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# **United we stand? Trade Union mergers – UK and Germany compared**

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UK and Germany compared**

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## UNITED WE STAND?

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## Executive summary

An ongoing series of mergers has resulted in almost continual change in the structure of British trade unions. By contrast, German trade union structure was a model of stability between 1950 and 1989, with 17 unions affiliated to the *Deutsche Gewerkschaftsbund* (DGB, German Trade Union Confederation) and the independent *Deutsche Angestellten-gewerkschaft* (DAG, Union of Salaried Employees). Since 1989, however, the number of DGB affiliates has fallen to eight, and as a result of mergers DAG has become part of a DGB-affiliated union. Drawing on evidence from four case studies, this comparative analysis traces the development of the merger process in the two countries by reference to pre-merger debates and positioning, the procedures whereby mergers were brought about and merger outcomes.

Advocates of trade union restructuring by mergers emphasise the potential benefits. In particular, they draw attention to the reductions in inter-union competition, the possibility of greater influence with employers and the state, and the better membership services that result from post-merger economies of scale.

The merger processes examined here were dominated by defensive issues rather than the search for potential benefits. For the majority of the unions involved in the four merger processes, membership decline was a central factor. Also, despite the introduction of extensive cost-cutting measures, several unions were unable to reduce costs to match the decline in income from members. Financial difficulties were widespread.

Although the German industrial relations system is subject to extensive legal regulation while Britain's is lightly controlled or 'voluntarist', it is in Britain that trade union mergers have been legally regulated since 1876. In addition to these differences in the legal regulation of the merger process, marked differences in merger strategy are evident. In one of the British and one of the German cases pre-merger negotiations and involvement were extensive, whereas in the second German case involvement was deliberately restricted in order to expedite the merger.

Differences in the number of unions that comprise the British and German union movements were key to explaining the inter-union dynamics of the merger process. In Germany, once the process was underway, there was a fear that a delay in a decision to merge would mean a union having to select a merger partner from among a range of potentially unsuitable options. The sheer number of British unions ensured that a wide range of potential merger partners was readily available.

Each of the four merger processes was associated with shifts in the character of union democracy. Traditionally union government has rested on vertical or industrial sections to allow different interest groups 'voice' within a union. Two of the mergers examined here were associated with the introduction of more extensive horizontal structures. These structures were intended to facilitate the participation and representation of, among others, women, workers of different sexual orientation and ethnic origin, young workers and part-time workers. Participants in the four mergers acknowledged that the overhaul

of union constitutions and rules required by mergers facilitated the introduction of 'new' systems of union government.

Although the research demonstrates that mergers are primarily a defensive reaction to adverse environmental change, it unearthed little evidence to suggest that mergers are a satisfactory response to such changes. More radical strategies are required if the British and German union movements are to extend unionisation throughout the expanding private-sector services. As density is now at a post-war low in both Britain and Germany, the implementation of these more radical strategies cannot come too soon.

# Introduction

Throughout much of Western Europe the terms of the post-war settlement consolidated the position of trade unions and allowed sufficient scope for trade unionists to bring influence to bear on economic and social development. The end of the long post-war boom in the mid-1970s led to a number of developments that challenged the position established by trade unions. These developments included an acceleration in the pace of economic internationalisation, the promotion and implementation of neo-liberal policies and the reform of production regimes. Furthermore, processes associated with 'tertiarisation' resulted in marked shifts in the composition of labour markets. The industrial sector declined while public and, latterly, private services expanded, and distinctions between the three sectors became more opaque. Many of the processes associated with 'social modernisation' also eroded the social milieus that underpinned the strongholds of trade unionism.

These broad changes had a range of implications for different national industrial relations systems and the trade unions that operated in them. Trade union membership and density tended to fall, and this led to financial crises for specific unions. Employers strove to decentralise collective bargaining arrangements. Furthermore, trade unions in Europe established a transnational tier of organisation in order to influence the development of a European system of industrial relations. The strengthening or regeneration of articulated trade union organisation, which links workplace and European levels of activity, thus became a major issue for trade unionists. This report examines how trade unions in Britain and Germany have responded to these challenges in the form of mergers and structural reform.<sup>1</sup> It also reviews the effects of the merger process on union democracy.

Advocates of trade union restructuring by mergers argue that the economies of scale arising from them will assist in realising improvements in the quality of service and support available to members in post-merger unions. In particular, the unification of administrative systems, the rationalisation of research, legal and other support departments, and the consolidation of union assets, such as offices, are cited as releasing resources that might be deployed in improving services. Proponents of restructuring also argue that mergers strengthen the position of trade unions *vis-à-vis* employers and the state. Furthermore, supporters of mergers in Britain and Germany have argued that small unions have insufficient resources to sustain the level of services and support required by members in current industrial relations climates (Rappe, 1992; TUC, 1963). Some proponents of merger activity also expect the merger process to reduce inter-union competition. However, the extent of the economies of scale arising from mergers is far from clear-cut. Increased post-merger membership heterogeneity, for example,

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<sup>1</sup> The terms 'Britain' and 'Germany' are used most frequently throughout this report. 'Britain' refers to England, Scotland and Wales and excludes Northern Ireland. We use 'United Kingdom' only when data include Northern Ireland. 'Germany' refers to the Federal Republic of Germany until 1990 and after 1990 to the unified Germany, including the former East and West. Data referring to post-1990 West Germany are specifically marked as such. This is necessary to highlight some of the historical trends in the industrial relations system.

necessitates new forms of internal representation, which are often costly to maintain. In addition, levels of post-merger union employment are rarely the same as pre-merger levels, suggesting that cost-cutting is as likely an outcome of merger activity as improved services. This report examines the merits and limitations of these competing positions by reference to both pre-merger and post-merger levels of union employment and finance, and influence over employers and the state.

To examine these issues the report focuses on the merger activity involving four trade unions: *Industriegewerkschaft Bergbau, Chemie, Energie* (IG BCE, Mining, Chemicals and Energy Union) and *Vereinte Dienstleistungsgewerkschaft* (ver.di, United Services Union) in Germany, and GMB (General Union) and UNISON (Public Sector Union) in Britain.<sup>2</sup> The report establishes whether the factors that promote merger activity are the same in the different institutional circumstances of the two countries. In addition, the report identifies the features of the debate within trade unions involved in these merger processes and assesses post-merger outcomes in terms of union democracy, forms of representation and participation, and inter-union relations.

The report comprises five chapters:

- Chapter 1 identifies the key features of the British and German economic and industrial relations systems that impinge on trade union activity in general and the merger process in particular.
- Chapter 2 introduces the different unions involved in the four merger cases and traces their pre-merger membership and financial development.
- Chapters 3, 4 and 5 examine the terms of the pre-merger debates that led to the choice of merger partners, the procedures followed during the merger negotiations and the post-merger outcomes.<sup>3</sup>

We argue that three relationships are central to understanding the merger process: those between unions and employers and the state, between different unions, and between different factions within unions. How issues arising from these relationships are addressed influences the form and the character of merger activity.

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<sup>2</sup> It is now commonplace in Britain for the official title of trade unions to be initials that are not an acronym. This is the case for both the GMB and UNISON. The origins of both unions are examined below.

<sup>3</sup> Primary data for this report are drawn from two principal sources. Interviews were conducted with the senior trade union officers involved in negotiating the mergers under discussion and with trade union officials at other levels of the unions involved. In addition, the research drew on a range of other primary sources, including union documents and records, and reports submitted by unions to regulatory authorities.

# 1 Two different environments for trade unionism

Any comparison of trade union activity in Britain and Germany has to take into account that the political economies of the two countries represent very different types of capitalism. These different types of capitalism foster different forms of trade unions, situated at different points within the two regulatory regimes and pursuing rather different policy options (Hyman, 2001). This chapter elaborates some of these differences and sets the context within which the trade union merger processes in the two countries take place.

## 1.1 Two forms of capitalism

Britain and Germany differ paradigmatically as types of capitalist market economies (Hall and Soskice, 2001). A typical 'liberal market economy', Britain has ownership and property rights at the centre of economic activities. Apart from co-ordinating functions performed by the 'market', the level of co-ordination is low and the state has limited scope to undertake co-ordination functions. The relative absence of co-ordinating mechanisms means that enterprises are unable to collectively produce basic supply side goods, such as vocational training, research and development, and long-term conditions on finance. As there is no need to co-ordinate collectively, there is no corresponding need to organise, hence the density of employers' organisation within employers' associations is low (Sisson, 1987). Similarly, trade unions are organised in a pluralist manner, and they have stronger traditions of workplace bargaining than in Germany. Although the coverage of collective bargaining is more than 40 per cent, there are relatively few multi-employer or sectoral agreements, particularly in the private sector.

By contrast, Germany is a typical 'co-ordinated market economy', characterised by the extensive and deep co-ordination of the economic actions of firms. Markets are socially regulated and capital is organised (Streeck, 1997). Most enterprises are organised in employers' associations and the system of *Kammern* (chambers) allows them a 'quasi-statist' character (Streeck, 1997). Employers thus have the capacity to produce their collective basic goods in circumstances of co-operation and collective co-ordination (Wood, 2001: 249). Consequently employers are able to follow a competitive strategy based on the production of quality products, organising their innovation processes in an incremental way. Germany is therefore not a high-tech production site but concentrates on medium-tech production in manufacturing sectors, where high-skill and high-quality production is linked to a high-wage economy. Due to the policies of trade unions, and the extent of redistribution undertaken by the state, income inequality is relatively narrow.

To a degree the structures of trade unions in the two countries follow the functions they undertake in the different types of market economy. The British economy 'needs' flexible labour markets and needs trade unions to be part of that flexibility. On the other hand

the relatively large German trade unions are industry-based and maintain wide-ranging social and political influence by three mechanisms:

1. The extension by employers of a collective agreement to cover all workers of a company or an industry
2. The legal precedence of collective bargaining between trade unions and employers' associations over plant-level co-determination (*Tarifvorrang*); this legal precedence means that company agreements cannot determine terms and conditions of employment, which are the subject of collective agreements concluded between trade unions and employers' associations
3. The terms of a collective agreement may be extended to an entire industry by the Minister of Labour (*Allgemeinverbindlichkeitserklärung*), although this arrangement is primarily restricted to the construction industry.

Trade unions are thus able to play their role in the networks of a co-ordinated market economy. The concept of 'social partnership' underpins these functions and is only workable when trade unions are strong and unified.

Trade unions in Germany are involved in the collective production of basic or public goods, such as vocational training and social security. In contrast to Britain, the high level and coverage of social security in Germany makes it possible for workers to invest in firm-specific skills through the system of vocational training. In Britain general skills are more suitable due to the flexible labour markets and the 'hire and fire' strategies of employers. German trade unions are thus deeply rooted in the high-qualification, high-quality production system, while British unions are a functional part of the numerically flexible labour market in the UK.

The two forms of capitalism also require different regulatory regimes for their systems of industrial relations. A voluntarist tradition dominated the British system for much of the 20th century. Both employers and trade unions wished to keep legal regulation apart from industrial relations practices in order to attain the flexibility required within a liberal market economy (cf Flanders, 1965; Fox, 1985). Where legislation was enacted, it tended to be specific, was concerned with relatively narrow issues and was often introduced at moments of crisis. The post-war German regulatory system set a framework within which the parties to industrial relations were granted autonomy. In addition, the obligations of the parties are legally defined, but the manner of their operation is left to the parties. In other words, there are few regulations that stipulate the manner in which trade unions should function.

## 1.2 Regulatory regimes

Two aspects of the regulatory regimes developed within these two forms of capitalism, and of specific concern to the merger process, illustrate the different political, economic and legal standing of trade unions in Britain and Germany:

1. Legal regulation of the merger process

2. The different approaches to the regulation of trade union affairs by the right-of-centre governments of prime ministers Thatcher and Major and Chancellor Kohl.

### 1.2.1 Legal regulation of the merger process

German industrial relations legislation sets high barriers to entry and constitutes a framework within which the parties that have gained access are allowed considerable latitude. This latitude stretches to the merger process, which is not legally regulated. The constitutions of individual trade unions set the parameters for merger activity. Consequently there is some variation in the terms to be met before a merger can be completed. In practice two steps are involved:

1. The unions vote to dissolve in accordance with their constitutions.<sup>4</sup>
2. A new union is formed, which requires no further vote.

Different procedures were followed in the two German cases examined here. In the IG BCE merger a new union was formed as a legal entity two years before members were transferred. As a legal entity, the new union gradually became signatory to the collective agreements concluded by the partner unions and the assets of the partner unions were transferred to it. This procedure was facilitated by the acceptance of the transfer of the collective agreements to IG BCE among employers in the areas covered by the three partner unions. After voting to dissolve the three partner unions, members were then transferred to IG BCE.

This approach was not feasible for ver.di, as the merger partners were responsible for almost 50,000 separate collective agreements. Following legal advice, the *Umwandlungsgesetz* (company merger law) was utilised. Each partner union registered under this law and started a process of *vereinsrechtliche Verschmelzung* (associative merger), which enabled them to dissolve and to merge in one legal act. This was then followed by a further step, in which ver.di was founded at the *Gründungskongress* (founding congress).

By contrast, the British state has regulated merger activity since 1876.<sup>5</sup> The relevant legislation for this study is the Trade Union (Amalgamation) Act 1964, which allows mergers to be completed by two methods:

1. For an amalgamation a simple majority among the members that vote must be achieved within each of the unions involved in the merger proposal.

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<sup>4</sup> The unions involved in the IG BCE and ver.di merger processes required a vote of either 75 per cent or 80 per cent of delegates at a conference convened for such a purpose.

<sup>5</sup> The procedure for merger was initially laid down under Section 12 of the Trade Union (Amendment) Act 1876. This act required the consent of a minimum of two-thirds of the membership of each union involved. These requirements were relaxed by the terms of the Trade Union (Amalgamation) Act 1917, which stipulated a minimum 50 per cent poll for each union involved in the merger proposal. The merger was carried if the number of votes cast in favour of the proposal exceeded by a minimum of 20 per cent those against. The requirements were further eased by the provisions of the Societies (Miscellaneous Provisions) Act 1940, which supplemented the 1917 legislation by introducing the transfer of engagement procedure. This procedure enabled a union to transfer its obligations to another if two-thirds of the members gave their consent.

2. In a transfer of engagements, which usually involves the acquisition of a small union by a large union, a simple majority is required within only the small or transferor union for the merger to be ratified.

### **1.2.2 Different right-of-centre approaches**

The second aspect of the regulatory regime which impinges on merger activity concerns the very different approaches to the regulation of trade union affairs by the right-of-centre governments of prime ministers Thatcher and Major (1979–1997) and Chancellor Kohl (1982–1998).

Conservative governments viewed British trade unionism as a barrier that might thwart the achievement of a numerically flexible economy, privatisation and the ‘freeing’ of markets (Hanson and Mather, 1988; Hanson, 1991). Consequently a succession of no fewer than nine separate legislative measures were enacted between 1980 and 1993 with the object of restricting trade union organisation and activity (Dickens and Hall, 1995; Marsh, 1992). In combination these measures constituted the most extensive web of regulation of union government introduced in Britain during the 20th century.

Chancellor Kohl’s *Wendepolitik* (politics of change) was also directed towards greater labour market flexibility, privatisation and the revival of a market economy. However, restricting trade union organisation and activity through the direct regulation of trade union government was not politically feasible within the confines of the German co-ordinated economy. The measures enacted were marginal compared to those enacted in Britain. Legislative change in Germany on a scale comparable to that in Britain would have undermined the trade union role within the co-ordinated market economy and thus brought into question the nature of the regulatory regime.

Differences in the extent of the regulation of trade union organisation and activity impinge markedly on the character of the merger process in Britain and Germany.

## **1.3 Two systems of collective bargaining**

### **1.3.1 The German system**

German post-war economic performance was intimately connected to a successful combination of Fordism with corporatist social, economic and political institutions. Integral to these institutions is the system of collective bargaining and workplace representation, which has three principal components:

1. Industry-level collective agreements (*Flächentarifvertrag*) negotiated by trade unions and employers’ associations (*Arbeitgeberverband*)
2. Co-determination (*Mitbestimmung*) at the level of the workplace undertaken by the works council (*Betriebsrat*)
3. Co-determination at the level of the supervisory board (*Aufsichtsrat*).

In recent years this tiered and interlocking system of collective bargaining and worker representation has come under increasing threat from employers, citing a need to improve international competitiveness. It has also come under threat by the inability of

trade unions to extend membership into the expanding sectors of the economy, which has resulted in density falling from 31.8 per cent in 1980 to 22.5 per cent in 2000 (Ittermann and Müller-Jentsch, 2000; DGB, 2001).

The stability of the system has been brought into question in five specific areas and consequently the position and role of trade unions has been challenged:

1. Recently the rate of decline in the coverage of works councils and in the proportion of workers coming within their scope has accelerated.
2. Human resource management (HRM) strategies have undermined many works councils by encouraging direct lines of communication between management and workers (Müller-Jentsch and Sperling, 1995).
3. Tendencies towards the decentralisation of bargaining accelerated following the settlement of the 1984 dispute on working time and the post-unification growth in the number of opening clauses (*Öffnungsklauseln*), which allowed companies, with union agreement, to provide lower terms and conditions than those agreed through industrial bargaining.
4. More employers than before choose to remain outside of employers' associations in order to secure greater independence (Hassel and Schulten, 1998; Thelen, 2000).
5. Because German unification required the dissolution of the state-sponsored unions in the former East, trade unions based in West Germany had to establish an infrastructure in the East to support and organise members.

Those pessimistic about the future of the German system of collective bargaining and worker representation argue that these challenges, when placed in the context of high unemployment and post-unification restructuring, may undermine the encompassing collective agreement system on which the German model is founded (Silvia, 1999). Others question this view (Lange *et al.*, 1995; Turner, 1998), but it is clear that each of the challenges requires a response from trade unions if they are to maintain influence. Furthermore, in adopting the controversial action programme (*Aktionsprogramm*) that approved the adaptation of collective agreements to plant-level conditions, the *Deutscher Gewerkschaftsbund* (DGB – German Trade Union Confederation) tacitly acknowledged that tendencies towards decentralisation were unlikely to be reversed.

### **1.3.2 The British system**

While debate on the German system of collective bargaining and workplace representation focuses on its resilience, there is no doubt that in Britain collective bargaining was transformed after 1979. The absence of any widespread legal underpinning to collective bargaining meant that it was an easy target for the neo-liberal assault. Collective agreements are not legally binding in Britain, with the consequence that industrial disputes can occur during the term of an agreement.

As the 'outsider' system of corporate governance is a defining feature of a liberal market economy, there is no worker representation on the boards of British companies. Furthermore, unlike the separation in the German dual system, British trade unions form a single channel linking workplace representation and collective bargaining. In practice this results in a far closer correspondence between a union presence and the coverage of collective bargaining in Britain than in Germany. In 1979 union density in Britain stood at 55.8 per cent; by 2000 it had fallen to 29.4 per cent (Waddington, 1992; Sneade, 2001).

A key objective of the neo-liberal programme of successive Conservative governments was to create circumstances within which management could re-assert authority in the workplace. There were three strands to this element of the policy:

1. Restricting trade union organisation and activity
2. The exclusion of unions from any role in national policy-making
3. Weakening the already limited statutory support for collective bargaining (Waddington, 2003a).

The impact of these measures can be gauged in terms of their effects on the coverage of bargaining, union recognition and workplace practices. By 1998 the coverage of collective bargaining had fallen to 41 per cent of employees, from 72 per cent in 1973 (Brown *et al.*, 2001; Cully *et al.*, 1999). Employers exploited the opportunities presented to them by the political programme. They withdrew from most multi-employer national bargaining arrangements, thereby rejecting trade unions as national bargaining agents (Clark and Winchester, 1994). Employers also decentralised collective bargaining to company, division or workplace level. The rise in the number of bargaining units resulting from this decentralisation placed an additional burden on union organisation, as union support services have become more thinly spread.

The proportion of workplaces at which employers recognised trade unions also fell sharply, from 66 per cent in 1984 to 45 per cent in 1998 (Cully *et al.*, 1999). As with the coverage of works councils in Germany, the proportion of workplaces at which trade unions are recognised declines with size. The extent of employer rejection of a union presence is thus higher now than at any other time since 1945. Furthermore, where unions have maintained a presence, management has isolated or bypassed many union representatives, thus excluding them from any consultation or negotiation processes associated with workplace change (Smith and Morton, 1993).

While changes in the workplace are noted as being uneven and characterised by the piecemeal adoption of elements of the HRM agenda, the outcome has been the accentuation of individual aspects of the employment relationship. The HRM practices British employers have introduced emphasise direct contact between management and worker and encourage greater commitment among workers to the goals of the enterprise, further distancing union organisation (Guest and Peccei, 1994; Cully *et al.*, 1999). Thus, even where unions in Britain have retained a presence, it is all too often in the form of a 'hollow shell' that exerts little influence on management practices and tends to bargain over a narrow range of issues (Millward *et al.*, 2000).

The election of a Labour government in 1997 and its subsequent re-election in 2001 offered some respite from the neo-liberal assault (Waddington, 2003b). In particular, the enactment of the Employment Relations Act 1999 re-introduced a formal recognition procedure and provided unions with a limited base on which to extend unionisation (Ewing, 1999; Smith and Morton, 2001).

## 1.4 Summary

Although workplace representation and collective bargaining differ between Germany and Britain, recent trends raise similar challenges for trade unions:

- To extend the coverage of works councils or collective bargaining, in particular to private-sector services
- To respond to the decentralisation of bargaining, which places an additional burden on union organisation at a time of depleted resources; any response requires that services and support are made available to members at their place of work to maintain some cohesion between otherwise isolated members
- To overcome employer resistance to the extension of collective bargaining, whether in the form of their secession from employer associations or their refusal to agree to union recognition
- To exploit recent legislative change to extend the coverage of works councils and union recognition.

Mergers are one of the means chosen by both British and German trade unionists to address these challenges. Our purpose is to establish whether – and, if so, to what extent – mergers have enabled trade unionists to meet them. Furthermore, we examine whether mergers meet the targets set by their advocates in terms of achieving economies of scale, improving the quality of support and service to members, and responding to developments in the labour market.

## 2 Four merger cases

This chapter identifies the principal characteristics of the unions participating in the four merger processes that constitute the core of this study. It isolates those features of the different unions that had to be combined in order to complete the mergers. In addition, the pre-merger membership and financial trends of the participating unions are examined to establish the extent to which engagement in the merger process was membership-driven or a financial imperative. Throughout, the chapter illustrates the pre-merger diversity of the unions involved in terms of their structure, politics, membership and financial positions.

### 2.1 The unions involved

This report focuses on the merger activity that resulted in four unions: IG BCE and ver.di in Germany, and GMB and UNISON in Britain.

#### 2.1.1 Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE)

IG BCE was formed in 1997 through the amalgamation of *Industriegewerkschaft Chemie-Papier-Keramik* (IG CPK, Chemicals, Paper and Ceramics Union), *Gewerkschaft Leder* (GL, Leather Workers' Union) and *Industriegewerkschaft Bergbau und Energie* (IG BE, Mining and Energy Union). At the time of the merger GL was one of the smaller German unions and was certainly the junior partner in the formation of IG BCE. GL and IG BE had their origins in craft union traditions, had memberships that were geographically concentrated in specific regions and operated with relatively autonomous local units of organisation. Networks of *Vertrauensleute* (union workplace representatives) were established by both GL and IG BE, but these tended to remain subordinate to local union organisation in the form of *Ortsverwaltungen* (GL, local offices) and *Ortsgruppen* (IG BE, local branches).

In contrast to GL and IG BE, IG CPK originated in the organisation of unskilled and semi-skilled workers. The greater membership heterogeneity of IG CPK necessitated the formation of *Verwaltungsstellen* (administrative offices), through which the interests of different membership groups were pursued. Tension between IG CPK *Nebenstellen* (local branches) and works councillors in the major companies within the chemicals industry characterised the development of IG CPK until 1972, when the *Nebenstellen* were formally abolished.

Whereas relations between national and local levels of organisation were relatively straightforward within GL, they were more difficult in IG BE and IG CPK. Although local organisation was relatively autonomous within IG BE, the leadership possessed considerable political power arising from the peculiarities of the co-determination law in mining, the constitutional authority of the leadership in appointing union staff and the presence of relatively few, but large, employers in the mining industry, which tended to foster close relations between the union and companies (Martens, 1997). Similarly, the head office of IG CPK enjoyed considerable formal authority within the union (Klatt,

1997). On occasion this contributed to conflicts with the powerful works councillors in the larger companies in the chemicals industry. Uniting IG BE and IG CPK, however, was their position within the 'accommodationist' wing of the German union movement (Markovits, 1986: 267–326), which espoused social partnership with employers and the state and – after the mid-1980s – reform of DGB.

### 2.1.2 Vereinte Dienstleistungsgewerkschaft (ver.di)

Ver.di was formed in 2001 by the merger of five unions:

1. *Gewerkschaft Öffentliche Dienste, Transport und Verkehr* (ÖTV, Public Services, Transport and Traffic Sectors Union)
2. *Deutsche Angestelltengewerkschaft* (DAG, Union of Salaried Employees)
3. *Deutsche Postgewerkschaft* (DPG, Postal Workers' Union)
4. *Gewerkschaft Handel, Banken und Versicherungen* (HBV, Retail, Banking and Insurance Union)
5. *Industriegewerkschaft Medien* (IG Medien, Media Union).<sup>6</sup>

The largest and most heterogeneous of the merger partners was ÖTV, which represented over 1.4 million members, organised into six *Fachgruppen* (special interest groups) immediately prior to the merger. ÖTV organised all public employees except teachers, postal workers, railway workers, civil servants and some white-collar workers. In addition to the vertically organised *Fachgruppen*, ÖTV also comprised geographical structures at area (*Kreise*) and county (*Bezirke*) level. ÖTV was characterised as a 'double pyramid', with the power of the *Fachgruppen* concentrated at head office whereas the power in other structures was concentrated at the *Kreise* and *Bezirke* levels.

From the 1970s ÖTV attempted to address the twin challenge of integrating a diverse membership and accommodating the geographical and vertical structures of governance. During the late 1980s the debates on these topics provided the momentum for a broader debate on union structure, which embraced merger discussions with DAG. Unlike all other German unions examined here, DAG did not affiliate to DGB and rejected the principle of industrial unionism in its attempt to organise all white-collar workers irrespective of industry.<sup>7</sup> In practice DAG members were concentrated in public services and in banking, insurance and retail. To accommodate this diversity, DAG was organised into four *Wirtschaftsgruppen* (industrial groups) and eleven *Berufsgruppen* (professional groups). Although DAG claimed to be non-political and non-ideological, most of its officers were social democrats and during the 1980s the political stance of DAG became more similar to that of the DGB-affiliated unions.

Compared to ÖTV and DAG, IG Medien, DPG and HBV were relatively homogeneous, with memberships concentrated in printing and arts, postal services, and retail, banking and insurance respectively. IG Medien, DPG and HBV were also similar in that they were to the political left of the German trade union spectrum.

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<sup>6</sup> IG Medien was unique among DGB-affiliated unions in that it had been formed by an amalgamation in 1989 of *Industriegewerkschaft Druck und Papier* (DruPa, Printing and Paper Union) and *Gewerkschaft Kunst* (GK, Arts Union). At the time this was the only post-war merger involving DGB-affiliated unions.

<sup>7</sup> DAG had attempted to affiliate to DGB on several occasions after 1945, but its requests had been rejected on the grounds that it failed to comply with the principle of industrial unionism.

In addition, each of these unions had failed to address particular labour market shifts in terms of securing membership in areas of employment growth. IG Medien, for example, had failed to extend membership to the new media that had emerged after 1980, and its membership remained concentrated in printing and arts. DPG had been hard hit by the privatisation of the *Bundespost* and had been unable to recruit members among workers at the new private post and telecommunications companies, many of which were established during the 1980s. Similarly, the density of organisation achieved by HBV at the larger warehouses, supermarkets and banks rarely reached 50 per cent, while organisation at the myriad of small workplaces that characterised its domain was often non-existent.

### 2.1.3 GMB

GMB was formed in 1982 when the General and Municipal Workers' Union (GMWU) amalgamated with the Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers (ASBSBSW). Throughout the 1960s and 1970s membership of GMWU<sup>8</sup> did not expand as rapidly as that of the Transport and General Workers' Union (TGWU) and the Amalgamated Engineering Union (AEU), its main competitors. One of the reasons for this was GMWU's failure to attract merger partners in similar numbers and of the same size as TGWU and AEU. Central to this failure was the regional structure of GMWU, which had been in place since 1924. In practice the regional structure limited the acquisitions made by GMWU to unions that organised within any one of these regions. Unions acquired were thus small and were often absorbed as single branches of GMWU.

The amalgamation of GMWU and ASBSBSW marked a shift in these arrangements in that the former ASBSBSW membership became the Boiler Makers' Section of GMB, thus creating a new vertical section. Unlike the other three merger processes at the core of this study, the GMB merger process comprised a series of acquisitions and amalgamations, most of which were separate events.<sup>9</sup> Four acquisitions form the core of our examination: the Greater London Council Staff Association (GLCSA), acquired in 1988; the National Union of Tailors and Garment Workers (NUTGW), 1991; the Furniture, Timber and Allied

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<sup>8</sup> Several name changes were introduced from the mid-1970s, which confuse any discussion of the GMB merger process. Between 1924 and 1975 the name of the principal union was the National Union of General and Municipal Workers (NUGMW); 1976–1981, General and Municipal Workers Union (GMWU); 1982–1988, General, Municipal, Boilermakers and Allied Trades Union (GMBATU); and 1989 to date, GMB. For ease of explanation we refer to GMWU as the name prior to 1981 and GMB thereafter.

<sup>9</sup> Between 1982 and 2001 GMB was involved in mergers with no fewer than 19 different unions. The names and dates of the unions involved are as follows: Scottish Lace and Textile Workers' Union, 1983; Amalgamated Textile Warehouse Operatives (Bolton and District), 1986; Amalgamated Textile Warehouse Operatives (Hyde and District), 1986; Amalgamated Textile Workers' Union, 1986; Amalgamated Textile Workers' Union Central Lancashire and Calderdale, 1986; Amalgamated Textile Workers' Union (Southern Area), 1986; Amalgamated Textile Workers' Union (Staff Section), 1986; Blackburn and District Weavers, Winders and Wapers' Association, 1986; Colne and District Textile Workers' Association, 1986; North-West Lancashire, Durham and Cumbria Textile Workers' Union, 1986; Oldham Provincial Union of Textile and Allied Workers, 1986; Greater London Council Staff Association, 1988; Association of Professional, Executive, Computing and Clerical Staffs (APEX), 1989; National Association of Labour Organisers, 1990; Law Society's Legal Aid Staff Association, 1990; National Union of Tailors and Garment Workers, 1991; Furniture, Timber and Allied Trades Association, 1993; Gas Higher Managers' Association, 1998; and Managerial and Professional Officers, 2001. With the exception of APEX, which was an amalgamation, all these mergers were acquisitions completed through the transfer of engagements procedure.

Trades Union (FTAT), 1993; and the Managerial and Professional Officers (MPO), 2001. Each of these acquisitions was completed using the transfer of engagements procedure, thus necessitating ballots only among the membership of the transferor unions.

GLCSA and MPO were small unions that organised particular groups of white-collar members in local government. GLCSA members worked for the Greater London Council (GLC) and the Inner London Education Authority (ILEA). GLCSA was thus a regional union. By contrast, MPO represented chief and senior officers, primarily in local government, throughout the country. MPO was an occupational union. Both GLCSA and MPO opposed NALGO/UNISON. GLCSA maintained its independence from NALGO through its majority position on the Whitley Council for GLC and ILEA staff, where its representatives occupied eight of the ten seats. Similarly, MPO held a majority position on the negotiating body for chief officers in local government. The small GLCSA and MPO were able to maintain their independence by sustaining majority positions on the negotiating bodies that set the pay and conditions of the members they represented.

NUTGW and FTAT were the result of a succession of mergers completed in the clothing and woodworking industries. The two unions occupied majority positions in particular segments of their respective industries, although employment in both industries contracted throughout much of the post-war period. The majority of NUTGW members were women in low-paid jobs with terms and conditions set by wages councils. When the wages council system was finally dismantled in 1993, NUTGW was compelled to conduct negotiations at local level throughout the clothing industry. NUTGW and FTAT operated with regional structures of representation. FTAT, however, complemented its regional structure with five vertically organised trade groups, each of which represented a specific section of the membership.<sup>10</sup>

#### **2.1.4 UNISON**

UNISON was formed in 1993 through the amalgamation of the Confederation of Health Service Employees (COHSE), the National and Local Government Officers' Association (NALGO), and the National Union of Public Employees (NUPE). While there was some overlap, and hence competition, in the recruitment bases of the three unions, the major concentrations of membership were separate. COHSE organised manual workers and some qualified nurses in health, NALGO white-collar workers in local government, health and the utilities, and NUPE manual workers in local government and health. As centralised bargaining remained in place for much of local government and health, the three unions sustained fairly centralised structures for most of the post-1945 period. Extensive efforts to develop networks of stewards were launched after about 1970. In the case of NALGO this resulted in the development of widespread active lay involvement through local branches, which established some autonomy of operation. Relations between local and national levels of organisation in NALGO were often fraught and characterised by many activist-led challenges to central union authority.

NUPE and COHSE also attempted to develop extensive networks of lay representatives. While both unions increased the number of shop stewards, the rate of increase was not as steep as in NALGO, nor was it accompanied by difficult relations between local and national levels of representation. Senior officers retained considerable latitude of action.

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<sup>10</sup> Several of the trade groups of FTAT were established as a result of an acquisition.

The struggle to retain this latitude was at the centre of the merger negotiations that led to the formation of UNISON.

## 2.2 Pre-merger membership trends

Five points are noteworthy concerning the pre-merger membership trends of the unions involved in the two German merger processes since 1950:

1. For the majority of unions (IG BE, IG CPK, IG Medien, ÖTV, HBV and DPG) sharp membership increases were recorded on German unification, reflecting the policy of dissolving the former East German unions and encouraging their members to join unions based in the West. By the mid-1990s, however, the majority of these gains had been lost. DAG benefited less than the DGB-affiliated unions from the expansion into the East because there was not a corresponding union in the East from which to take members. Similarly to DGB-affiliated unions, however, DAG membership fell well below pre-unification levels after 1991. Post-unification membership losses were not confined to the East. Although 60 per cent of membership losses sustained by IG Medien between 1991 and 2000 were from Eastern Germany, the West was also hit by 20 per cent losses. Furthermore, the bulk of these losses was in the industrial strongholds of IG Medien in printing and newspaper publishing, and in paper and plastics processing.
2. Long-term membership decline was a feature of GL and IG BE. GL membership fell from a peak of 100,233 in 1953 to 23,081 by 1995, a decline of 77 per cent. This was compounded by the failure of GL to recruit many additional members at unification because the leather industry in East Germany was very small. The pattern of long-term decline was also evident in IG BE, albeit temporarily mitigated by the post-unification rise in membership.
3. Unions with a primarily public-sector membership (ÖTV and DPG) achieved the most marked membership increases after 1950. By 2000, for example, ÖTV membership was 203.4 per cent of the 1950 figure, whereas that of DPG was 234.1 per cent of the 1950 figure. Taking into account the massive reduction in state employment in the East, it is no surprise that until 1996 membership fell more sharply in both absolute and relative terms in the East than in the West. After 1996 membership of these unions fell in both the East and the West as state employment contracted.
4. Although the memberships of HBV and DAG increased steadily after 1950, the rate of increase was much lower than the rate of increase among employment in retail and commercial staff on the one hand and among white-collar workers on the other. In other words, membership of these two unions may have increased, but the unionisation rate in their areas of organisation fell. The collapse of DAG membership, concurrent with the continuing growth of potential recruitment, accentuated the view within the union that it was not capable of reacting to labour market changes.
5. The proportion of non-working members rose substantially after about 1980. By 1993, for example, 39.8 per cent of the membership of IG BE were retired, as the

mining industry contracted and miners retained membership for traditional reasons relating to community and for representation on pension-related issues (Martens, 1997). Pensioners accounted for an increasing share of the membership of DPG and by 2000 constituted about 30 per cent of total membership. The share of economically inactive members, comprising the unemployed, students, and pensioners, also rose to 26 per cent in 1999 in IG Medien.

The British unions tended to organise fewer members than the German unions. While this is expected from the structures of the two trade union movements and, in particular, the relatively narrow recruitment bases of the British unions, it does have implications for membership support and services. For example, TUC argued as early as 1963 that small unions were unlikely to deliver an appropriate level of membership service (TUC, 1963). As with the German pre-merger membership trends, different patterns of development occurred among the British unions.

In essence, two long-term trends are in evidence:

1. NUTGW and FTAT illustrate a long-term pattern of decline, reflecting the contraction of employment in the clothing and woodworking industries. However, the rate of decline accelerated after 1980, following the election of the Conservative government and its introduction of monetary policies with their catastrophic effects on employment in manufacturing.
2. A second long-term trend was followed by GLCSA and the three UNISON merger partners. Membership of these unions increased between 1950 and about 1980, after which it either stabilised (NALGO) or declined (GLCSA, COHSE and NUPE). Membership of the larger public-sector unions involved in the UNISON merger process increased particularly rapidly throughout the 1970s, resulting in substantial increases in unionisation. By 1979 employment density in local government and health was greater than 75 per cent (Waddington, 1992). After about 1980, however, NALGO maintained membership levels until the merger in 1993. In contrast, both COHSE and, particularly, NUPE lost members. Between the membership peak of 712,392 in 1978 and the merger in 1993, NUPE lost 192,269 (27 per cent) of members. The pattern of long-term membership growth among British public-sector unions is thus very similar to that of DAG and ÖTV in Germany, albeit with different end points to the trend: 1980 in Britain and the early 1990s in Germany.

## 2.3 Pre-merger financial trends

Following Willman *et al.* (1993), three measures of the pre-merger financial trends of the unions are employed:

1. Solvency: the ratio between total income to total expenditure. This is a measure of annual financial well-being and takes no account of the assets of the union concerned.
2. Real income per member. This measure indicates the capacity of unions to raise subscriptions to accommodate rising inflation.

3. Running costs: the ratio between administrative and personnel costs and income from members. This is a measure of the capacity of a union to support and service members from the income received from these members.

### 2.3.1 Pre-merger financial trends: Germany

A solvent union will have an income/expenditure ratio greater than one. Union leaders of an insolvent union would either have to raise income or cut costs, or both, to return to solvency. Among the German unions there was no single pre-merger trend in solvency, although all pre-merger unions tended towards insolvency after the mid-1980s. However, a number of patterns of decline were shared by several of the unions. IG BE and GL, for example, declined steadily, with the rate of decline accelerating after the mid-1980s. DAG was barely solvent for much of the period after 1970, and both DAG and GL were insolvent from the mid-1980s. HBV and ÖTV were solvent for much of the period after 1970 but incurred sharp reductions to insolvency after 1990. During the 1990s they failed to return to the earlier levels of solvency, although they did remain solvent. IG Medien remained insolvent after 1991.

German unions levy membership contributions as a proportion of gross income at a rate that varies from union to union. For example, the membership contributions in the ver.di merger unions varied from 0.8 per cent of gross income for DPG to 1.2 per cent of gross income for IG Medien.<sup>11</sup> Changes to the levy can be implemented at the congress of the union. By contrast, membership contributions in Britain are usually a flat-rate figure, which may also be increased at the congress. There may be several levels of membership contribution, each considered appropriate to a particular group of members. Within a British union, therefore, some members may be paying a higher proportion of their gross income in membership contributions than others, whereas in Germany this is unlikely to be the case.<sup>12</sup> Furthermore, in Britain the issue of raising the level of membership contributions is complicated by the presence of many competing unions. By raising membership contributions a union may provoke comparisons with other unions that charge lower rates and thus jeopardise their membership retention.

The level of real income per member differed markedly between the German unions. GL and DPG levied relatively low levels of real income per member compared to IG BE and ÖTV. HBV shifted its position. From generating low levels of real income per member during the late 1970s, HBV increased real income per member throughout the 1980s to a level comparable to that of ÖTV. Real income per member also dipped quite sharply in most unions around 1990 as membership expanded with the influx of East German members. This is entirely expected as the wages of East German workers were set at lower levels than those of their West German counterparts. Exceptions to the dip in real income per member around 1990 are GL and IG Medien, which raised real income per member from 1990, suggesting an increased financial demand being placed on members to sustain the organisations. In both cases these increases in real income per member were not sufficient to return the union to solvency.

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<sup>11</sup> ÖTV, HBV and DAG levied 1.0 per cent of gross income. All unions engaged in the ver.di process offered reduced rates for unemployed, student, apprentice and retired members.

<sup>12</sup> In both countries unions make special provisions for particular groups of workers. Part-time and young workers, for example, may pay less than the full-time rate for their union membership.

If running costs are greater than one, a union is unable to support and service members from the income generated from them in the form of membership contributions. Key components of the numerator of the running costs equation are the salaries of union staff. Reducing the number of union employees, therefore, is one way of reducing running costs, but a sensitive measure within unions. Again, there was no single pattern of development among the German unions. GL's and IG BE's running costs spiralled after 1990 and most likely exerted significant pressure towards merger. As both of these unions had raised real income per member during the 1990s, it is clear that administrative and personnel costs were rising at a higher rate than the unions could increase real income per member. While certainly not increasing at the same rate as in GL and IG BE, DAG's running costs were greater than one for the entire period after 1970, indicating that income from members was insufficient to meet administrative and personnel costs. For the remaining four unions involved in the ver.di merger, running costs were significantly less than one. The sharp declines in running costs achieved by ÖTV, HBV and IG Medien in 1991 and 1992 suggest that a post-unification rationalisation had a marked impact on the reduction of running costs.

### **2.3.2 Pre-merger financial trends: Britain**

The annual fluctuations in the solvency of British unions were more marked than those of their German counterparts. This may be a consequence of the annual conferences convened by most British unions and the practice of debating the level of membership contributions at such conferences. This practice may accentuate annual fluctuations in solvency, while the German practice of convening conferences every two or four years may promote 'smoother' solvency trends, as there are fewer opportunities to raise the level of membership subscriptions. However, the annual fluctuations in the solvency of British unions occur within a similar range to the longer-term shifts observed for the German unions. This suggests that the principles of financial management and, in particular, assessments of relationships between income and expenditure are conducted within similar parameters in the two countries.

While there was no single pre-merger trend in solvency among the British unions, a number of consistent features were apparent:

1. Apart from NUTGW, all the British unions were insolvent for some of the period after 1975. For most of the unions insolvency was an occasional annual phenomenon: GLCSA, 1979; FTAT, 1980 and 1982; MPO, 1991, 1994 and 1997; COHSE, 1990 and 1992; and NALGO, 1979. By contrast, NUPE was insolvent for the period 1985–1989, suggesting that there was some delay in implementing financial reforms to accommodate membership decline, which was continuous after 1981.
2. The link between pre-merger membership decline and solvency is far from clear-cut. For example, both NUTGW and FTAT sustained long-term membership decline, yet were no more prone to annual insolvency than were unions with stable or rising membership.
3. For the four public-sector unions extant before 1980, solvency tended to decline during the late 1970s, when their members were engaged in extensive industrial action. The three UNISON merger partners were unable to restore pre-1977 levels of solvency during the 1980s and early 1990s.

The pre-merger level of real income per member varied markedly between the seven British unions. However, for all the unions there was a tendency for pre-merger real

income per member to rise, suggesting that to remain solvent an increased financial demand was placed on members. GLCSA, NUTGW, FTAT, COHSE and NUPE levied very similar levels of pre-merger real income per member. NALGO and, particularly, MPO members paid considerably more for their unionism. In other words, the white-collar membership of these two unions paid higher rates of overall membership subscriptions. The sharp increases in pre-merger real income per member drawn from MPO members, coupled with the difficulties experienced by the union in maintaining solvency during the 1990s, raises the question whether it was possible to keep raising real income per member or whether some form of threshold had been reached which precluded further rises.

As with the other financial indicators, there is no single pattern of development in the pre-merger trends in running costs for the GMB and UNISON merger processes. It is clear that FTAT struggled to control running costs, particularly during the 1980s and the years immediately preceding the merger. NUTGW, by contrast, had brought running costs under control. MPO incurred significant start-up costs. Thereafter, running costs were controlled through increases in real income per member. Throughout the 1980s running costs tended to increase for the UNISON merger partners. Only after 1986, however, did running costs exceed income from members and then only intermittently. Furthermore, NUPE, which sustained the largest pre-merger membership losses and ran at a deficit during the second half of the 1980s, brought running costs under control during the years immediately prior to the merger.

## **2.4 Summary**

With the exception of NALGO, all pre-merger unions sustained some degree of membership losses. Structural changes in the British and German economies in the form of tertiarisation, economic decentralisation, outsourcing and privatisation were responsible for this general trend, which had particularly acute effects in industries such as mining, leather, clothing and woodworking where social-cultural milieus were also lost. This promoted a dramatic trend of towards insolvency, illustrated clearly by IG BE, DAG, GL, HBV and IG Medien in Germany and FTAT and MPO in Britain. Several of the British cases, however, show a more a cyclical pattern of development than their German counterparts and the decline is rarely as dramatic as in the German cases. This may result from the industrial structure of German unionism and the relatively 'fixed' boundaries to recruitment, which limit opportunities to extend membership to areas of expansion. In order to maintain union services in such circumstances, all unions initially drew higher levels of incomes per member.

This overall pattern of decline was exacerbated by the peculiar situation of German unification. Unification was a mixed blessing for most of the German unions. Initially it resulted in significant membership gains, which were associated with the takeover of members from the unions of the East and a dramatic increase of expenditure necessary to establish union infrastructure in the East. However, the collapse of industry in the East led to sharp declines in membership. As a result most German unions in the late 1990s organised a similar number of members as before unification but had to maintain a larger infrastructure.

### 3 Pre-merger debates and positioning

This chapter charts the processes whereby the unions involved in the four mergers selected their merger partners. Arguably with the exception of UNISON, the pre-merger debates and positioning involved a review of potential merger options and the selection of one of these. Throughout this process, relations with other unions informed the selection of a merger partner. In many cases the choice of other unions to opt for alternative mergers restricted the options available to the unions that participated in the four merger cases.

#### 3.1 The IG BCE merger process

The decision of IG CPK and IG BE to conclude a four-year co-operation agreement in May 1992, with the intention of settling a merger agreement, brought together two unions that were quite different in structural terms. However, since the 1980s IG BE and IG CPK had shared a common position on a number of important political issues, and this encouraged their closer working. Both unions were members of the minority *Fünferbände* (gang of five) within DGB. This group argued for reductions in working time over the period of working life, in preference to policies directed towards a reduction of weekly working time as advocated by the *Industriegewerkschaft Metall* (IG Metall, Engineering Union). In more general terms both unions could be regarded as social partnership-oriented and were to the right of the political spectrum represented within DGB. Arising from the peculiarities of their memberships, IG BE and IG CPK also held common views on ecological matters. These two unions fiercely rejected the more 'fundamentalist' approaches proposed by *Die Grünen* (Green Party) in the 1980s and argued that economic development is 'at least' as important as environmental matters. Their position in favour of nuclear power also distinguished them from the stance adopted by IG Metall and ÖTV.

Much more important in the pre-merger discussions, however, were similar visions of the future of DGB. IG CPK, in particular, argued strongly in favour of removing servicing and representation functions from DGB. IG CPK proposed that representative structures for women, white-collar workers, civil servants and youth should be jettisoned and these functions performed by affiliated unions. Similarly, IG CPK argued that the *Ortskartelle* (local DGB committees), *Tarifarbeit* (collective bargaining co-ordination) functions and –vital for the smaller DGB unions that were unable to afford such services – legal advice should be abandoned (Kraus, 1993). In short, within IG CPK and IG BE, DGB was viewed as costly and inefficient. It was anticipated that reform along the lines suggested within IG CPK and IG BE would necessarily result in a reduction of contributions to DGB.<sup>13</sup>

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<sup>13</sup> As more than a third of DGB's total expenditure consisted of wages for its legal advice officers, abolishing this service would reduce contributions to DGB considerably (Schmidt and Trinczek, 1993).

If DGB abandoned these functions, the existence of the smaller unions with more limited resources would be threatened. In this sense the IG CPK position represented a strategy to reduce the size, functions and legitimacy of DGB, as well as the number of unions.<sup>14</sup> Every union that was unable to provide an adequate service to members and/or to employ sufficient officers was supposed to consider co-operation or a merger (Kraus, 1993). The reduction of the number of unions was also expected to accelerate internal DGB decision-making.

In terms of inter-union power and bargaining relations, the merger promised to strengthen the political right within the union spectrum. Hermann Rappe, Chair of IG CPK, had originally intended to integrate *Gewerkschaft Textil-Bekleidung* (GTB, Textile and Clothing Union) in the merger, but GTB officers preferred to merge with IG Metall in order to secure higher wages (Schmidt and Trinczek, 1993).

In addition to the reform of DGB, IG CPK and IG BE shared views on the significance of industrial politics. In this respect IG BE was the prime advocate within DGB of co-operative industrial politics with employers and the state. It traditionally engaged in 'sectoral corporatism', founded on the extended co-determination rights of *Montanmitbestimmung* and the politics adopted within IG BE towards corporate governance. The central concern within the union was to respond to structural changes in energy politics and markets. Numerous pit closures and the economic future of the Ruhr region, where most of the pits were situated, came to dominate the agenda of IG BE. With the election of the *Große Koalition* (grand coalition) to national government in 1966 and a social-democratic-liberal regional government in North Rhine-Westphalia, governing the Ruhr region, close co-operation began to develop between miners and SPD politicians. A number of national agreements on hard coal subsidies, sales guarantees and a generous early retirement scheme for miners were concluded and subsequently extended, initially in co-operation with the Social Democrats that were in power until 1982, and then with the Kohl government.

## 3.2 The ver.di merger process

To understand the historical move of DAG to join the DGB unions, two developments have to be taken into account. First, the politics of the leadership of DAG drove them closer to the DGB unions after the late 1980s. Conversely, a new generation of more 'pragmatic' and ideologically less traditional union leaders emerged within some DGB-affiliated unions during the 1980s. There are reasons to believe that the foundation of the rapprochement lay in the role of both camps in defending the social *acquis* against employers and government during the 1990s and the wide-ranging effects of union decline.

At the level of national politics DAG and the DGB-affiliated unions began to co-operate closely against the Kohl government when the introduction of deregulatory policies was announced in 1996. In a joint declaration IG CPK, IG Metall, ÖTV and DAG rejected these

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<sup>14</sup> Under IG CPK proposal DGB was to concentrate on political lobbying and inter-union co-ordination (Kraus, 1993).

policies and quit the *Bündnis für Arbeit* (Alliance for Jobs) with employers and government. In April 1996 HBV, DAG and the *Gewerkschaft Nahrung, Genuss, Gaststätten* (NGG, Food and Restaurant Workers' Union) mobilised 50,000 unionists to protest against the changes in the law governing shop opening hours. In June 1996 DAG and DGB jointly organised the largest trade union demonstration in the history of post-war Germany (350,000 participants) against the government proposals. Within all the ver.di unions it was argued that co-operation undertaken in the run-up to the merger helped to identify common positions. This co-operation also led to a questioning of the separation of unions, particularly by those members and officers who were not involved in the bitter inter-union conflicts of the 1970s.

Official statements from the leadership of DAG indicated that they intended to retain the independence of the union as a national centre, while simultaneously intensifying co-operation with DGB affiliates.<sup>15</sup> This plan was abandoned in 1997, when the three left-of-centre unions DPG, HBV and IG Medien proposed the formation of a trade union cartel for private services. This development threatened DAG and left it with a limited number of strategic alternatives. DAG leadership felt that their moderately sized union had insufficient strength to compete against two big union blocks in services. At the same time the formation of a left-of-centre union cartel drove the social partnership-oriented DAG closer to the politically more central ÖTV, with which it had concluded a co-operation agreement in 1994 (Müller, 2001).

However, a merger with ÖTV would have heightened union competition between the two alliances, particularly in areas organised by both HBV and DAG, and would have risked the emergence of two service unions distinguished by distinct political positions. This would have mitigated the integrative effects of DAG joining DGB. Not surprisingly, DAG insisted in the merger talks with ÖTV that HBV had to be included in such a project, thereby laying the foundations for a union that straddled private and public services.

The overall view of the future of ÖTV was that it would sustain further membership losses and would be confronted by increasing inter-union membership competition, due to the contraction of public employment and the blurring of the public/private divide in services. As the leadership of ÖTV wanted to avert further organisational decline, they embarked on a threefold strategy of consolidating their position in public services by merging with DAG, by extending organisation into the new areas of employment in the private sector and by reducing union competition in transport and the privatised public services.<sup>16</sup>

A further factor that exerted particular influence on ÖTV's decision to merge and, finally, to opt for a 'big' merger were the dynamics created by other mergers and ongoing merger negotiations. Here the agreement involving DPG, HBV and IG Medien was important, as were the acquisitions completed by IG Metall and the IG BCE amalgamation. The IG BCE amalgamation strengthened a position within ÖTV that it was time to actively shape the future of the union and the German union movement in general. In particular, there were fears within ÖTV that mergers might result in the union losing its position as

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<sup>15</sup> Some have suggested that from the outset of his presidency Roland Isen envisaged the integration of DAG into DGB (Müller, 2001).

<sup>16</sup> It is not clear from our interviews, nor from the general literature, whether the last two issues are *ex post* considerations, because DAG had made it clear that there would be no merger without HBV. Generally ÖTV seemed to be sceptical of HBV as it was perceived to have a large share of traditional left-wing officers and members.

the second largest union, thus weakening its inter-union bargaining position. Furthermore, future mergers could eventually leave ÖTV with a very limited choice of largely unsuitable merger partners.

### **3.3 The GMB acquisitions**

Throughout the 1970s and 1980s NUTGW pursued a twin-track merger policy. One element comprised the acquisition of smaller unions. In 1982, for example, NUTGW acquired the Amalgamated Society of Journeymen, Felt Hatters and Allied Workers and the Amalgamated Felt Hat Trimmers', Woolformers' and Allied Workers' Association. The second element of the merger policy involved the pursuit of a more wide-ranging merger. Intermittent merger negotiations had been underway since the 1920s with the forerunners of the National Union of Hosiery and Knitwear Workers (NUHKW). A long succession of merger proposals had failed on three counts:

1. NUTGW and NUHKW organised different segments of the clothing industry.
2. Mergers with unions that organised in the respective sectors were preferred.
3. Separate national agreements concluded with employers' associations ensured that both unions could maintain independent bargaining positions.

Following particularly steep declines in membership during the 1980s, NUHKW amalgamated in 1990 with the National Union of Footwear, Leather and Allied Trades (NUFLAT) to form the National Union of Knitwear, Footwear and Apparel Trades (KFAT). A 'logical' merger between NUHKW and NUTGW was thus thwarted.

Merger discussions took place between NUTGW and the National Union of Dyers, Bleachers and Textile Workers (NUDBTW) with the aim of forming a union concentrated on clothing and textiles. Separate initiatives to this end were tabled in 1973 and 1977. Both failed, however, due to differences between the pension schemes of the two unions (Eaton and Gill, 1983: 203). A merger of the two unions may also have been only a temporary measure and further merger activity would have been necessary due to continuing membership decline. In the case of NUDBTW the extent of membership decline was such that the union transferred engagements to TGWU during 1982 to become the Dyers, Bleachers and Textile Workers' Trade Group. Members of TGWU from clothing and textiles were transferred to this trade group, thereby almost doubling the size of NUDBTW within TGWU. As ex-NUDBTW officers occupied the senior positions within the post-merger trade group, they extended their influence within the industry.

The formation of KFAT and the acquisition of NUDBTW by TGWU left NUTGW with two options: to merge with KFAT or to merge with one of the general unions. In practice a merger between NUTGW and KFAT would have united unions in a declining sector of the labour market and would have offered no guarantee that a further merger would be averted. Such a merger would have also necessitated a second round of marked internal reform within KFAT to accommodate NUTGW. The extent to which KFAT could allow post-merger autonomy to NUTGW members was also uncertain. As TGWU had established the Dyers, Bleachers and Textile Workers' Trade Group on acquisition of NUDBTW, it was unlikely that a second trade group for textile workers would be created. Furthermore, the

transfer of TGWU members in textiles to the Dyers, Bleachers and Textile Workers' Trade Group had resulted in a larger post-merger unit, which NUTGW could not have dominated. Acquisition by TGWU would thus have required detailed pre-merger negotiations with an uncertain outcome. By contrast, acquisition by GMB offered the opportunity to establish a post-merger Clothing and Textiles Section into which existing GMB members from the industry would be transferred, including those members acquired in the ten transfers of engagements completed in 1986 (see footnote 9).

Three realistic merger options were available to FTAT, involving the Union of Construction, Allied Trades and Technicians (UCATT), TGWU or GMB. TUC promoted a merger of unions in the woodworking trades in 1964, following the publication of a report on union structure. NUFTO, the forerunner of FTAT, together with ASWCM and the Amalgamated Society of Woodworkers (ASW) participated in preliminary discussions. Such a merger was problematic for ASW, the largest of the three unions, as a substantial proportion of its membership was in the construction industry rather than in woodworking trades.

Merger negotiations between NUFTO and ASW broke down over a failure to agree post-merger subscription rates and union structures (Undy *et al.*, 1981: 181). In particular, NUFTO wanted a post-merger structure based on sections, which would allow some separation of members in woodworking trades from the membership in construction. The strong financial position of NUFTO contrasted with the weak situation of ASW and added further difficulties to the negotiations, as NUFTO representatives sought protection for these funds so that they might be used for the benefit of NUFTO members.

The failure of these negotiations prompted ASW to seek a merger with other unions in construction. This initiative resulted in the formation of UCATT in 1971.<sup>17</sup> As a key purpose underpinning the UCATT merger was to secure greater influence within central bargaining structures, the constitution of UCATT was centralised and made little allowance for any form of post-merger autonomy. As such autonomy was a precondition for the involvement of NUFTO/FTAT in a merger proposal, the formation of UCATT effectively signalled the end of attempts to unify trade union membership in woodworking.

The left-of-centre political outlook espoused by FTAT officers and representatives was similar to that expressed within TGWU. Many within FTAT therefore favoured a merger with TGWU. The difficulties of concluding a merger with TGWU were twofold:

1. The membership of FTAT could readily be dispersed across several of the trade groups organised by TGWU. However, such an approach would have compromised the post-merger autonomy required by FTAT.
2. From the mid-1980s concern was expressed within TGWU about the cost of maintaining the trade group structure. In many cases, once a union had been acquired as a trade group, membership continued to decline, requiring the deployment of central funds to maintain organisation. Given that TGWU comprised 14 trade groups, there was thus reluctance within TGWU to extend the trade group

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<sup>17</sup> In addition to ASW, UCATT included members from the Amalgamated Union of Building Trade Workers, Amalgamated Society of Painters and Decorators, and the Association of Building Technicians.

structure to accommodate FTAT. However, a merger with GMB did offer such an option.

Both GLCSA and MPO organised members in areas claimed by NALGO and, to a degree, maintained representation in opposition to NALGO. In the case of GLCSA the basis of opposition was geographical, whereas for MPO an occupational identity separated it from NALGO. The point is that within both unions NALGO, and latterly UNISON, was not a realistic merger partner. Although TGWU organised a substantial membership in local government, it was also not considered as a realistic merger partner because the overwhelming majority of TGWU members worked in manual grades whereas GLCSA and MPO organised primarily white-collar grades. In the absence of other suitable merger partners, GMB was thus a likely merger partner at the outset.

Although the two unions were small, the peculiarities of their bargaining positions enabled them to pursue an independent bargaining policy and to settle terms and conditions for their members. Both of these bargaining positions came under threat.

For GLCSA the threat came in the form of the transfer of members from the GLC and ILEA to employment within the different London boroughs. This transfer was achieved by statute and was part of the dissolution of the GLC by the Conservative government. GLCSA was neither recognised by the London boroughs nor by the principal employers' association in local government. The transfer of employment thus undermined the independent bargaining position of GLCSA and spread GLCSA members throughout a range of London boroughs, at each of which they were in a minority. GMB, by contrast, had recognition rights in these London boroughs. The transfer of engagements of GLCSA to GMB thus ensured that some recognition was retained, rather than leading to domination by NALGO within a broader bargaining structure.

For MPO the establishment of a single pay spine within local government eradicated the independence of a separate Whitley Council for senior managers and professionals. To avoid domination by what was then UNISON, MPO elected to merge with GMB to pursue a bargaining policy that was independent of UNISON.

### **3.4 The UNISON merger process**

Pre-merger positioning was relatively straightforward in the UNISON case, as neither NALGO, NUPE nor COHSE seriously entertained alternative merger partners.<sup>18</sup> However, the option of continuing independence was open to the three unions. Conservative government-led reform of public services and the inability of the three unions either to resist these reforms or to secure satisfactory alterations to government proposals united the unions and accelerated the merger process.

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<sup>18</sup> Interviewees report some tentative and informal merger discussions held with other unions during the early 1990s. These were dismissed, however, as unlikely to have been pursued, even if the UNISON proposal was abandoned.

Between 1979 and 1987 government initiatives directed towards improving the efficiency of local government focused on managerial reform (Bach and Winchester, 1994). A subsequent increase in employment in managerial and white-collar grades enabled NALGO to increase membership. The small Gas Higher Managers' Association<sup>19</sup> and MPO competed with NALGO, but primarily for senior management grades rather than across the range of white-collar grades. Before 1993 compulsory competitive tendering and privatisation did not have widespread effects on white-collar grades, although it was anticipated within NALGO that such initiatives might be extended, thus threatening NALGO membership.

Unlike NUPE and COHSE, NALGO did not affiliate directly to the Labour Party. However, since about 1970 NALGO had developed an extensive network of shop stewards and systems of internal representation, which relied on 'self-organisation'. This development had resulted in NALGO adopting positions to the left of those held by many unions affiliated to the Labour Party (Kelly, 1998: 52–54). The then NALGO General Secretary cited the election of successive Conservative governments after 1979 as the principal catalyst for the merger (Undy, 1999). Certainly the third election defeat of the Labour Party in 1987 was followed by a NALGO conference resolution in favour of opening merger talks with NUPE in 1988.

Although practical support for the position was very much open to question, NUPE had a long-standing commitment to 'industrial unionism', the achievement of which necessitated a merger with NALGO. While membership decline and some short-lived financial difficulties certainly influenced the decision to enter merger negotiations with NALGO, other factors also contributed to the initiative. In particular, the repeated re-election of anti-union Conservative governments after 1979, with mandates to reform public services, instilled a stronger belief that a unified union response offered the best chance of resisting elements of the policies implemented by the Conservatives.

Throughout the 1980s NUPE, together with many other unions in the public sector, had been unable to resist either declines in real wages or wage declines relative to private-sector pay. On this count the union was thus failing to deliver to members. Industrial action taken by NUPE members was insufficient to prevent these declines, but was costly for the members involved and for NUPE. Industrial action was also a source of tension between NUPE and NALGO: as it did not necessarily involve members from both unions, there were numerous occasions during the 1980s of NALGO members crossing NUPE picket lines and *vice versa*. Although a NUPE–NALGO Joint Liaison Committee had been established during the 1970s to adjudicate on disputes between the two unions, there were repeated allegations and counter-allegations of poaching from both unions. This, together with the crossing of each other's picket lines, resulted in very tense inter-union relations in some areas.

As COHSE members were concentrated in the NHS, it was, to a degree, separated from the other two unions. This separation had led to the rejection of previous merger

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<sup>19</sup> The Gas Higher Managers' Association (GHMA) was acquired by GMB in 1998. Similarly to GLCSA and MPO, GHMA was opposed to NALGO and retained an independent bargaining position. The dynamics of the acquisition of GHMA were thus similar to those of GLCSA and MPO, with GHMA searching for an appropriate merger partner, but excluding NALGO/UNISON on the grounds of long-term hostility and conflict.

initiatives towards COHSE from NUPE. COHSE competed for members with a range of unions that organised particular health professions. Although COHSE sustained some pre-merger membership losses, finances remained fairly robust. However, the membership of the Royal College of Nursing (RCN) increased by 76.3 per cent during the 1980s, a rate that far outstripped the performance of COHSE. The bargaining position of COHSE relative to that of RCN was thus weakened.

A merger with RCN was not a realistic proposition for COHSE, as RCN maintained a no-strike clause in its constitution, affiliated with neither TUC nor the Labour Party, and advocated a form of unionism in which professional affairs were afforded greater importance than industrial relations matters. Relations with RCN and NUPE, which also organised NHS workers, were characterised by a series of occasionally bitter disputes. While relations between the three unions were relatively calm during the 1980s, there was little joint working.

### **3.5 Summary**

Differences in the number of unions comprising the British and German union movements are key to explaining the inter-union dynamics of the merger processes in the two countries. In Germany fear of being isolated from the merger process, particularly within the smaller unions, drove trade union restructuring once the initial step had been taken to form IG BCE and IG Metall abandoned opposition to mergers in 1995. Delaying a decision to merge might have resulted in a union having to select a merger partner from among a small range of largely unsuitable options.

By contrast, the sheer number of British trade unions ensured that a wide range of potential merger partners was readily available. Furthermore, the presence of general unions, with a capacity to offer degrees of post-merger autonomy in the form of sectional representation, effectively broadened the range of available merger partners.

## 4 Procedural matters

This chapter outlines the procedures used in the four merger processes. Examination of the four mergers reveals that similar procedures were employed and that ratification of the merger agreement by membership ballot or a vote at a delegate conference was merely one step towards merger. The exception are the acquisitions completed by GMB, insofar as the transfer of engagements procedure allowed a different procedure to be introduced.

### 4.1 The IG BCE procedure

In December 1991 the IG BE and IG CPK executive committees issued a joint declaration to the effect that the unions envisaged closer co-operation aimed at forming a single union. The leaders of both unions had started to discuss co-operation informally in the 1980s, but the challenge of establishing union structures in East Germany interrupted these talks (Berger *et al.*, 1997).

The joint declaration came as a surprise to the officers and members of both unions, since the co-operation talks took place in secret at head office level. This surprise was calculated, because senior officers from the two unions were unwilling to jeopardise the merger by opening up the debate at too early a stage. They also wanted to set the process in motion before any interventions were made on behalf of other DGB-affiliated unions, most of which at the time opposed union mergers and were eager to avert a merger wave. The preparation and the manner of release of the joint declaration were also consistent with the centralised and authoritarian style of leadership of both unions.

In May 1992 the partners consolidated the project by concluding a co-operation agreement that was joined by GL in June 1993. The co-operation agreement envisaged the formation of a steering committee comprising ten members drawn from the two unions on the basis of equality representation. In addition, GL was afforded minority representation. The two deputy general secretaries, Klaus Südhofer (IG BE) and Hubertus Schmoldt (IG CPK), who were to become leaders of the new union, were to be in overall charge of the steering committee.<sup>20</sup> The unions agreed to co-operate on all policy issues. Moreover, the deputy general secretaries met regularly, and joint committees were created to examine issues of policy integration.

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<sup>20</sup> The two 'architects' of IG BCE, Hermann Rappe and Hans Berger, were to retire before 1997. This was important for the merger insofar as charging the two successors with responsibility for the process forced them to co-operate and take a lead in the development of the new union from an early stage. As both unions had agreed to assign the post of chair of IG BCE to an IG CPK representative, competition between the unions was defused. Due to its limited size, GL could not claim an important post at head office level. Instead, it was given one of the chairs at federal level (*Landesbezirksleiter*).

The co-operation agreement also anticipated a five-year timetable for the merger process, implying that all decisions necessary for the final merger were to be taken by 1995. This included the founding of a *Kartellgewerkschaft* (Federal Union) by January 1994, and the discussion of the new rulebook drafted by a *Satzungskommission* (statutory committee) in 1994/95. In 1996 a joint congress was to pass the new rulebook and finally in 1997 the founding *Gewerkschaftskongress* (congress) of IG BCE was to take place.

In a top-down process the merger project was communicated to the rank and file via internal channels of representation and union publications. The discussions at head office level were complemented by a series of conferences and workshops at the regional and, occasionally, local levels, to establish contacts and co-operation. In order to further integration, training and education was opened to officers and members of each union. Membership participated most intensively during the 12-month discussion of the rulebook proposals in the different unions.

However, the IG BCE merger could hardly be characterised as 'participation-oriented' (*beteiligungorientiert*). The process of exchanging views and familiarisation among the rank and file only began in 1996/97 and basically involved the core of lay activists but tended to exclude members in general (Martens, 1997: 21).

In 1991, when officers and the rank and file learnt about the merger project 'in the newspapers', irritation was rife at all levels within the unions. These irritations were not focused on the manner in which union leaders had initiated the process. Both leadership groups enjoyed positions of undisputed political power, and mergers were looked upon positively by officers as a means to reform German unionism. Rather, it was the lack of evidence regarding the choice of merger partner, in industrial terms and in terms of the perceived differences in union culture, which evoked initial bewilderment. These sentiments were mirrored by concerns among officers regarding the professional consequences of such a merger, and by fears among full-time officers and lay activists that their union identity would be submerged, or at least devalued, in such a process.

Central to the merger debate was the future structure and practice of the new union. The rulebook negotiations started to slow down when each union tried to push through their ideas, as they believed their structure to be the most suitable (Martens, 1997).<sup>21</sup> Moreover, there was a tendency among some senior IG CPK officers to regard the merger with IG BE and GL as the prolongation of the 'takeover' of the East German chemical workers' union. Such initial views had to be rapidly corrected in the confrontation with self-confident IG BE activists and officers. Some IG BE officers were also critical of the comparatively limited impact of IG CPK in large chemical firms. However, these concerns did not become dominant at any stage of the process, at least on the regional or county level (IG CPK *Landesbezirke*; IG BE and GL *Bezirke*).

Interviews conducted in 1994 and 1995 in a number of IG CPK *Verwaltungsstellen* (administrative offices) and IG BE *Ortsgruppen* (local branches) in the region of North Rhine-Westphalia found that these concerns hampered co-operation efforts at local levels

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<sup>21</sup> In this situation the merger partners agreed to reduce the statutory committee to comprise only the unions' legal experts and the senior officers charged with organisational development.

(Martens, 1997).<sup>22</sup> Although the general objectives of the merger were accepted and the political congruencies were regularly emphasised, fears were widespread that the essentials of the culture of each union could be submerged in the process. Prejudices and aversions were more common among union officers in IG CPK *Verwaltungsstellen* and IG BE *Bezirke* than among lay members.

To some extent these reactions were conditioned by imminent decisions on the distribution of posts in the post-merger union.<sup>23</sup> As a consequence, co-operation and integration – in the form of sharing union offices, training and education, and regional policy conferences – proceeded more slowly at these levels within particular regions than originally expected.<sup>24</sup> To counter these blockages, national officers initiated a number of *Anschubseminare* (motivation seminars) to improve co-operation in the regions concerned in 1996.

It should be emphasised, however, that the concerns and blockages arising in the merger process never endangered the project as a whole. The extended co-operation phase in the run-up to the merger congress in 1997 was of crucial importance in this respect, together with the loyalty of officers and lay members to union leaderships that seemingly ruled out any opposition in principle. Of particular importance in this regard was the reduction of insecurity for union staff, which was ensured when it was announced that there would be no dismissals resulting from the merger decision; any staff reduction was to be achieved through early retirement, and transfers would be the exception.

## 4.2 The ver.di procedure

In October 1997 the chairs of DAG, DPG, IG Medien, NGG, ÖTV, HBV, *Gewerkschaft Erziehung und Wissenschaft* (GEW, Education and Science Union) and *Gewerkschaft der Eisenbahner Deutschlands* (GdED, Railway Workers' Union) met in Hamburg to sign a declaration that called for the 'restructuring of trade union interest representation'. They established a *Lenkungsausschuss* (steering committee) at head office level to determine further objectives and the time schedule of the merger process. A fundamental principle of the talks was the 'equality of partners'. Despite the pronounced differences in union size and, in particular, the numerical dominance of ÖTV, all unions were given the same

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<sup>22</sup> IG CPK officers typically criticised a centralist notion of union democracy within IG BE, which contrasted with their own 'pluralist' democratic culture. They were also suspicious of the appointment of IG BE officers by head office (seen as 'trade union civil servants') and viewed the local branches as an outdated concept. IG BE officers, on the other hand, typically criticised a 'lack of membership involvement' within IG CPK, which was said to create a distanced relationship between officers and members. Belonging to a 'family' and the centrality of the notion of 'unity' was missed in IG CPK. In IG BE being a union officer was conceived as a 'vocation' and was contrasted with the perceived mentality of IG CPK officers as 'union employees'. The influence of works councillors in large chemical firms (*Betriebsratsfürsten*) was also regarded with scepticism (Martens, 1997).

<sup>23</sup> By 1996 all decisions on staff employment had been taken. However, the postponement of these decisions created 'surprisingly' little turmoil (Martens, 1997: 91).

<sup>24</sup> The parallel research conducted by Martens (1997) in the region of Rhineland-Pfalz indicates that organisational integration proceeded more 'smoothly' in other regions.

(voting) rights in discussions and decision-making. This principle was sustained throughout the entire process. It was a precondition for the participation of the different partners and an expression of the concern among the smaller unions that they might be subsumed within ÖTV.

In February 1998 the partner unions signed the *Politische Plattform* (political platform), which envisaged the formation of a single union for the service sector. The steering committee advanced rapidly on the formal layout of the union. In June 1998 it drew up an *Ideenskizze* (sketch of ideas), which laid down the central elements of the 'matrix' structure of the future union. At this stage it became clear that the approach of the steering committee to the merger process was to press ahead with negotiations to resolve aspects of formal union structure. At the outset issues of union 'character' remained in the background.

The 'technocratic' (Hasibether, 1999) nature and the speed of the merger process were felt by groups of local full-time officers and lay activists to create a momentum that was impossible to reverse or even to slow. Indeed, a recurring argument of the leadership was that the right time for the merger should not be missed (Mönig-Raane, 1998; Mai, 1998); this was accompanied by a determination to bring the process to an end by early 2001. The rare joint statements, such as the *Programmatisches Positionspapier* (programmatic platform) issued in May 1999, displayed a tendency to search for the lowest common denominator between the partner unions rather than testing and creating common political ground. It contributed to the perception that ver.di was designed on the drawing board without a genuine political analysis and a defined political project (Dörre, 1999).<sup>25</sup>

Supporters of the merger shied away from opening up the debate to include substantive issues, as they were afraid of promoting introspection, prolonging the process and wasting scarce resources.<sup>26</sup> Furthermore, it was feared that such a step might introduce an additional 'risk factor', particularly in view of the different ideological currents between and within the unions and the ongoing union debate over the participation in the Alliance for Jobs of the Schröder government (Wendl, 2000).<sup>27</sup> It was a generally accepted view among senior union officials that a failure of the most ambitious re-organisation process in German unionism since 1949 had to be avoided at all costs. A failure was viewed as likely to have devastating consequences in political and organisational terms, as well further diminishing the public perception of trade unionism.

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<sup>25</sup> The *Programmatisches Positionspapier* explicitly argues for not entering into a programmatic debate as the DAG and DGB programmes were sufficiently close. The paper restricts itself to listing a number of key political challenges and claims for the service sector, rather than suggesting a coherent social and economic analysis. It was followed by a number of issue-centred conferences in 1999, which covered *inter alia* working time, the low-wage economy and co-determination.

<sup>26</sup> Notably IG Medien, drawing on the 'deterrent' (IG Medien, 2001) experiences of its own merger process, strongly argued in favour of a short time frame.

<sup>27</sup> Instead, the steering committee directed the demand for a 'politicisation' of the process into a series of issue-centred conferences in 1999. Müller (2001) views these political debates primarily as a levy to further integrate the future union and, in particular, the left. In this perspective, charging IG Medien's left-wing Chair Detlef Hensche with the political debate was not only a result of the (unsuccessful) attempt of some left-wing factions to politicise the debate, but at the same time a way to neutralise it.

Similarly, calls from external merger consultants for a joint 'vision' in order to create a new membership 'union identity' were not realised (IG Medien, 1999). A number of efforts were made to involve the membership, such as in finding a new name for the union, the early introduction of ver.di badges, opening up seminars to partner unions, regional and industrial conferences, and joint working groups. However, interviewees indicate that the process completely bypassed members who were not active in the partner unions. Until the publication of the *Eckpunkte des Zielmodells* (cornerstones of the target model) in early 1999, even officers on lower organisational levels were only marginally involved (Müller, 2001). However, only the HBV and IG Medien conferences in 1998 expressed any degree of disenchantment with the project, but finally followed their leaderships.

The lack of membership involvement arose fundamentally from the 'top-down' nature of the merger. The 'structural bias' of the negotiations contributed to this (Fryer, 2000), as did the opaque information policies on the negotiations conducted by the national officers in the partner unions. Nurtured by fears of failing to attain the necessary union majorities of between 75 per cent and 80 per cent of the final delegate conference votes, differences in the merger negotiations were rarely stated or analysed in union publications.

### 4.3 The GMB procedures

All other mergers examined in this study were formally ratified either by separate votes at a delegate conference or by membership ballots in all of the partner unions. By contrast, the four transfers of engagements to GMB required a ballot only of the membership of the transferor unions, so there was no formal GMB membership involvement. The initial conference decision to intervene in the merger process, taken before the amalgamation with ASBSBSW, was thus the only formal decision required of GMB members regarding these acquisitions. However, as illustrated below, GMB members were involved, albeit marginally, in the acquisitions. Two rather different processes were thus set in train, one within the acquiring union and another within the acquired unions. The issue of equality between the merger partners, as adopted in principle during the ver.di and UNISON merger negotiations, therefore did not arise.

Within GMB the acquisitions were handled by small working parties of senior officers and lay members. Each working party differed in composition but could call upon the GMB General Secretary when the situation required. The working parties continually liaised with, and reported to, the Central Executive Council throughout the acquisition negotiations. The Central Executive Council ratified the terms of each acquisition agreement recommended by the working party, thus formally sanctioning the acquisition on behalf of GMB.

Different procedures were followed within the four acquired unions. In the case of FTAT, a delegate conference was convened to discuss the principle of merger and to review potential merger partners. A brief for this conference, endorsed by the General Executive Council, suggested that a merger was the preferred option but was more circumspect in assessing the merits of the competing merger options. The delegate conference decided in favour of a merger, requested the General Executive Council to ascertain the terms that

might be offered by the competing merger partners, and asked it to report the outcome of these enquiries.

In practice, therefore, it was left to the General Executive Council – or, more precisely, a sub-committee thereof – to submit a recommendation. This recommendation was subsequently endorsed by a further delegate conference and then by a membership ballot. Although the initiative for the process lay with the senior officers of the union, the strength of shop stewards' organisation within FTAT influenced the nature of the procedure followed within the union on two counts:

1. The endorsement of the principle of merger by a delegate conference ensured the support of shop stewards, who comprised the majority of delegates, for the process.
2. Shop stewards were key to canvassing membership support for the merger proposal and encouraging them to vote in the final ballot.

The procedure that led to the acquisition of FTAT was thus intended to maintain the support of the shop stewards at each significant stage, as without such support the outcome of the membership ballot would have been more open to question.

The NUTGW General Conference had endorsed a range of motions expressing support for an amalgamation since the early 1960s. However, while these resolutions indicated diminishing opposition to a merger between the early 1960s and the acquisition by GMB in 1991, they expressed no unanimity regarding the choice of merger partner. Immediately prior to the General Conference of 1989 the NUTGW Executive Board issued a report that reviewed the alternative merger options and stated the challenges faced by the union in the light of declining membership. A supplementary report recommended opening formal merger negotiations with GMB. In other words, following informal discussions with a range of unions, the Executive Board stated its preference for a merger partner from the outset. The supplementary report was adopted, together with the following motion, at the 1989 General Conference:

This Conference instructs the Executive Board to initiate discussions with a General Union on amalgamation, at the same time to insist on retaining the identity of our Union in such an amalgamation.

The GMB Congress, held in June 1989, also adopted a special motion welcoming the opening of formal talks between the two unions and expressing its commitment to work for a successful outcome to such talks.

A joint working group, established to negotiate the terms of the merger, comprised representatives of the NUTGW Executive Board and a team of GMB negotiators. In practice, both parties to the joint working group acted as a sub-committee of the executives of the two unions and comprised lay representatives. The terms negotiated by the joint working group were accepted by the GMB Central Executive Council and were then submitted to a NUTGW special conference in September 1990, as an 'Executive Board Report on Amalgamation'. The special conference ratified the report, thereby enabling the Executive Board to put the merger proposal to the membership of the union, having already gained the support of the lay activists, as represented at the special conference.

Very similar procedures were followed for the acquisitions of GLCSA and MPO. Once the executives of both unions had endorsed the principle of merger, a joint working party was

established. Members of these joint working parties were drawn from the executives of GLCSA and MPO and comprised lay and full-time representatives. GMB representation of the joint working parties primarily comprised negotiators from the GMB section into which the acquisition was to take place, as well as lay and full-time representatives.

The terms agreed by the two joint working parties were submitted to the GMB Central Executive Council, which ratified them on behalf of the union. In the case of GLCSA, a special conference was convened to endorse the terms agreed by the joint working party, followed by a membership ballot. The joint working party that conducted the negotiations leading to the acquisition of MPO included legal advisors for both unions. In consultation with the Certification Officer, who is responsible for administering the legislation on mergers in Britain, the joint working party was thus able to draw up the Article of Transfer as part of its deliberations. The Article of Transfer was subsequently the sole subject of an extraordinary conference convened by MPO. Delegates at the extraordinary conference accepted the terms of the Article of Transfer, which were then endorsed by a membership ballot.

#### **4.4 The UNISON procedure**

Underpinning the process of the UNISON merger negotiations was the assumption that the three partner unions were of equal status. The membership size advantage of NALGO and the later arrival of COHSE into the merger negotiation process were thus downplayed in the search for a new union. However, in practice this assumption resulted in considerable variation at different levels. At the national level the principle of equality was broadly followed, albeit with different 'bottom lines' and preferences expressed by the representatives of the three unions throughout the negotiations. At the regional and local levels a range of practices were reported, which did not necessarily result in equality between the parties, but rather in variation in which party was most influential within different localities. Underpinning this variation was a range of factors that included membership size, the personality, skills and experience of the individuals involved, and the extent of the time that they could devote to the negotiations. In other words, there was considerable local variation regarding the relative power of the partner unions.

Devising the structure of the new union was the responsibility of a series of national-level committees, principal among which were the Joint Secretaries Committee and the Tripartite UNISON Committee. Several of these committees comprised representatives from the three partner unions drawn from all levels. Lay representatives were thus engaged in the process at national level. This involvement tended to be restricted to senior lay representatives from the larger branches, the membership of which would have considerable influence on the final merger ballot. In addition, each union engaged an academic adviser, who drafted much of the documentation produced before the merger ballot.

Reports from these national-level committees were submitted to separate conferences of the partner unions for ratification. Portions of the annual conferences of the partner unions were devoted to the merger process after 1988. In addition, several special conferences were convened with the sole purpose of examining the merger process. The national-level process was thus subject to regular scrutiny by lay representatives

assembled as delegates to conference. On several issues, conference delegates imposed constraints on the negotiation position of those bargaining over the form of the new union. In this way NALGO lay representatives were able to exert considerable influence on the form of participation adopted for UNISON. Indeed, the key tension during the merger negotiations was between NALGO lay representatives, keen to retain the autonomy they had secured within their union, and NUPE officers, who set out to impose some constraints on lay autonomy, thus increasing their own scope for action within the post-merger union.

Beyond the national level, joint weekend schools on policy, education and structure were accompanied by extensive leafleting to promote involvement and to generate commitment to the project. These events took place with increasing intensity in the lead-up to the merger ballot, which was held in 1992. The intensity of such events rose again as regional structures and, latterly, branches were combined after the merger ballot. In addition, branch officers were invited to attend branch meetings of the other partner unions, thereby ensuring that issues of concern within each locality were shared across the three unions.

In some instances proposals to merge branches were submitted jointly by the branch officers of the branches involved, thus facilitating the merging of branches by agreement. As this was not always possible, regional merger teams were established to ensure that branches merged where a single structure could not be readily agreed. These teams were particularly active in the period immediately preceding 1 January 1997, the deadline for the merger of branches set during the merger negotiations.

## **4.5 Summary**

The procedures underpinning the merger processes of the four unions under consideration were differentiated. The amalgamations to form IG BCE, ver.di and UNISON were more complex than the acquisitions completed by GMB and, arguably, of GL by IG BCE. The absence of any legal requirement to involve GMB members in a merger ballot during a transfer of engagements gave the Central Executive Committee considerable latitude, both in approaching potential merger partners and in concluding the terms of the merger settlement. For IG BCE and ver.di the processes were predominantly top-down. However, both merger processes were subject to significant lay influence. The self-confident IG BE members and officers were able to extract concessions from the officer-led IG CPK, while Herbert Mai was forced to withdraw his candidature for re-election by lay representatives from within ÖTV.

The UNISON process differed from the German cases in that lay involvement and influence were assumed from the outset. Indeed, the British cases required lay involvement, as achieving a successful result from a membership ballot required lay representatives to persuade members to vote in favour of the process. The support of lay representatives was thus vital to each merger process.

## 5 Merger outcomes

In the four merger cases attempts were made to direct the process from the top down. In all cases the confederations influenced neither the decision to merge nor the policies adopted for the process. Union leaders did not secure all their intended objectives, the tension between leadership and activists being most marked in the UNISON merger process. However, this tension was not between leaders and activists of one union, but between leaders of NUPE and activists from NALGO.

The German cases, in particular, centred on a 'blueprint', usually produced by a steering committee of senior officers, which set the agenda and timetable for the merger process. Resistance to the content of these blueprints from the rank and file was evident in Germany, most notably in ÖTV.

In all four cases initial plans were negotiated between the merger partners and within the unions involved between members, activists and full-time officers. This process of negotiation was essential to legitimate the merger process. The character of the unions, their political orientation, norms and organisational cultures were important in the amalgamations, but far less influential in the acquisitions. This effect varied across the three amalgamations. In the ver.di case, the impact of political orientation was connected to efforts to avoid competition for membership between ÖTV and DAG, which were both members of the 'modernising' wing of the union movement. A merger between these two unions was thus relatively straightforward.

However, DAG also wished to merge with HBV to avoid a second source of membership competition, yet HBV was more left-wing and 'traditionalist'. Because HBV feared that its left-wing position would be swamped in a merger with ÖTV and DAG, it promoted the involvement of IG Medien and DPG, which supported similar political perspectives, to reduce the political impact of merging with ÖTV and DAG.

In the IG BCE case, both major unions represented the social-partnership wing of the German trade union movement. There were, however, significant differences between the centralist culture of IG BE and the more discursive practices and administratively rationalised character of IG CPK.

In this context GL is a special case, namely the only one that approximates an acquisition in our German case studies. GL differed from IG BE and IG CPK in political orientation and culture. However, within GL this difference counted for less than the prospect of securing better services and increased impact on governmental politics. The preservation of local branch organisation, which functioned in GL on a similar basis to that in IG BE, was also a positive factor in the merger for GL.

In the UNISON case, differences in cultural orientation were obvious in the lay orientation expressed within NALGO and the more centralised and officer-influenced organisation of NUPE and COHSE. The post-merger integration of branches, particularly in local government, also exposed tensions between manual and white-collar organisation.

The allocation of economic and authoritative resources between the partner unions, between activists and full-time officers, and between head office, regions and the localities was central to the four merger cases. However, the methods of allocation of such resources differ from case to case.

IG BCE, for example, merged by 'combining' existing organisational structures within the new union, thus establishing a more complex and bifurcated organisation. In IG BCE the industrial representation principle is emphasised in the former IG BE sections, while the local branch organisational principle is maintained in sectors of the former IG CPK. Although the initial blueprint for the merger was not participation-oriented, the negotiated compromise of the IG BCE merger resulted in more opportunities for member participation, either at the local branch level or within the firm. Institutions at both these levels were allowed equal post-merger status to accommodate differences between the two major merger partners. The same structure of compromise applies to relationships between head office and other levels within the union. The head office recommends candidates to lead the counties and the regions, which have to be elected. Furthermore, the horizontal organisation is vertically layered by 'industrial groups', although the competence allocated to these is relatively limited compared to similar structures in ver.di and UNISON.

Similarly, within GMB the post-merger sections preserved aspects of the identity and practices of the pre-merger unions. Members were transferred to GMB branches only where branches from the acquired unions were moribund or poorly functioning. The allocations of economic and authoritative resources were clearly specified for each of the acquisitions, most notably in the form of time limits on the protection of seats on the Central Executive Council.

The IG BCE merger did not result in a new union character but combined the organisational structures of the major merging unions. The structure of IG BE concentrated on the operation of the local branches, coupled with a high degree of integration of the representatives of the union in the corporate governance of the coal industry through the most extensive co-determination law. IG CPK, by contrast, was concentrated at the company level on an extensive network of representative committees and works councils, which acted with some autonomy from central union institutions. The combination of local branches with company-based representative structures within IG BCE offers the prospect of developing new approaches to recruit new members in small companies. However, to date the establishment of local branches within the former IG CPK areas has been restricted and is viewed sceptically by most of the former IG CPK full-time officers, thus limiting the chances of such a development.

Similarly, the acquisitions completed by GMB were not intended to result in a new union. However, the range of merger activity involving GMB after 1982 was certainly important in the transformation of GMWU from a union based solely on regions to one in which sections also had a role to play.

The UNISON and ver.di mergers have led to the emergence of new unions with new approaches to the allocation of economic and authoritative power. In the case of UNISON the intention was to create a union that was greater than the sum of its parts and to introduce a structure that would replace those of the partner unions. Furthermore, the procedural aspects of the two mergers were similar insofar as differences in membership size were put aside and each of the partner unions treated as equals during the merger

negotiations. In these regards the merger processes of UNISON and ver.di follow the same path.

The UNISON merger process differs from the other cases in respect of the widespread involvement of lay representatives at national level. This led to severe conflicts as NALGO activists sought to defend the considerable financial autonomy they had secured against efforts of senior officers from NUPE and COHSE to wrest some financial control from the branches. The final compromise was characteristic of all our cases: although the head offices retained some control, some autonomy for the branches was guaranteed. Ver.di and UNISON also allowed representative structures for women, ethnic minorities, disabled, and lesbian and gay members. The combination of horizontal structures (13 regions in UNISON, and 104 counties and 13 regions in ver.di) and service groups (UNISON) or *Fachbereiche* (ver.di) also featured in both the UNISON and ver.di structures, which facilitated the integration of a large number of unions and of different interests.

The ver.di merger put the stress on a matrix structure comprising interlinked horizontal, vertical and group organisation. This structure mirrors that of UNISON but is more complex due to the greater industrial and occupational heterogeneity of the membership of ver.di. ÖTV, IG Medien, DAG, NALGO and NUPE operated with rudimentary forms of vertical organisation before the mergers, but these were completely overhauled in the formation of ver.di and UNISON. Both the ver.di and UNISON structures were intended to cope with social heterogeneity, privatisation and decentralisation and were based on the assumption that a decentralised union structure could be a source of strength when confronted by these developments.

The UNISON merger process involved detailed negotiations concerning the nature of post-merger structures, their interrelations and their impact on union practice. While merger negotiations were contested, their duration and transparency resulted in a detailed knowledge of the likely outcome of the merger. The requirement to undertake a membership ballot before any merger was ratified also contributed to the transparency of the process.

The absence of an overarching political project among the ver.di partner unions before the merger, contrary to the pre-merger position in IG BCE, resulted in the matrix structure being adopted very rapidly, without extensive consultation and membership engagement. The absence of a unifying political vision was due to the ideological heterogeneity of the partner unions. Although the matrix model was intended to address heterogeneity, in reality this was impeded by two characteristics:

1. There is no experience of handling such a complex model, especially at the county level, where most of the offices remain unorganised and are not staffed by the appropriate range of officers to ensure that members can obtain the information they require.
2. The sections are not at all equal. The number of members represented in each section varies markedly, some comprising members from a single pre-merger union while others are multicultural laboratories drawn from several pre-merger unions.

Furthermore, the financial autonomy of the ver.di sections impedes post-merger integration as single sections might almost act as independent unions.

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In summary, the top-down, technocratic character and speed of the ver.di merger, necessitated by the absence of a pre-merger unifying political vision, were adopted by senior officers to suppress the heterogeneity of identities, political cultures and norms of the partners, which might otherwise have impeded progress towards the merger. The price paid for this speed was the technocratic and bureaucratic character of the model, and the likelihood that issues suppressed in this manner would be raised at a later stage. The complexity of the model also turned out to be difficult to handle for the rank and file and for full-time officers alike.

## 6 Conclusion

Discussion of merger results is fraught with danger because it usually takes several years before mergers 'bear fruit' for the unions concerned – if at all. In many cases, this requires the emergence of a new generation of members, activists and officers that has developed an identity and culture within the post-merger union.

A short-term analysis of post-merger outcomes reveals little evidence to suggest greater levels of efficiency and improved membership services. This is certainly the case in ver.di, where the complexity of the matrix still requires enormous efforts by those engaged in it to understand, operate and develop it. For the time being expectations of improved efficiency through economies of scale have not been met. Due to agreements that set out to avoid redundancies, there was much post-merger duplication of jobs. Furthermore, rationalising different organisational structures, offices and routines necessitates huge short-term transaction costs. The unions that organised mergers over a longer period of time, such as IG BCE and UNISON, profited from their longer-term approach.

Another significant outcome of the mergers has been increased autonomy for lay representatives. The compromises senior union leaders had to make to legitimate their policies, coupled with the structures of post-merger unions, enabled some local and sectional representatives to maintain, if not improve, their financial and political autonomy. Of course, this may also reflect a recognition among senior union leaders that the challenge of social and economic decentralisation and individualisation cannot readily be answered through top-down and centralised unions.

In other words, some senior trade unions leaders may have rejected the traditional forms of workers' organisation, which were established to preserve unity of the class and to achieve economies of scale. The merger process has provided them with opportunities to shift away from these forms of organisation and to attempt to develop new forms appropriate to current circumstances, rather than upholding those that prevailed throughout much of the 20th century.

The tendency towards stronger lay involvement and decentralisation pose questions concerning union governance. In IG BCE the extension of lay participation was concurrent with a strengthening of central authority. A similar process was underway in UNISON, with local autonomy allowed within a framework of centrally set targets. In GMB central authority was maintained, while sectional representation was expanded. Only in ver.di is this relationship weakly defined and, therefore, likely to be the subject of further post-merger negotiation.

The most significant different outcome of the merger process in Britain and Germany is not linked to the difference between the two countries, but to the objectives established by the parties to the mergers. The ver.di and UNISON mergers constitute the formation of new unions, while the GMB and IG BCE mergers combine the structures of the pre-merger partners. The ver.di merger tries to organise public- and private-sector workers and thus provide an answer to privatisation and decentralisation, while the UNISON merger concentrates on public services. Both unions thus represent very different solutions to

economic, political and structural change. The ver.di solution was certainly eased by German industrial relations structures, particularly the comparatively small number of unions with members in private-sector services. It remains to be seen whether UNISON is able to improve recruitment in private-sector services and, in particular among the private-sector companies that operate in privatised areas of the public services.

Some differences in merger outcomes are linked to the two socio-economic systems. The German mergers had a decisive impact on the relationship between DGB and affiliated unions, while the British mergers do not affect the position of TUC to anything like the same degree. Functions performed by DGB for affiliated unions – such as the provision of legal service support, political representation in the regions and adjudication of demarcation disputes – have diminished dramatically. DGB now comprises three large unions and five smaller unions and is increasingly dependent on the agreements reached between the big three. The political impact of DGB at national level has also declined, since the big three have much more political influence in their respective political areas. The role of DGB is thus reduced to that of the mouthpiece of the union movement on only very general political statements.

In comparing the differences between the country case studies, it should be noted that in the pluralist system of British capitalism, with more than 200 unions, mergers are much more 'normal' than in the German system, which was stable between 1948 and 1989. Mergers in the British case are therefore more part of the 'daily life' of the union movement and of the 'politics of bargaining'. Political culture and norms do not play the same prominent role in the question with whom to merge.

Arising from these points, it is also apparent that British unionists are more pragmatic in the process of merger. Political cultures play a weaker role in the process of merger in Britain (positively as well as negatively) than in Germany. In Germany the opposites of 'left' and 'right', both moderated by 'traditionalists' and 'modernists', matter and were only circumvented by the top-down, technocratic approach to mergers. For the larger German unions these opposites are relevant because the unions have to develop political programmes as part of a co-ordinated system of capitalism. In Britain contrasts between manual and white-collar workers, and between low-wage and high-wage workers, play a more prominent role in the merger process.

As they are integral to a co-ordinated system of capitalism, developments in the German trade unions reflect the changing role of unions in relationships with employers associations and government, hoping to secure greater leverage, improved conditions in sectoral bargaining and more wide-ranging political alliances. Much of this is not as relevant for unions in a liberal market economy, particularly when collective agreements are primarily concluded at company level.

Taking all this together, political visions do not play as important a role in the British cases as in the German ones. A common political perspective underpinned the merger of IG BE and IG CPK into IG BCE. The dynamic of the ver.di merger process was also politically underpinned by the social partnership-oriented alliance between ÖTV and DAG and the left-of-centre alliance embracing HBV, IG Medien and DPG. The lack of a unified post-merger political vision exposes ver.di to two key dangers:

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1. Political differences and the underlying contrasting political and organisational cultures are currently latent, but may produce severe inter-organisational difficulties.
2. Large organisations can only legitimate themselves in organising heterogeneous interests in a co-ordinated economy if they are able to embed that diversity in a unified or well-supported political perspective. Small professional associations are often more proficient for purposes of interest representation (Olson, 1966).

The success of the ver.di merger is thus not yet certain; it might still be a Pyrrhic victory. If professional associations become more powerful and, hence, the number of organisations that represent employees effectively increases, German structures may yet become more like those in Britain.

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