

XII. A new departure: the trade unions in the years of social reform 1966–1974/76

The end of the “Adenauer Era” and Ludwig Erhard’s assumption of office as Federal Chancellor in October 1963, together with the SPD’s consensus policy, which paved the way for the formation of the Grand Coalition, marked the beginning of a period that saw the political incrustations of the 1950s cast off, at first cautiously and then with increasing speed. The construction of the Berlin Wall, starting on 13 August 1961, had demonstrated the futility of the *Ostpolitik* pursued hitherto and constituted a positive challenge to rethink relations with the GDR and the Eastern bloc. The removal of the ban on the Communist Party and the creation of the DKP showed a greater degree of political and democratic self-assurance and a desire to shift the rigid fronts of the Cold War. The “educational emergency”, which soon became a familiar catchphrase, appeared to jeopardized the Federal Republic’s chances as a highly developed industrialized country and set up the call for the mobilization of the educational reserves of people at all levels of society. Moreover, it turned out that no sooner had the unions adapted their programme to the market economy system that – apparently – guaranteed never-ending economic growth, than there were the first clear signs of the cyclical and structural problems that developed into the recession of 1966. State intervention, which Erhard’s CDU/CSU government largely replaced with appeals for moderation and the idea of the “aligned society”, was increasingly acknowledged to be what the situation called for. But above all it was the youth protest of the mid-1960s – arising from opposition to the smug self-righteousness of the “CDU state”, the “fustiness” that was discovered at every turn and stereotyped “friend-enemy” ways of thought – which, in alliance with numerous leftwing intellectuals, acted as the pacemaker for a shift in the *Zeitgeist* whose slogans were reform, democratization and emancipation. For a number of years it looked as if the unions were in step with the times.

1. *Trade unions in politics: shared responsibility and a share in shaping events*

The pressure of problems that had built up over the years, the wear and tear on the CDU/CSU leadership in the government and the resultant helplessness in the face of the political challenges of the end of the post-war period became abundantly plain in the mid-1960s. While the CDU slogan “No experiments” had met a need for security in the 1950s, the looming difficulties of the 1960s required fresh ideas and new solutions. Simply “carrying on” as before along the path of growth mapped out by the “economic miracle” was not merely considered meaningless materialism and hence unsatisfactory; in view of the foreseeable economic upheavals ahead it was, in fact, no longer feasible. The market economy had passed the test of reconstruction; it now had to prove whether or not it could cope with economic setbacks.

An unmistakable sign of impending trouble was the decline in the economic growth rate, which – after the first dive to 3 per cent in 1963 – had risen again to 6.6 per cent the following year, but had then fallen, via 5.5 per cent (1965) and 2.5 per cent (1966), to –0.1 per cent in 1967. The fluctuations in growth rates hitherto had all been on the plus side, but in 1967 the zero barrier was broken for the first time.

From mid-1966, the economic recession was reflected in rising unemployment, which reached a peak for the 1966–67 crisis in February 1967 with a total of 673,000 or 3.1 per cent of the working population. Foreign workers were particularly badly hit by the recession and there was a drastic cut in their numbers – from 1.3 m to 900,000. Unemployment rates rose sharply, especially in the less developed regions: in Cham and Passau it reached 25.4 and 19.7 per cent respectively, in Leer and Emden 14 and 10.8 per cent. In the Ruhr district, however, there was only a slight rise in unemployment, despite the pit closures since 1964 due to the coal crisis: the worst hit town was Gelsenkirchen with an unemployment rate of 4.4 per cent.¹

True to the liberal outlook, Erhard governed through appeals for moderation to the wage earners and their trade unions. But in 1966 it became increasingly obvious that wage restraint was having no effect. The backlog of long overdue social reforms and, above all, the economic recession seemed to make a broadly based government advisable. As a marginal note, perhaps we should add that the minimal opposition to this plan in

¹ According to *Geschäftsbericht des DGB 2. Halbjahr 1965–1968* (Düsseldorf, undated), p. 195 f.

parliament aroused a great deal of controversy within the SPD and, even more so, in leftwing and liberal circles. It also contributed to the development of the extraparliamentary opposition (APO).

The Grand Coalition: fighting the crisis, social policy initiatives and the adoption of the emergency laws

After tough negotiations, a Grand Coalition government was set up in December 1966 under Chancellor Kurt Georg Kiesinger (CDU) and Vice-Chancellor and Foreign Minister Willy Brandt (SPD). There was a fundamental change in the unions' attitude to the government, seen most clearly in the appointment of Georg Leber, a well-known union leader, as Transport Minister. The new government's main tasks were undoubtedly in the economic and financial sphere: to balance the federal budget for 1967 and to reflate the economy. It was the job of the Finance Minister, Franz Josef Strauss (CSU), and the Minister for Economic Affairs, Karl Schiller (SPD), to find solutions to these problems.



The prime task of the new government was to give a boost to the economy. On 10 February 1967 it introduced, as the first step in its economic policy, special accelerated depreciation facilities to stimulate investment. This was followed on 12 April by the Credit Financing Law, with a 2.5 billion Mark increase in state orders and, on 10 May, the adoption of the Law to Promote the Stability and Growth of the Economy. This law, which came into force on 14 June, made state intervention to control the economic cycle compulsory. A policy of "global steering" – a favourite term of Karl Schiller – was supposed to ensure growth, full employment, price stability and external equilibrium. In particular, provision for a contingency budget, permitting public bodies to spend an additional DM 5 bn, promised to give a rapid fillip to the economy. In addition, the government was empowered to raise or lower income tax by 10 per cent as required by the business cycle. To stimulate economic activity in the short term, the government should be able to finance additional state orders, in accordance with Keynesian policy, by means of loans, that is, through the national debt. When the economy was thriving – and tax revenue was flowing in – the state should build up an anticyclical reserve to prevent overheating of the economy and, in times of crisis, to prevent the national debt from becoming too big. Also in the long term, the government was

obliged by the “Stability Law” to submit an annual economic report to the two Chambers, the *Bundestag* and *Bundesrat*, every January, outlining the overall economic situation and setting out the government’s economic and financial objectives. Further, the government had to estimate state revenue and expenditure as part of “medium-term financial planning” for a period of five years.

The fact that this law obliged the government to relieve turbulence in the economy by state control measures was wholly in line with the course recommended by the unions, who had advocated a programme to boost the economy by state job creation measures – if necessary, financed by a deficit – back in the days of the Depression. In their “basic programme” of 1963 they had also expressed a belief in the fundamental idea of Keynesian policy, whereby the state should compensate for a cyclically induced loss of orders by stepping up public involvement.

The instruments of forward-looking economic and financial policy laid down in the Stability Law also met with the approval of the DGB, which had demanded at an early stage – in top-level talks with the BDA on 10 April 1962² – that a panel of experts be appointed to advise on economic development. When a panel of five wise men had been set up by the Federal President in February 1964, the DGB had declared its willingness to support all attempts to stabilize the economic cycle, provided the employers and government also contributed.³ With the appointment of the panel of experts, compulsory annual economic reports and medium-term financial planning, the unions had seen their own objectives attained – at least in part, with regard to an economic policy based on cautious planning.

But another instrument of economic policy enshrined in paragraph 3 of the Stability Law turned out to be doubled-edged. That was the institution of “concerted action”, an idea which Karl Schiller had come up with at the end of 1966. Representatives of the Federal Ministries of Economic Affairs, Finance and Labour, the Federal Bank, the Federal Cartels Office, the panel of experts, the business associations and the trade unions were to meet several times a year to discuss the economic problems facing the country. The idea was to exchange information on the expectations and positions of those involved; under no circumstances, however, were they to conclude binding agreements that would usurp the government’s responsibilities or restrict the autonomy of wage bargainers.

² Geschäftsbericht des Bundesvorstandes des DGB 1962 – 1. Halbjahr 1965 (Düsseldorf, undated), p. 12

³ Geschäftsbericht des Bundesvorstandes des DGB 2. Halbjahr 1965–1968 (Düsseldorf, undated), p. 247

It was in keeping with union custom that the DGB representatives at talks with the Minister for Economic Affairs, Karl Schiller, on 22 December 1966 agreed to participate in “concerted action”.⁴ Though it may have reminded some unionists of the *Zentralarbeitsgemeinschaft* (Central Association) set up after the First World War, or perhaps even more of the (temporary) *Reichswirtschaftsrat* (National Economic Council), they saw no option but to assume some of the responsibility for overall economic policy. From this point of view, “concerted action” was in perfect accordance with concept of the “aligned society”. Erhard’s concept which was based on the idea of corporative co-operation between the major sectional interests, voluntarily united by their recognition of the common good as the guiding principle of their actions.

Soon, however, the unions had to admit that they were getting nowhere in the “concerted action” meetings against the serried ranks of the employers and government representatives on fundamental questions of economic policy. At the very first meeting on 20 February 1967, all the participants were in favour of state incentives for investment; but when the unions called for a boosting of demand to stimulate the economy, their words fell on deaf ears. And at the “concerted action” meetings of 1 March and 1 June their request for an increase in purchasing power was met by the employers’ soothing assurance that no wage cuts were being planned.

At the fourth round of talks on 19 July that year, the trade union representatives once again insisted that action to secure full employment be stepped up and taxation measures be taken to increase general purchasing power. In their eyes it was predictable – so they stated at the meeting of 19 November – that the policy of stimulating the economy would lead to gross inequity of income distribution, which would not be made any fairer by the surcharge on income tax set for the end of 1967. The union representatives also criticized the way wages were lagging behind profits at the talks on 14 December 1967 and 7 March 1968. Furthermore, they considered the expected growth rate of around four per cent predicted in the annual economic report too low; they saw it simply as an attempt to force wage restraint on them. The measures announced by the government on 5 July 1968 to introduce bonuses for savers and an amendment of the 312 Mark Law were not sufficient, as a contribution to the “social symmetry” so wordily advocated by Schiller, to satisfy the unions. Increasingly the unions realized that “concerted action” was placing them in a catch-22 situation. At the eighth federal congress in 1969 they emphasized that the only point of participating in “concerted action” was to ensure that wage

⁴ On this and following, see *ibid.*, p. 251 ff.

earner interests were given greater consideration and firmly declined to accept the guidance data in the annual economic report as “wage guidelines”.⁵ But none the less they found that they were in actual fact caught up in a tangled web of non-binding agreements they could only ignore at the price of delivering a deliberate snub to public expectations of harmony and responsibility – which were actually shared by the unions themselves. This is evident if we take a closer look at the evolution of union pay policy, which was characterized by remarkable restraint on the part of the unions, not merely during the recession but also in the boom years.

It was the state economic policy programme, more than anything, that made for a rapid recovery from the recession of 1966–7. By October 1967 the number of unemployed was already falling to 341,000; there was a seasonal increase during the winter but it fell again, to 174,000, by September 1968. The number of foreign workers quickly increased again, reaching 1.1 m by September 1968. The unemployment trend reflected the rapidity of economy growth: the GNP actually jumped by 6.8 per cent in 1968, and by as much as 7.9 per cent in 1969 – in contrast to the predictions of the annual economic report.⁶

The anticyclical policy thus appeared to have passed the test; cyclical crises were no longer a source of dread. After the experiences of 1966–67, the general view was that a promising set of instruments for crisis-management had been created.



The unions pinned great hopes on the social policy initiatives of the SPD, which was now part of the government. So how did the Grand Coalition perform in this particular area? The Law to Promote Employment, placing special responsibilities on the Federal Institution for Labour for promoting vocational and in-service training and retraining was adopted on 13 May 1969. This was followed on 12 June by the Law on the Continued Payment of Wages, which finally introduced – from 1 January 1970 – full equality between manual and white-collar workers in the event of sickness. The Vocational Training Law was passed on 14 August 1969, though it failed fully to meet the demands made at the 1966 DGB congress, followed on 19 September by the First Law on the Promotion of Training in

⁵ Geschäftsbericht des Bundesvorstandes des DGB 1969–1971 (Düsseldorf, undated), p. 171 f.

⁶ Karl Teodor Schuon, *Ökonomische und soziale Entwicklung der Bundesrepublik Deutschland 1945–1981*, in *Lern- und Arbeitsbuch deutsche Arbeiterbewegung*, vol. 2, p. 733

Individual Cases, encouraging training in the final years of schooling. The unions played a leading role in the preparation of these bills, putting forward proposals or draft bills of their own.

But they came little closer to extending bipartite co-determination to all big companies, a goal which the unions had pursued with great energy, particularly since the spring of 1968. With the setting-up of "Co-determination Action", with the submission of their own draft bill on 12 May 1968 and the May Day campaign of 1968, the unions attempted to mobilize the workers in support of co-determination. The unions' plans were for all companies meeting certain criteria to introduce co-determination arrangements similar to those in the coal and steel industry. These criteria were that the company should employ more than 2,000 people; have a balance sheet total of more than DM 75 m; or have a turnover of more than DM 150 m. The same year, the SPD took over the DGB's proposals and turned them into a bill of its own. But the Grand Coalition did not consider that it was in a position to settle the co-determination issue in accordance with union wishes. Instead – following the precept of excluding fundamentally contentious problems – it appointed a commission to look into the experience to date of bipartite co-determination in the coal and steel industry. The commission's report, drawn up under the leadership of Kurt Biedenkopf (CDU), was not submitted until 1970.

The Grand Coalition's reluctance to act over the co-determination issue was doubtless partly prompted by the polarization within the CDU/CSU parliamentary party; but a contributory factor was probably the unions' failure, even in 1968, to mobilize large-scale public support for their proposals, despite all their efforts. People did, indeed, take to the streets – particularly young people – but over other issues: in protest against the Vietnam War, the government of the Shah of Iran and the emergency laws.

*

The formation of the Grand Coalition signalled a new, decisive phase in the clash over the emergency laws. The very composition of the new government brought a note of stridency into the public debate. More than anything, perhaps, the reality of minimal parliamentary opposition fuelled misgivings over a strengthening of the executive. The worsening of the economic situation in 1966–7 helped raise the political temperature: 700,000 unemployed and the electoral successes of the NPD (Neo-Nazis) awakened memories of the last years of the Weimar Republic.

Though the Grand Coalition had certainly not been created for the

sake of the emergency laws, this particular bill was one of its self-imposed tasks. In March 1967 a new bill (the Lücke Bill) was presented, containing basically the following provisions: the possibility of compulsory service for defence purposes; the setting-up of a joint committee to assume the functions of the *Bundestag* and *Bundesrat* in an emergency; powers to use the armed forces in a police role in the event of a threat from within. The provision authorizing the government to issue emergency decrees had been dropped, as had the more serious restrictions on civil liberties.

The SPD was cautious in its acceptance of the bill, deliberately leaving scope for further discussion. As a result, opposition to the “Coalition Bill” even built up within the SPD parliamentary party. On 26 June 1967, approximately 80 deputies – especially the trade unionists around Kurt Gscheidle, Helmut Lenders and Hans Matthöfer – presented a number of amendments devoted above all to the problem of guaranteeing the right to take industrial action and stage political strikes. This approach won support within the party from the South Hesse area, particularly the district of Frankfurt am Main, the seat of the Engineering Union’s executive.

Critics within the Social Democratic Party were able to justify themselves by reference to the unions’ position; after all, the DGB’s federal committee had agreed on 17 July 1967 to reject the new bill on emergency legislation, informing all *Bundestag* deputies of its position by letter in September 1967. The simultaneous undertaking issued by the DGB not to arrange rallies for the time being was not accepted by all the unions and their branches.

In addition, representatives of the DGB and the individual unions expressed their reservations about the emergency legislation at the *Bundestag* hearings held in the autumn of 1967. Otto Brenner continued to reject the legislation on principle, while Ludwig Rosenberg formulated conditions on which the unions would be prepared to accept it. This approach showed a good measure of shrewdness, Rosenberg’s readiness to compromise being set off to advantage by Brenner’s fundamentally dismissive attitude. It shifted the ground for compromise – even as the internal Social Democratic opposition understood it – in favour of a radical revision of the bill.

At its Nuremberg party conference in March 1968, the SPD again confirmed the principles behind its policy and welcomed – with 87 nays and 6 abstentions – the “Coalition Bill”. Rosenberg expressed the unions’ understanding for the electoral considerations that the SPD was obliged to take into account. To accommodate the unions, a trade union council was set up; in addition, congress came out in support of the unions’ demand for co-determination. The rejection of the plan to introduce the



"Star march" converging on Bonn on 11 May 1968 to protest against the passing of the Notstandsgesetze (emergency laws)



DGB indoor rally in the Westfalenhalle in Dortmund on 11 May 1968 in opposition to the emergency laws

majority vote system, as a clear signal to the FDP, led to the resignation of Lücke, who had thus seen one of his key plans defeated.

He was succeeded by Hans Benda, who had proved that he knew his stuff during the deliberations of the legal committee. As the final discussions were taking place in committee and between the political group chairmen, Helmut Schmidt (SPD) and Rainer Barzel (CDU/CSU), protest reached a head. The unions continued to insist that the existing bill should be scrapped. The student opposition also mobilized its supporters, arranging a rally that saw 40,000 marchers converging on an assembly point in Bonn on 11 May 1968. The disintegration of the anti-emergency law movement is probably best illustrated by the fact that on the same day the DGB organized a rally in Dortmund, attended by some 15,000 people.

It was chiefly the leaders of the student protest who urged the unions to stop the emergency laws through militant action. But after the partly violent attacks on SPD delegates in Nuremberg, the unions dissociated themselves firmly from these protest groups, which they considered unpredictable. On 19 May the DGB executive announced that they “are carrying out all measures solely on their own responsibility and will not be pushed into uncontrollable actions by other groups. The federal executive expressly rejects a general strike to stop the emergency legislation, considering it a breach of the principles of parliamentary democracy to call a strike against a decision taken by the Bundestag with such a large majority. [. . .] The DGB will oppose any abuse of the emergency legislation by every means at its disposal.”⁷

The retreat by the unions was difficult to put across, given their fundamental opposition to the emergency laws. So in spite of this statement, May 1968 saw a spate of protest strikes, walk-outs and demonstrations in which trade unionists as well as others took part. None the less, the emergency legislation with the relevant amendments to the constitution was adopted on 30 May with the help of the majority of the SPD group’s votes. It was opposed by 53 SPD deputies, one CDU member and almost the entire FDP group, which – now in opposition – had put forward its own bill as late as 1967. This result obviously gave the unions food for thought: after all, 179 of the 217 SPD deputies were members of DGB trade unions.

The version of the amendment to the Basic Law adopted in May 1968 differed in many ways from the initial drafts of the bill submitted by Schröder and Höcherl. The emergency provisions that were actually passed distinguish between times of tension, internal emergencies and

⁷ Protokoll der Sitzung des Bundesvorstandes des DGB am 19. Mai 1968 (DGB-Archiv)

defence contingencies, with different procedures laid down for government and parliament in each case. A time of tension can only be declared by a two-thirds majority of the *Bundestag*; the joint committee only becomes an emergency parliament with legislative powers in the case of an attack from without; the government's right to issue emergency decrees and many other restrictions on civil liberties had been dropped at an earlier stage of the bills' passage.

It was of special concern to the unions that the right to take industrial action and the right of resistance should be incorporated in the emergency legislation, and the two issues both raised problems. The inclusion of the right to take industrial action gave equal guarantees for strikes and lockouts; and the right to resistance laid down in the Basic Law repeatedly gave rise in the years that followed to discussion about the justification of political protests against individual decisions by a majority of the *Bundestag*.

If one examines the policies of the protagonists, there is no mistaking the fact that the SPD's steadfast insistence on the terms for accepting emergency legislation reiterated since its 1962 Cologne party conference was partly attributable to internal party opposition but chiefly to pressure from the unions and a critical public opinion. The trade unions could put the affair down as a success for their "two-pronged strategy" – rejecting the legislation on grounds of principle, while at the same time supporting the amendments proposed within the Social Democratic Party. Since they had to reckon with the adoption of the emergency laws from the outset, the unions' "maximalism" was an entirely appropriate way of shifting the ground for compromise in their own direction so as to achieve partial successes with regard to the contents of the bill.

While feelings ran high in the spring of 1968, soon afterwards the argument over the emergency laws was forgotten. In the following months the SPD managed to present itself credibly as the party of social reform, with Willy Brandt's promise to "risk more democracy", and after the elections of 18 September 1969 it was charged with the formation of a new government along with the FDP.

The first years of the Social-Liberal coalition: social reforms – aims and realities

Union involvement in politics became fully apparent with the formation of the Social-Liberal coalition under Willy Brandt (SPD) and Walter Scheel (FDP) in October 1969. Many leading trade unionists accepted



26 October 1962: Ludwig Rosenberg takes over as head of the DGB from Willi Richter, who stepped down for age reasons



Heinz Oskar Vetter in discussion with college students (September 1970)

posts in the government: Georg Leber and Walter Arendt, followed later on by Hans Matthöfer, Herbert Ehrenberg and Kurt Gscheidle. The high degree of union commitment to the policy of the Social Democrat-dominated government made it necessary to clarify the (party) political attitudes of the unified trade unions. There was all the more reason to do so as the man elected to head the DGB in May 1969, Heinz Oskar Vetter, was a member of the SPD.

Vetter was a man from the “second rank” of the DGB. Born the son of a senior local government official in Bochum-Werne in 1917, he started work as an engine fitter in the mining industry. At the same time he studied for his *Abitur*, but was then conscripted into the army and did not return from imprisonment as a POW until 1946. Again he worked as a fitter in the mines and joined the Miners’ Union, IG Bergbau, with which he took up a full-time post in 1952. In 1960 he was elected on to the executive, and in 1964 became vice-chairman of IG Bergbau. Though he only obtained 267 votes out of 427 in the election for DGB chairman, he was confirmed in office by an overwhelming majority in 1972. He had established a political profile of his own much faster than people had expected. He made the DGB’s co-determination initiatives very much his own business and his 1977 proposal that reductions in working hours should be agreed even without full compensation caused a considerable stir. Though Vetter, who was president of the ETUC from 1974 to 1979, entered the European Parliament for the SPD in 1979, he always tried to draw a dividing line between the union and the Party.

At the third extraordinary federal congress of May 1971⁸, he stressed that a “critical distance” should be maintained between the unified trade union and political parties. It was the duty of the unions, as the “old style” workers’ parties were no more, “now more than ever to draw up and pursue aims as a true union of wage earners’. The unions should not become a substitute for parties; but they themselves should draft and develop political plans for the emancipation and equality of working people. political models for the society of tomorrow”

As Vetter made it clear in May 1971, ever since their beginnings the trade unions had had “the dual task, as militant self help organizations, of protecting their members from the consequences of their economic and social inferiority and, as a political movement, of improving the dependent and under-privileged position of working people in society”. The two tasks – “the protective and the formative functions – can and must not be

⁸ Heinz Oskar Vetter, in *Protokoll des 3. Ausserordentlichen Bundeskongresses am 14. und 15. Mai 1971 in Düsseldorf* (Düsseldorf, undated), p. 15 ff.

divorced one from the other. Effective and lasting protection is only possible through social change". The unions, he said – taking on the proponents of the social partnership and "regulative function" ideologies – are thus "in equal measure protective associations and a political movement".

Through this definition of the unions' twin tasks, Vetter attempted to take the wind out of attempts to pin the unions down to one or the other, a regulative factor *or* a counterforce.⁹ He was thus opposing extreme expectations of social reform or revolution as much as the corporatist obligation on the unions to work within the status quo. The dual role of protecting the workers and shaping society assigned to the unions by Vetter was reflected in the early 1970s by a flood of policy documents, of which we shall mention only a few here. 1972 alone saw the publication of a new action programme, demanding, in particular, measures to change the structure of society, such as co-determination, wealth creation, job security and fiscal policy. It also addressed the questions of tenants' law and land law, public transport and environmental protection. In 1972 special "DGB guidelines" on the environment were issued and these were given a tangible form in the DGB's 1974 environmental programme. The same year – which, incidentally, had been declared the "Year of the Female Employee" – the DGB published a "Programme for Female Employees", a "Health Policy Programme",¹⁰ "Vocational Training Demands", calling for the amendment of the 1969 Vocational Training Law, and a list of "The DGB's Educational Proposals". In 1973 there followed "The DGB's Demands for Reform of Tertiary Education". The aim of the programmes was to eliminate discrimination against working-class children by creating equality of opportunity; with regard to content, the educational system should foster the critical faculties and a democratic mentality. Furthermore, the proposals for the "Humanization of Working Life", which embraced (almost) all the individual union demands from industrial safety to co-determination, were issued in programme form.¹¹ It should also be mentioned that in 1971 the white-collar union DAG issued a "programme of principle", the basic tendency of which was entirely in line

9 See, for example, Eberhard Schmidt, *Ordnungsfaktor oder Gegenmacht. Die politische Rolle der Gewerkschaften* (Frankfurt am Main, 1971)

10 Reprinted in Gerhard Leminsky and Bernd Otto, *Politik und Programmatik des Deutschen Gewerkschaftsbundes* (Cologne, 1974), p. 218 ff. and 365 ff.

11 Heinz Oskar Vetter, *Humanisierung der Arbeit als gesellschaftspolitische und gewerkschaftliche Aufgabe. Protokoll der DGB-Konferenz vom 16./17. 5. 1974 in München* (Frankfurt/M and Cologne, 1974)

with that of the DGB programme of 1963.¹² Thus, with an abundance of policy statements the unions, both moulded and driven by the spirit of upheaval of the late 1960s and early 70s, tried to influence political decisions in their own favour.



The Social-Liberal coalition initially benefited from the economic upturn after the 1966–7 recession. In 1968, the growth rate reached 6.8 per cent and in 1969 went even higher, to 7.9 per cent; but after that growth dropped off, declining to 5.9 per cent in 1970, 3.3 in 1971 and 3.6 in 1972, rising again to 4.9 in 1973 and then falling back down to 0.4 and –1.8 per cent (1974 and 1975 respectively) as the first oil crisis hit Europe and the economic crisis of the 1970s set in. Until 1971 the unemployment rate remained below one per cent; in 1972 it rose to 1.1 per cent and continued mounting, reaching 1.2 per cent in 1973 and – with the onset of the worldwide economic crisis – 2.6 per cent in 1974 (Table 5b).

Despite the falling growth rate and rising unemployment, the annual rate of inflation increased from 1969–70 onwards: from 1.9 per cent in 1969 and 3.4 in 1970, inflation rose to 5.3 and 5.5 per cent in the next two years and continued to rise, reaching 6.9 and 7 per cent in 1973 and 1974 respectively. Rising prices were to become one of the major issues in the debate on economic policy, as can be seen from the DGB's policy statements from the early 1970s.

It became increasingly apparent as the 1970s went on that economic development, which had powered the reform policies of 1968–9, was now putting a damper on exaggerated expectations. The limited room for financial manoeuvre soon meant that there could be no trail-blazing innovations in the Social-Liberal coalition's social legislation. Rather, it stayed within the framework established by the decisions of principle taken in the 1950s – though, admittedly, with distinct improvements. A glance at the chronology of laws in the field of social policy demonstrates this. By the decision of 13 December 1969, war victims' pensions were index-linked – that is, from January 1971 they were tied to the general movement of incomes, as old age pensions already were. On 27 June 1970 the amending law to the Capital Formation Law doubled the concessio- nary savings amount to DM 624 from 1 January 1971. The Pension Reform Law of 21 September 1972 introduced the flexible retirement age,

¹² Grundsatzprogramm der DAG, in Protokoll des 10. DAG-Gewerkschaftstages 1971 (Hamburg, undated), p. 473 ff.

making it possible to retire from the age of 63 on. Although the unions had called for the retirement age to be reduced to 60, they welcomed the new law as a “first step” in the right direction. They also welcomed the opening of the pension insurance scheme to the self-employed and housewives and the raising of the lowest pension classes.¹³ Lastly, one should not forget the introduction of bankruptcy default payments from July 1974, protecting employees against loss of wages should the employer be unable to pay, and the income tax reform of 25 July 1974, which replaced tax allowances for children with a fixed child benefit, did away with progressive tax scales in the lower and middle-range income groups and doubled the earned income allowance from DM 240 to DM 480.

Among the other reforms that determined the climate of these years was the reform of marriage, family and divorce law, and Paragraph 218 of the Penal Code on abortion. Both reforms were firmly supported by the unions with policy statements and legislative proposals of their own.

The reform momentum of the first years of the Social-Liberal coalition was, however, soon slowed down by growing opposition. Signs of this were, for example, the fate of the government’s Vocational Training Bill of April 1975. Partly in accordance with union demands, the bill encountered determined employer opposition and was finally voted down by the CDU/CSU majority in the *Bundesrat*. True, the Law to Promote Training and, in December 1975, and the Higher Education Framework Law were passed – but the latter was confined to the limits set by the Federal Constitutional Court. With regard to the programme to “humanize working life”, only the industrial safety proposals in the narrow sense were enshrined in law, in the shape of the Industrial Safety Law (1973) and the Workplace Order (1975). Safeguards against rationalization remained within the ambit of collective bargaining, which requires separate treatment, as does the government’s co-determination legislation.

The boost to social policy in the 1960s and 1970s resulted in a slow increase in social insurance benefits as a proportion of GNP. The ratio increased from 17.1 percent (1950) to 18.7 (1960) and 24 (1965) and then to 26.1 (1968) and 26.8 per cent (1972). The economic crisis of 1974 then brought a marked increase.¹⁴ The reform laws, some of which were quite costly, led to a gradual increase in federal debt. Whereas net federal borrowing had been no more than DM 1 million in 1969, from 1970 on it

13 Geschäftsbericht des Bundesvorstandes des DGB 1969–1971 (Düsseldorf, undated), p. 118

14 Bernhard Schäfers, *Sozialstruktur und Wandel der Bundesrepublik Deutschland* (Stuttgart, 1981), p. 190

grew from DM 1.11 billion to 1.44 bn (1971), 3.98 bn (1972), 2.68 bn (1973) to reach 9.48bn in 1974. In 1971 the Federal Finance Minister, Alex Möller (SPD), resigned over the budget situation, considering that departmental demands were jeopardizing stability.



On the other hand, it would have cost “nothing” to put the unions’ long-standing call for co-determination into effect. And after Willy Brandt’s government statement of 28 October 1969 announcing a reform of the Company Statute Law and an extension of co-determination, the unions believed that they had attained their goal. But both issues turned into problems for the coalition.

First, reform of the Company Statute Law. After clearly criticizing the government bill of 29 January 1971¹⁵, the DGB tried once more to show off its plans to their best advantage in spring 1971 by writing to all the *Bundestag* deputies on 8 February and by campaigns “For a better Company Statute Law”.¹⁶ But the unions obviously did not have a decisive influence on the revised version of the Company Statute Law passed on 10 November 1971 with the votes of the coalition parties plus 27 CDU deputies. Nevertheless, the law was an undeniable improvement on the 1952 version in a number of respects: for the first time the individual employee was given his own place in company statute law; the co-determination and participation rights of the works councils were extended and consolidated; the representation of young people was increased; and finally the unions’ position in the company statute was recognized and guaranteed.

So all in all the unions saw the new law as a “major step forward”. Although the Company Statute Law did not satisfy all the DGB’s demands, it had to be regarded as “a major success in the trade union battle for improved co-determination at work”.¹⁷ Vetter saw it as a “positive contribution to the reform of society”.¹⁸ Criticism was chiefly levelled at

15 Gerd Muhr, Vorwort, in DGB-Bundesvorstand (eds). Für ein besseres Betriebsverfassungsgesetz. Eine vergleichende Darstellung zum Regierungsentwurf (Düsseldorf, undated) (1971)

16 Heinz O. Vetter and Gerd Muhr to all *Bundestag* deputies on 8 February 1971, reprinted in Leminsky and Otto, *Politik und Programmatik des Deutschen Gewerkschaftsbundes*, pp. 124–6

17 Geschäftsbericht des Bundesvorstandes des DGB 1969–1971 (Düsseldorf, undated), p. 144 f.

18 H.O. Vetter, *Gewerkschaftspolitische Bilanz des Jahres 1971*, in *Die Quelle* 12, 1971, pp. 481–3

the new law's virtual lack of effective co-determination rights for works councils in economic matters. Other features, too, turned out to be problematic as far as the unions were concerned. Co-operation between unions and works councils was not adequately covered by the law, and the breakdown of the workforce into workers, salaried staff and senior salaried staff (executives) entrenched sectional differences, thus making a united defence of their interests more difficult. The last provision was very much in line with Christian trade union thinking and also that of the DAG, which had been calling for "minority protection" for years in its declarations of principle and now received backing from the FDP.

Particularly the problem of distinguishing "senior salaried staff" or executives from others led to a great many disputes between unions and management in the years to come and the matter soon came before the courts. The narrow definition laid down by the Federal Labour Court in its ruling of March 1974, which deemed executives to be solely senior staff with management decision-making duties, did, in fact, support the union position¹⁹ – but it was not a dramatic success of the kind that might have had implications for the framing of the Co-determination Law.

Nor was the Staff Representation Law (Personalvertretungsgesetz) adopted on 12 December 1973 by any means entirely in line with union thinking. The unions had subjected both the 1972 officials' draft and the 1973 government bill to stiff criticism.²⁰ Although the DGB welcomed the revised law as "more progressive" than the bill, it also pointed to serious flaws.²¹ In particular, the far too limited co-determination rights of the staff councils and the division into workers, salaried staff and civil servants clashed with union aims. The Public Service Union ÖTV underscored the union view that "the current laws on collective bargaining and the public service should be replaced by a new, uniform public service law established by collective agreement". It also called for the creation of a uniform staff law guaranteeing "unrestricted rights of association for officials of the public service".²²

19 DGB-Nachrichtendienst ND 47/74, Düsseldorf, of 6 March 1974

20 DGB-Nachrichtendienst No. 168 of 25 May 1972 and No. 113 of 2 April 1973; DGB-Bundesvorstand (eds). Für ein besseres Personalvertretungsgesetz. Vergleichende Darstellung des DGB zum Regierungsentwurf zur Änderung des Personalvertretungsgesetzes (Düsseldorf, undated) (c. 1972–3)

21 DGB begrüßt Personalvertretungsgesetz, in DGB-Nachrichtendienst No. 428/73 of 13 December 1973

22 Gewerkschaft ÖTV (ed), *Modernisierung im öffentlichen Dienst. Einheitliches Personalrecht* 3 (Stuttgart, 1976), p. 5

But how about the “number one demand”, as Heinz Oskar Vetter described it at the DGB’s 1972 congress – co-determination at company level? Since spring 1972 the DGB had been trying to focus more attention on this issue. Bipartite representation on the supervisory boards of large companies was not the only union demand. The unions were still seeking the creation of a Federal Economic and Social Council to inform and advise government and parliament. This council would replace corresponding bodies at regional level and would also be empowered to initiate legislation.²³

But the difficulties of achieving these demands were obvious. The “Biedenkopf Commission” had not submitted its report on experience of bipartite co-determination until 1970²⁴. Although it gave a thoroughly favourable assessment of co-determination in the coal and steel industry, the commission could not bring itself to recommend the extension of the coal and steel provisions to all large companies. As a result of this, both advocates and opponents of bipartite co-determination could claim to have its backing. In any case, the commission did not devise a compromise between SPD and FDP thinking on co-determination. The SPD stuck to its 1968 bill, while the FDP presented the “Riemer Bill” at its 1971 party conference in Freiburg, based on the Biedenkopf recommendations and proposing that the management side be given a dominant position on supervisory boards, with shareholders, management and employees being represented in the ratio of 6:2:4. The same year the CDU party conference approved a scheme giving shareholders and employees seven and five seats respectively on the supervisory board.

Thus apart from the SPD draft, the DGB was fairly isolated. It could, of course, point to the smooth working of co-determination in the coal and steel industry. Evidence for this was the fact that in numerous pit closures social hardship (and disturbances) had been prevented by social welfare planning.²⁵ But getting the union demands accepted and enshrined in law proved to be difficult. At the end of March 1974, the employers’ association, the BDA, held a conference in Cologne called “Market economy or trade union state”, a title that recalled the confrontations of the Weimar period. The unions attempted to counter this with an analysis by the Institute of Economic and Social Sciences entitled “Trade union state or

²³ According to Leminsky and Otto, *op. cit.*, p. 147 ff.

²⁴ Mitbestimmung im Unternehmen. Bericht der Sachverständigenkommission zur Auswertung der bisherigen Erfahrungen bei der Mitbestimmung (Mitbestimmungskommission), Bochum, im Januar 1970 (Bundestags-Drucksache VI/334)

²⁵ Geschäftsbericht des Bundesvorstandes des DGB 2. Halbjahr 1965 – 1968, p. 275

entrepreneurs' state".²⁶ But in terms of public opinion the employers won on points with their theory of the necessary correlation between a free economy and a free society, which they claimed would be jeopardized by co-determination. And thanks to the FDP, basic liberal economic ideas of this kind did leave their mark on the government's 1974 Co-determination Bill, which was subsequently adopted by the *Bundestag* with a number of changes on 18 March 1976.²⁷

The new law introduced co-determination in companies with their own "legal personality" normally employing more than 2,000 people. The supervisory boards of such companies must be occupied by equal numbers of shareholder and employee representatives, the size of the board depending on the number of staff employed. The composition of the employee side was more complicated than in the coal and steel scheme. A proportion of the employee seats are reserved for the unions represented in the company; the others are distributed among the workers, salaried staff and executives in proportion to their share of the total workforce, though each of these groups has at least one seat. All the employee representatives, including the unionists, are elected by the staff. In companies with less than 8,000 employees direct elections are held; otherwise via an electoral college. One feature that concerned many people – not just the unions – was that executives, who according to the Federal Labour Court ruling of March 1974 had to exercise management functions, were supposed to belong to the employee side. Furthermore, in the event of repeated tied votes the chairman of the board, who was appointed by the management, had a casting vote. Finally, the unions criticized the fact that the employee side did not have a decisive say in the appointment or rejection of the worker-director on the management board (*Vorstand*). For these reasons the unions reacted to the law with undisguised disappointment.

Nor were the employers satisfied with the law. They held that the guarantees in the Basic Law covering private property and entrepreneurial freedom had been breached by the Co-determination Law. Furthermore, the unions' participation in the supervisory board gave them an information advantage which set aside autonomy in negotiating wage rates. Despite the clearly non-bipartite composition of the supervisory board, the employers lodged an appeal against the Co-determination Law with the Federal Constitutional Court. The unions took the opportunity to

26 Gewerkschaftsstaat oder Unternehmerstaat (Sonderheft der WSI-Mitteilungen, August 1976)

27 Der Bundesminister für Arbeit und Sozialordnung (ed.), *Mitbestimmung*, p. 83 ff.

announce that they were ceasing to participate in “concerted action”, of which they were growing increasingly critical as it was. Although the Constitutional Court did not allow the employers’ appeal in its judgment of 1 March 1979, the limits of any wider ranging forms of co-determination were drawn so tightly that an extension of bipartite co-determination receded into the far distance.²⁸

2. *Collective bargaining: from a low profile, via spontaneous strikes to a more aggressive approach*

In view of the personal links and the similarity between the political thinking of the union and SPD leaders on the one hand, and the economic recession on the other, it is not surprising that the unions practised wage restraint in the second half of the 1960s. They were also concerned with the step-by-step introduction of the 40-hour week, the cost of which was added to the rate of increase in wages. The trade unions indicated at the wage talks – contrary to their official pronouncements – that they were quite prepared to take official guidance data into account.

A glance at the wage agreements concluded in 1967 and 1968 shows – in the words of the DGB – “quite clearly the reasonable conduct of the unions”.²⁹ With only nominal wage rises being negotiated in these years, real wages fell in 1967 by 1.7 per cent and in 1968 by 1 per cent, but then increased in the next two years by 1.4 and 5.5 per cent. The development of real wages is also reflected in the fluctuations in gross income from paid employment as a proportion of national income: from 55.7 per cent in 1967, it dropped to 53.6 in 1968. Despite substantial wage rises in 1970–71, it only gradually recovered from this low but then it continued rising again until 1973.³⁰

The unions’ readiness to show moderation over pay led some sections of the membership and of the workers as a whole to lose confidence in them. With company profits increasing by leaps and bounds but real wages stagnating, the outcome was the “wildcat” strikes of 1969. The immediate cause of the spontaneous strikes was the merger of two companies, the Dortmund-Hörder-Hütten Union and the Hoesch AG Dortmund, on 1 October 1969, necessitating the internal levelling-out of wages

²⁸ Reprinted *ibid.*, p. 251 ff.

²⁹ Geschäftsbericht des Bundesvorstandes des DGB 2. Halbjahr 1965–1968 (Düsseldorf, undated), p. 285

³⁰ According to F. Deppe, *Autonomie und Integration*, pp. 62 and 64

and salaries. The workers at Hoesch AG Hüttenwerke in Dortmund downed tools on 2 September, demanding an immediate pay rise. The strike ended the next day, when the company swiftly agreed to increase hourly rates by 30 Pfennigs. But in view of the profits explosion of 1968–9, the strike sparked off similar actions at other companies in the iron and steel industry, coal mining, engineering, textiles and the public services. In early September alone, 230,000 days were lost in the iron and steel industry, and 49,000 shifts lost in coal mining, through strike action. In all cases the strikers soon managed to obtain pay rises that were paid out even before their collective agreements expired.

The unions had complained before about the way wages were lagging behind soaring profits and had frequently demanded that pay talks be brought forward – but to no avail. These spontaneous strikes, however, helped to underline the unions' demands for talks. Consequently, substantial pay rises were achieved and collective agreements with a shorter period of validity were accepted.

But by the early 1970s the two sides were again adopting tougher attitudes. With the mass influx of dollars putting price stability at risk, a risk increased by the workers' pay demands but also jeopardizing exports (as exchange rates had been allowed to float), the employers pressed for low-level pay rises. The two sides clashed in Baden-Württemberg in 1971.

What triggered the dispute was IG Metall's 11 per cent wage demand, made when it gave notice on 30 September 1971 that it was terminating its collective agreements. At first the employers made no offer at all, but then settled on 4.5 per cent. Owing to the stubbornness with which both sides clung to their positions, the talks were declared deadlocked on 17 October. Arbitration proceedings began on 28 October. On 2 November the mediator's proposal (7.5 per cent over a period of seven months) was rejected by the employers. At this, IG Metall (who had accepted the mediator's proposal) decided to hold a strike ballot on 12 November: it showed 89.6 per cent of the membership in favour of a strike.

IG Metall decided on selective strikes. On 22 November 55,000 workers at Daimler-Benz, Audi-NSU and Graubremse Heidelberg came out on strike. They were followed the next day by another 60,000 workers at 76 companies. The employers now decided to respond with a lockout, which – beginning on 26 November – affected a total of 304,823 employees at 530 companies. Further attempts at mediation and even the intervention of the Chancellor proved fruitless. But since the unions did not seem minded to give way and the growing opposition to the lockouts had begun to mobilize in protest rallies – for example, 45,000 workers gathered in Stuttgart on 8 December – agreement was reached on 10 December. After an

industrial dispute that had cost 4,138,000 lost days (according to official sources) or 5,130,000 (according to union sources) and loss of production put at DM 2 billion, the employers accepted wage rises of 7.5 per cent over 12 months; for October to December a lump sum of DM 180 net was paid out; in addition to this, a “thirteenth month”, worth up to 40 per cent of a normal month’s income, was written into the agreement.

This outcome was approved by 71.2 per cent of the membership. It should not be forgotten, however, that the employers had again pushed through the principle of central wage negotiations. Also, the fact that the terms agreed for North Baden-North Württemberg set the latitude for the other agreements entailed an overall stabilization of real wages – but did not secure the additional increase the employees had demanded. In fact, to a large extent the employers’ position had prevailed.

For this reason the employers could interpret the outcome of the dispute as a victory. A newspaper advertisement on 15 December published by the engineering industrialists said: “Our thanks to the firms affected, who have born the brunt of the dispute. But it has paid off for all companies: the result is below the preceding mediation proposals. [. . .] The total burden on companies, spread over 15 months, works out at approximately 7 per cent. The 15 month validity gives the engineering industry a sensible basis for its calculations and provides the peace necessary in these economically difficult times.”³¹

The pressure on IG Metall, which had to dispense some DM 80 m altogether in strike pay was stepped up by the extension of the dispute by production standstills in firms not directly involved. About 100,000 workers, chiefly in the car industry, were drawn into the dispute through “cold” lockouts (that is, they were locked out before taking any industrial action). In accordance with the state neutrality requirement in industrial disputes, the Federal Institution for Labour decided, pursuant to Paragraph 116 of the Law to Promote Employment of 25 July 1969, not to pay benefit to workers only indirectly affected, since – as it said in the decree of 22 November 1971 – “experience shows” that these employees would also benefit, should the aim of the strike be achieved. On 2 December, however, the advisory board of the Institution did grant the employees concerned unemployment or short-time benefit – though this decision was later deemed unlawful by the Regional Social Court of Baden-Württemberg on 27 November 1972.

³¹ Quot. Regine Meyer, *Streik und Aussperrung in der Metallindustrie. Analyse der Streikbewegung in Nordwürttemberg-Nordbaden 1971* (Marburg, 1977), p. 346

The temporary closures could certainly be considered “cold” lockouts. Doubts about the need for such action were reinforced by the fact that many closures were effected, or notice of closure given, on only the fourth day of the strike. The fact that Daimler-Benz announced that work would be resumed at its Berlin works on the day after the second strike ballot, although production in the strike-hit area did not get going again properly until after the ballot, also appeared to justify such doubts.

The Federal Labour Court judgments of 1955 and 1971, which placed tight restrictions on the use of the lockout but permitted it in principle, the lockout in the engineering industry in 1971 and, lastly, the conduct of the Federal Institute of Labour, had made strikes an incalculable risk for the trade unions. The principle of “proportionality”*, the yardstick for which was outside union control and fell within the purview of the state and (especially) the employers, together with the free use of lockouts by the employers, clearly limited the unions’ scope for action. Moreover, “concerted action” and the annual expert reports restricted the unions’ autonomy in drawing up their objectives back at the opinion-forming and decision-making stage. The risk of incurring incalculable financial burdens if they escalated industrial action restricted their freedom to act; in addition, the expense of major disputes weakened the unions financially to such an extent that the unions could be taught a lasting lesson by the employers. Thus in the early 1970s industrial relations became increasingly confrontational and this was to become fully apparent with the recession of the mid-1970s.

The results achieved by union pay policy in the early 1970s are impressive. In the attempt to make good the loss of confidence revealed by the “wildcat” strikes of 1969 and to catch up with real wages (which consistently outstripped the agreed rates), the unions were demanding wage rises of 10 per cent and more in the early 1970s. In fact, in several industries they succeeded in securing pay rises of this magnitude. It is noticeable that with economic difficulties looming up ahead, the public service and transport union ÖTV started acting as pacemaker for the first time, for example with its 1974 wage rise of 11 per cent, achieved after a strike, an episode which rather cast a shadow on the image of the Chancellor, Willy Brandt. IG Metall followed this up by securing a good 12 per cent. Despite the clear rise in agreed wage rates in the early 1970s, real wages were often even higher. For this reason, the DGB unions decided at their 1975 Hamburg congress to push harder to secure these actual wages.

* Translator’s note: “Verhältnismässigkeit”: stipulation that any retaliatory industrial action must be in proportion to the original action taken

Owing to their increased militancy and the generally favourable development of the economy, the unions managed to secure significant improvements in their members' real wages. After the losses caused by the recession, real wages rose by 1.4 per cent in 1969, 5.5 per cent in 1970 and 2.3 per cent in 1971; in 1972 they fell slightly by 0.3 per cent, and then rose again in 1973 and 1974 by 1.5 and 3 per cent respectively (Table 3c). Gross income from paid employment as a proportion of national income also rose from a low of 53.6 per cent in 1968 to 54.1 (1969) and 54.8 (1970) and continued rising slowly to 55.8 (1971 and 1972) and 56.6 per cent in 1973.³²

But wages were not all the unions fought for. As a result of the intensification of work, the increase in night work and shift work and the speeding up of the work rate, trade union bargaining policy came to focus on issues such as the "humanization of work" and safeguards against rationalization.

In the late 1960s the trade unions had already given increasingly urgent warnings of the dangers of the uncontrolled development of technology. Since then agreements on rationalization safeguards had become much more common. The Engineering Union and the Chemical, Paper and Ceramics Union had led the way, for instance with the 1968 agreements covering some 10 million employees. Although the demand for rationalization safeguards in the 1965 action programme had been directed at the legislators, after the limited success of efforts in this direction (the Law to Promote Employment of 1969), the unions concentrated on achieving this objective through collective agreement.

Rationalization safeguards were considered an essential part of the humanization of work, which the unions sought to achieve through adopting a dual strategy – the law and collective agreement. Here, too, the unions shifted the emphasis on to collective bargaining in view of their lack of political success. One of their principal achievements was the October 1973 outline agreement on pay II for the North-Württemberg-North Baden engineering industry. After two-week selective strikes involving some 57,000 employees at Bosch and Daimler-Benz, a collective agreement was concluded, which not only set limits on the company standards for the production process (for example, the time allotted for a specific operation) but also improved the rules governing breaks. Every worker on piece-rates or bonus was henceforth entitled to five minutes

³² Deppe, *op. cit.*, p. 62 and 64

recovery time and three minutes personal time per working hour – for these periods he was paid the going rate.

*

Although the recession of 1966–7 had destroyed the dream of an everlasting “economic miracle”, living standards continued to rise unabated throughout the 1960s for large sections of the community. If we compare, for example, the possession of consumer durables in 1962 and 1973, we find the following changes: in 1962 only 52 per cent of households had a refrigerator – in 1973, 93 per cent; for vacuum cleaners, television sets and cars the figures are 65/91 per cent, 34/87 per cent and 27/55 per cent.³³ Thus the post-economic miracle period continued to be characterized by consumerism and rising living standards. But this was by no means linked with a fairer distribution of wealth: in the early 1970s, 1.7 per cent of all households owned 74 per cent of all the private wealth produced by the economy.

It became increasingly clear that changing this was one of the trade unions’ objectives.³⁴ The DGB federal executive’s statement on wealth formation of October 1968 for the first time drew a distinction between encouraging saving and granting workers a share in the wealth produced. The “DGB Guidelines on Wealth Formation” of March 1970 set these ideas out in more specific form. While measures to encourage saving were approved, they were not expected to achieve any real redistribution of wealth. Accordingly, wealth formation was to be achieved by the encouragement of saving and inter-company wage-earner profit-sharing. Companies would channel part of their profits into funds, which would have to issue share certificates to employees. Although the 1972 action programme also stated that wage earners should be granted an appropriate share of the wealth produced through an inter-corporate system of profit-sharing, the draft resolution to this effect was defeated at the ninth DGB federal congress in 1972. This was a victory for IG Metall’s view that priority should be given to pay policy. Wealth formation funds, on the other hand, would lead to a direct reduction in all employees’ disposable incomes – in return for share certificates that were not even saleable. The DGB federal committee submitted a new paper, by a narrow majority, on 4 April 1973, dealing with the issue of securing a share in the profits for employees. Starting from the perception that capital-forming collective

³³ According to Schuon, *op. cit.*, p. 734

³⁴ See Leminsky and Otto, *op. cit.*, p. 164 ff.

agreements, savings benefits and investable wages* do not effect redistribution and that company plans for employee participation are more designed as measures to prevent mobility, the participation by employees in the wealth produced was to be achieved through regional funds, into which the companies were to siphon off part of their profits. But no actual agreement was reached.

3. *Good times for trade union organization: increase in membership and the heyday of the "co-operative economy"*

After a phase of slow membership growth in the 1960s, the new decade brought a marked rise in union membership – from 6.5 m (1966) to 7.4 m (1976). But these overall figures (Table 1c) concealed a number of counter-trends, since the increase in membership was not evenly spread across the unions and trades. The unions that profited from the increase were Commerce, Banking and Insurance; Education and Science; the German Post Office Union; the Engineering Union; Chemicals, Paper and Ceramics; and Public Services, Transport and Communications. Those that lost members or stayed at the same level were Horticulture, Agriculture and Forestry; Leather; Mining and Power; and Textiles and Clothing – all unions in declining industries. To give just one example: in 1958 the mining industry employed over 650,000 people in 622 companies; in 1976 this had fallen to 250,000 workers and 383 companies.

All in all, the unions were able to consolidate their position in the "reform climate" of the 1970s. The DAG and the German Civil Servants' Union also took part in this process of consolidation, registering 471,000 and 803,000 members respectively in 1976. As far as the CGB was concerned, however, this only applied to a lesser extent. In April 1966, for example, the Union of Christian Mining and Power Workers (Saarland) had dissolved itself and taken its 20,000 members to the Mining and Power Union.³⁵ In addition to membership statistics, the results of the works council elections give some idea of the relative strength of the unions. Taking the engineering industry as an example, we find that the DGB lists took some 80 per cent of the vote throughout the 1960s and 70s; the DAG lists between 2 and 4 per cent; the CGB lists barely 1 per cent; the rest of the votes went to lists of non-unionized candidates. Incidentally, in

* Translator's note: Scheme by which employee's share of a company's profits is invested in the company itself.

³⁵ Geschäftsbericht des Bundesvorstandes des DGB 2. Halbjahr 1965–1968, p. 82

1968 only 11.2 percent of all works council members were women³⁶ – a proportion that did not change much in the 1970s.

The shift in union membership reflected a process of social change, which was clearly leading to the “service society”. Those engaged in manufacturing as a proportion of the total working population were down to 46 per cent by 1975 and 45 per cent by 1979; the proportion accounted for by agriculture and forestry shrank to 7.2 per cent in 1975 and 6 per cent in 1979. The service industries, on the other hand, accounted for 47 per cent in 1975, rising to 49 per cent in 1979.

The unions were no better at keeping pace with the changing structure of the working population in the 1970s than in earlier decades. The proportion of manual workers declined steadily – from 75.8 in 1970 to 71.2 per cent in 1976. While the proportion of civil servants stagnated at 9.5/9.4 per cent, the proportion of white-collar workers rose from 14.7 to 19.4 per cent. The proportion of women also grew – from 15.3 to 18.3 per cent. Overall, then, manual workers were clearly over-represented in 1976, as in earlier years, since they “only” made up 49.5 per cent of all wage earners.³⁷

With the growth in membership, the degree of organization increased from 32.4 to 36.6 per cent between 1966 and 1975; the degree of organization of female employees also rose, from 15.7 to 19.3 per cent, though it still lagged a long way behind that of male workers (in 1975, roughly 50 per cent). Despite the increase in the degree of organization, the German trade unions cut rather a poor figure in comparison with other advanced capitalist countries. In the first half of the 1970s, the unions in Sweden had a degree of organization of 87 per cent, in Belgium 70 per cent, in Denmark and Austria (1968) 66 per cent, in Norway 55 per cent, in England 50 per cent and in the Netherlands 47 per cent; while in the United States (28 per cent) and in France (25 per cent) the figure was lower than in the Federal Republic.³⁸

If one considers the degree of organization of the individual unions, no consistent picture emerges. The positive trend predominated between 1966 and 1975. A few examples must suffice. The following unions were able to increase their degree of organization: the Engineering Union from 34.1 to 43.6 per cent; Chemicals, Paper and Ceramics from 35.9 to 40.1 per cent; Mining and Power from 72.8 to 86.7 per cent; Printing and Paper

36 *Geschäftsbericht des Bundesvorstandes des DGB 1969–1971*, p. 318

37 Deppe, *op. cit.*, p. 52

38 According to Wolfgang Streeck, *Gewerkschaften als Mitgliederverbände. Probleme gewerkschaftlicher Mitgliederrekrutierung*, in J. Bergmann, *op. cit.*, p. 102 ff.

from 31.8 to 36 per cent; Textiles and Garments from 25.2 to 32.5 per cent. Stagnation or decline affected the Construction Union (19.5 to 20.5 per cent), Wood (19.1 to 18.6) and Food, Beverage and Allied Trades (18.2 to 16.4).³⁹

The encouraging picture of membership trends overall is in no small measure attributable to a drop in turnover. Between 1965 and 1975 turnover fell – with some, partly quite conspicuous fluctuations – in Chemicals, Paper and Ceramics from 13.1 to 9.4 per cent, in Commerce, Banking and Insurance from 18.6 to 12.9 per cent, in the Engineering Union from 15 to 10.9 per cent and in Textiles and Garments from 18.8 to 16.5 per cent.⁴⁰

One may assume that the problem of membership turnover was reduced by the new methods of collecting unions dues.⁴¹ There was a sharp increase in the proportion of dues collected by direct debit from a bank account between 1965 and 1975. In addition, more trade union members had their dues deducted at source and passed on to the union by the wages department. These methods of collecting dues were symptomatic of the increasingly impersonal relationship between the unions and their members, a trend that was reinforced by the closure of administrative offices by several unions, for example, Mining and Power (from 50 down to 23), Chemicals, Paper and Ceramics (from 83 to 68), Commerce, Banking and Insurance (from 371 to 45), Engineering (from 186 to 168) and Textiles and Garments (from 136 to 79). True, this was accompanied by a rise in average staffing levels, but we are still left with an impression of increasing distance between the unions and the grass roots.

*

The development of co-operative enterprises was a clear sign of the unions' organizational and financial consolidation in the 1960s and 70s. There follows a brief presentation of the most important groups.⁴²

In 1969 more than a hundred individual consumer co-operatives merged to form the Coop Group, a nationwide group of companies, for which a holding company, the Frankfurt Coop-Zentrale (soon Coop AG)

³⁹ Gewerkschaftliche Monatshefte 11, 1979, p. 741 f.

⁴⁰ According to Streeck. *op. cit.*, p. 109

⁴¹ *ibid.*, pp. 107 and 110. See also Klaus Armingeon, *Die Entwicklung der westdeutschen Gewerkschaften 1950–1985* (Frankfurt and New York, 1988), p. 89 ff.

⁴² The following information is taken from Achim von Loesch, *Die gemeinwirtschaftlichen Unternehmen der deutschen Gewerkschaften. Entstehung, Funktionen, Probleme* (Cologne, 1979)

was set up in 1974. In 1978 the share capital of this central company amounted to DM 150 m, 40 per cent of which was held by the Federation of German Consumer Co-operatives, 22 per cent by the central co-operatives of Switzerland, Denmark and Sweden and 38 per cent by the Finance Company for Co-operative Economy (BGAG), created in 1974.

The "flagship" of the co-operative enterprises was the "Neue Heimat" (New Home) Group, the biggest housing development corporation in Western Europe, with its seat in Hamburg. In 1977 it administered 418,000 apartments and houses throughout the Federal Republic, of which it owned 320,000, and roughly 87,000 commercial properties. On top of this there was Neue Heimat International with numerous foreign interests. It can hardly be said to have dominated the market, however: of the roughly 450,000 units built annually during the mid-1970s, some 12–15,000, or about 3 per cent, were constructed by Neue Heimat. Its share of the total housing stock amounted to a mere 1.5 per cent. The shareholders in the Neue Heimat Public Utility Housing and Development Company were the asset management and trust companies of the DGB and the individual unions. The company's ordinary capital amounted to DM 60 m, of which the major shares were held by the DGB, with 33.9 per cent, the Construction Union (25.4 per cent) and IG Metall, the engineering union (18.5 per cent). The Finance Company for Co-operative Economy had a 49.9 per cent holding in Neue Heimat Städtebau (Urban Development), set up in 1977; half the company's ordinary capital of DM 120 m was held by the DGB's managing companies and by unions affiliated to the DGB.

The Volksfürsorge (Public Welfare) Insurance Company also enjoyed a tremendous boom in business. At the end of 1977 it had 5.8 m policies in force, with a total sum insured of DM 34.2 billion, making it one of the largest German insurance companies.

Things went just as well for the Bank für Gemeinwirtschaft (BfG – Bank for Co-operative Economy), headed by Walter Hesselbach. Its balance sheet total grew from DM 133 m in 1950 to more than DM 2.1 bn in 1958 and DM 35 bn in 1978. The BfG played a growing part in the internal banking business. In 1973 it opened a branch in London, followed in 1976 by branches in New York, Sao Paulo and Hong Kong. In 1974 it joined the Israeli bank Hapoalim to set up the Israel Continental Bank.

The co-operative travel agency, Gut-Reisen, created in Frankfurt in 1969, was less successful. As its market share of charter flights stayed below 10 per cent and its car holiday and self-catering sections refused to rise above 6 per cent, the non-competitive enterprise was soon sold to NUR-Neckermann und Reisen.

With the increasing expansion of the public utility enterprises, they not only became detached from their co-operative origins; with the adoption of capitalist legal forms they also took over and developed the principles of hierarchical organization, that is, the distinction between the entrepreneurial, management role and the practical role. Moreover the success of the trade union enterprises' business activities increasingly raised the issue of their commitment to the unions' moral claims and political objectives. The more public utility enterprises came to resemble "formally and structurally [...] the private enterprise type", the more blurred their specific profile became. In actual fact, it was hard for "outsiders" to tell the difference between public utility and private companies (and this was admitted); it was a difference of principle, however, as it was part of the company's aim to use profits in a publicly responsible manner, in contrast to the private appropriation of profit.⁴³

Probably in view of the economic success of the public utility enterprises but no doubt also because they had lost some of their earthy trade union aroma, in the early 1970s the unions believed that they had to give their public utility enterprises a more clearly formulated justification and set of duties. Trade unionists as businessmen – they claimed – had demonstrated that they could not only hold their own against private entrepreneurs in tough competitive conditions, but could also contribute to the running of the market economy. In addition, they fulfilled "in an exemplary fashion trade union demands with regard to social policy and society as a whole" and proved "that in a competitive economy socially owned capital can be successfully managed in the service of the public". The plan for "the task and duties of the public utility enterprises of the DGB and its trade unions" adopted by the DGB's federal committee in December 1978 also referred proudly to the successes achieved in conjunction with the establishment of the Finance Company for Co-operative Economy (BGAG) in 1974, as "the interests held were now easy to grasp and transparent in according with trade union thinking".⁴⁴

*

⁴³ *ibid.*, p. 143 f.

⁴⁴ Ziele und Funktionen der gemeinwirtschaftlichen Unternehmen, beschlossen vom DGB-Bundesvorstand gemeinsam mit den gemeinwirtschaftlichen Unternehmen, Düsseldorf, Nov. 1972; Auftrag und Aufgaben gemeinwirtschaftlicher Unternehmen des Deutschen Gewerkschaftsbundes und seiner Gewerkschaften, beschlossen vom Bundesausschuss des DGB am 6. 12. 1978, both reprinted in A. von Loesch, *op. cit.* pp. 383–394

In view of the membership trends of the 1960s and 70s and the growing anonymity of the “trade union machinery”, the need was increasingly felt to reform internal grass-roots participation in the organization and the relations of the individual unions with one another and with the federation. This became even more urgent as the predominance of the big unions within the DGB increased. By 1975, the three largest unions – IG Metall, the ÖTV and Chemicals, Paper and Ceramics Union – accounted for more than half of all trade union members.

The problem of the individual unions’ differing size and importance along with the relations of the (major) unions with the umbrella organization was still in need of clarification. The debate about the rules flared up in the 1960s, fuelled by the need to carry out internal economies (implemented chiefly in the areas of training and group targeting, in accordance with the Springen decisions of 1967) and a rules commission was appointed. The narrow limits of its brief were demonstrated by the position adopted by IG Metall, against which no real reform could be carried out. Otto Brenner, for example, advocated a tightening-up of the organization but rejected any limitation of each individual union’s autonomy.⁴⁵ Since a two-thirds majority was required for any rule change and IG Metall on its own accounted for 131 of the 430 delegates at the extraordinary congress of 1971 and knew that the other big unions had similar reservations about any reforms that went too far, the outcome of the reform debate was predictable.⁴⁶ The formula for allocating delegates was not changed in favour of the smaller unions. No new division of duties between the federation and the individual unions was agreed. The proposed press merger was defeated. Only the enlargement of the federal committee, on which each union is now entitled to three seats, can be seen as supporting the idea of co-operation on equal terms between the DGB unions.

The rule changes of 1971 were thus no great accomplishment. The centralization plans designed to tighten up and strengthen union organization were once again frustrated by union in-fighting. So from this angle the unions were hardly well-prepared for the critical years ahead. The same, incidentally, is true of international union co-operation. In an age in which vast corporations have shifted capital and production across national borders, without giving the unions or governments a chance to

45 Otto Brenner, Was bedeutet Reform des DGB? in *Gewerkschaftliche Monatshefte* 4, 1971, pp. 209–12

46 *Satzung, in Protokoll des 9. Ordentlichen Bundeskongresses in Berlin vom 25. bis 30. Juni 1972 (Düsseldorf, undated)*

monitor them, more attention had to be given to stepping up union cooperation. With a view to European union, the ICFTU (International Confederation of Free Trade Unions) was joined by the ECFTU (European Confederation of Free Trade Unions) in April 1969. Otto Brenner was elected its president. After the enlargement of the EEC on the accession of the United Kingdom, Ireland and Denmark, the ECFTU was reconstituted as the ETUC (European Trade Union Confederation). Owing to its limited capacity to influence the European institutions and the reluctance of the national unions to relinquish powers to the ETUC, there was little likelihood of this body developing into a powerful federation of trade unions. So nor should the international muscle of the unions be overrated on the threshold of a period of serious economic problems, the solution to which certainly did not (and does not) lie in a series of solo efforts by individual nations.