Industrial relations and trade unions in Germany:
an overview

Dr. Heiner Dribbusch, WSI
Overview

- The institutional framework of IR
- The union landscape
- Identity and political orientation
- The post-war class compromise
- A shifting environment
I

The institutional framework of industrial relations
Institutionalisation of class conflict

- German industrial relations exhibit a high degree of juridification
- The institutional framework privileges negotiation and co-operation
Dual system of representation
First pillar

Trade unions and employers exclusively responsible for collective bargaining
Only trade unions and employers have the right to conclude collective agreements

- industrial action is only lawful in the context of collective bargaining
  - no individual right to strike
  - only trade unions are entitled to call a strike
Second Pillar

Works councils as work place employee representation bodies
A works council (Betriebsrat) can be set up in all establishments in the private sector with five or more employees.

- The establishment of works councils may involve conflicts with employers.

- Works councils deal with working conditions, work related conflicts such as dismissals, overtime etc.
- All employees can vote and are eligible
- Works councils are independent from unions
- Works councils have no right to call a strike
Works councils and unions

- 77% of members of works councils are in a DGB-union (2010)

- Members of works councils play an important role in internal union decision making

  - In large establishments in particular in manufacturing unions have lay representatives at shop floor level (Vertrauensleute)
Co-determination at board level

- Employee and trade union representatives sit on the supervisory board (Aufsichtsrat) of large private companies.
- In 2008 there were 694 companies with more than 2,000 employees which had an equal number of employee representatives sitting on the supervisory board.
- In about 1,500 companies with 500 and more employees, employee reps occupied a third of seats on the boards (2008).
## Strikes and lockouts: Days not worked per 1,000 employees annual average 2004 - 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Days Not Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>145</td>
</tr>
<tr>
<td>Denmark</td>
<td>123</td>
</tr>
<tr>
<td>Spain</td>
<td>111</td>
</tr>
<tr>
<td>Finland</td>
<td>89</td>
</tr>
<tr>
<td>Belgium</td>
<td>64</td>
</tr>
<tr>
<td>Norway</td>
<td>55</td>
</tr>
<tr>
<td>Italy*</td>
<td>40</td>
</tr>
<tr>
<td>UK*</td>
<td>24</td>
</tr>
<tr>
<td>Germany WSI estimate</td>
<td>15</td>
</tr>
<tr>
<td>USA</td>
<td>9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>7</td>
</tr>
<tr>
<td>Sweden</td>
<td>6</td>
</tr>
<tr>
<td>Poland</td>
<td>6</td>
</tr>
<tr>
<td>Germany BA</td>
<td>4</td>
</tr>
</tbody>
</table>

* = 2004-2009

Sources: ILO LABORSTA, series 2E, 9C; national statistics; WSI; own calculation.
II

Trade unions in Germany
3 confederations

- Confederation of German Trade Unions (DGB)
  - 6.2 million members
- Civil Service Association (dbb)
  - 1.3 million members
- Confederation of Christian Trade Unions in Germany (CGB)
  - 0.3 million members
- 12 non-affiliated unions which conclude collective agreements
  - 0.2 million members
- Total union membership: about 8 million
Deutscher Gewerkschaftsbund
DGB

- DGB has eight affiliates with some 6.2 million members (33% women)
- Largest affiliates are the German Metalworkers’ Union (IG Metall) and the United Services Union (ver.di) with more than two million members each
- The DGB is an umbrella organisation and is not involved in collective bargaining
Organising principles

- DGB unions were established as **industrial unions** following the principle of ‘**one company – one union**’
  - demarcation conflicts between DGB affiliates as organising territories increasingly overlap
- DGB affiliates organise all categories of employees within their domain
- DGB unions consider themselves to be a **unitary and non partisan movement**
Employers associations

- **BDA, Bundesvereinigung der Deutschen Arbeitgeberverbände**: is the umbrella organisation of some 450 employer associations

- BDA like the DGB is not engaged in collective bargaining

- Membership in employers’ associations is declining – a factor which contributes to the erosion of sectoral collective bargaining
III
Identity and political orientation
Richard Hyman’s triangle

DGB affiliates move within this triangle according to time and circumstances
Union party links

- Historical link with Social Democratic Party
  - unions motor of Social Democratic reformism
- Marginalisation of communists with beginning of Cold War
- Socialist tendencies survived as (at times significant) minorities
The privileged partnership with SPD crumbled with the neoliberal turn of SPD

- the severe cuts in social security (Agenda 2010; extension of pension age)

Social democratic dissidents from within the unions help to establish new Left Party (Die Linke)

With SPD in opposition since 2009 new approachment
IV
The post-war class compromise
Institutional pillars I

- Strong trade unions
  - capable to challenge employers
- Comprehensive employers’ associations
  - with an interest to take wages out of competition
Institutional pillars II

- a comprehensive collective bargaining system
  - legally enforceable collective agreements
  - peace obligation
- works councils as mediators of conflicts at work
  - legal institutions of industrial democracy
  - institutional support for unions
- the development of a welfare state
Ideology

Social partnership as opposed to class struggle

- based on a shared interest of the bargaining parties in national and industrial competitiveness
Material foundation

- Economic growth
  - based on an export driven industry which allowed both for profits and real wage increases
V

A shifting environment
The post-war class compromise erodes

- with the end of the post-war boom
- as the balance of power shifts in favour of employers and workers and unions lose power
End of ‘Economic Miracle’

- 1973 marks the end of the reconstruction period following WW II
- ‘The short dream of everlasting prosperity’ (Lutz) ends
- profits squeeze
- restructuring of economy based on new management techniques and technologies
- 1989: end of Cold War gives new dynamic to neoliberal globalization
Economic growth
Unemployment
Real wages
Economic growth: GDP increase in %

- Average 1950–1960: 8.2%
- Average 1960–1970: 4.4%
- Average 1970–1980: 2.9%
- Average 1980–1991: 2.6%
- Average 1991–2000: 1.6%
- Average 2000–2010: 4.2%

Period in which post-war class compromise was shaped.
Unemployment rate 1950 - 2011

Federal Republic of Germany: Unemployment rate (in % of dependent workforce) 1950-2011
Real wage increases 1951-2011 (in %)
Tertiarisation
&
composition of working class
Employment by sector 1950 - 2011 (in %)

Manufacturing
Service sector

73.5%
25.6%
Workforce by category 1957 – 2010 (in %)

DGB 2010: ~ 34% white collar membership
Erosion of institutions
Net union density 1960-2011
all unions

Source: ICTWSS database;
WSI estimates
Declining bargaining coverage – employees in %

Source: IAB

Western Germany
Eastern Germany


76 73 70 71 70 70 68 67 65 63 63 65 63 61

63 57 55 56 55 54 53 53 54 54 52 51 50 49

40 45 50 55 60 65 70 75 80

Source: IAB

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Employees covered by works council in %
1993-2011

West Germany  East Germany


51 51 50 50 50 50 48 47 47 46 46 45 45 45 44

43 42 41 41 40 40 40 39 39 37 38 37 36
Light at the end of the tunnel?

- Since 2005 increased organising efforts notably by DGB affiliates
- Unions win public opinion on issues of justice and equal treatment
  - minimum wage campaign
  - campaign for equal pay for agency workers
Thank you for your attention!

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