatism with its achieved standards (substantive goals) and its bargaining system (procedural goals). The IGCPK leadership identified the single union status as the best means for maintaining corporatism. The stated preferences of a stable solution did not just apply to the avoidance of trade union competition with the FDGB, but even referred to duopoly situations and the various forms of interdependence between oligopolists. A rival organization could lead to competitive behaviour and thus trigger fragmentation within the workforce, with a subsequent weakening of trade union power by decentralisation, as well as the outbreak of uncontrollable conflicts on the plant level (Gewerk-schaftliche Umschau 5/1990, p.5). A decentralisation of collective bargaining could entail two effects. First, it could account for an erosion in the provision of beneficial collective benefits and limiting the excess burdens (possibly with the formation of distributional coalitions). Second, it could weaken the exercise of control over the

membership. The exercise of control over the workforce is an important aspect for an employer when deciding whether to grant recognition to a union.

Referring to the threats stemming from the disintegration of the GDR, we will explain the early intervention. To combat growing non-unionism, the emergence of grass root unionism²⁰², and recruitment efforts by West German Christian unions and the DAG within the IGCPK's organizational territory in the GDR, Rappe (Gewerkschaftliche Umschau 3/1990, p.4) demanded an early intervention. The author's questionnaire conducted with the IGCPK's leadership revealed that with an early intervention in the East, the emergence of growing non-unionism²⁰³ might be anticipated and a large proportion of the East German membership might join. Increasing membership was a dominant objective in order to reduce non-unionism, and free-riding and thus can account for the argument that the bargaining area should be extended. The author's questionnaire conducted with the IGCPK's leadership also revealed that in the long run membership growth could lead to the realisation of economies of scale based on cost structure.

202) The rarely emerging trade unions on the plant level (IUG) were not supported by the IGCPK.

203) Non-unionism might result because of the legacy of low trust experienced by the East German workforce. The East German workforce suffered from collective representation by East German bodies (cf. Reimer 1990). Further arguments for growing non-unionism are: accelerating individualism, growing unemployment and thus the decreasing utility of trade union representation.

This interventionist category of 'exchange' is determined by the protection of neo-corporatism, which in turn implies the strategy of incorporating the East German workforce within the West German union. According to Turner (1952), where a danger of undercutting exists it is in the interest of the better-off workers (West German union members) to incorporate the threatening group (skilled East German workforce) within a comprehensive body. The strategy of incorporation is determined by 'exchange' in order to induce the potential or actual violators to join. Thus the application of egalitarian policies to attract the outsiders will be appropriate. Narrowing wage differentials and offering selective incentives (e.g., legal representation) can prove to be a policy to attract the outsiders and thus to avoid the potential of undercutting. The policy of incorporation means attracting and inducing the East German workforce to join the encompassing body of IGCPK. Thus the task of the IGCPK's leadership consisted in deriving and presenting a trade union profile attractive to the East German workforce. This meant above all avoiding a perception of second class membership on the part of the East German colleagues. Thus a strategy in the initial period of reconstruction could be to offer the East German workers 'first class' treatment, to secure the continuation of the desired social partnership in a united Germany.

(b) The exercise of solidarity with the East German work force

Referring to Akerlof (1986), we argue that, despite the potential of undercutting by the East German workforce, the West German workforce had a humanitarian interest in the welfare of the East German population, as they had been pressed hard for forty years by the SED. The author's interviews with East German labour delegates revealed that they had been impressed by the hospitality, the office facilities and the experienced exercise of codetermination by their hosts. According to the author's questionnaire conducted with the IGCPK's leadership, the exercise of solidarity with the East German workforce had been one of the objectives for cooperation and finally unification. In interviews with the IGCPK executives they evidenced strong sentiments of solidarity with the East German workforce. In the context of the questionnaire, all the union leaders stated that the intervention in the East mitigated the transition towards a market economy, especially in social terms.

Despite the element of diffuse exchange relationship between the West and East German workforces and union members, the exercise of solidarity proved to be important supporting factors in the reconstruction process.

First, solidarity (e.g. presse-dienst 19.11.1990) as a cultural value orientation helped to enforce internal

discipline within an encompassing union in order to tackle 'the greatest challenge' to West German industrial relations. Thus an erosion in the significance of the union leadership and its macroeconomically inclined advisory staff was avoided. Rappe (Hannoversche Allgemeine Zeitung 24.6.1990) told the West German membership that solidarity was a shared national obligation', and that 'solidarity can entail harmful effects', referring to the necessary financial transfers from West to East Germany. In the author's questionnaire the IGCPK's leadership emphasised that its early determination to support the IGCPK had been welcomed by its West German membership. Virtually no objection had been reported to cooperation and unity.²⁰⁴

Second, solidarity offered an integrative force in supporting neo-corporatism, as well as entering East German territory without being criticised as an intruder. In publications sent to the IGCPK's membership Mersmann (1990, p.6) demanded that the 'historic chance to overcome the long-term division of the labour movement' be seized. Mersmann (1990, p.6) continued that exercise of the 'often adjured principle of ('international') solidarity' should become a 'true touchstone for each trade union member', referring to the notion of a 'cheap wage country, the

204) Assessing the IGCPK's conferences no West German representative denied the necessity for solidarity and incorporation of the East German workforce.

GDR.²⁰⁵ Extending solidarity to the East German workforce would generate a feeling of reciprocity by this workforce towards the West German unions, facilitating the process of incorporation.

Third, solidarity with the East German workforce referred to the IGCPK's political legitimacy, which appealed to the whole workforce or society, rather than to sectionalised groups. We argue that for an industrial union a two-tier membership that would mean differentiating between a West and an East German membership would not be a viable strategy. An explanation for this prediction is that, in accordance with their political legitimacy, industrial trade unions represent the whole workforce. In the case of German unification a two-tier strategy would mean discriminating against the East German workforce. Discrimination against certain factions of the workforce by an embracing union could be interpreted as an act against solidarity, possibly generating contempt from society and negative repercussions on the union's integrative power to achieve solidarity.

Having analysed the background of the objectives for an intervention, we have to conclude that stability and the continuation of neo-corporatism have been of the utmost

205) The perception of a 'cheap wage' neighbour realistically underscored the necessity of international union solidarity concerning the impact of the further economic integration in Europe. Thus in the case of German reunification demanding and exercising solidarity can improve member compliance with trade union policy in the future.

importance. The IGCPK's leadership therefore proved that it profoundly understood the shock emanating from the disintegration of the GDR. The strategy to establish near-representational monopoly had been an early incorporation of the East German workforce within the IGCPK. The exercise of solidarity with the East German trade union is an interventionist objective in itself, but it permits important 'by-products', such as improved cohesion, and can effect reciprocity on the part of the East German workforce.

(iii) The history and analysis of the IGCPK's incorporation strategy

Now we will turn to the analysis of IGCPK's incorporation strategy. Advocating the introduction of West German industrial relations improved the IGCPK's competitive advantage. Also, the IGCPK's massive support for the East German workforce to guide it while it gained experience of the new economic, legal and social environment reaped a large amount of goodwill.

(a) The IGCPK's condemnation of socialism

Early on, the IGCPK's leadership (Denecke 1990, p.6 and Leibfried 1991, p.3) made it clear that it 'would not deviate one millimetre from its basic principles.' With reference to IGM(W), the IGCPK leadership dismissed the 'third path ideology' that 'rescuing of some socialist

features' is not necessary (Denecke 1990, p.6). At the IGCPK's New Year reception Rappe (presse-dienst 20.1.1990, p.1) declared that 'with the collapse of the GDR system it has finally been proved that Communism could not offer solutions to the existing problems of the people.' He continued 'that in the new period of reconstruction we have to struggle against the SED as a Communist party.'

The condemnation of former East German industrial relations by the IGCPK could have caused a dilemma. On the positive side it could have triggered a dismantling euphoria within the East German workforce leading them to oust the FDGB personnel and thus erode the FDGB. On the other hand, criticising the East German system might be interpreted by the East German workforce as devaluing their work and thus their self-esteem.²⁰⁶ The dilemma was solved by the IGCPK's condemnation of the representatives and institutions with low trust levels, such as the SED and FDGB, accompanied at the same time by praise of the East German workforce, their skills, courage and active participation in the reconstruction of labour representation. The dilemma did not turn out to be existent in the case of the IGCPK, as it had made virtually no commitment to the East German system and its institutions. On the contrary the IGCPK's firm condemnation of the East German system had been assessed by the vice-chairman of IG Medien Hensche (1990) and Wunderer

206) The devaluation of East German products by East German consumption behaviour after the collapse of the GDR and in comparisons with West German quality standards partly eroded the self-esteem of the East German workforce.

(1990) as appropriate for the reunification process. Hensche (1990) and Wunderer (1990) argued that their unions 'neglected to conduct a discussion on the perversities of socialism', causing negative repercussions on their unions' image in the East German membership market. Hensche (1990) further assumed that a firm condemnation of East German socialism could improve a union's chance to gain recognition by the employers.

The condemnation of socialism by the IGCPK had been an important aspect of the union's political programme, since the ideology of the left no longer had a function within the IGCPK (cf. Markovits 1987). On the contrary, since the 1960s IGCPK's leadership has promoted the IGCPK's image as an active, successful and reliable bargaining agent renouncing left-wing ideology in order to facilitate the recruitment of white-collar workers. The author's interviews conducted with IGCPK officers and attendance of the union congresses confirmed the fact that the union's target group for future recruitments were the white-collar workers. We explain the IGCPK's firm stance in the reconstruction efforts as resulting from its relatively high proportion of white-collar members (1992: 20.2%). White-collar workers were also to be the main field for subsequent recruitments.

Rappe (presse-dienst 20.1.1990, p.1) submitted that the organizational support by the IGCPK was directed towards the reconstruction of a social market economy with free

trade unions in the GDR. The IGCPK's leadership outlined that the FRG, with its successful and experienced political and economic order, determined the East German reconstruction process. Assessing the sentiments of the vast majority of the East German workforce towards the SED, the old management and the FDGB, IGCPK's chairman Rappe was the first of the DGB's affiliates to condemn former East German socialism and to promote West German industrial relations. The demand by the IGCPK's leadership that the West German economic and political system should be copied increased the importance of the IGCPK's expertise, thus creating a competitive advantage on the part of the West German trade union. Denecke (1990, p.8) argues that the IGCPK leadership's objective was that the East German workforce would realise the indispensability of the West German trade unions during the necessary reconstruction and transition period.

In comparison with other DGB trade unions, the IGCPK's assessment of the situation, and especially the mood of the East German workforce, had been more accurate (cf. Wilke and Müller 1990). Early on, the IGCPK leadership set up reliable information channels to the East, allowing the West German union to respond quickly and appropriately. This improved information collection, and the enormous amount of information flowing from the East German workforce offered an opportunity to arrange plant partnerships between East and West Germany, as well as to deploy IGCPK officers to the East.

On 18.12.1989 the IGCPK's leadership met with the newly elected leadership of the IGCGK for the first time to discuss practical support and the arrangement of plant-partnerships (cf. presse-dienst 19.12.1989). Despite the actual support for an organizational renewal and a reconstruction of the IGCGK from below, the IGCPK's leadership followed a dual strategy consisting of persuasion and preventive pressure.

(b) The function of the information offices

In order to provide information to the East German workforce, IGCPK's leadership decided to set up 'information offices' in Leipzig and East Berlin. Mersmann (1990, p.6) reported that the representatives deployed by the IGCPK were confronted with more than 100 inquiries each day in January 1990. The subject of those inquiries were issues concerning the implementation of works councils, the conduct of collective bargaining, environment protection and the mediation of plant partnerships (presse-dienst 16.1.1990, p.1). Presse-dienst (16.1.1990, p.1) continues by stating that 'the information centres are accessible to all interested persons in the plants. This encompasses all opposition parties in the GDR, such as the SPD and Neues Forum. Cooperation with the East German IGCGK is regarded as natural by IGCPK's leadership.' IGCPK started to distribute its magazines such as 'gp magazine,' 'Umschau' and a special edition for East Germany of 'gp Extrablatt'. Providing the information for the East German workforce at

the same time offered IGCPK the opportunity to promote West German industrial relations and thereby present the achievements of their organization. The task of providing information was to demonstrate a competitive advantage in the form of expertise in a market economy by referring to the West German industrial relations standards. Thus we assume that the rationale of support for the East German workforce consisted in promoting an attractive image of the IGCPK within the GDR (membership market).

The author's interviews with the IGCPK's leadership and union officers revealed that these 'information offices' had been of great importance for receiving vital and reliable information on the sentiments of the East German workforce. In comparison with other DGB affiliates, the IGCPK's leadership was able to exercise two-way communications speedily through these information offices. In a questionnaire conducted with the IGCPK's leadership the existence of the 'information offices' was described as the most important factor the disseminating and promoting of the IGCPK's policy and achievements within the East German paper, ceramics and chemical industry. The two-way communications were used by the IGCPK's officers to encourage the East German workforce to build up their shopfloor representation by ostracising the former SED and FDGB staff. The 'information offices' were set up as a means of providing vital information on the mood and expectations of the East German workforce. In comparison with other DGB unions the IGCPK's leadership identified the

'information offices' as the precondition for their reconstruction achievements. The correct assessment of the information received emphasised the attractiveness of the IGCPK and thus accelerated the renewal process within the IGCGK.

The preventive part of the IGCPK's dual strategy consisted in the plan to set up the 'information offices'. Building up 'information offices' followed the strategy of threatening the IGCGK's organizational existence and forcing the IGCGK's leadership to comply. The IGCPK's leadership made it plain that if the IGCGK did not comply, the IGCPK would set up its own East German trade union organization emerging from those 'information offices.'

(c) The IGCPK's firm reconstruction demands

As a precondition to any cooperation and to eventual unification, the IGCPK insisted that the IGCGK reform itself into a democratic trade union. Because it partly retained the former trade union structure and exercised self-determination during the reconstruction efforts (e.g., elections, cooperation, dismantling of the FDGB²⁰⁷) the East German workforce developed a certain degree of self-esteem. The author's interviews conducted with the East German labour delegates revealed that cooperation with the

207) Despite the IGCPK's strong condemnation of low trust industrial relations and its firm determination of the reconstruction process, the formal dissolution was left to the East German workforce, in order not to be blamed as an intruder or violate the self-esteem of the East German membership.

IGCPK and being able to determine the reconstruction of labour representation triggered self-esteem and commitment towards the new system on the part of the East German workforce.

Reformability had been strongly demanded by the IGCPK's leadership in order to enter further cooperation with a democratically legitimated leadership on the part of IGCGK. Reforms had been launched by the IGCPK to prevent its identification as a successor to the FDGB²⁰⁸ and its low trust system, and to dissipate possible reservations on the part of the East German workforce²⁰⁹ and the West German membership.

The firm condemnation of the former system by the IGCPK's leadership diminished those reservations. In the author's interview, Mersmann reported several reasons for the IGCPK's firm convictions: first, democratic elections would help to clean out discredited personnel and thus facilitate union unification. The conduct of elections would generate self-esteem on the part of the East German workforce. Second, the willingness of the West German membership to incorporate the East German workforce would be enhanced. In addition, the difficult recruitment of the 'conservative' white-collar workers would be facilitated if the East German union officers and its membership abjured left-wing

208) According to a letter of the former Home Secretary Schäuble, the West German trade unions 'avoided any relationship with the FDGB to avoid becoming the successor in title.'

209) For a discussion of reservations we refer to Der Beamtenbund 6/1990, p.27.

ideology²¹⁰. Third, upholding an encompassing organization required sticking to the principle of a unitary unionism and a non-partisan organization. The reformability had been a precondition in order to avoid an infiltration by the SED, the STASI and the FDGB staff (Bading 26.6.1990, p.3 and Handelsblatt 26.6.1990, p.1). Fourth, breaking with the legacy of low trust and left-wing ideology would facilitate the necessary cooperation with the Conservative-Liberal Government²¹¹ and the employers.

The IGCPK's uncompromising stance and the strict conditions it placed on cooperative links were described as 'arrogant' and 'condescending' (European Industrial Relations Review 5/1990, p.12). Table 15 shows that the vast majority of the East and West German labour delegates supported the firm reconstruction strategy of the IGCPK.

210) The IGCPK's history (cf. Handelsblatt 28.6.1990, p.10 and IGCPK (ed.) (June 1987), Chronologische Darstellung am Beispiel der 'Fuldaer Beschlüsse' der Industriegewerkschaft Chemie-Papier-Keramik, Hannover) has been shaped by intensive discussions and measures to expel extreme political fractions from the organization. In interviews conducted with union executives it was reported that after 1945 IGCPK's leadership had been worried by the SED's and FDGB's attempts to infiltrate and thus influence the DGB and its affiliates.

211) According to a letter of former Home Secretary Schäuble, he received 'unequivocal signals' from the DGB trade unions to support the dismantling of FDGB. The West German government responded to the demand of the DGB unions by eroding the FDGB's hegemony and the trade union act by Article 17 of the Inter-German Treaty, principles III (Sozialunion), Sections 1-4. The objective of the West German Government has been not to jeopardise the success of the WWSU by 'SED's long arm', but to carry on successful industrial relations with reliable unions.

interviews with East German labour delegates. The unstinting willingness of the IGCPK's deployed personnel²¹³ to share their experience with the East German workforce promoted an opportunity for the IGCPK to act as an agent of the workforce. With the establishment of these 'information offices' the IGCPK's leadership pursued the historic chance to overcome trade union disruption without being blamed as an intruder in East German industrial relations. Table 16 confirms that the overwhelming majority of the East German labour delegates did not perceive the IGCPK's 'information offices' as an intrusion in East German industrial relations.

Table 16: East German labour representatives' perception of IGCPK's information offices

Please indicate (please tick) your perception of IGCPK's information offices in the former GDR.	
Sentiments	responses in per cent
- 'intruder in East German industrial relations'	4.2
- no answer	6.7
- 'supportive agent of the East German workforce'	89.1

N = 165

100.0

Source: Author's questionnaire conducted with East German labour delegates

213) In an interview with Mersmann, he stated that the working conditions of the deployed personnel had been extremely hard. The early transition period had been shaped by extreme information deficits and constant demands for consultation by the East German rank-and-file.

Despite the 'strong incentives' of the West German union members and their leadership to participate in the reconstruction activities, it was extremely rare that they were made to feel like intruders. The exercise of plant partnerships between East and West German workers was predominantly determined by altruistic motives, as the author's interviews with labour delegates of both countries revealed. Interviews with West German union members conducted by the author confirmed altruistic sentiments²¹⁴ as well as intrinsic satisfaction with the process of participation in easing the uncertainty of the East German workers and improving the working and living conditions of the hard pressed East German workforce.

The establishment of information offices had been a strategy aimed at securing single union status in a unified Germany, while fulfilling several other functions at the same time:

- Presenting the IGCPK as an experienced agent of the East German workforce, meeting their extensive information demands, and reducing their insecurity.
- Offering support paid off, as the East German workforce acknowledged the IGCPK's experience and help with reciprocity, demanding further support and representation in the GDR in order to achieve the same living and working conditions as in the West.

214) Several West German union members sacrificed a certain part of their holidays in order to offer support. Friendships also developed between East and West German union members as a result of the plant partnerships.

- Neatly interwoven with the other functions enumerated above, the IGCPK exercised considerable influence upon the IGCGK to comply with the demands of the IGCPK. Realising the threat emanating from the establishment of information offices, from the IGCPK's growing experience in the new system, and the warm welcome given to the IGCPK by the East German workforce, all these pressures accelerated the IGCGK's compliance in undergoing reforms and destabilising the FDGB.

- Setting up information offices, together with the reception by the East German workforce, gave a clear signal to potential unions that entering the membership market was not remunerative and to the employers and governments that the IGCPK was the recognised agent of the workforce.

At a summit on 27.1.1990 the IGCPK's and the IGCGK's trade union leaders agreed that German unity was inevitable and desirable. Thus they concluded that the IGCGK would have to undergo severe political and structural reforms to support the process of German reunification. The IGCGK's leadership promised to realise and to secure independence from political parties (unitary unionism) and to call an extraordinary union conference on 27 and 28 April 1990 (presse-dienst 30.1.1990, p.1). At this conference the IGCGK would elect trade union leaders who would represent its membership in negotiations about cooperation. The IGCPK insisted on the democratic legitimacy of the East German trade union leadership, with whom it expected to sign a cooperation agreement. We argue that an agreement signed

with non-democratically legitimated East German union executives could have undermined the IGCPK's high trust-based strategy. Thus democratic elections of the trade union leadership could secure encompassiveness on the part of the workforce and lead to successful cooperation. The author's questionnaire conducted with IGCPK's leaders revealed that democratic legitimation was of paramount importance, as it demonstrated the end of imposed 'democratic centralism' and its replacement by the free will of the East German workforce. This meant that the IGCPK could use the existing East German trade union structures. According to the author's interviews, retaining existing structures had been considered by the IGCPK's leadership as a possibility to realise an early trade union unity with a working organization and without the immense expenditures for establishing a separate organization from the ground up. This was able to account for a sound appraisal of the available resources and to convince the West German membership that the intervention in the East could generate a return on the investments of their 'equity' quite soon (cf. Willman 1989, p.286).

At the summit it was also agreed that the IGCPK would provide its sister organization with the necessary equipment for the running of the offices. It was decided (presse-dienst 30.1.1990, p.2) that the IGCGK would undertake efforts towards a 'profound political and structural reform of East German trade unions', and it

promised to 'stick strictly to the principle of party-political independence.'

The IGCPK's leadership pointed out that 'time is pressing' and that union unity had at least to be in line with the speed of German political and economic reunification (presse-dienst 20.2.1990, p.3). This was one reason why the IGCPK intensified its representation in the GDR by setting up further information offices (Halle, Erfurt and East Berlin). Extending union representation by further information offices reinforced the strain upon IGCGK's leadership to comply with the conditions set out by the IGCPK (Wilke and Müller 1991, p.131) for subsequent union unity. After setting up further information offices, Rappe made it absolutely plain that the objective was trade union unity. The IGCPK's plan and conditions for cooperation and subsequent unity had been outlined by Rappe as follows (presse-dienst 28.2.1990, p.1):

- 'the union unification should take place parallel to national unification,
- the process of cooperation and subsequent unification will also be dictated by way of Western investment in the GDR. The intention is to set up several commissions with the West German employers' associations in order to prepare future collective bargaining in the GDR.'

Rappe enumerated the preconditions for trade union unity in accordance with West German conditions as follows (presse-dienst 28.2.1990, pp.1-2):

- 'acknowledgement of the political principles of the IGCPK. This means respecting and upholding democracy, the rule of law, parliament and independence from political parties and other institutions.
- acknowledgement of the works council system based on the West German works council act. The existing BGL system in the GDR did not conform with parliamentary democracy, but only with dictatorship. However, the dictatorship in the GDR had collapsed. For the IGCPK codetermination was part of social democracy. On the basis of the Codetermination Act, and Works Councils Act, and carrying out the strategy of the trade unions, the German workforce experienced great success in industrial relations. This also meant
 - avoidance of a trade union act,
 - avoidance of political strikes,
 - support of the principles of cooperation, according to the basic programme ('Einig im Ziel'),
 - acknowledgement of the headquarters of the trade union - as before 1933 - in Hanover'.

Chairman Rappe said that he expected the IGCGK to demonstrate its will for unification at its conference. The subsequent tasks for the cooperation period would be influencing the decision process of amendments in the by-laws of the IGCGK. Further, the IGCPK's leadership demanded massive 'consultation' rights for the necessary amendments in the IGCGK's by-laws. The IGCPK justified these 'assisting' rights with the necessity to assess whether trade union unity was feasible. During the cooperation

period both trade unions installed various committees (presse-dienst 28.2.1990, p.2). The system of enabling rights and the work of the committees facilitated the efforts of the experienced IGCPK representatives to direct the reform process of the IGCGK.

(d) The IGCPK's exercise of social partnership with the employers

As outlined in the predictive trade union strategy model the author assumed that in accordance with the IGCPK's organizational weakness on the shopfloor, the union would work hard to gain recognition and support from the employers. As the trade union's success and encompassiveness was determined to a large degree by the application of a good Okun-index, it would try to secure the continuation of social partnership. Thus we predict that the union would be extremely active in working for employers' recognition by sustaining the beneficial growth alliance and avoiding decentralisation.

On 1.3.1990 the IGCPK's leadership appealed to the West German chemical industry to invest in the GDR, and also claimed that the IGCPK intended to continue with the social partnership relationship (presse-dienst 1.3.1990). Willke and Müller (1990, p.132) argue that the rationale for the IGCPK's statement was that they realised that the reconstruction process would take its time. Thus Rappe offered continuation of the social partnership, expecting

from the employers 'not to exploit the representational vacuum in the GDR'. Given this explanation, we argue that the early and intensive consultation with the employers accounted for the IGCPK's willingness to gain recognition in the East German employer market.

Now we raise the question why the employers' association have been interested in the continuation of social partnership with IGCPK. An explanation for the strategy of the employers' associations could be that the IGCPK was strong enough to influence the ideological and institutional circumstances of the unification process (cf. Wever 1990, p.601). Referring to Wever (1990, p.601), we assume that the employers' associations expected especially from the accommodationist trade unions that they would 'channel the unpredictable political and workplace-related interests of the East German workforce.'

The early and intensive consultation between the IGCPK and the employers' associations bore out this argument. The author's questionnaire conducted with the IGCPK's leadership revealed that they had been asked by the employers to establish the same predictable industrial relations system in the GDR. Documents of the Chemical Employers' Association (BAVC) and the German Employers'

Association (Adomeit 1990a, p.586 and Mische²¹⁵ 1990, p.44) confirmed statements in favour of 'moderation' that were not limited to the GDR. They also applied to West Germany in order to minimise negative repercussions in connection with the highly appreciated 'social peace' (e.g., low strike record) and the avoidance of an outbreak of sectionalism with an uncontrollable distribution struggle (cf. Mettke 1990, p.5). Thus the employers had granted their recognition in exchange for control and the exercise of 'voice'.

A further reason for the employers' associations cooperation is that we assume that since the IGCPK's weak shopfloor organizations had only little capacity to act, managerial prerogatives in organising production were unchallenged by direct union intervention, with positive effects on productivity (cf. Streeck 1981, p.153). Thus we predict that management's interest consisted in cooperating with the IGCPK, thus strengthening beneficial neo-corporatist industrial relations and avoiding other less desirable forms and actors of labour representation.

Rappe recommended a common declaration by the social partners. Advocating his organization, the IGCPK Rappe

215) Mische is the president of the Federal Chemicals Employers' Association (BAVC). He (1990, p.45) mentioned that the cooperative relationship between the BAVC and IGCPK greatly improved the working and living conditions of the chemical workforce. He also emphasised the continuation of social partnership with a strong and reliable social partner to meet the competitive and technical challenges of the future.

referred to the polluted environment caused by the chemical industry in East Germany and stressed it was in the interest of the Government and employers to solve this problem with an experienced, competent and strong union.

The IGCPK leadership's strategy was based on a two-tier system, on the one hand establishing itself in the GDR and making itself indispensable to the workforce and at the same time offering intensive cooperation with the West German employers' association. The cooperation and early recognition by the employers had been of importance, as it discouraged other trade unions from starting recruitment efforts within the IGCPK's sphere of action. Gaining early recognition in the 'employer market' acted as a barrier to entering this market.

In the author's interviews with East German labour delegates social partnership was appreciated in order to enhance investments by West German companies in the GDR, thus easing the impact of unemployment. IGCPK's work in the employer market was shaped by the 'four points agreement' signed on 13.3.1990. This arrangement was signed by the BAVC and the IGCPK. It said (presse-dienst 13.3.1990, p.1 and Gewerkschaftliche Umschau 5/1990, p.20) that: 'As a corollary of the current developments in the GDR, the IGCPK and the BAVC have agreed on the following basic principles:

- Mutual information. Both organizations will consult each other about their initiatives and activities in the GDR.

- Mutual support for events. Both organizations declare their willingness, with the approval of the other side, to deploy representatives for special events.
- Acknowledgement of social partnership in the chemical industries. Both parties will emphasize the positive implications of the special system of social partnership in the social market economy in the FRG and of the freely elected works councils in their contacts with East German representatives.
- Parity ad-hoc committees on 'GDR questions'. Both organizations agree on ad-hoc meetings to discuss problems emerging from the developments in the GDR and interesting questions.'

We argue that the 'four-points agreement' as a declaration of both social partners expresses their shared willingness to continue with the social partnership. The author's questionnaire conducted with IGCPK's leadership and an interview with an officer of the BAVC confirmed that for the union the top priority was gaining recognition (constructing a barrier of entry for other unions) and for the industry a predictable and successful union-employers relationship.

The same agreement was signed for the paper industry, in which the IGCPK and the Paper Producing Employers' Association concluded that the sphere of responsibility of the trade unions should be congruent with that practised in West Germany (presse-dienst 5.4.1990). On 11.4.1990 the

same agreement was reached for the rubber and ceramic industries (presse-dienst 11.4.1990, p.1). Through these joint declarations with the relevant employers' associations the IGCPK virtually secured single trade union status in a unified Germany. Under the terms of these agreements none of the social partners tried to gain a competitive advantage or to exploit a weakness (Wilke and Müller 1991, p.132). In comparison with other organizations, the IGCPK followed its own distinctive way towards unification.

(e) The IGCGK's reforms

After the first free general election (18.3.1990) in the GDR, with its clear referendum for German unification, the IGCPK's executives demanded that the East German trade union leadership should reform their organization according to the preconditions set by the West German sister organization. On 27.3.1990 Rappe explained that his organization was waiting for the IGCGK's extraordinary congress on 27 and 28.3.1990. He pointed out (presse-dienst 27.3.1990) that the decisions taken at this congress would reveal that 'after a period of cooperation with different joint executive commissions a subsequent unity is achievable.' One week before the IGCGK's decisive extraordinary congress Rappe publicly explained the dual strategy. When asked about a possible rejection of the IGCPK's cooperation and the unity offered by the IGCGK's extraordinary congress, Rappe declared his union's

intention to found its own IGCPK in the GDR (cf. Neubauer 30.4.1990). In this case the 'information offices' would have turned out to offer an opportunity for the establishment of an IGCPK trade union in East Germany, if the IGCGK's extraordinary congress had not followed the outlined strategy of cooperation. According to the IGCPK (presse-dienst 20.4.1990, p.1), the task of the extraordinary congress was that the 'IGCGK will decide on the programme and by-laws and will elect a new leadership to legitimate the process of renewal. The delegates want to debate questions and ways for a further cooperation with the IGCPK.'

Before the IGCGK's extraordinary congress the IGCPK's executives determined the political path for the organization for their colleagues (Denecke 1990, p.7). On this occasion the IGCGK's chairman Löschner claimed that his union was developing an 'entire new profile' which would include independence from government and political parties (European Industrial Relations Review 5/1990, p.12). Rappe dismissed (presse-dienst 27.3.1991) the possibility of continuing trade union workplace representation with the BGLs: 'A trade union bill and the old BGLs only fit into a dictatorship.' The IGCPK seized the initiative to sign a standard agreement with the East German Ministry of Industry which allowed the premature introduction of works councils in the GDR according to the West German Works Constitution Act. As the BAVC joined this standard agreement, the discussion of BGLs versus works

councils was virtually obsolete. The neo-corporatist social partnership offered the anticipation of organizational reconstruction to the IGCPK even before the institution of West German industrial relations law and juridification. Fostering works councils offered the IGCPK the chance to distance itself from the legacy of low trust and to gain a competitive advantage over the IGCGK. Dismantling the BGLs proved a popular step for the East German workforce (dismantling euphoria), but it also helped to undermine the FDGB's organizational strength, as the author's interview with Mersmann confirmed.

The IGCGK's leadership started to prepare this congress of 27 and 28 April 1990 by launching discussions within the plants about the renewal process. The corollary of these discussions was the personnel defeat of the old SED cadres in the elections for the delegates of the extraordinary congress (cf. Denecke 1990, p.7, Grundmann 1991, p.12, Wingfield 1991, p.28).

In a report on the extraordinary congress (27/28 April 1990), the IGCGK's chairman Löschner described the history of the GDR and especially the role of the FDGB critically. The chairman of the IGCGK vehemently demanded German unity. A report by Rappe followed, emphasising the necessity for trade union unity as a result of the WWSU and ecological problems. With a great majority the congress approved the following motion (Gewerkschaftliche Umschau 3/1990, pp.8-9): 'The IGCGK supports the democratic renewal in the GDR

on the basis of parliamentary rule of law and democracy in the economy. It fosters the right of trade union codetermination for the protection of the interests of its membership. As a self-determined and independent industrial union, it fosters an ecological and socially oriented market economy. ...The extraordinary congress wants to decide on and establish the following amendments in its by-laws:

- The realisation of a strong and free all-German industrial union with the Hanover as the location of the headquarters... .
- The acknowledgement of the democratic rule of law... .
- The principal of independence from political parties... .
- The transformation of the BGLs to a system of works councils... .
- The application of consensus when partnership offers acceptable results... .

The extraordinary congress fosters the realisation of a unitary industrial union between the IGCPK and the IGCGK. The timing of the merger will result from the political implications of the WWSU, and a consensus will be reached by the trade union leaders.'

On 28 April 1990 IGCGK's delegates voted unanimously for the 'realisation of a common industrial trade union' (Denecke 1990, p.8). According to presse-dienst (30.4.1990), no substantial differences between the IGCGK and IGCPK became evident and thus the motion was passed.

The results of all the elections showed great encompassiveness and homogeneity. Löschner²¹⁶, who was responsible for the democratic renewal and the supersession of the old leadership, received 84 per cent of all votes. Very impressive was the result of Junge, who had been responsible for collective bargaining. He won 96 per cent of all votes. Overall, the Bernau conference of the IGCGK was determined by the unanimous will of the delegates to merge with the IGCPK in accordance with the preconditions set out by the West German leadership.

A further argument accounts for the smooth achievement of unity: the early IGCPK's leadership determined that dynamic and reformative trade union officers without STASI membership might be offered a position within a united IGCPK. The prospect of a possible career within the IGCPK contributed to the IGCGK's leadership and to officers not obstructing the cooperation and unification procedures. On the contrary the IGCGK promoted them, as the author's interview with Junge confirmed. From 27.6.1990 onwards the IGCPK deployed so-called 'political' secretaries to the IGCGK to scrutinise the backgrounds of the IGCGK personnel and to train them for the forthcoming work (cf. Eisenbeiß 1990, p.32). Willke and Müller (1991, p.137) submit that the task was to secure internal compliance towards the IGCPK's values and objectives. In the author's interview

216) Despite the fact that Löschner had been responsible for political agitation within the FDGB and a later member of the executive board of the IGCGK, he and Junge showed to be extremely committed to the internal reforms of their union.

with Mersmann he reported that one intention of the IGCPK's training sessions for East German union members was to dissipate worries especially on the part of the West German membership.

Assessing the results of the IGCGK's extraordinary congress (identical programme with the IGCPK, unanimous vote for cooperation and unity, acceptance of all preconditions), we argue that the IGCPK's persuasive work and strategy paid off. In the author's questionnaire conducted with East German labour delegates the explanations for the unanimous vote were:

- That the IGCPK would act as an agent of the workforce to improve working and living conditions. It was anticipated that the social partnership with the employers would encourage investments in the GDR, so that the impact of unemployment could be mitigated, for example, by social plans. Expectations included bringing up the wages and working conditions to the West German standards. Some respondents stated that they regarded the IGCPK as a force to overcome the 'second-class citizens' image of the East German population and to offer training facilities to raise skill levels.

- That the economic, political and legal unification with the former FRG had made the inhabitants of the GDR feel like 'foreigners in their own country.' Millions of East Germans had suddenly been concerned with questions about tax schedules, codetermination, or how to claim unemployment benefits. Many respondents reported that the

sense of strangeness had not been an individual experience; rather, existential uncertainty had become a mass experience. In this respect the IGCPK's expertise and support had been viewed as a means to overcome the strangeness of the unknown system.

- That the IGCPK's uncompromising stance would stop the legacy of low trust. Some labour representatives stated that, if the IGCPK had not assisted the East German workers, representational bodies of low trust would have still been in office. Some labour delegates stated that they expected the IGCPK as a force to oppose management buy-outs by the old management, and to prevent the Treuhand from liquidating of companies in favour of reconstruction. The East German workforce regarded the IGCPK and the works councils as a means to impede the old management's 'high-handed behaviour' (cf. Der Spiegel 24.9.1990, p.79).

- That the unanimous vote to a certain degree constituted reciprocity to the solidarity and experience which the IGCPK offered during the transition period (e.g. plant partnerships).

- Some of the respondents emphasised the lack of an alternative to the IGCPK's experienced and successful representational monopoly in a new and unfamiliar system.²¹⁷ Especially women stated that they perceived the IGCPK as an experienced agent to improve the devastated and polluted environment.

217) This answer referred to the threat emanating from the 'information offices' that in the case of non-compliance the IGCPK would set up its own organization without the participation of the IGCPK's staff and members.

- The exercise of beneficial social partnership was one of the most popular answers of the respondents. The excellent connections of Rappe with the West German employers and companies, together with the application of social partnership, would attract necessary investments and thus help to keep the chemical industry in the East, with correspondingly positive effects on employment.

- The application of selective incentives were an important aspect, as the incorporation within the IGCPK would enable former IGCGK members to claim free individual representation (especially legal representation and tax advice).

Assessing the answers above, the IGCPK's strategy of working with the dichotomy of high (IGCPK) and low trust (old GDR system) and presenting itself as the indispensable agent and as a factor of hope to the East German workforce paid off. The early support given to the East Germans by the 'information offices' was not perceived as an invasion, but on the contrary met with gratitude from the East German workforce, as the author's interviews with East German labour delegates confirmed. The participation of the East German membership and their incorporation increased their self-esteem, despite the fact that it was the IGCPK which set out the conditions of cooperation and unification.

On 7 and 8 May 1990, the IGCPK's advisory board approved further cooperation and a possible unification, and called for an extraordinary congress in September to amend the by-

laws (presse-dienst 10.5.1990, p.1). The IGCPK concluded that all preconditions had been fulfilled by the IGCGK. On 10 May the IGCPK intervened and asked the Government for amendments in the 'Inter-German-Treaty' to protect the already existing works councils in the GDR (cf. presse-dienst 10.5.1990).

One week later, on 14 May 1990, the trade union leaders of both organizations met and signed a cooperation agreement. The stipulation provided for a two-tier objective: first, close cooperation and second, subsequent trade union unity. According to presse-dienst (14.5.1990, p.1), the cooperation agreement was intended to prepare for unity during an intensified period of cooperation. The stated objective of the agreement was 'the unification of both organizations, the date to be defined by the executive boards of both unions. Therefore a common ordinary union congress would be called' (presse-dienst 14.5.1990, p.1). With reference to the industrial relations system operating in West Germany, the objective of 'both trade unions' is to develop and establish the same system in the GDR that has operated in the FRG' (presse-dienst 14.5.1990, p.1). Both unions declared that the location for the union headquarters of a unified union would be Hanover' (presse-dienst 14.5.1990, p.1). A trade union executives committee was formed to decide on various details of the procedures for cooperation and unification. Both unions demanded that the East German workforce should declare their will for unity by joining the IGCPK by 31.12.1990. Both leaderships

decided that the future common by-laws would be identical with those of the IGCPK. After signing, special commissions took up their work of preparing the unification of both trade unions (presse-dienst 30.4.1990, p.1). Given this situation, von Pappenheim (11.5.1990, p.2) argued that the cooperation agreement was determined by Rappe's 'gentle pressure' upon the IGCGK to prevent competition in the membership market.

The cooperation agreement (IGCPK Kooperationsabkommen 14.5.1990) was the apex of the IGCPK leadership strategy, because all the requirements set out had been fulfilled, and the way to near-representational monopoly in a reunited Germany had been achieved. On behalf of the IGCPK Rappe declared that the West German trade unions 'do not claim a single Mark which the East German unions received from the SED and the East German government (Hülsmeier 1990, p.19). But he called it justifiable that the unions wanted to claim those parts of the East German union properties stemming from dues paid to the FDGB. 'Finally', he stated that the 'unions have to fulfil the great task of rebuilding the infrastructure for labour representation. And that is very expensive' (Hülsmeier 1990, p.19). Despite the fact that the IGCPK made extensive use of the facilities of the IGCGK, the costs of deployed personnel, provision of information material, and investments in the refurbishment of the offices and new office equipment had been considerable. According to the author's questionnaire conducted with the IGCPK's leadership, the annual

expenditures for union representation in East Germany, despite the existence of synergy effects, would not be covered by the annual dues collected from the East German membership for a considerable time. Taking over the organizational structure of the ICGK proved to be successful, and from an early date the IGCPK was able to receive their dues.

In the author's follow-up interview, Terbrack reckoned that the break-even point could be achieved within a period of probably five years, depending on the development of investments, unemployment, and the recruitment efforts of IGCPK. Regarding synergy effects by providing public representation, the IGCPK was also interested in the enhancement of its membership. Despite the realisation of synergy effects, expenses such as the provision of personal legal representation in the East German labour courts gave rise to large expenditures by the IGCPK. This provision of legal representation provided an important selective incentive to join the IGCPK (cf. Momper 1990, p.41), and thus encouraged the process of incorporation (Seideneck 1991).

Expansion by means of East German members had been the IGCPK leadership's objective because of the synergy effects²¹⁸, such as the increase of reputation and strength within the DGB and in the political arena. At the same time

218) In an interview with Handelsblatt (5.5.1992) Berger stated that 'we need within and outside of DGB a certain quantity of members', indicating the necessity of achieving economies of scale/scope.

it was acknowledged that the protection of neo-corporatism had been the dominant objective of the cooperation and unity process (Gewerkschaftliche Umschau 4/1991, p.7). In the Gewerkschaftliche Umschau (4/1991, p.7) Rappe stated that 'with about 900,000 members, our organization is strong. Thus it is an important factor in the social policy in our country. Even now, no one could afford to neglect our demands and proposals.' This statement confirms Marshall's et al. (1976, p.69) argument that enhancement of membership coincides with the pooling of 'political strength.' According to Rappe (Gewerkschaftliche Umschau 4/1991, p.4), his organization would use 'its power and international reputation' to influence German foreign policy. Thus we argue that the enhancement of membership played a major role in the reconstruction strategy. According to the author's questionnaire conducted with the IGCPK's leadership, the potential gain in membership was rated as a dominant reason for the intervention. The parallel objectives of improving the IGCPK's significance within the DGB, as well as personal ambitions, have also been rated in the author's questionnaire as motives for the strategy of incorporation, but not as important ones.²¹⁹ The Frankfurter Allgemeine Zeitung (24.6.1991) reported that trade union leaders are not interested in 'the policy of its neighbour' (affiliate), they punish the DGB by disregard. This is the reason for the DGB's sclerotic weakness.' This argument might be partly right, but

219) In the IGCPK especially members of the advisory departments and the personal assistants of the leaders have been promoted.

according to the Handelsblatt (3.12.1991, p.7) and Stuttgarter Zeitung (3.12.1991, p.3) the 'improvement of the significance for the decision-making process within the DGB has been described as an important argument for an union 'fusion.'

In his article 'in three steps to the goal' Rappe (1990, p.48) described the results of the extraordinary trade union congress of the IGCGK and the meeting of the IGCPK's advisory board as offering the possibility for a cooperation agreement as the first step to trade union unity, which could be realised in May 1990. From May 1990 onwards, the IGCPK's staff worked hard to realise the trade union organizational structure (four districts and 33 administrative offices) in the new Länder. The organizational reconstruction started on the establishment level with the election of the works councillors, shop stewards and delegates for subsequent elections, and the formation of the administrative offices. The delegates had to decide on the heads of the administrative offices, while the secretaries were appointed by the trade union leadership to ensure the continuity of neo-corporatist industrial relations and establish credibility towards the employers.

With the realisation of the WWSU (1.7.1990), the IGCPK seized the initiative to reconfirm its strategy of social partnership with the employers. At that time it was also necessary to create the basis for a new system of wages. On

20.6.1990, the IGCPK, the IGCGK and the Ceramical Employers' Association agreed to conduct collective bargaining and to implement collective structures and procedures. According to presse-dienst (20.6.1990), the following agreement was approved:

- 'The Ceramical Employers' Association with its East German affiliated members and the leadership of the IGCPK and IGCGK will conduct collective bargaining from 1.7.1990 onwards for the ceramic industry in the GDR.

- The social partners will foster the introduction of the structures of collective bargaining prevailing in West Germany. The material content of the collective agreements will have to be developed step by step on the basis of the existing collective agreements of the GDR for economic development until the level of the Federal Republic is reached.

- With the introduction of the WWSU it is necessary that the social partners immediately started determining collective bargaining and hereby regulating the economic and working conditions of the workforce.

For the transition of the East German plants to a social market economy it should be possible for management to count on the collective structures.'

(f) The incorporation of the East German workforce by closing the wage gap

Incorporating the East German workforce into a unified organization was meant to avoid any form of discrimination

against the new section of membership. For this reason the IGCPK laid great emphasis on the introduction of the same structures and procedures of collective bargaining and offered predictability to potential investors with this new system (presse-dienst 20.6.1990). Förster (1991, pp.26-27) argues that the IGCPK's objective was to close the gap between the East and West German remuneration. In training courses the IGCPK's leadership made it quite plain that collective bargaining would be conducted on the regional level and, not as some East German union officers demanded, at the plant level (cf. Eisenbeiß 1990, p.32). Thus we argue that the IGCPK sought to avoid any further wage drift in the East, or increasing plant syndicalism (cf. Gewerkschaftliche Umschau 1/1991, p.3). Narrowing the wage differential between East and West Germany accounts for the strategy of contractual exchange to attract the East German workforce to join the IGCPK, and thus to prevent further negative spillovers to the West. Several petitions submitted by West German members for IGCPK's ordinary congress (cf. Gewerkschaftliche Umschau 2/91, p.41) demanded that the gap between East and West German remuneration to be closed, to avoid undercutting (cf. Hickel 1990, p.66). These petitions were overwhelmingly made by West German union members who had worked near the former German-German border. Raising of the East German wages to the West German level had been also demanded by certain West German members in order to avoid 'the exploitation of the advantageous East German location'

(Gewerkschaftliche Umschau 2/91, p.41) by employers or investors.

Thus Turner's (1952) argument in favour of achieving an encompassing organization by incorporation can be verified by the IGCPK's reunification strategy. In the IGCPK's case the incorporation did not apply solely to different skill levels, as Turner (1952) reported in his research, but related to incorporation in the process of German unification as applied to the whole workforce of a country. The incorporation strategy consisted in the protection of neo-corporatism, with a significant outcome for the members in the more developed country (cf. Kromphardt and Bruno 1990, pp.60-61). In order to prevent an extreme increase in unemployment and to obtain recognition by the employers, the IGCPK's leadership did not promote immediate equalisation of wages, but agreed to negotiate agreements 'step by step'²²⁰. The contractual exchange policy consisted in raising the East German wages to the West German level and a strategy to protect the West from the threats emanating from the East.²²¹ The acceptance of the step by step agreement by the employers was the consequence of various reasons, including assuring the continuation of

220) 'Step by step' refers to the conduct of collective bargaining in accordance with the economic situation and especially to the development of productivity growth in the GDR.

221) An indicator of the objective of protecting the West from repercussions stemming from the East was been that all West German trade unions fostered and lobbied for a job-killing exchange rate of 1:1 to encourage the East German workforce to stay in the East. It might be argued that the ad hoc introduction of the currency union contributed to unemployment, which provoked migration still more.

a predictable social partnership with the IGCPK, stopping the exodus of the skilled East German workforce (Bispinck et al. 1993, p.470) and attracting the East German workforce to join the IGCPK.

Adam-Schwätzer described the narrowing of wage differences as a 'make-up strategy' (Stuttgarter Nachrichten, 24.6.1991). Further evidence for Turner's contractual exchange argument of incorporation to thus secure neo-corporatism has been that the IGCPK's leadership explained the necessity to increase East German wages by 'giving clear signals for the East German workforce to stay in the East'.²²²

Despite the evidence of the contractual exchange relationship in favour of closing the wage gap, the second motive for the intervention was determined by solidaristic elements, as Mersmann confirmed in an interview with the author.

The employers' associations, together with the IGCPK, agreed on common industrial guidelines for the reconstruction of the East German chemical industry (cf. presse-dienst 1.6.1990 and Frankfurter Allgemeine Zeitung 22.6.1990, p.1). This referred to the introduction of the strict West German workplace and environment protection legislation, which could have caused the closure of the

222) Another argument in favour of wage increases was the necessity to assure the living standards of the East German workforce.

majority of the chemical plants in the GDR. Therefore both union and industry demanded provisional regulations to encourage investments for the transition period and hastened to support each other in training measures for the East German workforce. The privatisation efforts in the East German chemical industry turned out to be extremely difficult as the West German chemical companies showed reluctance to invest in the GDR. Strenger (Financial Times 9.5.1990, p.3 and cf. Marsh 13.6.1990, p.2), president of the West German Chemicals Association, claimed that the reluctance was caused by unfavourable sites, outdated technology, and safety and environmental problems. The Frankfurter Allgemeine Zeitung (23.5.1990a, p.5) argued that the IGCPK's leadership became extremely worried about dismissals in the East German chemical industry. To avoid unemployment or mitigate the impact of dismissals, Rappe (Handelsblatt 21.6.1990, p.1) demanded short-time working subsidies for training measures, as well as initiatives for generous tax depreciations for investments in contaminated chemical sites (cf. Kipp 21.6.1990, p.5).

In a comment on the occasion of the 100th anniversary of the IGCPK chairman Rappe stated (presse-dienst 27.6.1990): 'Since 9 November 1989 we have been in a transition period influencing the whole of politics and thus also the trade union. Centralised, communist party-controlled Socialism failed totally. Nothing can be hidden any longer: the people in those countries have been defrauded, the state of the economy and environment is more horrifying than we

assumed. ... Sooner than expected we will experience the unification of both German states and all-German elections. ... For several years the developments have confirmed the political line of the IGCPK. We neither allied with the communists, nor did we sign their proclamations or support any activist committee. ... We do not scrutinise anybody's history, but women and men who do not abjure the former ideology are not companions of ours in a unified IGCPK.' Rappe decried (presse-dienst 27.6.1990) the 'sale of East Germany' and described discussion within the DGB's affiliates as a 'mental relic of socialist' research teams. Unlike other DGB affiliates, the IGCPK fostered a social market economy, thus appealing to the employer market and at the same time encouraging investments. Rappe went on to outline the pursuit of trade union unity. On 10 and 11 September 1990 the IGCPK announced the calling of an extraordinary congress for necessary amendments in the by-laws. During the period starting on 1 October 1990 and ending on 30 November 1990, the IGCPK would ask the IGCGK's membership to convert to the IGCPK in order to elect delegates to an all-German trade union congress and to determine the East German trade union labour representatives. To facilitate the organizational process of trade union unity, the IGCPK had deployed personnel. As mergers of trade unions were not lawful, it was decided to dissolve the artificial entity of the IGCGK after its membership had individually joined the IGCPK. The IGCPK's and IGCGK's officials and works councillors had worked hard to encourage workers to sign up.

Regarding the introduction of the WWSU, Terbrack described the dominant issues of collective bargaining in the following way (presse-dienst 11.7.1990): 'That it is tremendously important to secure employment by emphasising the collective structure, protection from rationalization, vocational retraining, and training and development by making use of the Labour Promotion Act (AFG).'

The first free collective bargaining in the East German chemical industry took place on the executive level of the employers' associations and the trade unions. The IGCPK's leadership made public the results of its collective bargaining: in comparison with IGM(W)'s bargaining attempts, the IGCPK negotiations took place without any noise or stoppages. From 1.7.1990 basic wages increased by 35%, the short working subsidy rose from 68 to 90 per cent of take-home pay, protection from rationalization in accordance with the West German cloak agreement was achieved; priority of vocational training in favour of rationalization, and the introduction of the 40-hour week were agreed on; and the most urgent task, the introduction of the West German classification structures, was signed (Handelsblatt 12.7.1990a, p.5). The IGCPK's leadership, together with the employers' association, agreed on implementing the structures of cloak agreements and remuneration agreements by 1 April 1991 (presse-dienst 12.10.1990). Both social partners concluded that by 1994 all the regulations of the West German collective agreements, with the exception of weekly working time and

holiday pay, should be applied to the territory of the new Länder (Handelsblatt 19.12.1990, p.5).

The same agreements were signed for the glass, ceramic and rubber industries.²²³ The increase in wages has been justified by the BAVC as preventing the exodus of qualified personnel from East Germany (Handelsblatt 2.8.1990, p.4). On 22 January 1991, the IGCPK and the BAVG implemented the same classification system as in the West. Terbrack (Handelsblatt 8.3.1991, p.4) emphasised that the implementation was of importance for the subsequent harmonisation of wages in Germany. Depending on the increases in productivity, Terbrack pointed out that the 'quick step-by-step' equalisation²²⁴ was the dominant task of his organization in the East (presse-dienst 26.7.1990, p.1). Thus the incorporation of the East German workforce resulted in applying the same classification standards which attracted the East German workforce by equalisation of wages. Implementing the same structures and publicly stating the IGCPK's determination to equalize working and living conditions reinforced the concept of an encompassing organization. Rappe (Mitteldeutsche Zeitung 24.6.1991) emphasised that an encompassing union's organizational strength cannot be achieved by differences between 'those in the West', and 'those in the East' but the policy of the

223) Cf. presse-dienst (11.7.1990), (2.8.1990), (8.8.1990), (15.8.1990), (6.9.1990).

224) Rappe justified the outcome of the East German collective bargaining (Mannheimer Morgen, 24.6.1991) by saying that 'growing together also means generating the same living conditions and opportunities.'

union has to focus on 'us in Germany.' Thus Rappe's policy centred on reducing inequality and eliminating discrimination (no second class membership). The trade unions and employers' associations pointed out (presse-dienst 11.7.1990) that this collective agreement was the first step in achieving uniform industrial relations in a reunited Germany in the case of the chemical industry.

Collective bargaining was dominated by the principle that wages and salaries should follow the economic development of the East German industry. The first collective agreement was therefore due to expire on the 31.12.1990. The employers' associations and the IGCPK agreed to establish regular economic review sessions in order to assess economic development and the possible path for subsequent wage bargaining.

The first collective bargaining of the IGCPK proved to follow the 'narrow path' of satisfying membership aspirations and establishing high trust in the employers' market, while respecting the miserable economic situation of East German industry. Identical collective agreements were signed for the paper industry (presse-dienst 2.8.1990 and Handelsblatt 3.8.1990, p.5), ceramic industry (presse-dienst 8.8.1990) and glass industry (Handelsblatt 17.8.1990a, p.5). The process of collective bargaining in the GDR was dominated by the West German social partners determining the procedures. The IGCGK personnel did not have the necessary experience. For its part, the West

German employers' association, on behalf of the emerging East German employers, appreciated the conduct of collective bargaining with the IGCPK. Dealing with the West German union offered the possibility of avoiding bargaining with the FDGB, or fragmented unreliable groups not able or willing to channel the will of the East German workforce.

The strategy of the IGCPK's leadership in the area of collective bargaining was to present its organization to the East German workforce as indispensable to protect and improve the working and living conditions of its potential membership in the current situation. Massive information and hand-outs were distributed to East Germany's workforce explaining the procedures of collective bargaining and the advantages of 'social partnership', especially during the period of transition. The author's interviews with East German labour delegates confirmed that the conduct of social partnership was appreciated, because it would encourage investments by employers and assure employment. Rappe justified the outcome of collective bargaining in the GDR, which had been criticised by the Government. Rappe emphasised (Handelsblatt 10.11.1990, p.5) that it was not collective bargaining which had been responsible for the crisis, but in the GDR rather the repercussions of 'forty years of socialist economic mismanagement.' Improvements in wages and working conditions were important to avoid the migration of East German workers and thus the deterioration of investment sites in the East.

Facing the continuing revelation of the devastating conditions of the East German environment, the IGCPK leadership passed an industrial-political resolution on 28.8.1990 calling for a smooth transition from coal to the petro-chemical industry. To protect jobs, however, the IGCPK demanded a concerted action with the employers and government to ease the impact of environmental protection regulations and unemployment with reference to brown coal. The IGCPK proposed (presse-dienst 28.8.1990) reducing coal production, but dismissed a radical reduction. Rappe outlined that there was no alternative to restructuring East Germany industry by demanding public subsidies and the classical set of industry political tools, despite the knowledge that these instruments could not be successful in the special case of the GDR (Wilke and Müller 1991, p.138). When asked if the East German workforce would interpret the IGCPK's determination to support privatisation and structural reconstruction of the East German industry as 'job-killing,' Rappe replied that his organization could not denounce economic rationality, and that there was no other alternative for the survival of a certain part of the industries (Stern 6.12.1990, p.268). In the author's interviews conducted with East German labour delegates the vast majority held the view that the practice of social partnership and its predictability had encouraged investments.

To influence the liquidation and privatisation policy of the Treuhand, with its far-reaching implications, Rappe

demanded that at least one trade union leader should represent the East German workforce on the executive board and supervisory board of the Treuhand (Handelsblatt 10.8.1990, p.5 and presse-dienst 10.9.1990c).

On 10 and 11 September 1990, the IGCPK placed the necessary amendments for trade union unity before its extraordinary congress (presse-dienst 4.9.1990), and called for an all-German trade union congress for 23.6.-29.6.1991 (presse-dienst 10.9.1990). The IGCPK's leadership emphasised (Gewerkschaftliche Umschau 5/1990, p.5) that the all-German conference would offer the opportunity to set up an encompassing organization without 'first and second class labour representatives.' The delegates approved expanding the IGCPK's territory and sphere of action to the GDR in order to allow official trade union work in the GDR, as well as the non-contributory recruitment of the IGCGK's membership until its phasing-out (presse-dienst 10.9.1990a).

Non-contributory membership had been a strong incentive to incorporate the IGCGK's membership, and by October 1990 120,000 East German workers signed up (Die Quelle 10/1990, p.20). To cover the costs of administering of pension schemes and the expensive build-up of the union in East Germany, the IGCPK's delegates changed the existing regulations (§31 'Treuergeld' in its by-laws) by terminating the expenditure for pensions in favour of the reconstruction of labour representation in East Germany

(Gewerkschaftliche Umschau 2/91, 'petitions' pp.1-2 and Handelsblatt 11.9.1990, p.3). Thus the strategy to create an encompassing union by incorporating the East German workforce was shaped by raising the wages of the new membership. A further factor in facilitating the East German workforce's incorporation was the IGCPK's programme to improve the living and working conditions of the new membership. To prevent the East German workforce from massive waves of dismissals, the IGCPK propagated short-term step-by-step improvements in line with productivity developments. As the overwhelming majority of the West German delegates voted in favour of the amendments in the by-laws and even incurred costs by renouncing their pension schemes, the strategy of the IGCPK's leadership to incorporate the East German workforce and thus to prevent the erosion of neo-corporatism paid off. The Stuttgarter Zeitung (22.11.1990, p.13) argues that the rationale behind the willingness to incorporate the East German workforce was the fear of dumping and the exercise of solidarity with the East German workforce.

A controversy arose as several West German delegates stated that trade union unity with a former FDGB affiliate could entail great risks for the IGCPK. Their apprehension was based on Rappe's decision to enlarge the executive board by incorporating two further (Handelsblatt 11.9.1990, p.3) East German representatives. Rappe dissipated the apprehension by mentioning that the IGCPK's 'conception and programme are not at stake.' Rappe also distanced the

organization from the communists (Gewerkschaftliche Umschau 8/1990, p.48): 'We are not willing to accept any change in the IGCPK's political character. Therefore we will combat any infiltration by communists, by SED/PDS members.' To dispel any West German apprehensions, the IGCPK executive board initiated a clear resolution (presse-dienst 10.9.1990): 'And further there will be no alliance or agreement with communists or adjacent groups.' Overall, the congress approved the IGCPK's uncompromising stance by publicly declining even to tolerate communist sentiments.

Rappe and Löscher discussed the topic of the future of former IGCGK trade union officers. The strategy of both was to take all early precautions necessary to avoid infiltration attempts by communists. Despite the formal independence of IGCGK, the West German sister organization determined the programme, and also the placement of personnel within the East German organization. The placement of East German trade union officers was determined by Rappe's notion (Gewerkschaftliche Umschau August 1990, p.48): 'We do not want to alter the political character of the IGCPK. Therefore we will combat any attempted infiltration by communists, especially by SED/PDS members.' The IGCPK pursued a plan aiming for a smooth transition. Legitimizing former IGCGK trade union officers by elections or replacing them by West German officers, within a short period the IGCPK succeeded in setting up 'workable trade union structures' (cf. Die Tageszeitung,

25.6.1991) to provide support for the workforce in the East German chemical industry.

In comparison with other DGB affiliates, especially the IGM(W), the IGCPK succeeded in establishing a working and vital trade union organization in the GDR (Frankfurter Allgemeine Zeitung 10.9.1990). Other DGB affiliates started panics or hostile take-over attempts, whereas the chemical trade unions realised a smooth unification. Not being the victim of a hostile take-over, but a partner with a working and democratically legitimated organization produced pride and self-esteem on the part of the IGCGK's membership (cf. appendix no. 12). The IGCGK's leadership criticised the unification efforts of IGM(W) as 'mischief, to destroy a working organization and a troublesome reconstruction' (Tribüne 21.9.1990). The author's interviews with IGCPK officers and the author's participant observation of union training sessions show that both IGC memberships were proud of having established 33 regionally working offices.

On 3 October 1990, the date of German reunification, Rappe and Löschner repeated the programme and position of the IGCPK. Löschner criticised the East German Government for the ad hoc introduction of a market economy. Rappe condemned political movements whose strategy within Germany was based on conjuring nightmares and spreading fears of the reunification process, thus generating 'a social powder keg' which was not necessary (presse-dienst 2.10.1990, p.6).

In December IGCPK's executives conducted a second bargaining round. They had established a working organization as well as the highest membership in its history, despite the fact that chemical production in East Germany had fallen by 50 per cent, causing the dismissals of about 30 per cent of the former workforce (Handelsblatt 10.1.1991, p.5). The results of the conduct of collective bargaining had been a lump sum payment of about 200 German Marks, a 40-hour week, and a holiday entitlement of 30 days until 1993 (cf. presse-dienst 12.12.1990, 14.12.1990, 18.12.1990, 19.12.1990). After protests (presse-dienst 10.9.1990) against Treuhand's liquidation policy, Chancellor Kohl nominated IGCPK's chairman Rappe for the supervisory board of the Treuhand (cf. Handelsblatt 18.9.1990, p.1). In the author's questionnaire conducted with IGCPK's leadership they reported that the reconstruction of labour representation led to intensive cooperation between the unions, the employers and the Conservative-Liberal Government. The nomination of Rappe as the trade unions' representative on Treuhand's supervisory board was the result of the moderation of the IGCPK's policy and its uncompromising stance against left-wing ideology (Handelsblatt 19.9.1990, p.4). According to the IGCPK's leadership, the success had been the 'confirmation of its policy', of its proven responsibility during the transition period (presse-dienst 19.12.1990), and a symbol of an excellent and predictable employer-union relationship, vital for encouraging investments in the East.

In January 1991 chairman Rappe (Handelsblatt 15.1.1991, p.10) publicly underscored that the IGCPK's policy with regard to the question of ideology had been the right one. Right from the opening of the Wall, his organization had distanced itself from the communist groups. Rappe (Handelsblatt 15.1.1991, p.10) emphasised that the IGCPK believed in the social market economy. Referring to the achievements of his organization, Rappe appealed to West German employers to invest in the new Länder and demanded that the chemical plants stay in East Germany (presse-dienst 21.1.1991).

The end of the IGCGK came on the 30 January 1991, when its executive board decided on the dissolution of its legal existence on 31 May 1991, stating that the IGCPK had been the first DGB trade union to achieve the introduction of the West German industrial relations structures and collective agreement regulations. Thus the IGCGK's leadership called for a dissolving congress on 7 May 1991. The IGCGK's assets²²⁵ were transferred to the IGCPK. By February 1991 130,000 East German workers had become members (presse-dienst 30.1.1991, p.1 and Handelsblatt 1.2.1991, p.5). Employment had dropped sharply. In late 1989 about 310,000 people worked in the chemical industry, by January 1991 only 220,000 were employed. Referring to the severe decline in employment, Löschner requested the Conservative-Liberal Government to facilitate investments in the new Länder, and Rappe called for a labour market tax

225) These assets that were based on members' dues.

of the self-employed and permanent civil servants for subsequent spending in East Germany, and asked for public Hermes pledges for East German shipments to other East European countries (Handelsblatt 13.2.1991, p.3). The IGCPK's leadership invited Chancellor Kohl and Vice-Chancellor Genscher to visit the chemical locations in the new Länder and, received guarantees that the government would support the chemical region, which encouraged some investors to go East (cf. Leibfried 1991, p.3 and Stuttgarter Zeitung 27.3.1991, p.13). Understandably, the most common fear of the workforce in East Germany centred on the issue of unemployment (Kromphardt and Bruno 1990, p.59). The author's questionnaire conducted with East German labour delegates and the subsequent interviews conducted revealed that the IGCPK's good relationship with the Government and with the employers enhanced the expectations of the East German workforce that the conduct of corporatism could ease the impact of unemployment by investments.

In April 1991 the IGCPK and the chemical employers' association conducted a bargaining round, agreeing on wages at about 55 per cent of the West German level (presse-dienst 23.1.1991). In contrast to the case with other trade unions, neither the social partners tied the East German remuneration packages to the changes in West Germany. According to the IGCPK and the employers' association (Handelsblatt 8.5.1991, p.4), this system offered the advantage of joint review sessions on the impact of the

recovery process in the chemical industry with the possibility of flexible wage adjustments. The Handelsblatt (8.5.1991, p.4) argued that the social partners conducted the collective bargaining with the objective of not engendering additional unemployment. To mitigate the impact of unemployment and a further deterioration of skills, the Treuhand, the IGCPK and the employers' associations agreed to found and support employment companies (cf. Handelsblatt 15.2.1991, p.5). In order to participate financially in these employment companies, the IGCPK's leadership submitted a proposal to the all-German trade union congress to amend the by-laws (Handelsblatt 27.5.1991, p.4).

On 7 April 1991 the IGCGK unanimously dissolved its legal entity (Stuttgarter Zeitung 8.5.1991, p.13), and called upon the East German workforce to join IGCPK.

The motto of the IGCPK's all-German trade union congress was 'a strong and democratic trade union in all of Germany.' Some days before, with reference to its West German membership, the IGCPK's leadership proclaimed that, despite the participation of representatives from the East the congress would be determined by the IGCPK's approved course of social partnership (Handelsblatt 19.6.1991, p.4). The IGCPK's leadership made it plain that it expected the East German members had joined in order to follow the approved course and policy. With one exception, the delegates overwhelmingly approved the IGCPK's policy and its reconstruction strategy in East Germany. According to

Schultze (IGCPK Eröffnungsveranstaltung 18.6.1991, p.18), by the beginning of the congress 155,874 East German workers had joined the IGCPK (with a trade union density of 73.5% in East Germany).²²⁶

A lively debate took place, as the delegates critically discussed the nomination of Löschner and Junge as members of the executive board. Löschner, the subject of the debate, had been vice-chairman of the FDGB's chemical department for agitation and propaganda, and a member of the SED. Some delegates described the nomination, especially of Löschner as a dilemma, within the IGCPK. The union on the one hand was keeping a clear distance from the SED, the STASI and old FDGB, an important yardstick for the reconstruction efforts. On the other hand, the nomination of former SED and FDGB members for leading positions within the IGCPK was supported by the IGCPK's leadership. Rappe dismissed the arguments against the election of Junge and Löschner by granting everyone a 'right to err' (Stuttgarter Zeitung 25.6.1991, p.2). Rappe emphasised that the clearly democratic way of incorporating the East German workforce called for appropriate representation on the executive board²²⁷ (cf. Die Rheinpfalz 25.6.1991) by people who had proved their determination in the reconstruction of labour representation. Despite stated anti-FDGB sentiments on the

226) Cf. Letter of IGCPK Hauptverwaltung, Vorstandsbereich 3, Organization - Arbeitssicherheit, p.2.

227) When criticised for the policy to elect former FDGB personnel on IGCPK's executive board, Rappe (Die Rheinpfalz 25.6.1991) told the delegates that the IGCPK's strategy was not one of a 'cold incorporation', but one which respected the interests of the Eastern membership.

part the delegates, Löschner (59.3%) and Junge (70.9) were elected on the executive board. The West German executives, their policy, and their strategy to incorporate the East German workforce were impressively approved by the all-German congress (e.g. Rappe 88.7%, Schultze 87,7%, Terbrack 98,4%). Thus we argue that the results of their re-election are an indicator of the approval of the reconstruction efforts. Incorporating East German representatives on the executive board was the end of the IGCPK's reconstruction strategy.

The IGCPK's financial executive Schäfer (Handelsblatt 25.6.1991, p.4) welcomed the fact that it would be possible to finance the reconstruction of the East German labour representation (about 6.9 Mill. DM) solely by the IGCGK, and that it would be possible to transfer about 5 Million German Marks to the IGCPK's endowed institute of 'Labour and Environment' (IGCPK Eröffnungsprotokoll 24.6.1991, p.13 and Schäfer 1991, p.13). Interviews conducted by the author confirmed that the East and West German union delegates were pleased about the financial situation, especially the former, as they were entering the new organization 'without empty hands.' The author's interviews with East German union delegates revealed sentiments of pride and self-esteem insofar as they were not joining the IGCPK as 'petitioners.'

In an address at the all-German conference Rappe stated (Gewerkschaftliche Umschau 4/1991, p.12) that the

reconstruction efforts in 1989 and 1990 had enforced discipline within the IGCPK. The collapse of socialism, the apprehension of undercutting and the exercise of solidarity caused an immediate end to the political and theoretical discussions of the 1970s (cf. Markovits 1986, pp.291-326). The author's interview conducted with Terbrack confirmed Rappe's assessment of the reconstruction process that the executive board's early and determined intervention improved its authority within the organization and the level of centralisation of decision-making. Assessing the results of elections within both unions, the existence of just 17 grievances in three years (cf. Krenning, IGCPK Eröffnungsveranstaltung 23.6.1991, p.53) indicates a strong organizational cohesion.

Finally, in the assessment of interventionist categories we will refer to personal aspirations in the reconstruction efforts. On the part of the former West German IGCPK officers, particularly members of the advisory departments and the personal assistants to the executive board have been promoted, a result of the unification efforts. The questionnaire conducted with the IGCPK's leadership revealed that personal aspirations were a motivation for the intervention.

(g) Summary

In comparison with other trade unions, the IGCPK conducted the most determined strategy to secure its organizational

survival by incorporating the East German workforce. As defining interests in collective terms was a force to maintain union cohesion, the IGCPK leadership worked hard to protect against erosion in the provision of collective benefits. In their reconstruction efforts the IGCPK set up information offices in the former GDR, thus putting pressure on the IGCGK to undergo a drastic reform process. To please the employers and to improve the potential for further white-collar recruitments, the IGCPK condemned socialist ideology and the representatives of the SED and FDGB. The IGCPK was very active in the employers' market, offering the continuation of social partnership to gain recognition and thus to secure a near-monopoly in union representation. The closing of the existing wage gap, and also offering selective incentives in order to attract the East German workers were of the utmost importance. Despite the protection of neo-corporatist results, other interventionist categories were the pooling of political strength, the advancement of personal interests of trade union personnel, the realisation of synergy effects in the long run, and offering solidarity to the East German workforce.

1.2. IG Metall(W): Unification as a hostile take-over

(i) Introduction

According to the document analysis conducted by Wilke and Müller (1991, p.200), the IGM(W) leadership's image of the GDR consisted of a belief mainly in the solid power of the SED. This is why the IGM(W) was slow in realising the importance of events in the GDR such as the crumbling of the SED's power and the exodus of the East German people. Suddenly, with the dismantling of the Hungarian frontier defence in May 1989, and the occupation of West German embassies in Warsaw, Budapest and Prague in Summer 1989 by East German citizens, a new political constellation appeared, and the 'German question' arose. After experiencing 40 years of strict, stabilising control by the SED, the West German SPD and activist labour leaders could not realise²²⁸ that the decay of the GDR did change to lethargy and agony (Wilke and Müller 1991, p.200).

The perplexity of West German Social Democratic and left-wing trade union functionaries coincided with the events of the democratic upheaval on 9 October 1989. For more than two decades they had improved their relationship with the SED and FDGB leaders, as the one and only political power in the GDR. Schmidt and Tiemann (1991) claimed that some activist trade union leaders were worried about the

228) An indication of the dismissal of the 'open German question' by the Left is shaped by election results in East and West Germany after the collapse of the GDR (cf. Brandt 1990, p.19).

collapse of socialism with its potentially negative repercussions on the incorporating force of socialist ideology and thus on the activist unions' cohesion (cf. Brandt 1990, p.20).

In the chapter on the main determinants of the reconstruction process we concluded that the inappropriateness of the reforms conducted by the SED and the FDGB also centred on the East German workforce's demand for improved material wealth²²⁹ by introducing the social market economy (cf. Grebing 1990, pp.78-83). The stated dissatisfaction of the East German workforce with the former system, institutions and representatives made the attractiveness of the West German trade unions all the stronger.

In the predictive strategy model the author assumed that the IGM(W)'s leadership would intervene in the GDR to secure the results of West German collective bargaining for its West German membership. The argument for the protection of neo-corporatism referred to the policy applied by the leadership of the IGM(W) to fend off decentralisation demands from the confident rank-and-file by means of attractive bargaining results.

Thus we have to test, first, how IGM(W)'s leadership was able to fend off decentralisation attempts by its

229) The evidence for this assumption is shaped by the East German election results as well as the stated demand to introduce the D-Mark.

membership and, second, how IGM(W) dealt with the threat that the collapse of socialism could weaken the organizational cohesion. In the analysis we will try to apply Turner's (1952) interventionist argument and the interventionist motive of solidarity.

(ii) The unification strategy

From 22 to 28 October 1989 the IGM(W) convoked its 16th ordinary congress, formulating guidelines, for the IGM(W) leadership's relationship with the IGM(E)'s executives which proved to be durable for a long period²³⁰. The apex of this congress was the IGM(W) chairman Steinkühler's declaration of policy welcoming (IGM Protokoll 22.-28.10.1989, p.321) the 'determined departure of Stalinist communist perversities of socialist thoughts' and pushing back the 'arrogance of the regime.' According to Steinkühler (IGM Protokoll 22.-28.10.1989, p.325), the 'collapse of so-called real existing socialism is by no means a defeat of socialism. And it is by far no victory of capitalism... . Capitalism has not succeeded socialism, but the idea of democracy has triumphed over dictatorship.' The collapse of the countries in the East meant, Steinkühler continued, that: 'Capitalists of the world unite The problems of a modern economy cannot be solved in the long run by capitalism or by a free market economy. ...Democratic socialism is not out-dated, what is out are

230) The congress had initially taken place on 22-28 October 1989. An extension had subsequently been necessary on 21-22 November 1989, as the delegates had run out of time to consider all the motions.

Stalinism and bureaucratic dogmatism' (IGM(W) Protokoll 22.-28.10.1989, p.327).

a) The democratic Socialism

Given Steinkühler's statement we have to raise the question why he argued that democratic socialism 'is not out-date'? In contrast to the accommodationist trade unions, the author assumes that the collapse of the East German socialist system could cause harm to the IGM(W)'s integrating force of left-wing ideology used to secure the cohesion of its strong self-confident and socialist-minded membership.²³¹ For many activist trade unions in capitalist societies socialism has been a moral belief and a rationale for their daily trade union actions (cf. von Beyme 1990a, p.98). The break-up of the GDR discredited the moral belief in socialism (Weber 1990, p.49), thus the IGM(W) leadership (Bleicher 1990a, p.19 and Blessing 1990, pp.2-9) started to assert that Honecker had perverted socialism by dictatorship. As was stated in the chapter on the legacy of low trust, the past socialist ideology in the GDR had ceased to have any moral force. In the case of the West German membership, however, socialism was an integrating

231) Indications of the integrating force of left-wing ideology in IGM(W) were or have been: since 1920 Naphtali's 'Wirtschaftsdemokratie', 1945: nationalisation of production, 1948: a certain sort of socialism within 'organized capitalism', Munich Congress 1949 'third way', 1951 the 'battle against profit', promotion of the coop enterprise system, criticism of emergency laws, 1954 Agartz's 'expansive wage policy', 1970 backing of Brand's Ostpolitik, 1977 'excessive egalitarianism', 1980 ecology and demonstration against missiles in Europe.

force to secure the cohesion of the activist unions. Wilke and Müller (1991, p.200) confirm this assessment, referring to the IGM(W)'s membership composition, which consists predominantly of blue-collar workers with strong socialist sympathizers among its shopfloor organization.

At the union congress Steinkühler (1989, p.8) emphasised that a 'German reunification debate would impede the development of reforms in the GDR rather than supporting them. The independence and sovereignty of the GDR within guaranteed frontiers is the precondition that the people in the GDR can determine their own way. ... It is a fact that a change in the GDR is impossible without the SED.' Steinkühler (1989, p.9) stated that his organization does 'not interfere. ... Independent trade unions and the right to call strikes are parts of each democratic order. It is the FDGB's task to undergo this way. ... The organizational structure they choose is their decision. I only can advise them to assess the historic experience of unitary unionism in the Federal Republic.' The IGM(W)'s leadership launched a discussion on the 'third way' (cf. Sik 1965) as a desirable system for the GDR to demonstrate its organization's 'challenger-of-the-system image' (Markovits 1987, p.184) as well as to appeal to the integrative force of socialist ideology of its membership.

Having experienced the emotional scenes caused by the dismantling of the Iron Curtain in Berlin, Steinkühler (1989, p.8) dismissed the widespread joy as 'bawling German

sentiments.' Finally Steinkühler (1990, p.1) drew attention to the danger that the collapse of socialism could be exploited by the IGM(W)'s conservative opponents, helping to impede the introduction of the 35-hour week in the West, and that employers could view the GDR as a 'low wage country' with repercussions to the FRG. A resolution²³² passed by the IGM(W)'s congress warned 'of innumerable attempts launched predominantly from the conservative side to force their conception of the political and economic system on the East German population from outside.'

The IGM(W)'s early policy was determined by the threats to its cohesion in the form of the deterioration of socialism as an incorporating force and the impact of economic repercussions from East Germany on the IGM(W)'s conduct of collective bargaining in the West (von Beyme 1990, pp.101-102).

Now we will analyse Steinkühler's statements, which caused perplexity especially on the part of the East German population and to some extent on the part of the West German membership.

First, the author's interviews with East German IGM(W) delegates revealed that the statement of 'bawling German sentiments' was perceived as a criticism of the peaceful revolution conducted by the East German population. Matschie and Schmidt (1990, p.385) confirm the lack of

232) Cf. Resolution des IGM-Gewerkschaftstages zur Entwicklung in der DDR, 21./22.10.1989, p.2.

perceptiveness among West German union executives in the case of some DGB unions. The criticism made by Matschie and Schmidt (1990, p.385) concerned the insufficient appreciation of the revolutionary efforts and the extent of tutelage during the reconstruction period by some West German union leaders.

Second, the IGM(W)'s East German delegates partly criticised the IGM(W)'s inertia and reliance on the SED and FDGB to conduct the necessary reforms in the GDR and to issue a modest condemnation of the low trust system. Regarding the chapter on the legacy of low trust and the FDGB's inappropriate reforms the East German workforce showed some confusion towards the IGM(W)'s stated expectations that the staff of the FDGB and the SED would undergo drastic reforms, and relinquish the low trust system. Niedenhoff and Wilke (1990, p.183) report the growing insecurity of democratic forces in the East resulting from the IGM(W) union functionaries' stated opinion about the reformability of the former leadership (cf. Der Gewerkschafter 2/1990, p.2), and particularly that 'a change in the GDR is impossible without the SED' (Steinkühler 1989, p.9).

The IGM(W)'s stance was determined by respect for the SED and especially for the SED reformers (Schwarze 1989, p.1). To explain the IGM(W)'s consideration of the SED leadership we refer to Brand's conduct of the 'East Policy.' With the start of the 'East Policy' the IGM(W) and some activist

unions had made considerable personal investments in building up links with GDR representatives and the FDGB. The personal links with representatives of the former GDR and the advocacy of socialist ideology explain the activists' early inertia in the process of labour representation in the GDR, when the problem arose how the union leadership should deal with the FDGB (cf. von Beyme 1990a, p.95).

Given these arguments for the early inertia of the IGM(W), we assess the alternative option of an early intervention in the East, which might have been dismissed especially by the IGM(W)'s strong shop-floor organization as an anti-solidaristic and anti-socialist policy. As socialism had been an integrative force in the policy of the activist trade unions, and the IGM(W) had developed links with the SED and FDGB over the years, interference within the sphere of influence of the East German institutions could have undermined the IGM(W)'s moral authority regarding solidarity between East and West German unions (cf. Däubler 1989, p.153).

Third, the author's interviews conducted with East German labour delegates revealed that the IGM(W)'s condemnation of the West German system caused some perplexity on the part of the East German workforce. Wilke and Müller (1991, p.203) support this view referring to the fact that after the dismantling of the Wall the East German population made intensive use of the opportunity to visit the West and

admired the 'general wealth' generated by the West German economic system. East German realisation of the extent of Western wealth triggered, according to von Beyme (1990a, p.101), demands by the majority of the East German population for a 'desired interference' by Western institutions and the introduction of the social market economy (cf. Grebing 1990, p.78). Table 17 illustrates the East German labour delegates' demands for material wealth²³³, and thus gives evidence for the attractiveness of the West German economic system.

Table 17: The desirability of the economic system in the GDR

Please indicate which economic system you prefer?	
Ratings	Frequency in per cent
West German system	72.2
East German system	9.7
'third way'	3.7
Other system	2.3
Do not know	6.5
No answer	5.6

N = 216

100

Source: Author's questionnaire conducted with East German IGM(W) delegates

The answer in favour of the West German system is explained by the attractiveness of the income and wealth accumulated in the West, and the overall effectiveness of the Western system in comparison with the East German worker's

233) The author assumes that the stated demand referred to the objective of the labour delegates to receive high wages.

situation (cf. Froese 1990, pp.6-8). Referring to the stated preference of the West German system by the East German workforce and the results of the East German elections, Wilke and Müller (1991, p.203) described the IGM(W) leadership's condemnation of the West German system as a 'tutelage' of the East German workforce. Wilke and Müller (1991, p.203) argued that the IGM(W) leadership misread the desires of the East German workforce by propagating 'foggy utopian' systems, such as the 'third way' approaches which were not of interest in the reconstruction efforts of all East European countries (von Beyme 1990, p.338).

Steinkühler's praise of democratic socialism or the 'third way' had some effect on the perception of the IGM(W) by the East German workforce, as follows:

First, Niedenhoff and Wilke (1990, p.183) report that it reduced the IGM(W)'s esteem in the GDR, as the former STASI minister Wolf²³⁴ welcomed Steinkühler's advocacy of socialism. Further, in the author's sample the great majority of the East German labour delegates were not interested in achieving democratic socialism, their concerns centred on how to secure employment and social security (cf. Table 10), rebuild workable labour representation, and improve the poor living and working conditions in the GDR, as the author's interviews confirmed.

234) Cf. Wolf, M. (1989), 'Die Zeit kann davonlaufen'. In *Unsere Zeit* (24.11.1989), p.3.

Heym (1990, p.4) underscores the rejection of a system of democratic socialism in interviews conducted with East German metalworkers by the following stated opinion: 'We had socialism for forty years, now we want consumption and the same system which operates in the West.' Heym (1990, p.16) exemplified the feelings of most East German people by the bread-and-butter question. If the East German workforce had the same wages, prices, supply and currency, 'then all the pressure emerging from the slogan of 'reunification' creating unrest in the GDR' would not have arisen (Heym 1990, p.16). Heym (1990, p.16) pointed out to the IGM(W)'s executives that, if the GDR reached the same level of wealth as in the FRG, the East German workforce would not undercut the West German wages. Advocating 'third way' ideology caused some irritation on the part of the East German workforce, as their interests had been intensely focused on improvements in the accumulation of their material wealth.

Second, an intensive discussion²³⁵ concerning the 'third way' was launched within the DGB, mostly condemning the IGM(W)'s approach and demanding that some DGB affiliates should think about their 'self-evidence',²³⁶ within the FRG (Wunder 1989, p.714), as 'socialism has become a synonym for reprisals against the population' (Blessing 1990, p.3).

235) Cf. von Beyme (1990) von Beyme (1990a), Pehl (1990), Bierbaum and Wendel (1990), Breit (1990), Hemmer (1989), Römer (1990), Wunder (1989), Blessing (1990).

236) The connotation 'self-evidence' refers to the activist trade unions' reliance on their organizational strength and militancy as indicators of their image as a countervailing power.

Several union leaders participated, and stated their concern that this approach could violate the encompassiveness of a union (cf. von Beyme 1990a, p.98). They thus dismissed the 'third way' theme that the unions of today do not need new 'visions of a society' (Pehl 1990, p.135), as the people in the East have just dismantled the system of socialism as it really existed. Wunder (1989, p.716) argued that the future of encompassing trade unionism will focus on the application of social partnership, and not on the 'ideology of anti-capitalism.'

Now we will look at explanations for the IGM(W)'s early policy. The first explanation is described as the continuation of a historic obligation of being perceived by the West German workforce as the 'challenger of the system' (Markovits 1986, p.184), as the author's questionnaire conducted with the IGM(W)'s leadership revealed. The IGM(W) leadership stated that it had to take this stance in order to present a strong countervailing power to the dominant interests of capitalism in the FRG. In the author's interviews with IGM(W) union officers it was confirmed that left-wing ideology was a force to secure the cohesion of the organization, and that the collapse of socialism could have caused the disintegration of the union. An explanation for the demonstration of distance towards the West German system is that the blue-collar workers still account for about 85 per cent of the IGM(W)'s membership. On the other hand, the application of a left-wing profile could account for the lack of white-collar participation within the

IGM(W), and in comparison with the IGCPK it possibly explains the IGM(W)'s poor recruitment record in this area of a remunerative and growing potential membership (cf. Bleicher 1989, p.29 and Der Spiegel 24.9.1990, p.149).

The IGM(W)'s application of socialist ideology was a means to secure the organizational coherence of its socially minded blue-collar workers. In an article Bleicher²³⁷ (1990a, p.9) stated that the IGM(W) 'does not see any reason to draw consequences from the defeat of bureaucratic socialism', which indicated that at present the IGM(W) did not see an alternative to renouncing socialist ideology as an integrating force in the West, as trade union strength predominantly rests on the socialist-minded shopfloor organization. In the author's questionnaire conducted with the IGM(W)'s leadership it was reported that ideology and the results achieved in collective bargaining accounted for the organizational coherence that has been confirmed by Kern and Schumann (1990, p.127).

The collapse of the GDR and the West German coop enterprise system could have had severe repercussions on the integrative force of socialism, with its long-standing vision of a 'better society'. Since 1880 certain parts of the workforce have viewed socialism as a vision of the 'better society', and the application of solidarity as a moral idea of a higher objective, which was the 'better society' (cf. Klaus 1976). Thus we argue that the IGM(W)

237) IGM(W) executive with special reference to white-collar recruitment and representation.

leadership's advocacy of a 'third way' was rational, as because of the collapse of the GDR socialism, the workforce's long-term vision of a 'better society' could have eroded moral belief in solidarity. If belief in solidarity and the vision of a 'better society' is weakened, we assume negative effects on the union's cohesion, especially among the West German blue-collar workers with strongly socialist sympathizers among the shop stewards. Thus the target audience for the 'third way' was the IGM(W)'s West German socialist-minded membership.

Summarising the IGM(W) leadership's 'third way' approach, we conclude that, in the case of the vast majority of the East German workforce, the past socialist ideology had lost its attraction. However, regarding the significance of socialist ideology, the 'third way' approach was an attempt to restore a vision of a 'better society' in the West even after East German socialism became discredited by revelation of the scandals. Thus we assume that the IGM(W)'s leadership advocated third way ideology in order to win the cooperation of the socialist-minded rank-and-file, and hence to avoid sectionalism within the West German encompassing union body.

b) The significance of collective bargaining

Von Beyme (1990, p.336) argues that the IGM(W)'s stated concern that a lack of ideology causes the emergence of sectional interests and will be exploited by the management

is exaggerated²³⁸, as employers have learnt that centralised collective bargaining with an encompassing union has proved that it generates advantages in comparison with other countries (e.g. a good Okun-index). Not just the employers have learnt to appreciate the economic outcome of collective bargaining, but also the IGM(W)'s membership. This is of importance in the case of an activist trade union, as the positive accomplishments of centralised collective bargaining have enabled the leadership to fend off demands (e.g., in the case of the IGM(W) for decentralisation) from sections of the militant shopfloor. Thus the author argues that the economic repercussions from the disintegration of the GDR could have had severe impacts on the results of collective bargaining, and thus on the cohesion of the IGM(W).

As good economic results (e.g. a good Okun-index) can prevent sectionalism within the union (cf. Streeck, 1981a, p.155) and thus the possibility of rent-seeking behaviour of the various groups, we have to test to what extent the IGM(W) membership defines their expectations for collective bargaining in collective goods. This is of importance, as the disintegration of the GDR could have influenced collective bargaining, and thus provision of collective goods. Thus we have to test the validity of the argument

238) Bayer (1990, p.945) analysed the IGM(W)'s support of a 'third way' as a step towards an erosion of 'the highly institutionalised industrial relations system in the FRG.' The fear that the collapse of socialism might hamper cohesion, the IGM(W)'s leadership aimed at keeping up centralisation, and the analysis of internal documents do not confirm Bayer's assertion.

that the protection afforded by neo-corporatism is an objective worth protecting. Table 18 indicates that to a certain degree the IGM(W)'s membership is able to determine the bargaining outcome in collective terms.

Table 18: The economic effects of IGM(W)'s collective bargaining

Please tick. What is the outcome of IGM(W)'s collective bargaining	
Ratings	Frequency in per cent
low inflation	2.1
low strike record	7.7
low unemployment record	6.0
comparatively high wages	27.5
combination of high wages, low inflation, low strike record, low unemployment record	48.9
no answer	7.7

N = 182

99.9

Source: Author's questionnaire conducted with West German IGM members

Table 18 shows that virtually half of the IGM(W)'s membership in the author's sample is aware of the bargaining results which are congruent with a good Okun-index. To support the assumption that good economic results in the form of collective benefits will fend off sectionalism and can generate union attractiveness, we have to assess the desirability of the economic achievements by the IGM(W) membership. This is of importance, as the disintegration of the GDR might have undermined the provision of such goods (e.g. by competition in the

employers' market) with repercussions on the IGM(W)'s level of centralisation and its cohesion.

Table 19: The desirability of IGM(W)'s conduct of collective bargaining with reference to the economic outcome

Considering the experience and economic outcomes of collective bargaining, continuation is (please tick):	
Ratings	Frequency in per cent
desirable	57.7
partly desirable	20.9
undecided	10.4
undesirable	8.8
no answer	2.2

N = 182

100

Source: Author's questionnaire conducted with West German IGM members

Analysing the results of table 18 with 19, we report that those members who appreciate the public good outcome of collective bargaining showed the highest level of satisfaction with the IGM(W)'s conduct of collective bargaining. Thus we argue that a considerable proportion of the IGM(W)'s membership defines its expectations from collective bargaining in collective terms. Markovits (1986, p.184) supports this argument that through the outcome of collective bargaining the IGM(W) has projected 'itself as a responsible and legitimate actor within the parameters' of West German industrial relations. Table 19 underscores the fact that a large proportion of the author's sample of the IGM(W)'s members (78.6%) described the continuation of

collective bargaining by the IGM(W) with its economic results as desirable or partly desirable. Thus a large proportion of the IGM(W)'s membership defines bargaining outcomes in collective terms, which is congruent with the IGM(W)'s responsible bargaining image.

If we assume that the IGM(W)'s leadership is interested in retaining their position and power base within the organization, it will protect the responsible bargaining image and thus the neo-corporatist industrial relations system with a good Okun-index to prevent a deterioration in the union's attractiveness. A failure in the provision of desirable economic results could result in increasing sectionalism and further decentralisation demands by the IGM(W)'s strong and self-confident shopfloor representatives. Such a failure might even give rise to growing non-unionism, with a subsequent deterioration in the union's cost function per capita. Now we will look at IGM(W)'s efforts to protect organizational cohesion.

c) The set-up of plant partnerships

At the IGM(W) congress, its membership demanded against the recommendation of its leadership (they favoured the non-intervention approach), to improve and intensify its 'international contacts' with the GDR on the establishment, city and regional level (Die Tageszeitung 23.11.1989). According to Die Tageszeitung (23.11.1989), with this decision the IGM(W) leadership's international

representation monopoly could have broken up with severe repercussions on the centralised decision-making process within the IGM(W). If IGM(W)'s leadership had not responded the threat of a resurgent East German shop floor could have emerged, and the danger of the militant West German shop floor could have linked up to challenge the IGM(W) leadership's corporatist policy.

Having experienced several attempts by the membership to achieve decentralisation²³⁹ in its history, the IGM(W)'s leadership responded by supporting the establishment of plant partnerships. In other words, fearing its rank-and-file's determination and experienced militancy, the IGM(W)'s leadership pursued a policy of demobilisation by supporting plant partnerships rather than risk a loss in control over its membership and thus centralised decision-making. A loss in control and centralisation of a militant and self-confident shop floor could intensify the threat to the system of industry-wide regulation of wages by a more company-based collective bargaining²⁴⁰. Decentralisation in collective bargaining could entail the loss of the positive public goods achieved by the application of corporatism.

Very soon partnerships emerged. The set-up of these partnerships was also initiated by the IGM(W)'s rank-and-file, and was the result of solidaristic sentiments with

239) Cf. Markovits (1987), 'betriebsnahe Tarifpolitik 1960' cf. pp.193-195, 'wild cat strikes 1970' cf. pp.206-211.

240) Like the demand for the 'betriebsnahe Tarifpolitik', a way in which the rates shall be applied at the works level (Marsden 1978, p.10).

their East German colleagues, as members of the IGM(W) stated in the author's questionnaire. Table 20 indicates that the establishment of the plant partnerships was predominantly determined by solidarity²⁴¹ with the East German workforce. Assessing the validity of these data, the author's subsequent interviews conducted with West German IGM(W) members confirmed their solidarity with the East German workforce.

Table 20: The motives for the establishment of plant partnerships

Please indicate the motive for the establishment of the plant partnerships. Ratings	Please tick. Frequency in per cent
Solidarity with the East German colleagues	62.6
Prevention of undercutting of West German standards	8.8
Determined by the union leadership	6.6
Do not know	18.1
No answer	3.8

N = 182

99.9

Source: Author's questionnaire conducted with West German IGM(W) members

The IGM(W)'s leadership concentrated its efforts on assisting the process of internal reforms, within the IGM(E). The IGM(E) conducted internal reforms replacing the corrupt Nennstil by Bugiel. Bugiel made intensive use of the new freedom, demanding the autonomy of his organization

241) Despite the fact that the dominant objective was the offering of solidarity, one should remember that IGM(E) had considerable assets.

from the FDGB, especially financial autonomy.²⁴² On 6 December 1989 the two metalworkers' unions became the first to enter into a formal cooperation agreement. The 'immediate programme'²⁴³ comprised a series of measures of practical assistance and cooperation such as: - 'The establishment of 225 'twinning arrangements' (European Industrial Relations Review, No. 193, 1990, p.5) between East and West German metalworking establishments. This had been intended to foster an exchange of views and experience as well as provide measures of practical assistance for the representation of worker interests in East Germany. - Joint training sessions on plant-related issues and special seminars on the needs and problems of employee representation in East Germany (e.g., job design, appraisal and reward systems). - The mutual exchange of specialists and experts in areas such as organization, finance, membership, fees, training of union representatives.- A joint congress of collective bargaining policy experts (this was due to take place in January).- The IGM(W) will offer a trainee programme for union officials from all levels of the IGM(E). - The participants of IGM(W)'s Pichelsee training centre in Berlin (West) will be invited to visit plants in East Germany.' The 'immediate programme' was described as a 'first step' towards closer cooperation in the future (IGM(W) Sofortprogramm, 6.12.1989, p.1).

242) The demand for fiscal autonomy was an important factor in the disintegration of the FDGB and its subsequent dissolution.

243) Sofortprogramm der IG Metall, 6.12.1989, Berlin and Frankfurt.

The author's interviews with the IGM(W) officers confirmed that the task of the 'immediate programme' consisted in seizing the initiative to secure the continuation of centralisation within the IGM(W) (cf. Wilke and Müller 1991, p.204). Thus the immediate programme was the response of the IGM(W)'s leadership to remove the permanent strain imposed by the strong and self-confident West German shopfloor and hence to counter decentralisation efforts within the union.

After intensive consultation in the Kremlin, the SED Prime Minister Modrow answered Chancellor Kohl's 10-Point-Plan with the acceptance of reunification. With Modrow's proclamation the IGM(W)'s leadership acknowledged the forthcoming perspective of German reunification (metall 9.2.1990, p.3). On the same day, the FDGB convoked its congress and its new leadership recommended a general strike instead of conducting collective bargaining. The IGM(E)'s leadership warned the politicians and trade union leaders in the FRG not to underestimate the speed of the East German developments. Bugiel (metall 9.2.1990, p.9) emphasised that the plant partnerships were having extremely beneficial effects. He recommended that a growing together of the trade unions on the basis of the plant cooperation should be feasible.

With this background, the IGM(W) started to become more active. In an article Steinkühler (metall 9.2.1990, p.3) stated 'now we will intervene' as the 'German question is

no longer open. The answer of the people is unequivocal. ...Therefore it is even more necessary to have strong trade unions as a countervailing power in the FRG as well as in the GDR to prevent the threatening dismantlement of social welfare. This implies that the trade unions have to break completely with their past regarding policy, organization and personnel. The FDGB's congress was a start, but not a convincing one. We cannot have any trust in turncoats.' Steinkühler (metall 9.2.1990, p.3) justified the 'interference' as necessary for reputation of his organization, and finally for the 'interests of our membership'.

We interpret the rationale for this change thus: the planned economy was in retreat and collective bargaining was on the agenda for the first time. In order to avoid increased pressure from the IGM(E)'s collective bargaining attempts, the IGM(W) decided to support its sister organization (Wilke and Müller 1991, p.206). Der Spiegel (22.1.1990, pp.101-102) commented that the IGM(W)'s interference was an attempt to reduce the risk of wage-dumping by the influx of the East German workforce. The 'interference' offered the IGM(W) the possibility to influence the process of collective bargaining to protect its West German clientele as far as possible.

As outlined earlier, the IGM(W) struggled hard at the same time to introduce the 35-hour week. Especially the influx of East German personnel caused some fear on the part of

the West German rank-and-file (cf. Table 21), as its impact could have postponed the realisation of the 35-hour week. The achievement of the 35-hour week had been important for the IGM(W) leadership, as it had been an important objective for the militant shopfloor organization (cf. Markovits 1990, p.149), and thus an integrating force to secure organizational coherence. If the IGM(W) did not achieve a considerable step towards this objective, sectionalism by the self-confident shopfloor might follow. Further, we have to take into consideration that poor results in the 35-hour week bargaining might have affected the IGM(W)'s image as the pace-maker within the activist movement, and as the 'first among equals' within the DGB federation', and this might have had an impact on the union's attractiveness and thus on its cohesion.

Table 21: The IGM(W) membership's perception of undercutting

Please assess the possibility of undercutting and loss of welfare stemming from the collapse of the GDR. Please tick.	
Ratings	Frequency in per cent
very likely	32.4
likely	53.3
not likely	4.4
do not know	6.0
no answer	3.8

N = 182

99.9

Source: Author's questionnaire conducted with West German IGM(W) members

Table 21 accounts for the fear of the author's sample of IGM(W)'s membership that the disintegration of the GDR would have some likely negative repercussions on the outcome of West German collective bargaining. The causes of this assessment centred predominantly on the following threats emanating from the East, as the author's questionnaire with West German IGM(W) members revealed: undercutting by the influx of the East German workforce, massive investments of the West German employers in the GDR, a divide-and-conquer policy by the management regarding the location of the plant (accelerating plant syndicalism). A common feature within the IGM(W) had been that the disintegration of the GDR would improve management's prerogatives and thus weaken the union's potential to act (cf. Wolf 1990, p.1, Wolf 1990b, pp.4-5), with an overall unfavourable outcome for collective bargaining.

The decision to offer support in form of the conduct of collective bargaining was based on the threat that the East-West wage disparity would have severe repercussions on the substantive outcome of collective representation in the West (Wolf 1990b, pp.4-5). In the author's interviews conducted with the IGM(W)'s leadership this threat was acknowledged and it was stated that the undercutting might erode the cohesion and the organizational strength of the union. In the author's interview Bleicher confirmed that high substantive outcomes of collective bargaining would intensify the IGM(W)'s attractiveness on the part of its

membership and latent groups (membership market). The possible impact of competing in the membership and employer market might produce undesirable results in collective bargaining and thus cause a loss in the organizational strength of the union and possible increasing demands for decentralisation from the rank-and-file.

On 20 February the IGM(W)'s executive board passed a political position paper (Positionspapier der IG Metall 20.2.1990), which for the first time acknowledged German reunification as an act of self-determination accepting the will of the East German population. The IGM(W)'s leadership recommended to the GDR the realisation of the 'economic democracy'²⁴⁴. Further, the IGM(W) condemned attempts either to annex or to 'buy out' the GDR by West Germany. With these formulations the IGM(W) took over the programmes of the SED/PDS. The IGM(W) leadership demanded West German economic and financial support without any preconditions, but dismissed the immediate realisation of a monetary union.²⁴⁵ Before this position paper was passed, the general election campaigns started during which the majority of the East German population chanted 'we are one nation'. The will of the vast majority of the East German workforce centred on achievement of the WWSU, namely the

244) 'Economic democracy' refers to a concept of Naphtali - a democratic alternative to Leninism, which places greatest emphasis on labour participation in the decision-making process of the economy.

245) The IGM(W)'s leadership dismissed the introduction of a monetary union as it would lead to an increase in unemployment, which would trigger a 'further influx of the workforce into the FRG', causing a deterioration in 'social security' (IGM(W) Positionspapier 20.2.1990, p.3).

introduction of the D-Mark (cf. Eyde 1990, p.5), and thus the West German system.

Despite the massive influx of the East German workforce into the FRG, the IGM(W)'s leadership did not express any necessity to intervene immediately. In the position paper (20.2.1990, pp.6-7) Steinkühler did not see 'any alternative for the reconstruction of labour representation than the system practised in the FRG' and demanded that 'the standards applied in the GDR should be at least on the same level as those in the FRG.' Steinkühler (IGM(W) Positionspapier 20.2.1990, p.3) warned of the impact of East-West mobility, which might be exploited by management calling for restraint in bargaining.

Given this statement we assume that an opening-up of the GDR could have eroded the IGM(W)'s representational power in the FRG. We argue this because wage bargaining restraint in West Germany could have resulted in decentralisation attempts by the self-confident shopfloor. On the issue of how to finance German unification, Steinkühler (IGM(W) Positionspapier 20.2.1990, p.8) dismissed all sacrifices on the part of the German workforce, stating that there would be 'neither a need for a clamp on wage increases nor specific taxation sacrifices of the workforce. The employers and the state have the capacity, to meet the desired demands without any particular strain.' Analysing the content of the position paper, we can deduce that East-West mobility could have eroded IGM(W)'s bargaining

strength and thus could have led to restraints on collective bargaining results which might have produced dissatisfaction in the strong shopfloor. Further, we note a lack of solidarity with the East German workforce since Steinkühler dismissed any sacrifices on the part of the West German workforce to pay for the costs of reunification.

Assessing Steinkühler's statement, we assume that the lack of solidarity was based on the IGM(W) leadership's strong determination to protect the prosperity of its West German clientele in order to appeal to the substantive outcome of collective bargaining and the subsequent moderation of militancy on the shopfloor. Finally, the position paper (IGM(W) Positionspapier 20.2.1990, p.9) closes with the statement that 'we have no alternative' to the building-up of powerful unions to avoid a reduction in the established procedural and substantive achievements which have repercussions on both countries. Thus we conclude that the protection of the IGM(W)'s substantives and procedural objectives were of the utmost importance.

d) The open GDR flank

As a consequence to the influx of the East German workforce and the threat of wage dumping by the GDR, the IGM(W) reacted to 'protect the open GDR flank' (Wilke and Müller 1991, p.207). Thus both metal trade unions in West and East Germany declared the necessity of a democratic renewal of

the union movement in East Germany, and decided to set up information offices in the GDR. On 27 February an agreement was reached, followed by a 'joint declaration'²⁴⁶ by the chairmen of the West and East German unions, Steinkühler and Bugiel respectively. Amongst the initiatives announced in the declaration were (IGM(W) Gemeinsame Erklärung 27.2.1990, pp.1-3): the establishment of joint committees to explore constitutional and organizational matters in the unions, plant-level representation and union policy towards German unification; and the establishment of information and advisory offices in eight East German cities²⁴⁷. The proclaimed role of these offices was to support the reform process of the IGM(E) towards a democratic, free and independent organization. To avoid further East-West migration, both unions asked 'the people in the GDR not to leave the country.' Instead they were asked to 'take part very actively in the democratic, economic and social reconstruction of the GDR' (IGM(W) Gemeinsame Erklärung 27.2.1990, pp.2-3).

The 'joint declaration' continued that 'the wealth and level of social protection in the FRG is not an automatic result of the market economy. It is the corollary of the struggle of strong trade unions for more than 40 years. A market economy will be social only if it is designed and limited by the social system and free, democratic,

246) See IGM(W) 'Gemeinsame Erklärung 27.2.1990', Frankfurt.

247) Berlin, Leipzig, Dresden, Karl-Marx-Stadt (Chemnitz), Halle, Erfurt, Rostock and Magdeburg, cf. Stuttgarter Zeitung 1.3.1990, p.2.

independent, and strong trade unions.' We assume that with this statement the IGM(W) tried to capture the interest of the East German workforce in the achievements of its organization (e.g. membership market). Despite the appreciation of the IGM(E)'s internal reforms, the IGM(W) could now massively intervene in its sister organization's jurisdiction by means of the information offices. The IGM(W) justified (Gemeinsame Erklärung, 27.2.1990, p.2) the establishment of the information offices with 'support of the reform process and preparation of the desired common representation of interests'. The establishment of 'advisory information offices' in the GDR were an attempt to install preliminary organizational units, in case the IGM(E)'s reforms efforts should fail.

In the author's interview conducted with Bleicher the question was raised why the IGM(W) cooperated so long with its East German sister organization, particularly since it had been stated that one important priority of the IGM(W) had been to secure the establishment of the unitary union principle²⁴⁸ in the East. In this respect the IGM(W) concentrated its energies on assisting the IGM(E) rather than assisting the Independent Union Organizations (IUG) or splinter groupings. The avoidance of emerging multi-unionism with fragmented bargaining was an objective, as the author's questionnaire with the IGM(W) leadership confirmed. In the author's interview Bleicher emphasised

248) Unitary unionism is a form of organization whereby one single union represents all grades of workers in an entire industry (one encompassing union).

that fragmented bargaining could have had a severe adverse impact on future collective bargaining in the West. In line with Bleicher's answer, the European Industrial Relations Review (5/1990, pp.12-13) stated that 'while acknowledging the role of its Eastern sister as a 'transmission belt' of the SED, the IGM(W) nonetheless viewed the reform of the East German union as the most appropriate way of realising the unitary union. We expect that the rationale behind the IGM(W)'s support for its sister organization in the East was based on securing the monopolistic element in union representation with the intention of avoiding competition in the membership market and of closing the existing East-West wage gap. This meant avoiding competition by the unions in the membership and employer market and therefore securing the existence of the IGM(W)'s prerogative in its industries, as the author's questionnaire conducted with the IGM(W)'s leadership confirmed.

In the author's interview with Bleicher he stated that trade unions prefer a different approach to that which entrepreneurs take. Bleicher explained the IGM(W)'s reluctance firstly by the wish to avoid being viewed by the East German workforce as a 'missionary', and secondly by the lack of experience in the reconstruction of former transmission belt unions. A third argument in favour of a late intervention had been that intervening in the sphere of influence of a socialist sister organization could be misconceived by the IGM(W)'s socialist shopfloor as an anti-socialist event with negative repercussions on the

force of left-wing ideology. Wolf (1990c, p.11) compared the IGM(W)'s early behaviour with that of a 'tightrope walker' balancing between being viewed as an intruder or as a companion of low trust union. Regarding the IGM(W)'s 'inertia' it was determined by ideological considerations. In the author's interview Bleicher emphasised that all decisions had taken place in circumstances of incomplete information and uncertainty.

e) The inappropriate reconstruction efforts

During the general elections campaign the IGM(E) distributed leaflets demanding an irreversible democratic and attractive socialism in the GDR. Regarding Modrow's joint-venture legislation, the IGM(E) leadership was still advocating the BGL system in favour of works councils. Referring to the IGM(E)'s model for trade union representation on the establishment level, Wilke and Müller (1991, p.208) point out that the IGM(E) avoided introducing any accountability for its officers. Despite some reforms within the IGM(E), this meant the continuation of the old low trust relationship.

The IGM(E) started as soon as March 1990 to conduct the first free bargaining (e.g. Stuttgarter Zeitung 1.3.1990a, p.13). But from the beginning collective bargaining was supported by the IGM(W), as the IGM(E)'s representatives virtually lacked any experience. According to the author's interview conducted with Ernst, the West German trade union

representatives realised the totally insufficient bargaining ability and inappropriate policy of the IGM(E)'s representatives. Ernst confirmed in the author's interview that these two factors could have had severe negative repercussions on the substantive outcome of collective bargaining. If the outcomes of collective bargaining had not been attractive to the East German membership, Ernst assumed that decentralised bargaining and a further East-West migration would have emerged. Thus intensified decentralised bargaining by the inexperienced East German union officers or workers might have had adverse effects on the system of industry-wide regulation of wages in the West.

In the following weeks and months the desired reform process of organizational consolidation did not produce results, despite immense technical and personnel support (Schmitz and Tiemann 1990, p.1613). From December 1989 the IGM(W) recruited some of its former and already retired union officers (Der Gewerkschafter 1/90, p.8) for the task of supporting the transformation process in the IGM(E). According to the author's interview with Ernst, the idea was to support the sister organization in the GDR by minimising expenditure and by avoiding the drain on the IGM(W) personnel. The Stuttgart district, for example, deployed Eisenmann to the Dresden district (Thelen 1990, p.2), for the build-up of links between the IGM(W), the IGM(E) and the BGLs.

The union officials in the GDR were reluctant to support the West German trade unionists. In the author's interview with Ernst, he related that the strategy of rebuilding the IGM(E) with the help of retired IGM(W) personnel failed because the IGM(E) officers treated the deployed West German union officers as less than sound. Most of them had not been provided with the necessary information, or had been deliberately isolated by the IGM(E)'s personnel, and thus they were forced to conduct face-to-face interviews using very few trade union members in the East. In this way the process of rebuilding trade unionism from below failed. Most of the reactivated union officers of the IGM(W) gave up their work after a short period. In the author's interview with Ernst he stated that the IGM(E)'s personnel deliberately debarred the West German unionists from access to the East German workforce to retain their influence and jobs. Given this kind of behaviour, we assume that the objective of the IGM(E) personnel was to insulate the West German representatives from possible recruitment in the East, thus building up a barrier to entry to the East German membership market. Wilke and Müller (1991, pp.208-210) confirm this assumption, as the policy of the IGM(E)'s officers towards the IGM(W)'s deployed personnel had been dominated by 'shielding' them from the East German workforce. As access to the membership market was protected by the IGM(E) staff, the West German union probably would not receive recognition by the employers, and thus the IGM(E)'s personnel could retain their positions.

In early March 1990 Neues Forum did not have the necessary backing from the workforce, and Steinkühler admitted that the 'IG Metall understands best the wishes of the people in the GDR, which are for wealth and political freedom' (Stuttgarter Zeitung, 3.3.1990, p.18). During the same period, the IGM(W) conducted bargaining in the West on the 35-hour issue, knowing that positive results would boost and demonstrate the 'independence' (Stuttgarter Zeitung 5.3.1990, p.1) of all DGB-affiliated unions in their own bargaining. Positive bargaining results, could make the organization of the DGB even more attractive with reference to 'all of Germany' (Stuttgarter Zeitung 5.3.1990a, p.3) for the membership market. The Stuttgarter Zeitung (5.3.1990a, p.3) confirms the significance of the 35-hour issue, as this principle was a means to fend off sectionalism within the unions and incorporate the militant rank-and-file. In the case of the West German militant membership the 35-hour issue turned out to be an integrating force, and in the case of the East German workforce to be a desirable objective which could enhance the IGM(W)'s attractiveness and thus boost union membership. Positive results and membership growth could stand for the continuation of corporatism and the realisation of synergy effects in the area of collective representation.

The first free general elections in the GDR revealed the will for unification of the East German population. Responding to the proclamation by the West German

Employers' Association which called the outcome 'a clear vote for the social market economy' (Stuttgarter Zeitung 20.3.1990, p.11), the IGM(W)'s deputy chairman Zwickel stated (Stuttgarter Zeitung 21.3.1990, p.9) an 'urgent necessity' to make a 'quick social offensive' in the GDR to avoid the undermining of East and West German labour relations by conservative forces, meaning union competition in the employer market.

In an open letter to all companies Bugiel stated that the permanence of the nationalised companies was threatened. Bugiel claimed that it was the task of his organization to prevent an industrial West German take-over. On 1 March 1990 the Modrow government set up the Treuhand in order to start with privatisation. In cases of privatisation the IGM(E) recommended the 'Sömmerdaer codetermination model' (cf. Der Gewerkschafter 5b/1990, p.24). The IGM(E) would thus represent 2/3 of all advisory council members. We assume that the IGM(E)'s officers tried to secure their position within the companies by law in order to avoid competition for recognition by employers. The condemnation of the 'Sömmerdaer' codetermination model by all DGB affiliates as an attempt to set up an 'apparatchik consolidation', the 'power-sustaining act of the FDGB causing a major barrier to the propensity to invest', and an 'anti-democratic act' (Bonner Rundschau 1.3.1990) confirms our assumption. Despite the arguments against the introduction of the 'Sömmerdaer' model summarised above, the threat stated by the West German union leaders had been

that, if the IGM(E) officers were able to achieve such a strategic position, it would be virtually impossible for the West German unions to receive recognition by the East German employers. In such a case the IGM(E) officers would hold a strategic position.

f) The IGM(W)'s distancing of itself from the IGM(E)

In early April 1990 Steinkühler together with Bugiel of the IGM(E) visited for the first time an automobile plant in the GDR. During the subsequent staff meeting the workforce harshly attacked Bugiel for inappropriate support and disarray concerning the directives on the issue of labour representation on the establishment level. One week the IGM(E)'s headquarters recommended the establishment of works councils, whereas the following week it put through a personnel change within the BGL. The workforce of the automobile plant urged Bugiel to back them, otherwise they would withhold their dues from the IGM(E) (Martens 6.4.1990, p.25). Steinkühler's address to the workforce emphasised the comparatively high human abilities of the East German workforce. Martens (6.4.1990, p.25) reports that this was highly appreciated by the audience. Steinkühler also expressed the opinion that the workforce should not impede necessary rationalisations. According to Martens (6.4.1990, p.26-27) during this visit Steinkühler realised the East German metal workers' desire to join the IGM(W).

From 1 April 1990 onwards IGM(W) deployed eight information buses with experienced labour representatives to support the East German workforce in cities in the GDR. By means of the IGM(W)'s information buses it was partly possible to bypass the IGM(E)'s functionaries and reach the East German rank-and-file (cf. Möller 1990, pp. 8-9), and thus to become more active in the membership market. The enhanced activities in the membership market were not just intended to bypass the IGM(E) officers' information policy and to avoid further recruitment by the DAG and Christian trade unions in the GDR. In this case the objective was to secure the concept of an encompassing unitary union (Der Gewerkschafter 4/1990, p.6). Bypassing the IGM(E) officers provided the possibility of two-way communications between the IGM(W) and the East German workforce. The metall (20.4.1991, p.10) stated that the IGM(W)'s deployed personnel and their experience were warmly welcomed.²⁴⁹ Huber (1991, pp.28-29) reported that the East German workforce condemned the IGM(E) functionaries' personal protection of their positions and their neglect of reforms and demanded the organizational build-up of IGM(W).

On 8 and 9 April 1990 the IGM(E) convened its union congress. This meeting, however, did not demonstrate a real will to reform on the part of the old FDGB leadership within the IGM(E). Old SED/FDGB cadres had been elected to the executive bodies of IGM(E). Schubert, the former

249) The necessary information had been welcomed, as interviews with IGM(W)'s deployed personnel and East German IGM(W) members stated in interviews.

secretary of the IGM(E) responsible for agitation and propaganda, became treasurer. The conference also decided not to ask union executives about their past (Wolf 1990c, pp. 12-13). Wolf (1990c, p.12) comments that the decisions of IGM(E)'s meeting indicate that 'at least on paper the IGM(E) distanced itself from the FDGB.' In an address Steinkühler stated (Grußwort 8.4.1990, p.2) that the German workforce in a united Germany needed a united IG Metall. Then he went on to criticise the IGM(E)'s functionaries, pointing out that trade union strength does not solely consist of high trade union density and the collection of dues. The strength of the organization was, rather, mirrored by the personal objectives, wishes and hopes of the vast majority of its membership. Steinkühler demanded that the IGM(E)'s functionaries should go to the sites, where they could meet their membership and hold discussions with them in order to restore lost credibility. In this address Steinkühler reminded the delegates that the East German rank-and-file still viewed the old organization with distrust. Wilke and Müller (1991, p.210) claim that Steinkühler was worried when the IGM(E)'s delegates called on its leadership to start with concrete steps for the preparation of trade union unity. Wilke and Müller (1991, p.210) stated that Steinkühler's worries focused on the difficulties of cooperating and uniting with the East German leadership and its inexperienced officers. As the IGM(E)'s personnel proved to be discredited and inexperienced, the IGM(W) could afford to intensify its own reconstruction efforts without being blamed as an intruder.

If an encompassing industrial union wishes to avoid being accused of being an intruder, we argue that a two-tier membership would not be an acceptable strategy, given that all workers are citizens of a united Germany. A two-tier strategy would not have been viable for an industrial union. How could a trade union claim to stand for all workers in an industry, if the union was not willing to represent those in the former GDR and thus discriminated against them? In view of the situation of East German low trust industrial relations, and the structure of an encompassing industrial union, a strategy of intervention by incorporation would have to be based on moral authority. Acting on the grounds of moral authority could turn out to be a force to strengthen compliance and internal discipline within IGM(W)'s militant rank-and-file, without being blamed as an anti-socialist intruder.

More and more, the IGM(W)'s leadership distanced itself from its East German sister organization. As a result of the failure of the internal reforms within the IGM(E), despite some support by their West German sister organization, and the hatred (cf. Heym 1991, p.14) of the East German workforce for the insufficient reform performance of the FDGB and its affiliated unions, all the expectations and hopes of the East German workforce were concentrated on the IGM(W). In order not to be viewed as

the partner of a hated²⁵⁰ and unsuccessful organization (cf. Wolf 1990c, pp.9-11), the IGM(W) had to intervene massively²⁵¹ in organizational terms.

g) The intervention in East Germany

The IGM(W)'s Memorandum (8.5.1991) was an initial step in assessing the economic and political environment in Germany as a corollary of the WWSU, the victory of the CDU/CSU, and the possibility of reunification (Memorandum 8.5.1990, p.1). In the Memorandum (8.5.1990, p.4-5), the IGM(W) leadership stated that the strains emerging on both sides of the German workforce by the disintegration of the GDR and the subsequent reunification 'will best be solved by a common strong union movement with free, independent and encompassing affiliates.' As one overriding objective for the intervention in the East, the IGM(W)'s Memorandum (8.5.1990, pp.19-22) emphasised the 'rapid and complete' narrowing of the wage gap between East and West Germany as well as the avoidance of wage discrimination. The IGM(W) dismissed all attempts involving plant-related bargaining, as it would entail a weakening of the workforce. Rather, it fostered country-wide centralised bargaining (Memorandum

250) The IGM(W) leadership's decision to intervene was partly based on the 'Metall-Extra' questionnaire on the sentiments of the East German metalworkers (as an internal document). In its analysis the conclusion had been to demonstrate distance towards the IGM(E) in order to prevent being also identified as a factor of low trust (e.g. Schmitz and Tiemann 1991, p.14).

251) In order to reach great parts of the East German workforce, the IGM(W)'s officers used several 'information buses' in order to expand their mobility. Cf. Der Gewerkschafter (4/1990) 'Gewerkschaftsarbeit in der DDR, p.6.

8.5.1991, pp.20-21) in order to avoid decentralisation and extended plant syndicalism, as these could detract from the union's attractiveness in the West, as membership had grown accustomed to define interests in collective terms.

A further reason for the IGM(W)'s intervention in the GDR could be seen in the fact that in May 1990 a cooperation agreement was signed between the Engineering Employers' Federation, and the newly founded Metalworking Employers' Associations of East Germany. The European Industrial Relations Review (7/1990, pp.5-6) states that this employer agreement gave rise to the apprehension in union circles that the balance of power could turn in favour of the employers. The declared aims of the new employers' agreement were to further the interests of the metalworking and electrical industries in Germany jointly, to provide mutual support, and to prepare the ground for the entry of East German associations to the West German Engineering Employers' Association. For these purposes a joint office was set up in East Berlin.

According to reports (e.g. Der Gewerkschafter 4/1990, p.6), the IGM(W) legitimated its intervention in the GDR with the assertion that the Christian Trade Union Confederation and the DAG 'are undertaking enormous recruitment efforts in the GDR. The IGM(W)'s plan is still based on the belief of unitary unionism.' The IGM(W)'s Memorandum (8.5.1990, pp.38-39) was mainly concerned with the modalities of German reunification, and mentions implicitly the

conditions set out by the IGM(W). It said (IGM 8.5.1991, pp.38-39):...'trade unions will only be successful, if they are founded as modern unitary unions. ... The unitary union system of the FRG has proved this over the last forty years. The unitary union is the result of the experience of the workforce before and after the Weimar Republic and the Nazi persecution. It encompasses the historical traditions, political movements and thoughts of the workforce within one organization. This is why union competition is superfluous.'

In the author's interview with Bleicher he emphasised that competition between trade unions in a neo-corporatist system cannot secure a stable solution in the membership and employer market. The Memorandum (IGM 8.5.1990, p.39) finished by saying: 'the further organizational decisions and steps towards realisation of unitary representation follow the path of unification between the IGM(E) and the IGM(W), a step in which the East German workforce will bring in its experiences and knowledge.' Analysing the content of this Memorandum and Bleicher's statement, we argue that the aim of the IGM(W) was to protect the single union status and thus to secure the continuation of an encompassing and centralised trade union. The strategy entailed Turner's aspect of incorporation, as closing the wage gap had been of paramount importance for the subsequent policy of the union (cf. Wolf 1990h, pp.28-29).

In the author's questionnaire conducted with the IGM(W)'s leadership the following reasons for the intervention were stated:

First, to secure the continuation of West German industrial relations, especially by introducing the proposed 35-hour week. This argument referred to likely undercutting of union demands or industrial relations standards by the employers (eg., 'sweetheart deals'). Features of such undercutting potentials were the existing wage gap, the influx of the East German workforce to the West and the existence of the IGM(E). The Stuttgarter Zeitung (26.5.1990, p.2) confirmed the features stated above. Within this classification we can include the realisation that the IGM(E)'s personnel and leadership did not show sufficient will to reform and proved to be inexperienced in the new industrial relations system²⁵². According to the IGM(W) leadership's assessment, both IGM(E) failures entailed the danger that the dissatisfaction voiced by the East German workforce might cause growing non-unionism (cf. Martens 6.4.1990, pp.25-27), a further influx of colleagues to the West, the emergence of grass-root unionism, and the erosion of the principle of an encompassing unitary union (e.g., by DAG recruitment efforts).

252) The IGM(E) personnel's inexperience is summarised by IGM(W) 'Umsetzung des personellen Konzeptes zur organisatorischen Neugliederung der IG Metall der DDR' (10.7.1990), and especially IGM(W) 'Mitgliedererfassung und Aufbau einer Betriebsdatei für Mitglieder in der DDR' (2.7.1990).

Further, the IGM(W)'s leadership reported that no workable systems of labour representation were operating in the GDR (cf. Wilmes 1990, p.5), posing the threat of negative effects on plant syndicalism (cf. Wolf 1990e, p.18). The IGM(E)'s inappropriate policy was also partly considered a barrier to necessary investments. Another important aspect was to avoid being engulfed by the IGM(E)'s 'abyss of low trust', with negative repercussions on its own recruitment efforts. To avoid an identification with low trust industrial relations and liability for the IGM(E) and the FDGB, the IGM(W) justified the admission of the East German membership (cf. Frankfurter Allgemeine Zeitung 26.5.1990, p.3 and Stuttgarter Zeitung 26.5.1990, p.2). In an interview Steinkühler (Frankfurter Allgemeine Zeitung 26.5.1990, p.3) confirmed the reasons given above by stating that the 'reconstruction aid of the IGM(W) is not solely based upon altruistic motives. The IGM(W)'s elementary interests are particularly affected by the developments in the GDR.'

Second, the exercise of solidarity with the East German workforce was stated as an objective for the intervention. Undoubtedly the exercise of solidarity by the West German rank-and-file was considerable, but all the papers published by the IGM(W)'s leadership stated that the West German workforce was not to finance the economic build-up of the former GDR (cf. Positionspapier 20.2.1990, p.8 and Memorandum 8.5.1990, p.10). We assume that offering solidarity to the East German metalworkers was based to a

certain degree on tactics, as the IGM(W) discussed the introduction of a solidarity fund²⁵³, thus appealing to the East German membership market, but never implemented it (Bispinck 1991a, p.126). Analysing the content of various IGM(W) union documents, we argue that the IGM(W)'s strategy aimed to minimise the financial burden of the West German workforce during the unification process. On the other hand, the IGM(W)'s concept of industrial unionism meant representing the whole German workforce. Thus the intervention was based on a moral obligation. In this way the argument of avoiding a two-tier membership strategy was reconfirmed.

From early April 1990 onwards the IGM(W) mobilised its membership in warning strikes²⁵⁴, especially in the district of Nordwürttemberg/Nordbaden, to press hard for the introduction of the 35-hour week. The problem was that time was running out for the IGM's bargaining experts, because the IGM(W)'s leadership expected them to prepare and conduct collective bargaining on 1 June 1990 in the GDR (Pappenheim 21.4.1990, p.17). Pappenheim (5.5.1990, p.3) and Goodhart (9.5.1990, p.2) argued that this was one reason for the quick and 'classic compromise' in the Nordwürttemberg/Nordbaden area. The other bargaining areas

253) Cf. Die Zeit (2.3.1990, pp.41-42,), Die Zeit (9.3.1990, pp.26-27). The argument of this discussion was that IGM(W) should, together with the West German employers, allocate some of the benefits of the 1990 wage round in a solidarity fund to finance East German reconstruction.

254) Cf. Stuttgarter Zeitung (12.4.1990, p.11), (14.4.1990, p.14), (14.4.1990a, p.27), (23.4.1990, p.11), (24.4.1990, p.13).

followed by accepting the compromise. This shows how much the events in the GDR influenced West German industrial relations, which were determined mainly by the lack of experts on the parts of the bargaining partners. Despite huge strike funds on the part of the IGM(W), the support of the sister organization in the GDR was expensive. In addition, the amendment of AFG §116 could have withered away the IGM(W)'s strike funds in the case of large strike actions. Hence a strike did not seem to be appropriate. Martens (27.4.1990, p.23) argued that in a period of rebuilding the East a strike in West Germany would not attract support by IGM(W)'s membership and Germany's public, a proposal that posed considerable strain upon IGM(W)'s conduct of collective bargaining.

At the DGB's 14th Congress Steinkühler demanded a clear distance from the FDGB. Steinkühler pointed out (DGB Protokoll 24.5.1990, p.319) that trade union unity by no means meant the same thing as 'unity with an apparatus, which appreciated and represented the interests of a party instead of worrying about the troubles and distress of the workforce. Such a unity is not feasible. This led to the dissolution of the FDGB. Sooner or later there would have been just our DGB as the trade union peak federation in a unified Germany. Sooner than expected, this moment appeared, and we are not lamenting the passing of the FDGB. Even from the ideological viewpoint there can be no unity, between free and independent West German trade unions and so-called trade unions, which accepted being degraded to a

slaves of ideology, which never called a strike and never knew what representation of interests meant.'

According to Steinkühler (DGB Protokoll 24.5.1990, p.319), trade union unity meant 'unity of the trade unions in the FRG with the people in the GDR', and not with the IGM(E) officers.²⁵⁵ The background to the last sentence is analysed by Roitsch (25.5.1990, p.3), who argued that the IGM(W)'s leadership was concerned about the overmanned organization on the side of IGM(E)²⁵⁶, and its personnel's insufficient abilities. Roitsch (25.5.1990, p.3) reckoned that the IGM(E) would need 500,000 members with 10 German marks per capita per month to finance the wages of its 600 functionaries. Given such a situation in the GDR, the assessment made by IGM's organization department showed that such a financial burden was not feasible.²⁵⁷ According to this feasibility study, the IGM(W) set out an ultimatum to IGM(E)'s executive board demanding 'that signs be given that the leadership is disbanding itself and the membership remaining, otherwise the IGM(W) will recruit on its own in the GDR' (Roitsch 25.5.1990, p.3).

255) Cf. DGB 'Protokoll Personalwesen' (1.6.1990, pp.1-2).

256) According to an internal DGB document 'Protokoll Personalwesen' (1.6.1990, p.2) all East German unions enlarged their personnel during the reconstruction period.

257) Referring to the legal requirement of individual adhesion of the East German metalworkers by IGM(W)'s recruitments, its organizational department reckoned that for 35 offices a break-even size of 400,000 members was necessary (IGM(W) Einführung 10.7.1990, p.5 and Handelsblatt 11.7.1990, p.5).

Steinkühler (Einführung 10.7.1990, p.2) justified this decision that the 'situation in the GDR does not offer any hope. The East German membership does not have any trust in their trade union, the financial situation is desolate and the functionaries lack experience and knowledge in all areas²⁵⁸. In such a situation the hopes of the people are directed towards the IG Metall of the Federal Republic. Our information and advisory offices in the GDR are totally overcrowded. More and more employees are asking us when they can join the IG Metall of the Federal Republic... Therefore it was necessary to give a signal and to act immediately'.

Steinkühler's assessment was right, as labour representation on the plant level was in total disarray, because the East German metalworkers lacked knowledge and experience. On the other hand they, partly banned the IGM(E) and FDGB officers as a result of the legacy of low trust (cf. Anger 1990, pp.4-6). In turn, the IGM(E)'s personnel debarred IGM(W) from an assessment of the distribution and size of its membership. These numbers were of importance for the IGM(W) in order to determine the organization and manning structure for the new Länder.

h) The hostile take-over

During the 14th Congress of the DGB in Hamburg, the IGM(W) and IGM(E) executives signed a declaration in favour of the

258) Cf. Pappenheim's (19.5.1990, p.2) description of the qualifications of the IGM(E)'s personnel.

realisation of a reunited IGM. The central points of this Hamburg declaration (IGM(W) 6-Punkte-Erklärung 25.5.1990, pp.3-4) were: - Both German metal unions intend to form a strong unitary union for the metal industries in Germany. The introduction of WWSU will determine the speed of this process. - Both unions will install common commissions to prepare the necessary modalities of unity. - At its conference in September 1990 the IGM(E) will decide the necessary legal preconditions that will enable its membership to transfer to the IGM(W). - At a special congress in November IGM(W) will pass the constitutional amendments needed for a united organization, and IGM(E) will provide a membership inventory. - Both sides acknowledge that unity is to be achieved as soon as possible. It should be achieved on 1.1.1991.

Wilke and Müller (1991, p.212) described the Hamburg declaration as the 'dictation of the IG Metall (West)' which finally stopped the IGM(E)'s 'trial of IGM(W)'s patience.' In the declaration (6-Punkte-Erklärung 25.5.1990, p.1) the IGM(W) explained the reasons for the annexation by referring to the deterioration of the economic (unemployment) and social (social unrest) situation in the GDR, and the IGM(E)'s incapacity to meet this challenge. Further reasons were the IGM(E)'s 'precarious financial situation, its inappropriate organizational structure' as well as its 'restricted level of trust' (6-Punkte-Erklärung 25.5.1990, p.1). Steinkühler (1990, p.4) justified the incorporation of the East German

workforce in its membership by referring to the severe repercussions of weak union representation on West German industrial relations (e.g. deadlock, or the reduction of further wealth formation) and solidarity with the East German workforce, whose 'hopes are focused on the IG Metall', thus invoking to the moral authority of an industrial union (Steinkühler 1990, p.5).

By means of the Hamburg declaration (6-Punkte-Erklärung 25.5.1990) the objective for unification of the unions became concrete in terms of the procedure and the timetable. Looking at the timetable and the necessary constitutional amendments, we argue that the IGM(W) determined the conditions and modalities of union unity. Steinkühler (1990, p.5) emphasised that 'what we want to achieve together is unique in the almost 100 years' history of the IGM. It is the historic task that there will be only one IGM in Germany.' In the author's interview with a senior IGM(W) officer he stated that a further reason for the incorporation of the East German metalworkers was partly based upon the IGM(W) leadership's desire for the prestige of representing the largest encompassing union in the free world. Thus the thesis that the interventionist objectives were enhanced membership and the personal reputation of union leaders is confirmed. The author's questionnaire conducted with the IGM(W)'s leadership, and the content analysis of several minutes revealed such personal objectives.

The IGM(W)'s domination of the reconstruction process reached its peak with the 'Ergebnisprotokoll' (IGM 15.6.1990). The most important abstracts were the following (IGM 15.6.1990, pp.1-3): - The IGM(W) will nominate a lawyer who will represent the IGM(E)'s financial claims against the FDGB. The fees will be paid by the IGM(E). - The IGM(E) will not conduct any more elections for the positions of regional union executives. - The bargaining regions will correspond to the boundaries of the new Länder. Each new bargaining region will receive the support from specific regions (e.g. Saxony will be supported by the district of Munich and Stuttgart). - The future division of the regional offices will take place in accordance with IGM(W)'s constitutional regulations. The final division will depend on the number of members and their financial contributions. - The IGM(W) will be entitled to deploy two members to 'participate' in all further meetings of the executive board of the IGM(E)²⁵⁹. - This year the IGM(W) will open regional offices in order to organise the works councils elections and to prepare the union unity.

The Ergebnisprotokoll (15.6.1990) gave an indication that until this time the IGM(W) had not received information on the actual size of IGM(E)'s membership (inventory of membership), which would allow a precise organization of the districts. After the IGM(E) failed to provide an inventory of members (the IGM(E) finally delivered personal

259) The IGM(W) deployed its former chairman Mayer to control the IGM(E)'s executives in the form of a guardianship.

files of just 250,000 members instead of about 1,600,000 to 1,700,000) the IGM(W) interpreted this as an indication of the IGM(E)'s legacy of low trust and insufficient acceptance by its membership, as the East German workforce did not provide the IGM(E) with the requested necessary information (Handelsblatt 11.7.1990, p.5).

The massive intervention, with the subsequent transfer of personnel and business equipment, was justified²⁶⁰ by Schreiber (1990, p.1) as an 'initial investment in the GDR securing our organizational future.' The task of the organizational reconstruction was to set up financially autonomous districts in order to avoid a 'two-class IG Metall' (Schreiber 1990, p.1). Schreiber's statement proved that a two-tier membership was not viable. The first explanation for the avoidance applied to the unstable economic solution within a corporatist environment, and the second to the moral authority of an encompassing union to represent the whole workforce.

In the case of the IGM(W) the size of the membership was of great importance, especially regarding the financial aspect

260) Justification of the 'investments' was based on the fear of IGM(W)'s leadership that the financial support directed to the GDR might be interpreted by its West German membership as a weakening of the IGM's financial basis, with negative repercussions on IGM's ability to sustain a long strike.

of union unity²⁶¹. According to Schreiber²⁶², (1989, p.22) new recruitments mean enhanced financial power for the union, and thus also improved organizational power for the union in sustaining a strike. In the author's questionnaire conducted with the IGM(W)'s leadership it was stated that the enhancement of membership²⁶³ was an important motive for the intervention.

With the realisation of the WWSU, collective bargaining conducted by the IGM(W) concentrated on the harmonisation of the East German bargaining structures with those of the FRG. This meant the extension of West German collective agreements to the East (cf. European Industrial Relations Review 8/1990, p.5 and Stuttgarter Zeitung 7.6.1990, p.9). The IGM(W)'s demand for a two-years' employment guarantee caused extreme criticism on the part of the employers and the West German public as, it did not conform with a market system (cf. Stuttgarter Zeitung 28.6.1990, p.11 and Handelsblatt 28.6.1990a, p.1). Neubauer's (29.6.1990, p.1) article discussed the East-West wage dilemma and criticised the IGM(W)'s conduct of collective bargaining as irrational and determined by fear of the undercutting 'cheap Ossi' with his negative impact on the West. Neubauer²⁶⁴ asked

261) For an assessment of the financial assets of IGM(E) and its transfer to IGM(W) we refer to IGM(W) 'Gründung einer Verlags- und Vermögensverwaltung in der IG Metall GmbH der DDR mit Sitz in Berlin' (3.7.1990).

262) Trade union executive and cashier of IGM(W).

263) A further indication of the desire for an enhancement of membership is Steinkühler's statement when he was asked what he expected from the intervention in the East: 'membership.'

264) Neubauer is one economic journalist of the Stuttgarter Zeitung.

(29.6.1990, p.1) if it makes any sense to recruit new membership in the East, and then to negotiate irresponsible and job-killing wages in the East just to dissipate the worries of the West German union members.

Several warning strikes took place in East Germany (cf. Stuttgarter Zeitung 2.7.1990, p.9, 6.7.1990, p.14 and 7.7.1990, p.14), which were severely criticised by the government and employers (cf. Mundorf 4.7.1990, p.2). Finally an agreement was settled, and the employers argued that the IGM(W)'s dominant objective was not to link wages to productivity, but on the contrary to please the majority of the East German workforce in order to facilitate the IGM(W)'s recruitment efforts in the membership market (cf. Handelsblatt 16.7.1990, p.1 and Stuttgarter Zeitung 14.7.1990, p.1). We argue that raising wages is a strategy of contractual exchange by closing the wage gap and thus trying to reduce the migration wave to the West. On the other hand, the criticism made by the employers was unjustified as they signed the collective agreement. Referring to Bispinck et al. (1993, p.470), the management's willingness to agree to these collective bargaining results was initiated to stop a further drain of qualified workers to the West.

i) The organizational reconstruction

In early July the IGM(W)'s leadership intensified its efforts to assess and administer the potential size and

distribution of its new membership in the GDR. Deckstein (7/8.7.1990, p.3) submits that the result was depressing for the IGM(W)'s deputy chairman Zwickel, as all the IGM(E) offices had been in disarray. The IGM(E)'s personnel failed to provide the requested membership inventory and to represent the East German workforce. For the Erfurt district the IGM(E) officers claimed that 95% of the former FDGB workforce could be retained as membership, which had been 119,000 members. When the IGM(W) checked this inventory of membership, just 26,000 members had filled in the union registration card (Füssel 18.7.1990, p.3). On this occasion Zwickel stated (Deckstein 7/8.7.1990, p.3) that 'we should have intervened much earlier', as the organizational disaster in the GDR will impede organizational reconstruction and the strength of a united IGM(W). In a further interview conducted by the author with a senior IGM(W) official²⁶⁵ the IGM(W)'s misreading of the IGM(E) personnel's willingness to conduct the necessary reforms was criticised, since it necessitated long, expensive and complete reconstruction process.

With the Hamburg declaration and the 'Ergebnisprotokoll' the modalities of achieving unity became concrete. Specific amendments followed with Steinkühler's 'introduction' (10.7.1990) at the decisive meeting of IGM(W)'s board. He clarified that (IGM Einführung 10.7.1990, p.2) 'there will be no fusion of both trade unions, but a transfer of

265) In this case due to the critical statement a senior union official requested that his identity should not be revealed.

members from the IGM(E) to the IGM(W), with the simultaneous disbandment of the IGM(E). ...It is necessary to mention, that under no circumstances do we want to become the assignee of the IGM(E) or indirectly of the FDGB. In such a case the financial and personnel risks are such that one could not neither estimate nor vindicate them.' Steinkühler stated the various different reasons that led to the IGM(W)'s intervention.²⁶⁶ For the realisation of unity Steinkühler (Einführung 10.7.1990, p.3) emphasised the necessity 'of building up the West German IGM on the territory of the GDR. This means the transfer of our structures, the recruitment of members, the organization of works council elections, and all that before the formal date of 1.1.1991. Realistically, from now on the IGM(W) has to represent the interests of the workforce in the GDR, despite the fact that the structures and the formal legitimacy are still missing.' Further inertia in East German industrial relations could have altered the parity of forces between unions and employers in favour of the latter.

Steinkühler (Einführung 10.7.1990, p.3) explained to his officers that failures in the reconstruction of East German labour representation would have even more of a negative influence on the IGM(W)'s organizational strength than the

266) Cf. Der Gewerkschafter (7a/1990, p.7), according to Steinkühler, the unions in the GDR had not learnt to represent their members' interests. They had not been able to act in a 'totally different economic and legal system.' The IGM(W) had the obligation to avoid a further deterioration in the membership's belief in union representation.

introduction of §116 AFG. Thus we infer that a failure would have had a severe impact on the procedural and thus on the substantive objectives of the IGM(W).

According to Steinkühler (IGM 10.7.1990, p.3), a coordinated strategy was necessary for such a project. The transfer of responsibility to the regional offices did not mean that they would be independent in their decisions. The IGM(W)'s chairman stated (IGM 10.7.1990, p.4): 'Despite the fact that as good as nothing worked in the GDR, you can rely on one thing: the old information channels are still working as they did in former times.' Several union minutes claim that this was the reason why personnel policy became quite important within the IGM(W). The introduction ('Einführung') discussed some issues of personnel policy, but then turned to the financial aspect of unity. The stated objective of the IGM(W) was to establish structures, and to finance these structures by their dues²⁶⁷. With reference to the West German membership, the chairman declared that subsidies would only be granted for the period of transition. The necessary relationship of trust between the organization and its new membership and

267) Wilke and Müller (1991, p.214) confirm that one of the most urgent problems of the IGM(W)'s leadership consisted in the sabotage by the IGM(E)'s personnel. One factor was that, despite massive demands by the IGM(W), personnel files of the membership disappeared, and the IGM(E)'s personnel always claimed that they represented 1,600,000 members. The size and regional distribution of the membership were of the utmost importance in order to determine the financial burden of the reconstruction and organizational structure of union representation in the East (e.g. location, number and capacity of offices, number of personnel).

recruitment would rely on the IGM(W)'s reputation. The most powerful argument for the DAG's recruitment in the GDR is its leadership's statement that (IGM 10.7.1990, p.6) 'it is absolutely free of any FDGB contacts, and that its representatives had never visited Harry Tisch. If we build up our organization with the old (FDGB) staff, we will push potential membership into the DAG and other groups.' Steinkühler also emphasised (cf. Einleitung 10.7.1990, p.5) that the workforce in the GDR wanted to join the IGM(W), but as long the IGM(W) cooperated with the old cadres no adhesion of the East German workforce would take place. The last sentences give a clear indication of the IGM(W) leadership's stated objectives, that is to determine its policy according to the most dominant goal, namely securing the union's near-representational monopoly.

The IGM(W)'s executive board decided to deploy 100 union officers in the East²⁶⁸ in order to start recruitment, and to build up 35 recruitment offices²⁶⁹, the so-called 'emergency unit' (Füssel 18.7.1990, p.3) to 'fill the organizational vacuum'. To demonstrate their clear distance from the legacy of low trust, the IGM(W)'s personnel were told to avoid any regional vicinity to the FDGB offices or even the use of offices of the FDGB.

268) According to IGM(W) (9.7.1990, p.2) 'Vorlage Informationstagung Büroleiter DDR', more than 200 IGM(W) officers were deployed.

269) Cf. IGM(W) 'Strukturierung der DDR-Aktivitäten' (2.6.1990).

The IGM(W)'s board meeting on 10.7.1990 finally determined all the modalities for the IGM(W)'s intervention in the GDR, asking its membership to recruit East German metalworkers. On this occasion the board decided on the 'time and activities plan' (IGM Anlage B 10.7.1990, pp.1-14) which has been the basis for all further actions by the organization and the organizational structure (IGM Anlage A 10.7.1990, pp.1-16).

Due to IGM(E)'s incapacity or unwillingness to provide a membership index (Anlage A 10.7.1990, p.3 and Anlage 5) the IGM(W)'s leadership developed the regional structure on the basis of a scenario that structural change would reduce employment in the metal industry by 25 per cent, and that a union density of 60 per cent would be feasible. Further, the IGM(W)'s leadership stated that the 'objective of all organizational actions is to achieve structures as fast as possible' in order to demonstrate the IGM(W)'s 'abilities and competence' (Anlage A 10.7.1990, p.4). The explanation for the IGM(W) leadership's determination to achieve a workable union structure as fast as possible is given in IGM(W) 'Works Councils Elections in the GDR' ('Betriebsratswahlen in der DDR' 10.7.1990d, p.2) and IGM(W) 'Elections for the Representation of Young People and Trainees' ('Wahlen zur Jugend- und Auszubildendenvertretung in der DDR' 10.7.1990e) by the threat of a recurrent East German shop floor organization. There the IGM(W)'s leadership stressed that an early intervention by the IGM(W) on the company level by

supporting the organization of the works councils would help to avoid 'competing unions', 'different political groupings' and growing non-unionism and would allow control over the shop floor. Ernst confirmed²⁷⁰ this assessment in the author's interview.

Clearly, the Memorandum (8.5.1990), the 6 point clarification (6-Punkte-Erklärung 25.5.1990), the statement of results (Ergebnisprotokoll 15.6.1990) and the introduction (Einführung 10.7.1990) demonstrated a complete turn from the early non-interventionist approach to ad hoc intervention. The IGM(W) leadership's early inertia, its stated belief in the reformability of the IGM(E)'s personnel, and the sudden 'hostile take-over' (Deckstein 7/8.7.1990, p.3 and Füssel 18.7.1990, p.3) caused a certain dilemma how to explain the hostile take-over. The IGM(W)'s leadership justified the ad hoc intervention by using the following arguments: first, it had to intervene in order to oppose the increased power of the employers in the WWSU, second, the IGM(W) had to stop a further continuation of the IGM(E)'s practised style of low trust industrial relations offering no hope to the East German workforce, and third, it was argued that the hopes of the East German workforce rested with the IGM(W) appealing to the West

270) Ernst also mentioned that several works councils had been set up by metalworkers without adhering to the legal preconditions set out in the Betriebsverfassungsgesetz. Any defective title during the establishment of the works councils can cause unlawful representation, and thus a vacuum in collective representation on the company level.

German membership that a two-tier membership approach was not a viable strategy.

The next step to achieving union unity followed on 5/6.9.1990, when the IGM(E) held a special congress at which it established the constitutional preconditions for the transfer of its membership and the disbandment modalities, preparing the extinction of the IGM(E) by 31.12.1990. The referendum of the East German workforce representatives at the congress was impressive: of the 362 delegates, one abstained, two voted against and 359 approved it (Der Gewerkschafter 11a/1990, p.7). Despite this clear referendum in favour of the dissolution of the IGM(E) and adhesion to the IGM(W) Steinkühler had to dissipate sentiments on the part of the delegates that the way to union unity should not be accompanied by depression or humiliation (cf. Tribüne 8.10.1990, p.1). Subsequent interviews by the author with East German IGM(W) members confirmed that the hostile take-over resulted in sentiments of humiliation on the part of the East German workforce despite the fact that vast majority described the IGM(W) as a factor of hope. These sentiments of humiliation had been promoted by the IGM(E)'s officers, as they proclaimed that the IGM(W) would continue the cleaning out of discredited membership, as the IGM(W) had already done in the case of IGM(E)'s staff.

Before the IGM(E)'s dissolving congress the IGM(W)'s officers worked hard to promote²⁷¹ the impression of an 'honourable switch' to the IGM(W) (Tribüne 19.10.1990, p.3). The IGM(W) undertook a strategy of appeasing, in the form of providing a generous social plan²⁷² for the IGM(E) staff to avoid a further dissemination of propaganda with negative repercussions on the IGM(W)'s image and thus its recruitment potential (cf. Der Gewerkschafter 11a/1990, p.7). Steinkühler promised that the new East German membership would have equal rights within the organization and that the IGM(W) would acknowledge the tenure of membership within the IGM(E) for the entitlement of specific selective incentives. We argue that the acknowledgement of East German membership tenure served as a selective incentive in the IGM(W)'s incorporation strategy. Avoiding an immediate exploitation of selective incentives (especially individual legal representation and strike compensation), the IGM(W) demanded a minimum tenure of three months within IGM(W) (cf. Handelsblatt 8.10.1990, p.4). The author's interviews conducted with deployed IGM(W) officers and East German IGM(W) members confirmed that individual legal representation had been an important incentive to join the Western union. Koppelberg (1991, p.31) reports that in the Sonneberg district the management cancelled about 1,000 of 3,800 dismissals when IGM(W)'s

271) Interviews with IGM(W) officers confirmed the sentiments of an 'unconditional surrender' and humiliation were common, despite the hatred towards the IGM(E) and especially the FDGB.

272) Further information concerning the modality of the social plan is given in Handelsblatt (17.9.1990, p.3).

regional officers announced that they would represent its dismissed membership in court. The author's interviews conducted with East German labour delegates confirmed that such support improved the East German workforce's perception of the IGM(W) as a factor of hope.

The almost unanimous vote in favour of the IGM(W) and the dissolution of the IGM(E) was last taken because of the IGM(W)'s image as a successful and experienced bargaining agent (factor of hope²⁷³, IGM(E)'s lack of organizational experience) as well as the dislike of the IGM(E)'s insufficient reformability, as the author's interviews with East German labour representatives revealed. The Handelsblatt (4.8.1990, p.4) confirmed these arguments.

According to the Hamburg declaration, the IGM(W) convened an extraordinary congress on 1/2.11.1990 and passed the constitutional amendments needed for unity (Der Gewerkschafter 11b/1990, p.6). Steinkühler (1990, p.4) justified the transfer of membership to the IGM(W)'s organization by the necessity to bridge the wealth difference between East and West Germany. Steinkühler (1990, p.5) emphasised that the task of his union would be to focus on reduction of East-West mobility and undercutting impacts²⁷⁴. The IGM(W)'s leadership

273) Füssel (18.7.1990, p.3) confirms that a large proportion of the metalworkers viewed IGM(W) as an 'institution of hope', especially regarding the IGM(W)'s experience in the area of legal representation.

274) An illustration of the mobility and undercutting impacts is given by Der Spiegel (26.11.1990, pp.130-133).

recommended that the Government should pay the difference between East and West German wages due to the differences in the productivity levels (cf. Der Spiegel 26.11.1990, p.133).

At the IGM(W) extraordinary congress discussions centred predominantly on the impact of East-West wage disparity and its repercussions on the West²⁷⁵ (cf. IGM(W) 2. Außerordentlicher Gewerkschaftstag am 1. und 2. November 1990 in Bonn and Der Gewerkschafter 11/1990, p.5-6). The IGM(W) leadership repeatedly emphasised that the incorporation of the East German membership was financially feasible²⁷⁶, and that 'there will be neither reductions in the provision of the by-law guaranteed benefits nor a curtailment of our militancy' (Handelsblatt 11.7.1990, p.4). The special and extraordinary congress of the IGM(E) and the IGM(W) opened the way for the IGM(W)'s near-monopolistic union status and offered its leadership the chance to create the largest encompassing free trade union in the world.

275) Cf. Steinkühler (1990b, p.26-27) the wage policy for the next East German bargaining round would focus on 'the necessity to equalise wages towards the West German level. The reasons are: - To secure the material livelihood. - To secure sentiments of justice, as equal work should bring equal wages. - The necessity to reduce the East-West migration wave.'

276) An analysis of the financial situation of the unions is given in Der Spiegel (29.10.1990, pp.185-188). Despite enhanced wealth formation and a reduction in strike actions, the West German trade union leadership did not reduce dues; on the contrary, dues were continually raised.

At the extraordinary congress Steinkühler (1990a, p.5) referred to the 'ideological turn, the still insufficient organizational structure, and the deficiencies in trade union experience of our new members.' The IGM(W) leadership's early non-intervention and cooperation approaches, its reliance on the reformability of IGM(E)'s personnel, inadequate information, the continuation of left-wing ideology (the 'third way') were at the root of the hostile take-over. The early inertia of the IGM(W) caused the ad hoc dismantling of existing and partly working union structures in the GDR (cf. Wilke and Müller 1991, p.219). After the IGM(W) destroyed the whole IGM(E) system, it faced the difficult task of rebuilding its own organizational structures. Thus the IGM(W) had to deploy the vast majority of the West German IGM(W) personnel for the organizational build-up.

The IGM(W)'s self-confident rank-and-file did not criticise its leadership's reconstruction policy. In the author's interviews with IGM(W) members the following arguments were stated for the rank-and-file's calmness : first, the membership expected an intervention by the IGM(W) in order to protect West German industrial relations from the shock stemming from the disintegration of the GDR. Second, when devastating situation of East German industrial relations was realised, the incorporation of the East German colleagues became a moral imperative. The late intervention, in combination with the dismantling of IGM(E), caused a delay in the organizational reconstruction

(cf. IGM (W) 10.7.1990c, Anlage B), despite the achievement of formal legal unity on 1.1.1991, which took until early 1992.

The late reunification policy had some repercussions on the East. When the IGM(W)'s intervention took place, the extent of short-time working²⁷⁷ had been significant (cf. appendix 10). The virtual absence of the short-time working personnel from the company sites and the gaps in the membership's files provided by the IGM(E) made contacting and recruiting the East German workforce difficult. Different sources stated (e.g. Schmitz, Tiemann, Löhrllein 1992, p.84, Steinkühler 1991, p.4) that by July 1991 about 1,700,000 East German workers had joined the IGM(W), which confirmed to a certain degree their belief in the IGM(W) as a factor of hope to ease the changes in the former GDR.

j) The closing of the wage gap

Despite the recruitment success the IGM(W) had severe difficulty in controlling some new works councils²⁷⁸ which were exercising decentralised wage bargaining on the company level (cf. Wilke and Müller 1991, p.220). In the case of decentralised bargaining attempts the explanation can be twofold. Firstly, decentralised bargaining can be an

277) Several companies actually practised '0-hour' short-working, this means that its workforce did not work at all, and thus did not turn up at the company sites.

278) Those works councils had been extremely loyal FDGB BGLs who had been attracted by IGM(W)'s radical profile (challenger face).

indicator for IGM(W) leadership's threat of a recurrent East German shop floor organization and its possibility to challenge the level of centralisation within the union. Secondly, decentralised bargaining could be the result of concessions of the works councils terrified by the management's announcement of job losses in the case of non-compliance. Both explanations mean a challenge towards the level of IGM(W)'s centralisation, the industry-wide conduct of collective bargaining and thus the realization of the positive results of corporatism. The IGM(W) had to appeal to solidarity (Wolf 1990f, pp.18-20), and provided several training sessions with these works councillors in order to secure compliance and thus the centralisation of collective bargaining. Wolf (1990g, p.22) reported a massive wave of legal suits which had their causes in the 'inappropriate behaviour of the works councillors,' 'deficiency in our information relationship with them' and 'insufficient supply of training and qualification courses.' Klöppel (1990, pp.23-25) confirmed these deficiencies, and the fact that they had some impact on the recruitment of union members, works councillors and shop stewards.

From November 1990 onwards the IGM(W) and the employers' associations conducted collective bargaining in order to provide the same classification systems that had been operating in the West (cf. Wolf 1990h, p.28). The conduct of bargaining resulted in a step-by-step adjustment plan by means of which the East German wages were linked

consistently with West German wages.²⁷⁹ The step-by-step adjustment plan determined the equalisation of the existing West-East wage gap (Der Gewerkschafter 12/1990, p.5: 'equalisation component') until April 1994. Thus the strategy of the IGM(W) sought to appeal to the East German workforce by closing the wage gap and thus avoiding further undercutting effects on the West. Zwickel (1992, p.19) submitted that raising the wages to the West German level by 1994 had been 'a great success.' Closing the wage gap fast had been the IGM(W)'s bargaining strategy to appeal to the East German workforce (membership market) by avoiding a 'second class membership', enhancing the IGM(W)'s encompassiveness. The increase in membership accounted for the argument for maintaining a system of industry-wide regulations. Thus Turner's (1952) argument of incorporation by narrowing wage differentials was applied.

In February, March and April 1991 the IGM(W) participated in and partly organized the 'Monday Demonstrations' against the Conservative-Liberal Government (cf. Schreyer 1991, p.3 Rogge 1991, p.3). On 17 April the IGM(W) called a mass-demonstration in Berlin against rapidly increasing unemployment in the former GDR and unsocial Government policy. Despite the expected 150,000 to 250,000 participants, just 35,000 IGM(W) members participated (Stuttgarter Zeitung 18.4.1991, p.3 and Thelen 30.4.1991, p.1). In response to several articles on the unsuccessful

279) Cf. Stuttgarter Zeitung (8.3.1991, p.11), von Mitzlaff (1990, p.5), Der Spiegel (29.4.1991, p.36), and Der Spiegel (10.6.1991, p.101), Eckelmann (1992, p.44)

rally, the IGM(W) reacted by stating (cf. Mechelhoff 1991, p.1) that the low participation rate should not be interpreted as an organizational weakness and a loss in militancy. Steinkühler (Der Spiegel 29.4.1991, p.37) criticised his deployed senior union officers for misreading the sentiments of the new workforce. Other sources (cf. Der Spiegel 29.4.1991, p.37, Stuttgarter Zeitung 18.4.1991, p.3, et al.) stated that the IGM(W)'s prime objective had been the recruitment of further membership. In an interview by the author with a senior IGM(W) union officer the argument of enhancing membership was confirmed. By December 1992 the IGM(W)'s density rose to 71.92 per cent, or an increase of 787.961 new East German members. The interventionist objective of improving or maintaining the union's significance within the DGB was rated as unimportant in the author's questionnaire with the IGM(W) leadership.

On IGM(W)'s 100th anniversary IGM(W)'s executive board decided to incorporate 6 East German members on the advisory board (cf. Der Gewerkschafter 7-8/1991, p.5 and Handelsblatt 21.3.1991, p.5) and one East German representative in the control committee. Organizational unity and the process of incorporation was finally completed with a joint union congress at IGM(W)'s 17th ordinary congress in Hamburg (10.-17.10.1992). On this occasion Töppel was elected as the East German representative on the IGM(W) executive board (cf. Der Gewerkschafter 11/1992, pp. 11-13).

k) Summary

The IGM(W)'s reconstruction of labour representation started with a strategy of non-intervention in the East and a discussion of 'third way' ideology. The collapse of socialism posed a severe threat to the IGM(W)'s integrating ability to ensure the cooperation of the self-confident rank-and-file. Thus the discussion of the 'third way' was an attempt to assure the cooperation of the shopfloor while the vision of a 'better society' was crumbling. After experiencing attempts at decentralisation by the shopfloor, the IGM(W) responded by setting up plant partnerships and by intensified cooperation with the IGM(E).

The general election results, the introduction of the WWSU, the influx of the East German workforce, the existing wage gap, recruitment efforts by the DAG and Christian trade unions in the East, and the IGM(E)'s inadequate reforms resulted an ad hoc intervention by the IGM(W) in the East. The strategy of rebuilding labour representation was determined by Turner's thesis of incorporation by closing the wage gap, but to the extent that union unity was reached later, and that old organizational structures were not used. The following interventionist objectives determined IGM(W)'s reconstruction efforts: protection of the near-representational monopoly, an increase in union membership, and personal aspects of the union personnel. Solidarity with the East German workforce was an important factor in explaining intervention. On the whole, the

IGM(W)'s strategy focused on the protection of centralised decision-making with good economic results in order to fend off attempts at decentralisation by the strong shopfloor.

1.3. Discussion of the results and conclusion

The collapse of the GDR and the subsequent German reunification offered an opportunity to examine the causes of stability or instability in corporatist systems and their institutions, and how they maintained membership and organizational coherence. The aim of the thesis was to study the strategies applied by two differing trade unions seeking to maintain their organizational position and to protect the neo-corporatist industrial relations system that secured the survival of the West German unions. The unions' strategies for organizational survival were partly determined by the neo-corporatist industrial relations structure (eg., encompassiveness) and their different organizational constraints (strength/weakness on the shopfloor).

In comparison with other East European countries, the process of reconstruction of labour representation in the former GDR was predominantly determined from the outside, namely by the West German trade unions. The explanation for this was the expectation of the East German workforce that the West German unions would intervene in order to abolish the former low trust industrial relations system and soon offer the same working and living conditions as in the West.

The important features facilitating the one-way intervention by the West German trade unions were (i) the

legacy of low trust industrial relations in the former GDR and (ii) the inappropriate reforms conducted especially by the FDGB. In this situation the East German workforce showed practically no commitment to the transmission belt industrial relations system. Therefore the ad hoc introduction of the WWSU improved the status of the East German workforce by linking it to an experienced bargaining agent. This partnership generated a comparative advantage on the part of the West German trade unions ('factors of hope') for overcoming the uncertainty of the East German workers and offering them rapidly improved working and living conditions comparable to those in West Germany.

In both West German trade unions the decision-making process was located on the centralised executive level, with strong participation on the part of the highly trained personal union assistants. After the reconstruction had taken place, particularly the personal assistants pursued a career within the unions. Thus personal ambitions had been of importance in both trade unions. The prospect of a possible career within the IGCPK contributed to the support of the IGCGK personnel in not obstructing the unification process, whereas, in the case of the metalworking trade unions, attempts to achieve smooth cooperation and subsequent unity failed, as the IGM(E) officers did not reform. On the contrary, the IGM(E)'s representatives responded by shielding the IGM(W) officers from the East German workforce. The behaviour of the IGM(E)'s personnel was one reason for the IGM(W)'s late ad hoc intervention.

In the case of the IGCPK it was possible to demonstrate that the majority of its membership had been accustomed to define the outcome of collective bargaining in collective terms. In the case of the IGM(W) almost half of its membership defined their interests in collective terms. As a large share of each membership in both trade unions is able to determine their interests in collective terms (e.g., a good Okun-index), protection of the system which generated collective benefits and of its neo-corporatist institutions was of the utmost importance.

The intervention in the East launched by the IGCPK was dominated by the objective of securing neo-corporatism, and thus protection of the procedural and substantive objectives. This entailed upholding its near-representational monopoly, as well as the continuation of social partnership (growth alliance). The strategy of intervention by incorporation was explained by the following arguments: first, by the intervention the IGCPK avoided increased undercutting of West German standards by the East German workforce, second, by the intervention IGCPK was able to avoid the emergence of grass-roots unionism, fragmented bargaining, growing non-unionism, or the loss of unionised sectors. As the IGCPK's organizational strength rests on the centralised level (weakness on the establishment level), mainly by the provision of collective benefits (a good Okun-index and growth alliance), almost no alternative to the policy of intervention by incorporation seemed to be feasible. The

strategy of incorporation thus fulfilled the task of protecting West German industrial relations from the threatening effects stemming from the East, and appeasing the worried West German union clientele. The objectives of the IGCPK's leadership in the case of reconstruction were to continue exercising their industrial relations climate of social partnership, thus securing organizational success and stability within the industrial relations system of the FRG. The author's questionnaire with the IGCPK's leadership confirmed that the union's weakness on the shopfloor and the encompassing union structure limited the reconstruction alternative to the incorporation option ('lack of alternatives').

The strategy of incorporation meant the application of two important features which were dominated by (i) Turner's (1952) contractual exchange and (ii) the aspect of solidarity.

(i) In the case of German reunification, the process of incorporation did not correspond to different types of workers but rather to an adjacent country. Turner's thesis of an exchange relationship through incorporation of the East German workforce within the encompassing union body was applied. The process of incorporation entailed narrowing the existing West-East wage gap (e.g., raising East German wages, application of the same classification systems), and offering selective incentives (e.g., legal representation, non-contributory membership, changes in the

union's pension schemes). The strategy of incorporation was appreciated by the East German workforce, as they expected the West German union to offer them the same working and living conditions.

(ii) The aspect of solidarity between the East and West German workforces was an important motive and a symbiotic force in the strategy of incorporation. Solidarity with the East German workforce validated the IGCPK's political legitimacy, which appealed to the whole workforce. In the case of unification, a two-tier membership strategy would have meant discriminating against the East German workforce. Acting on behalf of a moral authority (e.g. solidarity) supported IGCPK's reconstruction efforts.

The IGCPK's firm stance (working with the high-low trust dichotomy of East and West German industrial relations) in the reconstruction process was appreciated by both the West and East German memberships. Especially on the part of the East German membership, the break with the past partly generated aspirations to self-determination regarding the East German workforce's ability to dismantle the old low trust FDGB structures. As the East German membership participated in the reconstruction process, it voiced very little resentment towards Western intruders on the East German industrial relations scene. On the contrary, the East German workforce assessed incorporation as an act of solidarity, and accorded it high acclaim.

The early intervention of the IGCPK improved its capacity to recruit (enhancement of membership), and showed to other trade unions (e.g. DAG) that the IGCPK was a factor to reckon with on the membership market. In order to build up a barrier to entry to the membership market, the IGCPK's leadership soon practised close cooperation and the continuation of social partnership with the employers' associations. In exchange for recognition by the employers, the IGCPK offered a climate of stability and predictability on the part of labour representation (canalising the will of the East German workforce).

Further, due to its early intervention the IGCPK gained vital and reliable information from its deployed personnel (e.g., 'information offices') and from the closely cooperating and supportive IGCGK personnel. Making use of the IGCGK's structures and personnel improved its capacity to build up a working organization quickly, avoiding higher costs in the reconstruction process. The objective of an enhancement of membership, and thus the realisation of synergy effects (economies of scale) with an early break-even point in public representation, was a relevant factor, but the dominant goal consisted in the protection of neo-corporatism. An improvement of the IGCPK's relative position within the DGB was acknowledged by the IGCPK's leadership as an interventionist motive, but the significance of this objective was not rated as important.

In the case of the IGM(W), its leadership's early image of the GDR was impressed by the power of the SED and the FDGB. The explanation for this assessment was that the activist trade unions had improved their relationship with the East German leadership by their personal investments in building up these links. In comparison with the IGCPK, the IGM(W) leadership's early stated expectations regarding the reformability of the SED and the FDGB were inappropriate. The early recommendations of the IGM(W)'s leadership, such as 'democratic socialism', a 'third way', and especially the reliance on the IGM(E)'s reformability, caused some perplexity on the side of the East German workforce.

The explanation for the dissemination of left-wing ideology centred in the IGM(W) leadership's fear that the collapse of socialism could negatively affect its organizational cohesion. In the IGM(W)'s history the application of socialist ideology has been a means to court the strong rank-and-file and convince them to continue their active support and cooperate within the union. Advocation of the 'third way' had been an attempt to restore a better vision of society in the West after East German socialism became a synonym for reprisals against the population.

After the IGM(W)'s rank-and-file started to set up plant-based cooperation with the East German workforce, the IGM(W) leadership responded by intensified cooperation with the IGM(E). The reason for the IGM(W)'s cooperation was to demobilise its confident shopfloor in order to prevent

further attempts at decentralisation. The IGM(W)'s history has been shaped by repeated attempts at decentralisation by its membership. Over the years the IGM(W) leadership's policy consisted in fending off the decentralisation demanded by the strong shopfloor. When labour representation had to be rebuilt, the IGM(W)'s leadership intervened in order to protect West German industrial relations. Securing substantive bargaining results in the form of a good Okun-index had been of importance, as desirable bargaining results (e.g., the 35-hour week) led to compliance by the militant membership. To prevent sectionalism and decentralisation within the encompassing organization, the IGM(W)'s leadership responded to the strains emerging from the collapse of the GDR by sustaining neo-corporatism. The strains or threats to the continuation of desirable bargaining results were: first, the influx of the qualified East German workforce, second, increased undercutting by the East German workforce, third, growing multi-unionism and the loss of a unionised sector. To counter these threats, the IGM(W)'s leadership intervened in the GDR. The explanation for the IGM(W)'s late, ad hoc intervention in the GDR was its leadership's assumption that the FDGB and IGM(E) would reform.

In the case of the IGM(W), the objective of its leadership consisted in fending off the attempts at decentralisation by its members. Thus the incorporation strategy of the IGM(W) took account of the same two important features as in the case of the IGCPK. These features were:

(i) Turner's (1952) thesis that the incorporation of a threatening workforce can make a union virtually encompassing. The incorporation aspect entailed closing the threatening West-East wage gap and offering selective incentives, such as legal representation. By the intervention the IGM(W) tried to protect its West German membership from the worrisome threats coming from the East.

(ii) Solidarity was important, as was seen in the spontaneous support of the West German rank-and-file in establishing plant partnerships. The IGM(W)'s leadership laid great emphasis on the argument that a two-tier membership approach would have produced a 'second-class membership', a strategy which was not viable for an encompassing industrial union. Using this moral principle, the IGM(W) justified its late intervention.

The author's questionnaire conducted with the IGM(W)'s leadership and the interviews confirmed that securing organizational encompassiveness by means of desirable bargaining results had been of the utmost importance. Other interventionist goals, such as enhanced membership, and to a minor degree the relative significance within the DGB were confirmed.

As the IGM(W)'s cooperation with the IGM(E) failed, it had to intervene late and ad hoc. As a result, the IGM(W) had to build up a new organization from the ground. The late, hostile take-over, almost without participation on the part

of the East German workforce, extended the time lag until a workable union structure could be erected. This intervention cost the IGM(W) a considerable investment in time. In comparison with the IGCPK, the IGM(W) gained recognition without offering social partnership in the employer markets. The IGM(W)'s late intervention also accounted for the fact that, in comparison with the IGCPK, reliable information was received tardily.

The research demonstrated that encompassing trade unions are bound to specific strategies in the cases which affect the stability of the neo-corporatist industrial relations systems. The course which the unions adopted, in order to maintain their organizational position, was Turner's (1952) strategy of incorporation. The unions' strategies varied partly in accordance with their different organizational constraints.

The study showed that corporatist arrangements are dynamic rather than static. They respond to external shocks (such as the collapse of the GDR) to their equilibrium (e.g. by incorporation). Their capacity to respond ensures their survival. As the author's study shows, the limits of the capacity to respond to shocks are determined by all the actors on the industrial relations scene (State, employers and unions) and their assessment of the capacity of corporatist arrangements to provide enough benefits to workers, employers and the public. If for example, on the part of the employers, the costs of corporatism exceed the

benefits of corporatism the system will break down. In the case of the shock of the break-up of the GDR even the employers showed interest in the protection of corporatism because they were party to the wage convergence agreements, despite the severe productivity gap between East and West Germany. It seems to the author that the employers did not have to agree to the rapid wage equalisation if they had not wanted it. Indeed, their organizations have paid a high price for the wage agreement and the subsequent amendments. Therefore we assume they benefited from the protection of corporatist arrangements²⁸⁰.

In the trade unions corporatism has served to ensure organizational coherence by the members' willingness to define interests in collective goods. As trade unions are partly 'neutralized' from the shopfloor, unions with weak shopfloor representation are especially interested in sustaining corporatism. In the case of the activist trade union the positive results of centralised collective bargaining have helped to fend off the various decentralisation efforts by the rank-and-file. With respect to the unions the author's study demonstrated a strong interest to sustain corporatism.

In regard to the government (state) the author has assumed a considerable interest in maintaining corporatist arrangements as these have had positive effects on economic

280) The author assumes a strong interest in sustaining corporatist industrial relations in industries which are concentrated (e.g. chemical industry).

growth. A favourable trade off between unemployment and inflation can enhance a government's chance for a successful re-election. Thus the application of corporatism seems likely.

As long as the benefits of corporatism (e.g. public good outcome) outstrip the costs of corporatism to all of the industrial relations actors, this system can be sustained.

IV. Appendix

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Appendix no. 1: Index of interviews conducted(i) The IGCPKThe interviews conducted with trade union executives:

- Heinz Junge, (former deputy-chairman of the IGCGK and since 1991 member of the IGCPK's executive board, trade union executive of the department for training, young people, technology).

- Hans Terbrack, (member of the IGCPK's executive board since 1990, trade union executive of the department for humanisation of labour relations, collective bargaining and job evaluation.

The IGCPK's executive board consists of nine full-time members, all of whom serve for three-year periods and must stand for election at every congress. Each of the nine executives is entrusted with the responsibility of tending to particular areas within the organisation. Terbrack had been selected for the interview as he has conducted collective bargaining for narrowing the East-West wage differential. Junge had been selected for the interview to gain further information on the East German strategy to achieve trade union unity. With the selection of Terbrack and Junge it was possible to obtain East and West German views of the reconstruction process.

Interviews with IGCPK trade union officers:

- Michael Mersmann, former personal assistant to trade union leader Rappe and union officer responsible for the implementation of the IGCPK's reconstruction strategies.

- Peter Hüttenmeister, trade union officer, assigned to East Germany, member of the IGCPK's department of social policy and women affairs.

- Peter Kripzak, trade union officer, member of the economic department.

Interviews with the above mentioned IGCPK officers took place. The criterion for selection was that all three officers had been the IGCPK's experts in the reconstruction process. Virtually all of them had been deployed to East Germany and had been partly responsible for the reconstruction processs (Mersmann).

Two of the three interviewees have been promoted after the end of the reconstruction process. Thus we can assume a personal attachment of the interviewees towards the process of rebuilding labour representation in East Germany.

Table 1: Interviews conducted with 20 West German IGCPK members

Composition of the interviewees:

	interviewees	% of sample	% of the West German IGCPK membership
women	4	20	19.8
foreign workers	2	10	10.5
blue collar workers	15	75	79.8
white collar workers	5	25	20.2
Total interviewees	20		

Column 2 does not add up to 100% because, for example, one woman could be foreign and a blue collar worker at the same time. Thus the characteristics chosen are interdependent.

The author selected the interviewees in accordance with the composition of the West German membership of the IGCPK (see column 3). The respondent sample deviates from the IGCPK's West German composition, especially in the case of the blue-collar workers (4.8%). The interviews took place in the IGCPK Stuttgart branch office.

Table 2: Interviews conducted with 20 East German IGCPK delegates:

Composition of the interviewees:

	interviewees	% of sample	% of the East German IGCPK membership
women	9	45	45.8
blue collar workers	18	90	89.9
white collar workers	2	10	11.1
unemployed members	1	5	16.6

Total interviewees	20		

Because of duplication of interdependent characteristics of the interviewees, column 2 adds up to more than 100%.

The 20 interviewees were selected by the author in accordance with the composition of the East German membership of the IGCPK (see column 3). With the exception of the unemployed participant, the sample is representative according to the trade union composition. The interviews took place at IGCPK's Stuttgart branch office during a union training session.

(ii) The IGM

The interviews conducted with trade union executives:

- Siegfried Bleicher, (member of the IGM's executive board and trade union executive of the department for humanisation of labour relations, technology, white-collar workers);

- Identity concealed, (senior trade union officer) in light of the critical assessment of IGM's tardy reunification strategy.

The IGM(W)'s executive board consists of eleven full-time members, all of whom serve for three-year periods and must stand for election at every congress. Each of the eleven executives is entrusted with the responsibility of tending to particular areas within the organisation. Bleicher had been selected as he represents the white-collar workers within the IGM(W) and supported the early 'third way' discussion. The other member had been chosen as he has been a union executive for a long period. In view of their particular areas and their tenure (e.g. influence) in office, both interviewees seemed to offer a representative sample of the IGM(W)'s board.

Interviews conducted with IGM union officers:

- Klaus Ernst, deployed trade union officer, codetermination and bargaining expert of the Stuttgart district.

- Heinrich Tiemann, former trade union officer in the IGM central department and expert in IGM's reconstruction efforts in the GDR, now full-time adviser of the SPD-leadership.

- Günther Wickert, deployed IGM officer in the Dresden district.

These interviewees were chosen for the following reasons: First, Wickert and Ernst had been deployed to East Germany to build up the IGM(W)'s organisation. Second, Tiemann had been the IGM(W)'s expert in the reconstruction process in the IGM(W)'s Frankfurt headquarters. He is an expert on trade union developments in the FRG and has published various articles on German trade unionism (e.g. Gewerkschaftliche Jahrbücher) and the history of the IGM(W).

Table 3: The interviews conducted with 20 West German IGM members

The composition of the interviewees:

	interviewees	% of sample	% of the West German IGM membership
women	3	15	15.8
foreign workers	2	10	12.2
blue collar workers	17	85	84.4
white collar workers	3	15	15.6

Total interviewees	20		

Because of interdependent characteristics of the interviewees column 2 cannot be totalled.

The author selected the interviewees in accordance with the composition of the West German membership of the IGM(W) (see column 3). The sample shows a good fit according to the IGM(W)'s membership composition. The venue of the interviews was a works councillor's office in Stuttgart.

Table 4: The interviews conducted with 20 East German IGM delegates

The composition of the interviewees:

	interviewees	% of sample	% of the East German IGM members
women	7	35	33.9
blue collar workers	15	75	78.2
white collar workers	5	25	21.7
unemployed members	1	5	18.3

Total interviewees	20		

Column 2 cannot be totalled, as the characteristics of the interviewees are interdependent.

With the exception of the low participation of the unemployed members, the selection examined by the author shows a good fit of the sample according to the composition of the IGM(W)'s East German membership (see column 3). The interviews took place at the IGM(W)'s Stuttgart training site.

Appendix no. 2: The attendances at trade union congresses

(i) The IGCPK

- Festakt zum 100jährigen Bestehen der IGCPK 6.-7.7.1990,
Hannover, (100th Anniversary),

- 3. Außerordentlicher Gewerkschaftstag 10.-11.9.1990,
Bonn, (Extraordinary Trade Union Congress),

- 14. Ordentlicher Gewerkschaftstag der IGCPK 23.-
29.6.1991, Bonn, (Regular Trade Union Congress),

(ii) The IGM

- Außerordentlicher Gewerkschaftstag 1.-2.11.1990, Bonn,
(Extraordinary Trade Union Congress),

- Festakt zum 100jährigen Bestehen der IGM und
Zukunftskongress der IGM 4.-10.6.1991, Frankfurt a. M.,
(100th Anniversary and Futurological Congress),

- 17. Ordentlicher Gewerkschaftstag der IGM 10.-17.10.1992,
Hamburg, (Regular Trade Union Congress).

Appendix no.3: The index of questionnaires conducted

(i) The IGCPK

The questionnaire conducted with the leadership of the IGCPK:

5 questionnaires were distributed to the IGCPK's executive board (Schäfer, Terbrack, Junge, Walter, Keller-Lauscher). Of these 4 were returned and processed. The IGCPK's board consists of nine executives.

Thus a broad view and representative assessment of the reconstruction efforts undertaken by the IGCPK was received.

Follow-up interviews took place with Terbrack and Junge.

The questionnaire conducted with the IGCPK's East German labour delegates

Of 191 questionnaires distributed 186 were returned and processed. The response rate was high due to the following reasons: first, the East German delegates were highly interested in responding to the questionnaire; second, the trade union leadership encouraged participation; and third, the conduct of the questionnaire took place after lunch with rather bad weather conditions outside.

Information on those labour delegates who did not participate regarding a non-response bias was not available. The 5 non-respondents are of marginal significance compared with the respondent sample (186) in terms of possible bias. If we assume that the non-response bias might be disproportionately distributed, its marginal significance will account for about 2.6%. Despite the low non-response rate, secondary sources (e.g., election results) were appraised for evidence in order to check the possible non-response bias effect.

If we compare the characteristics of the participants with the composition of the IGCPK's East German membership, the respondent sample shows a lower rate of women's participation (5.0%), as well as a higher rate of white-collar participation (6.1%).

Table 5: The composition of the delegates:

186 questionnaires had been received

Criteria	Participants	% of sample	in % of the IGCPK's East German membership 1992
----------	--------------	----------------	---

women	76	40.8	45.8
blue collar workers	154	82.7	89.9
white collar workers	32	17.2	11.1
foreign workers	2	1.0	0.9

Total participants 186

Column 2 cannot be totalled because of the interdependent characteristics of the participants.

The questionnaire conducted with the IGCPK's West German trade union membership

The interest in participating in this short questionnaire was lower than in the case of the East German labour delegates. Of 191 distributed questionnaires 165 have been returned and processed. Thus the response rate accounted for 86.4% and the non-response rate for 13.6%.

As a representative sample had been chosen by the author, the deviations in the respondent sample can account for the non-response effect. The respondent sample varies slightly (women 2.8%, blue collar workers 1.4%, and foreign workers 2.2%) from the IGCPK's West German composition.

Table 6: The composition of the participants

Criteria	Participants	% of sample	% of the West German trade union membership
----------	--------------	----------------	---

women	28	17.0	19.8
-------	----	------	------

white collar			
--------------	--	--	--

workers	31	18.8	20.2
---------	----	------	------

blue collar			
-------------	--	--	--

workers	134	81.2	79.8
---------	-----	------	------

foreign			
---------	--	--	--

workers	21	12.7	10.5
---------	----	------	------

Total participants 165

Because of the partly interdependent characteristics of the participants, column 2 cannot be totalled.

(ii) The IGM

The questionnaires conducted with the leadership of the IGM(W):

5 questionnaires were distributed (Zwickel, Schreiber, Schulte, Bleicher, Vitt), and 3 were returned and processed. The IGM(W)'s board consists of eleven executives.

Follow-up interviews took place in two cases.

The questionnaire conducted with the IGM's East German delegates

229 questionnaires were distributed, of which 216 were returned and processed. 13 labour delegates did not want to participate (non-response rate 5.7%). The IGM's leadership encouraged its membership to participate. The questionnaire was distributed during lunch and collected afterwards.

The following characteristics applied to the 13 non-respondents: 3 women (10 men) did not participate, 4 white-collar workers (9 blue-collar workers). Thus regarding the existence and composition of the non-response group, there is possibly a bias in the representation of women and white-collar worker. Nevertheless, the impact of the non-response rate does not seem to be significant.

Comparing the characteristics of the participants with the composition of the IGM(W)'s East German membership in 1992 the respondent sample shows a lower rate of participation by women (5.7%) and blue-collar workers (6.0%).

Table 7: The composition of the East German IGM delegates:

216 questionnaires received

Criteria	Participants	% of sample	% of the trade union membership in East Germany 1992
----------	--------------	----------------	--

Women	61	28.2	33.9
-------	----	------	------

blue collar workers	156	72.2	78.2
------------------------	-----	------	------

white collar workers	60	27.8	21.7
-------------------------	----	------	------

foreign workers	0	0	0.03
--------------------	---	---	------

Total participants 216

Column 2 cannot be totalled, because of the interdependent characteristics of the participants.

The questionnaire conducted with the IGM's West German membership

The willingness to participate in this short questionnaire was lower than in the case of the East German delegates. 177 questionnaires were distributed and 152 were returned and processed. This accounted for a response rate of 85.9% and a non-response rate of 14.1%.

As a representative sample had been chosen by the author, the deviations in the response sample can account for a non-response bias. The response group deviates from the composition of the IGM(W) West German membership's composition as follows: a 2.6% higher participation rate of women, a 1.8% higher participation rate of blue-collar workers and a 4.9% higher participation rate of foreign workers. Despite the existence of a non-response group, the composition of the participant group gives a good sample of the IGM(W)'s West German membership.

Table 8: The composition of the West German IGM participants

Criteria	Participants	% of sample	% of the West German membership
----------	--------------	----------------	------------------------------------

women	28	18.4	15.8
-------	----	------	------

white collar

workers	21	13.8	15.6
---------	----	------	------

blue collar

workers	131	86.2	84.4
---------	-----	------	------

foreign

workers	26	17.1	12.2
---------	----	------	------

Total participants 152

Because of the interdependence of the characteristics of the participants, column 2 cannot be totalled.

Appendix no.4: The composition of the membership of both
trade unions 1992

Trade union Criteria	IGCPK ²⁸¹		IGM ²⁸²	
	West	East	West	East
membership	662,958	155,874	2,650,235	787,961
trade union density	48.1	73.5	41.2	71.9
retired members in %	14.3	16.6	16.0	15.6
foreign workers in %	10.5	0.9	12.2	0.03
white collar workers in %	20.2	11.1	15.6	21.7
blue collar workers in %	79.8	89.9	84.4	78.2
Women in %	19.8	45.8	15.8	33.9
unemployed membership in %	6.2	16.6	5.4	18.3

281) Source: Letter of IGCPK's Hauptverwaltung,
Vorstandsbereich 3, Organisation - Arbeitssicherheit.

282) Source: Letter of IG Metall Vorstandsverwaltung,
Abteilung Beitrags- und Leistungswesen.

Appendix no.5: The derivation of organizational objectives

Following the example of deriving objectives in the case of companies (cf. Kubicek 1981) the author transferred this method to the case of a trade union.

The starting assumption was that the dominant objective of the trade union leadership is their re-election (self-interest) and thus the survival of the union organization.

In the case of the West German trade unions the factors which makes them successful rest predominantly on the desirability of beneficial outcomes to their members on the macroeconomic determined level. Thus any setback in the achievement of good macroeconomic results could cause a decline in trade union cohesion and thus weaken trade union strength. The potential of non-members to substitute for organized workers would increase. Further, trade union strength and attractiveness to its members rest on the achievement of economics of scale and on the promotion of its members' objectives within the DGB. Improving trade union encompassiveness and membership can enhance the power of a trade union within the economy, in politics and the DGB. Such a strategy can secure the union's potential to survive and improve its leadership's chance of successful re-election.

On the other hand, trade union strategy is not solely determined by self-interest. Solidarity within a trade union is a strong morale belief. This strong moral belief

is a means to secure the cohesion of an organization as this can offer some intrinsic satisfaction on the side of the members.

Linking the self-interest based interventionist motive with that of solidarity could turn out be a symbiotic force for an intervention in East German industrial relations by the West German trade unions. In this way they are able to secure their representational near-monopoly and thus their organizational survival.

Appendix no.6: An example of an intervention with reference to the relative position within a union federation

Annotation: Trade unions A and D, B and E, C and F can only incorporate along industrial lines.

Country	W		E	
	Union membership	rel.position	Union membership	rel.position
A	30	60%	D	45%
B	15	30%	E	30%
C	5	10%	F	25%
Sum	50	100%	100	100%

With reference to Table 2, for some trade unions it is possible to improve the relative position by a trade union merger or a membership extension strategy. The desirability of such a strategy will be underscored in Table 2 for the case of hypothetical trade union incorporation alongside industrial lines.

Appendix no.7: The desirability of an incorporation with
reference to the relative position (significance)²⁸³

Unions	combined membership	relative position
A and D	75	50%
B and E	45	30%
C and F	30	20%
Sum	150	100%

In this case trade union C can immensely improve its relative position within the trade union movement (e.g., influence on the trade union congress, self-esteem/personal aspirations of trade union leaders). The corollary of C's improvement is that the relative position of A deteriorates (zero-sum game)²⁸⁴. If C's changes in relative position in comparison to its affiliated trade unions are above the average changes of affiliated trade unions, then C will be attracted in an intervention.

283) Calculation of the relative position (significance) within the DGB = membership of the affiliated trade union /total membership of DGB.

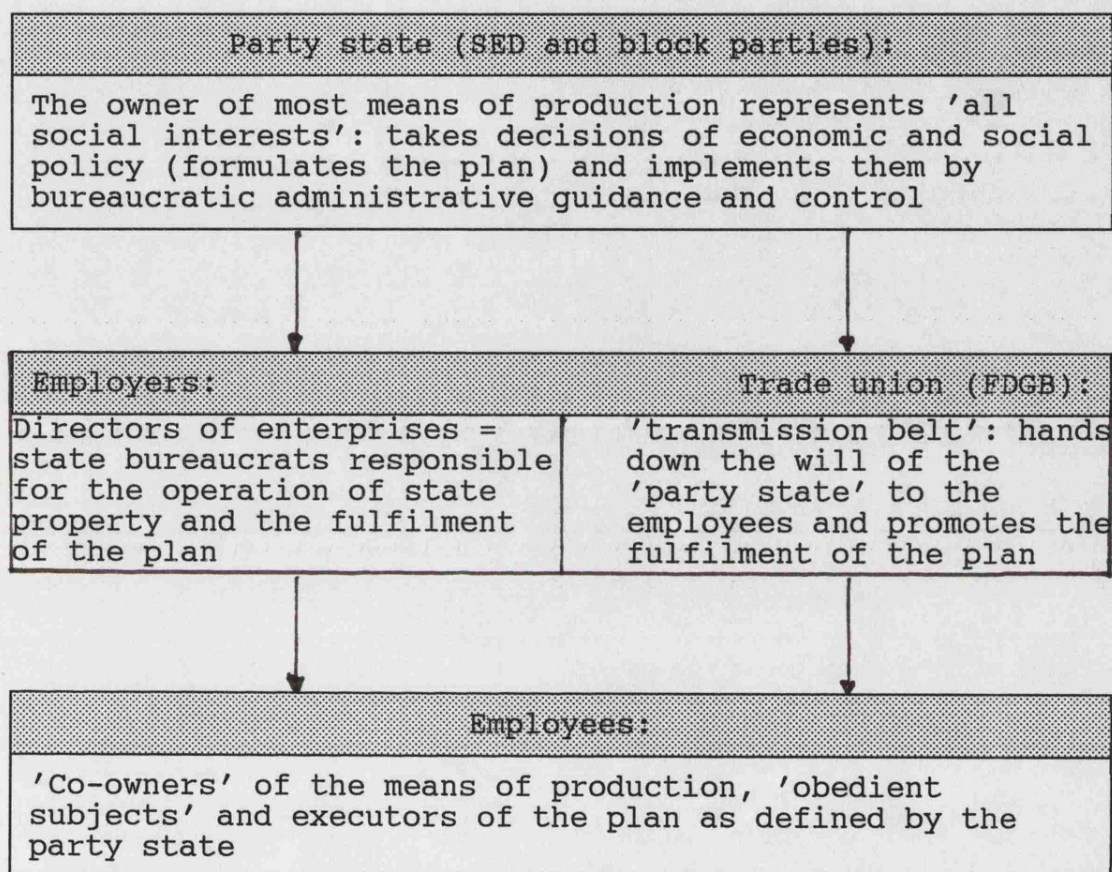
284) The motive behind this intervention is seeking to enhance the relative position vis-a-vis other unions (cf. Undy et al. 1981, p.159).

Appendix no.8: The membership of the East German Trade Unions in 1989

Union	Membership 31.1.1989
IG Bau-Holz	935,208
IG Bergbau-Energie	472,038
IG Chemie, Glas und Keramik	531,301
IG Druck und Papier	152,408
IG Metall	1,819,356
IG Textil-Bekleidung-Leder	601,747
IG Transport und Nachrichtenwesen	799,480
IG Wismut (uranium-mining)	65,081
Gew. Gesundheitswesen	632,000
Gew. Handel, Nahrung und Genuß	1,153,780
Gew. Kunst	82,557
Gew. Land, Nahrungsgüter und Forst	654,815
Gew. der Mitarbeiter der Staatsorgane und der Kommunalwirtschaft	865,505
Gew. Erziehung und Unterricht	574,913
Gew. Wissenschaft	184,222
Gew. der Zivilbeschäftigten der Nationalen Volksarmee	72,504

Source: Anlagen zum Geschäftsbericht des FDGB vom 25.4.1987 bis 9.12.1989, Ostberlin, Januar 1990.

Appendix no.9: The industrial relations model of the
'classical' (Stalinist) planned economy



Source: partly Hethy, L. and Csuhaj, I.V. (1990), p.6.

Appendix no.10: The rise of unemployment and short-time working in East Germany 1990 to 1991

<u>Month</u>	<u>Unemployment</u>	<u>Short-time working</u>
July 1990	272,000	656,000
August 1990	361,000	1,500,000
September 1990	445,000	1,729,000
October 1990	537,000	1,704,000
November 1990	589,000	1,710,000
Dezember 1990	642,000	1,794,000
January 1991	757,000	1,856,000
March 1991	802,000	2,204,000
August 1991	1,069,000	1,734,000

Sources: partly Siebert (1991), p.307 and Adamy and Bosch (1991), p.303.

Appendix no.11: The extent and subjects of worries

The extent of worries of the IGCPK's West German membership
about the impact of the disintegration of the GDR

Ratings	Frequency in per cent
severely worried	32.6
worried	47.6
not worried	17.3
no answer	2.5

N = 175

100

Source: Author's questionnaire conducted with West German IGCPK members

The subjects of the worries of the IGCPK's West German
membership

Based on the author's interviews West German IGCPK union members said they were worried about the following:

- the influx of East German workers could lead to more competitive wages, reduce or deteriorate wage developments,
- increased possibility of skimming the cream off the East German labour market with subsequent dismissals in the West,

- extended potential for employers to apply divide-and-conquer policy concerning investment and location decisions with reference to social dumping and increased plant syndicalism,

- apprehension of fragmented bargaining with the FDGB as a mighty opponent, with adverse repercussions on the beneficial exercise of social partnership,

- the transition might be exploited by management to enhance management's prerogatives.

Appendix no.12: The dimension of participation in the reconstruction efforts stated by the East German IGCPK delegates

Ratings	frequency
more than appropriate	10.2
appropriate	67.7
not appropriate	15.1
do not know	5.4
no answer	1.6

N = 186

99.9

Source: Author's questionnaire with East German IGCPK membership

Appendix no.13: The questionnaires conducted

The questionnaire conducted with the East German IGCPK
labour delegates

1) Please explain the factors that had been responsible for the exercise of the FDGB's low trust industrial relations system!

2) Please tick the FDGB's influence on the intensification of work according to these rating:

Ratings

'initiator'	0
'promoter of the SED's decisions'	0
'agent of the East German workforce'	0
'no answer'	0

3) Which functions had been fulfilled by the FDGB?

4) were the norms of your work been realistic and fair?

Please tick.

Ratings

no	0
almost not	0
yes, with reservations	0
yes	0
no answer	0

5) Please tick how much influence the BGL representatives had on industrial relations.

Ratings

no influence	0
marginal influence	0
moderate influence	0
some influence	0
great influence	0
no answer	0

6) Please assess the BGL's monitoring of the statutory safety standards. Please tick!

Ratings

excellent	0
good	0
satisfactory	0
poor	0
extremely poor	0
no answer	0

7) Please enumerate the apprehensions of the East German workforce as a result of the collapse of the GDR!

8) Are independent trade unions a force to counter these apprehensions? Please give arguments.

9) Please compare the fairness of former East German remuneration with the remuneration of a West German colleague! Please tick!

Ratings

Fair	0
Somewhat fair	0
Unfair	0
No answer	0

10) Please classify your dimension of trust in the FDGB's leadership during the reconstruction period. Please tick.

Ratings

'trustworthy'	0
'no answer'	0
'untrustworthy'	0

11) Which type of codetermination do you prefer? Please tick.

Type of codetermination

Works councils	0
Other forms	0
BGLs	0
no answer	0

12) Please indicate the FDGB's willingness to conduct reforms during the transition period. Please tick.

Ratings

strong willingness	0
intermediate willingness	0
weak willingness	0
unwillingness	0
no answer	0

13) Please assess the IGCPK leadership's firm stance in the reconstruction and democratisation process. Please tick.

Ratings

necessary	0
exaggerated	0
do not know	0
no answer	0

14) Please indicate (please tick) your perception of the IGCPK's information offices in the former GDR.

Ratings

'intruder in East German industrial relations'	0
no answer	0
'supportive agent of the East German workforce'	0

15) Please indicate (please tick) the extent of satisfaction with the participation of the East German workforce in the reconstruction efforts of labour representation.

 Ratings

more than appropriate	0
appropriate	0
not appropriate	0
do not know	0
no answer	0

16) Please give reasons why the delegates of the IGCGK's extraordinary congress unanimously voted in favour of trade union unity?

The questionnaire conducted with the West German IGCPK members

1) Please indicate (please tick) what is or what are the economic effect or economic effects of social partnership between the IGCPK and the employers.

Ratings

low inflation	0
low strike record	0
low unemployment record	0
comparatively high wages	0
combination of high wages, low inflation, low strike record and low unemployment record	0
no answer	0

2) Regarding the experience and economic outcome/outcomes of social partnership between the IGCPK and the employers the continuation is (please tick):

Ratings

desirable	0
partly desirable	0
indecisive	0
undesirable	0
no answer	0

3) Referring to the disintegration of the GDR please indicate the extent of your worries (please tick).

Ratings

severely worried	0
worried	0
not worried	0
no answer	0

4) Please state those worries.

5) Please assess the IGCPK leadership's firm stance in the reconstruction and democratisation process of rebuilding East German labour representation. Please tick.

Ratings

necessary	0
exaggerated	0
do not know	0
no answer	0

The questionnaire conducted with the IGCPK's leadership

1) Please give reasons that caused the disintegration of the FDGB.

2) Please enumerate the reasons that provoked you for the cooperation with the IGCGK.

3) Please explain why other DGB trade unions could not realise such an early trade union unity as the IGCPK did.

4) What had been the IGCPK's alternatives towards trade union cooperation and the subsequent union unity?

5) Please give reasons for the IGCPK decision to intervene in East German industrial relations?

6) Why has the IGCPK introduced and practised 'social partnership' in the former GDR?

7) Please define the tasks of the 'information offices' in the former GDR.

8) Which of the following objectives had been of specific importance in the IGCPK's East German reconstruction efforts? Please indicate the significance by numbers (8 = very significant,, 1 = not significant)

- () Solidarity with the East German workforce
- () Continuity of social partnership in a united Germany
- () Enhancement of membership
- () Improvement in the IGCPK's significance within the DGB
- () Personal ambitions
- () Union as a countervailing power to soften the transition towards a market economy

() Avoidance of a second trade union or union competition in a united Germany

() Financial improvements as a result of union unity

9) Does your membership define their interests in collective terms (e.g. low unemployment, low inflation)?

Yes

No

10) What have been the aims of the 4 point agreement?

11) Have there been any forms of resistance within the IGCPK against cooperation and union unity? Please specify.

12) Could the IGCPK realise economies of scale/scope due to the enlargement of membership? Did the cost structure change? Please explain.

Yes

No

The questionnaire conducted with the East German IGM labour delegates

1) Please explain the factors that had been responsible for the exercise of the FDGB's low trust industrial relations system!

2) Please tick the FDGB's influence on the intensification of work according to these ratings:

Ratings

'initiator'	0
'promoter of the SED's decisions'	0
'agent of the East German workforce'	0
'no answer'	0

3) Which functions had been fulfilled by the FDGB?

4) Were the norms of your work been realistic and fair?

Please tick!

Ratings

no	0
almost not	0
yes, with reservations	0
yes	0
no answer	0

5) Please tick how much influence the BGL representatives had on industrial relations.

Ratings

no influence	0
marginal influence	0
moderate influence	0
some influence	0
great influence	0
no answer	0

6) Please assess the BGL's monitoring of the statutory safety standards. Please tick!

Ratings

excellent	0
good	0
satisfactory	0
poor	0
extremely poor	0
no answer	0

7) Please enumerate the apprehensions of the East German workforce as a result of the collapse of the GDR!

8) Are independent trade unions a force to counter these apprehensions? Please give arguments.

9) Please compare the fairness of former East German remuneration with the remuneration of a West German colleague! Please tick!

Ratings

Fair	0
Somewhat fair	0
Unfair	0
No answer	0

10) Please classify your dimension of trust in the FDGB's leadership during the reconstruction period. Please tick!

Ratings

'trustworthy'	0
'no answer'	0
'untrustworthy'	0

11) Which type of codetermination do you prefer? please tick.

Type of codetermination

Works councils	0
Other forms	0
BGLs	0
No answer	0

12) Please indicate the FDGB's willingness to conduct reforms during the transition period. Please tick.

Ratings

strong willingness	0
intermediate willingness	0
weak willingness	0
unwillingness	0
no answer	0

13) Please indicate which economic system you prefer for the GDR? Please tick.

Ratings

West German system	0
East German system	0
'Third way'	0
Other system	0
Do not know	0
No answer	0

The questionnaire conducted with the West German IGM members

1) Please indicate (please tick) what is the economic effect or the economic effects of the IGM's collective bargaining?

Ratings	
low inflation	0
low strike record	0
low unemployment record	0
comparatively high wages	0
combination of high wages, low inflation, low strike record, low unemployment record	0
no answer	0

2) Considering the experience and economic outcome/outcomes of collective bargaining, continuation is:

desirable	0
partly desirable	0
undecided	0
undesirable	0
no answer	0

3) Please indicate (please tick) the motives for the establishment of the plant partnerships.

Solidarity with the East German colleagues	0
Prevention of undercutting of West German standards	0
Determined by the union leadership	0
Do not know	0
No answer	0

4) Please assess the possibility of undercutting and loss of welfare stemming from the collapse of the GDR. Please tick.

Ratings	
very likely	0
likely	0
not likely	0
do not know	0
no answer	0

5) Referring to the disintegration of the GDR please indicate your worries.

The questionnaire conducted with the IGM's leadership

1) Please give explanations that caused the disintegration of the FDGB.

2) Please give reasons for the non-intervention strategy of your organisation in 1989 and early 1990 with IGM(E).

3) Which factors determine the organisational cohesion of the IGM? Please explain those.

4) Please give arguments for the IGM's intervention to East Germany.

5) Is the enhancement of membership an objective for the intervention? Please explain.

6) Which of the following objectives had been of specific importance in the IGM's East German reconstruction efforts? Please indicate the significance by numbers. (8 = very significant), ..., 1 = not significant)

- () Solidarity with the East German workforce
- () Continuity of neo-corporatism in a united Germany
- () Enhancement of membership
- () Improvement in the IGM's significance within the DGB
- () Personal ambitions
- () Union as a countervailing power to soften the transition towards a market economy
- () Avoidance of a second trade union or union competition in a united Germany
- () Financial improvements as a result of union unity

7) Have there been any forms of resistance within the IGM against the union unity? Please specify.

8) Have financial considerations influenced the intervention? Please specify.

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