

**Wolfgang Streeck and Jelle Visser**

Max-Planck-Institut für Gesellschaftsforschung, KÖLN and  
Sociologisch Instituut, UNIVERSITEIT VAN AMSTERDAM

## The Rise of the Conglomerate Union

**ABSTRACT** ■ This article discusses two cases, Germany and The Netherlands, whose systems of trade unionism have historically shared a number of characteristics, in particular a commitment to industrial unionism. In both countries a profound transformation of union organization is under way, affecting in particular the demarcation of union domains; the relationships between unions with respect to their division of representational territory and organizational jurisdiction; and the relationship between unions and their peak associations. It does not appear that this parallel transformation of union systems is a consequence of the growing interdependence between industrial nations. To the extent that we observe identical developments in different countries, they seem to be caused by identical *endogenous* factors resulting in *convergence* but in the absence of diffusion or other forms of mutual causation.

---

**Article by an MPIfG researcher**

Wolfgang Streeck, Jelle Visser: The Rise of the Conglomerate Union. In: European Journal of Industrial Relations 3(3), 305-332 (1997). Sage Publications

The original publication is available at the publisher's web site: <http://dx.doi.org/10.1177/095968019733003>

---

### A Parallel Transformation

In recent years, parallel trends of organizational restructuring have become manifest among trade unions in advanced industrial countries. Sharing similar experiences of stagnant membership and falling density rates, coupled with structural shifts in employment and with growing pressure to attend to the needs of more heterogeneous constituencies under increasingly decentralized labour-management relations, trade unions have had to adapt their internal operation and external representation. In many countries, from the USA to Britain and Australia, and from Scandinavia to mainland Europe, unions are now in a process of regrouping, through bargaining cartels, mergers and take-overs. As a result sectoral and occupational boundaries are becoming increasingly unimportant for union organization, even in countries like Germany or The Netherlands where 'industrial unionism' has long been the recognized leading principle of union organizational design.

It does not appear that this parallel transformation of union systems in different countries is a consequence of the growing interdependence between industrial nations, caused for example by market or political integration. In contrast to the founding years of union movements in Europe in the late 19th century, when socialist organizers propagated industrial unionism as a model for class unity, there is today hardly any mutual influence or diffusion across national borders. To the extent that we observe identical developments in different countries, they seem to be caused by identical *endogenous* factors resulting in *convergence* but in the absence of diffusion or other forms of mutual causation.

In the following article we examine two cases, Germany and The Netherlands, whose systems of trade unionism have historically shared a number of characteristics, in particular a commitment to industrial unionism. We show that in both countries a profound transformation of union organization is under way, in particular affecting the demarcation of union domains; the relationships between unions with respect to their division of representational territory and organizational jurisdiction; and the relationship between unions and their peak associations.

## The Cases: The Netherlands and Germany

### The Netherlands: From Reform by Design to Change by Necessity

When after five years of war and occupation the Dutch unions resurfaced from illegality, there was a strong but short-lived movement to overcome the pre-war religious and ideological divisions. However, Dutch unions did not unite, as in Germany or Austria; nor did they try, like the Italians. Despite almost four years of suspended activity, the three pre-war formations – socialist, Catholic and Protestant – re-established themselves with nearly unchanged structure, with the same number of affiliates and divisions between them. The social-democratic Dutch Federation of Trade Unions (NVV) was by far the largest, with almost twice the membership of the Catholic Workers' Movement (KAB) – later renamed Federation of Dutch Catholic Trade Unions (NKV) – while the Protestant Christian–National Union Federation (CNV) was smaller still.

In the private sector there was a triple division: between individual sectors; in most cases between occupations, with supervisors, foremen, office workers and technical staff gathered in separate unions from manual workers; and between the three ideological 'pillars'.<sup>1</sup> Local and central government employees were organized separately, and mostly in unions not affiliated to the major federations. In total there were 339

unions in 1945, only 30 fewer than in 1939. Of these, 76 were affiliated to one of the three main federations.

A Unity Union Movement had developed in the final year of the war as part of a broader resistance movement. Its initial popularity did not last; it soon became a mouthpiece for the Communist Party and was marginalized. These events drew the three traditional federations closer together, despite different ideological commitments and political affiliations. Even before the war ended, they had decided to cooperate, at leadership level, in a Council of Trade Union Federations. It was intended to extend this cooperation to the level of affiliated unions, but this was not implemented. The three federations did however take steps to eliminate mutual competition in terms of price and product,<sup>2</sup> and one of the first decisions of the Council was to install a reform committee with the task of designing a uniform structure for the three federations, to facilitate cooperation and adapt the unions to the new tasks of economic and industrial consultation.

In early 1946 the committee unanimously recommended a restructuring based on a pattern of 15 'industrial unions'; this advice was accepted by the executives of the three federations within months. This policy reflected an expectation that the postwar economy would be reorganized and managed along a new, rational pattern. 'In order to participate effectively in the projected Dutch version of the corporate state the unions had to put their own house in order so that internal representational and jurisdictional problems would be no obstacle' (Windmuller, 1969: 156). Already in the 1920s and 1930s, social-democratic visions of organized capitalism and functional democracy had converged with Catholic and Calvinistic principles of class collaboration and self-regulation under the tutelage of the state. In both versions the sector emerged as a self-contained sub-unit and level of aggregation for socio-economic planning and consultation. The key idea was to set up in each sector a bipartite board whose task would be to supervise and influence the behaviour of firms. Although the 1950 Law on Industrial Organization was only a weak version of the original plans, and actual implementation was an outright failure as a result of the resistance of large firms,<sup>3</sup> the unions went ahead with internal reform. To realize the 'one sector, one union' idea, the reform committee proposed the merger of cognate sectoral unions, together with the dissolution of the occupational unions and the redistribution of their membership to the sectoral unions. Thus the general clerical worker unions would have had to narrow their domain to commercial services, and transfer their members in other branches to the relevant industrial unions.

Opposition to these plans was strong and none of the federations reached the goal of 15 sectoral unions. The social-democratic federation NVV moved with the greatest resolve, perhaps because of the weight of their blue-collar unions. When the draughtsmen's union disputed the

authority of the federal leadership, it was simply expelled. Other unions were dissolved or had their boundaries redrawn, and between 1949 and 1955 the number of affiliates decreased from 32 to 22. The Protestant federation used gentler methods, but also realized the goal of integrated industrial unionism. It seized the opportunity of moving into sectors where it had scarcely existed before, and its total number of affiliates remained constant at 24. It is ironic that the Catholic federation, itself most committed to the idea of sectoral corporatism, was unable to overcome the opposition of its white-collar unions who successfully rallied the support of intellectuals and church leaders against merger with manual workers. In its case the number of affiliates remained unchanged at 25.

It soon became clear that many of the new unions were not viable. With the end of statutory wage restraint in 1962, Dutch wages caught up with those in neighbouring countries; and the salaries of union staff rose likewise. Unions had been unable to enforce the membership contributions of 2 percent of earnings. Membership stagnated and in the late 1960s industries like mining, textiles and shipbuilding suffered severe job losses. Thus many unions were in financial trouble, and by 1970 they were looking for mergers in two directions, between adjacent industries and across the religious divide.

Again, the NVV pursued the boldest solution. In 1969 its president proposed replacing the federal structure, based on membership in affiliated unions, by a unitary structure with direct employee membership and a shared executive, administration and service organization. This 'one big union' – with 550,000 members, or twice the number in 1945 and half of that today – was to be internally differentiated into eight broad sectors for the purpose of membership representation and coordination of collective bargaining. The proposal received strong backing from the manufacturing unions and collected 60 percent in a straw poll in the general council. However, when the public sector union announced that it would resign if the federation pushed ahead, the proposal was dead. If nothing else, this episode signalled the rise of the public sector in the Dutch union movement and the end of the unchallenged authority of federations over affiliates that had been so characteristic of the early postwar years.

Frustrated, the manufacturing unions decided to act on their own. In 1972 the three unions in metals and engineering, in textiles, clothing and leather and in miscellaneous industries amalgamated to form the *Industriebond* (IB). Similar amalgamations took place between unions in building and in wood and furniture, as well as between unions in food processing, dairies and agriculture. Not to lose time, Catholic and Protestant unions followed suit. The total number of affiliates in the three federations fell from 66 in 1968 to 40 in 1973.

In a parallel movement the three federations tried to achieve closer integration. In 1974 the CNV rejected a full merger but its Catholic

counterpart, which was in growing financial difficulties because of declining membership in its manual unions and the loss of its white-collar unions,<sup>4</sup> had no option but to amalgamate with the NVV. The merger proceeded in two stages: in 1976 the two federations formed a new Federation of Dutch Trade Unions (FNV); six years later they amalgamated. The 26 affiliates of NVV and NKV became 16 in 1985, compared to 15 affiliates in the Protestant CNV.

The size and domains of these unions are quite unequal. The two largest FNV unions represent about half its total membership, the eight smallest less than 3 percent. The largest union in each of the two federations is a public sector union, AbvaKabo, representing 317,000 of the 1,165,500 FNV members, and CFO, organizing just under 100,000 of the 348,400 CNV members.<sup>5</sup> Both unions recruit in the public, semi-public (subsidized) and formerly public sectors, ranging from public administration to social insurance, welfare and health services, universities, utilities and the privatized telecommunications system, PTT, to sheltered workplaces for disabled workers. In addition there are four smaller FNV unions in the public sector with a strong occupational identity, for teachers (75,000 members), military staff (18,000 members) and police officers (20,000 members).

The largest FNV union in the private sector, IB, has 245,000 members in industries like food and beverages, metals and engineering, chemicals, textiles, clothing, building materials, industrial cleaning and household services. There are two more unions in manufacturing, one in food and agriculture (65,000 members) and the other in printing, paper and publishing (44,000 members). Wood and furniture workers are organized together with construction workers (168,000 members). Private services are organized mainly by two unions: the transport union has 77,000 members while the services union (Dienstenbond, or DiBo) has 95,000 members in retail and department stores, commerce, banking and insurance, business and professional services, radio and television, non-profit organizations and personal services. In addition there are seven small, partly occupational unions for hotels and catering, merchant navy officers, journalists, artists, workers in sports facilities, professional footballers and hairdressers.<sup>6</sup>

Undoubtedly this structure is a far cry from the original goal of 15 industrial unions of roughly equal importance. Three of the FNV unions, AbvaKabo, IB and DiBo, are multi-sectoral and even conglomerate unions, while others cover at most a single sector, and still others organize occupational groups. In fact more than half of the unions in the FNV are not viable without the hidden subsidies involved in federation services that are essentially paid for by the three strongest and richest affiliates.<sup>7</sup> Occasions for domain overlap and conflict are numerous, for example in commercial fishing (agriculture or transport?), in building materials,

plumbing and electrical contracting (manufacturing or construction?), in food retailing (services or food processing?), and in communications (public sector or services?). Moreover, new and expanding branches of activity, like environmental protection, cleaning, tourism and information services, are hard to allocate between unions.

In 1987 the FNV identified more than 100 contested domains. In a self-critical report it also pointed out that there were areas of the economy where no affiliated union had sufficient resources to recruit, organize and represent workers. This is true particularly in many of the commercial and professional services (including software houses and computing) where unions are virtually non-existent. Business outsourcing strategies, the relocation of ancillary staff to sectors with less expensive collective agreements, the rise of small firms, the increasing use of non-standard employment contracts and growing part-time employment all contribute to the 'black spots' on the union map. The FNV internal review committee which investigated the causes of the huge membership losses of the early 1980s<sup>8</sup> proposed joint recruitment efforts and a consolidation of membership services in order to eliminate duplication (FNV, 1987). However, AbvaKabo and IB vetoed a structural reform which might have regrouped the FNV into three or four broad sectoral unions. They also resisted a centralization of membership services at the federal level, which from their point of view would mainly have raised the structural subsidy to the smaller affiliates.

Some action was needed, however, as the federation and many of its affiliates were in dire financial straits. The total number of staff was reduced by one-third between 1985 and 1995, partly because previous mergers had left the federation and many unions overstaffed. Together with the construction union, IB arranged a number of loans and one-off subsidies to bail out the federation and pay for its new, smaller building. Together with AbvaKabo they also financed recruitment drives by the services and transport unions in banking and at the Amsterdam airport. In a number of cases there were exchanges of jurisdictions and membership, but it soon became clear that such exercises were extremely painful and tantamount to inviting secession.

A more structural approach was required. The services and transport unions were desperate for a merger and began to send out invitations. Together with other small and medium-sized unions they passed a resolution at the 1994 FNV delegate conference proposing a renewed study of possibilities for closer cooperation. Since a merger among these unions alone would not have resolved their financial problems, they courted the wealthier manufacturing unions. A merger was negotiated between DiBo and the printers but was rejected by the membership of the latter (who were unwilling to hand over control of their financial assets to the larger and less wealthy union). Significantly, the printers are the first Dutch

union to contemplate a transnational merger; in February 1997 they announced that they were seeking amalgamation with the printers' unions of Germany, Austria and Switzerland.<sup>9</sup> Various other merger efforts failed until, in May 1996, IB announced that it had started talks with DiBo. Within weeks two more unions (transport and food) invited themselves to the party. The construction union also tried to join the bandwagon but was rejected because its participation would have delayed completion of the merger.

Approval by the delegate councils of the four unions came fast. The new union, which will come into existence in January 1998, will represent approximately 40 percent of FNV membership; it organizes throughout the private sector, from agriculture and manufacturing industry to services. The construction union will probably join later since it has no other options. AbvaKabo will form a second bloc, through continuous growth in its domain, especially in health care and communications services, and by absorbing other unions. In 1997 it will incorporate the ACV union for local government staff. Another independent union declined an invitation to join, as did the three FNV unions for teachers, police and military officers. Whether these unions will stay independent will depend on whether their location in the public sector will continue to provide them with effective organizational security (which is doubtful in the case of the teachers);<sup>10</sup> on the level of services provided through the federation; and on the merger policy of AbvaKabo. The latter is not in a hurry. While its multi-sectoral structure can accommodate a high degree of sectoral autonomy for any union which it may incorporate, the union is unlikely to jeopardize its organizational integrity by compromising its principle that officials must not be answerable to specific occupational groups.

The formation of two mega-unions has the advantage of internalizing many border conflicts. External borders, however, are messy. The two main principles of demarcation, by sector and by ownership, not only conflict but are losing their defining quality as a consequence of the de-sectoralization and privatization of the economy. Current boundaries are often arbitrary, depending on historical patterns that have lost their meaning. Moreover, with the bulk of the membership in two mega-unions, the future of the federation itself has become uncertain. In the past, federation activities have in effect subsidized small affiliates which could not afford to offer their members full services. The new IB and AbvaKabo, however, will probably perform many services themselves. Correspondingly they are likely to reduce their contributions to the federation, which claims an internationally high level of 15 percent of its affiliates' income from subscriptions (Visser, 1990). As a result smaller unions are likely to become even less viable, except where small scale is compensated by strong occupational identity, spatial concentration and high union security.<sup>11</sup>

## Germany: 'Industrial Unionism' in Distress

The structure of postwar German unionism remained remarkably simple and stable for a remarkably long period. Manual and non-manual workers were organized together in the 16 industrial unions affiliated to the Deutscher Gewerkschaftsbund (DGB), with supposedly no overlap of domains. Religious or political divisions were absent or insignificant. Inter-union competition existed only for white-collar workers – between the DGB and a breakaway white-collar union, the DAG – and for public servants (*Beamte*) where the DGB competed with the Deutscher Beamtenbund (DBB). In both areas, however, DGB unions always had more members than their competitors. In the 1970s, the DGB admitted a 17th affiliate, the Police Union (GdP), which had been formed out of a breakaway from the DBB and a section of the public sector union, ÖTV. This was the only change in the structure for almost 40 years.

Officially the DGB and its member unions were, and still are, committed to *industrial unionism*. In its origins the concept was closely linked to a view of a modern industrial economy as divided into vertical sectors, or 'industries', that extend from the production of raw materials to the distribution of the final products. Early 20th-century visions of 'organized capitalism' regarded industries as organic sub-units of national economies, and as the natural basis of organization for both economic planning and economic democracy. In fact the popularity of industrial unionism among European unions, especially since the First World War, resulted from the expectation that organization by 'industries', internalizing and thereby suspending conflicts of interest between workers at different stages of the production chain, would enable unions to become effective agents of economic planning.

It is interesting to note that the number of unions in the early DGB, 16, was close to what advocates of industrial unionism in other countries, such as Austria, Belgium, Switzerland and The Netherlands, had long envisioned as ideal. Except in the case of the ÖGB in Austria and the main Swiss confederation SGB, the rationalization of union structures went nowhere near as far as in Germany. For example, in 1950 the main confederations in Sweden and Norway, although each long committed to industrial unionism, still had 45 and 39 affiliates respectively (Visser, 1990). That West Germany had such a small number of industrial unions after 1945 had to do with the fact that the number of unions in the ADGB, the main confederation before 1933, had already been relatively small; that the newly founded DGB could draw on the even more simplified structure of 'industrial groups' in the Nazi Arbeitsfront; and that the historical rupture after 1945 gave the forces of union modernization and reform a relatively free hand.<sup>12</sup>

Yet on closer inspection the West German system turns out to be in less than perfect correspondence with the principles of industrial unionism. From the beginning, size differences between DGB unions were enormous, with membership ranging in 1950 from 1,528,121 in the metalworkers' union IGM to 38,321 in the union of artists and actors, Gewerkschaft Kunst. Moreover, some of the unions in the DGB were clearly not 'industrial' but occupational in character, like the teachers' union (GEW) or IG Druck und Papier, which was really a craft union of printers and typesetters. In addition, the postal workers (DGP) and the railway workers (GdED) were in effect company unions of large public enterprises, and the second largest union ÖTV always organized a vast conglomerate of industries, ranging from road haulage to medical services, from hairdressing to the public bureaucracy, and from universities to electricity supply.

Domain overlaps also existed from early on, as can easily be noted by looking at the original names of various DGB unions – for example IG Bau, Steine, Erden, IG Chemie, Papier, Keramik, and IG Druck und Papier. Less visible are cases like the aluminum industry, which falls in the domains of both IGM and IG Chemie, and the electricity supply industry, to which both ÖTV and IG Bergbau und Energie lay claim. In fact, as early visions of co-determination at industry level (*überbetriebliche Mitbestimmung*) in a system of economic democracy faded, the meaning of industrial unionism came to be gradually divorced from the idea of objectively existing sectoral production chains. Instead it was reduced to three pragmatic principles: the joint organization of blue- and white-collar workers; the absence of political or religious divisions; and the avoidance of multi-unionism at the workplace ('one plant, one union').

That German unionism was only partly organized along industrial lines was hidden by the overwhelming presence of the metalworkers' union (IGM). From steel to musical instruments, IGM represents the entire domain of what is in German called *Metallindustrie*. What is more, in accordance with the economic rationale behind industrial unionism, it undertakes to cover the larger part of its domain with just one collective bargaining agreement, trying to take wages out of competition all along the *Metall* production chain.<sup>13</sup> This is in sharp contrast to most other DGB unions which, regardless of their self-description, have always negotiated separate agreements for the different industries they organize; this is the case, for example, with the textile and clothing workers' union (GTB), the union of chemical, paper manufacturing and ceramics workers (IGCPK), and of course ÖTV.

If German unions were by and large successful in avoiding inter-union competition, especially in the workplace, this was not because of an

'objective' logic of sectors as organic economic entities, but because of institutional factors. Although the simultaneous presence of more than one DGB union in the same 'industry' was not unusual, this did not normally lead to competition for members or collective bargaining rights. The reasons are specific provisions in German labour law designed to ensure stable industrial relations, and in particular to bar employers from choosing which union shall represent their workers. Which union has bargaining rights with a particular employer is decided, if necessary, by the labour courts, which adjudicate on the basis of the domain demarcations in the unions' rule books. If these overlap or are unclear, the courts follow the ruling of a disputes committee established under the constitution of the DGB for this purpose. Clearly this considerably enhances the authority of the DGB.<sup>14</sup> In the absence of a DGB ruling, bargaining rights are granted to the union that was the first to represent a particular plant, even if the employer has in the meantime left the employers' association for the industry or has a valid sectoral agreement with another DGB union. Double jurisdictions are avoided unless awarded by the DGB. While the details are complicated, the effect is that industrial unions mostly respect DGB rulings in jurisdictional disputes, and employers find it difficult if not impossible to migrate from the domain of one union to that of another.<sup>15</sup>

In spite of a considerable structural potential for inter-union rivalry, then, for a long time the only threat to the original domain demarcations among DGB unions was the small size of some of them. Even this, however, was manageable for many years. As the DGB is entitled to 12 percent of the subscriptions collected by affiliated unions, it was able to support its smaller affiliates in a variety of ways. For example, in its early years the retail and banking staff union, HBV, received cash transfers as a subsidy in its battle with the DAG. Also, a wide range of DGB activities benefit small member unions more than large ones, who maintain their own departments for research, international relations, social policy and the like. Most important, the DGB maintains a legal service which provides representation for members of all affiliated unions involved in cases in the labour and social security courts; this is something smaller unions find hard to offer their members on their own at acceptable cost.

Nevertheless in 1989, after long preparations, the smallest of the DGB unions, Gewerkschaft Kunst, with 29,613 members, joined the printers' union IG Druck und Papier to form an industrial union of 'media workers', IG Medien. At the time this was explained, not primarily in terms of economic necessity, but as an overdue application of the principle of industrial unionism. In the 1970s the printers had already teamed up with a writers' association, and they had also for a long time tried to include journalists. Organizing supposedly progressive intellectuals appealed to a traditionally militant, leftist union dominated by the

blue-collar labour aristocrats of the printing trades. It also made good potential sense in the light of the long and bitter strikes in printing in the 1970s and 1980s, in which more support from journalists would have been helpful. Moreover, as technological change annihilated the union's old membership base, moving into the booming creative part of the media industry seemed not just ideologically and politically, but also economically the right thing to do.

The transformation of postwar German unionism began in earnest several years later, when the organizational structure that had been established in 1949 was knocked out of balance by the shock of German unification and the simultaneous onslaught of rapid economic change. Absorption of the old East German unions increased the membership of DGB affiliates by no less than 40 percent at the start of the 1990s. Practically all unions made the mistake of expanding their staff accordingly, only to experience severe economic difficulties when membership collapsed, first in the East where one-sixth of all members left the unions in the single year 1992, and then throughout the country as a result of recession and accelerated economic restructuring. Overall, German unions lost a little over two and a half million members between 1991 and 1995, almost one-fifth of the total. Faced with the need to relegate officials to early retirement and shut down local offices, unions had to become more attentive to their own economic viability. They also became more conscious of their jurisdictional boundaries and the potential benefits of exploiting these fully – by acting on hitherto dormant domain claims – or expanding them. As a consequence, jurisdictional disputes among DGB unions not only proliferated but became more difficult for the DGB to settle.

The new economism of German industrial unions was reinforced by deep changes in the economy and in the organization of large firms. The decline of manufacturing employment, which vastly intensified in the 1990s, made unions from old industrial sectors search for new sources of membership. The practice of large firms to hive off individual departments, especially those with service functions where employment often happened to be expanding, added to the pressure on manufacturing unions while stirring the appetite of unions in the service sector. The privatization of large parts of the public sector undermined the *raison d'être* of public sector unions and raised the possibility of joint organization with related private sector activities. Technological change gave rise to entire new sectors, such as multimedia, environmental protection and mobile telephony, which were entered by firms from a variety of older sectors organized by a corresponding variety of unions. And not least, in the new competitive environment *employers* became more conscious of wage differences between different unions, and tried more actively than in the past to move their firms or individual operations to sectors with favourable industrial agreements.

Unions responded, at first, with a wave of unilateral changes to their rulebooks, expanding the range of economic sectors for which they claimed jurisdiction and thereby creating a rapidly growing number of domain overlaps. Some of these changes were simply to clarify that certain sectors, including newly emerging ones, had always properly belonged to the union in question. In other cases, unions explicitly included activities that had in the past taken place under the roof of 'their' firms, but were now being organized as separate businesses, usually in the tertiary sector. The most prominent case involves the data processing departments of large metal manufacturing firms that were spun off in the 1990s; in response, IGM included data processing and software production in its domain, which brought it into conflict with HBV. Unions even added areas to their domain that had no recognizable connection at all to their traditional territory, usually because they were being newly entered by firms that they had traditionally organized. An example is the privatized railway company, Deutsche Bahn, which will shortly begin offering telephone services, drawing the railway union into this rapidly growing and heavily contested industry.<sup>16</sup>

Parallel to intensifying domain contestation, the unabated economic distress of the smaller DGB unions increased the pressures and opportunities for mergers. In 1995 and 1996, no fewer than five small unions were absorbed by three large ones, reducing the number of unions in the DGB to 11. The merger wave began in the course of 1995 when the leather workers (GL, with 23,081 members) and the miners (IGBE, with 376,366) agreed to join the chemical workers (IGCPK, with 723,240 members); the combined union, which came into existence in 1997, bears the name of IG Bergbau, Chemie und Energie (IGBCE). Both the leather workers and, especially, IGBE were old and formerly large unions with considerable assets; in fact, financially the miners' union could probably have continued to exist and pay its officials without any income from subscriptions. The incorporation of the conservative miners' union into that of the chemical workers was widely perceived as an attempt by the latter to create a counterbalance in the DGB to the more left-wing IG Metall, with 2,869,459 members by far the largest and richest German union.

Next, in 1996, the agricultural workers (GGLF, with 82,725 members) joined the union of construction workers (IGBSE, 639,851 members), which in the process renamed itself IG Bau, Agrikultur, Umwelt (IG BAU). The main benefit for the construction workers seems to have been that the merger enabled them to include a reference to *Umwelt* – the environment – in their name, helping them extend their domain to the growing area of environmental products and services. Already in 1991, IGBSE had tried to change its name to IG Bau, Steine, Erden, Umwelt, but had to withdraw under furious opposition from the 'big three', the

chemical workers, IGM and ÖTV, all of which would like to be regarded as *Umweltgewerkschaften* (environmentally conscious unions).

Also in 1996 and clearly in response to the first two mergers, five small unions – IG Medien<sup>17</sup> and the unions of wood (GHK), textile and garment (GTB), retail and banking (HBV) and food and restaurant workers (NGG), from then on collectively known as ‘the five little tigers’ – announced that they would closely cooperate and consider an eventual merger. The DAG, with 507,478 members the largest union outside the DGB, was reported to be watching from the sidelines with the intention of joining later on. Still, the small unions continued to attract the attention of the large ones. In February 1996 GTB and NGG were reported to be wooed by the chemical workers. Perhaps in reaction to this, in the same month GTB formally proposed a merger to NGG. The latter was also considered a possible partner by HBV, on account of the growing number of fast food restaurants in department stores.

In June 1996, however, IG Metall announced a merger with the textile workers, which at the time had only 216,288 members left. In this case the receiving union did not change its name. It is interesting to note that GTB has traditionally been the most conservative union in the DGB while IGM always led the progressive wing. The rationale that was given for the combination invoked the industrial union principle, as it referred to the fact that some of the remaining textile workers in Germany supplied the motor industry, for example producing car seats. Probably more important were the facts that GTB had run out of money; that a merger with the other small unions that were in similar economic straits would not have helped; and that IG Metall pays its officials higher salaries than any other DGB union.

Continuing its advance, in September IGM publicly floated the idea of a merger with the postal and the railway workers, which would have created a giant IG Metall, Logistik, Kommunikation. Although at the time there was already a cooperation agreement between IGM and the postal workers, DPG proved unwilling to give up its independence. Not to be left out, HBV offered NGG a cooperation pact; but with the experience of the aborted merger with GTB, and presumably under the impression that it might receive favourable offers from the big three, NGG asked for time. A month later, HBV and IG Medien announced an ‘alliance’ with the postal workers, while the latter in addition signed a cooperation agreement with IG Medien. The alliance was declared open for others, and DAG was said to be ‘in dialogue’ with HBV on whether and how it might join.

In November 1996 the next merger was announced, this time involving the wood and furniture workers (GHK, with 170,908 members) and IG Metall. According to their president, the wood workers properly belonged in the metal industry because many of them produced wood

panels for the more expensive Mercedes cars. Politically the merger made more sense than that between IGM and GTB, as GHK had traditionally been left of centre in the political geography of the DGB. On the other hand, GHK had been widely expected to join the combined construction and agricultural workers, and its decision for IGM came as an unpleasant surprise to the leaders of that union.

Of the 11 DGB unions that remained in early 1997, IGM, IGBCE and IGBAU have indicated that they remain on the lookout for acquisitions. The same is said of ÖTV. Two of the smaller unions, the police (GdP) with 198,897 members and the school teachers (GEW) with 306,448, have very homogeneous memberships with a strong sense of occupational identity and seem to feel sufficiently safe to rule out a change in their status.<sup>18</sup> Five other unions – IG Medien with 206,786, NGG with 322,019, GdED with 398,404, DPG with 529,233 and HBV with 520,166 members – remain take-over targets for the large unions while they continue to explore possibilities of cooperation amongst themselves.

The potentially decisive player in the game is ÖTV (1,770,789 members), which up to now has not been involved in the merger activities, although reportedly not for lack of trying. Being the second-largest DGB union, ÖTV is in principle big enough to be viable on its own. On the other hand, the breakdown of the distinction between private and public services and the general increase in inter-union domain conflict exposes large areas of its vast territory to competing claims by other unions. Because of its strong position in the public savings bank, ÖTV may also hold the key to the re-entry of the DAG in the DGB, and to a potential realignment between DAG and HBV in particular. For the time being, ÖTV seems to be concentrating on wooing the railway workers, presumably not least to dissuade them from joining IG Metall.

## The Cases Compared

### Pluralism Versus Monopoly

There are obvious differences between the Dutch and the German stories. Above all, the transformation of union organization in The Netherlands started almost two decades earlier than in Germany. The present merger wave among Dutch unions, which coincides with the revolution in the industrial union structure of the DGB, is already the second in postwar history, after the major reorganization of the early 1970s, or indeed the third if one includes the formative period of the late 1940s and early 1950s.

Key factors explaining this contrast are the initial structures of the two movements and the institutional conditions in their countries. Dutch unions were from the beginning more numerous than German unions,

mostly because of the political and religious divisions that shaped all Dutch institutions in the era of *verzuiling*. Moreover, the political and religious pluralism of Dutch society had to be organizationally accommodated in a country much smaller than (West) Germany. As a result there were not just more Dutch unions than German unions, but they were also much smaller. In 1996, before the reorganization that is presently under way but after the mergers of the early 1970s, the largest Dutch union by far, AbvaKabo, had just 317,000 members – fewer than all but one of the five DGB unions that consider themselves too small to survive on their own.

Greater organizational fragmentation on a smaller membership base gave Dutch unions both more reason and more opportunities to rationalize their structures through mergers. Another factor working in the same direction was the early de-industrialization process in The Netherlands: for example the relocation of the diamond industry to Antwerp in Belgium, the closure of the mines and the near-disappearance of textile, clothing and footwear manufacturing. Also important was the way in which Dutch labour law regulates collective bargaining. In the Dutch system, collective bargaining patterns are much less ‘frozen’ than in Germany, as the idea of exclusive jurisdiction is alien to Dutch industrial relations. Under the 1927 Law on Collective Bargaining, employers are free to negotiate a collective agreement with any bona fide union.<sup>19</sup> If an agreement is reached, it applies not just to the members of the union but to all comparable workers, including members of competing unions. Any union can enter the contest or try to change the agreement, because it is bound by it only if it is among the signatories. For this reason, employers prefer to bargain with all relevant unions together, resulting in the typical pattern of single-table bargaining with two to five unions. While it may happen that two FNV unions participate in the same bargaining process, usually one union cedes its rights to the other. The negotiated ‘membership swaps’ in the FNV during the late 1980s served the primary purpose of avoiding bargaining duplication. It is important to note that, unlike the DGB, the FNV has no power of adjudication on jurisdictional disputes, nor is there recourse to the courts.

The pluralism of the Dutch industrial relations system limits the capacity of Dutch unions to operate without voluntary mutual coordination. Since employers have no legal obligation to negotiate, and collective agreements with any union apply *erga omnes* to all workers, unions are always faced with the threat of exclusion.<sup>20</sup> In the absence of a legal right of recognition for unions, coalition-building is the only remedy, and unions are forced to learn to sort out bargaining areas among themselves, without authoritative intervention by their federation. The German system, by contrast, is geared towards establishing and protecting bargaining monopolies for individual unions, conditional on the existence of unambiguous domain demarcations either in union rulebooks or in

federal adjudication. With their bargaining domains more safely established, German unions find it harder to invade each others' territories and may secure their bargaining rights as much through litigation as through cooperation or, for that matter, merger.

There is yet another way in which legal differences affect the pace and direction of union mergers. As pointed out previously, German law makes it difficult for employers to move plants from one industrial agreement to another, especially to one with lower wages or longer working hours. Manufacturing unions interpret this to mean in effect that a union that has once organized a firm retains the right to organize it forever, including subsidiaries which may be 'hived off'. (The wave of union rule-book changes in the 1990s was largely intended to reflect this legal position.) To the extent that the DGB and the labour courts support this view, manufacturing unions are less threatened by membership loss than they might be in other countries. Indeed they may even stand a chance of slowly extending into the private service sector, as the firms they have traditionally organized expand or hive off their tertiary activities. Conceivably there is as a consequence less pressure for 'old' manufacturing unions in Germany to merge specifically with unions in 'new' service industries. This may explain why up to now the present merger of the Dutch IB with DiBo has no parallel in Germany.

### **In Search of Organizational Viability**

Neither in Germany nor in The Netherlands is the current restructuring of the union movement driven by a *sectoral* logic. After the war, unions in both countries started out with a principled reform of their organization, anchored in a concept of industrial sectors as organic units of industrial governance. But in neither country was the principle of industrial unionism, for all its apparent neatness, capable of precluding untidy borders, domain overlaps, and huge size differences between individual unions. In subsequent years, unequal development of 'sectors' caused by economic and technological change increased the problems; while the demise of political projects of 'organized capitalism' or 'economic democracy' based on self-governing vertical sectors deprived unions of institutional reference points that could have helped them operationalize clear sectoral boundaries for organizational purposes.

Apart from the immediate postwar years, attempts to impose a strict sectoral logic on union organizational structures were either never made, as in Germany, or failed even where, as in The Netherlands, sectoral reorganization became the project of powerful union federations. In the Dutch social-democratic federation in particular, the autonomy of affiliates was low, and rebellious unions could expect to have their external ties cut and their resources and legitimacy withdrawn. Moreover,

an expelled union would be banned from collective bargaining, and the federation would not hesitate to organize a new union to take over its business, as happened in the case of the draughtsmen. But even this proved insufficient to defend sectorally based trade unionism, and increasingly so as more and more companies, in the rapid restructuring of the 1970s and 1980s, expanded their activities beyond what in the postwar era had been regarded as organic sectoral boundaries.

Indeed the limited capacity of 'objective' sectoral distinctions to inform union domain demarcations is shown by the longevity of German 'industrial unionism' after the war, regardless of both its original inconsistency and its growing mismatch with a changing structure of economic activities. Accordingly, the mergers of the 1990s among German unions, not to mention Dutch unions, did not lend themselves to justification in terms of industrial unionism, although this rationalization was proposed. The wood workers, who covered also plastics manufacturing, might have joined the chemical workers and the construction workers just as well as, or indeed more appropriately than, the metal workers. The same holds for the textile and clothing workers, who could have united with the leather workers and the chemical workers. The argument that their industries also supply parts for the car industry and that this was a reason to merge with IG Metall was not taken seriously either by observers, or probably by the participants themselves.

The organizational transformation of German and Dutch unions is not explained by a *political* logic either. In The Netherlands, the social-democratic and the Catholic currents amalgamated in the early 1980s, which was apparently easier to accomplish than a cross-industry merger like that between IB and DiBo. In Germany, where formal political divisions did not re-emerge after the war, DGB industrial unions came to be informally associated with different political tendencies; but this was of little consequence in the restructuring process. While the merger between the miners (IGBE) and the chemical workers (IGCPK) may originally have seemed to indicate the formation of a more conservative counterweight to IG Metall within the DGB, later mergers, like that between the textile and clothing workers (GTB) and the metal workers, or between the leather workers and the chemical workers, brought together unions of quite different political complexions. Politics would also militate in favour of IG Medien joining IG Metall, which up to now has conspicuously failed to happen. Instead, DAG and HBV are working hard to make their members and activists forget decades of hostilities, in preparation for merger (regardless of the fact that, allegedly, the Christian Democratic CDU would like to see the only major union outside the DGB retain its independence).

In The Netherlands, the union for the food processing industry has consistently defended a position to the left of the IB, which after a radical period in the 1970s became a leader in pragmatism in later years. On

political grounds, an alliance with the Transport and Service Union against the IB would therefore have been more likely, but this would have been an 'alliance of the poor'.

We argue that the current restructuring of mature union systems in The Netherlands and Germany is driven not so much by sectoral or political factors as by a search for *organizational viability*. This in turn is primarily a matter of scale, or more precisely, of attaining a minimum absolute size. Apart from exceptional conditions that allow for organizational viability in spite of small size, mature unions like those in The Netherlands and Germany therefore sacrifice internal homogeneity for scale, as the problems of managing an internally diverse membership and interest base seem less critical for them than those caused by small size. Since restructuring in pursuit of organizational viability is an adaptive process, it continues only until the necessary scale is reached, and then comes to a halt.

Conceiving union organizational restructuring as a search for organizational viability makes it possible to explain a number of observations in the two countries, in addition to the limited significance of political cleavages and sectoral boundaries, that a sector-structural or political explanation cannot account for.

First, small unions are under greater pressure to offer, or 'supply', themselves for a merger than large unions. As organizational viability is more likely to be achieved if they merge with a large union, mergers tend to be *asymmetrical*, with small unions joining large ones. Large unions, in turn, may have a variety of reasons to expand their domain through merger, even if they are already organizationally viable on their own. They are likely to prefer merging with a small union, as this ensures that the merger takes place on their terms and least disturbs their internal order. Only where large unions do not exist, or where they are not large enough to be organizationally viable, as in The Netherlands, are the parties to a merger likely to be of similar size.

Second, unions enter mergers *intact*, as a whole. If they cannot avoid giving up their organizational independence, they do not dissolve into more than one receiving union, even if sectoral conditions may suggest this. In neither of the countries examined has a union split to merge with two or more other unions. One reason for this seems to be that the larger a union at the time of a merger, the greater its bargaining power in relation to the receiving union, and the stronger its future position inside that union. Typically merger agreements concede to the entering union a residual autonomy inside the new, joint organization, enabling it to some extent to retain its own identity. Empirical merger patterns and the way mergers are consummated thus support the explanation of union restructuring as an adaptive process in search of organizational viability.

Third, organizationally viable unions are also unwilling to give up parts of their domain, even if this would not detract from their viability and

would make them more internally homogeneous. As the Dutch federations discovered, unions are able to prevail over even the most powerful peak associations if these try to redraw their boundaries in a quest for a more 'rational' pattern of organization. In the German case, the desire and capacity of existing unions to protect their *organizational integrity* prevents the formation of an 'industrial union' for the private service sector or the financial sector, which would inevitably require a number of unions, above all ÖTV, to be carved up.

Fourth, union mergers result from strategic decisions of individual unions in response to their specific organizational constraints and opportunities. To this extent they are *singular* and *uncoordinated* events. The proposal in 1995 by the 'five little tigers' to transform the DGB from a federation into a unitary direct membership organization with internal industrial subsections, on the model of the Austrian ÖGB, was therefore bound to fail. While the reorganization plan would have been well-suited to accommodating the increasingly 'de-sectoralized' structure of enterprises and the economy, it would in effect have required a simultaneous merger of all affiliated unions, organizationally viable or not, into the DGB. Note that exactly the same proposal had failed in The Netherlands in 1969 and that similar attempts to engineer a reorganization within the FNV came to naught in 1987.

Fifth, the demand for mergers on the part of receiving unions, which are typically large, seems to be limited by considerations of *cost* and *internal integration*. Absorbing other unions or amalgamating with them places a strain on finances and organizational structures. Internal organizational arrangements must almost always be adjusted to accommodate increased diversity.<sup>21</sup> Large unions may therefore be hesitant to take in more than a limited number of smaller unions at the same time. For example, in Germany IG Metall may be busy for the next few years coping with the consequences of the integration of GTB and GHK, and may therefore no longer be in the market for mergers.

Sixth, constraints on the absorption capacity of receiving unions may also explain why mergers seem to proceed in *waves*, as they clearly did in The Netherlands. After an initial number of mergers, the new, expanded unions that result may first have to sort out the ensuing problems of internal restructuring before they can envisage further mergers, regardless of whether or not the 'market' for mergers has been cleared. Small unions seeking organizational viability through joining larger ones may thus find themselves competing for a limited number of merger opportunities. This may result in a panic among small unions afraid of being left behind as a merger wave proceeds, which in turn must reinforce the bargaining position of their larger counterparts.

Seventh, multilateral coordination and cooperation among small unions is rare, and in particular seems to offer no alternative to one-by-one

mergers with larger unions. Large unions seem to prefer negotiating mergers with one small union at a time, rather than with coalitions of small unions, probably since this increases their bargaining power.<sup>22</sup> Small unions for their part seem unable to form pre-merger coalitions, very likely because of intense competition for scarce merger opportunities, the potentially severe consequences of being left behind, and the fact that any union could in principle join any other union regardless of sector.

Similar factors seem to stand in the way of cooperative solutions to the problem of insufficient organizational size. In the 1990s there were several attempts by smaller affiliates in both the DGB and FNV to cooperate with each other organizationally, for example by merging their research or public relations departments or by sharing local offices, in order to avoid having to seek a merger with a larger union. But undertakings of this sort never got far, partly because of the high coordination costs caused by the need always to reach unanimity between several independent organizations. Cooperation was also obstructed by a lack of trust, reflecting the potentially high rewards of individual defection while the others continued to cooperate. This in turn seems to have made participant organizations hedge on their investment in the cooperative relationship. In fact, as we have seen, cooperative alliances between small DGB and FNV unions were often disrupted by one of their members suddenly announcing a possible merger deal with another, larger union not involved in the cooperative enterprise.

Eighth, small unions try to avoid mergers as long as they possibly can. In both countries there are examples of unions that seem to be organizationally viable in spite of comparatively small size, which allows them to stay conspicuously out of the merger market. The main distinguishing characteristic of these unions, which seem to be exempt from the need to reach a minimum absolute size, seems to be that they organize a highly cohesive occupational group rather than a 'sector'. In addition they or their members typically enjoy special institutional privileges, such as strong organizing rights or opportunities at the workplace, or particularly strong rights of job tenure. As a consequence, their costs of recruitment, service provision and representation are low. The domains of such unions are typically in or close to the public sector. In both countries, the unions of teachers and police seem to fall in this category. While in The Netherlands there is in addition a union of military officers that seems to be in the same situation, in Germany the category may also include the railway workers, who even after the privatization of the Bundesbahn continue to be a *de facto* company union in a firm with strong co-determination rights.

## Consequences

### Conglomerate Unions

The unions that result from mergers are internally highly heterogeneous. Like conglomerate firms, they straddle and indeed disregard sectoral boundaries. Conglomerate unions represent a new balance between the economics and the politics of union organization. Their rise seems to indicate that generic union services have become (or always were) more important, and that collective member identity has become (or always was) correspondingly less central to unionization than has often been assumed (Goldthorpe et al., 1968; Klandermans and Visser, 1995; Van de Vall, 1970). Nevertheless cultural identities, and especially incompatibilities, have not become irrelevant. While officials do not in principle doubt the possibility of cross-sectoral mergers, they are aware that some of their members may not feel comfortable in a joint organization.<sup>23</sup>

Conglomerate unions face new demands with respect to their management of internal diversity, where they seem to be subject to a dialectic of centralization and decentralization. Having sacrificed political homogeneity for economic efficiency, conglomerate unions have only a limited capacity to speak with one voice for all their members. While membership demands for generic services both compel and enable unions to build encompassing organizations that extend beyond sectoral and cultural boundaries, differences in members' interests and identities require diversified policies, especially in collective bargaining. Union mergers thus tend to result in centralized service provision and decentralized representation and participation at the same time.

In particular, conglomerate unions typically negotiate separately for different membership sections with different (groups of) employers. This is why a unitary organization like IG Metall is likely to find it comparatively difficult to incorporate take-overs from outside its original sector. The same cannot be said of unions like IG Chemie in Germany or the IB in The Netherlands, both of which have inherited the tradition of the *Fabrikarbeiterverband* (factory worker association) which organized across all process industries and therefore had from early on to allow for internal sectoral differentiation. A German union that was always in many respects a conglomerate union is, of course, ÖTV.

Generally, Dutch unions seem to be better prepared for conglomerate unionism than their German counterparts. In part because of the pluralism of the Dutch collective bargaining regime, unions like IB, AbvaKabo and DiBo are accustomed to negotiate 10 or more sectoral agreements and 100 or more company agreements each year. Decentralization of collective representation in conglomerate unions is, of course, reinforced by general trends away from pattern bargaining and towards smaller bargaining units, down to individual companies.

Whether or not the decentralization of bargaining policies in union conglomerates will result in higher wage differentials is an open question. As long as conglomerate unions operate a combined strike fund – as all of them do – they must to some extent centrally coordinate their sectoral bargaining strategies. Small groups of members cannot be allowed to strike at the expense of the common strike fund for wage demands far in excess of what the same union can achieve for other members. Also, members threatened by a deterioration in their position in the wage hierarchy are likely to be unwilling to contribute to a strike fund that is used to their disadvantage. To prevent opportunism and protect organizational cohesion, negotiations are therefore typically handled by appointed full-time officials controlled by headquarters and not attached to specific subsections of the membership, and the procedures for the ratification of claims and settlements become a critical constitutional issue. The experience of IB in The Netherlands, which is involved in numerous sectoral collective agreements, seems to show that a multi-sectoral union need not lose its ability to coordinate wage demands, and there is no sign that inter-sectoral wage differentials have in fact increased as a result of union mergers.

Central coordination in conglomerate unions is also required for organizing purposes. To exploit optimally the match between old assets and new membership markets, a conglomerate union must be capable of a ‘corporate policy’ of cross-subsidization, in which resources are mobilized for and shifted to markets where the union has a potential for growth. This requires central office discretion over the use of resources, as well as a competent staff capable of locating strategic opportunities. To be able to expand into under-organized but strategically important new membership markets, conglomerate unions must engage in a sort of ‘portfolio management’ (Willman et al., 1993: 215), which they can do only if their leaders can to some extent act independently from the sectional interests of the members.

### **A New Pattern of Inter-union Competition**

The emergence of new economic sectors, the diversification and vertical disintegration of firms, and the privatization of much of the public sector have once and for all eroded whatever sectoral logic there may have been to union domain demarcations. In Germany and The Netherlands, this has resulted in inter-union competition on an unprecedented scale, with all unions poised in principle to claim jurisdiction in any economic sector and to enter the territory, actual or potential, of any other union.

Union mergers internalize and thereby end some of the resulting jurisdictional conflicts. But short of the formation of ‘one big union’, they will not end all of them. As the definition of union territories becomes

arbitrary, the new conglomerate unions are likely to find themselves in conflict with each other over numerous subsectors and companies. In contrast to the situation in an industrial union structure, however, with its claim to systematic consistency, conglomerate unions with their more or less accidental mixes of members and domains can afford to deal with such conflicts pragmatically, negotiating a subdivision of the 'market for unionization' so as to avoid ruinous competition. This is all the more likely after mergers have produced unions that are large enough to be organizationally viable, and therefore are not threatened in their existence by the loss of any one of their areas of organization.

As suggested by the Dutch case, conglomerate unions which have learned to operate a differentiated collective bargaining system seem to be better than unitary or single-industry unions at sharing negotiating rights with other unions in contested areas. Under joint bargaining, all unions with members in a given bargaining area form an integrated negotiating committee (which is called a *Tarifgemeinschaft* in German law) and sign a common agreement for their members. It is possible that the greater tolerance for domain overlaps that is typical of conglomerate unions will in future lead to more frequent use of such arrangements in Germany.

### **Changing Relations Between Affiliates and Peak Associations**

Conglomerate unions have incentives to internalize functions previously performed by their federation. The larger a union, the more specialized its full-time staff can be. As a result the union itself can economically perform tasks, such as research or legal services, which smaller size unions need to undertake jointly with others through a peak association.

One reason why large conglomerate unions may be inclined to re-internalize shared tasks is that this enables them to tailor their performance to their specific needs. More important, however, seems to be the excessive number of full-time staff that unions typically have after a merger. To the extent that such staff entail fixed costs, it is rational to give them something to do. If this duplicates activities performed at federal level, peak association services become dispensable, and the fixed costs of excess staff may in principle be recovered by cutting the union's contribution to the federation. Indeed it seems that in hard economic times the easiest way for an organizationally viable union to increase its disposable income is by lowering its payments to its peak association. Currently affiliates pay 12 percent of their subscription income to the DGB, and 15 percent to the FNV, and in both federations discontent at the level of contributions runs high among affiliates.

In both countries, contribution levels are regulated by the statutes of the federation. In the DGB and the FNV, changes require a two-thirds majority of delegates at the annual conference. Up to now this majority

has been unattainable as the small unions do not want the federation to have to cut its services. From the perspective of their larger counterparts, including those that will soon become large through merger, a realignment of funds and tasks from the federation to its affiliates may seem a natural method of avoiding duplication of effort; that it may result in new duplication between affiliates would seem acceptable as the costs of the staff performing the newly internalized functions are fixed. From the perspective of the small unions, however, it reduces the services they receive from the federation, which in effect means a loss of vital financial support from the larger to the smaller unions.

One way for the large unions to secure a majority for the reduction of contributions to the federation is to take over smaller unions, as voting in DGB and FNV congresses is by size of membership. In fact the main reason why IG Metall, which already has an oversized staff, took over a poor union like the wood workers may well be that this takes it and the other large unions closer to a two-thirds majority. Not only would a reduction of DGB contributions be the most effective way of improving IG Metall's financial condition in the short run, raising its disposable income by several percentage points. In addition, it would also dramatically increase the pressure on the five remaining small unions to agree to a merger. This is because the only access small unions have to economies of scale is through the joint performance of tasks at federation level. As large unions begin to re-internalize tasks, they in effect make it impossible for small unions to offer their members services at acceptable prices, thereby reducing the price receiving unions will have to pay for future mergers.

As conglomerate unions grow in size, they become both more similar in their membership profiles and more organizationally self-sufficient and politically independent. While the heterogeneity of their membership begins to resemble that of a peak association (although it will probably never equal it), the fact that unlike a peak association they have direct members makes them more unified collective actors, regardless of whatever internal differentiation they may have to institute. Such organizations are hard to govern by a peak association. To the extent that the affiliates of a union federation all turn into large, organizationally self-sufficient conglomerate unions, the peak association in its traditional form will therefore cease to be of use, also in its role as the extended arm of a dominant affiliate governing the others.

For DGB and FNV, the rise of conglomerate unions would probably end once and for all their claim to an autonomous political mandate entitling them to speak with authority for all their affiliates, even insofar as that claim was based on no more than the overwhelming power of one union, IG Metall in Germany or IB in The Netherlands. A restructured peak association in a world of union conglomerates would probably be

limited to mediating between its members, especially as these face political interlocutors, like the national government or the European Union bureaucracy, vis-à-vis which they may wish to suspend their differences and speak with one voice. A peak association of this sort will probably need very few officials; a council of affiliated organizations rather than a conference of delegates; and a general secretary appointed unanimously by its affiliates rather than a president elected by a political conference.

## NOTES

- 1 Until recent decades, Dutch society was strongly marked by the institutional separation between the three religious–ideological groups in a system known as *verzuiling* or ‘pillarization’.
- 2 To this end, they decided to levy uniform membership subscriptions (2 percent of gross weekly wages), to establish uniform death benefit funds and, for female members, marriage benefits (Lammers, 1951: 84). They also agreed that affiliates would not accept members who had been expelled from one of the other two federations.
- 3 The law created a three-tiered structure of consultation: at the top a tripartite Social–economic Council to advise the government, in the middle a set of bipartite Industry or Product Group Boards to control prices, wages and investment decisions, and at the bottom works councils that included the employer.
- 4 The two white-collar unions in the NKV decided to leave in 1973, anticipating that they would be unable to maintain their separate status in a merger with the NVV. They teamed up with unions of managerial staff and senior civil servants in a new Federation of White-Collar and Senior Staff Unions (VHP), founded in 1974.
- 5 In early 1996 the FNV represented 62 percent of all union members, the CNV 18 percent. The VHP adds another 8 percent and a fourth centre, AVC, 6 percent. The latter organization, which comprises about 40 occupational unions mainly in the public sector, will amalgamate with the FNV in the course of 1997, and its largest affiliates will join the respective FNV unions. A minority will form a new independent centre with occupational unions of nurses, train drivers, pilots, air traffic controllers, banking staff and the like.
- 6 Nearly the same structural diversity of affiliates is found in the CNV, though it does not organize professional footballers, hotel and restaurant workers and navy officers who all work on Sundays.
- 7 Combining the old wealth of the miners, diamond and metal workers, IB is the richest Dutch union. Together with the construction workers it represents roughly two-thirds of the total wealth of the FNV (Dubois, 1987). The AbvaKabo and the printers are also relatively well off.
- 8 Aggregate membership dropped by one-sixth between 1979 and 1986, and union density fell by more than 10 percentage points to 25 percent.

- 9 The pressure on the union is strong because its domain is shrinking and the closed shop for manual workers is rapidly losing its significance as a consequence of technological and organizational changes. Printing is the only industry in The Netherlands with a formal closed shop, which has existed since 1912.
- 10 Strong provisions for union security, for instance paid time off for workplace representatives and a role in conflict resolution procedures, have helped the unions for teachers, police and military officers; hairdressers benefit from their participation in bipartite training and licensing boards; journalists, artists and merchant navy officers from a strong sense of occupational identity; professional footballers from their control of the transfer system. It is no coincidence that together with the printers these are the most highly unionized groups in the Dutch labour market, with density rates up to 90 percent.
- 11 The current merger wave in the FNV has speeded up plans in the CNV to share offices and staff. Various amalgamations are being prepared, and a future merger with FNV unions is no longer out of the question. It is worth noting in passing that the pattern of union formations and mergers among the three traditional union federations in The Netherlands is a fine example of imitative behaviour between organizations.
- 12 The number of industrial unions in the East German FDGB was similarly small, for the same reasons.
- 13 Notwithstanding regional differentiation of agreements, which exists largely for tactical reasons. IG Metall also signs individual agreements with employers that do not belong to an employers' association; its policy, however, is to make those agreements as similar as possible to the industry-wide agreement. That there is a separate agreement for the steel industry is not of the union's choosing and has to do with the existence of a special form of board-level co-determination (*Montanmitbestimmung*) in that sector.
- 14 The situation is of course different if one of the unions involved is not affiliated to the DGB. However, in the few cases where such unions exist they are normally too weak to be legally recognized as viable collective bargaining agents.
- 15 The close connection between union structure, collective bargaining and labour law in Germany is demonstrated by the case of Agfa Gevaert. When it was an independent firm, Agfa – which mainly made cameras – was organized by IG Metall. When it was taken over by the chemical company Bayer, IG Chemie agreed that Agfa should stay with IG Metall. In 1989, however, Agfa resigned from the metal employers' association and joined the chemical industry association. When IG Chemie subsequently tried to take over the union members at Agfa, IG Metall took the company to court and IG Chemie to the DGB disputes committee. The committee ruled in favour of IG Metall, in line with its practice of adjudicating in favour of the established union. Its decision was, however, contested by IG Chemie which had already signed a company agreement with Agfa, on the grounds that the DGB had never issued clear guidelines on the allocation of firms to industries and industrial union domains. Further mediation attempts were

- without success. In a decision by the Federal Labour Court in September 1996, the matter was settled in favour of IG Metall. In line with the decision of the DGB disputes committee, the collective agreement between Agfa and IG Chemie was found to be flawed, and IG Metall was declared the only representative union. In March 1997, IG Chemie took the issue to the Federal Constitutional Court, arguing that the DGB statute interfered with freedom of association.
- 16 Firms offering telephone services in Germany now include the former post office, Deutsche Telekom, which continues to be organized by the union of postal workers (DPG); the steel and engineering conglomerate, Mannesmann, which is organized by IG Metall; the privatized railway company, Deutsche Bahn; and several newcomers, especially in the mobile phone sector.
  - 17 Which continued to be in economic difficulties, in spite of its early merger. Its predecessor, IG Druck und Papier, had lost almost all its assets in costly large-scale strikes in the 1980s, and IG Medien is apparently still heavily in debt to IG Metall, which seems to have kept the printers solvent during the strikes.
  - 18 Both organize almost exclusively public servants (Beamte), which among other things means that they do not need to maintain a strike fund as public officials have no right to strike. This greatly relieves their financial situation.
  - 19 Requirements for attaining this status are minimal: a new union must register under the law on associations in order to receive 'royal approval'; organize a proper annual meeting; have financial means; and acquire a 'legal personality'.
  - 20 Exclusion does not happen often, but frequently enough to make the threat real. For instance, the two 1996 Philips agreements (for production and office staff) have been signed by the VHP unions only; Heineken used the disagreement between CNV and FNV to exclude the latter; similar cases have occurred in railways, banking and furniture (IKEA) where a company union was 'dressed up' to exclude the traditional unions.
  - 21 In some cases, as in that of the Dutch AbvaKabo, a large union may refuse to merge with a smaller one if it feels that this would compromise its organizational principles. In Germany, this prevented a return into the DGB by the DAG, which made the attempt several times in the postwar period.
  - 22 This was one of the reasons why the four merging unions in The Netherlands rejected the bid by the construction and wood industry union to join them. The Dutch case offers a rare example of multilateral merger negotiations, with the largest union roughly the same size as the others combined. Our observation of the current merger negotiations suggests that IB, as the dominant union, is careful to avoid the creation of a joint bloc with which it would have to negotiate and that the three smaller unions are unable or unwilling to form a coalition amongst themselves.
  - 23 As has been noted, officials of the DGB service-sector union, HBV, and the white-collar union, DAG, have long been secretly discussing merger plans, in spite of a history of acrimonious ideological conflict. The main reason why a merger has not as yet come to pass seems to be the fear of officials on both sides that large numbers of their members, and in particular their

activists, may not be prepared yet to bury the old enmities. Note also the fact that unions with a strong professional identity that are organizationally viable on their own prefer to remain independent. Other examples are the continuing tensions inside IG Medien between printers and journalists, the survival of a strong professional association of journalists outside the DGB, and the refusal of a number of small professional associations in the AVC to join the FNV.

## REFERENCES

- Dubois, J.H. (1987) 'De financiële grondslagen van de vakbeweging', in L. Hendriks and J. Sprenger (eds) *Het nieuwe huis van de vakbeweging*. Woerden: Bouw-en Houtbond FNV.
- FNV (1987) *FNV 2000*. Amsterdam: FNV.
- Goldthorpe, J.H., Lockwood, D., Bechhofer, F. and Platt, J. (1968) *The Affluent Worker. Industrial Attitudes and Behaviour*. Cambridge: Cambridge University Press.
- Klanderfans, B. and Visser, J. (1995) *De vakbeweging na de welvaartsstaat*. Assen: van Gorcum.
- Lammers, C. (1951) *De vakbeweging en haar problemen*. Amsterdam: de Bussy.
- Van de Vall, M. (1970) *Labor Organizations. A Macro- and Micro-sociological Analysis*. Cambridge: Cambridge University Press.
- Visser, J. (1990) *In Search of Inclusive Unionism*. Deventer and Boston: Kluwer.
- Willman, P., Morris, T. and Aston, B. (1993) *Union Business. Trade Union Organization and Financial Reform in the Thatcher Years*. Cambridge: Cambridge University Press.
- Windmuller, J.P. (1969) *Labor Relations in the Netherlands*. Ithaca, NY: Cornell University Press.

**WOLFGANG STREECK** is Director at the Max Planck Institute for the Study of Societies, Cologne.

**ADDRESS:** Max-Planck-Institut für Gesellschaftsforschung, Lothringer Straße 78, 50677 Köln, Germany. [e-mail: [streeck@mpi-fg-koeln.mpg.de](mailto:streeck@mpi-fg-koeln.mpg.de)]

**JELLE VISSER** is Associate Professor of Sociology, University of Amsterdam.

**ADDRESS:** Universiteit van Amsterdam, Sociologisch Instituut, Oude Hoogstraat 24, 1012 CE Amsterdam, The Netherlands.  
[e-mail: [visser@pscw.uva.nl](mailto:visser@pscw.uva.nl)]