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## 6 Swiss trade unions and industrial relations after 1990

### A history of decline and renewal

*Daniel Oesch*<sup>1</sup>

For European observers, Switzerland's system of industrial relations was for a long time synonymous with stability. During the post-war decades and up to the end of the 1980s, neither Switzerland's trade union movement nor its liberal version of corporatism underwent any major changes. There was no 'Hot Autumn' of 1969 and ensuing surge in unionism as seen in Italy, no extension of workers' co-determination rights as in Germany in the 1970s and no winter of discontent 1979 and crackdown on union rights in the 1980s as witnessed in the UK. Once the system of collective bargaining had been put into place at the beginning of the 1950s, Swiss trade unions settled into their role as subordinate partners in decentralized and consensual industrial relations. Confronted with very cohesive and powerful employers' associations, they stuck to industrial peace and reaped the benefits of almost uninterrupted economic expansion. The growing labour market meant that unions were able to keep their membership figures stable without expanding into new sectors. Changes seemed all the less pressing, since the unions' economic influence was further backed by political power: Switzerland's consensus democracy provided the unions with a central role as intermediary in the making and implementing of social and labour market policy (Fluder and Hotz-Hart 1998; Degen 2006).

This stability came to an abrupt end in the 1990s, a decade that confronted trade unions with three major challenges. The first challenge arose from the unusually long recession of the early 1990s; in Switzerland, the cyclical slump dragged on from 1991 until 1996 and hit the manufacturing and construction sectors particularly hard. As a result, it also dealt a severe blow to membership in the traditional union strongholds. A second challenge was raised by the neoliberal turn in business organizations. At the height of the crisis, the employers' associations began to call for less labour market regulation and less binding collective bargaining. After decades of consensual industrial relations, this move by employers towards a more market-liberal position caught the trade unions off guard. Third, at the end of the 1990s, the trade unions were facing a new challenge posed by the imminent opening up of Switzerland's labour market to the EU. The resultant liberalization of labour migration threatened to undermine the unions' influence on wage setting.

These challenges – most notably declining membership and the calling into question of collective bargaining – put unions under pressure to initiate

revitalization efforts. After an extended period of disorientation, such efforts took place on three different fronts. First, Swiss unions responded to the harsher economic context by investing more resources in political action, using direct democratic instruments to block neoliberal reforms and hinder welfare state retrenchment. In parallel, they began to adopt new means of recruitment, targeting hitherto almost union-free private services, and resorted more frequently to industrial disputes. No longer the junior partner in the corporatist growth pact, they began to reposition themselves as an oppositional force. Finally, the European wave of union mergers also seized the Swiss labour movement, caught in its struggle against ongoing membership erosion. Starting in the mid-1990s and gaining pace after 2000, a series of union mergers led to a profound restructuring of organized labour in Switzerland. We argue that efforts on these three fronts have helped Swiss unions to consolidate their influence and to partly compensate their historical weakness in private services.

Our discussion is structured as follows. We begin with an overview of Switzerland's union structure and briefly portray the era of stable industrial relations up to the end of the 1980s. The next section then shows how the neoliberal turn and economic crisis of the early 1990s shook Swiss corporatism to its core, putting the unions on the defensive. In the subsequent three sections, we discuss union responses to the new challenges by first looking at the evolution of collective bargaining. We then discuss Swiss unions' adoption of new recruitment principles and how these innovations in collective action were accompanied both by stronger implantation in the service sector and by more frequent strikes. The last response discussed concerns the Swiss unions' internal restructuring process through union mergers. My contribution concludes with an outlook on the role of the trade unions in Switzerland's contemporary political economy.

### **Post-war stability in Switzerland's industrial relations**

In Switzerland, a consensus democracy holds together a multicultural society divided by cleavages of language, religion and class. The same pattern also applies to the union movement, which is fragmented and, at the same time, embedded in a highly cooperative system of industrial relations. Unlike in Austria or Germany, where the union structure was redrawn after the Second World War according to the principle of 'one company, one union', organized labour in Switzerland still reflects the cleavage structure of the beginning of the twentieth century (Ruf 1991: 39). It thus remains divided along religious and class lines. This leads to a mixture of cooperation and competition between the social-democratic and mainly blue-collar peak association SGB, its (formerly) Catholic blue-collar counterpart *Travail.Suisse* and several non-affiliated white-collar unions.

Table 6.1 provides an overview of Switzerland's union structure. It shows that the two rival peak associations are both dominated by a large multi-sector union resulting from recent mergers: *Unia* within SGB, *Syna* within *Travail.Suisse*. Organized labour is fragmented and decentralized. Fragmentation is

illustrated by the fact that the largest peak association SGB comprises only 49 per cent of all union members in Switzerland, to which *Travail.Suisse* adds another 21 per cent. Moreover, unlike ÖGB in Austria or CGIL, CISL and UIL in Italy, the two peak associations SGB and *Travail.Suisse* possess only limited authority over their member unions (16 unions within SGB, 12 within *Travail.Suisse*). In Switzerland, power lies mainly with the individual unions: they are the ones to collect member fees, organize wage bargaining and sign collective agreements. This is reflected in the resources the different organizations have at their disposal: the largest peak association SGB thus employs fewer than 25 people, its largest affiliated union *Unia* more than 900.

Unions have traditionally been the junior partner in Switzerland's corporatist arrangement, where employers exchange the collective regulation of minimum working standards for labour peace and a climate of cooperation. The power asymmetry between capital and labour is particularly marked in Switzerland: even in the heyday of industrialism, union membership was limited to a third of the workforce, and the left's political support has never exceeded a third of the national electorate. Thus, union fragmentation stands in stark contrast with the high level of cohesion achieved by employers' organizations (Kriesi 2006; see also Eichenberger and Mach in this volume).

Several reasons have been cited in an attempt to explain this structural weakness of the labour movement. In Switzerland's culturally fragmented society, the strong salience of religious and linguistic identities hampered the political articulation of the nascent class conflict from the outset. At the same time, Switzerland's decentralized pattern of industrialization – based on hydropower instead of coal as an energy source and hence developing alongside watercourses – delayed the emergence of an *urban* working class. Unlike in Austria, the UK or Germany, many industrial workers, notably in the textiles industry, remained in rural labour markets until well into the twentieth century, which helped to keep older political loyalties intact (Gruner 1988: 54). Moreover, from the late nineteenth century until today, Switzerland's working class has been internally divided not only by linguistic and religious conflicts, but also by the existence of a large migrant – primarily Italian – underclass. Finally, unlike in Scandinavia, Switzerland's labour movement failed to win the peasantry as a political ally. Since the early twentieth century, farmers and industrialists have joined forces in an unusually solid national-capitalist bloc, thus effectively isolating the left (Gruner 1988: 1,408).

In sum, the balance of power is not tipped in favour of the unions. Even today, corporatism is actively promoted by the federal government: faced with multiple lines of social conflict and weakened by the federal division of power, it invests strongly in interest accommodation through institutionalized exchange with both employers and unions. While Switzerland's liberal version of corporatism has never relied on Keynesian demand management (see Armingeon in this volume), organized capital and labour are integrated into the development and implementation of social and employment policy (Mach 2006). The unions' position in corporatist policy making is to some extent secured by Switzerland's

Table 6.1 Peak associations and their largest affiliated unions in 2008

	SGB		Travail.Suisse		Unaffiliated	
Members	368,400		161,200		222,500	
Affiliated unions	<i>Unia</i>	SEV	<i>Syna</i>	<i>Angestellte Schweiz</i>	SKV	LCH
Sector	Industry, construction, services	Public transport	Public sector	White-collar engineering, pharmaceuticals	Commercial employees	Primary school teachers
Members	196,000	47,100	35,000	21,400	54,200	49,800

Source: Ackermann (2009).

direct democratic institutions: by enabling large interest groups to call a referendum on laws they oppose, they give unions a substantial veto power (Armingeon 1997; Fischer 2003).

The solid integration of the Swiss unions into the political sphere stands in contrast with their lack of embeddedness at the company level. Unlike in Germany, a close-knit system of influential works councils has not come into being. It was not until 1993 that the parliament, in an effort to harmonize Swiss law with European legislation, adopted a new employee participation act, which institutionalizes information and consultation rights for works councils in companies with more than 50 employees. The demand to establish such a council must be supported, however, by a majority of a firm's employees, and its legal powers go beyond information rights only in the event of mass redundancies. Works councils thus play a subordinate role in Swiss industrial relations, with the possible exception of the engineering and chemical industries and a series of large companies in other sectors (notably banking and insurance), where collective agreements afford them more significant competence, notably wage bargaining rights. However, elections to works councils have much less bearing on union influence and union finances than in France, Italy or Spain. In Switzerland, unions depend for their resources primarily on member dues and additionally on solidarity contributions from collective agreements (fees raised by employers on non-unionized workers' wages). The state neither directly nor indirectly subsidizes the union system.

At the end of the 1980s, Switzerland had a reputation as a haven of social peace. The long period of economic expansion, a stable system of sectoral collective bargaining and the integration of the unions in corporatist policy making led to a particularly consensual and cooperative culture of industrial relations – to 'social partnership' to use the Swiss jargon. Accordingly, during the 1970s, 1980s and 1990s, the number of working days lost through strikes per 1,000 employees was lower in Switzerland than in any other West European country (see Table 6.2). This had not always been the case: in the years preceding the First World War, capital and labour had been opposed in bitter antagonism, and between 1904 and 1913 incidence of strikes in Switzerland was almost as high as in Germany and higher than in France (Hirter 1988: 855). Industrial conflict reached a peak in 1918 in an almost countrywide general strike. The signature of a series of sectoral agreements, notably of the so-called 'peace agreement' in the machine industry 1937, reduced disputes in the interwar period. However, Swiss industrial relations were not pacified until the end of the 1940s, after unions gained the right in an extended wave of strikes to set up numerous collective agreements. Between 1945 and 1950, bargaining coverage was thus extended from about a quarter to half of all wage earners (Degen 2006: 216–17; Rieger 2009: 103–4). This structure, based mainly on sectoral collective agreements, remained in place almost unchanged until the beginning of the 1990s.

With a collective bargaining system that covers only half of the workforce, in international comparisons Switzerland ranks among the most market-liberal systems such as the UK or the United States: at the opposite end of the scale are

Table 6.2 Union density (in per cent), bargaining coverage (in per cent) and strike incidence (workdays lost per 1,000 employees)

		1970	1980	1990	2000
Austria	Density	63	57	47	37
	Coverage	–	98	98	98
	Strike	11	1	4	100
Belgium	Density	42	54	54	56
	Coverage	–	95	95	95
	Strike	275	–	34	42
France	Density	22	18	10	8
	Coverage	–	85	92	95
	Strike	286	119	77	103
Germany	Density	32	35	31	25
	Coverage	–	70+	60+	60+
	Strike	52	27	11	4
Italy	Density	37	50	39	35
	Coverage	–	80+	80+	80+
	Strike	1,511	623	158	140
Netherlands	Density	37	35	24	23
	Coverage	–	85	82	86
	Strike	40	15	22	14
Sweden	Density	68	78	81	79
	Coverage	–	80+	83	92
	Strike	46	182	50	42
Switzerland	Density	29	31	24	20
	Coverage	–	50+	50+	45+
	Strike	2	0	2	4
United Kingdom	Density	45	51	39	30
	Coverage	–	71	47	35
	Strike	569	334	29	29
United States	Density	24	20	16	13
	Coverage	–	26	18	14
	Strike	507	123	40	52

Sources: union density, Visser (2006: 45); bargaining coverage, Visser (2007); strike incidence: Addison *et al.* (2007: 6).

Note

Strike incidence is the yearly average over a decade (1970–9, 1980–9, 1990–9, 2000–3).

other small export-oriented European countries such as Austria, Belgium or Sweden with coverage rates of 80 per cent and higher (see Table 6.2). However, in combination with full employment and the strict regulation of labour migration, collective bargaining nonetheless provided a safety net for Switzerland's low-wage sector and thus moderated earnings inequalities.<sup>2</sup>

In the post-war decades, it was not only collective bargaining that was marked by stability, but also union membership (see Figure 6.1). At the beginning of the

1960s, the largest confederation SGB counted about the same number of members as at the end of the 1980s (445,000). Membership had peaked after the oil crisis in 1976: in the absence of a state-run unemployment insurance scheme and with unemployment rates rising, workers joined unions in great numbers in order to gain access to an unemployment scheme (Ruf 1991: 48). These gains were, however, transitory and membership stagnated during the 1980s. Since this stagnation took place in the context of a strongly expanding labour market, union density (the number of unionized workers as a percentage of all workers) fell from about 31 per cent in 1980 to about 24 per cent in 1990 (Oesch 2008: 27). For Switzerland's trade union movement, however, the wake-up call only came with the sharp decline in membership in the early 1990s.

Internationally, Switzerland today ranks in the bottom third in terms of union density, which is much higher in Austria, Belgium and, above all, the Scandinavian countries, similar in Germany and the Netherlands, but lower in France and the US (see Table 6.2).

### Trade unions in the crisis of the 1990s

For Swiss unions, the recession of the early 1990s marked the beginning of a troubled period. Starting in 1991, Switzerland's economy spent six years in a row with GDP growth rates below 1 per cent. This unusually long recession went hand in hand with fundamental economic restructuring and resulted in an increase in the level of unemployment from below 1 per cent in 1990 to over 5 per cent in 1997 – levels unknown in Switzerland since the 1930s. Job losses were particularly large in those sectors in which the Swiss unions had traditionally been strong: the machine industry and construction. The export-oriented

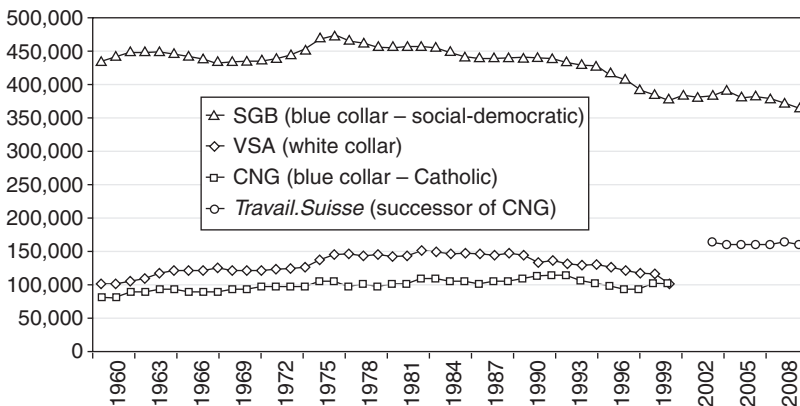


Figure 6.1 Evolution of membership in Switzerland's peak associations, 1970–2008 (source: Swiss Federal Office of Statistics).

#### Note

Travail.Suisse is a result of the merger in 2002 between the Catholic peak association CNG with several unions of the then-dissolved white-collar peak association VSA.

machine industry had been hit very hard by the slump in world demand, a slump aggravated further by high interest rates (1990–2) and a swift appreciation in the value of the Swiss Franc (1994–6). Similarly, the sheltered construction industry underwent drastic downsizing after Switzerland's real estate bubble burst at the beginning of the 1990s. As a result, both the building and machine industries lost one in four jobs during the recession.

The construction and machine industries were the key sectors for the then two largest unions (which were later to merge into *Unia*): the construction workers' union GBH/GBI and the metal workers' union SMUV. The first lost 30 per cent, the second 17 per cent of its members between 1992 and 2000. While job losses were less severe in other sectors, the great majority of unions struggled with declining membership. Hence, over the same period, membership fell by 13 per cent in the public-sector union VPOD and 11 per cent in the public transport union SEV. At the level of the two peak associations SGB and *Travail.Suisse*, membership decreased by 14 and 10 per cent respectively between the beginning and the end of the 1990s. While this drop was less dramatic than in Germany (–33 per cent) and the UK (–23 per cent) over the same decade, it stands in stark contrast with the situation in other small countries such as Belgium, Denmark, the Netherlands or Norway, where the number of union members remained stable during the 1990s (Visser 2006: 43–4).

In the 1990s, the failure of the Swiss unions to organize the private service sector and to establish themselves among white-collar employees came back to haunt them with a vengeance. In effect, the unions did not recover their membership losses even after the labour market began to expand again after 1997. Although the recession had accelerated the decline, the main reasons for membership loss were structural: technological change (notably automation), educational expansion, service sector growth and occupational upgrading were all biased against Swiss unions' traditional clientele of male manual manufacturing workers (Oesch 2006: 169). Accordingly, membership continued to fall and union density declined from about 24 per cent in 1990 to about 20 per cent in 2000, before stabilizing at around 19 per cent in 2008 (own calculations based on information provided by the Swiss Federal Office of Statistics).<sup>3</sup>

The long period of economic stagnation in the 1990s prompted a second challenge for the unions. In the midst of a stubborn recession, business representatives began to question the 'cumbersome' institutions of corporatism and insisted on the 'co-ordinated elimination of excessive regulation' (Mach 2006: 276). The exponents of large, export-oriented firms in particular argued that their capacity to rapidly adjust to competitive pressures was curtailed by collective bargaining. Employers' associations relayed this pressure in the different sectors by pushing for less constricting agreements and greater decentralization of wage setting.

By and large, the employers' initiatives were successful. The first victim of deregulation was the cost-of-living clauses which had been gradually included in most collective agreements over the 1970s. Between 1992 and 1996, the clauses linking wage adjustment to inflation disappeared, despite union resistance, from virtually all major sectoral agreements. In parallel, firms succeeded in increasing

their flexibility by shifting bargaining over working time from (constraining) weekly working hours to (more flexible) annualized time schemes (Mach and Oesch 2003: 167–8). The most important change in Swiss industrial relations, however, concerned the *decentralization* of collective bargaining: over the second half of the 1990s, wage bargaining was shifted from the sectoral to the company level in key industries such as banking and the chemical and printing industries. In these sectors, yearly wage rounds no longer take place between employers' associations and trade unions for the entire industry, but between management and works councils within single firms. Given the weak legal position of works councils, the move towards decentralization increased employers' discretionary power in wage setting, led to stronger individualization of their wage policy and was strongly resented by unions (Mach and Oesch 2003: 166; Rieger 2009: 108–9). After four decades during which Switzerland's system of industrial relations had remained largely unchanged – all the while setting down the incremental improvement of working conditions – the early 1990s brought about a significant dismantling of procedures and benefits.

In this context of a recession-ridden labour market and disrupted social partnership, a third challenge to Switzerland's labour movement surfaced: free movement of persons between Switzerland and the EU. Unlike problems linked with the long economic crisis and dislocated collective bargaining, the transition towards a liberal migration regime did not originate in domestic politics, but was a by-product of Switzerland's increasing integration into the Common Market. For Switzerland it meant the opening of its hitherto highly bureaucratic immigration regime and hence a significant change to its employment policy. Throughout the twentieth century, Switzerland had imported foreign workers in great numbers. While alleviating labour shortages, immigration also enabled the government to constantly adjust labour supply to cyclical upswings and downturns through the more or less restrictive use of quotas and work permits (Flückiger 1998: 384–5). Accordingly, annual net migration (immigration minus emigration) could oscillate between –66,900 at the height of the oil crisis in 1975 and +57,100 at the very end of the economic boom in 1990. Moreover, in Switzerland's migratory regime, resident workers were always assured preference, since firms were authorized to employ foreign workers only if no residents had been willing to take up the job and working conditions were in line with local customs.

The imminent introduction of free movement of persons would put an end to this protectionist migration system and hence abolish an important safeguard of working conditions in the Swiss labour market. This left unions facing a dilemma: on the basis of their pro-European stance and their universalist position towards the defence of *all* workers' rights, they had to welcome the abolition of a restrictive migratory regime. Based on their interest in limiting competition over jobs and enhancing their bargaining position through a tight labour market, however, they had to oppose the liberalization of labour migration. This seemed all the more urgent as wage differentials between Switzerland and the neighbouring countries were still substantial. Unions finally responded

by making their support of the opening conditional on the parallel political strengthening of workers' rights (see below).

In sum, the end of full employment, the disruption of consensual collective bargaining and the opening of the labour market towards Europe put an end to industrial relations as unions had known them for decades. Clearly, they needed to come up with new solutions.

### **Efforts to strengthen political influence and collective bargaining**

The unions were taken by surprise by the new – and more difficult – external configuration of the 1990s. In spite of that, since they continued to be solidly implanted in Switzerland's corporatist system and – through their close link with the Social Democratic Party – still carried considerable political weight, they muddled through and hoped for better times. It was only in the second half of the 1990s that their continuous loss of members and influence on the industry – and, more importantly, on the company-level – made a strategic reorientation inevitable. This reorientation involved three distinct responses: (a) the strengthening of their role as political actors, (b) the adoption of new organizational strategies and a stronger focus on their strike capacity and (c) the concentration of resources through mergers. These responses shall each be discussed in turn below.

In the 1990s, as the unions' relationship with employers were becoming increasingly tense all over Europe, unions everywhere intensified their efforts to gain external support and to relaunch themselves as political actors (Baccaro *et al.* 2003: 119–20). Weakened in their role as the social partner in industrial relations, Swiss unions invested in the same strategy by turning to the legislative process and, above all, direct democratic instruments (Trampusch 2008: 70). Unions thus launched a series of referenda and succeeded in blocking projects aimed at making labour law more flexible (1996), reducing unemployment benefits (1997), liberalizing the electricity market (2002) and retrenching pension rights (2004 and 2010) (Kriesi and Trechsel 2008: 109). Through these victories in referendum votes, the unions forced the parliament to develop more labour-friendly proposals. In parallel, they established themselves as Switzerland's primary economic oppositional force. This represented a break with the past: Swiss unions had not launched a single referendum during the zenith of corporatism from 1950 to 1970 (Degen 2006: 246).

However, it was not in popular votes, but in the legislative arena that unions made the greatest headway. In 1999, they made their support for the bilateral treaty with the EU – and thus, *inter alia*, the introduction of free movement of persons – dependent on the adoption of compensatory domestic measures. Both the government and the business community were strongly in favour of a treaty designed to stabilize relations with the EU. Faced with opposition from the national-conservative camp, however, they needed the unions' support to win the referendum. This gave unions the leverage to impose the so-called 'flanking measures', which brought about a re-regulation of labour law and a political

strengthening of collective bargaining (Fischer 2003; Afonso 2010; Maggetti *et al.* in this volume). Less than a decade after prominent business representatives had declared collective agreements a model of the past, employers' associations had to accept the reinforcement of collectively agreed minimum wages, the facilitation of extension clauses and the hiring of works inspectors. These 'flanking measures' were to be overseen by tripartite labour commissions, set up on the national level and in the cantons in order to supervise the evolution of wages once free movement of persons had been introduced.

It was thanks *inter alia* to these measures that the unions were able to turn the tide in collective bargaining. After almost a decade of decreasing bargaining coverage, the number of wage earners covered by an agreement started to rise again in 1999. From the pre-crisis level of 1,400 million covered employees in 1991, coverage gradually dropped to 1,214 million in 1996, before rising again in 1999 (1,269 million) and increasing to 1,414 million in 2003. In 2007, an all-time high of 1,682 million employees were covered by a collective agreement. This corresponds to a coverage rate of about 50 per cent and signifies that about half of Swiss wage earners are subject to union-negotiated conditions of employment (Oesch 2007: 346). While Switzerland's coverage rate is low by international comparison (see Table 6.2 above), there has not been any erosion of collective bargaining as seen in the UK during the Conservative reign – when coverage fell from over 70 per cent in 1979 to less than 45 per cent in 1997 – or in Germany during the second half of the 1990s – when coverage dropped from 70 to 60 per cent (Visser 2007).

Collective bargaining expanded substantially *despite* the declining importance of the two flagship agreements of Swiss industrial relations: those of the machine and construction industries. Where, then, did growth in bargaining coverage take place? Three principal sources can be distinguished. First, the imminent introduction of free movement of persons led Swiss authorities to ease union fears about wage dumping by more frequently declaring minimum wages in collective agreements compulsory for all firms in a given sector. These measures were supported not only by the unions, but also by business representatives from sheltered sectors, notably from the construction industry. These latter realized that compulsory minimum wages would make it more difficult for European firms to compete for service contracts in Switzerland by posting workers and benefiting from lower payrolls. Thus, the *administrative extension* of existing agreements to entire sectors significantly increased in importance between 1995 (when it concerned only 14 agreements covering 320,000 employees) and 2007 (when 68 agreements covering 590,000 employees had been extended).

European integration and the more active use of extension clauses are not the only factors explaining the turnaround in bargaining coverage. A second determinant is the spread of collective agreements in formerly public utilities. With the abolition of civil servants' special legal status in 2001, collective bargaining found its way first into Switzerland's large infrastructure companies in postal services (Post), railways (SBB) and telecommunications (Swisscom). Shortly thereafter, an increasing number of (semi-)public establishments in public

transport, health care and social services followed suit. Accordingly, wage increases and working time of bus drivers, nurses, kindergarten teachers and social workers are increasingly determined in negotiations with unions. Finally, a third determinant of growing bargaining coverage is linked to the renewal in unions' recruitment strategy in private services. Starting in the mid-1990s, an intensification of efforts led to the expansion of collective agreements in low-skilled services such as cleaning, private security and retail trade. These efforts are discussed in the following section.

### **New union strategies of organizing in private services**

In the 1960s, Stinchcombe (1965) already noted that trade unions continued to bear the 'social imprint' of the employment structure and organizational model of the time of their foundation. For Switzerland's union movement, this observation still applied in the 1990s: membership was heavily dominated by production and maintenance workers in manufacturing, construction and public utilities, whereas women, workers in private services and white-collar employees constituted a negligible minority. In the early 1990s, large-scale de-industrialization and the crisis in construction had crudely exposed how narrow Swiss unions' membership basis had become. In addition to their fragmentary organization in private services, unions were also confronted with the slow breakdown of their traditional recruitment strategy in manufacturing, notably in the machine industry: in this key sector, they had – comparable to unions in Germany (Windolf and Haas 1989: 155) – traditionally depended on works councillors to recruit new members. In the wake of production automation and educational upgrading, however, seats on works councils were increasingly taken by white-collar employees who showed less allegiance to unions. Thus, this recruitment channel began to dry out. As a consequence, union strongholds were reduced in the 1990s to construction and related crafts, watchmaking, a few large firms in the printing and machine industries, and the public utilities in the railways, post, telecommunications and public transport.

Clearly, labour market evolution was biased against unions' constituencies. With their backs to the wall, Swiss unionism's most far-reaching reaction came from the two largest organizations at that time, GBI (construction) and SMUV (machines and watchmaking) who joined forces in 1996 to co-found the union start-up *unia*, with the aim of organizing workers in private services, notably in the retail trade, hotels and restaurants. This enterprise was successful; in the eight years between its foundation and its merger with three other unions into *Unia*, it led to 20,000 new union members and paved the way for its successor organization to make further membership gains in private services (Oesch 2008: 32).

Almost as significant as the gains in membership were the new forms of collective action, first tested in the start-up project *unia*. Since *unia* could not count on a strong membership base in private services, its strategy was to move industrial relations beyond the company level and transform it into a community

issue. An example was the successful low-wage campaign (1998–2004): primarily targeting low-paid migrant and female workers in supermarkets, restaurants and hotels, it employed elements of the American *organizing* approach to put firms under pressure by mobilizing public opinion and consumers against unfair working conditions – the principle of naming and shaming. The result was a strengthening of sectoral minimum wages and collective bargaining in these low-pay sectors (Oesch and Rieger 2006: 279). This campaign revealed the two different logics of action inherent in the organizing model: while it places a great deal of emphasis on rank-and-file worker mobilization and media coverage, it depends to a large degree on *professional organizers* to bring in the harvest and affiliate new members (Baccaro *et al.* 2003: 123). Accordingly, the union apparatus became far more important for *unia*'s recruitment in the private services than it used to be in manufacturing firms with union-friendly works councils or in public utilities with strong union stewards.

The new focus on organizing went hand in hand with a reorientation of unions' approach towards industrial conflict. The deregulation strategy launched by business organizations in the early 1990s had caught the unions totally unprepared. After several decades of consensual social partnership, they had lost their capacity to organize strikes and impose their interests away from the negotiating table. The advent of a new generation of union leaders, notably in GBI 1992 (Vasco Pedrina), *Unia* 1996 (Andreas Rieger) and SGB 1998 (Paul Rechsteiner), slowly changed this situation. These academically trained unionists had been socialized in the movements of the New Left and viewed the corporatist legacy of their social-democratic predecessors with scepticism. They came to power during the recession with a programme to transform outdated 'economic boom unionism' into 'unionism in times of crisis' (Oesch 2007: 342). As a consequence, the rehabilitation of strikes became a priority within GBI, *Unia* and the peak association SGB, and industrial conflict re-entered Swiss unions' repertoire of action alongside rank-and-file mobilization and media campaigns. The most spectacular conflict took place in the construction industry, where a nationwide strike in 2002 forced employers to concede early retirement entitlement to construction workers, allowing them to retire at the age of 60 (instead of 65) at 80 per cent of their last salary. In the following years, several smaller industries related to the construction industry followed suit, introducing similar regulations in their agreements. From a union point of view, these early retirement clauses in physically trying sectors are the decade's most significant breakthrough in collective bargaining.

The increase in industrial conflicts is clearly visible from the data on the changes in workdays lost due to strikes (see Figure 6.2). In the 1980s, an annual average of 0.4 workdays per 1,000 employees was lost – a value that gradually increased to 1.4 in the 1990s and to 2.9 in the 2000s. However, a comparison over time shows that this rise in the incidence of strike action does not signify the demise of an industrial relations system based on consensus and cooperation. Before Switzerland's system of collective bargaining was established at the end of the 1940s, the number of workdays lost per 1,000 employees stood at a much

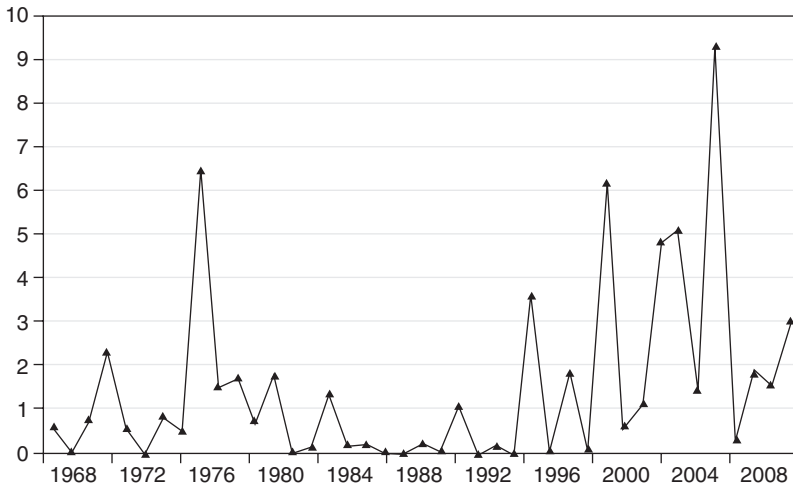


Figure 6.2 Workdays lost in strikes (days per 1,000 employees), 1968–2008 (sources: Federal Office of Statistics; Oesch 2007: 343).

higher level than today: at an annual average of 81 days in the 1910s, 37 in the 1920s, 21 in the 1930s and five in the 1940s. Likewise, a look at international strike data show that Switzerland's bargaining system is still among the most consensual (see Table 6.2 above). With the exception of Japan and possibly Austria and Germany in some years, strikes are still of much greater economic relevance in all other major European countries than in Switzerland. Hence, between 2000 and 2003, strikes led to many more workdays lost per 1,000 employees in the UK (29), Sweden (42) or France (103) than in Switzerland (four) (Addison *et al.* 2007: 6). In other words, the increase in the number of strikes shown in Figure 6.2 does not indicate a radical change in Swiss industrial relations. Rather, it underlines how unusually consensual the decade of the 1980s was in the economic history of Switzerland (and Western Europe).

### The process of trade union mergers

A treatment of unions' revitalization strategies would be incomplete without a discussion of the merger process that seized Switzerland's labour movement in the 1990s and led to a profound re-engineering of its structure. In the last 15 years, union mergers have been high on the union agenda all over Western Europe, particularly so in the UK, Denmark, Germany, the Netherlands and Sweden (Waddington 2006). Confronted with falling membership numbers, unions decided to cut personnel costs and overheads, to reduce inter-union competition, to respond to members' job mobility and to increase organizational efficiency. Swiss unions were no exception. The waltz of mergers was initiated in 1992 by the fusion of the large construction workers' union GBH with the smaller industrial workers' union GTCP. This merger unbalanced Switzerland's

union structure, creating a configuration within the large peak association SGB in which the two dominant unions, GBI and SMUV, were active in recruitment areas that increasingly overlapped (in textiles, the chemical industry and diverse craft occupations). However, instead of heightened competition, the new situation led to stronger collaboration; the neoliberal turn in employers' associations had brought the traditionally left-wing socialist GBI and the right-wing social-democratic SMUV closer together. Cooperation began in 1996 with the joint establishment of the union start-up mentioned earlier, *unia*, in the private services. In a process that took almost ten years, this led the two unions to merge all their activities – as well as those of three smaller unions – in 2005 (Oesch 2008: 32–3). The result was the creation of *Unia*, a conglomerate union based on a matrix organization with 14 regions and four economic sectors (construction, crafts, manufacturing, private services). As a typical blue-collar union, *Unia*'s implantation is particularly strong among foreign workers, who account for half of its membership.

In the shadow of this mega-fusion, a series of smaller union mergers took place (see overview in Table 6.3). Most relevant was the one leading in 1998 to the creation of the multi-sector blue-collar union *Syna*, the Catholic equivalent of *Unia*. This merger illustrates that Switzerland's union structure was redrawn along the historical cleavages: mergers took place within – but not across – peak associations. As a result, both confederations are dominated by a large private-sector (*Unia* and *Syna*) and several smaller public-sector unions (SEV, GeKo and VPOD within SGB, *transfair* within *Travail.Suisse*). This persistence of old division lines means that in most sectors, there is ongoing competition between unions for the representation of workers' interests. In the machine industry, *Unia* thus bargains alongside *Syna* (the Catholic blue-collar union) and *Angestellte Schweiz* (the white-collar union).

Although mergers have reduced the number of unions originally affiliated to SGB from 16 in 1990 to eight in 2008, the process of restructuring is probably not yet finished for Switzerland's organized labour, in particular for fragmented public-sector unions. Even so, the redrawn union structure, notably the two multi-sector unions, poses serious challenges for the peak associations. Hence in 2008, *Unia* alone accounted for 53 per cent of total membership in SGB, whereas *Syna* was responsible for 40 per cent of membership in *Travail.Suisse*. These are high proportions in international comparison: in Germany, the two largest unions, *IG Metall* and *ver.di*, account for 36 and 34 per cent respectively of DGB's membership, whereas Unite and Unison contribute about 30 and 21 per cent to membership in the UK's TUC.

Thus, the challenge faced by Switzerland's peak associations is all too obvious: conglomerate unions – often the result of recent mergers – tend to become large enough to act alone as the interlocutor of government and business associations (Streeck and Visser 1997). SGB responded to this concentration by launching an offensive to integrate hitherto unaffiliated white-collar unions, notably in public administration and banking. Under the influence of heightened distributional tensions resulting from the recession and employers' neoliberal

Table 6.3 Major union mergers in Switzerland, 1990–2008

Year	New union	Unions involved in merger	Members at time of merger	Members 2008
<i>Within SGB (blue-collar social-democratic peak association)</i>				
1992	GBI	GBH (construction, timber) GTCP (chemicals, textiles and paper)	129,300	91,000*
1999	<i>Gewerkschaft Kommunikation</i>	Five unions in post and telecommunications (PTT Union, VSPB, VSTTB, SPV, PVB)	42,300	34,800
2005	<i>Unia</i>	GBI (construction, timber, chemicals) SMUV (machine, watchmaking, crafts) VHTL (retail sale, food industry, trucking) <i>unia</i> (retail sale, tourism) Actions (commercial employees)	203,000	196,000
<i>Within CNG (blue-collar Catholic peak association)</i>				
1998	<i>Syna</i>	CHB (construction, timber) CMV (manufacturing) LFSA (multi-sector) SGG (printing industry) VCHP (public administration)	80,400	64,100
<i>Within Travail.Suisse (successor organization of CNG)</i>				
2006	<i>Angestellte Schweiz</i>	VSAM (white-collar, machine industry) VSAC (white-collar, chemical industry)	23,200	21,400

Notes

\* 2003.

Smaller mergers gave rise to *comedia* (printing and media) in 1999, to *transfair* (federal employees) in 2000 and to *garanTo* (customs officials) in 2001. The Catholic peak association CNG merged in 2002 with several white-collar unions to form *Travail.Suisse*.

turn, these traditionally moderate white-collar unions shifted towards the political left. As a consequence, nine additional unions, representing mainly white-collar employees and counting 45,000 members, joined SGB between 1998 and 2009. Combined with *Unia*'s renewal efforts, these new affiliations enabled SGB to partially make up its long-standing deficit among women. After a decade of stagnation, SGB's female membership thus began to rise in the 1990s, increasing from 56,000 in 1990 to 80,000 in 2000 and reaching 101,000 in 2009 (SGB-Newsletter 4/2010).

In the field of organizational consolidation, SGB's Catholic concurrent CNG went a step further and merged with several white-collar unions in 2002 to form the new peak association *Travail.Suisse*. What was at stake in the initiatives of both SGB and *Travail.Suisse* was the tentative attempt to bring white-collar unions into the realm of the two (historically) blue-collar federations. The various mergers thus result in a situation where one-fifth of Switzerland's *white-collar* unions are organized in SGB (notably bankers and federal public servants), another fifth in *Travail.Suisse* (notably employees in the machine and chemical industries), whereas the highly coveted rest remains, for the moment, unaffiliated (in particular teachers, policemen and nurses).

While support for union restructuring by mergers is widespread among European trade union officials, external observers are more pessimistic as to their benefits. Baccaro and colleagues (2003: 125) argue with respect to Germany that union mergers have primarily been defensive, and contrast them with the revitalization efforts made in organizing by American unions. Similarly, Waddington (2006: 631) argues that mergers risk inhibiting renewal policies as attention is directed towards internal structural change at the expense of energies spent on revitalization. *Syna*'s post-merger experience seems to confirm the academics' scepticism, as it closely mirrors the inconclusive result of the huge German union, *ver.di*: between 1998 and 2008, *Syna*'s membership declined by 20 per cent – a value comparable to *ver.di*'s membership loss of 22 per cent since its merger in 2001. In contrast, *Unia* has been able, thus far, to limit membership decline to a modest 4 per cent between 2004 and 2009.

## Conclusion

After decades of stability, Switzerland's union movement entered a phase of turbulence in the early 1990s: its status as junior partner in the corporatist growth pact was challenged by the economic crisis, the neoliberal turn in business organizations and an abrupt decline in union membership. Switzerland's informal system of wage regulation, based on the combination of full employment, collective agreements and restrictive immigration, thus came under pressure: the recession of the 1990s led to high levels of unemployment, firms pushed for the decentralization of wage bargaining and the bilateral agreements with the EU brought about a liberalization of the migratory regime. Interestingly, it was this latter element – the free movement of persons – that stabilized collective bargaining: by creating a divide within the political right, European integration

forced employers to collaborate with unions in order to obtain sufficient political support. Business organizations thus traded a strengthening of tripartite labour market institutions against better access to the European market. As a result, the external liberalization of migration went hand in hand with domestic re-regulation of employment policy, reflected in increasing bargaining coverage and the growing importance of union-negotiated minimum wages.

However, if Swiss unions have – at least partly – overcome adversity, this is due neither to European integration nor to direct-democratic veto points, but to their internal renewal strategies. European integration provided unions with political leverage only once they had decided in the mid-1990s to break with their traditional pro-European positions – at the risk of alienating their strongly pro-European social-democratic partner – and make their support conditional on side-payments from employers. Likewise, while direct-democratic institutions provide unions with the opportunity to block unpopular reforms, the collection of signatures and the running of voting campaigns imply considerable financial strains (campaign costs) and opportunity costs (unions' daily business at the workplace, where members are recruited, is neglected). Most importantly, however, unions are capable of cashing in their influence at the polls and in tripartite consultation bodies only as long as they are backed up by a solid *membership* basis. An organization without a strong power base rapidly becomes irrelevant in politics, be it direct-democratic or representative.

Hence, what is decisive for the accomplishment of the unions' mission – the improvement of wage earners' employment conditions – is their influence at the level of firms and industries. This influence is, in turn, a function of their membership basis and, additionally, their mobilization capacity. In other words, the role of the unions in Switzerland's political economy crucially depends on their capacity to keep old members and recruit new ones. Having missed out the transition from high industrialism to a service economy in the 1970s and 1980s, the unions struggled with a significant backlog in the organization of new sectors. This explains the Swiss peculiarity that construction workers represent organized labour's most important stronghold, while the public-sector unions organizing welfare state workers are – in stark contrast to the situation in Denmark or Sweden – both much smaller and less influential.

Notwithstanding this delay, Swiss unions did engage in organizational and programmatic renewal. In addition to the rationalization of their organizational structure through mergers, they affiliated several white-collar unions, implanted themselves in low-skilled services and adopted the organizing approach. Here, their strategy resided in moving industrial relations beyond the company level and transforming it, through media campaigns, into a community issue. This reorientation was led by *Unia* and went hand in hand with the more frequent use of strikes. Efforts proved successful both in the traditional stronghold of construction and the new recruitment area of supermarkets, hotels and restaurants. In the former, payoff came in the form of mainly employer-financed early retirement. In the latter, investment in organizing activities resulted in membership growth and the setting-up of new collective agreements. Nonetheless, the transition from manufacturing

to private services has proved tricky for the unions. Not only are the rotation rates among members significantly higher and membership contributions lower in private services than in manufacturing.<sup>4</sup> Moreover, as long as unions cannot count on organizational relays in private services, such as works councils in manufacturing or shop stewards in public utilities, expansion remains a costly undertaking.

It is thus a reasonable guess to see skilled employees in public services as the key for the future of Switzerland's labour movement. While white-collar unions organizing the expanding occupations in health care, education and the police often feature a high density rate, they are fragmented, lack professional apparatus and are mostly situated outside the two peak associations. Even so, it is difficult to predict a serene future for Swiss unionism unless these white-collar unions rationalize their structure, enter into larger alliances and begin to shape industrial relations alongside their counterparts in construction, public utilities, manufacturing and private services.

## Notes

- 1 Helpful comments made on earlier versions of this chapter by Andreas Rieger and Peter Sigerist are gratefully acknowledged.
- 2 While full employment strengthened workers' bargaining positions, migration policy enshrined job preference of residents over migrants – who, moreover, could only be employed after the authorities had deemed their work contracts to be in accordance with regional working conditions.
- 3 The concept of union density is notoriously difficult to apply empirically. It is meant to express the rate of 'actual' to 'potential' membership: the rate of union members over wage earners. Since the small non-affiliated unions are often not included in the official statistics, actual membership is very difficult to measure. Moreover, unions providing data on actual membership tend not to provide separate figures for employed and retired members (an estimated 15 per cent of union members in SGB are retired). Nonetheless, a comparison with survey results stemming from the Swiss Household Panel suggests that our calculations above are reliable: in 1999, 24 per cent of wage earners declared that they were a member of a union or professional association (Oesch 2006: 168).
- 4 Between 2006 and 2008, *Unia's* annual exit rate among members in private services averaged 17 per cent as compared to 11 per cent in manufacturing.

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