

# **CHANGES IN NATIONAL TRADE UNION STRUCTURES**

**Organisational restructuring by mergers in Central  
and Eastern Europe, Germany, the U.K., and Australia**

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*DWP 2003.02.02*

*“Trade Unions enter the new Millennium with confidence in our principles and values, and in our ability to re-fashion, re-focus and continually re-energise our movement. And we must become stronger and more effective if we are to realise our vision.”*

(Extract from a Statement adopted by the 17<sup>th</sup> World Congress of the International Confederation of Free Trade Unions - Durban, April 2000.)

The ICFTU World Congress in 2000 launched the Millennium Review of international trade union priorities, strategies and structures, to stimulate a broad and inclusive debate about future directions for the international trade union movement.

The European Trade Union Institute was approached by the ICFTU to carry out research and analysis on four key issues relating to possibilities for and constraints on trade union action on a number of issues, specifically:

- the information economy
- young workers
- migrant workers
- trade union mergers

A researcher, Mr Marcus Kahmann, was contracted by the ETUI to carry out this research and produce a report on each of the themes. The reports were compiled following surveys of the available literature and interviews with trade unionists.

Given the complexity of the issues covered, and the limitations on time and resources, each report includes information from a few selected countries. The reports are not intended to be comprehensive – rather, they seek to stimulate debate and further analysis, including through the identification of aspects on which new research would be particularly useful. Comments and suggestions for follow-up work may be directed to the ETUI ([etui@etuc.org](mailto:etui@etuc.org)), to the ICFTU ([press@icftu.org](mailto:press@icftu.org)) or to the author ([kahmannma@gmx.de](mailto:kahmannma@gmx.de)).

For information on other aspects of the Millennium Review, including research reports on other topics, please contact the ICFTU ([press@icftu.org](mailto:press@icftu.org)).

This work was carried out using funds from the International Labour Organisation under a project financed by the Ford Foundation.

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ISSN 1025-2533  
D-2003-3163-27

The ETUI is financially supported by the European Commission.

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## **1. Introduction<sup>1</sup>**

Since the 1990s, the rationalisation of union structures, particularly by mergers, has increasingly become a top-priority item on trade union agendas. This holds for Western-type, 'mature' unions operating in advanced capitalist systems<sup>2</sup> as well as for unions in the ex-communist countries of Central and Eastern Europe. Many of the symptoms of organisational decline in the East and the West are similar: membership losses, usually accompanied by financial strain; inter-union rivalry and competition; and relative powerlessness against government or employer policies usually underlie the decisions of key union officials to rationalise union structures. However, both the different historical background (communism and the fight against it) and the particular conditions of economic, political and social transformation provide a different mould for the debate and practice of organisational reform in Central and Eastern Europe (CEE), leading to different rates and forms of organisational change.

The aim of this exploratory report is to shed light on the major reasons and motivations behind the current drive towards organisational adjustment and to indicate some of its outcomes. I will address these questions in two steps. The first section charts the current state of trade union organisation in CEE and portrays some of the major challenges to which unions are exposed. It will also outline some directions of internal and external organisational reform and present some of the still relatively rare attempts at organisational restructuring. In so doing, it will focus on Poland, Hungary and the Czech Republic, while occasionally also including evidence from other countries of the region.

The second section on union organisational restructuring in Western industrialised countries will refer, more specifically, to a certain type of organisational rationalisation, namely, union mergers, whether in the form of acquisitions or amalgamations (Waddington and Visser 1997). I will observe merger events in three countries: Australia, Germany, and Great Britain. The two European cases will concentrate on the birth of the two 'super-unions' Ver.di and Unison; the Australian case will be evaluated in its national profile during the 1980s up to the mid 1990s. I will outline the main features of union structures in these countries; chart the specific organisational, legal, political and economic context that made union leaders consider a merger; and, finally, highlight some post-merger developments, concentrating on issues of the merger debate, intra-organisational integration and inter-union relations in the aftermath of the merger. A final section will identify major similarities between the cases and outline some of the problems and achievements.

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<sup>1</sup> The author is grateful to those trade unionists who shared with him their views and experiences on the issue. For useful comments on an earlier draft particular thanks are due to Jeremy Waddington.

<sup>2</sup> This trend is far less apparent, e.g. in Southern Europe.

## **2. Towards organisational reform? Challenges to trade unions in Central and Eastern Europe**

The disintegration of the administrative command-system after 1989, the collapse of the communist parties, large-scale privatisation programmes, trade liberalisation and the transition to liberal market policies have led to profound changes in the political, social and economic environment in which enterprises, workers and trade unions in CEE operate. It seems as if the organisational structures, which either emerged from the anti-communist struggle or were inherited from the communist forebears, are finding it increasingly difficult to respond effectively to these changes, as both are, albeit in different ways, ‘haunted’ by the legacy of communist unionism. I will therefore initially give a brief account of its distinctive nature.

### **2.1. The legacy: structures of communist trade unionism**

Communist unions differed considerably in form and function from their Western counterparts under industrialised capitalism (MacShane 1994). Under Communism, the employment relationship was regulated primarily by legal provisions under the labour code, and not by collective provision. The narrowly differentiated wages were determined within a highly codified national wage tariffs system that was based on qualifications, seniority and sector.<sup>3</sup> Annual collective agreements had been confined to social issues such as training, health and service, housing, kindergartens, transport to work, and distribution of holidays. At enterprise level, departmental managers and supervisors distributed the wages from a wage fund – a process that included informal bargaining with skilled or strategically important individuals or groups of the workforce (Pollert 1999). The trade unions’ role in these bargaining processes with the enterprise administration was at best an advisory one, and more often than not no more than to rubber stamp proposals drawn up unilaterally by administration (Clarke and Fairbrother 1994). The unions’ primary function was to monitor and implement the welfare policies of the communist party on a company level, such as distributing social and welfare benefits, including the allocation of places in sanatoria and vacation centres; kindergartens and pioneer camps; the allocation of housing; and the administration of the bulk of the state social security system. Secondly, they aimed at supporting management and increasing productivity, e.g. by stimulating ‘socialist competition’. As workers commonly disliked this role, unions largely failed to mobilise more than the core of the communist party members and union activists for this purpose (Clarke and Fairbrother 1994). Although unions were nominally obliged to defend the numerous rights of workers in the face of management violation (overtime, health and safety, dismissal, underpayment, etc.), they did so very rarely. Conflicts at shop-floor level were equally not expressed through union representatives, but treated on an individual and discretionary basis between work groups and their foremen and managers. Fundamental to this behaviour was the blurring of the functional frontier between management and unions, as union officers commonly sat on management boards and, in this way, embarked on professional careers in management. Similarly, shop stewards and union activists often held positions of senior managers (Toth 2001).

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<sup>3</sup> Comprising income privileges for Party members and higher wages for the predominantly male workers in heavy industry and mining. Additionally, wages were determined by extra earnings from the informal economy and by the relatively large social wages supplements provided by the state (Pollert 1999).

At the very root of this concept of unionism lay its ‘politicisation’: Unions were regarded as a ‘transmission belt’ between the masses and the communist party and its political and economic objectives. According to socialist theory, autonomous interest representation through unions was not required as Party and working class interests were seen as identical. In order to not to represent merely sectional interests, but the working class as a whole, occupational unionism was rejected in favour of more inclusive industrial unionism. Membership was virtually compulsory, leading to unionisation rates of above 90 percent. In line with the principle of ‘democratic centralism’ of the Communist party, unions were organised on a strictly hierarchical basis and subordinated to the Party on every level.

## **2.2. Emerging trade union structures in the transformation process: fragmentation of interest representation and decentralisation**

Since the demise of the ruling communist parties, the establishment of representative democracy and the economic transformation to capitalism, in some cases actively supported by emerging independent union movements such as Solidarnosc in Poland or Podkrepa in Bulgaria, CEE has witnessed the development of three types of new union structures in the aftermath of 1989 (Pollert 1999): the reformed former communist unions, for example the MsZOSz in Hungary and OPZZ in Poland; newly created unions such as Polish Solidarity NSZZ, FRATIA in Romania or Hungarian LIGA, supporting liberal market policies; and those former unions which were democratised with newly elected leaders, but retained their old structures, such as the Czech and Slovak Trade Union Confederation, CSKOS.

As a result, the formerly monolithic, party-subordinated industrial unionism of CEE dissolved into a decentralised, structurally fragmented and politically divided trade union system (Standing 1997). Pollert (1999) points out that the roots of divisions and fragmentation lie in the pre-1989 revolt: in Poland, for example, the rivalry between OPZZ and Solidarnosc dates back to 1981/82, when the newly formed OPZZ benefited from Solidarnosc’s seized assets during martial law, whereas in Hungary political reforms in 1988 under the last communist government allowed for union pluralism leading to the formation of two new confederations in addition to the communist SZOT: LIGA and MOSZ. These were not, however, admitted to the newly created tripartite National Council for the Reconciliation of Interests (NCRI) established in 1988 and recognition issues, as well as political differences, led to hostility between them. The Hungarian union system fragmented further in 1990, when the SZOT divided into four confederations (ASZOK, ESZT, SZEFE, MSZOSz). In Czechoslovakia a somewhat different development took place when new unions replaced the old communist ones. In March 1990 an All-Union Congress decided to abolish the Revolutionary Trade Union Movement (ROH) and to establish a democratic Czech and Slovak Confederation of Trade Unions (CSKOS) in which, in April, a Czech-Moravian and a Slovak chamber (CMKOS and S-KOS) were established. The ROH’s assets were distributed between the confederations and unions. However, the system became further fragmented with the establishment of a 14-union strong Confederation of Art and Culture (KUK), a communist-oriented Trade Union Organisation of Bohemia, Moravia and Slovakia, a Christian Democratic Movement and several autonomous occupational associations. Even so, due to the dominant position of CMKOS and KOZ-SR, fragmentation had never been as pronounced as in other CEECs. Lithuania provides a similar case of trade union pluralism coinciding with a definite rivalry. Here unions were split up between the reformed Centre for Free Trade Unions, inheritors of the old Soviet trade union movement, and the Lithuanian Workers’

union (MacShane 1994).<sup>4</sup> In Russia, a marked development of independent craft (mining and journalism) and professional unions (Federation of Air Traffic Controllers) took place.

It might be argued that this pluralism reflects the oppression of workers' voices under communism and the determination to break with the organisational forms of communist unionism. Though this might hold true to some extent, the political nature of these formations and their rivalry on ideological grounds point to the overriding importance of the divide along the lines of '(post-) communism/ anti-communism'. These divides are mirrored and amplified by the party allegiances of parts of the union movement in CEE, reflecting at the same time the (communist) tradition of relying on legal provision rather than autonomous interest representation.<sup>5</sup> The tendency to engage in party politics is perhaps most pronounced in Poland, where Solidarity NSZZ played an active political role as a political party/movement/union in promoting the rapid privatisation and deregulation of the former state-run economy. Moreover, its opponent OPZZ also entered into political allegiance when it co-founded post-communist SLD and became represented in the parliament with 70 seats in 1993. Consequently, they subordinated themselves to the neoliberally geared reform policies of the SLD in dismantling social services and introducing pension reductions (Pollert 1999). As trade unions often still represent the most numerous and (potentially) powerful national mass organisations in CEE, in some cases politicians not only actively sought to co-opt them for their own purposes, but tried to create their own unions as in the case of Prominana in Bulgaria (ruling UDF product). The explicit political non-alignment of Czech CMKOS, meanwhile, represents an exception to the rule.

While it is hard to evaluate unions' success in influencing government agendas by entering into politics, the organisational consequences of such a strategy, e.g. in Poland, Bulgaria, Romania or Lithuania, are obvious. First, government involvement created considerable internal tension when unions were promoting deregulation and restructuring policies unfavourable to the workforce. In the case of Solidarnosc NSZZ this even led to a split of the organisation with the formation of Solidarnosc 80 in 1990.<sup>6</sup> Moreover, the perception of unions such as NSZZ, OPZZ or Podkrepa as political entities allied to political parties rather than workers' organisations led to a loss of credibility in the eyes of their membership and the public in general (O'Brien 2001). Thirdly, the ideological polarisation of trade unions hampers possible cooperation in the face of growing employer resistance. It has to be emphasised, though, that in recent times the disillusionment with social-democratic and liberal-conservative government politics and the growing symptoms of a severe organisational crisis of national unions, have provoked attempts at rapprochement all over the region. In a structural sense, the widespread organisational fragmentation weakens workplace, sectoral, regional, national (tripartite) and international level interest representation (Kohl, Lecher and Platzer 2000).<sup>7</sup>

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<sup>4</sup> The scenario of union pluralism has not been repeated in the former Soviet Republics, especially in the Caucasus and Central Asia, where communist union organisations have remained dominant (O'Brien 2001).

<sup>5</sup> Organising and campaigning had never been an issue for unions under communism as 95 to 97 per cent of the workforce was systematically affiliated. Some commentators therefore speak of an "unawareness" of their power (MacShane 1994).

<sup>6</sup> The (smaller) Solidarnosc 80 returned to the original trade union constitution of 1980.

<sup>7</sup> The experiences of British multi-unionism over the last two decades, characterised by difficult labour market conditions, point in the same direction and have also been a stimulus for union rationalisation.



The fragmentation of national unionism is amplified by another trend in CEE, namely, the growth of company unionism and in particular the rise of unions controlled by the employer. Today, in some large Polish companies, for example, as many as eight union organisations seek to represent workers' interests. It may be argued that this development is fostered by the identification of parts of the existing trade unions with government policies and restructuring, causing certain disillusionment amongst workers. But two at least equally important factors have to be taken into account. Firstly, enterprise unionism, characterised by a strong involvement in firm management, was already – as shown above – a feature of the communist era. This organisational and attitudinal propensity towards a company-based unionism (however rid of centralist control) has probably facilitated the growth of company unions. This has resonated with employers' interest in restricting bargaining to the company level and their interest in dividing the workforce by promoting a competitive multi-union environment or setting up their own unions. The absence of relevant employer organisations (except in Slovenia) ready to enter into multi-employer bargaining corresponds to this development, as do the decentralised structures of the established unions. Government legislation has been – in line with World Bank development policies – equally favourable to the creation and recognition of company unions (Pollert 1999).

In Russia management-friendly company unions from the leading Russian transnational enterprises in the energy sector (such as *Lukoil*) have recently started to organise themselves more politically by setting up their own association. This management-controlled association has started to incorporate company unions, which were already organised in the major Russian union confederation FNPR, causing a duplication of structures. As these company unions offer cross-border membership to their re-located transplant workers, ICFTU is concerned that management-controlled company unionism might thus spread further and that the reform of unionism will be undermined in the receiving countries such as Bulgaria or Romania as dues from these high-income workers will be withdrawn.

The **internal structure** of unions in CEE is just as varied as their external structure. The decentralised nature of unionism has already been mentioned: unions in CEE are commonly organised as legally and financially highly autonomous workplace branches. They generally keep around three-quarters of union dues (one per cent of members' net income), leaving confederations short of income. As a result, federations as well as regional or sectoral structures are relatively badly resourced and hence restricted in their action. In addition, confederations often witness a duplication of unions in the same sector; for example one of ICFTU's Bulgarian member confederations affiliated eight metalworker unions.

Those unions that evolved from anti-communist struggles, such as Podkrepa or Solidarnosc, are commonly organised as 'general unions'. They rejected setting up their unions along industrial or craft lines as these principles had in the past been used for 'divide-and-rule' policies by the communist apparatus (e.g., while metalworkers had better access to cars, miners got cheaper meat and refrigerators), making solidarity more difficult between workers. General unionism was seen and indeed became – at least in Poland – a way to achieve cross-sectoral solidarity and to bring together the white- and blue-collar workers to form a mass movement. Accordingly, powers were located on the regional and confederal level, while the implemented professional structures remained weak. Post-communist unions however, which were taken over by democratically elected leadership, have tended to stick to an organisation along industrial lines (MacShane 1994). The Baltic unions, under the

influence of the Scandinavian ones, developed structures characterised by a divide between the private and public workers, which nowadays makes solidarity between the two areas more difficult.

### 2.3. Major organisational challenges and directions of organisational reform

Since 1989 international financial institutions such as the IMF and the World Bank, as well as major political actors like the U.S. and the European Union, have heavily influenced the general shape of CEEC countries' transformation policies. The basic principles of neoliberal shock therapy were "privatisation – stabilisation – liberalisation".<sup>8</sup> More recently, the regulatory influence of the EU in the region has been strongly growing in the context of its Eastward enlargement policies (Böhle 2000). To receive financial support and to achieve timely accession the CEE candidates must in advance accomplish EU macro-economic, budgetary and monetary criteria and foster sectoral restructuring and privatisation as well as a reform of social security systems. Trade union organisations in CEE hence operate in an environment of political, economic and social regulation (with its well-known effects) that increasingly resembles the EU regulation mode. Despite a certain similarity of challenges, there remain, however, decisive differences which stem from the disastrous social effects of 'shock therapy', structural changes in the labour market, the legacy of planned economy and, last but not least, the former tradition of communist unionism.

Though there are major differences across the region, **social conditions** have worsened everywhere, especially amongst economically inactive persons and workers with less bargaining power, including women, children, the elderly, and social minorities. Non-payment of wages and employers' increasing failure to respect labour codes has become commonplace in CEECs. The withdrawal of the welfare state and the erosion of social protection, characterising the second stage of CEE transition policies from the mid-90s onwards (Thirkell and Vickerstaff 1999), are felt particularly strongly amongst these groups. Poverty – as well as income polarisation – has become a widespread phenomenon. Diseases directly related to poverty such as tuberculosis, diphtheria and polio once again reappeared in the 1990s as health expenditure continued to fall. The erosion of the welfare state in combination with the crisis on the labour markets also led to a re-traditionalisation of gender relations. It is women who particularly suffer from the erosion of the state childcare system, as men continue to abstain from sharing housework and raising children. Pursuing a professional career or simply evading poverty becomes increasingly difficult. Wage differentials are pronounced and employers prefer to employ men or give short-term or casual work contracts to women to avoid statutory responsibilities in case of pregnancy (O'Brien 2000). Official unemployment figures are still rising in the region (8.3% in 1995 to 10.9% in 2000)<sup>9</sup> and they are generally lower amongst men than women (Poland: 15.2%/18.5% (2000); Czech Republic: 7.3%/10.5% (1999); Hungary 7.5%/6.3% (1999); Slovenia: 7.5%/7.4% (2000); Bulgaria: 14.3%/14.4% (1997)) (ILO 2001). Average living standards in terms of private consumption and real wages fell steadily in Hungary until 1997; in Poland and Slovakia they rose after 1996, while in the Czech Republic they rose until 1995, but dropped

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<sup>8</sup> More specifically, they translated into removing price controls and making currencies convertible; abolishment of production planning; balancing state budget; privatisation by selling state property; (unequal) trade liberalisation; removal of barriers to foreign investment.

<sup>9</sup> With the notable exceptions of Hungary, Latvia and Lithuania.

drastically after the 1997 crisis. As these developments have to be looked at in the context of massive cuts in real wages and the decline of social wages, we are still considering catching up to pre-1989 standards (Pollert 1999). The growing importance of the informal economy, also creating new policy challenges for unions, has to be seen in this context.<sup>10</sup>

It seems as if unions are organisationally weakly equipped to meet these challenges. Although tripartism has been a feature of all CEE countries, the results of this top-level involvement have been very mixed, according to the ILO as well as academic commentators (Pollert 1999; Thirkell and Vickerstaff 1999; Kohl, Lecher and Platzer 2000; Martin and Cristescu-Martin 2000; O'Brien 2000). There is a widespread perception that governments' (and capital's) interest in tripartism was both to share responsibility for the consequences of privatisation and liberalisation and guarantee social peace. The space left by governments for union intervention in the transformation process invariably remained very limited, particularly if it came to social policies. Consultation and information were endorsed at the exclusion of negotiating and bargaining. While it seems that in Hungary and in the Czech Republic unions had at least a limited influence on labour codes and social policy through tripartism, in Poland even achieving this level of influence has been hampered by the rivalry between OPZZ and Solidarity (Pollert 1999: 144).

Given the trend of the decentralisation of the state budget and the growing necessity to address the employment crisis on a regional level, too, the absence or weakness of union structures at this level has meanwhile become apparent. Accordingly, unions with predominantly industrial structures increasingly try to complement them with horizontal regional structures. Internally, these changes encounter resistance, however, as local branches are unwilling to submit to a reform of the distribution of dues that is necessary for organisational reform and the industrial structures fear a loss of power and resources.

The second major challenge concerns **company-based employment relations**, which show signs of a threatening loss of union influence. This especially holds for the private sector.<sup>11</sup> It was one of the decisive features of transition that organised workers did not question management's legitimacy since unions generally considered themselves as agents of transformation from communism to capitalism. On the contrary, achieving competitiveness in the globalised markets through greater efficiency, privatisation and reducing personnel was regarded as necessary. Most case studies affirm this finding: they show union-co-operation with management restructuring plans, partly building on old cleavages, and, at best, negotiation on redundancy conditions and enterprise re-organisation (Pollert 1999). At the same time, unions saw themselves more and more confronted with a radically changing environment that eventually threatens unionism itself: Supported by major changes in labour law, management of the former state-enterprises and the emerging greenfield sites

<sup>10</sup> According to Martin and Cristescu-Martin (2000) the informal economy in 1994 accounted to 26-32% of GDP in Hungary, 32.8% in Poland and 15.4% in the Czech Republic. As the authors conclude, there is no reason to believe that the situation has changed since then.

<sup>11</sup> According to the 1999 UNCTAD report, FDI increased by 28.5% per year - a faster growth rate than both in the developing and the developed world. In comparison to the level of domestic investment, FDI plays a significant role in at least half of CEE. Between 1995 and 1997 the ratio of FDI to gross fixed capital formation was over 40% in Latvia, 30% in Hungary and 15% in Estonia, Bulgaria and Poland (Dörrenbächer *et al.* 2000: 437). The majority of investment has concentrated on Poland, Hungary and the Czech Republic.

restructured company employment relations – often by cutting ties with trade unions and blatant anti-union policies such as sacking, harassment and in some cases (Russia) murder of union activists.

As a result, unions find it increasingly difficult to negotiate collective agreements in private industry, especially in the rapidly growing number of small and medium-sized enterprises. Toth (2001: 228) for example reports that in Hungary in 1997 only 30% of the medium-sized and large enterprises had company agreements; in the Hungarian textile industry, moreover, he observed a shift away from binding agreements towards consultation and ad hoc solutions. Pollert (1999) has pointed out that, in areas where national legislation has deregulated the working environment, fragmented company bargaining had insufficient strength to challenge this. The extent of bargaining coverage follows different national patterns.<sup>12</sup> Similarities can however be found concerning the determinants of bargaining coverage: it was higher in very large enterprises than in smaller ones (and in state-owned higher than in private). Another sign of union weakness in bargaining, particularly in the private sector, is the absence of noteworthy industrial action. Strike activities were recorded only in some areas where unions retained their influence such as mining, military, steel industry and health (Martin and Cristescu-Martin 2000).

Kohl, Lecher and Platzer (2000) have recently identified three configurations of ineffective interest representation at enterprise level, which may contribute to the lack of workers' bargaining strength. In the Czech Republic they observe a pronounced continuation of former interest-representing structures, expressed in a primarily defensive attitude towards ownership rights and other areas of influence. For Poland they report a predominant combination of structural retention and political duplication – two or more union blocks (often politicised) weaken and marginalize each other. In Hungary's dual system of interest representation they found a "conflicting dualism" between works councils and unions. Workplace multi-unionism reinforces this phenomenon, in spite of a growing need on the part of works councils for training, advice and external support in the face of hostile management.

From an organisational viewpoint, a number of issues arise from the state of decentralised labour relations. Firstly, workplace multi-unionism poses a severe problem to bargaining. Cooperation agreements or eventual mergers could be an answer to union competition. The internal duplication of industrial unions within confederations appears to be ineffective. Secondly, the erosion of social and employment rights by neoliberal restructuring on a national scale could not be prevented by decentralised, company-centred unionism. Strengthened industrial and/ or regional union structures, as they are now increasingly envisaged by unions, could function as germ cells of bargaining on an intermediate level – a system that might prove more inclusive of more weakly organised enterprises and lead to the development of industrial or regional minimum standards. Historical experience and theoretical findings tell us, however, that unions first have to organise on this level and develop some strength before employer organisations will set up their own organisations

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<sup>12</sup> A comparison of coverage rates places Slovenia in a group of states with coverage rates between 85% and 95% and the Czech Republic, Poland and Hungary in the bottom group well below 50%. These findings are however difficult to evaluate. Kohl, Lecher and Platzer (2000: 410) emphasise that this distribution by no means reflects the degree of unionisation or union strength as the existence of generally binding norms (*ergo omnes* regulation) plays a central role in the extension of the validity of collective agreements.

ready to enter into multi-employer bargaining (Traxler 1993; Sisson 1990). Tax relief for setting up employer organisations does not provide sufficient stimulus, as shown by recent experiences in CEE. Thirdly, unions with regional intermediate structures such as Solidarnosc today report a lack of industrial competence when it comes to bargaining, especially with regard to negotiating agreements in transnational enterprises. Attempts are thus being made to introduce complementary industrial structures.<sup>13</sup>

The weakening of unions' bargaining power and representative capacities is also reflected in severe **membership losses**, which pose the third major challenge to CEE unions. In 1995 evidence from the ILO indicated falls in trade union membership in Bulgaria, the Czech Republic, Hungary, Poland, Russia and Slovakia, albeit from a much higher level than in the West. The density rates ranged from 40% in Poland, 45% in the Czech Republic and Hungary to 60% in Bulgaria and 75% in Russia. Thirkell and Vickerstaff (1999) point to a dynamics whereby by 1997 in Hungary density had fallen to 25% and cite informal sources that by 1999 density in Bulgaria had gone down to 35% and in Slovakia to 50%. Similarly to the experiences of Western organisers, unions in CEE face a shrinkage of their stronghold, the state sector, and barriers in the growing private sector. There is also evidence from the Czech Republic that the membership structure closely resembles that of Western European unions: it continued to be higher among men than women, higher among manual than white-collar employees and among those over forty-five than among younger workers (Pollert 1999). Only a minority of members seem to have joined unions after 1989. Taking into account the speed of de-unionisation in combination with the growth of the informal sector and labour market deregulation, the unorganised, flexible and vulnerable worker is becoming increasingly characteristic of Central and Eastern European transition. This trend is complemented by the growing number of virtually unprotected legal and illegal migrant workers from Ukraine, Russia and Belarus, hardly considered for recruitment by unions and neglected by transformation literature (ibid.)

The complex and probably heterogeneous underlying reasons for membership decline in CEE have not yet been subject to intensive empirical research and are therefore subject to informed speculation. Some likely factors have already been mentioned, such as disillusionment with politically affiliated unionism and ineffective workplace multi-unionism. It seems plausible to assume that (fear of) employer repression, unemployment, the withdrawal of union-administered enterprise facilities, the individualisation of the employment relation by the increase in self-employment, the growing number of small and medium-sized enterprises, the shift towards a service economy, the rise of the informal economy, the spread of human resource management techniques and the failure to address the different social conditions and needs of an increasingly differentiated workforce (women, migrants, young workers, for example) have also played a role. The general apathy characterising workers' attitudes also seems to be an influence. A Czech study from 1996 (quoted in Pollert 1999) found that significant minorities of the working class were dissatisfied with work. Moreover, large majorities felt powerless at work. 91% of the respondents thought that unions should have more influence at the workplace. At the same time 44% of the interviewees agreed with the statement that unions are "necessary, but can do without". One may conclude that, while the

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<sup>13</sup> In the case of Solidarnosc they have not been realised, yet, despite a decision at the last congress. One of the reasons for the hesitation is that the union still uses the regional structures as a leaning post for its political activities.

feeling of powerlessness and dissatisfaction is widespread, unions are not recognised by many as a vehicle for changing conditions – a finding that points to individualistic strategies as well as to union deficiencies and the “vicious circle of worker consciousness of powerlessness and union weakness” (Pollert 1999). The fact that many unions still see their primary function – apart from representing members in government – as the distribution of social benefits to their members and spend considerable time fighting each other instead of management presumably does not help to overcome apathy.<sup>14</sup>

It is remarkable that, despite the dramatic losses in trade union membership, unions in CEE have generally been slow to react to these changes (Toth 2001). The decentralised and fragmented nature of unionism certainly does not assist the development of such an analysis. The lack of a tradition of recruitment and organising in CEECs is another very important factor. There are even signs that the common self-concept of unions in CEE as agents of social benefit has in some cases led to a situation where unions that operated in a low-income membership territory would abstain from recruiting since new members were likely to cost more than they contribute and increase the amount of dues to be transferred to the national centres.

#### **2.4. Instances of trade union organisational reform**

Given the character of the challenges and the obvious signs of union decline, a reform of trade unionism in CEE seems inevitable. Though there has been continuous talk in the region about organisational reform, particularly mergers, in fact, very little has happened in this respect. The only merger that has taken place so far is that of Romania’s independent Fratia and former communist CNSLR, dating back to mid-1993 (MacShane 1994: 344). The rather top-steered merger did not, however, become a genuine merger throughout the structures as the union sections never actually merged. The new confederation ended up with around 60 affiliates, many of them duplications in terms of sectoral representation. Besides the lack of authority at top level, the basic reason behind the failure to merge was probably linked to assets, i.e. fear of mismanagement and loss of power hindered the complete merger of the organisation. Later, the merged union split for political reasons, with the breakaway components coming to form CSDR. Currently CNSLR-Fratia and ICFTU’s second Romanian affiliate, BNS, are discussing a merger. In order to guarantee a success (and complete the first merger attempt) a trade union audit has been introduced, trying to discuss issues of union incomes and positions in advance.

In Hungary the six union confederations have recently set up a coordinating council and agreed to share information and action at international level. They approved a reduction to one of the number of delegates for international representation. After the recent union defeat in the railway strike in which some of the confederations were heavily involved, Hungarian unions have tried to coordinate their activities nationally to confront government, so far without any concrete result. The only really successful, albeit internal, merger policy in the region was adopted by the Latvian LBAS when it acquired a new young president who, at the congress, adopted a deadline for small unions to merge. Unions with less than 3000 members were required to merge on pain of forfeiting their right to vote.

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<sup>14</sup> It would surely be too easy to lay the blame for this solely on the unions. Studies of post-communist CEE regularly stress the degree of political apathy and underdeveloped civic democracy.

I shall now turn to the second part of the report. Drawing on more extensive case study material from Australia, Britain and Germany, some of the determining factors of union mergers will be portrayed and possible inter- and intra-organisational implications of organisational restructuring through mergers will be charted.

### 3. Organisational reform through trade union mergers: the cases of Great Britain, Germany and Australia

During the 1990s mergers have become perhaps the most prevalent means of adapting trade union organisation to a changing environment in Western industrialised countries. As trade union functions and structures are, however, profoundly determined nationally by specific factors such as legislation, political traditions, labour market structure, national position in the global markets, employer organisations, etc., the underlying reasons and motivations to merge as well as organisational outcomes differ to a considerable extent from country to country. I will therefore address the three issues at stake here in their national context.

#### 3.1. Germany: ver.di

##### 3.1.1. Features of the German trade union structure

Between 1949 and 1989 German unionism was characterised by an astounding stability. The only significant change to the initial structure of sixteen affiliated unions dating back to 1949 was the affiliation of the police officers union *Gewerkschaft der Polizei* (GDP) in 1977-78. Commonly, German unionism is treated as an example of industrial unionism. This view should be qualified, however. Unions such as GDP or the education & science union *Gewerkschaft Erziehung und Wissenschaft* (GEW) are essentially occupational unions, which make little effort to organise support and ancillary workers in policing and education. Similarly, the public services and transport union ÖTV (*Gewerkschaft öffentliche Dienste und Verkehr*; now ver.di) is organised on a sectoral rather than single industry basis. The postal workers' union DPG (*Deutsche Postgewerkschaft*; now ver.di) as well as the railway workers union GdED (*Gewerkschaft der Eisenbahner Deutschlands*) has in practice organised on a company (parastatal) basis. All the DGB unions affiliated to the national confederation DGB (*Deutscher Gewerkschaftsbund*) subscribe, however, to the principle of 'one plant, one union' and disputes over membership are ultimately settled by DGB jurisdiction.<sup>15</sup> Outside the DGB, the largest union was the union of salaried employees DAG (*Deutsche Angestellten Gewerkschaft*; now ver.di) with 450,006 members in 2000. Attempts by the DAG to affiliate to the DGB failed in 1949 and in the early 70s on the grounds that it did not adhere to the principle of industrial unionism (Hoffmann and Waddington 2000). In 1974 ÖTV quit bargaining cooperation with DAG and in 1984 HBV launched a declaration of war in collective bargaining against DAG in the banking sector. With the election of a new generation of union leaders, thus facilitating the social-democratic shift of the DAG, a continuous process of rapprochement between DAG and DGB and its unions was sparked off. Cooperation agreements on organising domains and bargaining followed (Müller 2001: 112).

<sup>15</sup> German labour law bars employers from choosing unions. On the question of which union has the right to bargain with an employer labour courts will follow DGB ruling on union demarcation.

Since 1989 German trade unionism has seen a number of mergers between DGB affiliated unions. In 1989 the media union *IG Medien* was formed from the craft-oriented printing and paper union *IG DruPa* and artists' union *Gewerkschaft Kunst* (GK). In 1996 the small leather workers' union *Gewerkschaft Leder* (GL, with 23,081 members) merged in 1995 with the miners' union *IG Bergbau und Energie* (IG BE, 376,366 members) and the chemical workers' union *IG Chemie, Papier, Keramik* (IG CPK, 723,240 members). In 1996 the construction workers' union *IG BSE* (639,851 members) had acquired the small GGLF (82,725 members). Also in 1996 the metalworkers' union *IG Metall* (2,752,226 members in 1996) acquired the union of wood, textile and garment workers (GTB, 216,288 members) and the wood and furniture workers (GHK, 170,908 members).

2001 saw the formation of the service sector union *Vereinte Dienstleistungsgewerkschaft* (ver.di) that straddles the frontier between public and private service sector. ver.di, outnumbering *IG Metall* as the world's biggest single union, was foreshadowed by different events. During 1996 left-wing unions *IG Medien* (174,560 members in 2000), the banking and commerce union *Gewerkschaft Handel, Banken, Versicherungen* (HBV, 432,623 members in 2000) and DPG (445,986 members in 2000) agreed upon a package of cooperation arrangements and invited other (financially more viable) unions to participate. At the same time ÖTV (1,455,702 members in 2000) had been discussing a merger with non DGB-affiliated DAG. Prior to these talks there had been a rapprochement between the two organisations in the early 90s that led in 1994 to the conclusion of an agreement on the coordination of wage demands in the public sector, including GdED, DPG and GdP. DAG however insisted that its strong rival HBV had to be part of a merger, too. Accordingly, HBV introduced their cooperation partners to the talks. Originally, GEW, GdED and the food and restaurant workers union *Nahrung, Genuß, Gaststätten* (NGG) had also been participating in the talks leading to the ver.di merger, but opted out later.

The outcome of the 90s merger wave was that German unionism markedly changed its structure; not only by reducing the absolute numbers of unions from 17 to 8, but also by forming unions which no longer adhere to the principle of industrial unionism. Representing more than 30 industries and more than 1000 professions, ver.di may be characterised as a veritable 'general union' (Müller 2001).

### 3.1.2. Reasons and motivations behind the merger

For Germany three inter-related major structural factors can be identified which triggered off the 90s merger wave, namely membership change and decline; financial shortfalls in the face of changing and growing membership demands; and the effects of the erosion of industrial boundaries on the vertical organisation of German unionism (Hoffmann and Waddington 2000). In addition, the merger events of 1995-1997 created a momentum that forced remaining unions to consider reacting quickly as the inter-union power balance significantly changed.

The impact of membership change may be differentiated into two categories. First, membership decline was a trend in all ver.di (and DGB) unions in the second half of the 90s.<sup>16</sup> After an initial surge in membership with the take-over of Eastern German trade unions

<sup>16</sup> German gross union density declined from 38% in 1991 to below 30% in 1998 (Ebbinghaus and Visser 2000: 296).



in 1991, membership figures often fell to pre-1989 levels. Secondly, the shift from primary industries and manufacturing towards services accounts for a changing composition of the German labour force. “Within the context of overall economic growth between 1957 and 1994, employment in agriculture, forestry and fisheries and in energy, water and mining declined markedly. Furthermore the rate of decline in manufacturing accelerated during the 1990s. In other words, where union organisation was concentrated, employment declined. The impact of decline is particularly acute where unions adhere to the principle of industrial unionism” (Hoffmann and Waddington 2000: 13).

Financial shortcomings seem, to some extent, to be linked to the extension to the East, that was initially accompanied by euphoric expectations of a membership increase. When the anticipation of sustaining the membership gains proved wrong, public and private service sector unions adopted austerity measures, transferred money from strike to operating funds, introduced voluntary retirement schemes and imposed wage freezes for staff and closed offices. In this situation, mergers promised economies of scales as well as access to the very considerable DAG assets.<sup>17</sup>

A third influence on the merger decision is the restructuring of the German economy that causes the blurring of the industrial boundaries that previously served as union organising criteria. Different developments contribute to this trend (cf. Hoffmann and Waddington 2000). When companies diversify by acquisition or merger, this often results in two unions organising in the same company. Where diversification involved establishing different companies, union members from the ‘old’ mother company are taken over to the new company in the new industry, thereby challenging union jurisdiction. Privatisation, e.g. in telecommunications, has opened up formerly monopolistic markets to competitors from other sectors, such as *Mannesmann* (taken over by *Vodafone*) that formerly concentrated on the steel trade and was therefore organised by IG Metall. Finally, outsourcing of service functions led to considerable tensions between manufacturing and service sector unions. A second factor that jeopardises industrial unionism is the rise of new industries due to technological developments, such as computer software and services. Industrial unions have been fighting hard to extend DGB jurisdiction to maintain a foothold in this area so important for future membership.

Furthermore, the diversifying industrial structure is characterised by less stable career paths and periods of retraining and temporary work become an increasingly important feature of the employment system. Hence, workers are more likely to work in a single industry only temporarily. As a result, vertical union organisation, especially in the high-employment-turnover low-qualification jobs in the service sector (particularly occupied by young workers), only offers temporary protection unless the worker transfers from union to union with each change of employment (Hoffmann and Waddington 2000: 18).<sup>18</sup>

<sup>17</sup> Although the DAG was roughly of the same size as HBV and IG Medien, its assets (413,000,000 € in 2000) were more than 10 times greater, exceeding even those of ÖTV (as well as DPG) (ver.di 2000).

<sup>18</sup> In 1995 the “five little tigers” IG Medien, GTB, NGG, GHK and HBV had been in favour of tackling this problem by introducing a unitary DGB membership with internal industrial subsections. ÖTV and IG Metall countered this suggestion by suggesting that they were only interested in unions’ assets (Müller 2001: 113). Consequently, this coalition fell apart as GTB and GHK defected to IG Metall in the 1995 merger and NGG decided to remain independent. In 1996 a new services sector-coalition with HBV, IG Medien and DPG evolved, one of the core elements of the subsequent Ver.di merger.

Finally, another vital factor affecting the decision to merge was relative union size and the related change in inter-union relations. Those unions in direct competition with one of the previously merged unions, such as ÖTV in the energy sector or DPG in telecommunications, had reason to fear a weakening of their stake in these membership areas. Competition was perceived to increase further. Given the continuation of the structural shift towards service sector employment, the relative growth of the merged industrial unions triggered expectations of their growing determination to organise certain areas of dispute. Secondly, as the concentration of union power in the hands of fewer unions was likely to further weaken the influence of the DGB, jurisdiction on membership was unlikely to be strengthened. As the pre-ver.di mergers had already more or less abandoned the principle of industrial unionism, the remaining unions were in fear of a continuing merger dynamic that might well in the end leave them powerless and without choice between merger partners (cf. Streeck and Visser 1997: 323).

### 3.1.3. Merger outcomes

It is still too early to evaluate the outcomes of the recent ver.di merger. Instead, I will briefly point to three ‘teething problems’. First, the merger discussion proved conflict-ridden, despite the broad participation offers (taken up only by lay activists and officers), the equal voice of the partners in the negotiations and the three-year time-scale for the merger discussion (1998-2000). Conflicts developed around issues such as the size of local branches, the budgets of the horizontal and vertical structures, the separation of executive and legislative powers, the introduction of occupational, professional and status groups (youth, blue-collar workers) and the power balance between the trade and industry groups and their horizontal counterparts at the branch, regional and federal levels (in detail: Müller 2001).<sup>19</sup> The last issue, in particular, almost caused the merger process to collapse, as ÖTV delegates would not accept the compromises their leadership had negotiated. When in November 2000 the ÖTV leader H. Mai gave up, the four other unions already prepared a 4+1 solution, providing the opportunity for ÖTV to join at a later stage. But finally the threat of ÖTV sections from privatised public services to breakaway to ver.di in case of a merger failure, and the delegates’ shock in the face of Mai’s withdrawal of his candidature and the possible political damage, helped the ÖTV delegates to accept the results of the merger negotiations.

It will be vital for ver.di whether the actors turn out to be capable of leaving rapidly the bitter fight over rulebook formulations on competences of horizontal and vertical structures and making the organisation work by finding compromises on the conflicts enshrined in the ‘matrix structure’. The unwillingness to politicise the organisational debate (probably in order

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<sup>19</sup> The decisive conflict was on the relationship between the internal horizontal and vertical structuring of the new organisation. To mediate the wide-ranging internal interests of the new ‘super union’ the ‘matrix form’, combining both channels of interest representation and decision-making with decentralisation, was presented and finally adopted as the ‘solution’. At the same time the matrix represents a compromise between the different organisational structures of the merger unions and the necessity for integration. For the smaller, vertically organised unions such as IG Medien and DPG, the creation of industry/trade group structures implies the chance of some kind of organisational survival, whereas DAG and ÖTV feared division in different industries without being given their traditionally strong horizontal structures. ÖTV feared, in particular, that their nationwide cross-sectoral public services agreement *BAT* would be split up by the loss of horizontal power. A further critical issue of the merger process was the number of branches. Here smaller unions (particularly the ‘officer-led union’ HBV) feared that with the introduction of a high number of branches (ÖTV had 173) servicing ex-HBV members could worsen, as their officers would not be present in all branches.

not to endanger the merger) was reflected in the strong tendency to limit discussions to rulebook issues and the merger negotiations to protect own structures, positions and funds. This 'legacy' of the merger process will cause continuing conflict in the new organisation. Whether the apathy of the majority of members to the merger process will facilitate the acceptance of new structures, procedures, officers and cultures, remains questionable, as empirical research shows (Sverke 1997; Chaison 1997).

Secondly, the immediate achievement of economies of scale to improve servicing members is unlikely to be realised as unions as DAG and ÖTV already struggle with personnel expenses considerably higher than the 50% of the membership fees agreed upon in the ver.di rulebook (ÖTV: 51.9% in 2000; DAG 59.4% in 1998). Additionally, the ver.di unions undertook to abstain from direct staff cuts in order not to endanger the merger by internal opposition. Therefore, ver.di will for the near future continue to be heavily overstaffed, according to the 50% benchmark.<sup>20</sup> Evidence from the IG BCE merger shows that the policy to stop staff recruitment can further the problematic trend towards an apparatus of white, old and male union officers.

Third, in terms of inter-union relations the ver.di merger internalised previously existing competition, but increased external tensions. In March 1999, as a reaction to the ver.di merger, IG Metall, IG BCE, IG BAU and NGG agreed upon a joint project to organise in the industry-centred services (*industriennahe Dienstleistungen*), making this issue a major line of conflict with the ver.di unions. Furthermore, they saw the inclusion of cross-industrial DAG in the merger as a possible 'Trojan horse' in their respective areas. Consequently, an internal discussion group with representatives from ver.di and the industrial unions was set up. After their initial proposal from March 2000 had to be withdrawn, the parties agreed upon a reformulated text in October 2000. DAG will retain rights on members, but not as an organisation. As a consequence, members will still be serviced by ver.di and protected by DAG agreements. On the issue of demarcation, the parties agreed upon a permanent coordination committee in which decisions on union's bargaining rights for companies have to be determined (Müller 2001: 131-3). Whether this proves a viable solution remains to be seen.

Despite the majority of official statements, the merger is likely to weaken the authority of the confederation – entailing consequences for the European and international representation bodies such as the ETUC and ICFTU. In the future, the three 'giants' IG BCE, ver.di and IG Metall will dominate internal DGB decision-making. Additionally, with the disappearance of smaller unions DGB loses some of its most important supporters (Keller 1999: 621). Its size and heterogeneity make it a 'small DGB', capable of acting autonomously and with little need

<sup>20</sup> Meanwhile, ver.di decided to suppress 1000 out of 5186 union posts until 2005 in order to meet the 50% clause. In part, this has to be seen as a reaction to the financial difficulties the merger union encountered right from the start: ver.di not only has to pay an enormous rent for its new headquarters located on Berlin's *Potsdamer Platz* in the new centre of German political and economic decision-making, but also struggles with reduced incomes resulting from a loss of 67,000 members in the first six months (Rehfeldt 2002). To make up for the deficit in the union's current budget ver.di is selling some of its property, notably the headquarters of its constituting unions, and intends to introduce a new wage scheme for its staff to equalise the income disparities between its officers, whose wages are still determined by the collective agreements in their former union. Reportedly, these restrictions have, in combination with a wage increase for its 84 executive officers, led to considerable internal dissatisfaction (ibid.).

for the confederation. ver.di did not, however, go so far as to withdraw the legal advice function from DGB. A further functional reduction of the DGB to political representation, including the dismantling of its own local representative structures, is already on the way: the ‘DGB organisational reform’.

### 3.2. Great Britain: Unison

#### 3.2.1. Features of the British trade union structure

British trade union structures are intimately related to the voluntarist tradition of ‘free collective bargaining’ in the UK. This tradition, dating back to the nineteenth century, still has a decisive impact on today’s union structures. In this model of employment regulation, collective agreements are not legally enforceable and rights and obligations of the parties are not legally defined. Thus, unwritten norms and understandings (‘custom and practice’) became a major source of authority. For the majority of the period prior to implementation of the Employment Relations Act 1999, employers were not obliged to recognise unions as bargaining partners. Unions were therefore always confronted with the threat of exclusion. Another key feature is the handling of employment relations at the level of the workplace, with a traditional emphasis in union politics and structures on shop-floor action. In only a few industries did industry-level bargaining become as dominant as in the post-1945 German system.

“British trade union structure is highly fragmented and is notorious for its complexity. Successive waves of unionisation have resulted in a complex of industrially and occupationally overlapping recruitment bases. While the TUC has initiated several reviews of union structure, attempts to establish a blueprint for organisation have come to nothing, as affiliated unions strove to maintain their independence of action” (Waddington 2000: 715). The fragmented and complex structure of British trade unionism in terms of the sheer number of unions, their diverse sizes, and the absence of any unifying principle of organisation reflects both the varied origins of British unions and their continuity. In 1992, 91% of UK unions had fewer than 50,000 members and 74% had fewer than 5,000 members. The TUC had 76 member unions out of a total of 233 unions in 1998 (Waddington 2001: 424). A factor contributing to this complexity is the diversity of underlying organisational principles. UK unions generally correspond to five ‘ideal types’: staff associations, general, industrial, craft and white-collar unions, although most of them have never existed in their true forms (Ebbinghaus and Visser 2000: 715). There are, however, no significant additional ideological or religious divides. This is reflected in the fact that the *Trade Union Congress* (TUC) is the only central confederation in Britain, although its influence is limited. The TUC has neither the constitutional authority to prescribe the direction of union reform in order to rationalise union structures and reduce jurisdictional overlap, nor can it effectively regulate current inter-union competition after the breakdown of the *Bridlington Principles*.<sup>21</sup>

British unions have a long tradition of forming, dissolving and expanding into new membership domains through mergers. Many British unions bear their formation history in their names. Between 1911 and 1993 Chaison (1996: 93) counted almost 1,100 mergers.

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<sup>21</sup> In 1993, the *Trade Union Reform and Employment Rights Act* gave every employee the right to choose his or her union. The TUC’s *Bridlington Principles*, which regulated inter-union relations and rivalry internally, thus lost influence.

More recent data indicates that between 1979 and 1997 202 unions vanished, either by dissolution (more than 60) or by merger (Waddington 2001: 413). The frequent merger activities, in historical perspective occurring as ‘merger waves’ (Waddington 1995), have altered union structure, but have done nothing to reduce inter-union competition. Furthermore, as merger decisions are taken within individual unions, mergers have done nothing to ‘simplify’ the structure of British unionism.

Today’s largest British unions were all formed through mergers. *Unison*, the largest union with initially 1,512,893 members amalgamated in 1993. It organises in all segments of the public services’ workforce apart from civil servants. Its founding unions were the *Confederation of Health Service Employees* (COHSE, 201,993 members), the *National and Local Government Officers Association* (NALGO, 759,735 members) and the *National Union of Public Employees* (NUPE, 551,165 members). The *Transport and General Workers Union* (TGWU, 881,357 members in 1997), the second-largest union, was formed by the amalgamation of 18 unions in 1922 and absorbed 60 unions during its first half-century (Chaison 1996: 97). The *Amalgamated Engineering and Electrical Union* (AEEU, 720,296 members in 1997) is the third-largest union and was formed in 1992 by the merger of the *Amalgamated Engineering Union* and the *Electrical, Electronic, Telecommunications and Plumbing Union*.<sup>22</sup> The GMB (*General and Municipal Boilermakers*), fourth largest union (416,000 members), was created by an amalgamation in 1989 between GMBATU and APEX and has since incorporated several small unions (Willman, Morris and Aston 1993). Today, the most significant unions can be characterised as general unions, claiming to recruit members irrespective of occupation or industry. “Former craft unions have opened their membership in one direction to lower-skilled workers, in another to white-collar staff. In the face of the overall decline in membership in the 1980s, recruitment strategies have become increasingly opportunistic, and inter-union conflict has inevitably resulted” (Ferner and Hyman 1996: 29).

Because of the frequency of mergers, union officers and members tend not to see them as extraordinary events. Mergers thus appear as steps in the natural evolution of the union movement. As a result, union officers can often initiate merger discussions without direct reference to membership. Officers and staff tend to be experienced in merger negotiations and members are not predisposed in principle to reject mergers. “At any time in Britain, merger contacts are being made, officers are weighing merger terms, and merger negotiations are being started or recessed” (Chaison 1996: 97). The current legal framework, dating back to 1964, supports mergers insofar as it prescribes clear procedures. Its standardised approval process requires majority support from the voting members of the amalgamating unions, or from the voting members of the transferor union.<sup>23</sup> In contrast to former legislation, membership apathy can no longer bar mergers.

<sup>22</sup> On 1 January 2002, after completion of this text, the AEEU and MSF merged to form the manufacturing ‘super-union’ *AMICUS* that has now become Britain’s second largest union with a membership of around 1.2 million.

<sup>23</sup> Within the British framework mergers can be brought about by two legislative means: *amalgamation* (a new union is formed with new rules; the amalgamating unions cease to exist) and *transfer of engagement* (members – and usually the property, funds, etc. – of the transferor union are taken on by the transferee union; when a transfer takes effect, the transferor union ceases to exist, while the transferee union continues in existence with its legal identity unchanged).

### 3.2.2. Reasons and motivations behind the merger

The decisive factor leading to the Unison merger in 1993 was the dramatic changes in public sector policies since 1979.<sup>24</sup> The Conservative Government's reform of public services had two phases. From 1979 to 1987 it focussed on reforming management by enhancing efficiency and performance. In a more explicitly market-based second phase it concentrated on competitive tendering and market testing of services in local and national government; devolved budgetary responsibilities; ended pay comparability and decentralised collective bargaining in the public sector. In 1992, the contracting out of services such as cleaning or security was extended into core activities as Government sought the privatisation of any service that need not be in its responsibility (Williams 1997; Undy 1999).

These developments had affected all three merger partners, however in rather different ways. In the 1970s all three unions had, albeit for different historical reasons (Terry 1996), and to very different degrees, developed a decentralised, shop-steward-based approach to representation. This approach was increasingly questioned when, in local government and in the *National Health Service* (NHS), for example, the limitations of local union action against privatisation and, in particular, against contracting out, became apparent. New management techniques and hard-line government policies also challenged unions. The increasing decentralisation of managerial decision-making placed additional strains on local branches. At the national level, the assault on public services by government prompted the need for a renewed formulation of the nature and purpose of public services. The decentralised and relatively autonomous structures of the unions could not satisfactorily respond to these pressures.

There are, however, differences with regard to the extent to which the three partner unions were affected by the introduction of market-led regulation. NUPE and COHSE organised predominantly low-paid blue-collar and health service employees so they felt the impact of these policies more than NALGO whose members (predominantly local government management and administration staff) were not contracted out or privatised. "Convinced that the only way to stop the changes was to ensure the election of a Labour government, closely associated with the Labour Party and hence aware of the debates concerning the electoral disadvantage to Labour of public service strike action, NUPE and COHSE increasingly came to advance the concept of a well disciplined, politically sensitive and well coordinated approach to public sector unionism. In NUPE's handling of the industrial action, this approach found its outstanding expression in the control and discipline exercised in the

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<sup>24</sup> Since 1993, there have been three more significant public sector mergers. After Unison, the *Union of Communication Workers* (UCW, mainly organising post-office workers) and the *National Communication Union* (NCU, mainly recruiting workers of the privatised telecommunications industry) merged. The new *Communication Workers Union* (CWU) had 288,755 members. In 1996, the *Public Services, Tax and Commerce Union* (PTC) was formed by a merger of the *Inland Revenue Staff Federation* (IRSF, 57,907 members) and the *National Union of Civil and Public Servants* (NUCPS, 116,681). At the end of 1997, the newly formed PTC agreed a further merger with the *Civil and Public Services Association* (CPSA, 116,681) to form the largest civil service union, the *Public and Commercial Services Union* (PCS) with 265,943 members. Attempts of the PTC during the talks with CPSA to amalgamate with the *Institute of Professionals, Managers and Specialists* (IPMS, recruiting predominantly in the civil service, 78,652 members) failed, when in 1998 the IPMS leadership finally decided to merge with the *Manufacturing, Science and Finance Union* (MSF) (Undy 1999). However, the merger was never ratified, so that the IPMS continues as to exist an independent union (known as PROSPECT). Instead, the MSF recently merged with the AEEU, forming AMICUS.

ambulance workers' dispute, in which NUPE and the other unions involved hardly put a tactical wrong" (Terry 1996: 93). Accordingly, both NUPE and COHSE contributed significant resources from their political funds to Labour's election campaign. NALGO did not have a separate political fund pledged to the Labour Party and was therefore seen to be less closely aligned with the Labour Party and arguments concerning electoral strategies (ibid.).

The political assault on the public sector was compounded by management actions, which promoted changes in the unions' environment, membership losses,<sup>25</sup> and an associated decline in union finances. As Undy (1999: 451) points out, NUPE was confronted with a 15% loss of membership in the five years before the merger. COHSE lost 3% over the same period, while NALGO remained stable. Most importantly, both NUPE and COHSE were unable to cover their expenses from their incomes. Though COHSE's financial situation before the merger was better than NUPE's, further deterioration was expected. NALGO's finances were in a much better shape: it had more than twice the assets of NUPE and COHSE combined (Chaison 1996: 107). In a situation where finances became increasingly strained as a result of membership losses, the multiplication of bargaining units through decentralisation heightened inter-union rivalry and the frequent withdrawal of facilities from local union representatives by management created a need for more resources for local action and for more full-time officers (Waddington 1995). Obviously, this placed further strain on union finances. Merger proponents from all sides argued that the new union would be financially more viable, and more effective in negotiations, by ending inter-union conflict and competitive recruitment and providing competitive advantages over the small professional unions to which many public sector workers belonged.

### **3.2.3. Merger outcomes**

As with ver.di the merger negotiation process was contested. In the process, NALGO tended to set the agenda, whereas NUPE and COHSE rather reacted (Terry 1996) – a fact that hints at the power relations within the negotiations. Three major lines of conflict emerged during the talks. The first concerned the power of lay officials at district level. It was essential to NALGO to retain autonomy for the branch, – a concept central to its notion of rank-and-file union democracy. This included the rule that full-time officers were not allowed to participate in branch meetings without permission of the branch. This contrasted to the situation in NUPE, where full-time officers had a more extensive role. NALGO's concept of branch autonomy also embraced financial autonomy. Under the NALGO system, contributions were paid to the local branches, which were allowed to retain 23 per cent for their independent use. NUPE and COHSE, inclined to a concept of a 'politically sensitive' unionism (see above), opposed this. A second debate revolved around the question of the access of lay activists to key union posts at district levels as well as in collective bargaining committees. The third debate concerned the question of the party political links. NUPE and COHSE were affiliated to the Labour Party and their political funds were pledged to support that party. In contrast NALGO had a fund independent of any political party (Chaison 1996: 108), which was used to finance political activity undertaken directly by the union.

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<sup>25</sup> Net union density in Britain dropped from 39% in 1989 to 31% in 1996. The gender breakdown shows that male unionisation fell more sharply than women's (Ebbinghaus and Visser 2000: 717-19).

The structures, which were to be created, had to meet the needs and interests of a diverse membership. The merger committee decided not to join the three unions' structures together but to build a new union, based on equal representation and 'fair representation'. The driving force towards a new conception of 'representativeness' that went beyond the traditional discourse of 'bureaucracy vs. rank-and-file' were women union activists. In collaboration with black and gay/lesbian activists, they sought to create representational structures, which would include the issues merely represented in union offices and agendas (Cook, Lorwin and Daniels 1992). During the merger discussions this new discourse extended to the new variety of job grades in Unison. The concept of 'fair representation' came into play when NUPE raised particular concerns that the representative structures at all levels would become 'overloaded' with eloquent white-collar, predominantly ex-NALGO, members. The underlying concept of the new approach to representation was that it was necessary to look not only at the mechanisms of election, but also at who gets elected. In the end, the principle of proportionality for the representation of women (gaining 44 out of 67 seats in the National Executive Committee), 'self-organised structures' for black and gay/lesbian members and members with disabilities, and representation for status groups were implemented in addition to the 'traditional' occupational, pay-bargaining, regional and service group structures (in detail: Terry 1996). The result is a complex structure hitherto unknown to British trade unions, raising questions of unity and efficiency.<sup>26</sup>

In terms of inter-union relations, some commentators (e.g. Chaison 1996; Milne 1990) have posed the question whether 'super unions' such as Unison might displace the TUC. It was argued that these unions will finally come to represent themselves independently, leaving the TUC to deal with international labour relationships and specialised services for its smaller affiliates (education, training, health and safety). Others feared that the big unions would dominate the TUC to the detriment of the smaller unions and prompt the latter to leave or else form an internal opposition. The TUC might also become paralysed in disputes between the big left-of-centre and right-of-centre blocs (Chaison 1996: 108). Though fears of a breakdown of the TUC proved exaggerated, a weakening of the TUC *vis-a-vis* its big affiliates through continuous merger activity is undeniable. Whether the creation of super unions offers new chances for the TUC to reaffirm its authority in the face of new (and possibly more intensive) conflicts over membership, or whether its function of mediating union disputes is becoming increasingly obsolete both in the light of the breakdown of the *Bridlington Principles* and the capacity of the big unions (increasing with the reduction in the number of competitor unions) to sort out conflicts bilaterally, as Howell (1999: 54) claims, is a matter of debate.

The 'slimming down' of the TUC in 1994 has to be seen in the context of union concentration. All policymaking and industry committees were suspended and power was concentrated in the hands of the General Secretary and the Executive Committee, elected from the General Council. Since then, the TUC has increasingly tried to become a 'campaign organisation', launching campaigns on part-time workers, youth membership, social partnerships with employers, minimum standards at the workplace, promoting the 'organising approach', anti-racism and a stronger involvement in European politics (Waddington 2001:

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<sup>26</sup> Unfortunately, systematic efforts to evaluate the functioning and outcomes of the Unison structures have not been made, yet. There is however evidence of a desire within Unison to make the structure 'leaner' (both in decision-making and personnel at head-office level) and thus quicker in its responses.



423). Though this limited role conforms to the wishes of the larger unions, smaller unions have been constantly arguing against the reduction of the TUC's functions.

### 3.3. Australia

#### 3.3.1. Features of Australian trade union structure

The rush to the goldfields after 1850, the dramatic population growth and the general wealth contributed to an increase in labour demand, especially skilled labour, in the early development of Australian capitalism. As the vast majority of immigrants were of British origin, not surprisingly, a horizontal, occupational-based structure of unionism evolved. Indeed, a number of craft unions were established as overseas branches of a British union (Griffin 2000: 3). Despite several attempts prior to the 1980s to change union structures by promoting the principle of industrial unionism, Australian unions displayed a remarkable attachment to occupational and craft unionism. "In 1986 Australia had 326 unions, ranging from small occupational unions, to larger craft unions with a membership coverage across different industries, and large 'general' unions which enrolled so-called 'unskilled' or production-scale worker. (...) To complicate matters further, Australia's federal system of government gave rise to a federal system of industrial relations, which in turn resulted in the creation of a large number of unions confined to particular states" (Yates and Ewer 1997: 133).<sup>27</sup>

After numerous cases of industrial unrest following the depression in the 1890s, in 1904 the colonies enacted legislation that conceded a substantial interventionist role to the government and has since then become a dominant feature of Australian industrial relations: the *Conciliation and Arbitration Act*. Essentially, it establishes 'independent' tribunals that set wages and conditions of employment. In this arbitration system unions were needed as representatives of employee claims; employers were therefore legally obliged to recognise them. It was founded on so-called 'awards', which set wages and working conditions for a particular occupational category. A great number of narrowly defined job classifications were therefore created, which usually covered highly specialised occupational groups in specific industries, thus entrenching and conserving specialised, occupationally based unions (Chaison 1996: 115).

In the following decades, the trade union structure was characterised by fragmentation due to a considerable number of trade unions and an uneven membership distribution between them. In 1990 Australia had 295 registered trade unions<sup>28</sup>, 40 of which had a membership of less than 100. A majority of unions (170) had memberships lower than 2000. These unions accounted for 57% of all unions but their membership was less than 3% of total union membership (Griffin 2000: 5). Multi-unionism was a common phenomenon in big enterprises. Another feature of Australian union structure is its regionalisation. Out of the total of 295 only 134 unions operated in two or more federal states, accounting for 83% of total membership. Secondly, trade union structures at the workplace had traditionally been relatively poorly developed. This reflects the reliance of many unions on the arbitration system rather than on company-level bargaining. Wages and working conditions were

<sup>27</sup> The federal system gave also rise to the state system of industrial relations (state meaning provinces/ cantons in the Australian context).

<sup>28</sup> Union number peaked in 1911 with 572 trade unions and declined slowly and constantly after 1921 (382 unions) (Griffin 2000: 5).

improved more through advocacy than by collective bargaining (Davis and Lansbury 1997). Thirdly, these weak and fragmented workplace structures of Australian unionism stand in sharp contrast to the existence of the *Australian Council of Trade Unions* (ACTU), the strong and unified confederation for manual and non-manual workers. The ACTU was formed in 1927 and currently covers around 95% of all trade unions. It expanded considerably when it merged with two white-collar federations in 1979 and 1981. Unlike in Germany or Britain, the ACTU has considerable influence over its affiliates. One of its decisive power resources are its officers, who play key roles in the presentation of cases to the *Australian Industrial Relations Commission* and in the conduct of important industrial disputes.

With the sharp decline in union membership, by the end of the 1980s the ACTU decided to promote a major rationalisation of union structure along industry lines and to eradicate craft unionism (Yates and Ewer 1997: 134). As a result of the following merger wave, the number of unions decreased from 316 to 132 between 1987 and 1996 (Griffin 2000: 11). Almost half of the total of 184 unions that disappeared were federally registered unions (i.e. registered in more than one state). The peak of the merger wave was between 1991-1994. During this period 61 federal mergers occurred. In the post-1996 period the merger activities slowed down considerably. Unlike in Britain, the U.S. or Canada, a large share of mergers took the form of amalgamations (30 of 66 between 1991 and 1994) (Chaison 1996: 122). These generally combined unions operating in the same jurisdictions and followed to some extent, quite differently from in Britain and Germany, the confederation's blueprint to rationalise union structure. Currently, Australian trade unions are dominated both in terms of membership and power by 20 large unions. The outcome of the merger wave in structural terms has not, however, been as close to the industrial model as envisaged. Political affiliation or personal factors often over-determined the industrial logic prescribed by the ACTU. It has to be conceded that even where industrial unionism does not exist, practically most industries are today covered by one key union (Griffin 2000: 28). This does not necessarily imply, however, that the number of unions operating at enterprise level has been significantly reduced (Chaison 1996: 134).

### 3.3.2. Reasons and motivations to merge

During the 1980s, union density fell from 50% in 1982 to 42% in 1988<sup>29</sup>. Since the early 1980s, unions recruited only 7 out of every 100 new workers to the labour force (Chaison 1996: 114). By the end of the decade, these figures of decline created enormous discussions and alarm in the Australian labour movement. Underlying this development were, first of all, changes in the composition of the workforce. Unions could neither keep pace with the feminisation of the workforce<sup>30</sup> and to some extent the growing share of migrant labour, nor in particular with the spread of 'atypical' forms of work<sup>31</sup>, the growth of small-scale enterprises and increasing employer hostility (Yates and Ewer 1997: 134).

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<sup>29</sup> Density was down to 26% in 1999 (Griffin 2000: 16).

<sup>30</sup> In 1961, women comprised approximately 25% of the workforce; by 1996 this had reached 42%. Over 50% of female employees are concentrated in two groups – clerical, sales and personal services. Relatively low rates of pay and poor conditions are characteristics of these industries (Davis and Lansbury 1997: 134).

<sup>31</sup> For example, the proportion of the labour force working part-time more than doubled between 1970 and the mid-1990s, moving from 10% to 25%. Only a quarter of this group are male (Davis and Lansbury 1997: 133).

The gradual demise of the central arbitration system contributed to the de-unionisation trend. During the severe economic crisis of 1985-86 the Hawke Labour government decided to abandon the system of full-wage indexation and to move towards a more decentralised approach to wage determination at enterprise level (in detail: Davis and Lansbury 1997). Over the five years from 1988 on, successive pieces of legislation marginalised the traditional multi-employer award system in favour of company-level bargaining. The arbitrated award system was to be transformed into a national minimum-standard 'safety net'. The conservative Howard administration, elected in 1996, extended the decentralisation agenda by increasing the potential for non-union bargaining. The demise of the centralised arbitration system had an important impact on membership levels, insofar as it undermined *de facto* closed-shop mechanisms such as preference clauses for union members in an award (Griffin 2000: 18).<sup>32</sup> Moreover, it influenced the merger process insofar as officers began to realise to what extent the decentralisation of bargaining would strain unions' staff and finances, both at national level where negotiations had been coordinated and assisted, as well at workplace level where negotiations were often carried out for the first time (Chaison 1996: 123).

The answer to the membership crisis offered by the ACTU, its leadership and some senior leaders of key unions was simple: merge. It was argued that the merger unions were better equipped to defend and service membership and organise new members by achieving economies of scale. The more obvious alternative strategy, organising drives and enhancing workplace union structures as a response to the membership crisis, was not seriously considered (Griffin 2000: 17).<sup>33</sup> This reflects the lack both of experience in recruitment and organising induced by the "automatic" recruitment mechanisms of the arbitral system as well as of union organisers and lay activists at workplace level necessary for successful recruitment drives.

The second important factor behind the merger wave was the new role of the ACTU. During the 1980s the ACTU became the dominant union body and strategic driver behind union change. Its rise was linked to the election of the Federal Labor Government (1983-1996). The federation became immediately involved in a social contract (*Accord*) offering wage restraint in exchange for access to public policy making. Strengthened by Government and the Industrial Relations Commission, the ACTU vigorously enforced the provisions of the accord. It began to view the rationalisation of the union structure as a precondition for the participation in social and economic policies (Chaison 1996; Yates and Ewers 1997). At the 1987 ACTU congress a document titled 'Future Strategies for the Trade Union Movement' spelled out for the first time detailed proposals for the reform of Australian unionism along broad industrial lines. Cross-factional key official support from the individual unions provided the necessary impact for the formal Congress resolution to push through union restructuring. It has to be emphasised, though, that the post-1989 merger pattern was far from smooth. Opposition evolved, for example, from the *Federated Clerks' Union* (FCU) and the *Electrical Trades union* (ETU), both organised horizontally across industries. After the

<sup>32</sup> Until the 1990s, the majority of union members (1990: 54%) were covered by closed shops (Griffin 2000: 18). Recruitment hence had never been at the forefront of Australian union agenda.

<sup>33</sup> The ACTU launched a major recruitment campaign rather in the aftermath of the merger wave. It involved hiring 300 recruitment officers to work with individual unions, targeting poorly unionised industries such as recreation and hospitality, finance and marketing several new services (housing loans, travel and insurance) (Davis and Lansbury 1997: 117).

ACTU affirmed that both unions had to merge, they found merger partners in 1993 (Griffin 2000: 22).

Thirdly, as noted above, as an act of political exchange with the unions, guaranteeing their support for wage moderation and the decentralisation of bargaining, the federal Labour government introduced several pieces of legislation that facilitated union structural reform, along with important developments in areas such as superannuation. In 1983 it abolished the 50% membership-voting requirement for union mergers. The replacement legislation specified that where a ‘community of interests’ existed (defined by the *Australian Industrial Relations Commissions (AIRC)*), no formal minimum percentage of members need vote in a ballot. Where the Commission rules that no community of interests exists, the minimum voting requirement is 25%. Given that the voting turnout at union elections in Australia tends to be less than 50%, this legislation arguably facilitated mergers.

However more relevant to the 90s merger wave was the section 193 of the then *Industrial Relations Act*. It allowed a member of the AIRC to review the registration of a union with less than 1000 members. Thanks to the ACTU’s extensive lobbying throughout 1990, an amendment to the Act was introduced that increased the figure to 10,000. Combined with a three-year deadline this provided a major stimulus to merge. By the time government suspended this legislation after an ILO intervention in 1993, its impact had already been felt on the merger process. It has to be emphasised that these legal changes had been brought about by the close political and personal relationship between the Labor government and the ACTU. “If the lure of halting a declining membership was the carrot offered by the ACTU, the threat of deregistration through legislative intervention was the stick. Together, they achieved the goal of restructuring the Australian union movement through mergers” (Griffin 2000: 24-5).

### 3.3.3. Merger outcomes

Today, some seven years after the end of the main merger wave in Australian unionism, academic commentators have started to try an initial evaluation of these processes of organisational change. In terms of membership development, the mergers initially failed to achieve their proclaimed goal of reversing or at least halting the negative trend. If anything, the membership decline accelerated up to 2000. Between 1994 and 1999, absolute membership decreased by around 400,000 (from 2,283,000 to 1,878,000) while density dropped by approximately 2% each year (from 35% to 26%) (Griffin 2000: 25). Whether the merger process actually contributed to the declining membership, or whether the decline in membership numbers would have been greater without mergers, is currently a debate amongst Australian labour researchers.

Furthermore, there is no clear evidence that the mergers produced economies of scale to tackle membership decline. Chaison (1996: 133), for example, points to cases in which newly formed unions got into financial difficulties because they had to assume the liabilities of the small unions, guarantee continued employment for all union staff or offer expensive retirement incentives. Ultimately, any evaluation of this issue would have to draw on individual studies, as the extent to which economies of scales are achieved is an empirical question. What seems to be clear, though, is that the level of integration of union operations is a decisive factor in determining these effects (Chaison 1996: 133; Griffin 2000: 27). There

are a number of examples where unions decided not to integrate completely (and provided for this in their rulebooks) in order not to endanger the merger by the type of tensions characterising the ver.di and Unison amalgamations for example. According to Chaison (1996: 122), this displays a characteristic of the Australian merger process. In the merger forming the *Construction, Forestry, Mining and Energy Union*, each participating union remained an autonomous entity with its own policymaking bodies and leadership. Though joint committees were originally put in place for an interim period, in some cases they remained in place; administrative structures sometimes were also kept. It seems that little integration has appeared where the memberships had few characteristics in common. Recently, the Conservative government has introduced legislation that allows for dissatisfied groups to start breakaways from merger unions. Although in the first three years of legislation one such de-merger has occurred, further events cannot be ruled out.

With the end of the accord-system, the decentralisation of collective bargaining, as well as the election of conservative governments at state and federal levels, the role of the ACTU has profoundly changed. It has moved from the coordination of affiliates' national bargaining strategies and a legislative agenda (less important because the current government is hostile) to a rather new role of coordinating and supporting affiliates' organising, recruiting and campaigning work. Internationally it has shifted away from announcing statements on the geopolitical situation to much more organisation of international solidarity.<sup>34</sup>

### 3.4. The merger cases compared

If the determining factors of organisational restructuring are compared, two major lines of similarity evolve. First, in the three 'Western' cases, the primary motivation for union merger was membership decline associated with financial problems. Under these conditions, union rivalry and competition, particularly in multi-union environments, was perceived as increasingly problematic. Secondly, general trends in 'post-fordist' labour market structures formed 'secondary' factors of influence: the employment shift to the services sector; increasing labour market participation rates of female and migrant workers; the diversification and possible increase of membership demands; the spread of 'atypical' employment conditions; the growing number of small and medium-sized firms, greater assertiveness of employers, etc. Apart from these general trends, developments are strongly shaped by national factors such as changes in labour legislation (Aus), union structures (Aus, GB, D), government politics (Aus) and employer policies (GB).

The similarity of some of the determinants corresponds to several common strategic goals of mergers: achieving economies of scale; eliminating the duplication of union servicing; avoiding destructive competition; securing union recognition in a decentralised bargaining environment; and securing or extending recruitment bases tend to be the common strategic goals behind mergers. With the exception of the last of these goals, the impulse behind the merger processes is thus predominantly defensive.<sup>35</sup> This gives rise, however, to a major problem: the nature of union mergers reflects the tendency towards an opportunistic 'market

<sup>34</sup> According to the ICFTU, the affiliation of virtually all ACTU affiliates to the ICFTU-linked Global Union Federations (some were previously affiliated to World Federation of Trade Union Structures) is closely linked to this change in approach.

<sup>35</sup> In the more drastic terms of population ecology, Streeck and Visser (1997; 1998) analyse mergers as a search for organisational viability.

share unionism', since they primarily redistribute union membership from one union to another, rather than increasing the overall number of membership. Taking into account the costs of recruitment this makes sense to some extent, but it also mirrors a traditional reluctance to launch large-scale recruitment drives (Howell 1999: 54).

In practice and contrary to their intentions, mergers do not necessarily stabilise membership, as the Australian case has shown. Evidence from Unison and from German IG BCE, where total membership has gone down to the pre-merger levels of the biggest participating union *IG Chemie, Papier, Keramik*, points in the same direction. These developments seem to be in line with the argument of Hoffmann and Waddington (2000) or Sverke (1997) that there is no evidence that post-merger unions prove more attractive to members. On the other hand, there is little evidence either that small unions could, over the same time span, retain or even increase membership levels. It will be a prime task for future research to address the question of whether or under which conditions mergers might indeed stop or even reverse membership decline.

Although trade unions as organisations are subject to the principle of scale economies,<sup>36</sup> mergers do not seem to deliver this benefit in the short or medium run (Waddington 2001). Given that personnel costs usually make up the biggest share of union expenditure, one of the major reasons for the failure to achieve economies of scale is that merger unions typically protect numbers and conditions of staff employment both in order to sustain the self- and public image of the unions and to guarantee employees' loyalty to the merger. As a result, post-merger unions tend to be overstaffed for a number of years, especially at head-office level where the duplication of posts and tasks is most pronounced. This adversely affects the recruitment of staff more appropriate to union needs.

Research has repeatedly emphasised the challenge of internal diversity introduced by mergers. This diversity is amplified by rising membership expectations to improve services, particularly if they are from industries, occupations, gender or age groups that are traditionally not unionised. To meet these differences, conglomerate unions need to develop diversified policies, particularly in collective bargaining, and combine them with pluralised, typically decentralised, representation and participation. Both *ver.di* and Unison are examples of this. This goes hand in hand with a certain degree of centralisation that can commonly be observed in merger unions. First, to achieve the desired economies of scale, service provision is regularly centralised. Second, a central coordination of bargaining policies is required as long as the merger union operates on a combined strike fund and adheres to the goal of cross-sectoral solidarity. Third, to pursue strategic recruitment drives, there is a need for central coordination that can identify new membership targets (commonly offered by mergers) and is capable of allocating the necessary resources by cross-subsidisation. Fourth, there is a need to speak with a united voice in the wider political arena. It must be emphasised, however, that these trends towards centralisation are in a state of permanent tension with the plurality and relative autonomy of its structures. Streeck and Visser (1998: 48) believe that there is an in-built tendency to sacrifice political homogeneity (and one should add: capacity) for economic efficiency, limiting the ability of the merger union to speak with one voice.

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<sup>36</sup> This can be concluded from the fact that the ratio of full-time officers to members is commonly lower in large unions than in small ones (Streeck and Visser 1998: 38).

Merger unions commonly straddle industrial boundaries, even in Germany which has a model that most closely resembles industrial unionism. It would appear that, in the presence of privatisation, technological developments and the vertical disintegration of corporate organisation, sectoral rationales can no longer provide the necessary distinctions. This poses a dilemma: while the withering away of such 'objective' criteria could be halted only by an authoritative jurisdiction, the weakening of union confederations through mergers undermines this solution. In addition, vertical unionism comes under pressure from the increasing job turnover. Industrial unionism accordingly seems, under these new conditions, to have outlived itself and may, in an increasing number of cases, be replaced by a type of conglomerate union with only loose ties to the industrial principle.

With this development, the definition of union territories becomes largely arbitrary. Conflicts over sub-sectors and firms are likely to grow. Australian and British unions with their long tradition of multi-unionism seem to be better prepared for sharing bargaining rights than German single or unitary unions (Streeck and Visser 1997: 326). The pattern of inter-union competition will also change as a result of the change in relative union size, with smaller, financially weaker unions becoming more likely to face fierce competition from the merged unions and eventually being themselves forced into mergers too. An additional pressure for them arises from the widespread dismantling of service functions at confederation level. This functional reduction of the national confederations to national and international representation and/ or mediator of conflicting union interests, resulting from both political and financial considerations (reducing affiliation costs), leaves national centres to some extent bereft of their political autonomy and capacity to speak for the smaller affiliates. "A peak association of this sort will probably need very few officials, a council of affiliate organisations rather than a conference of delegates, and a sort of general secretary appointed by the affiliates rather than a president elected by a political conference" (Streeck and Visser 1998: 52). To what extent the re-formation of national union structures has any impact on the international and regional representation, still remains to be seen. It is difficult, however, to imagine how the authority of the ICFTU or, for example, the ETUC could be strengthened by these developments, as they are themselves to a considerable extent dependent on the political and financial resources of the national confederations.

Whether, as a result of these mergers, the trade unions already have or will become stronger or better equipped to face today's challenges is a debatable point. It is clear though, also with regard to (future) organisational restructuring in Central and Eastern Europe, that union mergers do not, in terms either of their implementation or their outcome, deliver simple solutions to complex problems of union identity, interest representation, participation, competition, finances, etc. A key question for the evaluation of union mergers is whether they manage to turn the re-distributive character of membership gains into a net expansion. Moving away from the traditional industrial bastions of labour organisation and organising young workers, migrants and women employed in private sector services is central to any such attempt. Any such effort would, however, require leaving the narrow and defensive lines of 'business unionism' (Willman and Cave 1997) that is logically driven by the economies of a service organisation and the interests of dominant union power brokers. Instead, it should widen its analysis to the existing organisational conditions as well as the necessary consequences of such a re-orientation – in both structural *and* political terms.

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