1 Introduction
When unions in the liberal market economies began to develop and pursue new strategies to regain organisational power in the course of the 1990s, unions in Germany seemed to rest in the traditional paths of corporatism, both regarding the negotiation of collective bargaining agreements and regarding the way to deal with members interests. Of course, campaigns and strategies of union organising in the liberal market economies were far away from being coherent and encompassing; union organising often was scattered and local in character (Cregan 2005), and it is up to now an open question which of the elements of organising strategies – like leadership or rank-and-file participation – are responsible for the success of organising campaigns (Hickey et al. 2010). However, the new approaches of organising were promising; they were like first new plants that have begun to grow on a – former fertile – ground that has turned into a desert for the unions from the 1980s onwards.

In the 1980s, German unions seemed to belong to the few lucky ones – together with the unions in Scandinavian countries or in Austria – that were little affected by the general trend of union demise (Jacobi et al. 1994). Organisational density proved to be rather stable. Not less important, the signs of decentralisation of collective bargaining, most visibly in working time flexibility, seemed to be well controlled by the unions in a process of “negotiated adjustment”. Especially the existence of formally independent works councils on plant level backed up with legal rights of codetermination seemed to be a crucial factor to develop favourable strategies of decentralisation. Works councils not only were entitled by collective bargaining agreements to negotiate flexible working time arrangements in the plants, they were also supposed by the unions to negotiate new topics like technological innovations or work organisation (Thelen 1992; Turner 1991). The success of unions and works councils could also be explained by the stable patterns of intermediation they developed. As intermediary organisations they were corporate actors trying to intermediate between the opposing interests of labour and capital. Intermediation also means to act according to the principle of representation on a stable institutional foundation and membership base (Müller-Jentsch 1985).

This picture of “resiliency” (Thelen 1992) faded quickly in the course of the 1990s, when unions’ membership decline accelerated and collective bargaining coverage began to shrink.
Instead of resiliency, erosion became the key term to interpret the development of unions and collective bargaining in Germany (Hassel 1999). The works councils were confronted with a growing pressure by management; threats of relocation and outsourcing forced them to make concessions on working time or pay issues in so called “alliances for work” in order to safeguard jobs at least temporarily. And the pressure of decentralisation grew because of derogations from collective bargaining agreements that were negotiated on plant level either by unions, works councils or both (Haipeter 2011a).

Given these developments, union strategies remained surprisingly stable for the time being. With the exception of the service sector unions’ merger to Ver.di, little signs of adaptation or strategic change could be observed. On the contrary, discussions of the late 1980s and early 1990s to strengthen democracy or participation in the unions remained on the margin and ended without results (Morgenroth et al. 1994). Unions and works councils kept on being intermediary actors based on the institutional power they still had as collective bargaining actors and as legally supported actors of codetermination. This can be regarded as one of the main reasons why the positive experiences of unions in other countries were neglected. Their institutional power gave the German unions little incentives to change strategies and to focus on the problem of membership, all the more because membership recruitment has been organised mainly by works councils in the past and therefore was not part of unions’ core business (Baccaro et al. 2003; Behrens 2009; Frege/Kelly 2004). As a consequence, for some observers, the institutional exhaustion of unions and industrial relations seems to be near, with weak unions in a liberal framework only able to negotiate regulations that employers want to have because they solve some coordination problems for them (Streeck 2010).

However, the development is less unidirectional as it is supposed to be in scenarios like this. There are also exceptions to observe, and maybe these exceptions are initial points of learning processes leading to a quite distinctive future of unions and labour relations. Turner (2008) has convincingly pointed to two developments initiated by different unions and taking place in very different sectors of the German economy: organizing campaigns by Ver.di in some companies of the retail sector, and new strategies of collective bargaining and activation of works councils in the metalworking industry. While the campaigns in the retail sector were to build institutions like works councils and collective bargaining agreements from scratch in a “liberal” environment hostile of unions, the initiatives in the metalworking industries were to revitalise institutions in a still “coordinated” world. Not surprisingly, both approaches differ rather strong concerning the instruments used by the unions: whereas in the retail sector the union tried to develop campaigns attracting the attention of the public and establishing coalitions to social movements, in the metalworking industry the union goals are to activate local actors like union officials and works councils.
In this paper I will put the focus on the developments of the metalworking industry and especially on the campaign “better not cheaper”, which was initiated in the region of North-Rhine Westphalia. In the metalworking industry, several developments of revitalization run parallel for some years. One of them is a new strategy of local collective bargaining which became widespread in the course of derogations from collective bargaining agreements, a second one is organizing in industries or companies with little or no union presence by a professional union organising staff, and a third one is activating the works councils on plant level by making them actors of “better”-strategies. Of these developments, the “better not cheaper” campaign maybe is the most famous one. So Rehder (2008) argues that the campaign is a promising effort to strengthen rank-and-file participation as a new way to legitimise the union in situations of defensive; and according to Dörre et al. (2009) the campaign is an attempt to extend rank-and-file participation to the topic of innovation.

However, despite these statements little is known about how the campaign is working in detail. The analysis of the “better not cheaper” campaign given in this paper is driven by two questions: First, what does it mean for works councils to develop and negotiate “better”-strategies in the plants? And second, what has this to do with union revitalisation? Does the activation of works councils go hand in hand with a strengthening of the union? Before going on with these questions, I will try to tell the story of the campaign: how it started, how it developed and how widespread it is today. My analysis is based on a research project my colleagues Antonio Brettschneider, Tabea Bromberg, Steffen Lehndorff from the Institute Work, Skills and Training at the University of Duisburg-Essen and I have carried out in the last two and a half years. In this project we made several interviews with union officials on all levels of the union, we conducted about 16 plant level case studies, and we made a survey asking the local union officials in the region of North-Rhine Westphalia about the spread and the contents of “better not cheaper” in their administrative units.

2 The „Better not cheaper“ campaign

2.1 Historical background
The idea of the campaign was born in a situation of union crisis. In the first years after the Millennium, several developments were going on in disfavour of the metalworkers’ union, the IG Metall, and there was little hope that the union would be able to cope with the growing problems it had to face. First, the union was defeated in the collective bargaining round of 2003. The union had demanded working time reductions for the workers in East Germany, where the weekly working times according to the collective bargaining agreements were fixed at 38.5 hours, 3.5 hours more compared with the 35 hours week in the Western regions of the industry. The industrial conflict was lost for two reasons. On the one hand the union has shown to be unable to stand a conflict in East Germany because of its rather weak organisational power in the plants. Membership density was much lower than in comparable Western German plants, and, moreover, the works councils were much less tightly bound
into the overall union strategy. On the other hand, the union’s demand was from the beginning criticized and de-legitimised in the mass media by pointing to the productivity gap still existing between Western and Eastern plants.

In this way a second critical development for the union for the first time became evident, the growing defensive in the public opinion. The employers and their associations, headed by the umbrella organisation of the industry, Gesamtmetall, were launching a massive campaign, stressing the problems of Germany as a high cost location and, from 2004 onward, demanding for a working time extension without pay compensation. Germany was titled as world champion in leisure time, and the union was accused to make labour regulation too inflexible. Therefore, from their point of view the plants should be given the possibility to derogate from collective bargaining agreements.

However, derogating from plant level agreements, both formal and informal, already has been a more or less common practice at that time; and this was the third big problem of the union (see Haipeter 2011a). There were some regulated pathways of formal derogations already existing like the hardship clauses implemented in 1993 for the East German regions or the so called “restructuring clauses” that could be found in several of the collective bargaining agreements for the Western regions. Besides these formal ways of derogations, collective bargaining agreements were fallen short off in an informal way to a growing extent in local alliances of work. And even worse, both the formal and the informal derogations were out of union’s control with respect to the contents dealt or the number of agreements made. Up to this time, the problem was ignored to a large extent in the organisation. Times changed when the employers’ associations and the government forced the union in the years 2003 and 2004 to negotiate an official and more extended derogation clause in the collective bargaining agreements, which was done in the 2004 Pforzheim Agreement, where derogations were legalised if they safeguard jobs and increase the competitiveness of the plants and companies. This agreement was supported by union modernisers who hoped to increase union’s control of derogations. However, reality was different for the time being. Instead of gaining control, the union found itself in a growing defensive, attacked by more and more companies who demanded working time extensions and wage concessions. Moreover, the IG Metall has lost some battles hotly debated in public like that of the former Siemens production of mobile phones. The pattern of defeat was similar in all these cases: Works councils were pressed by management to make concessions in order to avoid or at least reduce dismissals or plant closures which would have been unavoidable otherwise, and then they went to the union to get an authorised signature for the new agreement. In this pattern there was little room of manoeuvre for the union to negotiate or to control derogations. Instead of improving it, the Pforzheim Agreement seemed to have aggravated the situation.
A more severe crisis is hardly imaginable for a proud and still strong union like the IG Metall. But parallel to the crisis also the pressure for new solutions increased. Or to argue more sociologically, the union was in a crisis situation that made it easier to develop and put into practice new solutions that would have been refused by powerful actors within the union otherwise. However, in the situation of crisis the routines which have led to a remarkable success in the past seemed to have disappeared; so building on these routines did not look like a promising strategy any more. Not for accident it was in the years 2005 and following that the union has developed new strategies, among them a new way to handle local negotiations about derogations and the campaign “better not cheaper”.

### 2.2 Idea and contents of the campaign

From the beginning, the union district of North-Rhine-Westphalia played an important rule in developing new strategies within the IG Metall. Concerning local collective bargaining, the district was – together with the costal district – among those who wanted to make a virtue out of derogations and to treat them in a more offensive way. The supporters of local collective bargaining could rely on the strategy of plant level collective bargaining that was developed already in the 1970s. The core idea of this strategy was to use local conflicts for rank-and-file participation and for membership campaigns to increase the organisational power of the unions in the plants. This idea was implemented in North-Rhine Westphalia for derogations in a rather radical way. Detlef Wetzel, who became head of the district in 2004, soon after his election made the demand that only those derogations will be signed and authorised by the district that have led to membership increases in the plants during the negotiations. Instruments that have been developed in this way were conflict strategies and especially rank-and-file participation of members by membership voting on collective bargaining commissions and on the decisions whether to negotiate and whether to accept an agreement.

The second new strategy of the IG Metall in North-Rhine Westphalia – and this time originally developed by the district administration around Detlef Wetzel – was the “better not cheaper” campaign. However, to speak about a well designed campaign from the beginning would mean to neglect the facts, for the campaign in its first phase was little more than a slogan easy to remember, open for interpretations and effective in the political discourse as a counter-argument against the cost-cutting rhetoric of the employers. The idea was as simple as convincing: employers have to be successful in competition, but to be successful they have to think about more than just cutting costs. What the union was pointing to was to demand the employers to make use of the “comparative institutional advantages” (Hall/Soskice 1991) of the German economic institutions and to promote new forms of production actively using the skills of the workers or to promote new and innovative products with high standards of quality. In challenging the strategic prerogatives of management, the “better not cheaper” campaign is a “maximum union demand in capitalism”, as the former head of the district and the vice president of the IG Metall, Detlef Wetzel, characterised it in
an interview. Different from collective bargaining on working times or wages, “better not cheaper” is to challenge management domination in the plants. And this is why it soon became clear that the central target of the campaign will be the works councils. In the German framework of institutions, they are the only actors who are at least potentially able to play such a role in the plants.

Of course this programme is rather ambitious for works councils. Although they are legally backed up by the Works Constitution Act (WCA), there is little legal support to make use of negotiations about strategic decisions concerning work and company organisation, products or markets. Works councils have to become more active than the WCA demands them to be. To be more precise, they have to become proactive by dealing with managerial decisions in order not to cope only with the results of these decisions. For works councils of big automotive plants who have learned to fight against off-shoring or outsourcing for years and who have big resources at their disposal, proactive codetermination would have been nothing really new. But for the bulk of works councils in plants of smaller size, proactive codetermination posed a real challenge which had to be supported from outside, because otherwise the campaign would have failed in the plants where it was mostly needed.

Therefore, it soon became clear that the campaign would need a material infrastructure if it was to produce real effects in the plants. This infrastructure was developed in the form of projects financed largely by the regional and federal governments. In these projects, which partly are already finished and partly still run today, several initiatives and instruments were developed by the union and the other members in the “better not cheaper” project team, which was (and is) also composed of external members like consultants and scientists. A lot of workshops for works councils have been accomplished dealing with topics chosen by the works councils; industry reports analysing developments of sub-industries like the machine tool or the agricultural machinery industries were written; single cases were consulted by the union, by union oriented consultants and by scientists; a network of union oriented consultants was created; and industry networks among works councils and the reciprocal support of works councils by works councils was advanced.

Another important point was the identification of good practice examples right from the start of the campaign. The examples were presented on workshops by the respective works councils and on the internet pages of the campaign. They had the key function of showing how “better not cheaper”-practices of works councils can work and how they are working already in the plants. It seems not to be too far-fetched to say that the campaign was in the air: It was a response on the manifold challenges the IG Metall was confronted with, and it could build on predecessors already existing in some plants.

2.3 Spread and background of “Better not cheaper” in the plants
The main indicator used by the IG Metall to assess the campaign and its effects was the number of works councils who attended the campaign in one way or the other. Three years
after starting the campaign, the union claimed that about 500 works councils have taken part in the campaign which was described as a big success. However, this number leaves some room for interpretation. On the one hand it was not clear from on how many plants the works councils were distributed; the number of plants could have been much smaller, because many works councils from large works council committees of bigger plants took part. On the other hand it was far from evident what it meant to attend the campaign. Attending could have a lot of meanings, from developing “better”-strategies in the plants to taking part in one or several workshops up to asking an official of the union district something about the campaign.

To get more reliable information about the spread and about the practice of codetermination, we asked the local union administrations in our survey how many works councils – not single works councils, but committees in plants – have developed a codetermination practice in the sense of the “better not cheaper” campaign in their administrations. Of the 43 local administration units 19 gave us an answer. Taken together, in these 19 administrations, “better not cheaper” was practiced in 137 plants by the works councils. Compared to the plants that are members of the employers’ associations and therefore covered by collective bargaining agreements in the district of North-Rhine Westphalia, the number of “better not cheaper”-cases in the 19 administrations that gave an answer in our survey reached a quota of about 10% of all the works council committees of the North-Rhine Westphalia district. The background of the “better”-strategies in all cases can be described as a situation of defensive: Derogations (40% of the cases), local alliances for work (19%), threats to close plants or dismiss employees (27%) and rationalisation (12%) were the motives indicated by the union officials. The main objectives the union and the works councils had on the agenda were to avoid off-shoring or outsourcing, to demand for investments and to strengthen codetermination and rank-and-file participation (Graph 1).

Graph 1: Goals of works councils/unions in negotiations
3 \textbf{“Better not cheaper” and proactive codetermination}

3.1 \textbf{A new approach of codetermination}

What does it mean for the codetermination of works councils to act in line with the campaign “better not cheaper”? What does a “better not cheaper”-practice look like? Is it going along with changes in the relationships to management? And does it also include changes in the way works councils represent the employees? I will try to tackle these questions based on the analysis we made in 16 case studies which are based on interviews with works councils, management (partly), union officials and consultants. Table 1 gives an overview of the results of our case study analysis.

\begin{tabular}{|l|l|l|l|l|}
\hline
\textbf{Case} & \textbf{Problem/Motive} & \textbf{Strategy of Works Councils} & \textbf{Resources} & \textbf{Mode of Interaction} & \textbf{Participation of Employees} \\
\hline
\textbf{Case 1} & Crisis, Dismissals & Challenge, Promotion, Controlling & Consultancy, Training & Dancing & Information, Proposals \\
\hline
\textbf{Case 2} & Modernisation Concept Management & Companion, Controlling & Industry Network W.C. & Dancing led by Management & Information \\
\hline
\textbf{Case 3} & Relocation, Dismissals & Concept & Consultancy & Local Dancing & Workshops, Assemblies \\
\hline
\textbf{Case 4} & Crisis, Outsourcing, Dismissals & Challenge & Consultancy, Training & Dancing Episode & Experts (selective) \\
\hline
\textbf{Case 5} & Outsourcing, Dismissals & Concept, Controlling & Consultancy, Training & Boxing & Experts (selective), Mobilisation Conflict \\
\hline
\textbf{Case 6} & Outsourcing, Concessions & Concept, Promotion & Training & Dancing & Information \\
\hline
\textbf{Case 7} & Crisis, Pressure Value Chain & Challenge, Companion, Controlling & Consultancy & Boxing & Workshops, Surveys \\
\hline
\textbf{Case 8} & Joint Modernisation Concept & Concept, Promotion & Consultancy & Dancing & Workshops, Surveys \\
\hline
\textbf{Case 9} & Relocation, Dismissals, Concessions & Concept, Controlling & Activation Resources & Boxing Episode & Experts (selective) \\
\hline
\textbf{Case 10} & Relocation, Dismissals, Crisis & Concept, Promotion & Consultancy; Activation Resources & Dancing & Experts (selective and not selective) \\
\hline
\textbf{Case 11} & Outsourcing, Concessions & Concept, Promotion & Activation Resources & Dancing & Experts and Survey \\
\hline
\textbf{Case 12} & Restructuring Company & Challenge, Companion & Consultancy & Dancing & Information \\
\hline
\textbf{Case 13} & Crisis, Relocation, Companions & No changes & Dancing led by & Information \\
\hline
\end{tabular}
First of all, the finding of the survey that “better not cheaper” is developed in a situation of defensive of the works councils is affirmed by the results of the case study analysis. In all the 16 cases except two of them management has threatened employment or labour standards or both by demanding outsourcing or relocation of production and by referring to a situation of crisis; whereby crisis mostly does not mean that companies, plants or departments have been in the red, but that they did not meet expected rates of return. Globalisation and financialisation go hand in hand as motives that are pushed by management to legitimise threats and demands.

How did the works councils react? The core and the common denominator of the “better” strategies in our sample is the fact that management strategies are challenged by the works councils. Of course, challenging management is nothing really new for works councils, because this is what they usually do in negotiations. But what is really new in the “better not cheaper” cases is that management strategies are challenged with respect to the economic effects they have. Works councils usually call into question negative social effects or negative effects for employment. But they rarely ask if management strategies are adequate to produce the economic results they are promising, and if there are other strategies with better results. The decisive point for works councils in this respect is not to have elaborated alternatives at hand. Some of the works councils we analysed had alternatives, some not. The decisive point is to call management strategies into question in the economic frame of reference of management. This is exactly why management cannot ignore these questions or call them ideological. And this is what makes works councils proactive in the sense that they try to have influence on management decisions from the beginning in order not to be confronted with the employment or social consequences of decisions only that cannot be changed any more.

An example for this practice is a company producing electronic household appliances (Case 4). Here management and works councils some years ago have agreed on a social-compensation plan which includes the outsourcing of a component production area. However, outsourcing proved to be difficult for the company because no other reliable suppliers could be found. In this situation the head of the works council has attended a workshop of the union on outsourcing and was informed that he could get external consultancy if he wanted to. This was the turning point for the works council to call into question the agreement made on outsourcing and to propose to examine the economic effects of alternatives.
Management agreed on constituting a work group composed of experts from different departments and led by scientific consultants paid by the union. Finally, the expert group agreed on the economic superiority of in-house production for most of the components in question. Today the component production is an important element of a new organised and quickly expanding business unit.

In other cases in our sample works councils went a step further by developing alternative strategies and negotiating them with management. One example is a company producing motors for automobiles (Case 9). In this case the works council was confronted with the demand of management to derogate from the collective bargaining agreement by extending working times without pay compensation. The works councils criticised management for having been too reluctant to invest and to innovate the products. This and not the question of personnel costs was the real problem the company was facing in the eyes of the works councils. As a consequence, the works councils of the different plants the company has in Germany came together and tried to develop a common strategy for the future of the company, thereby relying on analyses they have developed at their sites with the help of experts from different departments and different hierarchical layers. The concept called “offensive production strategy” then was negotiated with the company and the agreement made was that the collective bargaining norms will be respected, that no dismissals will take place and that investments will be made to modernise products and production technologies.

Both challenging management strategies and – even more so – developing alternatives required economic expertise by the works councils. “You have to know how to interpret the data given by management if you want to counter their demand not to pay the Christmas bonus”, one of the works councils said. To act in the frame of reference of management means to be able to reconstruct and assess the motives and strategies of management. “You have to understand the reasons why they do this and that. And this is the precondition for you to think about alternatives”, another works council said. For developing alternatives, two more dimensions of competencies are of importance. The first one is knowledge of the organisation. Works councils have to know how the organisation works if they want to confront management with alternative strategies of organising work or plants as a whole. Works councils normally have little problems in doing this because they are experts of the organisation; usually they know much better how the organisation works than the managers who rotate frequently and in many cases leave a plant again before they can get an impression how things are going on there. The second additional dimension is strategic competency in market and business developments like it was required by the works councils of the motor company who tried to make strategies for products and markets the company should focus on.

How can the works councils organise the competencies they need? In our case studies the works councils developed three strategies. The first one was to activate the competencies
the works councils already had for solving a special problem. This was what the works councils in the motor company did. The second strategy was to attend seminars on special problems to increase the knowledge that can be activated in the works councils, like the works council in the household appliances case. And the third strategy was to engage a union oriented consultant. This was the dominant solution in our sample. 11 of the 16 works councils we analysed have made use of the expertise of consultants, in most cases in combination with one of the other two strategies. However, the consultants were important in two respects: first, to interpret the data and figures presented by management and second, to develop alternative strategies and to show that in-house production can be as economic effective as outsourcing or off-shoring. At a component producer for trucks for example (Case 10) a consultant has been in the plant for ten full days, has analysed the departments separately and has made workshops and discussions with employees. On this information base he has developed a new organisational scheme for the plant building on integrated platforms of specialists instead of separated departments.

3.2 Labour relations
Consultancy was important for the works councils also in another respect: to improve the power positions they have vis-à-vis management. “The consultants helped us to be on par with management” was a statement many works councils made. Consultants were important in this respect for two reasons, first because of the high quality of alternatives the works councils were able to develop with the support of the consultancies, and second because of the high reputation the consultants have in the eyes of the management. In general it can be stated that the reputation of the works councils in labour relations with management was strengthened by proactive codetermination. There is no case in our sample where the works councils have been weaker at the end of the process than they had been at the beginning.

This has a lot to do with the more active role the works councils are playing in labour relations. To challenge management in its frame of reference also means to discover a new arena of policy that has been a prerogative of management in former times. This new level of activity of works councils can be grasped quite nice with terminology of boxing and dancing developed by Huzzard (2004). Boxing and dancing can be interpreted as two different forms of proactive codetermination, one following a dancing path with common projects based on trust relationships to management, the other following a boxing path fighting with management for alternative strategies. In both strategies, works councils are active players on the new playground of management strategies. One confinement of the typology has to be made: negotiating collective agreements between works councils and management in the German context cannot be assessed as a boxing practice like it is done by Huzzard because works councils are obliged to negotiate agreements by law. Therefore, pure dancing does not exist in the German context – or is at least extremely improbable. Negotiating agreements has to be regarded as a common practice in both forms of activation. Moreover, pure
dancing is improbable for another reason. A works council who is accepted by management as a dancing partner has to be a good boxer at least potentially. Otherwise he will not be regarded as an actor acting on par by management. So boxing and dancing are always somehow combined, and it is the interplay which has to be analysed in detail.

In our sample of cases dominant dancing strategies are more common than dominant boxing strategies. In 10 of the 16 cases works councils were dancing with management. In two of these cases, management took the leading part on the dance floor. In these cases the works councils agreed with management’s goals and just tried to improve management strategies with respect to the working conditions of the employees. In all the other plants, management and works councils defined the direction of dancing together. In a plant producing foam sealing for cars (Case 3), dancing was a local phenomena. Here management and works councils were forming a local coalition with the goal to preserve the plant and to safeguard jobs. The works council proposed innovations and tried to convince management of “better”-strategies. It was the works councils who had the dancing initiative. In other cases, like a producer of gear components (Case 6), the dancing process stagnated. In this situation management was kept on the dance floor by threatening it with boxing. As the works council said, “you have to show at least temporarily that you are willing to fight and that the employees are standing behind you; this is a precondition for talking together in a rational way.” At a plant producing energy systems (Case 5) the works council would have liked to dance, but he could not find partners on management side who were willing to dance with him. He has sent to management several offers to dance, but he did not get a reply, mainly because of the high speed of management rotation. So counter-analysis and the development of alternative strategies are used by the works council for improving his position in the boxing process of negotiating agreements. This works council said: “I think it is important for countervailing power to go into business details, to defend what you have, yes, but also to do more than this.”

The choice of strategies by the works councils depends mainly on the state of labour relations at the starting point of the “better”-process. If management and works councils have defined a common intersection of interests in a social partnership before, works councils used to choose the dancing option; and if no feeling of commonalities and trust relationships existed before, they usually opted for the boxing strategy. In two cases dancing options were chosen by the works councils that could not build on relations of social partnership; but dancing was just an episode without lasting effects. The works councils, among them the works council of the producer of electronic household appliances cited above (Case 4), opted for dancing because it was clear that boxing would not lead to any results, because a social-compensation plan had been agreed already and it would have made no sense to go into conflict about it; a revision of the agreement was only possible in an open-ended dancing process. Long-term changes between the models did not occur. But what did happen in most cases was that the respective models of labour relations were activated in the “better”-
process because the works councils started to play a more active – or better to say proactive – role.

3.3 Representation and legitimacy

Changes induced by “better not cheaper” were not limited to codetermination strategies of works councils and labour relations, they can also be observed in the relationship between works councils and employees. Rank-and-file participation is what is to analyse here. The traditional works council is an intermediary actor: He tries to develop strategies and to negotiate with management in a representative way, defining strategies for the employees and not with them and negotiating with management behind closed doors as a representative of a common employee interest. This was also the usual way to deal with participatory forms of work organisation like semi-autonomous teamwork. They exist in some of our cases. And in all of them, the works councils played a decisive role in promoting them in the organisation; but they did it in a representative manner, not taking rank-and-file participation into account.

In “better not cheaper”-processes this style of interest management by works councils did not work any longer. The main reason was that works councils and consultants became aware that the participation of employees as experts of work and organisation was indispensable for challenging management strategies and developing alternative strategies. This is why in many of our cases works councils and consultants – and mostly the consultants had the more active part in doing this – developed new forms of professional employee participation. Employees as experts participated in two ways, either in form of surveys among larger groups of employees mostly on several problems or in the form of selective participation of employees in smaller circles of experts to solve a problem in detail. Selective processes were mostly organised in forms of a workshop like at the producer of foam sealing (Case 3). Here the members of the works council, the consultant, construction engineers, a technician, an account manager and a worker tried to uncover potentials for rationalisation in a certain production area that was designated for outsourcing by management. The workshop was a complete success. Within a few hours the group was able to increase productivity in a way not believed by management in advance, and the area was not sourced out. The consultant said that “we, the consultants, cannot perform magic – but the employees can. The employees know a lot of things, in most cases they do not really know what they know and what they are able to do. This was a very good case to show what potentials the works councils are able to develop together with the employees.”

Moreover, if works councils and consultants have developed new modes of rank-and-file participation they felt themselves supported by a high legitimacy among the employees. This finding is confirmed by the few cases of our sample where works councils remained representative actors in the intermediary sense. At a producer of agricultural machines (Case 11) a new continuous shift-system was agreed between management and works council that was
developed without participation of employees and that was not liked by the employees. In the end, absent participation has led to critics and to a loss of legitimacy of the works council.

4 Better not cheaper and union revitalization

Works councils are strengthened in the course of “better not cheaper” by developing proactive forms of codetermination, by challenging management on its own playgrounds and by mobilising new professional support of consultants and, especially, of the employees via rank-and-file participation. But what about the union? Does the revitalisation of works councils also lead to a process of union renewal? And how are both developments linked together?

There is no simple answer on this question. First of all it is important two distinguish two dimensions of the “better not cheaper” campaign that are going along with two different forms of employee participation. One dimension of the campaign can be called the “fight against cheaper”. This is the dimension which is dominant in conflicts about derogations. As explicated above, in negotiations on derogations rank-and-file participation of union members is a common standard in the IG Metall today. Members can vote in meetings of members if negotiations should take place and if an agreement should be accepted or not, and they can vote about the composition of collective bargaining committees (and they can also take part in these committees). In this form of participation, members are participating as citizens of the plants, as employees, who can perform citizenship rights by being union members. The second dimension of “better not cheaper” is what can be called the “fight for better”. This fight usually goes hand in hand with employee participation in challenging management and developing alternative strategies. Here the employees are participating not in their role as citizens but in their role of experts of work and organisation.

Of course often both forms of participation go hand in hand. In the case of a producer of energy systems (Case 5), the works council was able to prevent the outsourcing of a department by presenting a counter-strategy in which he could demonstrate the strategic relevance of the department for the plant; and the counter-strategy was developed by experts from different departments, a consultant and the works council himself. Based on the counter strategy the works council was also able to mobilise the dominantly white-collar employees for a labour conflict and could make the union more attractive for the workers.

However, it makes sense to distinguish the two forms of participation analytically, because in many cases the relation between them is less direct and because both forms of participation have rather different effects on union renewal. What can be said for sure is that rank-and-file participation is the crucial factor for union renewal in the “better not cheaper”-campaign. But dependent on the form of participation the effects differ. Participation based on the fight against cheaper is much more effective for the union at least in the short run. To
be recognised as a citizen of the plant in conflicts about derogations by being or becoming a union member is obviously highly attractive and works as an incentive for employees to join the union. In this respect our findings are confirming the evidence of former research projects about derogations (Haipeter 2011b). An impressive example for membership recruitment in fighting against cheaper is the case of an automotive component supplier (Case 16). Here management wanted to negotiate a derogation from the collective bargaining agreement for the administration centre which is organised as an affiliated company. In this situation the responsible union official said that he will not negotiate an agreement for a company with a union density of 5%; only 50 of the around 1,000 employees have been union members at that time. This and the perspective to participate in the negotiations about the derogation provoked 200 employees to become union members. The union density increased to about 25% in the course of the conflict.

Of course we do not know how sustainable the membership gains are that the union is able to realise in conflicts about derogations from collective bargaining agreements. If the employees will stay in the union after the derogation is negotiated and the process of participation has come to an end is an open question. However, the probability that a union member keeps staying in the union is higher than the probability that new members can be organised; the organising effect for the union related to the fight against cheaper is definitely positive.

The fight for better does not offer similar membership gains. Here a strengthening of the union as a result of rank-and-file participation takes place – if at all – much more indirect and much more in a long-run perspective. A precondition for positive organising effects is that the works councils stress the fact in their plants that the development of “better”-strategies is an initiative also of the union. “Better not cheaper” has to be combined with a membership campaign. In the case of the producer of household appliances (Case 4) where participation took place in form of a workshop of employee experts to assess the former outsourcing decision made in the social plan, the works council did not draw an explicit line between these activities and the union campaign (although the consultancy by scientific experts in this case was financed by the union), and in the end no effects on the organisational power of the union could be observed. In the case of the producer of energy systems (Case 5) on the contrary, the works council made the role of the IG Metall explicit and tried to mobilise the workers for labour conflicts by saying that this is an industrial action organised by the IG Metall. As a result, some employees joined the union – although the union density has been rather high already with more than 80% of the blue collar and more than 40% of the white collar employees organised.

In all the other cases we analysed no density effects could be measured as a result of the fight for better. However, this does not mean that the fight for better cannot contribute to the renewal of union power in the plants. Two points are important in this respect. The first
point is to combine rank-and-file participation of workers as experts with a membership campaign, arguing that the development of “better”-strategies is based on the support and the initiative of the union and that the implementation of alternative strategies depends on the organisational power of the union in the plant. If the union is weak, management has little incentives to negotiate with the works council, because his strength is also based to a large extent on union power. The second point is also implied in the examples given above. To address the workers to participate as experts in the fight for better can be a new way to get access to the white collar workers that have been so difficult to organise for the union up to now. Fighting for better gives them a chance to bring in their expert knowledge, whether it is technical or commercial, for the development of alternative strategies, which means for a collective goal of the workers vis-à-vis management. Thereby collective orientations and the awareness of common interests with other workers can be strengthened in a group of employees that is usually regarded as being interested more in the success of the company and in individual careers (Kudera et al. 1983). In this respect, union membership could be the end of a process of reorientation that starts with being asked as an expert by a works council who tries to fight for “better”-strategies and who at the same time does not deny being a unionist.

5 Conclusion
Concluding the analysis I would like to stress four points. First, the “better not cheaper” campaign was rather effective in diffusing a practice of proactive codetermination of works councils that has existed before already in some archetype forms. Because of these archetypes and because of the defensive the union was confronted with the campaign was in the air. Two factors of success of diffusion can be named: on the one hand, the slogan of the campaign was easy and left room for interpretations so that it could be used in various ways against the employer offensive. And on the other hand, in the course of the organisational development of the campaign support and incentives for works councils to risk new ways of codetermination were created by the union.

Second, proactive codetermination is based on challenging management decisions in economic terms. Works councils are entering the frame of reference of management and discover a new arena of conflicts. Proactive codetermination requires economic, organisational and strategic competencies of the works councils, and the works councils have proven to be able to activate them on their own and – more important in the cases analysed – supported by the union and consultants. In this process works councils are able to strengthen their power position vis-à-vis management.

However, third, proactive codetermination goes hand in hand with a new relationship between works councils and employees. In the context of “better not cheaper” works councils have to integrate the employees as experts for developing challenges of management strategies and alternative strategies. The close relationship to the employees is the advan-
tage works councils have vis-à-vis management in the competition of strategies; and not using this advantage brings them into a precarious position to promote innovations that are not in line with the interests of the employees.

Fourth and finally, rank-and-file participation has proven to the base of union revitalisation for the IG metall. In this respect the fight against cheaper seems to be very effective. Conflicts about derogations that are combined with rank-and-file participation by voting about negotiations or about the acceptance of agreements are in many cases driving forces of membership recruitment. To be treated as a citizen of the plant by being a union member gives the employees a strong incentive to join the unions. The fight for better is a much less successful instrument of membership recruitment. However, by treating employees as experts of work and organisation new linkages can be established between the union and groups of workers like white collar employees who have not shown a high union orientation before. For these groups of workers building a union orientation is a long-term process; but “better not cheaper” seems to be a promising first step in this project. Therefore, the union should be patient and keep on walking on the new path of action it has developed.

A final note should be made on the changing forms of collective interest representation that can be observed in the “better not cheaper” practice of works councils and the union. The success of “better”-strategies is based on the fact that works councils and union do no longer operate in the traditional way of intermediate and corporate actors who define strategies and negotiate them from above. Rank-and-file participation of employees has become a crucial precondition both for the development of good alternatives to management strategies and for strengthening the legitimacy and the organisational power of the collective actors.

However, being less intermediary and less corporatist does not mean that union and works councils are at the same time less reliable as bargaining actors in the setting of social partnership because they are no longer able to incorporate the interests of the employers into the formation of collective interests. The reason is that the workers who become more important for defining collective interests have internalised these interests themselves, both in the form of safeguarding of jobs and in form of a willingness to contribute to the improvement of the economic performance of their plants if this at the same time serves their employee interests. In most cases, labour relations between works councils and management even have become more businesslike than before because in the course of “better not cheaper” conflicts take place in the frame of reference of management.

**Literature**


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