Industrial Relations in West Germany: Agenda for Change

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Zusammenfassung

Das Papier, dessen Aufbau den Vorgaben eines international vergleichenden Forschungsprojekts folgt, beschreibt Struktur und Stand der industriellen Beziehungen in der Bundesrepublik Deutschland und diskutiert Perspektiven und Probleme ihrer zukünftigen Entwicklung.

Abstract

The paper describes the structure and state of industrial relations in the Federal Republic of Germany and discusses perspectives and problems of their future development. Its composition follows the syllabus of an internationally comparative research project.
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1. BASIC CHARACTERISTICS OF THE WEST GERMAN INDUSTRIAL RELATIONS SYSTEM

The state and the law have always played a strong part in German industrial relations. But to an important extent legal intervention is not direct but is designed to strengthen the role and the organisation of the "social partners" and allocate responsibility to them for effective industrial self-govern-ment. This has resulted in a "neo-corporatist" pattern of both trade unions and employers' associations assuming, in a variety of ways, a quasi-public status under which they exercise delegated regulatory authority with strong legal facilitation.

Trade unions and employers' associations in West Germany have comparatively centralised and encompassing organisational structures. After the second world war, the traditional political divisions of German trade unionism gave way to joint organisation of Social-Democratic, Communist, Christian and Liberal currents in the Deutscher Gewerkschaftsbund (DGB, German Trade Union Federation). Today the DGB consists of 17 industrial unions which organise both blue and white collar workers (Arbeiter and Angestellte) and which together cover the entire economy including the public sector and the civil service. DGB-affiliated unions face competition by two other trade union centres, the Deutsche Angestellten-Gewerkschaft (DAG, German Staff Union) which organises only white collar workers, and the Deutscher Beamtenbund (DBB, German Association of Civil Servants) which in principle represents exclusively tenured civil

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servants (Beamte). In both categories, however, the industrial unions of the DGB together have clearly more members than their competitors.

Employers are organised at the national level in the Bundesvereinigung Deutscher Arbeitgeberverbände (BDA, Federal Association of German Employers Associations) which is a federation of 47 sectoral employers' associations (Bunn 1984). The BDA specialises as an employers association and divides responsibility for the representation of business interests with a number of peak trade associations such as the Bundesvereinigung der Deutschen Industrie (BDI, Federal Association of German Industry). Due to the almost complete organisation of the large artisanal sector - whose peak employers' association is affiliated to the BDA (Streeck forthcoming) - the latter represents between 80 and 90 per cent of private employers. It does not, however, comprise the public employers, which conduct their industrial relations through a separate employers association (Keller forthcoming).

Trade unions and employers' associations interact with each other and with the state in a number of legally structured institutional settings and policy areas. The most important of these are:

(1) the Labour Court system. Employment disputes and disputes over collective agreements are adjudicated by a three-tiered system of Labour Courts (Blankenburg and Rogowski 1986). A Labour Court is presided by a professional judge specialising in labour law; its other two members are representatives of trade unions and employers associations. Labour Courts have jurisdiction over "individual labour law" pertaining to the individual employment contract as well as over "collective labour law" regulating co-determination, collective bargaining, and the rights and obligations of trade unions and employers associations, including strikes and lock-outs. In the latter respect, the Federal Labour Court has become an important source of case law where the Bundestag has abstained from politically sensitive legislative intervention. (In spite of the strong
role of the law in the West German industrial relations system, there is no Trade Union Act or Strike Act in West Germany, and arbitration procedures where they exist are regulated by collective agreement.)

(2) The system of collective bargaining. Collective agreements in West Germany are negotiated at the industry level, either nationwide or regionally (Streeck 1984a). Regional negotiations are however closely coordinated by the national executives of the respective trade unions and employers associations, and variations between them are small. On the trade union side, collective bargaining is dominated if not monopolised by the industrial unions of the DGB, and in fact by only a few of them. Whereas the number of formally separate agreements is high, the vast majority follows the pattern set by a few key, or "pilot", agreements, and although sectoral bargaining is not formally co-ordinated at the national level, inter-industry wage differentials are very low (Marsden 1981, 41). In part, this is because some DGB affiliates are too small to pursue an independent policy.² The same applies to the DAG whose bargaining activities in most sectors consist essentially of putting, at the invitation of the employers, its signature to the DGB agreements. The DBB, and those public sector DGB unions that represent only Beamte cannot formally bargain at all; while legally pay and conditions of Beamte are unilaterally determined by the state, in practice they follow the master agreement for the public sector which is negotiated by the respective DGB union, the ÖTV (Keller 1978). West German industrial agreements regulate in great detail a wide range of issues in addition to wages, including employment security, training and retraining, work organisation, and the rights and obligations of trade unions and employers associations (Streeck 1981b). Agreements are legally binding on their signatories and their members, and they can in addition be declared binding by government decree on all firms in an industry regardless of

² Two thirds of all DGB members belong to the four largest unions (Visser 1985).
membership in the employers association. In effect, this makes for almost complete coverage. At the same time, it is important to emphasize that there has never been a statutory incomes policy in West Germany, and it is doubtful whether direct state intervention of this kind would be constitutional;

(3) **the system of co-determination** - which is the "peculiar institution" of West German industrial relations (Adams and Rummel 1977; Bundesminister für Arbeit und Sozialordnung 1978; Streeck 1984b). Employees in West Germany are represented, under the Works Constitution Act of 1972, by works councils which are elected every three years. All workers in a given establishment are entitled to vote and to stand for election, regardless of union membership. However, about 80 per cent of works councillors are elected from among candidates put up by the respective DGB trade union, and the works council has in effect become the organisational centre of industrial unions at the workplace. Works councils have legal rights to consultation and co-decision-making on a range of legally specified matters, and in large firms their factual strength often exceeds their legal powers. Works councils are also legally charged with supervising the implementation of industrial agreements, and they are barred from negotiating on subjects that are settled by industrial agreements - in particular, wages (Streeck 1981b). In the 480 largest companies - which account for about 27 per cent of the national workforce and one half of total output - workers and trade unions also hold one half of the seats on the supervisory board. However, in the case of a split vote, the chairman - who always comes from the

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3 One of the workforce representatives on the supervisory board has to come from the ranks of middle management (leitende Angestellte). In practice, this has made less of a difference than was often feared, or hoped. In a considerable number of cases, the middle management representative cooperates closely with the other members of the "labour bank" and casts his vote with them. Of course, the vast majority of the decisions on German supervisory boards are taken unanimously.
shareholders' side - has a casting vote. Works councils are not permitted to call a strike but have to take recourse to mediation, arbitration and adjudication;

(4) the system of vocational training. West Germany has a comprehensive vocational training system important parts of which are jointly managed by employers' associations, trade unions and the government (Streeck et al. forthcoming). Trade unions are in particular involved in the establishment of training profiles and curricula for the 420 recognised occupations throughout the economy. The vocational training system is one of the most important sources of the West German "industrial consensus". The strong support of both trade unions and employers for vocational training and retraining reflects the dependence of the West German economy on world markets for quality rather than price-competitive products, and the corresponding need for a highly skilled and reliable workforce as well as for a cooperative relationship between management and labour on the shop floor.

2. SIGNIFICANT EVENTS AND DEVELOPMENTS IN THE 1980s

Between 1980 and 1983, the West German unemployment rate rose from 3.7 to 9.3 per cent and has since remained almost constant (Table I). And in 1982, one and a half decades of Social-Democratic participation in the Federal government came to an end when the Social-Liberal coalition of Helmut Schmidt lost its majority and had to give way to the Conservative-Liberal government of Helmut Kohl. Both developments represent dramatic changes in the economic and political environments of West German industrial relations. The latter, however, have as yet not changed nearly as much, and on the whole the picture throughout the 1980s has been one of remarkable stability and continuity, albeit lately interspersed with mounting signs of

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4 On the 1970s, see Streeck (1985).
gradual but fundamental transformation and growing pressure on all actors in the system to review their basic strategic orientation.

Trade union wage restraint (Flanagan et al. 1983) continued into the 1980s although the "Concerted Action", the German version of a voluntary incomes policy, fell by the wayside in 1977 when the DGB withdraw in response to the employers' reference of the 1976 Co-Determination Act to the Constitutional Court. For one part, continued wage moderation was the tight monetary policy of the Bundesbank which left trade unions no alternative. But the unions themselves were also willing to accept stagnant or declining real wages (Table II) as a way of fighting unemployment or at least preserving employment, and unlike for example the British unions (cf. OECD 1986c, 14) they had in the German system of centrally co-ordinated collective bargaining an effective instrument to hold down sectional wage militance. Real wage increases throughout the 1980s remained below the increase in productivity, in particular in the manufacturing sector, and this clearly helped the government's supply-oriented policy of rebuilding profitability.

Another reason for the unions' moderate wage policy was that the metalworkers union, IG Metall, was saving bargaining power and strike funds for a major offensive on working hours. By the early 1980s, the West German trade union movement had placed its hopes for a reduction of unemployment on measures to limit the labour supply - given that the government was clearly unwilling to adopt a Keynesian strategy of fiscal expansion. Some DGB unions, notably the chemical workers (IG CPK), opted for an extensive early retirement programme; others followed the lead of IG Metall which, after some internal confusion, came out in favour of work sharing by means of a general shortening of working hours. For a time this seemed to give rise to a major political and ideological split in the movement, especially when the government sided with the proponents of early retirement and passed a law to subsidise early retirement
schemes set up by collective agreement. But the law was regarded as insufficient even by those unions who would have been willing to make use of it, and in the course of events the issue turned out to be less divisive than many had expected.

In the spring of 1984, IG Metall struck for the 35-hours-week with full compensation of pay, for the entire metalworking industry (Rösner 1984a; Weber 1985). The strike lasted nine weeks and was the biggest and arguably the most embittered in the history of the Federal Republic. At its end, 455,000 workers were affected of which 58,000 were on strike, 147,000 were (partly in addition) locked out, and 250,000 were laid off due to lack of supplies. The strike cost IG Metall about DM 500 million, one third of its total reserves. A clearly higher amount, in the range of DM 800 million, was paid by the employers association to its members in strike and lockout support, and about DM 300 million were paid in unemployment benefit to laid-off workers (see also below, 3.6.). Agreement was reached only after mediation by a former Social-Democratic Cabinet member. The settlement provided for an average 38.5-hours-working week and a modest wage increase. Since the employers had initially rejected any general cut of working hours, the outcome was widely perceived as a union victory. On the other hand, the union had to concede in return the possibility of different and more flexible working time regimes for different firms and, inside firms, different groups of workers, to be negotiated under co-determination between employers and works councils. To this extent, it had to yield to the employers' counter-demands during the strike for more "flexibility", which reflect the pressures exerted by new capital-intensive technologies on the traditional organisation of work.

The strike of 1984 and its settlement may well have been of formative importance for the future of West German industrial relations although, or perhaps because, its outcome is not unambiguous. Not its least result was that the union movement had shown itself to be still a power to be reckoned with, in spite of highly adverse political and economic circum-
stances. The fact that the settlement had remained well inside the limit of the productivity increase - and thus had no inflationary or profit-squeezing consequences - restored the credibility of the unions and made it more difficult for the employers to resist further hours reductions in the future. The agreement also had a positive effect on employment even though its exact size is being debated. Moreover, although the strike gave rise in its aftermath to a highly divisive political battle over the rights of trade unions and the role of the state in industrial relations (see below), IG Metall and its counterpart on the employers side, Gesamtmetall, managed in 1984 to conclude at long last a joint project for a comprehensive modernisation of the vocational training scheme in the metalworking industry. In this respect at least, the traditional pattern of West German industrial relations - which has been aptly described as "co-operative conflict resolution" (Jacobs et al. 1978) - has survived the strike intact.

On the other hand, reduction of working hours by industrial agreement was pursued by the unions also in order to protect traditional working time regimes, and in this respect the union was clearly less successful. The 1984 settlement has established a pattern of give-and-take under which further reductions of working hours will have to be paid for with further concessions on "flexibility". In fact, as IG Metall is preparing, in the winter of 1986-7, for another round of working time negotiations, it has stated its willingness to accept a degree of flexibility in exchange for its demands. Secondly, in the West German industrial relations systems any differentiation of rules and regulations by individual establishments inevitably implies a transfer of jurisdiction from the industrial agreement and the trade union, to co-determination and the works councils. While originally the industrial agreement on working time reduction was to bring working time regimes back under central controls, in effect it merely ratified the growing involvement of the works councils in their regulation (see below, 3.4.). One might also add that while the 1984 agreement did in-
crease employment, the number of unemployed nevertheless continued to grow in 1984 and 1985, and in fact one lesson trade unions might learn from their relative success of 1984 is that more is needed than just work-sharing to fight unemployment.\footnote{The increase in employment ensuing from the 1984 agreement in 1984 and 1985 was estimated by the Federal Labour Office to be in the range of 100,000 jobs over two years. Recently IG Metall has claimed that the employment effect of the agreement was about 90,000 jobs whereas Gesamtmetall estimates that it was 19,000.}

The Kohl government has on the whole resisted the temptation to "roll back" the unions' institutional position. The co-determination legislation of the 1970s was left untouched, and calls for decentralisation of collective bargaining by regions and firms - which came primarily from representatives of small and medium-sized businesses - were not heeded (cf. Rösner 1984b). In the latter respect, it is remarkable that the BDA took sides with the trade unions, arguing that the existing bargaining machinery offered sufficient flexibility and that its dismantling would make the labour market ungovernable and would entail unpredictable risks (Knevels 1985).

Unlike other countries, trade unions in West Germany did not have to defend themselves in the first half of the 1980s against a deliberate government policy of "labour exclusion". In part, this was accounted for by their unimpaired organisational strength in spite of high unemployment, which in turn was related to the protection offered to them by the legal system. Major legal changes are difficult to accomplish in West Germany with its tradition of four decades of consensus politics based on centrist coalition governments; a federal system in which the Länder command significant powers; constitutional rights to group "self-government"; and an elaborate body of constitutional law which can be enforced on the legislature by a powerful judiciary. Thus, while the unions disagreed fundamentally with the Kohl government's strategy of fiscal consolidation, demanding instead a Keynesian policy of public spending programmes for employment creation, their role and status were,
at least initially, not at stake. In fact, attempts were made on both sides to continue the high-level consultations between the Chancellor and the trade union leadership that had been routine under Social-Democratic rule, and at several occasions such meetings did take place.

Nevertheless, relations gradually deteriorated especially in the second half of the government's term and have by now hit a historic low. This development began with the passage into law of the Employment Promotion Act of 1985, which represents a moderate German version of labour market deregulation. In essence, the Act attempts to facilitate new recruitment by extending the probation period during which employees can be dismissed without legal cause, and by widening the legal range of applicability of fixed-term contracts. The unions strongly opposed the Act, which to them appeared as a first major attempt to undermine their role in the regulation of the employment relationship. As with the 38.5 hours week, the practical effects of the legislation in terms of its stated and, perhaps, unstated objectives are still difficult to determine (cf. Erdmann 1986).

For the unions, the Employment Promotion Act may have been no more than what was to be expected under a conservative government, comparable to the various cuts in social welfare spending that were introduced early in the legislative period. Relations became highly politicised, however, when the government, under pressure from employers' associations trying to make up for their defeat in the 1984 strike, proposed to amend the social security law to make workers ineligible for unemployment benefit if they are laid off due to lack of work during a strike, and if they stand to benefit directly from the industrial agreement at stake. This was in response to the strike tactic of IG Metall which, in order to spare its strike funds, officially struck only at selected establishments and counted on other firms having to shut down for lack of supplies (see below 3.6.). Trade union opposition against the Act was strong and passionate; just as the campaign for shorter hours
had dominated union activities in 1983 and 1984, the mobilisation against the so-called "Section 116" legislation almost absorbed all other union activities in 1985 and much of 1986. The unions regarded the Act as an attempt to change permanently the balance of power in the industrial relations system in favour of the employers, and rhetorical comparisons with the 1930s became almost commonplace. Unions also sensed an opportunity to bring down an unfriendly government over what for a time was a highly unpopular piece of legislation, either through the trade union wing of the Christian Democrats or at the polls in the upcoming election. But the government was undeterred and passed the Act in early 1986. Its impact on the collective bargaining system and its constitutionality are still untested.

It seems that at some time in early 1986, the unions made themselves believe that, partly as a result of their mobilisation against "Section 116", the Social Democratic Party (SPD) had a chance of winning the general election in January 1987. Unlike earlier confrontations, no effort was made to keep open a way back to a more peaceful working relationship with the conservative parties, and trade union support for the SPD campaign build-up became more undisguised and unqualified than ever. The government retaliated when under a smell of corruption the DGB's giant housing company, Neue Heimat, came on the verge of collapse. The issue, and its dilettantish handling by the DGB leadership, quickly eclipsed the "Section 116" conflict and created a flow of bad publicity not just for the unions but also for the SPD. There are also signs that it undermined the confidence of trade union members in their leadership. This was of course more than welcome to the government which refused to come to the unions' assistance and bail the Neue Heimat out - not least to maximise the drain on trade union financial resources. By the end of 1986 the unions had to realise that their public reputation had been badly damaged and would continue to suffer from the Neue Heimat for years to come; that the inevitable reorganisation of their economic empire would
cost them dear and might even impair their capacity to strike; and that above all they had grossly miscalculated the electoral prospects of the Social Democrats and were without a ready strategy of how to operate under four more years of conservative government.

With the Kohl government's return to office as a result of the election of January 1987, the future relationship between government and trade unions appears less predictable than ever. Change proceeds slowly in the West German political system, but after more than four years in office, the coalition should now be much better positioned than in 1982 to get it under way. With the Social Democrats defeated in the general election and, very likely, occupied for a long time with internal power struggles, the temptation to present old bills to the union movement might become overwhelming. This applies in particular to the small business element in the coalition and among employers who have never quite understood why the political "turn" ("Wende") of 1982 has not protected them from the "defeat" of 1984. Those who would like to see trade unions disciplined and their power visibly curtailed have already prepared a programme of possible legislation. Included in it are: more of the "Section 116" kind; the gradual phasing out of the special model of co-determination in the steel and coal mining industry; limitation of the co-determination rights of works councils on plant closures, temporary and part-time employment, and employment protection in general; new procedures for works council elections that raise the prospects of sectional groups, staff associations, "house unions" etc. competing with the DGB; special statutory representation of middle management independent of the works council etc. Much will depend on the position of the large firms and the leading industrial sectors which up to now have dominated the BDA and which have successfully contained pressures in the Christian Democratic Party for a populist, "poujadiste" anti-union policy. If these groups come to the conclusion that they can manage industrial adjustment without trade union cooperation - or
that they have to do so since cooperation will not be forthcoming - the West German industrial relations scenario would change fundamentally in coming years. But even if the traditional pragmatism of big industry were to prevail, ideological politics under the now safely established conservative government will represent a continuing safety risk for social peace, and it will require considerable foresight, vigilance and determination on the part of the leadership if such peace is not to be lost.

Economic prospects for the near future are better than they have been for a long time, but it is difficult to say who will benefit more from this, the trade unions or the hardliners in the government camp. Inflation has continually declined since 1981 and has been negative, at -0.2 per cent, in 1986 (Table I). Real growth has for two years now exceeded the overall productivity increase (Tables I and II), resulting in a slow rise of employment compared to its low point in 1983 (Table I). This is expected to continue in 1987 and perhaps beyond. However, unemployment has also grown until 1984 due to demographic changes and to new patterns of labour market participation, and its decline in coming years, if at all, will be far from dramatic. High unemployment is there to stay for many more years, and the future development of West German industrial relations will largely depend on how the main actors - employers, trade unions, the government - will respond, separately or jointly, to its challenge: which strategies if any they will adopt to combat it, and how it will affect their efforts to protect and improve their positions in the political power game.
3. THE POINT OF DEPARTURE:
CONDITIONS OF STRATEGIC REALIGNMENT IN THE 1980s

3.1. The Structure and Position of the West German Economy

Despite its relatively small population, West Germany is still the world's largest exporter of manufactured goods, leading both Japan and the United States. About one half of the production of German manufacturing industry is exported, with the export ratios of core sectors like chemicals, machine tools and automobiles exceeding 60 and more per cent. Among the larger economies, the West German one is more than any other exposed to world market pressures. It is only against this background that the high degree of stability and mutual cooperation in the West German industrial relations can be understood, and it is this stability and cooperation that has in the past accounted for part of the country's competitive success in world markets.

The strong world market position of the West German economy is not based on low labour costs. The competitive advantages of West German manufacturing industry typically derive from high product quality, customised design and superior engineering, high reliability of delivery, and efficient repair and maintenance services. Moreover, the product range of German industry is highly diversified, and big companies can rely for specialised supplies on a large number of flexible and technically advanced small and medium-sized firms. Also, research and development expenditure is high, and this combines with the traditional long-term profit orientation of German capital which is supported not least by the banking system (Cox and Kriegbaum 1980).

West Germany's status as a classical manufacturing country is reflected in the structure of its workforce. In 1985 41 per cent of the gainfully employed population were engaged in manufacturing (Table III). Although this was clearly less than at the beginning of the 1970s, the level of industrialisation con-
tinues to be higher than in any other large country, and "de-
industrialisation" has proceeded more slowly than elsewhere. 
Whilst the service sector has increased in importance, the 
prosperity of the West German economy will for a long time con-
tinue to depend on the performance and competitive strength of 
its manufacturing industries.

The West German economy was badly hit by the OPEC II shock 
in 1980 and 1981, much worse than by OPEC I (Table I). For a 
time this gave rise to a widespread loss of confidence in the 
country's future ability to compete, especially with Japan. But 
by the middle of the 1980s, the German version of the "Euro-
Malaise" seems to be on its way out. Investment is going up, 
including in modern sectors such as telecommunications, and 
there is a new optimism that the battle for the high technology 
markets of the future may not yet be lost. This is clearly re-
flexed in the almost complete insignificance of unemployment 
in the 1986-7 election campaign. The changed mood has left its 
impression also on the trade unions whose attitudes towards new 
technology were becoming comparatively protective and defensive 
in the early 1980s (Kubicek 1986) and which now seem to be more 
willling to explore a more forward-looking, aggressive approach 
to technological modernisation.

3.2. Changing Patterns of Employment

The rise of unemployment in West Germany coincided with 
major changes in the functioning of labour markets and the pattern 
of employment. In part, these were connected with industrial relations. Overall labour force participation declined steadily in the 1970s and 1980s, from 69.4 per cent in 1970 to 65.0 per cent in 1985 (OECD Labour Force Statistics, 1986). The decline was strongest among young people between 15 and 24 whose participation rate fell from about 67 to 57 per cent, and it was quite dramatic among males between 55 and 64 which had a participation rate of 77.8 per cent in 1970 and
only 57.5 per cent in 1985. The former reflects the expansion of formal education whereas the latter was largely due to early retirement in response to unemployment (between 1980 and 1985 alone, i.e. in the period when unemployment was highest, participation among men in the 55 to 64 age group declined by 8 percentage points). Early retirement was the preferred instrument of works councils and employers in trying to solve redundancy problems consensually. The only group whose participation rate increased were women, in particular those between age 25 and 44 (with an increase from 49.1 per cent in 1970 to 60.3 in 1985) and between 35 and 44 (from 48.1 to 57.5). Overall, however, increased female participation was offset, and in a sense made possible, by the combined effects of extended schooling and early retirement.

The fact that unemployment increased steeply in spite of declining participation is indicative of the dimension of the present employment problem in West Germany. This holds in particular since now, by the mid-1980s, the potential for further early retirement or educational expansion is largely exhausted, for demographic as well as public finance reasons. The same seems to be true for two other trends which have in the past helped relieve unemployment, the decline in the number of foreign workers and the reduction of working hours. The share of foreign workers in the total number of wage earners, employed or unemployed, has declined steadily since the mid-1970s, although the decline was slower than is often thought (Table IV). In the same period, the foreign population has grown relative to the population as a whole, indicating an increase in the number of family members which makes re-migration less likely. The average number of working hours per year and worker, as determined by industrial agreements (tarifliche Arbeitszeit), declined by 9.1 per cent from 1,898 in 1970 to 1,726 in 1986, and actual hours worked fell even by 13.4 per cent, from 1,885 to 1,632 (Mitteilungen aus der Arbeitsmarkt- und Berufsforschung 3/1986, p. 380). German
working hours have as a result become shorter than in most other countries and this is likely to place limits upon further reductions.

The incidence and distribution of part-time work has, by comparison, been stable. Whereas in 1976 11.7 per cent of wage earners were part-timers, in 1984 their share had grown but only to only 13.6 per cent. About 90 per cent of the present part-time workforce are women, which compares with about 85 per cent in the early 1970s (Büchtemann and Schupp 1986, 42). Part of the expansion of female participation can thus be attributed to increased opportunities for part-time work, although this effect has been much stronger in other countries. Full-time employment, with a standard working week, has remained the rule in West Germany, much more so than elsewhere. It is difficult to say with any degree of certainty to what extent this is explained by trade union resistance to part-time work. However, it is true that West German trade unions regard part-time employment with suspicion, arguing among other things that it is used "as a rationalisation instrument with negative consequences for the quality and quantity of full time jobs"; that it perpetuates discrimination against women; and that it preempts the unions' demand for a general reduction of working hours (WSI 1984).

West German unemployment is highly structured. Regional unemployment rates differ widely, being clearly higher on average in the north than in the south of the country. Some regions, especially in Baden-Württemberg, can be said to have full employment - with an unemployment rate for example in Stuttgart of 4.4 per cent in October 1986 - whereas others, like Bremen, have 14.4 per cent or more. This coincides with a decline in regional mobility during the 1970s and 1980s which is also observed in other countries (OECD 1986b, 60). In addition, the risk of becoming unemployed is differently distributed among different categories of labour market
participants. By the mid-1980s, groups with a high risk ratio - which is calculated by dividing the group-specific by the general unemployment rate - were foreign workers (1.55) closely followed by female manual workers (1.52). The principal explanatory factor here seems to be low skill. Other high risk groups were young people between age 20 and 25 (1.32) and male manual workers (1.22). Relatively low unemployment risks existed for male non-manual workers (.44) and for workers, male and female, between 40 and 45 (0.62) and 45 and 50 (0.70). The unemployment rate for prime age males was 5.8 per cent in 1985 (OECD 1986a, 15) which may explain in part why high overall unemployment has not been more of a political liability for the present government.

Another factor that has helped defuse unemployment as a political and industrial relations problem is relatively low youth unemployment. The risk ratio for young people below age 20 becoming unemployed is 1.02. This is in stark contrast to other West European countries, the difference being accounted for by the vocational training system which has been vastly expanded in the 1970s and 1980s to absorb increasing numbers of school leavers. Vocational training is not only seen as a temporary shelter from unemployment but also as a way of reducing the risk of becoming unemployed in the future. While it is true that this risk increases after the end of the apprenticeship period (see the risk ratio for the 20 to 24 age group, above), it is also true that those without formal occupational training are vastly over-represented among the unemployed. Throughout the 1980s up to the present, about one half of the rapidly growing unemployed population were unskilled workers. At the same time, there were and still are obvious skill shortages in wide parts of manufacturing industry. There seems to be agreement that to a significant extent, the present unemployment is due to declining demand for unskilled workers

6 Unless otherwise indicated, the following statistics were calculated using data from the official periodical of the Federal Employment Office, ANBA.
in a rapidly modernising economy, and a tripartite consensus seems to be emerging between government, employers and trade unions that a publicly supported training campaign may be a promising approach to relieving unemployment. On the other hand, this begs the question of what is to be done about those who are unable or unwilling to undergo training - a question which is difficult to answer for trade unions committed to modernisation as well as, among other things, low wage differentials.

With rising unemployment, especially in the 1980s, tendencies towards labour market segmentation and dualisation began to emerge, giving rise to growing concern. In 1981, 0.8 per cent of wage earners had been unemployed for one year or longer. In the following year this percentage increased to 1.6 per cent and has been rising ever since, reaching 2.7 per cent in 1985. In absolute numbers, this amounted to about 660,000 people who were on the brink of being permanently excluded from the labour force. It is obvious that this must pose a severe problem for a trade union movement which has always regarded itself as the representative of all workers. The problem is exacerbated by the fact that the external labour market in Germany is clearly less flexible than in comparable countries, which in part reflects strong employment protection and the growing role of internal labour markets. Thus, average length of employment in West Germany is second only to Japan (OECD 1986b, 47), and adjustment of employment to changes in output takes longer than anywhere else except, again, Japan (OECD 1986a, 21). The emergence of internal labour markets with strong employment guarantees has clearly been advanced by co-determination and is in this sense a result of trade union strength. But as the "social closure" of the employment system proceeds (Hohn 1983; Hohn and Windolf 1985), trade unions are faced with the dilemma that what has served the interests of some of their members well, may increasingly clash with the interests of other members or, more likely, of an increasingly unorganised marginal labour force.
3.3. The Role of Trade Unions and Employers' Associations

Trade union membership has remained remarkably unaffected by the economic crises of the 1970s and 1980s (Table V). Combined membership of the three trade union centres is clearly above the 1973 level, and trade union density has risen to 40.5 per cent of the employed workforce in 1985 compared to 37.9 per cent in 1973. (For the total workforce including the unemployed—which is now considerably larger than in the early 1970s—density has only slightly declined in the last decade.) Moreover, the relative strength of the three centres has changed in favour of the industrial unions affiliated to the DGB, which now represent 86 per cent of all trade union members. This is in stark contrast to the tendencies towards organisational fragmentation and dispersion that can be observed in other countries, notably Sweden.

Part of the stability of West German trade union organisation is explained by the stability of the country's industrial structure. In 1984, 67 per cent of the members of DGB unions were still blue collar workers, 69 per cent worked in the private sector, and 48 per cent were employed in industries exposed to world market competition. The respective figures for 1975 were 73, 71 and 47 per cent. The essentially unchanged composition of the leading trade union centre in terms of membership and member interests has spared union leaders the need to make major policy changes. It has also ensured that the interests of the export-intensive manufacturing sectors, mainly represented by IG Metall, continue to take first place in the formulation of trade union policy.

The organisational robustness of West German trade unions in part reflects the fact that the economic crisis was less severe in West Germany than elsewhere. But it is also related to trade union gains in institutionalisation at the workplace.

7Slightly different figures are given in Visser (1985, Table 4).
in the 1970s, mainly through the legal extension of co-determination which enabled unions to make more extensive use of check-off arrangements and various forms of quasi-obligatory membership. In addition there was, beginning in the late 1960s, a wave of organisational change in trade unions, involving in particular a rationalisation of administrative procedures which had previously been responsible for high membership turnover. These developments have been analysed elsewhere in detail (Streeck 1982).

West German trade unions, in particular the DGB and its affiliates, are well-financed and well-staffed. In the late 1960s and early 1970s, subscriptions paid by members of DGB affiliates were raised to an effective one per cent of wages before taxes. Since then, they have remained at this level. The financial strength of the union movement was an important factor in the 1984 strike, and it is not by accident that the two major political conflicts involving trade unions in the early 1980s - the "Section 116" bill and the government's refusal to rescue the Neue Heimat - had directly to do with trade union finance.

In spite of their exceptional stability, West German trade unions do face organisational problems similar to those of other trade union movements. The difference - which is important enough - is that as yet, they can approach them from a position of relative strength. One such problem is indicated by the decline in overall density by about two percentage points since the early 1980s, reflecting the division of a growing workforce between a safely employed core group and an increasing number of long-term unemployed. The existence of an unorganised marginal labour force may expose trade unions to the potentially damaging charge by their opponents that they have become organisations of "job owners" whose selfish opposition to labour market de-regulation keeps the unemployed out of work.
Secondly, among those in employment, trade unions have always and everywhere had difficulties organising young people, women and white collar workers. In the past this has often led to predictions of imminent organisational crisis which then turned out to have been somewhat exaggerated. Today, however, the changing demographic composition of the workforce, the increased participation rate of women, and the (comparatively slow) transformation of the industrial structure may indeed have given the matter a new urgency (Hemmer 1985; Niedenhoff and Wilke 1986). It is true that the industrial unions of the DGB have a degree of experience in organising white collar workers - including first-line supervisors such as Meister (Lawrence 1980) - and the principal service sector union, HBV, has for long been the DGB's fastest growing affiliate. Nevertheless, profound changes in policy and "organisational culture" may be required to attract, for example, the rising number of highly skilled technicians in modern factories who are unlikely to be sympathetic towards warnings against the dangers of new technology, defence of rigid working time regimes, and an ideological rhetoric which, as in the "Section 116" campaign, tries to revive the battles of the 1930s. While West German unions may have a better starting position and more time than others to accomplish the necessary organisational adjustments, they are debating whether the inclusion especially of highly qualified cadres will pledge them permanently to a cooperative policy, or whether they may be able to re-educate their new members in a traditional trade union mould.

West German employers' associations have always been strong organisations, in relation to their members as well as in representing their interests. In the 1970s they have built up an extensive, centrally coordinated system of strike funds to support firms or sectors singled out by the unions for selective strikes or breakthrough settlements. In addition, they have shown several times that they are able to make their members take part in lock-outs. At the same time, and apart from its support for the "Section 116" bill and the Employment
Promotion Act, the BDA has always emphasized that it is in principle committed to the present system of centralised collective bargaining and joint regulation. In fact, some of the legislative attempts of the early 1980s to weaken the unions were publicly opposed by the BDA and its most powerful affiliate, Gesamtmetall. Whilst the BDA has joined the call for more "flexibility" - not least because of the growing difficulties of many of its affiliated associations in securing acceptance for general agreements from members facing increasingly divergent regional and sectoral, as well as technical and economic conditions - it would like to see this negotiated through the existing machinery, rather than unilaterally imposed by law. For this reason, the BDA has been criticised of lack of initiative and imagination by representatives of smaller firms, such as the Working Group of Independent Entrepreneurs (ASU, Arbeitsgemeinschaft Selbständiger Unternehmer) who would prefer a tougher stand being taken against trade unions. Further continuation of moderate policies, in the face of the strategic opportunities offered by a well-established conservative government, may well in future lead to growing tensions inside employers associations which may force them to reconsider central elements of their previous strategy.

3.4. The Collective Bargaining System in Transition

While central features of the the West German system of collective bargaining have remained in place - in particular, the practice of interconnected industry-wide agreements and the "strike monopoly" of industrial unions, making for relatively low wage drift and low wage differentials between firms, industries and regions - there have also been significant changes. However, since these have proceeded gradually and along the lines of evolutionary tendencies that have been present for at least two decades, they are not always obvious. Nevertheless,
in effect they add up to a cumulative transformation of the system, in the course of which the centre of gravity of collective bargaining is shifted from the industrial to the establishment and enterprise level, where workers are not represented directly by trade unions but by elected works councils.

One long-term tendency with structural implications is the decline in importance of redistributive wage bargaining. Under the impact of high unemployment, West German trade unions in the mid-1970s effectively abandoned their traditional "wage formula" of "productivity increase plus inflation plus redistribution factor" and in practice resigned themselves to defending real wages against inflation. Apart from the fact that even this was not always accomplished (Table II), with the end of inflation in the mid-1980s wage bargaining offered still less opportunity for spectacular trade union activities than in the preceding decade. Since wage negotiations have traditionally been the monopoly of industrial unions at the sectoral level, their decline raised - as it were, by default - the relative importance of other, lower levels of joint regulation.

A parallel development which also started in the early 1970s was the growing role of so-called "qualitative" bargaining matters (Streeck 1981b). A new concern with working conditions and work organisation in the 1970s resulted in several key agreements on "humanisation of working life". These were followed by initiatives to protect workers from the impact of technical change ("Rationalisierungsschutz", protection against rationalisation), and later by efforts to place under central regulation the emerging new, more flexible working time regimes. In all these cases, the subjects at stake were too complicated to be regulated comprehensively and uniformly at the industrial level. The solution adopted was to insert in industrial agreements clauses charging works councils and individual employers with negotiating, inside the institutions of workplace co-determination, the detailed application of the general principles agreed at the industrial level. This development was
seen with considerable ambiguity by the unions. However, it seems to have been so irresistible that even the 1984 agreement on working hours added to the decentralisation of collective bargaining although it was originally intended to re-establish control at the sectoral level (Bartel and Falk 1986; Schmidt and Trinczek 1986).

Today, the institutional setting of co-determination has turned into a second, decentralised bargaining system with what amounts to a de facto closed shop (legal representation of the entire workforce by the works council), a monopolistic bargaining agent (the works council), a prohibition on strikes, and compulsory arbitration (through, ultimately, the Labour Courts). Obviously, this system corresponds closely to the growing importance of internal labour markets and the increasing complexity and diversity of technical, organisational and economic conditions at the workplace. Its gradual emergence - which in part was and was not of the unions' own making - exerts pressure on industrial unions to review their organisational structures and bargaining strategies, and to redefine the role of sectoral agreements. The evolutionary trend, predating the crisis but precipitated by it, seems to be for industrial unions to turn into centres of external organisational support for, and mutual cooperation between, works councils representing workers in more and more autonomous workplace bargaining units - instead of imposing general and uniform rules on entire industries. Among other things, this may lead to further concentration of private sector unions on the large firms with strong works councils and supervisory board representation, which may raise difficult problems for the representation of workers and union members in smaller firms.

West German trade unions are beginning to recognise the need to refer a growing number of problems to joint regulation by works councils and individual employers. While central agreements, also on non-wage matters, are there to stay, they may become limited to giving guidance to negotiators at the
plant and enterprise level, charging them with regulating centrally specified subjects, circumscribing their range of discretion, and possibly offering them a set alternative solutions among which they can, and have to, choose ("cafeteria" or "menu" agreements). Such decentralisation of collective bargaining may afford firms more internal flexibility for adjustment and restructurings and may thus help contain pressures for neo-liberal de-regulation of the external labour market. Contributing to internal flexibility may require trade unions to agree to custom-made forms of work organisation and working time regimes, workplace-specific systems of participation, worker involvement and retraining, and new payment systems capable of enhancing competitive performance in volatile markets for quality goods and services. The resulting pattern would in certain respects come close to a form of enterprise trade unionism, under the roof of a functionally redefined system of industrial-level "framework bargaining" - a pattern that is very much in place already in the chemical industry. While this would probably have positive economic effects, it presupposes a strategic decision by trade unions for a cooperative participation in industrial modernisation that might not sit well with their traditional ideologies and which would in any case be conditional on the presence of favourable political circumstances. Since such participation would also involve considerable organisational risks for trade unions - e.g. in terms of their ability to strike or to organise outside the core sectors - they may well prefer trying to defend as much as possible the formal system of centralised, comprehensive joint regulation.

3.5. Coping with Structural and Technological Change

West German manufacturing firms have in the past had little difficulty getting their workforces to accept technical innovation, and comparative studies have shown German work-
places to be highly flexible in responding to technological change (Hotz-Hart 1987; Jacobs et al. 1978; Sorge et al. 1983). In part, the low resistance of workers to technical change in West Germany is accounted for by the co-determination system which provides for legally based comprehensive interest representation at the establishment and enterprise level. While this places the articulation of sectional interests at a disadvantage and promotes the identification of workplace representatives with the economic well-being of the enterprise, it also gives workforces effective means to protect themselves from negative effects of technical change. Board-level co-determination has added to this in that it strengthened the manpower management function in large firms. This, and the extended rights of works councils to co-determination on recruitment, dismissals, retraining and redeployment, has promoted a more circumspect and long-term manpower and human resource policy in large firms (Hoff 1984) which enabled firms to make up for strong and increasing employment rigidities through internal adjustment. The result is a pattern of sometimes considerable rigidities in the external labour market going together with high flexibility of internal labour markets - which is in strong contrast to the Anglo-Saxon pattern of external flexibility and internal rigidity (Marsden 1981, 18).

Increased employment security in internal labour markets enabled works councils and trade unions to continue to support technical change and organisational flexibility. Instead of demarcating job territories and imposing restrictive practices, West German industrial agreements on "protection against rationalisation" provide for wage maintenance for workers allocated to a new job in the course of technical change; employment protection, especially for older workers; strengthening of the internal labour market by requiring employers to offer displaced workers alternative jobs upon retraining; new payment systems which emphasize knowledge and ability rather than jobs

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8 The situation is quite different in the protected public sector (Kubicek 1986).
actually performed etc. This is in keeping with the traditional awareness of German trade union leaders of the exposed position of their manufacturing industries in the world market and the need to remain technologically competitive - an attitude which incidentally always kept union demands for foreign trade protection within narrow bounds.

Another important factor making for the low resistance to change in West German industrial relations is the skill structure produced by the vocational training system. German firms use more skilled workers than their foreign competitors and this accounts in part for their more flexible work organisation (Maurice et al. 1980). Works councils have considerable influence, especially on retraining and further training programmes, and have always used this to press for extended training efforts. One result was that in the 1970s, the number of apprentices in the German manufacturing sector increased strongly even in years when total employment declined. The resulting supply of broadly based skills is likely to constitute a major asset for industrial restructuring and may be a stabilising factor for the "productivity coalition" between management and labour at the workplace.

With rapidly rising unemployment in the early 1980s, the positive attitude of West German trade unions towards technological change appeared for some time to come under pressure. Theories of "technological unemployment" became more popular among trade union activists and gave rise to demands for what was called "social control of new technology" and would in effect have meant restrictive "technology agreements". But in practice, and apart from the printing industry, the national leaderships, in line with the attitude of the works councils, continued to look for compromises between the needs of firms for technological adjustment and the interests of their mem-

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9 About 60 per cent of male manual workers in German manufacturing industry are skilled (Marsden 1981, 41).

10 For a convincing case against this theory, see Krupp (1985).
bers. This "conservative" approach was borne out by the experience of sectors such as automobiles which, after a decade of intensive modernisation of their production technology, today employ more workers than in the early 1970s, as a result of higher competitiveness (Streeck 1986). By the mid-1980s, trade union thinking seems to be on the verge of return to the earlier position that if there is such a thing as "technological unemployment", it is unemployment due to technical backwardness. There is also a growing conviction that in order to use new technology to safeguard and increase employment, it is essential to adjust and enlarge the skills of the workforce. In this respect, unions seem to be increasingly regarding their strong position in the training system as an appropriate instrument to promote industrial modernisation and thereby enhance employment - vide the reform of the training scheme in the metal sector. Unions have also successfully demanded that the surplus funds of the Federal Employment Office - where the unions are represented on a tripartite basis - are used to finance additional training programmes. Indications are that a national "qualification offensive" would be more likely than any other approach to unite trade unions, employers and the government in a joint effort to fight unemployment.

On the other hand, technical and organisational modernisation creates tensions even in an industrial relations system as flexible as the West German one. While in the past co-determination has facilitated adjustment to technical change, there seems to be a degree of incompatibility between existing institutions of workplace representation and certain new forms of work organisation often associated with the new technologies. Devolution of managerial functions to semi-autonomous work teams may involve matters - such as job allocation, determination of manning levels, working time, wage setting principles etc. - that are subject to works council co-determination. Works councils may therefore perceive the...
introduction of organisational methods of this kind as undermining their legal power, and they have in fact for this reason vetoed it at several prominent occasions. If it is true that the full exploitation of some of the new technologies depends on their being used in a decentralised work group structure, co-determination in its present form may become a liability rather than an asset for workplace flexibility and, subsequently, economic performance. The possibly disturbing implications of technical change for co-determination have made the DGB start a campaign for "co-determination on the shop floor" which is designed to bring work groups, and quality circles where they are introduced, under the control of the works council (DGB 1985). But legislation to this effect will not be available in the near future, and trade unions will have to find an answer to new forms of participation in its absence.

Looking at the national level, West Germany is a country without a tradition of "industrial policy", "sectoral policy", or "selective intervention". The Ministry of Economic Affairs has always strongly believed in a combination of forceful domestic competition and free international trade, and it has never subscribed to singling out "national champions" or future "winners" for special support. There are therefore no tripartite institutions comparable to the National Economic Development Councils in Britain, although the unions have for long demanded the creation of "industrial councils" (Branchenräte) to oversee, coordinate and guide investment in the private sector (Markovits and Allen 1984).

At the same time, there is a host of initiatives to promote technological innovation, not just by the Federal Government and its Ministry for Research and Technology but also by the Länder and local communities. Programmes for "technology transfer" are in addition conducted by trade associations and chambers, some of them in close cooperation with government agencies. Even trade unions have recently begun to set up offices for technology transfer. Nevertheless, formal institutions of labour-management cooperation in technology policy
above the enterprise level do not exist (Czada 1985), and the tripartite "technology dialogue" which was started under the Social-Liberal government was discontinued. In line with both the government's free market principles and the ongoing decentralisation of the collective bargaining system, institutionalised cooperation between labour and management in industrial modernisation is limited to the enterprise-level framework of co-determination. The policy area in which trade unions at industrial and national level come closest to playing a major initiating role with regard to structural change is still industrial training, which is becoming increasingly important due to the human resource and manpower implications of new technology.

The situation is somewhat different in declining sectors which, especially if regionally concentrated like steel and shipbuilding, have attracted considerable government subsidies. The practice of subsidisation has continued under the present government, although with greater ideological misgivings than in the past. Under the Social-Liberal coalition, the trade unions played a major role in the management of the steel (Esser et al. 1983) and the shipbuilding crisis (Strath 1986), but their influence has since declined.\footnote{One result of the strong trade union role in those sectors was that their relative position in the national wage structure improved (!) between 1970 and 1980 (Krupp 1985).} Here, too, the role of trade unions is likely in the future to be confined to the enterprise level, also because it is becoming more difficult for them to mobilise solidarity from those parts of their membership which are situated in prosperous, non-subsidised sectors (Strath 1986).
3.6. Patterns of Industrial Conflict

The West German pattern of strikes and lock-outs is a direct reflection of the centralisation of collective bargaining and of the strong role of trade unions and employers associations at the industry level. Strikes can be called only by the national executives of industrial unions, and they are legal only after an industrial agreement has expired. As a consequence, strikes are rare and working days lost are negligible in most years (Table VI). But about every five years, there is one major conflict, always in the metalworking sector and recently as a rule accompanied by a parallel dispute in the printing industry. (As the private, export-oriented sectors of the economy continue to dominate trade union policy, public sector strikes are infrequent.) These conflicts typically last long and involve a large number of workers. They are normally not, or not primarily, over wages but over employment protection, working conditions, and working hours. About one half of the affected workers are regularly not called out by the union but are locked out by the employers. The settlement that results from such disputes is in ensuing years gradually diffused throughout the economy, including the public sector. This pattern has remained unchanged in the 1980s, except perhaps that since 1980, strike participation was extremely low in normal years and extremely high in the conflict year, 1984 (Table VI).

Strike strategies of trade unions and employers' associations are to a large degree determined by financial considerations. DGB unions pay their members strike benefit amounting to about two thirds of take-home pay; this is roughly equivalent to the rate of public unemployment benefit. Since strikes can normally be called only in pursuit of an industry-wide agreement, the number of workers that may have to be supported is always high. As a consequence, unions have to save funds for a number of consecutive years. Even so, a union like IG Metall with almost three million members cannot afford to call out all its members at the same time, and the high art of
West German strike tactics is to concentrate on a limited number of selected establishments for maximum impact (which is referred to as the "minimax strategy"). For this reason as well as others, IG Metall holds on to the tradition of negotiating formally separate regional agreements, which makes it possible to limit a strike to one "pilot area". To get nevertheless uniform conditions for the entire country, the union depends in effect on the ability of the national employers association to make its other regional affiliates sign identical agreements. This has, with a few exceptions, always been achieved, although it has sometimes been accompanied by considerable tensions inside Gesamtmetall and has once even led to a (short-lived) secession of several regional affiliates.

Even within the pilot region, however, IG Metall normally strikes only at a few selected firms. To enable employers' associations to distribute the burden of a conflict more equally among their members - without which they would find it difficult to convince a majority of their membership to agree to a settlement which inevitably involves concessions - the law permits them to impose a "retaliatory lock-out" in a bargaining district where the union has gone on selective strike. The number of workers that are locked out must be "in proportion" to the number of workers on strike. Since trade unions pay locked-out members strike benefit, the lock-out is essentially a device to increase the costs of the strike for the union and deplete its funds.

While this system has been functioning for some time, today its "rules of the game" are being more strongly contested than ever. Unions have for long campaigned to have the lock-out declared illegal. Since this is unlikely to happen, the intention probably was and is to tighten up the legal restrictions on its use, especially in terms of timing and size. This was partly in response to the improved ability of employers associations to compensate their members for the costs of industrial disputes, through their reorganised strike insurance system. Unions are also testing new strike tactics, such as centrally
coordinated, short "warning strikes", which cost them less, involve fewer members, and are less legally regulated (what is called "new flexibility" in union jargon).

In addition, IG Metall in 1984 used a new variant of the "minimax strategy" which employers found particularly threatening. While the strike was (initially) limited again to one region, Nord-Württemberg/Nord-Baden, the firms that were selected were crucial suppliers to the car industry. Due to reduced ("kanban"-type) stock-keeping, this resulted in an almost immediate shut-down of this industry in the entire country, including in regions where the union had not yet struck. Here, the employers were legally barred from locking out in retaliation. The laid-off workers, however, were entitled to unemployment benefit. For the employers, the calculated use of this effect amounted to an attempt to turn the social insurance system into a "second strike fund". It was this situation that gave rise to the "Section 116" legislation, which excludes workers from unemployment benefit if they are laid off for lack of work during a strike, and if this strike is for demands that are at the same time also being raised on their behalf.

As has been said, the impact of the new law is far from clear. One possible effect could be a more dispersed pattern of industrial conflict, with negative consequences for the comprehensiveness of the collective bargaining system and the organisational cohesion of employers associations (Weber 1986). Unions may find themselves constrained to raise different demands for different bargaining regions to protect the right of laid-off members to unemployment benefit. This would be likely to undermine the practice of pilot agreements, at the expense of the governability of the collective bargaining system which has been so economically beneficial in the 1960s and 1970s (Flanagan et al. 1983). It would also give rise to potentially unmanageable solidarity problems among employers and make for erratic differences between regional agreements, something German employers and their associations had good reasons to avoid in the past. Moreover, if employers' associations can no
longer offer their members equal protection, the latter may find it more in their interest to conduct their industrial relations on their own. The same consequence might result from the "new flexibility" of trade union strike tactics. While it is too early to make predictions, there is a potential for fragmentation in the present turmoil over the rules of industrial conflict, and this may create problems for both trade unions and employers compared to which the respective advantages of more "flexible" strike tactics on the one hand and the new Section 116 on the other may soon appear insignificant.

4. PROBLEM AREAS, STRATEGIC OPTIONS, AND LIKELY FUTURES

Such are the conditions facing industrial relations decision-makers in West Germany by the mid-1980s. Gradually and continuously as they have developed, they have quite unexpectedly given rise to a long unknown degree of uncertainty. All three participants - the government, the employers and the unions - all of a sudden find themselves confronted with choices of potentially dramatic importance. Ten years of high unemployment, with the prospect of another ten years to come; the pervasive impact of new technology on work patterns and competitiveness; and the return to office of the conservative-liberal government for a second term have reshuffled the cards. It is quite conceivable that the choices that will be made will reaffirm traditional patterns of institutions and practice. But reaffirmation there needs to be as the present system will no longer reproduce itself, as it were, by default and as a matter of course. This is, by definition, a moment of realignment, and as West German industrial relations enter into a new formative period they will for some time be more precarious and unstable than they have been for decades.
Why is it not a foregone conclusion that an industrial relations system as apparently successful as the West German one will persist as it is? The difficulty, in a somewhat but not overly simplified description, is this. Industrial relations, in West Germany as anywhere else, can be conceived as a game with three participants each of which has essentially two strategic alternatives, a cooperative and a non-cooperative one. When the West German industrial relations system was formed, all parties settled on a cooperative strategy and have stuck to it ever since, almost as a matter of routine. While this has made a major contribution to economic performance, it has not prevented unemployment, and it has above all invited a process of technical, economic, political, institutional and social change, as a result of which the participants in the cooperation have themselves changed. As businesses restructure towards new product and production strategies; trade unions adjust to a changing member base; and political parties face a more volatile electorate with new and unpredictable concerns - to mention only a few of the changes that have taken place - they discover new problems, interests and opportunities which each of them has to consider all the more carefully since he knows that the others are doing the same. With established routines having thus outlived themselves, the basic question of cooperation and conflict returns to the agenda, if only since the meaning and objective of cooperation need to be redefined in a time when the old can survive only at the price of changing into something new.

Cost-benefit analysis of alternative political strategies is always difficult, but it seems that today, the players find it particularly hard to establish how the payoff matrix of their choice between cooperation and noncooperation is laid out. Here, the still vivid memory of the past successes of cooperation could help, and indeed if players could allow themselves to follow their instincts, they would probably still end up cooperating. But there is also a greater awareness than in the past that cooperation may result in heavy and potentially
lasting losses - of position, power and face - unless it is reciprocated by each of the two other sides, and that it is enough for cooperation to be impossible if just one participant refuses to take part. This is, with some modifications, a classical "Prisoner's Dilemma".

A "Prisoner's Dilemma" can be resolved, to everybody's benefit, by mutual confidence in the other party's cooperative intentions, and such confidence indeed constitutes the most important asset in the management and resolution of conflict. If only one participant loses it, a downward spiral of low trust may ensue which will make cooperation impossible. In fact, for a crisis to start it is enough that just one participant ceases to expect that cooperation will be achieved, or has come to believe that one other participant believes that he will be better off without cooperation. In other words, the problem lies in the asymmetry that, if one side chooses conflict, or believes that another side will, conflict will ensue; while cooperation requires that all three parties opt for it at the same time, whereby each knows that if just one fails to do so, those who do will lose heavily. Today there is considerable suspicion among the players in the West German industrial relations game that at least one other player expects greater pay-offs from conflict than from cooperation, and that he will therefore exploit rather than reciprocate cooperation.

Trade unions, as so often in industrial relations, face the most critical and difficult choice. As the gloom of the early 1980s and the disappointment with the last years of the Schmidt government have receded into the background, a new outlook has been gradually emerging which might provide a basis for rebuilding cooperation. The theory of technological unemployment has been losing ground, and illusions about the potential of work redistribution through cuts in working hours as an instrument against unemployment are dwindling. A new thinking has begun about the role of central industrial agreements in an age of growing technical and social complexity; flexible working time regimes are no longer anathema; a cooperative retrain-
ing strategy is being considered, and the idea is gaining ground of using further cuts in working hours for retraining at the workplace rather than additional leisure time; quality circles and team working are not any more perceived necessarily as devices to undermine trade union loyalty; and the need is being felt to open up the unions' organisational culture to groups of potential members who care little for traditional ideologies. Above all, a generational change in the leadership of the trade union movement, especially the IG Metall, is under way which may make organisational and ideological renewal easier and faster to accomplish.

Trade unions will never be entirely comfortable partners in industrial and institutional restructuring. There will always be a left wing which will oppose too intimate and consensual relations with employers and a conservative government. Nor will West German trade unions ever cooperate with neoliberal projects to increase external labour market flexibility by chopping away at employment security; use part-time work on a large scale to reduce unemployment; introduce downward flexibility of wages; and increase significantly the variability of wages and conditions by industries or regions. Accepting these and similar recipes would not be cooperation for West German trade unions but capitulation, and pressed too hard in this direction they would undoubtedly prefer to fight. This fight they may not win, but to defeat them will take time and is likely to cost the economy dear. Moreover, on the way the precarious development of a renewed commitment to cooperation would be stopped dead in its tracks. It is true that West German trade unions have begun to move away from the "simple consumptionist views" that dominated their economic policy proposals in the mid-1970s, towards recognition of "the need for adaptation and modernisation of German capital in the face of more difficult international circumstances" (Ross and Gourévitch 1984, 379). But this move is still incomplete, and its
advantages are to be had only at the price of their potential partners once and for all resisting the present neo-liberal temptations.

The kind of cooperation that West German trade unions could offer would essentially consist of active support for higher organisational flexibility, and of participation in the modernisation of skills, technology and work organisation. That this may be highly conducive to successful performance in quality competitive markets, and that the latter is compatible with, if not conditional on, trade union strength and co-determination, is an important lesson of the recent history of the car industry (Streeck 1986). Continuation and extension of this approach would involve further wage restraint to safeguard firms' investment and research and development capacity. It would also include support for the emerging, highly diversified and specific regulatory regimes in individual workplaces - which would rule out attempts to reverse the ongoing decentralisation of "qualitative" collective bargaining and curtail works council autonomy. As part of this policy, trade unions would have to permit the introduction of new and complex working time regimes that make it possible to decouple work time and machine time and thus help raise productivity. They would also have to participate in good faith in experiments with decentralised forms of work organisation, including semi-autonomous working groups and quality circles. Moreover, cooperation would involve support for the modernisation of skills through extensive retraining, and if necessary it would be up to the unions to explain to their members the need to upgrade and update existing skills.

While for German trade unions a productivistic modernisation strategy would in many ways be a continuation of past practice, it would also involve considerable risks. Above all, the employment effect of a "qualification offensive" against unemployment, even if combined with a - moderate - reduction of working time, is uncertain. While this would apply to all other strategies as well, for a cooperative approach
trade unions would find it impossible to reject co-responsibility. Moreover, active promotion of industrial modernisation might turn unions into exclusive representatives of the skilled and the skillable, and there would be no easy answer as to where the unskilled remain in the cooperative scenario. Other problems are the need to accept higher wage differentials between skilled and unskilled workers to motivate retraining, and a lower position in the wage structure for declining industries - both of which would give rise to conflicts between unions and groups of union members. Moreover, trade unions acting as agents of training and retraining may well alienate members who find it hard to adjust to change. Most difficult of all, perhaps, would be the explicit recognition that the emphasis of trade union policy has shifted from the demand- to the supply-side; from a primary concern with distribution to one with production; and from the macro- to the micro-level. Such recognition, and the associated ideological re-orientation, would on the one hand just bring to the surface elements of West German trade union policy that have always been present and that may even have grown in importance in recent years. But the problem is that while it will increasingly become impossible to hide the role of trade unions as co-managers of industrial change - if at all they are willing to assume such a role - this may give rise to fratricidal ideological conflict with quite uncertain event results.

Given the external constraints and opportunities facing the West German economy, trade unions may nevertheless be prepared to confront all these risks. But their willingness to do so will greatly suffer if in the critical period, government or employers attack existing institutions of co-determination - which are the single most important source of assurance for trade unions that they will be able to protect their members from undue hardship and later to extract their share of the benefits of industrial change. Similarly, the redefinition of the role of industrial agreements - which is as such difficult
enough - may become too hazardous for trade unions if simultaneously their right or ability to strike at the sectoral level is undermined. Also, the critical problems raised by semi-autonomous working groups for co-determination and trade union presence on the shop floor will be even harder to resolve at a time when co-determination rights have to be defended against restrictive government legislation. And the shift in unions' organisational centre of gravity to the new white collar groups, which is an inevitable element of any cooperative modernisation strategy, will become still more precarious if at the same time special representative committees for these groups are set up by employers or through legislation. Trade unions can solve the problems of a renewed commitment to cooperation only from a position of strength; otherwise their leaders will have to yield to pressures for simpler alternatives.

It is probably true that if unions chose conflict, this would in the long run damage important economic interests of their members. But it is also true that at present, non-cooperation would be ideologically less demanding, more in line with traditional rhetoric although not practice, and easier to explain to the activists. Above all, it would not be dependent on the uncertain support of others. Just as the contours of a renewed cooperative strategy, those of a new antagonistic policy are already present in the unions' internal debate - its main elements being a restrictive approach to new technology and a redistributive reaction to unemployment. At the bottom would be a narrow and enticingly simple definition of the role of trade unions. Management would be ascribed exclusive responsibility for efficiency, with unions defending the interests of their members through, for example, technology agreements like in the public sector. Government would be charged with responsibility for full employment, and unemployment would be blamed on the government's refusal to reflate the economy and its legislative attacks on trade union rights at the workplace. Trade unions would define their contribution to higher employment exclusive-
ly in terms of a redistribution of work through further cuts in working hours, defending their members against ensuing increases in productivity and work intensity through restrictive work rules ("social control of new technology") and leaving it to management and the government to worry about economic competitiveness. In the course of this strategy, the opportunities offered by new, more flexible warning strike tactics, and the new constraints of the "Section 116" act, would be thoroughly tested. The rising level of conflict would offer some hope that works councils can be whipped in line with external union policy - as indeed they have been to some extent in the implementation of the 1984 agreement. As a welcome side effect, this would in part reverse the ongoing decentralisation of the collective bargaining system. Training and retraining would still be supported but primarily as a short-term - redistributive - device to hide unemployment, with an emphasis on egalitarian entitlement rather than economic efficiency. No risks at all would be taken with regard to workplace co-determination, and new forms of work organisation would be judged exclusively in terms of their contribution to a reduction of work effort. As has been said, the ideological trappings for this line of action are already in place, and so are its potential protagonists, whose prospects of taking control of trade union policy were never better in the past two decades.

The way the unions will solve their strategic puzzle will be closely observed by the conservative government in devising its own strategy. The Christian Democratic Party (CDU) is clearly much closer to business than to labour, and this holds even more true for the Free Democrats. At the same time, the CDU has always cultivated a small group of Christian trade unionists who were given some degree of influence in the party, in exchange for the DGB giving them enough influence in turn to prevent the union movement turning entirely Social-Democratic. This complicated deal may no longer work. In the "Section 116" conflict, the Christian trade union group seems to have lost its influence in both the CDU and the DGB - leaving open the
question of which came first. For the government, the demise of its confidants in the DGB, even if caused by the government's own policy, may be reason enough to view the DGB as an extended arm of the SPD with which it cannot afford to deal in good faith. There may also be economic reasons to attack trade union power in the coming four years. If the government no longer wants to subsidise ailing industrial sectors - agriculture of course being sacrosanct - it may be tempted to exclude the unions altogether from the co-management of industrial decline. This would violate deeply rooted expectations on the union side and would almost certainly push them towards radicalisation - which would then \textit{ex post} justify their exclusion from political influence. The consolidation of the social security system is another subject which might be easier to handle if trade unions are weakened. And even though unemployment has played virtually no role in the 1987 campaign, at some stage the government may feel it necessary to do something about it. Being unwilling to give up its ambitious goals of fiscal and monetary stability, it could try to put at least part of the blame for unemployment on the unions through further initiatives for more flexibility of the external labour market.

Finally, the government may well have political and electoral reasons of its own to look for conflict with the unions. For one thing, this may be an inexpensive way of satisfying the "true believers" and hardliners in its political constituency. Moreover, any decline in trade union influence will strengthen their radical wing and drive the unions even more into the SPD camp - where they would very likely be infected by the ideological quarrels between "red" and "green". Such quarrels would make it more than difficult for both the SPD and the unions to attract the growing groups of highly qualified blue and white collar workers, technicians, engineers etc., in the service sector and elsewhere, who probably do not care much for radical ideologies and who may already be on the verge of
aligning themselves permanently with the conservatives - which would profoundly and for a long time change the rules of the game of West German politics.

An antagonistic policy of the conservative government vis-à-vis the unions would in principle just have to follow the lines of the past two years. A refusal to restore tripartism, further labour market deregulation, and limited but repeated legislative attacks on co-determination and the selective strike would probably be enough. An important probing stone for where the government intends to go will be the pending proposal to extend works council co-determination on new technologies. For a time this was discussed as a compensation for the "Section 116" legislation, and it was strongly promoted by the CDU's trade union wing - not least as a way of protecting their influence in the DGB. As the conflict grew more acrimonious, the bill was postponed for the next Bundestag. It will be interesting to see, and it will certainly be closely watched by the unions, if the bill will re-emerge and in what form.

Of course, government is more likely to choose an antagonistic strategy if employers feel that they can manage structural change without union cooperation, or that they will have to do so since such cooperation will be refused. Under the rules of the tripartite Prisoner's Dilemma game, if the employers are not willing to wait for trade union cooperation, the government will not be able to force them to do otherwise. If they prefer to cooperate, however, the government may still for its own reasons seek conflict. On the other hand, the strategic problem for the employers is considerably eased by the fact that of the three groups of players, they are the ones which can best afford to postpone their decision and try, at least for a time, to play both strategies simultaneously. The low urgency for employers to make up their mind is a reflection of their present strength, just as the strategic agony of the unions reflects their present weakness.
Employers can, up to a point, engage in conflict as well as cooperation since they can hope to get the latter in spite of the former. Flexibility in external labour markets is as desirable to them as flexibility in internal labour markets, and the recent coincidence of the Employment Promotion Act with growing decentralisation of collective bargaining towards the works councils may give them the best of both worlds: a marginal labour force that can be hired and fired as necessary, as well as a well-integrated core labour force. Some employers are likely to rely primarily on the former, others - the large firms in particular - will prefer to rely on the latter although they have little reason to object to the additional possibilities afforded to them by more fixed-term contracts.

This list could easily be prolonged. The weakening of external unions at the national and sectoral level is welcome to employers as long as it does not result in shop floor wage bargaining - which it is unlikely to do - and the same holds for a piecemeal curtailment of co-determination rights. A critical point would be reached where external political conflict would threaten to undermine the domestic peace in the large, world-market oriented firms which have up to now determined the policy of the leading employers' associations. An antagonistic trade union strategy would amount to an attempt to withdraw this indispensable resource by making works councils refuse cooperation on technical and structural change. If trade unions are capable of this is an open question, and there may today be employers who are willing to take the risk and find out. They may place their hopes on the growing numbers of skilled employees whose aspirations may well be satisfied with a liberal and long-term enterprise human resource policy on the model of, for example, the chemical industry. It is not impossible that works councils, rather than falling in line with union conflict strategy, would be willing to administer such a policy. But if they are not, it could perhaps also be done without them - in
the context of a strategy of "unionism without unions" which would be the most likely response of German employers to a strategic withdrawal of trade unions from cooperation.

The crucial question for employers is whether trade unions still control domestic peace and cooperation in the large private sector enterprises. But short of this being tested at high costs to all parties, the question is also if they can offer employers other assets which these would find hard to generate on their own - such as worker commitment, willingness to undergo training and retraining, governable organisational flexibility at the workplace, and active support for structural change. With unions making a credible offer of cooperation in this sense, a test of strength may lose much of its attraction to employers, even if this means foregoing present opportunities to restore managerial privilege and, in the long run, de-unionise important segments of the labour force.

As has been said, there are strong temptations for each side to start a new, antagonistic game, and the short-term sacrifices and opportunity costs of continued cooperation are sizeable. The government would have to disappoint some of its most faithful supporters, and it may even have to leave out a chance to reshape the political landscape fundamentally in its favour. Employers would have to continue to live with significant limitations on their "right to manage" and, in particular, to hire and fire - and they might have to help the unions organise the new and growing group of white-collar technical workers. And, finally, the unions would have to accept responsibility for technical change and industrial modernisation in a time of high and stable unemployment. On the other hand, there are undoubtedly high potential gains to be reaped from cooperation, and conflict may entail economically disastrous consequences. But the blame for these can always be laid at the other party's doorsteps, and in any case given the present high plateau of prosperity, the negative economic effects of lost consensus will take time making themselves felt. The problem is that it is not just economic rationality that counts but also
political rationality, and it seems that for the first time in the history of post-war German politics and industrial relations, the two will not easily coincide.
TABLES
Table I

Economic Conditions

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment '000</th>
<th>Unemployment '000</th>
<th>Real Growth %</th>
<th>Change in Productivity %</th>
<th>Inflation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>22,649</td>
<td>582</td>
<td>0.4</td>
<td>(3.2)</td>
<td>7.0</td>
</tr>
<tr>
<td>1975</td>
<td>22,014</td>
<td>1,074</td>
<td>-0.2</td>
<td>(3.3)</td>
<td>6.0</td>
</tr>
<tr>
<td>1976</td>
<td>21,939</td>
<td>1,060</td>
<td>5.7</td>
<td>(7.2)</td>
<td>4.5</td>
</tr>
<tr>
<td>1977</td>
<td>22,029</td>
<td>1,030</td>
<td>2.6</td>
<td>4.3</td>
<td>3.7</td>
</tr>
<tr>
<td>1978</td>
<td>22,264</td>
<td>993</td>
<td>3.5</td>
<td>5.4</td>
<td>2.7</td>
</tr>
<tr>
<td>1979</td>
<td>22,663</td>
<td>876</td>
<td>4.4</td>
<td>4.8</td>
<td>4.1</td>
</tr>
<tr>
<td>1980</td>
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<td>889</td>
<td>1.8</td>
<td>0.8</td>
<td>5.5</td>
</tr>
<tr>
<td>1981</td>
<td>22,869</td>
<td>1,272</td>
<td>0.0</td>
<td>1.1</td>
<td>6.3</td>
</tr>
<tr>
<td>1982</td>
<td>22,436</td>
<td>1,833</td>
<td>-1.0</td>
<td>1.1</td>
<td>5.3</td>
</tr>
<tr>
<td>1983</td>
<td>22,057</td>
<td>2,258</td>
<td>1.5&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>4.4</td>
<td>3.3</td>
</tr>
<tr>
<td>1984</td>
<td>22,070</td>
<td>2,266</td>
<td>3.0&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>4.2</td>
<td>2.4</td>
</tr>
<tr>
<td>1985</td>
<td>22,237&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>2,304&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>2.5&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>3.0&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>2.2</td>
</tr>
<tr>
<td>1986</td>
<td>22,507&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>2,279&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>2.5&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>-0.2&lt;sup&gt;a)&lt;/sup&gt;</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a)</sup> Provisional


**Unemployment**: Yearly average. Source: OECD (1986), WSI Mitteilungen 11/1986. Percent unemployed: Number of unemployed (col. 2) in per cent of employed and unemployed wage earners (cols. 1 and 2).


Table II

Yearly Changes in Nominal and Real Wages and Productivity, 1974 - 1985

<table>
<thead>
<tr>
<th>Year</th>
<th>Changes in BLGS per Employee</th>
<th>Change in Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nominal</td>
<td>Real</td>
</tr>
<tr>
<td>1974</td>
<td>+10.4</td>
<td>+3.4</td>
</tr>
<tr>
<td>1975</td>
<td>+6.3</td>
<td>+0.3</td>
</tr>
<tr>
<td>1976</td>
<td>+7.9</td>
<td>+3.4</td>
</tr>
<tr>
<td>1977</td>
<td>+7.1</td>
<td>+3.4</td>
</tr>
<tr>
<td>1978</td>
<td>+5.6</td>
<td>+2.9</td>
</tr>
<tr>
<td>1979</td>
<td>+5.9</td>
<td>+1.8</td>
</tr>
<tr>
<td>1980</td>
<td>+6.8</td>
<td>+1.3</td>
</tr>
<tr>
<td>1981</td>
<td>+5.0</td>
<td>-1.3</td>
</tr>
<tr>
<td>1982</td>
<td>+4.5</td>
<td>-0.8</td>
</tr>
<tr>
<td>1983</td>
<td>+3.4</td>
<td>+0.1</td>
</tr>
<tr>
<td>1984</td>
<td>+3.4</td>
<td>+1.0</td>
</tr>
<tr>
<td>1985</td>
<td>+3.4</td>
<td>+1.2</td>
</tr>
</tbody>
</table>

BLGS: Bruttolohn- und Gehaltssumme (gross wages and salaries).
Source: Sachverständigenrat (1985); own calculations. Real: nominal change minus rate of inflation (see Table I).

Table III

Distribution of Economically Active Population over Sectors

<table>
<thead>
<tr>
<th>Year</th>
<th>Gainful Employment ('000)</th>
<th>Agriculture (%)</th>
<th>Industry (%)</th>
<th>Services (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>25,817</td>
<td>8.0</td>
<td>48.4</td>
<td>43.6</td>
</tr>
<tr>
<td>1975</td>
<td>25,810</td>
<td>6.9</td>
<td>45.3</td>
<td>47.8</td>
</tr>
<tr>
<td>1980</td>
<td>26,328</td>
<td>5.5</td>
<td>44.1</td>
<td>50.4</td>
</tr>
<tr>
<td>1985a)</td>
<td>25,531</td>
<td>5.4</td>
<td>41.0</td>
<td>53.6</td>
</tr>
</tbody>
</table>

a) Provisional

Source: Statistisches Jahrbuch der Bundesrepublik Deutschland (1986).
Table IV

Foreign Nationals and Employment of Foreign Workers in West Germany 1975 - 1985

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Foreign Nationals ('000)</th>
<th>In Per Cent of Population</th>
<th>Number of Foreign Workers ('000)</th>
<th>In Per Cent of Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>4,090</td>
<td>6.6</td>
<td>2,061</td>
<td>9.4</td>
</tr>
<tr>
<td>1976</td>
<td>3,948</td>
<td>6.4</td>
<td>1,925</td>
<td>8.8</td>
</tr>
<tr>
<td>1977</td>
<td>3,948</td>
<td>6.4</td>
<td>1,872</td>
<td>8.5</td>
</tr>
<tr>
<td>1978</td>
<td>3,981</td>
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<td>1,858</td>
<td>8.3</td>
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<td>1979</td>
<td>4,144</td>
<td>6.8</td>
<td>1,924</td>
<td>8.5</td>
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<tr>
<td>1980</td>
<td>4,453</td>
<td>7.2</td>
<td>2,018</td>
<td>8.8</td>
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<tr>
<td>1981</td>
<td>4,630</td>
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<td>1,912</td>
<td>8.4</td>
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<td>1982</td>
<td>4,667</td>
<td>7.6</td>
<td>1,787</td>
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<td>1983</td>
<td>4,535</td>
<td>7.4</td>
<td>1,694</td>
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<td>1984</td>
<td>4,364</td>
<td>7.1</td>
<td>1,609</td>
<td>7.3</td>
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<td>1985</td>
<td>4,379</td>
<td>7.2</td>
<td>1,609</td>
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</table>

1) Number of foreign workers in dependent employment (col. 3) in per cent of total number of workers in dependent employment (see Table I).

Sources: Statistisches Jahrbuch der Bundesrepublik Deutschland, consecutive editions; OECD (1986); own calculations.
Table V

Trade Union Membership (in Thousands) and Density, 1973-1985

<table>
<thead>
<tr>
<th>Year</th>
<th>DGB</th>
<th>DAG</th>
<th>DBB</th>
<th>All</th>
<th>Density 1</th>
<th>Density 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>7,168</td>
<td>483</td>
<td>718</td>
<td>8,369</td>
<td>37.9</td>
<td>37.4</td>
</tr>
<tr>
<td>1974</td>
<td>7,406</td>
<td>492</td>
<td>720</td>
<td>8,618</td>
<td>38.1</td>
<td>37.1</td>
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<tr>
<td>1975</td>
<td>7,364</td>
<td>470</td>
<td>727</td>
<td>8,561</td>
<td>38.9</td>
<td>37.1</td>
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<tr>
<td>1976</td>
<td>7,400</td>
<td>473</td>
<td>804</td>
<td>8,677</td>
<td>39.6</td>
<td>37.7</td>
</tr>
<tr>
<td>1977</td>
<td>7,471</td>
<td>475</td>
<td>794</td>
<td>8,740</td>
<td>39.7</td>
<td>37.9</td>
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<tr>
<td>1978</td>
<td>7,752</td>
<td>482</td>
<td>801</td>
<td>9,035</td>
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<td>1979</td>
<td>7,844</td>
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<td>824</td>
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<tr>
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<td>38.5</td>
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<td>1982</td>
<td>7,849</td>
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<td>813</td>
<td>9,163</td>
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<td>37.8</td>
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<td>801</td>
<td>9,044</td>
<td>41.0</td>
<td>37.2</td>
</tr>
<tr>
<td>1984</td>
<td>7,660</td>
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<td>795</td>
<td>8,953</td>
<td>40.6</td>
<td>36.8</td>
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<tr>
<td>1985</td>
<td>7,719</td>
<td>501</td>
<td>796</td>
<td>9,016</td>
<td>40.5</td>
<td>36.7</td>
</tr>
</tbody>
</table>

1 In per cent of employed workforce
2 In per cent of workforce including the unemployed

DGB: Deutscher Gewerkschaftsbund
DAG: Deutsche Angestellten­gewerkschaft
DBB: Deutscher Beamten­bund

Source: Statistisches Jahrbuch der Bundesrepublik Deutschland, consecutive editions; own calculations. (For employment and unemployment see Table I).
Table VI

Industrial Disputes: Number of Working Days Lost and Workers Affected, in Thousands, 1973-1985

<table>
<thead>
<tr>
<th>Year</th>
<th>Working Days Lost '000</th>
<th>5-Year Average</th>
<th>Workers Affected '000</th>
<th>5-Year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>563</td>
<td></td>
<td>185</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>1,051</td>
<td></td>
<td>250</td>
<td></td>
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<tr>
<td>1975</td>
<td>69</td>
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<td>1976</td>
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<td>169</td>
<td>195</td>
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<td>1977</td>
<td>24</td>
<td>1,078</td>
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<td>161</td>
</tr>
<tr>
<td>1978</td>
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Source: Statistisches Jahrbuch der Bundesrepublik Deutschland, consecutive editions; own calculations.
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