

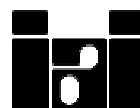


Trade Unions and New Economy

Project int.unity – building up an international trade union community in the net



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Vereinte Dienstleistungsgewerkschaft e.V. (United Services Union)
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Responsible: Lothar Schröder (ver.di)
Editor: Michael Schwemmler
Translation: Faith Gibson-Tegethoff

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1. The int.unity project team “Trade Unions and New Economy”

As part of the project “int.unity”¹ a working group was set up for the topic of “Trade Unions and New Economy (TUaNE)” on the technical basis of a BSCW Internet platform². The initial idea for the work of this group, made up chiefly of representatives of the German Vereinte Dienstleistungsgewerkschaft (ver.di - www.verdi.de) and the British Communications Workers Union (CWU - www.cwu.org.uk)³, was described in the int.unity project proposal as follows: “The transition to a ‘new economy’ is linked with the formation of new forms of work and cooperation, new companies and new types of employment with different mentalities, interests and problems. In this sector the trade unions have not yet made sufficient headway, but are presently making diverse efforts to make adequate offers for representing the interests of employees in the ‘new economy.’” The project team therefore had the task of bringing together the knowledge, analyses, experiences, actions and reactions of the participating trade unions, to discuss them in a transnational dialogue – making use of the technological tools of the int.unity project – and to reach mutual assessments and recommendations for action.

From January 2003 to January 2004 the TUaNE team cooperated in a virtual BSCW workspace under the moderation of Marion Lühring and Michael Schwemmler. In spite of the difficulties standing in the way of a trade union discussion of the New Economy⁴, the TUaNE actors pursued the project aim with great dedication: a total of ten project members took part in the debate with their own, at times very detailed input. In mid-January 2004, 49 chiefly bilingual contributions⁵ were available in the TUaNE workspace, of which 33 were mostly multiple-page uploaded documents and 16 discussion notes written and translated directly in the BSCW. Furthermore, the moderators wrote four newsletters containing technical tips on the use of the BSCW and translation software as well as news about the respective

¹ More on the overall int.unity project is at www.intunity.org.

² For information about the knowledge management system BSCW designed and distributed by Orbiteam Software GmbH see www.bscw.de.

³ In addition to the representatives of the CWU and ver.di, one representative each of Union Network International (UNI - www.union-network.org) and the OECD Trade Union Advisory Committee (TUAC - www.tuac.org) were involved in the TuANE team.

⁴ See Chapter 2 of this paper.

⁵ This does not include various versions that were altered over time, after discussions or due to linguistic improvements, or in part deleted.

latest developments and discussion status in the int.unity project or the workspace. With regard to the documents, notes and newsletters of the TUaNE team, the BSCW statistics documented roughly 500 “read events” for the above time frame – a figure that reveals express interest of the participating int.unity community in the topic of “Trade Unions and New Economy.”

This report, written by and under the responsibility of the moderators, summarizes important statements and results of the TUaNE project team. It is based on the collective work of all of the team members and would not have been possible without their collaboration. The same applies for the very dedicated support the team always experienced from the technological project partners IAI and Orbiteam Software GmbH.

2. The New Economy: No easy field for trade unions

The fact that trade union experts take up the topic of the “New Economy” with such intensity, as was the case with the TUaNE team, is by no means a matter of course, considering that the employee organizations have difficulties dealing with this phenomenon in some aspects.

For one, this may be due to the unanswered question of many actors – not only from the spectrum of trade unions – whether thorough treatment of the New Economy is worth it at all. The relevant scepticism is often based on the assumption that much or even everything associated with this term is by no means new, that it is rather a more or less spectacular, yet upon closer examination, superficial manifestation of capitalist economy that does not affect their basic principles and problems and therefore does not deserve any special attention. Another explanation for the trade unions’ present lack of interest in the New Economy may be the widespread assessment that it came to its tragic end when the speculative “dotcom bubble” burst on the stock markets in 2000 and therefore is only of interest from a historical point of view.⁶ If we view the New Economy from such a perspective as a passing or past, not to mention rather substance-less intermezzo, this does not necessarily promote willingness to deal with it in detail.

Secondly, aversions and perceptive blocks to the New Economy in the trade union camp may also be blamed on objective problems, with which collective interest representation was and still is confronted on this terrain. In particular in the major hype phase of the late 1990s the term “New Economy” was often used by a neo-liberal press as an ideological battle cry and used polemically against an assumedly “Old Economy,” which was denoted with attributes such as “bureaucratic,” “inefficient,” “brittle,” “old fashioned” and “boring.” In this interpretation, trade unions are considered anti-progressive main actors of a dying industrialist formation, which, with the advance of the New Economy lost their importance and reason for being piece by piece. If, solely on the basis of such polemics, the New Economy was

⁶ This opinion is not only held among trade unions, but is widespread. For example, if we look up the key word “New Economy” in the CD-ROM encyclopaedia “Brockhaus Multimedia 2003” we can read the following “retrospective”: “Since venture capital financiers (and private individuals) were highly willing to invest money in so-called start ups, the share prices shot to unrealistic heights. In spring of 2000, after the most important companies in the IT sector published profit warnings, there was a spectacular drop in the shares. ... Since then the New Economy has been considered passé.”

considered by trade unionists as a “mine field,” also the actual difficulties in the attempt to act in this field, to organize and represent interests, promoted relevant “blocks.”

It is all the more remarkable that in the int.unity project the TUaNE team discussed the phenomenon of the New Economy continuously and productively over a longer period of time in a transnational trade union work context – in a phase in which the topic had long disappeared from the headlines.⁷ This may even have contributed to the quality of the debate, as the hype and all its excitement subsided allowing a look at the actual substance and historical status of that which is commonly described as the New economy. Since at the beginning of the year 2004 – and the end of the working phase of the TUaNE team – there is occasional talk about a “return of the New Economy”⁸, we may assume that it was not merely a short-lived and now bygone fad, but may be a longer-term relevant development with which the trade unions will have to deal whether they like it or not.

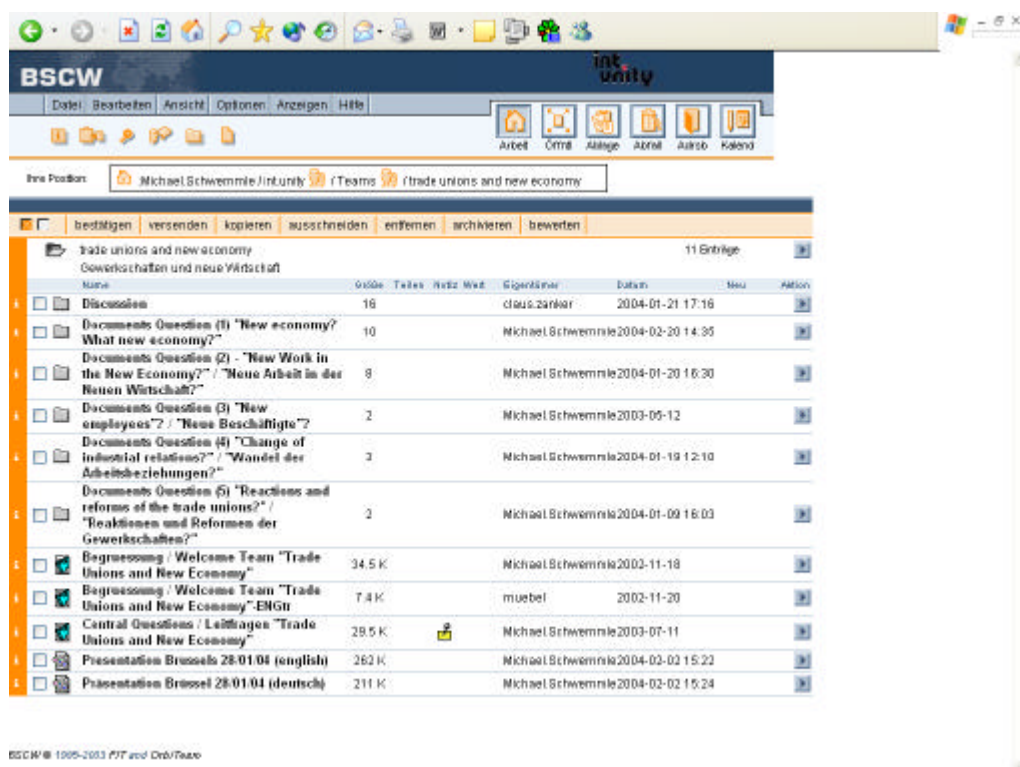
⁷ “In at least one sense, America’s “new economy” is well and truly dead. The number of articles in financial newspapers containing the words ‘new economy’ is now running at only 5% of its level in 2000.” *The Economist*, 11.9.2003 (“The new ‘new economy’”).

⁸ Cf. the following passage from the article by Thomas Fischermann: Aufschwung paradox; in: *Die Zeit*, no. 2/2004 (BSCW document TUaNE team): “... Greenspan is not merely amazed, he also has an explanation. Together with a growing throng of economists he speaks of a return of the New Economy – computer-aided business, innovative management methods and global markets that raised the imaginations and stock markets to the skies in the late 1990s. And, which is now becoming popular once again ...”

3. Central questions of the int.unity project team TUaNE

At the outset of the work, the moderators categorized the overall topic “Trade Unions and New Economy” in the following five central questions to structure the content of the project team’s debates:

- What remains of the New Economy?
- How does the New Economy change work and employment?
- Are there new types of employees in the New Economy?
- How does the New Economy change industrial relations and interest representation?
- What are the challenges of the New Economy for trade unions?



4. Results of the int.unity project team TUaNE

As illustrated by the above screenshot, folders were created for the five central questions on the BSCW platform, in which the project members and the moderators could store relevant documents. Moreover the project members stored their contributions in a cross-topic discussion folder.

The following description of results from the TUaNE project team is aligned to the five central questions.

4.1 Episode or transformation - the historical perspective

Opinions about the lasting significance of the New Economy complex is, as already mentioned, by no means undisputed. For many observers, the New Economy is an episode of the near past or even “seen in retrospect to a great extent fiction. It turned out to be a playground of Manchester capitalism with an empty fun factor, free isotonic beverages at the health buffet and office massage service. ... *Tempi passati.*”⁹ Now, unquestionably some fads from the hype phase – from “casual Friday” to the “dotcom frenzy” – today are no longer en vogue by far, just as some myths were entirely robbed of their magic – like the one about the lasting employment miracle or the one about a new harmony, an elimination of the divergence of interests between capital and labour. Yet it would be overdoing it to derive the conclusion from this that the New Economy can be compared merely with the upswing of the Dutch tulip bulb sector in the early 17th century – a short-lived phenomenon of “irrational exuberance” with few economic consequences.

An estimation of this kind would be in danger of ignoring the fundamental changes that – besides the myths and fads mentioned – were also lent to the excessively used, ideologically loaded and fuzzy term of the New Economy. As much as it was misleading to acclaim the New Economy as a golden age of eternal prosperity and liberated labour, it is just as false today to “trivialize ... the economic, social and political changes” that accompanied it. “The history of the New Economy has not ended. Yet the New Economy is experiencing a badly needed cleaning crisis.”¹⁰

⁹ Alexander Kluy: *Wer geht hier wem verloren? Frankfurter Rundschau*, 15.1.2004.

¹⁰ Rudolf Hickel: *Die Risikospirale. Was bleibt von der New Economy?* Frankfurt 2001, p. 10.

The real substance of the New Economy is easiest recognized if we put it in a historical perspective, as does Robert D. Atkinson, for example: “While in 1999 many thought that the New Economy changed everything (including the need for companies to make a profit), in 2001 many scoffed at it as simply a flash in the pan or, worse, a myth spun by an over-imaginative media. ... The reality is that the New Economy was neither an epochal and dizzying transformation nor a slogan generated by some dotcom companies looking to inflate their IPO prices. Rather it was and is the kind of profound transformation of all industries that happens perhaps twice in a century. Such a change is equivalent in scope and depth to the rise of the manufacturing economy in the 1890s and the emergence of the mass-production, corporate economy in the 1940s and 1950s. As we pass through one of those groundswells that regularly but infrequently reshape the economy (and society) from top to bottom, there will be occasional bumps along the way - like the recent economic downturn ...”¹¹

Seen in this way, the New Economy – or more precisely, some of the changes associated with the term – is on the one hand of profound and lasting importance, but on the other hand not historically unique: “The ‘new economy’ is certainly linked to a new stage of development for the economy. It is not solely a matter of the growing significance of the information and communication and other high tech industries. The structures of production and distribution as a whole are also changing. Nevertheless, we should remain realistic and not exaggerate things: the entire history of capitalist production is marked by technical and labour-organizational transitions and a series of various ‘new economies’.”¹² The “alternating booms, crises and renewal of the New Economy” noted in recent years is typical of this. “Whenever technological revolutions established themselves in the history of capitalism, a New Economy formed of them in cycled patterns.”¹³ Probably the most productive way of employing the term New Economy is therefore to see it as a symbol in the broadest sense of a new stage in the development of capitalism characterized by a series of trends of change – no more and no less.

¹¹ Robert D. Atkinson: The 2002 State New Economy Index, Washington D.C. 2002, p. 4 (BSCW document TUaNE team).

¹² Ralf Krämer: Kritische Anmerkungen zur Diskussion der “New Economy” (BSCW document TUaNE team).

¹³ Rudolf Hickel: *Die Risikospirale. Was bleibt von der New Economy?* Frankfurt 2001, p. 12.

Notwithstanding the finer definitions¹⁴, this was the constitutive definition adopted for the work of the TUaNE project team. The fact that the term New Economy does not stand alone here, but competes with concepts such as the “Information Society,” the “Knowledge Economy,” “flexible” or “digital Capitalism”, need not lessen its value, but points out the need to work out those changes that centrally characterize the New Economy and that have remained important even after the hype is over. These can be determined both on a metaeconomic level as well as on a macro- and microeconomic level.¹⁵

The **metaeconomic dimension** of the term refers to long-term structural change moving towards an economy increasingly denoted by services and knowledge. The transformation to a service and knowledge economy, which was, of course, intensively treated long before the “discovery” of the New Economy phenomenon, but which is nevertheless closely related to it, is linked with fundamental changes in the sphere of labour and employment. We will discuss these trends in the following chapter in more detail (“How do work and employment change?”) under the terms “tertiarization” and “knowledge basing”. On the action level of trade unions they are, by nature, particularly relevant trends.

Seen from a **macroeconomic viewpoint** the New Economy stands for an extraordinary constellation of high economic growth, a great increase in work productivity, low inflation and low unemployment, which characterized the US economy in particular in the years before the turn of the millennium and which – especially in view of the actual extent, the implications and the lastingness of the boom – continues to be judged controversially. Here, the debate – also within the TUaNE int.unity team – is centred on the question of the “actually new and unexplained phenomenon seen today as the essential effect of the New Economy: acceleration of growth in overall economic productivity.”¹⁶ In a TUaNE discussion contribution, Ralf Krämer ex-

¹⁴ E.g. a compilation of “narrow” and “broad” definitions of the New Economy can be found in Nicola Jentzsch: *The New Economy Debate in the U.S.: A Review of Literature*, FU Berlin (John F. Kennedy Institute for North American Studies - Section of Economics), Working Paper No. 125/2001 (BSCW document TUaNE team). See also: Michael Schwemmler: *Die “Neue Wirtschaft” - eine Beschreibung aus ihrer Blütezeit ...* (BSCW document TUaNE team)

¹⁵ Cf. Michael Ehrke: *New Economy - fünf Dimensionen eines Begriffs* (BSCW document TUaNE team); Unabridged version at <http://library.fes.de/fulltext/id/00922.html>. In addition to the three economic dimensions of the term cited, Ehrke cites two more: the technological and the social dimensions.

¹⁶ Hagen Krämer: *Was bleibt von der New Economy?* In: *WSI-Mitteilungen* 12/2002, p. 728. A link to this text (summary) is located in the discussion note “Produktivität in der New Economy “ (BSCW document TUaNE team)

presses “considerable doubts whether the higher productivity in the USA since 1995 is much more than a statistical artefact.”¹⁷ In his opinion, productivity measured in GNP per hour in purchasing power parities in the USA did not grow any stronger than it did in the EU in this period. Roland Schneider (TUAC), who quotes the former top economist of the Dresdner Bank in his note, argues similarly. This economist was of the opinion that, with regard to the US boom, “basically miracles only happened in the statistics, but not at all in the economy.”¹⁸ Notwithstanding such arguments and “with all the caution with which the existing empirical studies must be considered due to their conceptual differences and the measuring problems that still exist to an extent”, Hagen Krämer reaches the opposite conclusion: “If we understand the decisive New Economy effect as the acceleration of productivity growth rates ascertained in the USA between 1995 and 2000 as well as the extraordinarily positive macroeconomic development it contributed to, then we cannot dispute the existence of a New Economy defined this way for the USA.”¹⁹

With regard to the more important question – from today’s point of view – of the sustainability of productivity growth, Claus Zanker refers to a study by the University of Groningen (the Netherlands), according to which the trend of distinct growth in labour productivity in the USA was only briefly interrupted by the economic slump in 2000. In 2002, work productivity in the USA rose again by 2.8 %.²⁰ The cause for this lies primarily in the increasingly widespread and intense use of Information and Communication Technologies (ICT). Even Robert Gordon – a notorious New Economy sceptic – explains the most recent growth in labour productivity in the USA with the increased use of Information and Communication Technologies, the skills of the users and the alignment of business and work processes to the new circumstances. Gordon sees investments in ICT as a kind of iceberg, “with a visible part that is measured by the government but a hidden part under water consisting of ‘intangible’ productivity-yielding activities. These comprise such things as reorganising and reinventing

¹⁷ Discussion note Ralf Krämer: Produktivitätswachstum in US (BSCW document TUaNE team)

¹⁸ Discussion notes TUAC (Roland Schneider): Refers to: Produktivitätswachstum in USA and Zweifel am Produktivitätswunder (BSCW documents TUaNE team)

¹⁹ Hagen Krämer: Was bleibt von der New Economy? In: WSI-Mitteilungen 12/2002, p. 733

²⁰ Claus Zanker: Gibt es noch die New Economy? (BSCW document TUaNE team). Contains a link to the study by the University of Groningen: Bart van Ark, / Robert Inklaar / Robert McGuckin: “Changing Gear” Productivity, ICT and Services Industries: Europe and the United States, Research Memorandum GD-60

business practices, and both formal and informal training of computer and software users. During the late 1990s, both parts of the iceberg were growing rapidly and hordes of programmers, consultants and trainers were hired to produce the hidden intangibles.” In the meantime, this potential is being enjoyed more and more and enables enterprises “to produce ever more output with fewer production workers. On top of that the hordes of programmers, consultants and trainers were fired and are now walking the streets in search of jobs. So output has been growing while employment has been shrinking, producing the explosion of productivity growth that we observe in the American data.”²¹

In the meantime, the opinion that the accelerated growth of productivity at least in the USA is not only a phenomenon restricted to the second half of the 1990s, but that it is a longer-term, stable level increase is gaining empirical plausibility and academic acceptance. In 2003, the productivity increase in the USA evidently further accelerated – in the third quarter of 2003 the growth rate was a record 5 % over the same quarter of 2002. Robert Gordon anticipates future annual average growth of roughly 3 %.²² We can consequently counter with Hagen Krämer that “ever more evidence – including and foremost the continued robust growth of productivity – suggests that we can continue to reckon with the New Economy in a, mind, macroeconomic sense.”²³ This means, however, that the employment and labour market policy problems described with the catchphrase “jobless growth” and the challenges they carry for the trade unions will remain of outstanding importance in the foreseeable future.

The **microeconomic significance** of the New Economy is characterized by the spreading of a new kind of enterprise, which acts chiefly in the fields of the Information and Communication Technologies and the media, are listed under “new” stock markets on the stock exchange and are characterized by specific, differentiated arrangements (differentiated from traditional “industrialist” forms) with regard to corporate organization and corporate culture, industrial relations and working conditions.²⁴ With this new type of company, often so-

²¹ Robert Gordon: America wins with a supermarket sweep (BSCW document TUaNE team; appeared in the *Financial Times* dated 20.8.2003)

²² Data and quotes from Thomas Fischermann: Aufschwung paradox (BSCW document TUaNE team; appeared in *Die Zeit* dated 31.12.2003)

²³ Hagen Krämer: Was bleibt von der New Economy? In: WSI-Mitteilungen 12/2002, p. 734

²⁴ Cf. the following by Michael Ehrke: New Economy - fünf Dimensionen eines Begriffs (unabridged version: <http://library.fes.de/fulltext/id/00922.html>)

called “start-ups,” change comes both to forms of management and the assessment criteria used on capital markets. Management is aligned in particular to rapid innovation pulses and great flexibility; company hierarchies and long-term transaction relationships including long-term and regulated employment relationships lose importance. The market value of such enterprises is determined more by the expectations of investors, who can decouple themselves from their empirically observable performance capabilities; the assumed and hard-to-measure intellectual assets (intangibles) of the companies are far more important for their market value than profits, sales, market shares and fixed assets.

The significance of this dimension of the New Economy undoubtedly became considerably relative upon the bursting of the speculative bubble on the stock exchanges, the closing of the New Market in Germany and the demise of countless “dotcoms”.²⁵ However, even in this regard the New Economy certainly has not been without consequences. By no means were all start-ups victims of the crisis. According to estimations by the German industrial association BITKOM, for example, by the year 2003 “roughly 8,000 of the 15,000 Internet firms founded in Germany by the end of the 1990s ... survived the dotcom quake. ... Every second start-up held its ground, therefore. This corresponds rather precisely to the survival quota new businesses have always had.”²⁶ So, their particulars, e.g. with regard to corporate organization, industrial relations and management strategies, hence also survived the crash. In some sectors – e.g. major parts of the media sector – a “culture” dominates today that continues to be marked by mentalities and principles that we can call new-economy typical. Since, however, trade unions find it especially difficult in such “milieus” to gain members and represent interests, as experience has shown, they will – in spite of all the swan songs sung for

²⁵ How negligibly some start-up entrepreneurs operated, but also how naïvely some investors could be seduced by high-flown business plans, is exemplarily illustrated in “Bericht aus dem Casino der Neuen Ökonomie”, a detailed discussion of the comet-like rise and rapid fall of a typical New Economy firm. (BSCW document TUaNE team; originally published on 09.07.2002 at www.union-network.org/UNIsite/Sectors/IBITS/IBITS.html). Marion Lühring comments on this document in her discussion note “Start-Up” (BSCW document TUaNE team): “I hadn’t imagined it so bad. To found a company without a proper business concept, that’s pretty audacious. It’s sad, though, that jobs and hopes for lasting employment also always hinge on the companies.”

²⁶ Constantin Gillies: Totgesagte leben länger. h: *Financial Times Deutschland* dated 21.10.2003

the New Economy – have to deal with their particular peculiarities sooner or later.²⁷

All of the perspectives of the New Economy mentioned here show that we are speaking of individual developments that may fundamentally change the terrain on which trade unions act. Careful analysis of this transformation and its implications for employees and their interest representation should therefore not be of low practical utilizable value for the trade unions. The results of the discussion of the int.unity TUaNE working group can, insofar, only be contributions to a trade union debate that needs to be continued, spread and intensified.

4.2 Changes for labour and employment

In the TUaNE project team's debate concerning the changes linked to the rise of the New Economy in the sphere of labour and employment, those that crystallized as especially relevant to trade unions were the trends of feminization, tertiarization, knowledge-based work, informatization and flexibilization.

4.2.1 Feminization

One of the supporting elements of the major change in the employment system is the increasing participation of women in the working world. Using data from the "Workplace Industrial Relations Survey Series" (WIRS), for the UK Jeremy Baugh illustrated that "the employment rate among women of working age rose from 59% to 68% between 1980 and 1998, helping to raise women's share of all employment from 42% to 47%."²⁸ In Germany during the same time frame, a similar trend took place: the number of women in the total of employed individuals rose from 38% in 1980 (West Germany only) to over 43% in 1998 (all of Germany).²⁹ The implications of this "feminization of employment" for trade union policy are evident, as Jeremy Baugh continues: "This increase in female employment has impacted on workplace relations because women differ from men along certain types of work-related behaviour. Women are less likely than men to be union members, for example, although the difference

²⁷ Cf. the article "Connexx.av - eine gewerkschaftliche Initiative für die neue Wirtschaft" (BSCW document TUaNE team)

²⁸ Jeremy Baugh: Trade Unions and the New Economy - The UK Experience. Part I (BSCW document TUaNE team)

²⁹ Author's calculations based on the Federal Ministry for Labour and Social Affairs (ed.): *Statistisches Taschenbuch 2003*, Wiesbaden 2003

has narrowed in recent years. The concentration of women in a workplace has also been shown to be linked to higher quit rates and absence.”³⁰

In certain industries, the concentration of female employment – and the related “need for action for a gender-democratic policy of interest representation”³¹ – is particularly distinct. For example, the WIRS data for the United Kingdom show that four sectors have driven most of the rise in female-dominated workplaces. First, in private sector distribution, hotels and catering and repairs, the proportion of female-dominated workplaces has risen during the 1990s from 16% to 20%. Second, private sector finance and business services show female-dominated workplaces grew from 15% in 1990 to 34% in 1998. Third, in miscellaneous private services, the proportion of female-dominated workplaces has remained high (at around 55%), while in the public sector the proportion has grown slightly from 63% to 66%. In the organizational domain of the German int.unity project partner ver.di, the numbers of women and men are roughly equal, in the “wholesale and retail trade and hotels and restaurants” sectors women make up 55% of the employed, in the “health and social systems” sector even high on 75%.

4.2.2 Tertiarization

A second trend that has fundamentally changed and continues to change the employment systems of industrialized economies is the gradual expansion of the tertiary sector. In Germany, employment growth in recent years took place almost exclusively in the service sector. According to a collection of data compiled by Claus Zanker for the TUaNE project team, in 1980 only 53% of all (West) German employment was in the service sector, while by 2001 the number had risen to 69%.³²

³⁰ Jeremy Baugh: Trade Unions and the New Economy - The UK Experience. Part I (BSCW document TUaNE team)

³¹ Elke Ahlers / Marlies Dorsch-Schweizer: ver.di und Gender. Die Welt der Betriebe mit hoher Frauenbeschäftigung; in: WSI-Mitteilungen 12/2001, p. 759

³² Claus Zanker: Trends in der Arbeitsgesellschaft (BSCW document TUaNE team; source: *Volkswirtschaftliche Gesamtrechnung*, Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 2002)

Development of employment in Germany 1980 - 2001

<i>Employed persons</i>	<i>Percentage</i>			
	1980	1990	1995	2001
Agriculture and forestry	5.3	3.6	3.0	2.5
Production industries	41.1	36.7	32.7	28.6
Mining and quarrying	0.9	0.7	0.5	0.3
Manufacturing	31.3	28.4	22.6	20.9
Electricity, gas and water supply	1.0	1.0	1.0	0.7
Construction	8.0	6.7	8.6	6.7
Service activities	53.6	59.7	64.3	69.0
Wholesale and retail trade, hotels and restaurants and transport	23.5	24.6	24.9	25.5
Financial intermediation, renting and business activities	7.9	10.1	11.8	15.1
Public and private service activities	22.2	25.0	27.6	28.3
Of which: Public administration and defence; compulsory social security	8.5	8.3	7.9	6.9

In the 1990s alone, the number of employees in Germany's service sector grew by more than 4 million, while employment in the production industries dropped by nearly 3 million. A similar trend can be seen in the UK, as Jeremy Baugh shows based on the WIRS data: "In 1980, one quarter of all workplaces were engaged in private sector manufacturing activities. A further two-fifths (43%) were engaged in private sector services, whilst one-third (32%) were located within the public sector. By the time of the fourth WIRS survey in 1998 the comparable figures were 18% in private sector manufacturing, 54% in private sector services and just 28% in the public sector." Hence, while employment is dropping in those industries that were traditionally well-organized by trade unions – manufacturing and public services – it is increasing in an area that has always been difficult for employee organizations to develop: in the now dominant sector of private services.

4.2.3 Knowledge-based work

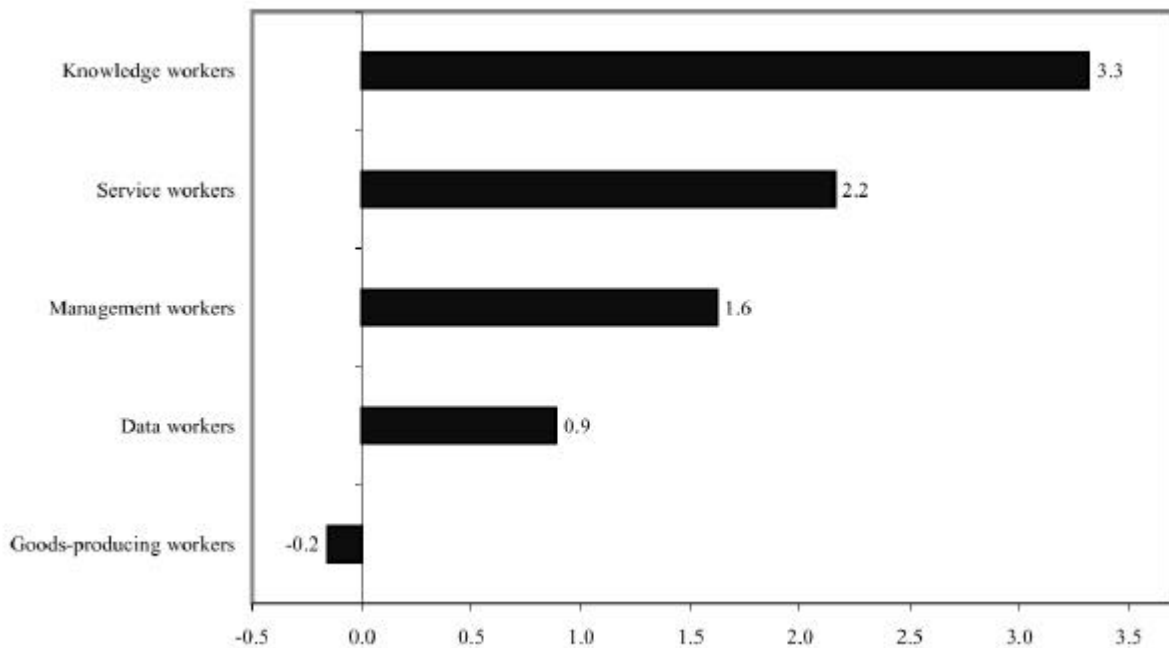
Another condensing development in the context of the New Economy, which may permanently change and characterize labour as a whole, is the distinct shift of economic employment to more knowledge-based activities.³³ If we disregard the details of defining the term³⁴,

³³ Cf. the two articles by Michael Schwemmler "Knowledge work - the prototype for work in the future?" (BSCW document TUaNE team) and "Knowledge work is gaining ground" (BSCW document TUaNE team)

³⁴ Here, on the question of definition, we note merely that the spectrum ranges from a very broad understanding - "knowledge workers ... those who do not engage in the output of physical products" (OECD 1996, p. 10) – to far narrower interpretations. It is understood that attempts to quantify the extent and growth of "knowledge work" or

the available data allow us to conclude that “knowledge work” is clearly gaining ground. According to the OECD, the average increase in the employment of “knowledge workers” in the EU Member States and in the USA in the 1990s was 3.3 %, while the number of workers employed in the production of goods during the same period decreased by an annual average of 0.2 %.³⁵

Annual average rates of change among employed groups in selected OECD countries 1992-1999



“knowledge-based work” differ greatly according to the definition chosen. Nevertheless, for our context it is decisive that there is no serious debate on the clear trend towards a distinct expansion of this category of labour.

³⁵ Graph from: OECD: *The New Economy: Beyond the Hype. Final Report on the OECD Growth Project* (DST/IND/STP/ICCP (2001)2/FINAL), Paris 2001, p. 38. The employment categories used here have been defined by the OECD (2001, p. 15) as follows: “This distinction is supposed to reflect the different aspects of human activity, namely producing goods, providing personal services (non-information occupations) or generating information. The knowledge-worker category includes those occupations which mainly involve the production of knowledge or the provision of expert opinion not easily transferable (the computer-related occupations have been considered separately). Data workers include occupations requiring some knowledge on how to manipulate data. Service workers are those employed mainly in personal services. Goods-producing workers are those whose occupations involve transforming or processing materials and physical objects.”

In spite of the differences in the estimation of what makes up the “*differentia specifica*” of knowledge work, we can ascertain a common intersection of fundamental **characteristics**:

- First of all, knowledge-intensive and knowledge-producing work is primarily distinguished by mental tasks. If we base our spectrum of differentiation on the extreme, ideal types of “physical” and “mental” work, then we must clearly put knowledge work in the area of the mental, requiring combinative and creative skills and in which physical effort plays only a very minor role. For knowledge workers, “the essential production means is ... small, grey and weighs about 1.3 kilograms. It is the human brain.”³⁶
- A second characteristic of knowledge work is the dominance of problem-solving content as compared to primarily implemental tasks. Typical tasks of knowledge workers are analysis, study, planning, developing, research, consulting, coordination and communication. The problems requiring solutions are usually not uniform, but differentiated and often require new ideas and methods. The routine elements of knowledge work are relatively lesser. By contrast to traditional industrial production or simple service-rendering work, usually the specificity of the task requires much higher levels of autonomous decision-making leeway and responsible commitment of the workers – at least when it comes down to “how” the work will be done.
- Thirdly, for this reason, knowledge work hardly fits “into the corset of traditional, industrially-marked organizational structures. ... also knowledge work is difficult to steer and control by superiors. This is why the new labour world of start-ups was distinguished by exceedingly flexible types of organizations, by changing workplaces (on customer premises, at home, on the road, in the office) and by a high degree of self-determination. The working mode of the ‘new economy’ was characterized by chronologically and geographically flexible work arrangements, project work, telework and telecooperation.”³⁷
- Fourth, knowledge work commonly requires formal skills going beyond traditional vocational training; very often a college or university degree. Even more important, however, for qualification is the high and constant pressure for change under which the knowledge and skills once acquired are placed. In knowledge-in-

³⁶ Jonas Ridderstrale / Kjell A Nordström: *Funky Business*, Munich 2000, p. 17

³⁷ Johann Welsch: *Dotcom-Crash - Das Ende der neuen Arbeitswelt?*; in: *Mitbestimmung* 10/2002, p. 18 f

tensive work situations, workers must repeatedly revise and renew their knowledge; the formula of “lifelong learning” – often used in a more declamatory way in other contexts – is continuously dictated here by the demands of the actual work situation.

- Fifthly, knowledge workers are primarily certified to have a rather positive and intrinsically motivated relationship to their work. They often perceive it as demanding and fulfilling: “One of the best-kept secrets among symbol analysts is that most of them really have fun with their work. ... How many routine workers or service workers would ‘work’ if they didn’t need the money? Many symbol analysts would even ‘work’ for nothing.”³⁸

Analyses of the future prospects of knowledge work agree to the most part that this type of work is not only gaining ground in terms of numbers, but that it qualitatively has a determining power for many areas of the labour force. Its effects are not restricted to a few elite zones, but “emanate from the practices and laboratories into the factories and offices”³⁹. Correspondingly, knowledge workers are considered the group that will dominate in future, also “culturally” marking wage and salary earning employment, by pushing the traditional industrial skilled workforce from its previously hegemonic position within this sphere. If this thesis is true, the trade unions, whose strength is based on their good roots among skilled workers, will have to face the consequences.

4.2.4 Informatization

The far-reaching transformation of production and distribution processes accompanied by the “information technology revolution”⁴⁰ is often considered the decisive characteristic of the New Economy. If “informatization”, in a narrower technical understanding, means the increased use of information and communication technology devices as working aids as well as their increasing inclusion in company and intra-company networks (Intranets, Internet), then we can say that major parts of the working world are now almost entirely informatized: at the end of 2001, far more than half of all employees in the EU used computers for their work and over 70 % of them had access to the

³⁸ Robert Reich: *Die neue Weltwirtschaft. Das Ende der nationalen Ökonomie*, Frankfurt 1996, p. 248

³⁹ Helmut Willke: Organisierte Wissensarbeit; in: *Zeitschrift für Soziologie* 3/1998, p. 161

⁴⁰ Manuel Castells: *Der Aufstieg der Netzwerkgesellschaft. Teil 1 der Trilogie “Das Informationszeitalter”*, Opladen 2001, p. 31

Internet.⁴¹

Based on this data, today work already is “e-work” to a great extent. The standard tool is a networked PC; most employees are active within an information space that reaches far beyond their direct working environment and is potentially global in nature; the “knowledge-based networker” is the new key type of the working world.⁴² The decisive new quality of digitally networked work is the eased spatial versatility of the workplace, the tendency to site independence and potential “multilocality”. In the “e-work” version, work strips itself of traditional, relatively rigid bonds to fixed locations and can, basically, be carried out “anyplace”. If there is one characteristic “place” today and in the future where work – particularly information and knowledge-intensive work – is carried out, it is the network and to be more precise, the “network(ed) enterprise” as a “new type of organizational characteristic of the informational global economy”.⁴³

For trade unions, the informatization of work closely linked with the rise of the New Economy is a challenge in two aspects at least. First, they must increasingly take on the specific problems of “e-workers”, since they consist of an ever-larger share of overall employees as well as trade union members. For example, there are the issues of computer workplace monitoring or employee representative access to corporate networks – topics taken up by the ver.di and UNI campaign “online rights for online workers”.⁴⁴ Secondly, the Internet, Intranets and e-mail are presently by far the most relevant media for communications, information and cooperation in major areas of the working world. Trade unions that wish to be noticed, that wish to inform, communicate and mobilize, have to set out for the “E-Union” for this reason alone.⁴⁵

⁴¹ This information is from the EU report “eWork 2002. Status Report on New Ways to Work in the Knowledge Economy”, 2002, p. 11 f.

⁴² ILO: Life at Work in the Information Economy. World Employment Report 2001, Geneva 2001 (CD-ROM)

⁴³ Manuel Castells: *Der Aufstieg der Netzwerkgesellschaft. Teil 1 der Trilogie “Das Informationszeitalter”*, Opladen 2001, p. 198

⁴⁴ www.onlinerechte-fuer-beschaefigte.de

⁴⁵ See the results of the int.unity “E-Union” project team

4.2.5 Flexibilization

Another transformative trend that, together with the others mentioned here, is thoroughly reshaping the world of work and has until now been a major problem for trade unions, is flexibilization.⁴⁶ “Flexibility”, in a very general sense, has become a significant characteristic of the current stage of capitalist development in the New Economy era.⁴⁷ Flexibilization can be understood as a conglomeration of political and economic processes aimed at improved adaptation of the workforce to market demands – a trend that hardly leaves any partial sphere of the economy and the world of work out. It is accompanied by the advance of “post-Taylorist” entrepreneurial strategies aimed at more efficient exhaustion of human resources. Traditional standards and regulations are rejected for this purpose. Yet, it is not rare for employees to make flexibilization their own concern, as they anticipate it will expand their decision-making leeway and autonomy, soften rigid hierarchies and eliminate bureaucratic control structures – in other words it will give them more freedom at work.

Flexibilization affects a number of dimensions of labour relationships and processes and usually works towards de-standardizing conventional schemes. For example, it affects

- working hours, where the traditional “nine-to-five” pattern is dissolving in a variety of models leading all the way to nearly unregulated “trust-based working time”;
- work location, where, as already mentioned, digital networks develop spatial flexibilization potentials and enable increased workplace and employee mobility;
- pay, which is aligned less to compensation for times present at the workplace and more to rewarding performance;
- corporate and work organization that displaces strongly centralized models, multilevel hierarchies, clearly defined fields of competence and rigid control mechanisms in favour of team and project work, smaller operational units, network structures, decentralized areas of responsibility and more discursive and result-oriented forms of control such as target agreements;
- types of occupations, where the traditional standard employment relationship in the form of permanent, socially-secure, dependent

⁴⁶ Cf. Michael Schwemmler: Flexibilisierung als Megatrend (BSCW document TUaNE team)

⁴⁷ Cf. on the topic of “Flexibility and the New Economy” Chris Benner: *Work in the New Economy. Flexible Labor Markets in Silicon Valley*, Oxford 2002

full-time jobs may not be eroding, but is losing relative importance and where once “atypical” variations of partial and fixed-term employment, more temporary job relationships, different types of self-employed work resulting in interrupted occupational biographies are on the rise.

All in all, flexibilization brings about a removal of boundaries at work, i.e. at first partial and gradual removal of traditional bonds of space and time and of institutional and normative regulatory arrangements that had developed over decades. Working in the New Economy will increasingly become such “unbounded” work. Many employees and trade unions as their interest representatives are moving here on unknown and precarious territory.

4.3 New employees with new problems in the New Economy

The trends sketched here result in a changed composition of the employed population. Its heterogeneousness has increased in a general sense, while especially the employee groups that traditionally have been more difficult for trade unions to reach have grown: women, employees in the private service sector, white-collar workers, employees with temporary employment contracts, part-time employees and sub-contracted workers. For the trade unions this results in a “crisis of social representativity”⁴⁸, which is reflected in the growing “chasm between member and labour market structures”⁴⁹. For example, in Germany the number of blue-collar workers on the labour market is 37% and among trade union members is 64%. Among white-collar workers, the ratio is the opposite: 57% on the labour market and 27% in the trade unions. High degrees of trade union organization are concentrated in the processing industry, public services and larger enterprises and certain regions; women, “atypical” employees, service employees and employees in smaller enterprises are clearly underrepresented in trade unions.

Jeremy Baugh summarizes the development in the United Kingdom as follows:⁵⁰ “Labour market composition was found to have shifted

⁴⁸ Salvo Leonardi: Flexible Arbeit und die Krise der sozialen Repräsentativität der Gewerkschaft; in: *WSI-Mitteilungen* 12/2001, p. 750 ff.

⁴⁹ Wolfgang Schroeder / Bernhard Wessels: Das deutsche Gewerkschaftsmodell im Transformationsprozess: Die neue deutsche Gewerkschaftslandschaft; in: Wolfgang Schroeder / Bernhard Wessels (eds.): *Die Gewerkschaften in Politik und Gesellschaft der Bundesrepublik Deutschland*, Wiesbaden 2003, p. 20. The following data are also from this article.

⁵⁰ Jeremy Baugh: Trade Unions and the New Economy - The UK Experience. Part III (BCSW document TUaNE team)

away from full-time jobs in manufacturing, construction and energy-related industries. The new jobs were increasingly white-collar, part-time and temporary, and concentrated in private services such as hotels and catering, business services and health and education. The decade to 1995 also saw major shifts in the industrial and occupational structure of employment. The public sector contracted to just over one in four of the total workforce, manufacturing also shrank to barely a fifth of all workers, while the service sector grew to cover some 16 million employees. More people worked in small organisations - with around a third of all employees in firms with less than 25 workers - and there was also a big growth in the number of higher-skilled, white-collar managerial and professional jobs. By the mid 1990s, trade union organisation, in both the public and private sectors, was weakest among young and women workers, employees in small firms, some areas of white-collar work, the low-paid and those employed on part-time, temporary, zero hours and personal contracts.”

Various contributions to the TUaNE project clearly document the spread of atypical or non-standard employment in particular. Both in Germany and in the United Kingdom permanent full-time work is decreasing, as the following table from a TUaNE contribution by Claus Zanker illustrates.⁵¹

⁵¹ Claus Zanker: Trends in der Arbeitsgesellschaft (BSCW document TUaNE team; Source: Eurostat, Mikrozensus, Institut für Arbeitsmarkt und Berufsforschung (2000))

Development of types of occupations in Germany and the UK 1988 - 1998

Types of occupations	Germany		UK	
	1988 ¹⁾	1998 ²⁾	1988	1998
Total of self-employed and assisting family members	11.5	11.0	12.6	12.5
Self-employed and assisting family members not including agriculture	8.1	9.6	11.4	11.6
- of which: self-employed including employees	4.4	4.8	3.7	2.9
- of which: self-employed not including employees	3.1	4.3	7.8	8.4
Total of wage and salary earners	88.5	89.0	87.0	87.3
<u>Full-time wage and salary earners</u>	77.3	72.5	67.2	65.4
- Permanent employment "standard employment relationships"	67.4	62.7	64.0	61.3
- Fixed-term employment (not including trainees)	3.9	4.3	1.8	3.0
- Fixed-term employment (trainees)	4.9	5.1	0.1	0.3
<u>Part-time wage and salary earners</u>	11.3	16.5	19.8	21.9
- Permanent employment	10.0	14.7	16.4	18.8
- Fixed-term employment (not including trainees)	1.0	1.3	3.2	2.7
- Fixed-term employment (trainees)	0.0	1.0	0.0	0.0

1) West Germany only
2) Germany

Jeremy Baugh also points out that "the UK workforce has witnessed a growth in so-called flexible forms of employment. This 'non-standard' employment differs from the traditional full-time, open ended employment contract and includes part-time work, short fixed-term contracts, temporary employment via agencies, freelance work and homework. In relation to part-time work (the most established and widely used form of non-standard employment) WIRS has shown that one quarter of all employees covered by the 1998 survey worked part-time (less than 30) hours. This is a sharp increase from the figure of 18% recorded in 1990. The use of part-timers rose substantially among private sector workplaces (from 33% in 1990 to 49% in 1998). In the public sector it rose from 53% to 60% over the same period. More generally WIRS shows the incidence of high concentrations of part-timers rose among workplaces of all sizes, i.e. among independent establishments as well as those that form part of larger organisations and among UK-owned and foreign-owned workplaces. Although some of the WIRS figures on the use of part-time and non-standard employment contracts may be subject to a degree of uncertainty, the patterns are clearly apparent. In particular, the increased use of part-time workers and short fixed-term contracts during the 1990s, together with the increased use of agency temps, show how the character of jobs and workplaces has developed in recent years. These

changes have, in turn, had a profound impact on UK employee relations and UK trade unions.”⁵²

This development results in serious problems for the trade unions, which historically were greatly aligned to the interests of full-time employees and to a major part still are. The presence of atypical employees and full-time employees at the same workplace frequently impedes all-encompassing and uniform representation of interests. This potentially weakens the position of trade unions and works councils. Furthermore, in enterprises with a larger share of atypical employment relationships, works councils and trade unions are often barely present, which may in part lie in the lesser interest that “atypical” employees have in trade union organization, for example when they are working a side job. Their appeal also suffers from the fact that these kinds of employment relationships usually have less social safeguards and representation of interests can only have a very limited influence on the working conditions of freelancers or temporary workers.

If we look at the New Economy in the narrower microeconomic sense as a special segment of enterprises that have in many ways released themselves from the traditional lines of industrialism, we see that those groups are represented here over-proportionally whose work and employment conditions are highly characterized by the described trends of knowledge-based work, informatization and flexibilization. We speak here primarily of freelancers, spatially dispersed, mobile employees (teleworkers) and knowledge workers, each of which is confronted in their jobs with problems that “are not part of the traditional portfolio of trade union policy.”⁵³

This applies, for example, to the New Economy-typical area of knowledge work, where trade unions encounter difficult-to-access and underdeveloped terrain.⁵⁴ Here, a type of “individualized work regulation” dominates, whose protagonists so far have a more distanced relationship with trade unions and works councils than the main actors of “collective work regulation”. One constitutive, increasingly more apparent characteristic of knowledge work is its ambivalence: the employees are often “confronted not only with beneficial work conditions, but quite evidently also with (over-) demanding work con-

⁵² Jeremy Baugh: Trade Unions and the New Economy - The UK Experience. Part I (BSCW document TUaNE team)

⁵³ Gunter Haake: Frage nach Erfahrungen zu Selbstständigen (BSCW document TUaNE team)

⁵⁴ Cf. Michael Schwemmler: Wissensarbeit und Gewerkschaften; in: Frank Bsirske et al (eds.): *Wissen ist was wert*, Hamburg 2003, p. 112 ff. (further evidence also).

ditions ..., which are more frequently linked to stress and pressure and result in long or over-long working hours".⁵⁵ In view of the extreme increase in working hours, a lop-sided "work-life balance" and constant pressure to be innovative, adaptable and creative, the conflict over the arrangement of the performance compromise in particular increasingly turns out to be a problem, which can apparently not be dealt with satisfactorily solely on the basis of "individualized work regulation" and without resorting to objective standards and collective regulations – at least not for salaried knowledge workers. In view of the many problems as well as the increasingly apparent regulatory vacuum, an advance by the trade unions into the territory of knowledge work "on principle" should not be hindered by insurmountable obstacles. However, we have long been aware that objectively deficient workplace constellations do not automatically lead to the rise of collective forms of interest representation. Trade unions and works councils will have to prioritize the problems of knowledge workers in the New Economy and take them up proactively more than ever in order to be more successful in this area.

4.4 Effects on industrial relations and interest representation

It is hardly surprising that the changes in labour and employment here generally labelled by the term "New Economy" have had effects on industrial relations, interest representation and trade union strength. Jeremy Baugh describes these effects in a simple statement: "The 1980s and the 1990s were a tough period of time for trade unions in many advanced industrialised economies."⁵⁶ The weakening of trade union representational power over these two decades is made most clear by the major drop in the organization rate – probably the most compelling indicator of trade union strength: in Germany it decreased from 33.6% (1980) to 21.6% (2000), in the United Kingdom the negative trend over the same period was even more apparent from 52.2% (1980) to 29.5% (2000). Regardless of this, the level of trade union organization at the end of this period remains much higher in the UK than in Germany.⁵⁷

⁵⁵ Nick Kratzer / Dieter Sauer: Flexibilisierung und Subjektivierung von Arbeit; in: Berichterstattung zur sozioökonomischen Entwicklung in Deutschland. Arbeit und Lebensweisen. Erster Bericht. Abschnitt II, p. 65, Göttingen 2004

⁵⁶ Jeremy Baugh: Trade Unions and the New Economy - The UK Experience. Part I (BSCW document TUaNE team)

⁵⁷ Data from Bernhard Ebbinghaus: Die Mitgliederentwicklung deutscher Gewerkschaften im historischen und internationalen Vergleich; in: Wolfgang Schroeder / Bernhard Wessels (eds.): *Die*

The “tough period of time” is also manifested in other aspects. Based on the “Workplace Industrial Relations Survey Series” (WIRS) already often quoted here, the developments in the United Kingdom are as follows:⁵⁸ The rise of the new economy and changes in the conduct and management of UK industrial relations have obviously impacted on employee participation and representation in the workplace. The WIRS series has provided clear evidence showing the decline in employees’ ‘voice’ since 1980. We have seen a withering of trade union representation, with all the surveys’ indicators of union presence and strength falling by 1990. Most notably, the proportion of workplaces that had recognised unions fell by a fifth. In addition, the incidence of the other main channel of collective representation – consultative committees or works councils – also declined markedly in the late 1990s after a plateau in the earlier part of the decade. According to WIRS, the great majority of workplaces in 1998 had some form of communication channel between employees and managers – as was the case in 1990 and 1984. But the nature of these communication channels changed a great deal: “There was a major shift from channels involving representatives, usually able to call upon the information and resources of independent trade unions, to channels where employee’s communicated directly with management, largely on occasions and on terms set by management themselves”.

Compared with earlier surveys, the results from 1998 revealed widespread falls in trade union presence and aggregate membership density. Membership falls were particularly severe in the private sector where there had been closed shops or very high density. In terms of union recognition,⁵⁹ WIRS showed that it continued to be very widespread in the public sector and concentrated among large employers and workplaces in the private sector. But recognition in the private sector continued to fall in the 1990s, as it had since 1984, reaching only 25% of workplaces in 1998 – half the level of 1980. WIRS also reveals that the other main channel for collective or representative voice – joint consultative committees – had also shown a further decline in the 1990s. Between 1984 and 1998, the proportion of workplaces with some union-based employee voice fell from 66 to 42 per cent; over the same period, the proportion with collective voice fell from 74 to 53 per cent. Union-only arrangements experienced the

Gewerkschaften in Politik und Gesellschaft der Bundesrepublik Deutschland, Wiesbaden 2003, p. 196

⁵⁸ Jeremy Baugh: *Trade Unions and the New Economy - The UK Experience. Part II* (BSCW document TUaNE team)

⁵⁹ The problems of “union recognition” do not exist in this form in Germany.

sharpest decline. Over the same period, employees and managers were found to have substantially increased their use of communications channels that provided some opportunity for employees to express their views and concerns directly to management. Periodic meetings between managers and all employees and briefing groups were both methods of 'direct representation' more common in 1998 than 1984, notably in the private sector. In conclusion, WIRS found there has been "a major shift from collective, representative indirect and union-based voice to direct, non-union channels".

The loss of voice suffered by collective interest representation of trade unions and works councils in Germany over the second half of the 1990s is illustrated by the following data:⁶⁰

Development of collective interest representation in Germany

Indicator	Mid-1990s	End of the 1990s	Change (%)
works councils	220,245 (1994)	198,641 (1998)	- 9.8
Employees with collective agreements in western Germany (%)	83.1 (1995)	70.1 (2000)	- 13.0
Employees with collective agreements in eastern Germany (%)	73.4 (1996)	55.4 (2000)	- 18.0
Union members (DGB) in millions	9.36 (1995)	7.77 (2000)	- 17.0

In the German debate, for a long time the spectrum of enterprises belonging to the New Economy in a narrower sense were considered the model cases of the trend towards a codetermination-free zone, but also as the domain of innovative forms of employee participation and individual self-representation: "In the place of works councils, here we frequently encounter other forms of participation, e.g. stock option plans, roundtables, regular information events or electronic forums."⁶¹ In the year 2000, nearly three-fourths of the enterprises listed in the "New Economy Stock Index" NEMAX 50 did not have works councils. However, lately, in view of the crises of many of these enterprises, the need for more traditional and collective forms of interest representation seems to have increased: "A recent survey from

⁶⁰ Compiled from a table in Ludger Pries, Peter Ittermann, Jörg Abel: *Neue Wirtschaft - neue Mitbestimmung?*; in: *Die Mitbestimmung* 5/2002, p. 34

⁶¹ Walter Müller-Jentsch: *Mitbestimmungspolitik*; in: Wolfgang Schroeder / Bernhard Wessels (eds.): *Die Gewerkschaften in Politik und Gesellschaft der Bundesrepublik Deutschland*, Wiesbaden 2003, p. 469

2002 of the roughly 300 companies listed under NEMAX Allshare showed that about 40% already had works councils, most of them only recently elected.⁶² Yet it would be illusory to draw the conclusion from this trend that in the New Economy collective interest representation would be automatically revived under the pressure of the crisis. This will only be possible once trade unions and works councils are able to take the particular circumstances in the New Economy and the specific mentality of its employees into account in their offers.⁶³

⁶² Walter Müller-Jentsch: Mitbestimmungspolitik; in: Wolfgang Schroeder / Bernhard Wessels (eds.): *Die Gewerkschaften in Politik und Gesellschaft der Bundesrepublik Deutschland*, Wiesbaden 2003, p. 470

⁶³ Cf. Connexx.av - eine gewerkschaftliche Initiative für die neue Wirtschaft (BSCW document TUaNE team)

5. The New Economy as a challenge for trade unions

The data and assessments compiled during the discussion of the int.unity TUaNE project team led to the conclusion that the trade unions should grant the New Economy considerable significance and intense attention. This applies as well and in particular after the end of the New Economy hype on the stock exchanges and in the media, which can by no means be considered the end of the real developments linked to this admittedly somewhat out-of-date term. The New Economy – understood as symbol of a new stage of development in capitalism as well as a catchphrase for a new type of enterprise – has caused extensive transformations in the sphere of labour and employment in the interplay with the advances of neo-liberal policies and the redoubled redistribution and flexibilization strategies of the employers, which have enormously changed the trade unions' conditions for action.

If the trade unions want to retain their influence and revive their former strength, they must take this transformation into account and find solutions to new problems. This is not a question of whether trade unions have a right to exist at all in the New Economy or whether – as often claimed – they will go the sad fate of the dinosaurs as actors of the “old economy”. Such pessimistic determinism is uncalled for simply because regardless of the many changes nothing speaks for a future loss of the original reason for trade union existence – to protect salaried employees from the economically stronger. Or, as Ralf Krämer worded it in a discussion contribution: “The problems of salaried and exploited workers that led to the formation of trade unions continue to exist in old and new shapes in the New Economy. The trade unions must develop new forms and policies in order to deal with changed conditions and needs in work and life. They must adapt themselves to the greater flexibility and variety of the circumstances. ... It's a matter of new connections for collective regulations and assertion with individualized possibilities.”⁶⁴

It is undisputed that the New Economy forces trade unions to be innovative. The following challenges are particularly urgent in this context:

- The trade unions must clearly and precisely grasp the New Economy and the changes in the working world that accompany it. To

⁶⁴ Ralf Krämer: Kritische Anmerkungen zur Diskussion der “New Economy” (BSCW document TUaNE team)

hope that it may all simply be a passing fad and that “business as usual” will soon return has long proven false.

- Wherever conventional regulations that arose in large industrial operations no longer do justice to the new problems, the trade unions must make efforts to find innovative solutions – for instance in working hours, where the traditional “time clock” as a control instrument has become obsolete in much of the New Economy.
- The trade unions must give highest priority to fighting their “crisis of social representativeness” and offer new employees new and appealing options both with regard to content and for forms of participation – otherwise permanent structural under-representation of those groups of employees that are gaining significance both in quantity and quality will inevitably lead to marginalization of the employee organizations.

One inevitable prerequisite for this three-point trade innovation programme to actually and successfully be approached is the acceptance of its necessity and willingness to change. Within the TUaNE team – at any rate – this was evidently the case. Jeremy Baugh put it in a nutshell: “We simply cannot go on as we are now. If rule changes are needed to facilitate our move then so be it.”⁶⁵ And a further aspect of the int.unity project discussion was optimistic: the trade unions in both the United Kingdom and in Germany are not at the starting point of their (self-) transformation, but have already begun with it. The examples of trade union projects for the New Economy contained in the appendix convey an impression of this.

⁶⁵ Jeremy Baugh: Trade Unions and the New Economy - The UK Experience. Part IV (BSCW document TUaNE team)

6. Appendix: Trade union projects for the New Economy

6.1 Connexx.av - a trade union initiative for the New Economy⁶⁶

Connexx.av is a trade union for new media employees. A trade union? Not quite. Connexx.av doesn't call it trade union, but interest representation. The trade union officials call themselves project managers. So no one is put off, for employees in the new media are still sceptical about trade unions – in spite of the stock market crash, cut-backs, layoffs and bankruptcies.

Connexx.av is a child of the Vereinte Dienstleistungsgewerkschaft Verdi. The initiative manoeuvres a narrow wire: as much trade union as needed, but as little as possible. The sign on the office door in Munich only bears the logo: two linked cubes. Inside are film posters from "Goodbye Lenin" and "Matrix", no class struggle slogans. The people at Connexx.av want to be different. The people at Connexx.av are insiders and are just as young as the people they represent. They speak the same language and know the industry, because they worked there. People like Sandra Goldschmidt. At 27, Sandra is the youngest project manager at Connexx.av. She is typical of the industry. Fascinated by the Internet, she worked for Pixelpark in Stuttgart – at first as assistant, later as project manager. A works council? A works council wasn't necessary at the Internet agency. Whoever wanted something simply walked through the open office door of the founder-boss and asked for it. The Pixelpark story is well-known: not enough orders, the Stuttgart branch closed, all 40 employees were let go. One day before Pixelpark closed, a works council was elected. Sandra Goldschmidt and her colleagues go down in the history of Connexx.av as the shortest-lived works council ever.

The media sector is fast to divest and fire. We need a works council! This call for help is often heard by the project managers at Connexx.av. When EM TV was close to broke, Connexx.av helped to form a works council. That kind of news gets around quickly in the industry, as do the methods. Connexx.av sent bulk emails within the Kirch group to inform the employees and the freelancers. That is unusual for a trade union. It's also unusual for them to form networks, discussion forums and hold parties.

⁶⁶ This version of the ensuing text was stored by Michael Schwemmler as a BSCW document in the TUaNE workspace. It is based on an article by Michaela Böhm that appeared in the *Frankfurter Rundschau* on 8 January 2004. The original text was linguistically revised to optimize machine translation.

“We’re from the scene. We live in the scene,” says project leader Wille Bartz. Which is why they will never do a few things: for example they would never initiate membership campaigns. They would fail. Connexx.av has to build its reputation with quality and competence and eliminate prejudices with tiny steps. Many a flyer from the parent organization lands in the bin, like the flyer with the heading: “Collective Agreements are a Human Right”. What does such a statement mean to an employee in the new media? There are no collective agreements in the entire new media industry with roughly 300,000 people.

Verdi allows the outlandish colleagues lots of leeway. Connexx.av needn’t comply with the usual trade union categories of districts and state districts, sector divisions and specialised groups. This keeps it fast and manoeuvrable. Yet the project could not survive without Verdi’s money, strength, know-how and logistics. Since the project’s founding three years ago, Verdi has invested six million euro in Connexx.av. Yet Connexx.av’s aims are no different than those of Verdi: codetermination, solidarity, collective agreements. The fundamental fault of this industry is that hardly anything is regulated. “Join ranks! That’s the idea we have to get across to the individualists!”

But, it won’t work if Connexx.av demands the 35-hour work week. In the film industry people stay on the set until the shoot is over; often 50 or 60 hours. That’s OK for the employees. Connexx.av is therefore cautious. The classic nine-to-five job is an exception here. Overtime is unavoidable when projects are coming to a close and the work is satisfying. So, Connexx.av instead works for binding working hour provisions. Often work duration and location are not set down in agreements. For example, a producer was tired of working an eleven hour day only to learn shortly before going home that he would have to produce the next jingle at five the next morning. Is it possible to plan ahead on such short notice? Is it acceptable to work such long hours? Connexx.av helped to form a works council and this works council made sure that the working hours are now written down in the agreement for the first time.

Connexx.av no longer shies from showing itself as a Verdi project. That was not always the case. The backer’s name was intentionally left unmentioned on the headings of its first flyers. “That was counter-productive,” says Sandra Goldschmidt. “We need members who believe in the trade union.” But, that’s a problem. Verdi has gained about 1,800 members through Connexx.av in three years; no more than the staff of a large printing firm. The people from Connexx.av are in demand when elections are due for a works council. And they are

often consulted when people lose their jobs. But, who wants to be a trade union member?

Works councils that Sandra Goldschmidt has dealt with for awhile recently asked her: "What's in it for us?" Sandra was annoyed: "Who do you think pays my salary? The printers, the nurses, the subway drivers, everyone who's a member in Verdi." The employees expect a great deal from Connexx.av, but many seem to think it's some kind of free government service. Yet Wille Bartz sees it positively: "Our acceptance rates are high. We've got our foot in the industry door." The success of Connexx.av cannot be measured by the number of members. It's time to sensitize the people to collective agreements. Works councils are not enough. For collective agreements, you have to become a union member. Verdi plans to conclude the first such agreement within a year with a multimedia company. It will shake the firm up, but certainly won't be forced through with a strike.⁶⁷

6.2 mediafon - an advisory network for the self-employed⁶⁸

mediafon is an advisory network for the self-employed, in particular from the media, multimedia, communications, culture and the arts. The fundamental principle: experienced freelancers provide advice to colleagues, associations and initiatives. The members of this network are especially trained for their tasks. **mediafon** can be reached nationally Monday to Friday from 10 AM to 7 PM. Requests for advice are taken here. General questions can be answered immediately by the call centre staff. In other cases the callers are referred to network specialists. Direct contact is not always possible, but with the help of a duty schedule the callers learn right away when they can reach their experienced expert contacts; usually that same day. Advice encompasses general questions, for example about social security, contracts or copyrights, suitable forms of work, start-ups or the use of ICT. Specialized topics are also covered that affect individual professions or specific personal vocational issues.

A trade union as the partner, even as interest representation, of freelancers? It seems strange at first glance, but upon a closer look proves to be the logical result of sweeping social change. Who else but an organization with decades of experience with transformations in the world of work could be more suited to assert the interests of the

⁶⁷ For more information about Connexx.av go to <http://www.connexx-av.de>

⁶⁸ This description of mediafon is based on a project brochure located at http://www.mediafon.net/download/mediafon_brosch_02.pdf.

self-employed and micro-companies? These ideas led to the founding of **mediafon**. The once-common trade union thesis “the self-employed are a self-exploiting dumping competition for salaried employees” or the attitude “they should get a real job” have made way for a realistic assessment: it’s the trade unions that need to change – not the people who work for themselves, most of them from conviction. The industrial working world can no longer remain the sole model: self-employed mini and individual businesses have long been among those who need the most assistance and solidarity. For example, they sell the same services as salaried employees in the media industry – without any certainty of getting contracts and without fixed fees. Often, the prevailing conditions are those that led to the formation of trade unions in the first place more than a century ago: individuals sell their services and are played against one another by their customers. Without joining together and helping one another, they are driven by the market to mutual dumping competition. This soon eliminates the advantages of self-employed work.

The Vereinte Dienstleistungsgewerkschaft ver.di can react to this trend better than other trade unions. It’s been organizing the self-employed for a long time now: roughly 25,000 ver.di members are freelancers in the fields of journalism, film and media production, in PR, fiction writing, music and the fine arts. There are also freelancers outside the media and arts: from pilots to prostitutes. The self-employed have the same interest as dependent employees in fair pay and social security. Together with employed colleagues they also have the chance to achieve more than an association of freelancers only. Hence, a trade union must offer basically the same to all of an industry’s workers – if only to prevent dirty competition: legal career security and industry contacts. For example, advice on contract issues, on social safeguards and on fees for the self-employed. The self-employed want and should be able to gain practical professional knowledge and share it with one another to exercise practical solidarity for their own benefit. Distribution of knowledge and networking of actors are therefore the greatest challenges that ver.di is facing with **mediafon**.⁶⁹

⁶⁹ More information about mediafon at <http://www.mediafon.net>

6.3 New Unionism: Put Organising first!⁷⁰

To tackle 18 years of membership decline and meet the challenges of the modern flexible labour market the British trade union movement has embraced the concept of New Unionism. This has aimed to push organisation and recruitment to the top of the union agenda, promoting an “organising culture” within the movement that encourages unions to shift resources from servicing existing members to recruiting and organising new ones. Conducted as a partnership between the TUC and its affiliates, New Unionism has followed a turn-track approach which seeks to build existing membership bases where recognition agreements exist and break into new jobs and industries where unionisation is low, primarily in the expanding service sector.

Winning a new generation of young trade unionists has been a central priority of the New Unionism campaign. A series of recruitment and training programmes have been introduced to help organise young workers and encourage affiliated unions to be more creative in the way they attract and then retain these members. New Unionism has drawn on the experience of successful recruitment campaigns conducted by unions overseas, notably in the USA and Australia. It also draws on the lessons learned from that first wave of New Unionism in Britain which occurred in the late nineteenth century, when trade unions made organising a top priority and attracted women, the unskilled and young workers into their ranks on an unprecedented scale. The New Unionism campaign recognises the enormous difficulties facing the labour movement in seeking to tackle long-term membership decline. It also recognises that if the movement is to translate the recruitment opportunities that exist into real membership gains, unions must sharpen their appeal, be strategic in their efforts, and allocate additional resources to organising.

Organising Principles

New Unionism is based on a number of “organising principles” and policy objectives that have sought to build on the recruitment strategies developed by a number of TUC affiliates. The campaign has recognised that successful organisation requires a significant investment of union resources - in recruitment campaigns, materials, training programmes and officers’ time. Drawing on the experience of

⁷⁰ Excerpts from texts by Jeremy Baugh: Trade Unions and the New Economy - The UK Experience. Parts III and IV (BSCW documents TUaNE team)

“sister unions” overseas the TUC identified a number of key principles to attract and retain new members. These include:

- **Put organising first:** recruitment and organisation must become the top priority for the whole union movement.
- **Invest real resources:** organising does not come cheap, and only a significant commitment of resources - money and people - to recruitment and organisation can reverse membership decline.
- **Develop a strategic approach:** properly thought out and resourced organising campaigns which set realistic targets are more likely to deliver results - and boost morale.
- **Cut out wasteful rivalries:** unions must be encouraged to focus on the rise of a non-unionised sector and the threat this poses to the whole union movement.
- **Like recruits like:** organisers must reflect the diversity of the workforce we aim to unionise, and those groups traditionally under-represented in unions.
- **Increase the use of dedicated organisers – and boost their training and status:** the US AFL-CIO Organising Institute and the Australian ACTU Organising Works Programmes brought new blood into the movement, upskilled the jobs of organising - and paid for themselves through recruitment success.
- **Build lay reps’ confidence and skills:** investing in building lay reps’ organisation helps strengthen existing bases and frees up full-time officers to organise in new areas.
- **Communication is the key:** imaginative campaigning and use of the mass media are key to getting the union message across to working people.
- **Government sympathy does not guarantee growth:** union membership can continue to fall even where the Government in power is sympathetic to union values.

Policy Objectives

Based on these organising principles the TUC’s New Unionism Task Group identified a number of policy objectives which were subsequently agreed by the TUC’s General Council and Congress. These were to:

- promote organising as a top priority and shift the union movement towards an “organising culture”;
- increase the level of involvement in union resources in recruit-

ment and organising;

- strengthen lay structures and develop new training packages for both lay and full-time organisers;
- set up special projects to help unions build their existing bases and break into new areas, winning recognition rights;
- sharpen unions' appeal to "new" workers including women, youth and those at the "rough end" of the labour market, through campaigns and the media;
- promote debate and disseminate information on successful organising approaches; and
- assess the feasibility of launching an organising academy to train up - mainly young - specialist union organisers.

Thinking Ahead

To develop a clear picture of the obstacles and opportunities facing the TUC's recruitment campaign, the task group launched a comprehensive research programme to "advise, stimulate fresh ideas and encourage new research on the organising challenge". A number of surveys, reports and studies have been commissioned over recent years by the TUC to analyse labour market trends, gauge potential growth areas and highlight union initiatives.

In looking to recruit, the New Unionism campaign has recognised that people form unions, first and foremost, for representation and protection at work. Servicing existing members and offering discounted financial services was touted during the 1980's as a possible way to boost membership and many unions still choose to devote considerable effort to developing and marketing a range of benefits that, they hope, will attract new recruits. But while many unions do offer a wide range of membership services, research for the TUC conducted by Warwick University has shown that "the number one reason why people join unions is for support if there is a problem at work, and that industrial benefits and financial services score lowest on the list of reasons for joining a union and retaining membership". The fact that new members are attracted to unions for the collective protection they offer has underlined the growth potential of New Unionism, with its emphasis on collective organisation rather than individual benefits. This has encouraged affiliates to shift resources from services to recruitment.

Boosting Investment

In stark contrast to the investment in organising and recruitment by trade unions in the USA and Australia, the British labour movement still spends only a small fraction of its total income directly on recruitment. At the outset of the New Unionism project, unions in Britain were found to be allocating just 2% - 3% of their budgets on organising activity. Central to the New Unionism campaign, therefore, has been the need to significantly increase the level of investment in recruitment campaigns to match those seen in the USA, where the AFL-CIO has a goal of spending one third of the federations entire budget on organising.

Though British unions still fall short of their counterparts in the USA, there are clear signs that unions have begun to recognise the importance of additional funding. A survey conducted for the TUC by the Labour Research Department in 1997 found unions already facing up to the recruitment challenge. More than half those surveyed (53%) had a specific budget for organising and recruitment activities, and the same percentage planned to increase their spending in the year ahead. In addition, the survey found that one in four unions already employed specialist organisers, and over two-thirds had set specific recruitment targets.

Training Lay Organisers

An important element of the New Unionism campaign has been the attempt to build existing membership bases by strengthening lay organisation. To deliver this, the TUC task group reviewed the current training programmes for both lay and full-time organisers and has developed a number of new training programmes. The courses aim to train and motivate members at the grass roots of the movement and help them to take ownership of regenerating the union in the workplace. Members have been trained in a core set of organising skills (including communication, research, interviewing and media awareness) with courses tailored to the specific organising priorities of the participating union.

The Organising Academy

In July 1997 the TUC General Council gave unanimous backing for the launch of an Organisers' Academy to provide a 12-month training programme of, mainly young, dedicated organisers sponsored by the unions. The Academy has become the flagship of the British union movement's drive to organise. Aimed at equipping a new generation of organisers with the skills needed to build existing membership

bases and break into new areas, the Academy initially provided around 30, mainly young, trainees with a mix of classroom teaching and on-the-job instruction. The other main features of the Academy include:

- carefully structured arrangements for recruitment, training, coaching, mentoring and placement of predominantly young organisers;
- an active partnership between the national centre and participating unions in shaping, overseeing, managing and delivering the programme;
- a TUC Organisers Academy Steering Group to oversee all aspects of the initiative;
- recruitment to the programme through an agreed process involving the TUC and participating unions with trainees on common terms and conditions for their 12-month programme.

The Experience to Date

So what has been the experience to date? The New Unionism project has played a crucial role in getting unions to face up to the organising and recruiting challenges thrown up by the “new economy”. It has supported unions in increasing membership, building effective workplace organisation and recruiting and training more workshop reps. This has made a real difference to union members in the workplace and beyond. Thanks to the project, and the efforts of the unions themselves, there are clear signs that the unions are on the way back up. Two-thirds of TUC affiliated unions have grown since 1997 and there has been a sharp upward trend in collective bargaining deals, with 500 companies drawing up new recognition agreements last year. The Organising Academy has also proved an unqualified success. Since opening in 1998 it has trained around 150 new union organisers who have been instrumental in organising over 30,000 new trade union members. More than that the Academy and its graduates, have played a key role in shifting attitudes within the trade union movement. Backed by affiliated unions committed to organising for growth, these organisers have played a crucial role in organising non-union Britain; strengthening and developing membership in those workplaces where unions were already recognised; and extending union influence into new, growing areas of the economy.