

INTRODUCTION

The Politics of Work Reorganization: Pervasive Union Decline?

*T*hese are hard times for unions. There is currently a broad cross-national trend toward the decentralization of bargaining in industrial relations, which challenges established bases of union influence everywhere.

- The combined effects of intensified world market competition, new microelectronic technologies, managerial strategies to reorganize production, and the success and influence of Japanese production models are exerting great pressure on systems of industrial relations in Western Europe and North America; in many societies, unions are among the major losers in political realignments and industrial adjustment. Alongside wide-ranging discussions of competitiveness and the causes and consequences of trade and other economic problems, heated debate is heard in both public and academic arenas within every industrial society concerning the contemporary position of major interest groups, including (often most prominently) organized labor.

This book addresses critical questions arising from these debates. Why have Western industrial relations systems experienced widespread destabilization since the late 1970s? What accounts for the prolonged decline of unions in the turbulent markets and changed political circumstances of the past decade? Are contemporary unions, once critical bastions in the historical development of political and industrial democracy, now a spent force, increasingly irrelevant in highly differentiated modern societies (playing important roles only in countries in earlier stages of development such as Poland and South Korea)? If not, what constructive role can unions play in a period of market turbulence and rapid, continuous industrial

adjustment? What, if any, conditions are necessary for contemporary unions to succeed in advanced industrial democracies?

The argument advanced here recognizes both pervasive contemporary changes in industrial relations and contrasting outcomes in different countries. The starting point is recognition that dramatically changing world markets have transformed the tasks facing companies and unions. Intensified market competition, new technologies, and path-breaking Japanese production models have created managerial imperatives to reorganize production and work, confronting unions with unexpected challenges. Labor leaders schooled in the politics of wage negotiation and contract enforcement suddenly find themselves confronted with the politics of work reorganization: conflicts and negotiations that precede or accompany managerial attempts to reorganize work. Since the late 1970s, these market-driven changes have destabilized systems of industrial relations and in many cases undermined the traditional bases of union influence, setting the stage for further union decline. The effects of the new market-driven imperatives, however, vary substantially from country to country, depending on the institutions of industrial relations in place. For explaining national variations in the stability and extent of workers' interest representation, two variables are critical: integration into processes of managerial decision making versus adversarial, arm's-length unionism; and the presence or absence of laws or corporatist bargaining arrangements that encourage and regulate firm-level union participation from outside the firm. Where union integration and appropriate laws or corporatist bargaining arrangements prevail, unions have adapted well to challenges posed by the reorganization of work. Where the opposite institutional attributes prevail, unions have declined substantially in influence since the late 1970s. In the United States at least, this argument runs counter to received industrial relations and union wisdom, which favors arm's-length unionism (viewing integration as the path to co-optation and weakness), a decentralized labor movement (in which competitive organizing spurs the expansion of union influence), and a minimum of government intrusion into collective bargaining and plant-level labor-management relations.

In short, I emphasize the general driving force of world market changes and new technologies and the particular national institutions that represent workers' interests, shape domestic response, and account for contrasting national outcomes. This perspective differs from most analyses of the fate of unions and industrial relations systems, both traditional and contemporary.

The dominant quest in the recent literature is to account for the decline

of unions. The studies fall into two broad groupings: general explanations for widespread cross-national decline that invoke pervasive social, economic, or political forces;¹ and country-specific explanations that emphasize the behavior of the major national actors in industrial relations—firms, unions, and governments. The difficulty with the first group is that union decline is *not* pervasive; the second category is flawed because country-specific analyses fail to explain why union decline and destabilization in industrial relations are occurring in many advanced industrial societies, which indicates that more general processes are at work. Although both sets of explanations may be theoretically weak, they can provide useful insights toward developing a theoretical argument that accounts for differentiated outcomes.

Several recent comparative analyses grapple with similar questions. Michael Wallerstein (1989) offers a far-reaching explanation for contrasting cross-national levels of union density (the key variables are size of the labor market and cumulative left-party participation in government); but his data end in 1979 and in any case could not account for the dynamic changes under way since then. Other analyses, such as those developed by Alan Altshuler et al. (1984), Harry Katz and Charles F. Sabel (1985), and Richard B. Freeman (1989), offer comparative, institutional perspectives that fall into the same arena with this one, although differing in important details; in Chapter 3 and in the Conclusion, I examine these arguments in relation to my own and to the evidence considered.

The argument developed here builds on two sets of literature. First is the recent innovative work in international and comparative political economy. Researchers have identified dynamic changes in the international political economy and effects on domestic outcomes such as the organization of production (Piore and Sabel 1984; Cohen and Zysman 1987; Gilpin 1987; the French “regulation” school).² Comparative political economists with a particular interest in unions have tied this work to analyses of changing industrial relations and the prospects for union influence (Lange, Ross, and Vannicelli 1982; Gourevitch et al. 1984; Streeck 1984a; Sorge and Streeck 1988). Related studies over the past fifteen years

¹ See Ross and Fishman 1989 for a brief but useful survey of the general arguments; and Goldfield 1987, pp. 94–104, for a clear presentation of how some of these arguments are applied to the U.S. case.

² Included in or closely related to this literature is the growing body of work that identifies a broad shift from Fordism to new models of “post-Fordist” production organization. Since the contours of this shift are contingent and remain unclear, I will speak here of rapid production and work reorganization but will avoid debatable characterizations such as “flexible specialization,” “flexible automation,” “neo-Fordism,” and “lean production.”

on “democratic corporatism” have revealed persistent institutional differences in national political economies and their profound consequences (Schmitter 1974, 1981; Wilensky 1976, 1983; Schmitter and Lehmbruch 1979; Berger 1981; Goldthorpe 1984a; Katzenstein 1985). Second, the traditional industrial relations systems model, though theoretically weak, offers a useful conceptual map, pointing to the critical variables that shape industrial relations outcomes: markets, technologies, and power relations in society (Dunlop 1958). This model becomes more useful as modified and expanded by Thomas A. Kochan, Harry Katz, and Robert B. McKersie (1986) to become dynamic and to broaden the conceptual map to include the behavior of strategic actors. In the study of comparative industrial relations, my work builds in part on an earlier tradition that emphasizes the importance of national institutions (Commons 1934; Kassalow 1969).³

Although the main focus here is on the place of unions in rapidly changing contemporary circumstances, the book is also a study of both labor and management, with implications for both (and much of the primary research consists of intensive interviews with managers as well as union representatives). Industrial adjustment, perhaps the critical economic task of our time in advanced industrial societies, appears to require a stable industrial relations settlement, whether this includes strong or weak, integrated or excluded unions. As a study of industrial relations in transition, this analysis aims to offer a lens through which to assess the prospects of industrial adjustment and the effectiveness of managerial initiatives to reorganize work as well as the preconditions of union success.

Most important, this is also a broader political study, analyzing the relative success or failure of contrasting modes of interest representation. The arbitrary distinction between industrial relations on one hand and the role of labor and business in politics on the other prevents us, I think, from looking clearly at either. Shop-floor battles spill over into national politics, and the policies pursued by dominant political coalitions shape labor-management relations at the firm and plant levels. The effects of market forces and institutional arrangements at work in the contemporary politics of work reorganization have profound implications for broader

³ It is clear, however, from the contemporary literature in international and comparative political economy that the world has changed tremendously in the past two decades. Traditional institutional perspectives appear narrow and static in the current context. The perspective offered here is thus a “new institutionalist” one (see Reshef and Murray 1988; Steinmo 1989), emphasizing both dynamic changes in the world economy and in national patterns of industrial relations and the continuing importance of particular institutions. This new institutionalism, however, should not be confused with the similarly named contemporary variant of neoclassical economics (see critique by Dugger 1990).

interest group representation, for national politics, for the success of industrial adjustment, and for the prospects of economic and political democracy.

*From Harmony to Disarray: Dynamic Postwar
Industrial Relations*

In the preceding section, I asked what, if any, conditions are necessary for contemporary unions to succeed. A decade ago, different questions were being asked. Unions almost everywhere in Western Europe and North America were viewed as major actors in the political economy, benefactors of a long and respectable development paralleling the history of industrialization; if questions were raised, they more likely pointed to excessive union power. In the aftermath of World War II, unions cashed in on their antifascist and anticonservative traditions, grew rapidly, and helped labor-friendly governments hold or regain power in many Western democracies. If the Cold War undercut labor's plans for socialism and in many cases returned conservative governments to power in the 1950s, unions nonetheless dug in at the core of industrial structures and grew in numbers and influence in the years of rapid postwar economic growth. Theorists of industrial relations pointed to the integrative effects of (tamed) unions in industrial society and predicted harmonious economic development based on balancing interest group representation and stable labor-management relations (Dahrendorf 1959; Kerr et al. 1960; Slichter, Healy, and Livernash 1960; Ross and Hartman 1960).

But just as the ink dried on optimistic predictions of stability, labor flexed its muscles in new and unpredictable ways. In some countries, such as West Germany, Great Britain, and the United States, labor-linked political parties returned to power, expanded the welfare state, and grappled with labor's rising expectations in periods of inflation and stagflation. Elsewhere labor "exploded," rocking the country from end to end in France in 1968 before spending itself (and still contributing to "the long march of the French Left"; Johnson 1982); transforming an ineffective, fragmented labor movement in Italy in 1969 into an entrenched power within the factories (Salvati 1981). Wildcat strikes plagued industry everywhere from 1969 to 1973, even in such famously pacific countries with low strike rates as Sweden and West Germany.

Criticizing the earlier theorists of harmony and integration, scholars in the 1970s wrote volumes on the "resurgence of class conflict" in Western Europe and North America (Aronowitz 1973; Crouch and Pizzorno 1978).

Industrialists in Italy, Britain, and elsewhere denounced labor's "excessive" factory and political power. At the same time, a new body of academic literature on "corporatism" emerged, to question liberal/pluralist assumptions and point to the entrenched power of organized labor as well as business at the core of many Western political economies (Schmitter 1974; Wilensky 1976; Schmitter and Lehbruch 1979).

The corporatist literature itself was often critical of the rigidity of hierarchical interest group structures and peak bargaining among elites far from labor's rank and file and capital's small and medium-sized business sectors (Schmitter 1981, 1982). Although democratic corporatism in its various definitional incarnations was generally associated with good past economic performance (Schmidt 1982; Cameron 1984), powerful interest groups such as labor were often viewed as internally undemocratic and too unwieldy for the tasks of industrial adjustment in newly competitive world markets. By the mid-1980s, "Eurosclerosis" had become a catchword for industrial stagnation; Western Europe's social democracies, in this view, were too burdened by welfare state spending and interest group demands (especially from labor, the main promoter of both rising wages and state welfare spending) to shift resources rapidly toward research and development, new investment, and the reorganization of production, as world markets required (Olson 1982; Scott 1985).

President Ronald Reagan and Prime Minister Margaret Thatcher led a resurgence of conservative economic policy that included cutbacks in the welfare state as well as direct and indirect challenges to the power and influence of organized labor. This time labor proved vulnerable. Instead of conflict, "explosions," growing strength, and the high-level bargaining of the previous two decades, unions braced themselves defensively. In several countries, such as Italy, Britain, and the United States, the decline of unions turned into a rout. Even after the deep recession of 1980-82 passed and economic growth was reestablished, the decline of union influence continued in most societies and the terms of growth included a weaker role for organized labor in both the political arena and industrial relations. And even where labor appeared strongest and where union membership levels did not decline, serious challenges to labor's position were evident: in Sweden, centralized collective bargaining broke down and scholars wrote of the demise of the Swedish model; in West Germany, labor faced a new conservative regime committed to rolling back labor's conflict potential, and academicians developed their own theories of domestic union decline or the breakdown of "neocorporatism" (Streeck 1984b; Hoffman 1988; Hohn 1988). Studies of unions *and* crisis (Lange, Ross, and Vannicelli 1982; Gourevitch et al. 1984) were replaced by

studies of unions *in crisis* (Marshall 1987; Hohn 1988; Müller-Jentsch 1988a).

Why do unions now appear to face long-term secular decline in many industrial societies? Most of the answers offered fall into two broad groupings: explanations that emphasize general economic, industrial, and social change; and country-specific explanations, most often focusing on the behavior of managers and union leaders themselves or emphasizing changing domestic political relations and coalitions.

In the simplest version of the general explanations, a shift in the locus of employment from manufacturing to services has undercut the traditional industrial bases of union strength (Freeman and Medoff 1984, pp. 221–28). A related view has it that recent generations of young workers (many of them in service sectors) are more oriented toward individual than collective concerns; in this view, unions are in part victims of their own success, and even the well-educated children of unionists perceive less of a need for unions today. Another argument emphasizes the rise of the new social movements: activist students and younger workers in industrial societies are more interested in peace, the environment, and gender and racial equality than they are in unions and traditional labor concerns, and the new social movements have everywhere cut into both the political influence of unions (by disrupting old coalitions) and the ability to organize on the shop floor (Dalton et al. 1984; Inglehart 1984; Heckscher 1988; Halfmann 1989).

Important contributions to an understanding of broad, general trends have come from Michael J. Piore and Charles F. Sabel (1984) in the United States and Horst Kern and Michael Schumann (1984) in West Germany. In these analyses, changes in world markets and new technologies are driving the reorganization of production and the introduction of “new production concepts,” which increasingly decentralize labor-management negotiations and undermine traditional national bases of union strength. In the United States, Piore and Sabel view “job-control unionism” as increasingly inappropriate, while Kern and Schumann see the decentralization of responsibility for production accompanied by a problematic shift of influence from unions to firm-identified works councils in West Germany.

In every advanced industrial society, there are contemporary theorists who advance country-specific explanations for the decline of unions. In Italy, unions overstepped their power, lost touch with the rank and file, and were vulnerable to a management counterattack in economic recession; in France, François Mitterrand and the socialists cleverly united with and drained off strength from the communists and their dominant labor fed-

eration, and the competing unions continue to fight among themselves; in Britain, unions discredited themselves under a Labour government in the 1978–79 “Winter of Discontent,” and Thatcher’s subsequent firm grip on political power squashed labor’s strength; and even in Sweden, centralized bargaining and “wage solidarity” have proven inappropriate institutional responses to new market challenges and the demands of young workers, leading to the breakdown of traditional bargaining with a still uncertain effect on the future influence of unions.

In West Germany, a perceived decline of union influence is explained by the “dual system” (in which unions and works councils are legally distinct) and by the actions of unions themselves in transferring power to firm-oriented works councils (Hohn 1988; Hoffmann 1988). In the United States, union decline predates the contemporary period and is explained from the left as caused by offensives conducted by employers, “business unionism,” and the fear on the part of entrenched union leaders of rank-and-file mobilization (Goldfield 1987; Moody 1988; Parker and Slaughter 1988); and from the right by excessive and obstructive union power (Reynolds 1984). In the two most comprehensive and influential recent studies of industrial relations in the United States, greatest weight in explaining union decline is given to the anti-union behavior and ideology of American management, with insufficient union organizing effort or adaptation to new circumstances as a secondary cause (Freeman and Medoff 1984; Kochan, Katz and McKersie 1986).⁴

At the subnational level, there have been, in addition to broad and country-specific explanations, numerous studies in recent years of the decline of specific unions; these studies, rich in empirical data, generally produce explanations rooted in changing market circumstances in particular sectors, firms’ strategies (ranging from product-segment decisions to union-avoidance strategies), and the behavior and structure of specific unions. But as with country-specific explanations, we are left with specific causes for what look like very general processes in modern advanced industrial society.

There is some truth, of course, to all of these arguments, and a good deal of truth to many of them. But how do we sort through the vast patchwork of causal analysis? If broad, general causes are at work, are the country-specific accounts useful only as *description* of the workings of general economic and social forces within national contexts but invalid

⁴ See also Goldfield 1987, both for evidence supporting this interpretation and for a thorough discussion of various explanations for the decline of unions in the United States (pp. 94–112).

in themselves as *explanation*? If country-specific arguments are valid, are the broader forces at work only a backdrop, a set of background “contextual variables”?

The obvious answer is that a full explanation for the fate of contemporary unions requires reference to both sets of factors. But it is easy to get lost in the rich tapestry. It is possible, I think, to construct a parsimonious explanation for cross-national outcomes in industrial relations, one that both acknowledges the driving force of international economic and social changes and identifies the critical domestic institutions that shape contrasting national responses and outcomes.

The Argument: Markets Matter but So Do Institutions

The starting point for an analysis of the fate of unions in the current period is recognition that workers’ interest representation has faced new challenges in the 1980s. Drawing on the work of Kern and Schumann (1984), Piore and Sabel (1984), Stephen S. Cohen and John Zysman (1987), Robert Gilpin (1987), and others such as the French “regulation” school, I begin with the perspective that in the past fifteen years, world markets and economic relationships have experienced a new dynamism. Markets have changed for a number of reasons, but perhaps the single most important factor has been the rise of Japan as a world-class industrial and exporting nation. Not only have Japanese products gained rapidly rising market shares across a whole range of industries throughout the advanced industrial world, but Japanese firms have developed innovative models for organizing production that are perhaps unrivaled in their ability to bring low-cost, high-quality products to market and to change product offerings rapidly in response to market changes. In addition, the rise of the newly industrializing countries (NICs, especially South Korea, Taiwan, Hong Kong, Singapore, Mexico, and Brazil), the successful export strategies of firms in West Germany, Scandinavia, and northern Italy, and the “multinationalization” of American, European, and Japanese firms have put new pressure on world markets.

Capitalist markets, of course, are never static: firms compete and many fail, new technologies require new skills while making old skills obsolete, workers are displaced. But in the past fifteen years, as Japanese, European, and NIC-based competitors have caught up with once dominant U.S. firms, and as the pace of microelectronic technological change has escalated, world markets have become increasingly interdependent and competitive. With the Japanese leading the way, the principal characteristic of the

current world economy is intensified market competition, in response to which firms everywhere have been forced to move at a pace unprecedented in the postwar period to introduce new technologies and reorganize production.

A critical part of the reorganization of production and technological change is the reorganization of work;⁵ and this, for workers and their unions, is “where the rubber meets the road.” Managerial strategies for reorganizing work in the recent period have presented unions with major new challenges at precisely the time when changing world markets and high unemployment in many countries have undercut the ability of unions to bargain for the steadily rising real wages that characterized most of the postwar period. To the politics of wage bargaining have been added the politics of work reorganization. Whereas in the past, unions (and their members) could be content to bargain for wages and benefits while “letting management manage,” the new pace and content of work reorganization have challenged established shop-floor orders in ways that divide the work force (into the winners and losers of reorganization) and threaten established bases of union influence.⁶ Developing responses to managerial reorganization strategies, to protect workers’ interests and defend union institutional security, has become a major preoccupation for unions everywhere in Western Europe and North America.

Country-specific as well as comparative studies of unions in the 1980s make it clear that these broad changes in markets and the organization of production are forcing unions to adapt to similar new tasks and are driving change in industrial relations across a range of countries (Kochan 1985; Thelen 1987b; Golden and Pontusson 1991). Even where unions retain effectively centralized structures, as in Sweden and Germany, there is a

⁵ Reorganization of production here refers to firms’ strategies to change what is produced and how (this includes sourcing decisions, supplier networks, product and process decisions, personnel policy, and so on). Reorganization of work (changes in job design, content, or technology) is one part of the reorganization of production. Although technological change is often an important part of work reorganization, work can be extensively reorganized without changes in technology. Technological change almost always requires changes in job content; when work is reorganized without changes in technology, new work organization often lays the groundwork for technological innovation. Thus although the focus here is on reorganization of work rather than technological change per se, there is a close relationship between the two.

⁶ Work reorganization in earlier periods has also upset shop-floor orders, creating winners and losers among the work force; note, for example, the 1960s “automation scare” in the United States. But whereas in the past unions generally faced incremental technological change that affected particular groups of workers (Slichter, Healy, and Livernash 1960), unions and workers today face much more extensive and rapid reorganization, as we will see in the case studies beginning in Chapter 1.

broad trend toward the decentralization of bargaining. Managerial initiatives have forced unions to scramble for negotiations on pay protection, employment security, and retraining rights as trade-offs against the new shop-floor flexibility, and often the enhanced responsibility given workers, that management seeks. Because the specifics of work reorganization take place at the plant, local bargaining assumes critical new importance. And as the torch passes to local negotiators, national unions grapple with problems of their own identity and strength (Locke 1990a).

In many, but not all, countries, these changes appear to be closely linked with problems of widespread union decline. Reorganization of work aims at higher productivity, which often means a work force reduced in size. Quality circles or problem-solving groups often accompany the reorganization of work because one managerial goal in reorganization is to increase workers' input and commitment; but such groups provide a new forum for the expression of workers' interests outside established industrial relations channels. The increased importance of plant-level bargaining has enabled managers to extract new concessions by playing one plant off against another (both domestically and internationally). And in many cases, managerial initiatives to reorganize work have been accompanied by direct challenges to union influence, as firms find it necessary to push aside old restrictive union power on the shop floor. Analysts in countries such as Italy, France, Great Britain, and the United States have linked all these processes to the decline of unions.

Given these general processes at work, country-specific analyses that emphasize, for example, managerial ideology or particular union strategies within a particular nation become less convincing, at least as full causal explanations. It stretches the imagination to believe that unions have declined in numbers and influence across a whole range of industrial societies in the past decade but for quite different reasons within each country. It makes more sense to argue that general economic changes, including intensified market competition and managerial imperatives to reorganize production, have driven widespread processes of change in industrial relations, which in many cases have included union decline.

In many cases, but not all. There have been, in fact, substantial, empirical, cross-national differences in the performance of unions since the early 1980s. Theorists of union decline in Germany and Sweden, for example, are quite wrong when their arguments are looked at from a cross-national perspective. By almost any measure—union membership levels or density, bargaining gains, institutional stability—unions have not declined in these countries. They have had to grapple with new problems, develop new strategies, and make organizational adaptations, but they

have not seriously declined in influence as unions in France, Italy, Britain, and the United States have done. So the question becomes, why not? Why have unions in some countries declined precipitously in the face of new external and shop-floor circumstances, while unions in other countries have held their own and adapted?

The answer offered here, and the argument that will be tested with evidence, is that the key to an explanation for contrasting, cross-national union outcomes in the present period lies in the way interest representation is institutionalized, or more precisely, the structures that represent workers' interests.

In particular, two critical variables account for relative union success or decline and the stability of industrial relations systems in the contemporary period: first, the extent to which unions, as a broad national pattern, are integrated into processes of managerial decision making, especially concerning work reorganization; and second, the existence of laws or corporatist bargaining arrangements that regulate firm-level union participation from outside the firm.

Where unions enter the current period of work reorganization already integrated into processes of managerial decision making, as in West Germany and Japan, union influence remains stable, as do patterns of industrial relations in general.⁷ This is true because agreement is required before change can be implemented, and agreement between labor and management ensures labor's stable place, even if work reorganization is far-reaching. Because labor is integrated at the level of the firm, union representatives or works councillors participate in decision making that considers both market imperatives to reorganize work and the viability of the representation of workers' interests.

But it also makes a big difference whether labor's integration into managerial decision making is backed up by law or corporatist bargaining arrangements, which include a cohesive labor movement. When this is true (as in West Germany), labor participates in firms' decision making from a base that is independent of management; unions are in a position to assess the needs of the work force and market requirements indepen-

⁷ Stability in Japanese industrial relations includes a modest decline in union membership density, from 32% of the nonagricultural work force in 1979 to 28% in 1986 (Freeman 1989, p. 130). But the essential labor-management relationship (enterprise unions, management-led integration) remains unchanged. Japan fits into this analysis somewhat awkwardly because the success of Japanese production models, including teamwork and enterprise unionism, is a driving force destabilizing industrial relations systems in the other countries examined. But Japanese industrial relations are nonetheless included among the cases to be explained because Japanese unions must cope, as is true in all other advanced industrial societies, with ongoing and intense work reorganization.

dently and to bring a new perspective to the discussions and perhaps even an independent, worker-oriented vision of the shape of new work organization. Most important, statutory or corporatist regulation narrows managerial discretion concerning both work reorganization and union integration, which allows for a more stable and extensive union role. Both management and labor, at the firm and plant levels, are pushed from without toward collaboration on issues such as new ways of organizing work.

By contrast, where no such statutory or bargaining arrangements exist and the labor movement is fragmented (as in Japan), the union has little independent basis from which to develop its own information and analysis. Because statutory or corporatist regulation is not present, managerial discretion is wider; collaboration that occurs does so on management's terms (Japan, numerous plant-level cases in the United States, Britain, and Italy). Weak labor is integrated into managerial decision making in a decidedly subordinate way.

Where unions are not integrated into firms' decision making, usually because of adversarial or arm's-length labor-management traditions, worker representatives have no solid position from which to influence the shape of work reorganization (except indirectly through threats to file grievances, fail to cooperate, and strike). Consideration of the institutional interests of unions tend to be left out of the discussion in these cases, and often work reorganization aims explicitly at the reduction of union influence.

But where corporatist bargaining arrangements exist, unions can use broad political and economic influence to gain new integration into decision making at the firm level, in a period when such integration appears critical for continued union success. This is exactly what happened in Sweden beginning in the mid-1970s.

The real problems come for unions in countries where labor is not integrated into managerial decision making and there are no appropriate laws or corporatist bargaining structures. In these cases, labor has little political leverage to push for a new national pattern of engagement; integration that occurs does so on the basis of a single firm or plant, often as a result of management prodding and major union concessions, thus raising the specter of weak enterprise unionism. Where managers perceive unions to be standing in the way of work reorganization, unions have no societywide base to prevent either direct challenges to their influence or strategies to move around unions and marginalize their influence. Thus in France, Italy, Britain, and the United States, unions have declined seriously in influence in the past decade; and this is true whether they

were relatively strong at the end of the 1970s (Italy and Britain) or already in decline (France and the United States).

At first glance, there is an apparent tautology in this argument, with the representation of workers' interests on both sides of the equation. Looked at more carefully, however, the tautology disappears. There are different ways in which such representation can be institutionalized; since the economic crisis years of the mid- to late 1970s, some of these ways have proven more conducive than others to the persistence of stable industrial relations and union influence. Structures are on one side of the equation, stability and influence on the other side. As noted at the beginning of this chapter, this argument runs counter to received wisdom in the United States, which held that both adversarial, arm's-length unionism and decentralized, competitive organizing were most conducive to the expansion of union influence (and this may well have been true in the early postwar period).

Linked to this argument is the fact that industrial relations systems in countries such as Germany and Japan appear highly compatible with economic and competitive success (Streeck 1987a). Although it is beyond the scope of this study to test such a linkage (because there are so many factors that contribute to market success), plant- and firm-level industrial relations that integrate unions into managerial decision making appear to contribute to the micro-foundations of economic success. The case studies will strengthen this speculation. In a sense, then, this argument includes an "intervening variable": particular structures of interest representation, in part because they contribute to favorable production outcomes, ensure stable industrial relations and union influence in the contemporary period.

The advantage of this argument is that it allows us to move from the driving economic changes at work in the world economy to work reorganization at the levels of the firm and shop floor, which is necessary to compete in today's markets, by way of the institutions of industrial relations that shape country-specific options for reorganization and determine the relative stability and influence of unions in the new era. This analysis links the fate of unions and industrial relations systems directly to world economic changes, through the prism of country-specific institutional mechanisms. From the perspective of comparative union success or decline, these linkages make sense of broad economic trends affecting all contemporary unions: the impact varies substantially depending on how interest representation is structured.

Another advantage of this argument is that, if true, it shows what unions must do to reverse widespread decline: they must abandon or overcome arm's-length traditions and get integrated into processes of managerial

decision making. But it also shows the risks: where unions are not backed up by appropriate laws or corporatist bargaining, there is a clear danger that they will be subordinated to management.

Definitions and Hypotheses

A useful way to gauge relative union success as well as the stability of industrial relations is to examine cross-nationally the stability and extent of workers' interest representation. In some countries, unions alone represent workers' interests; in other countries, both unions and works councils are present. The proper subject for cross-national analysis is thus workers' interest representation rather than unions, although the latter term along with phrases such as "relative union success" will be used here, as it is elsewhere in the literature, as shorthand in cross-national discussions.

The stability and extent of workers' interest representation in an era of ongoing work reorganization can be measured along three dimensions: first, stability or change in the density of union membership in the time period examined (1982–89); second, the pay, employment, and protection of status afforded union members against the effects of technological change and work reorganization; and third, the credible promotion of an independent union perspective on the content or shape of new work organization.

The first dimension is an important quantitative measure of the relative ability of unions to hold on to rates of membership; and membership rates have a great deal to do with union influence. The second dimension reflects the reactive capacities of unions: the ability to respond to managerial initiative and effectively defend workers' interests. The third dimension reflects unions' proactive capacities: the ability to formulate and bargain for alternative worker-oriented forms of organization. This last dimension is fairly new in the history of postwar unionism, but it is a capacity that unions throughout North America and Western Europe are seeking to develop in the face of rapid technological change and work reorganization.

The stability and extent of workers' interest representation, as indicated along these three dimensions, can best be examined within particular industry sectors (which is where work reorganization takes place). The first dimension is a quantitative measure that can be taken from available data. The second and third dimensions can be assessed in part on the basis of contracts, agreements, and documents; but to a significant extent these dimensions can be fully understood only by means of case studies that demonstrate the extent in practice of protections afforded and alternatives

promoted. Ideally, a range of representative case studies demonstrates the stability and extent of workers' interest representation at the sectoral level; sectoral outcomes can then be compared cross-nationally.

What is critical for this argument, of course, is that cross-national sectoral comparisons translate into general cross-national comparisons. It is necessary, therefore, to look at more than one sector. If it turns out that there are no general national patterns, then the argument advanced here, based on national structures of interest representation, is wrong.

As for the structures themselves, integration into managerial decision making is defined here as substantial participation on the part of unions or works councils in discussions with management regarding plans to reorganize work before actual decisions are made on the shape of new organization and the pace of implementation. Integration into managerial decision making is juxtaposed to arm's-length unionism, in which unions receive little advance information or opportunities for input; in these latter cases, "advance information" usually means after the final decision but before implementation, and the union role is to react to independent managerial decisions.

Laws that regulate union participation are products of national legislation that establishes a legal framework to encourage and regulate, from outside the firm, union integration into managerial decision making. Germany's Works Constitution Act passed in 1952 and strengthened in 1972 is an example (although the original intent of the legislation was to encourage participation by workers rather than unions). The point here concerns not just any legislation but laws that give workers and unions substantial rights to participate. As we will see, it is also important that a labor movement make use of the laws in proactive ways (the weak participation legislation adopted in France in 1945, for example, withered on the vine because of union hostility or neglect; Lorwin 1954; Stephens and Stephens 1982, p. 230).

Corporatist bargaining is here defined as regularized peak or subpeak negotiation between relatively cohesive units of business and labor, with the formal or informal backing of the state. This concept builds on the work, over the past fifteen years, of a variety of theorists of "corporatism," "neocorporatism," and "democratic corporatism." The central insight of this literature is that there are, among industrial democracies, different types of political economies, ranging from the more pluralist (the United States, Britain) to the more corporatist (Sweden, Austria, and Norway), and that these different structures greatly influence political and economic outcomes.⁸

⁸ There are about as many definitions of democratic corporatism as there are theorists

For the encouragement and regulation of union and worker participation in management, a cohesive labor movement is the dynamic element within a structure of corporatist bargaining. A cohesive labor movement is one that includes a relatively small number of national unions and is effectively, if not formally, centralized, either through a dominant central labor federation or through the centralizing influence of one dominant union. A formally centralized labor federation has the power to make binding decisions for national unions; this is not necessarily the case for a cohesive labor movement, in which central authority may be less well defined. A cohesive labor movement is a broader category, including but not limited to centralized labor movements.⁹ A cohesive labor movement is juxtaposed to a fragmented one, in which either labor is divided into contending, plural union federations, or authority is highly decentralized within a single federation.¹⁰

Summarized, the above discussion offers the following hypotheses, suitable for cross-national comparative analysis (applicable to advanced industrial societies in the contemporary period of work reorganization):

1. Where unions or works councils, as a broad national pattern, are integrated into managerial decision making, representation of workers' interests remains stable in the recent period of major work reorganization.
2. Everywhere else, where unions have arm's-length traditions of various kinds, organized labor experiences declining influence with the onset of major

of the subject, and indeed conceptual confusion has undermined some of the value of the literature. It is beyond the scope of this book to enter into specifics of the definitional debate; nor is it my purpose to make this another study of corporatism. What I do is to draw on some of the insights of this literature to formulate definitions and to argue that differences in the structure of political economy matter for union outcomes in the contemporary period. For those interested in the recent literature on corporatism, some of the most important works are Schmitter 1974; Wilensky 1976 and 1983; Schmitter and Lehbruch 1979; Lehbruch and Schmitter 1982; Berger 1981; Goldthorpe 1984a; and Katzenstein 1985.

⁹ A cohesive labor movement is a comparative category that is not inconsistent with intraclass or intra-labor-movement conflict and division. There is conflict between unions just as there are relative winners and losers within any labor movement (see Markovits 1986 on the "activists" and "accommodationists" within the West German labor movement; and Swenson 1989 and 1990 on labor divisions in the early processes of corporatist labor inclusion).

¹⁰ There are thus two types of cohesive labor movements, those that are formally centralized (Sweden) and those that are not (Germany). There are also two types of fragmented labor movements, plural unionist (France and Italy) and highly decentralized (the United States, Britain, and Japan). Although Japan has both contending federations and extreme decentralization, the latter is the most salient defining characteristic. For a useful comparative discussion of centralized labor movements in West Germany and Sweden, see Swenson 1989, pp. 31–34. Swenson contrasts these labor movements to the more fragmented ones found in the United States and Britain (pp. 20–21).

work reorganization, unless unions participate in regularized arrangements of corporatist bargaining. In the latter cases, a cohesive labor movement can use its broad political and economic clout to organize a new integration of labor into managerial decision making.

There are two important corollaries to the first hypothesis:

1a. Where unions are integrated into management decision-making processes *and* where such participation is backed by statutory and corporatist regulation (as in West Germany), union or works council influence remains significant from a base that is substantially independent of management.

1b. Where union integration into firms' decision-making processes lacks the backing of statutory or corporatist regulation (as in Japan), union voice has no platform from which to be substantially independent of management.

And the second hypothesis also has a corollary:

2a. Where organized workers are neither integrated into managerial decision making to begin with nor part of corporatist bargaining arrangements (including a cohesive labor movement), unions have no societywide leverage from which to negotiate for integration into management decision making—as Swedish unions did in the 1970s and 1980s. Union integration that does occur at the plant and firm levels is usually a result of managerial prodding and often includes major union concessions of traditional bases of influence, thus presenting the danger of subordinate enterprise unionism and making unions suspicious of further collaboration.

The Evidence Required

Managerial initiatives and union responses in the politics of work reorganization have developed and increased in importance in the past ten to fifteen years. Testing the argument presented here, therefore, requires above all getting inside firm- and plant-level negotiations and conflict over work reorganization, to examine the interactions between management and labor, the role of unions, the stability and extent of workers' interest representation, and the causes for contrasting outcomes.

Overall union decline, of course, is based only in part on the weakening of union influence in its established bases. It is here that I concentrate in this analysis. But union decline is also a product of the inability to organize the unorganized in growing sectors (which in turn is related to a shift in employment and investment away from traditional unionized sectors). That is not where this research is focused; but I think the argument would in any case apply. In the contemporary period, union organizing efforts are arguably facilitated both by corporatist bargaining arrangements and by legal frameworks to regulate and encourage union participation in management decision making.

But if unions are in decline everywhere in contemporary industrial societies, as much of the country-specific as well as the general literature implies, then an argument based on cross-national contrasts and country-specific institutions of interest representation is misplaced. The first task is thus one of discovery: to find out whether in fact substantial cross-national differences exist in the stability and extent of the representation of workers interests. This can be accomplished by a study of contemporary industrial relations in one key sector of two national economies, backed up by secondary studies of other sectors in each of the two countries.¹¹

The first task dovetails nicely with the second and third tasks. The second task is to examine in depth the substance of labor-management relations and negotiations concerning work reorganization in the selected sector of the two countries to assess contrasting outcomes and determine whether the argument presented here is consistent with the facts.

As core cases, I have chosen to look at the U.S. and West German auto industries in the postrecession years 1982–89. In the United States, by all accounts, unions in general have experienced seriously declining membership and influence in the past decade; in West Germany, unions appear, at least from the outside, to be much stronger by comparison. The automobile industry in both countries remains a critical sector at the center of the respective national economies; and autoworkers' unions in both countries have traditionally played pattern-setting roles within their respective national labor movements.

Examining the politics of work reorganization in the U.S. and West German auto industries requires looking at a range of representative plant-level cases within each country. Cases can then be compared cross-nationally, but most important, the range of outcomes (and the general national pattern, if there is one) can be compared. In this book, the focus is on the auto assembly plants of high-volume, mass-market producers: in West Germany, Volkswagen (VW), Opel, and Ford (with a background look at Daimler-Benz); in the United States, the dominant firm, General Motors (GM) (with a background look at Ford and Chrysler). In West

¹¹ Ideally, to test an argument of this scope, numerous sectors in several countries should be studied; both the sectors and the general national patterns should then be compared cross-nationally. But this would require the work of a team of researchers for several years. The present study has thus focused empirical research on one critical sector in two countries, and the findings of this research are broadened by way of background studies both of other sectors within the two countries and the critical sector in several other countries. In recent literature, many have argued in favor of industry studies (rather than broad studies of the economy or of national labor federations), since the sector or firm is generally the locus both of industrial development and of national union power (see Zysman and Tyson 1983; Bean 1985, pp. 13–15).

Germany, where plants are larger in size and smaller in number, I look at both Opel assembly plants, both Ford assembly plants, and the dominant VW assembly plant at Wolfsburg. In the United States, I examine five GM plants, chosen to represent a range of contrasting outcomes. The empirical presentations and analysis of the politics of work reorganization in the U.S. and West German auto industries, in Chapters 1 and 2 respectively and in Chapter 3, where the two national cases are systematically compared, together make up the largest portion of this book.

The third task is to broaden the sample beyond the auto industry in both the United States and West Germany, to determine whether more general national patterns exist and whether the argument is generalizable beyond one sector. This is done in Chapter 4, with a study of contemporary industrial relations in telecommunications (and specifically, telephone services) in both countries, based on primary research and secondary material, and a study of industrial relations in the apparel industries of each country, based on secondary material. These industries are chosen to provide useful counterpoints to the auto industry, given very different market circumstances and industry and union structures. And as James Kurth (1979) has argued, apparel was historically a key component of the first stage of industrialization (the "textiles" stage); the automobile industry has been the critical sector since about World War I; and telecommunications is the most logical candidate to lead the next major stage of industrial development. If general national patterns of industrial relations can be discovered that apply to all three of these very different sectors in the contemporary era, we can perhaps be reasonably confident of the general nature of the findings.¹²

The fourth task is to move the analysis beyond two countries, to see if a more general argument is supported. In Chapter 5, the politics of work reorganization in the auto industries of Sweden, Italy, Great Britain, and Japan is considered, based on available secondary material. In addition, I assess general trends in industrial relations in these four countries. Looking at developments in additional countries is a critical step in broadening the evidence to assess the relative merits of various arguments, including this one.¹³

¹² I am grateful to Peter Katzenstein for pointing out to me that the three industrial sectors I had selected fit nicely into Kurth's product cycle framework, thereby strengthening the plausibility and general applicability of this argument.

¹³ Bean (1985) and Dogan and Pelassy (1990) both argue that two-country ("bipolar") analyses are useful for the depth of comparison they allow, but that a broader framework is necessary to isolate explanatory variables and avoid false generalizations (Bean 1985, p. 13; Dogan and Pelassy 1990, pp. 126-30).

The final task is to assemble the evidence and draw out conclusions. In the final chapter, the hypotheses presented here are tested against the combined evidence from the previous five chapters; in both Chapter 3 and the Conclusion, other country-specific and general arguments are considered in light of the evidence produced.

The concluding chapter presents a discussion of the implications of this argument: for the literature; for theory-building; for unions, firms, and governments and their respective policy choices; for the comparative prospects of industrial adjustment; and for industrial and political democracy.

Preview: The Evidence Discovered

The core research for this book consists of case studies of work reorganization and industrial relations in the U.S. and West German auto industries from 1982 to 1989. Findings of these case studies, generalized into sector-level patterns, can be summarized as follows.

The period since 1982 has been characterized by major managerial initiatives at reorganizing work in the U.S. auto industry in the face of persistent and successful Japanese competition. Most evident and perhaps most important as well have been conflicts and negotiations around the introduction of various forms of teamwork in many large U.S. auto plants. Managerial initiatives and union and work-force responses have resulted in a wide range of outcomes, from new nonunion plants, to plants with conflictual and still traditional industrial relations, to plants with traditional but more cooperative industrial relations, and finally to plants in which team organization is accompanied by an integration of the union into new levels of managerial decision making. The latter cases offer variants on a new model for the U.S. auto industry, in which more cooperative labor-management relations are combined with a more flexible deployment of labor in teams or groups and a union actively engaged in processes of managerial decision making. Although there are plant-level cases of success for such a model (at GM's Plant #1 in Lansing, Michigan, and at the GM-Toyota NUMMI plant in Fremont, California, for example, which are examined in Chapter 1) a common pattern includes heavy (and often counterproductive) managerial challenges to union influence, accompanied by labor-management and intraunion/work-force conflict and a very rocky, uneven road to work reorganization. Because the United Auto Workers (UAW) entered this period with no entrenched position within processes of managerial decision making, managers in the auto industry have had wide discretion in their strategies for the implementation of new work

organization; and it is precisely this wide discretion that best accounts for the remarkably wide range of current industrial relations and work reorganization outcomes in the U.S. auto industry.¹⁴ Although market circumstances cry out for a new plant-level model of organization, the successful spread of such a model is undermined by persistent old-fashioned managerial thinking and practice (including authoritarian shop-floor approaches and a broader pattern of adversarial management).¹⁵ The UAW, in 1984, 1987, and 1990 contract negotiations, broke new ground in protecting autoworkers against the effects of reorganization, but these gains remained modest in comparison to parallel protections for unions in West Germany. Union membership in the auto industry declined after 1979 both absolutely and as a percentage of the industry organized.¹⁶ Not coincidentally, I would suggest, the U.S. auto industry taken as a whole (and this is especially true for the dominant firm, GM) has adapted only slowly to the major competitive challenges from Japan and elsewhere.

In the West German auto industry, work reorganization has proceeded steadily in the past decade, and although management initiative has dominated, the shape of reorganization has resulted from a process of negotiation between company drives for “rationalization” and demands from unions and works councils for “humanization of work.” Labor-management relations have been stable; the influence of unions and works councils is strong and steady in the plants (as indicated by the three dimensions of workers’ interest representation); works councils have a voice at various levels of management decision making and engage in a daily process of negotiation regarding the allocation of labor. Union membership in the industry is high and stable, both absolutely and as a percentage of the industry work force, and nonunionism is not an option in the German auto industry. New forms of team and group work are now looming rapidly on the horizon, over groundwork laid by the gradual

¹⁴ The UAW itself remains rather centralized, engaging in pattern-setting collective bargaining at the national level with GM, Ford, and Chrysler. But because the U.S. labor movement as a whole is organizationally fragmented, unions in many industries have proven vulnerable to attack or exclusion in the 1980s. Labor’s decline has emboldened managers even where unions are strongest, as in the auto industry, and this is reflected in the wide range of plant-level strategies and outcomes.

¹⁵ The main problem, the evidence here suggests, is not job-control unionism, as Katz and Sabel (1985) and others have implied. At plant after plant, workers (usually under pressure) have proven willing to give up job classifications in return for promises of new participation—only to return from training programs to the shop floor, where their raised expectations are dashed by old-fashioned managerial ways (Milkman and Pullman 1988; Turner 1988b).

¹⁶ The decline in the organization rate has two sources: the nonunion Japanese transplants and the declining rate of organization in the parts-supplier branch of the industry.

introduction of quality circles and group work (*Gruppenarbeit*) pilot projects in several plants. The entrenched position of works council and union in the plants and the projection of an independent union vision of the nature of group work means that teamwork is coming to the German auto industry in a very different way from in the United States. Here it is primarily the Metalworkers Union (IG Metall),¹⁷ with its own independently developed, detailed concepts and strategies for new work organization, that has promoted group work, and only since about 1985 has management begun to press for its own new concept, a more Japanese-style team approach. Teamwork is coming to the German auto industry in the negotiations between these two strong and contending views. Variations within the relatively narrow range of outcomes can best be accounted for by variations in firms' strategies (based on differing firm characteristics, such as the position of Ford-Werke and Opel as part of worldwide Ford and GM, and the unique history of VW) and in works council strategies (a product, for example, of *Geschlossenheit* or unity at VW, compared to the existence of contending factions at Opel-Bochum); but the differences across plants and firms are small compared to the United States. Both the smallness of the range and the stable influence of union and works councils are best explained by the entrenched position of works councils within the plants, backed by the Works Constitution Act, and the inclusion of a relatively cohesive labor movement (in which the IG Metall retains a central position) within a broader framework of unique, West German corporatist bargaining. Within this institutional framework, the West German auto industry adapted very well to increasingly competitive market circumstances at home and abroad in the 1980s.

This analysis should not be interpreted either as belittling the recent accomplishments of the UAW (such as the creation of job banks and expanded employment security) or as overlooking the difficult and growing problems faced by the IG Metall. The UAW has remained a pattern setter and innovator for the U.S. labor movement, and if a new U.S. model of industrial relations emerges that promotes both market success and new union vitality it may well come out of the many labor-management experiments currently under way in the auto industry. At the same time, the IG Metall faced high and enduring unemployment in West Germany as well as new managerial aggressiveness in issues such as flexibility of working hours and work reorganization. A shift in the locus of influence

¹⁷ The full name is *Industriegewerkschaft Metall*, which translates literally as "industrial union for the metal industries." In Germany, the union is known simply as IG Metall, and it will be referred to as such here as well. The IG Metall organizes several industries, including autos.

to the works councils arguably contributed to a new ‘‘plant syndicalism’’ (Hohn 1988), which has made it possible for German managers to begin to learn the art (well developed at U.S. auto firms) of playing one plant’s work force (and works council) off against another. The strength of employers in this regard may well increase with the opening up of East Germany. Both German unification and the coming of the single European market pose new and potentially serious problems for German unions.

But the cross-national outcomes in the 1980s did contrast rather sharply, and these differences make clear the very real constraints faced by the UAW—regardless of leadership decisions or strategy. In the contemporary U.S. industrial relations climate, the UAW’s efforts may in fact be a best-case scenario. This is clear from a brief look at the telephone services and apparel industries, which together bring out well the broad (as opposed to industry- or firm-specific) nature of the U.S.-West German contrast. In both cases, the patterns are similar: West German unions increase membership density in the face of organizational reform efforts (telephone services) or adverse market circumstances (apparel) and hold on to important levers of influence; U.S. unions face declining membership density and struggle to replace lost influence in new ways. Parallel contrasts between the United States and West Germany can thus be seen across a range of industries, regardless of market circumstances, firm or union structure, or role played in histories of product cycle development.

The argument presented here is largely confirmed by a cross-national comparison of industrial relations in the auto industries in the United States, West Germany, Britain, Italy, Sweden, and Japan. It seems to be a particular characteristic of current markets and technologies that managers need more cooperation and problem-solving input from employees at all levels of the firm; and managers can get this cooperation either by completely excluding unions or by integrating unions or works councils into their decision making in new ways. The relative lack of constraints on managerial strategies for reorganizing work in societies where organized labor is fragmented and has no established access to firms’ decision-making processes often tempts managers into direct challenges to union influence, setting in motion a conflictual process that undermines the prospects for new trust and cooperation (whether unions are successfully excluded or remain entrenched). This was precisely the dynamic at work in the U.S. auto industry in the 1980s, and one could see a parallel process at work in the British and Italian auto industries. In West Germany and Sweden, by contrast, increasingly integrated autoworker unions backed up by statutory regulation and cohesive labor movements constrained management in ways conducive both to stable labor-management bar-

gaining over the shape of new work organization and to the stability and expanded influence of workers' interest representation.¹⁸ In Japan, labor integration into management processes has meant stability for auto industry unions, although a fragmented labor movement and the absence of legal regulation have allowed management to dominate discussions and kept unions from presenting an independent viewpoint or from reversing a modest but steady societywide decline.

Industrial Relations Settlements and the Conditions for Contemporary Union Success

Methodologically, this analysis is situated between broad, general analyses that tend to be determinist (whether Marxist or liberal; see Goldthorpe 1984b) and arguments that locate explanations only in the unique and detailed circumstances of particular countries. This latter perspective is found in a current body of insightful studies in which industry structures, social patterns, and industrial relations are woven into a social fabric that produces unique outcomes in each country (Maurice, Sellier, and Silvestre 1986; Sorge and Warner 1987). My view is that though these studies usefully depict processes at work in particular countries, it is nonetheless possible to locate critical variables (not everything is equally important) that contribute to cross-national causal explanation.

In other words, countries respond in contrasting ways to the same challenges and tasks because different institutions are in place; yet it is possible to group countries according to a limited number of outcomes (in this case concerning the stability of industrial relations and relative union success) and to explain these outcomes with reference to selected variables. This analysis thus falls in with those that see distinct national models linked to distinct patterns of outcomes. Zysman (1983), for example, offers one approach that is broadly consistent with the findings presented here: a "bargained solution" in West Germany and Sweden is contrasted to a "company-led" model of industrial adjustment in the United States and Britain and a "state-led" model in France and Japan. In the first model, labor is included in negotiations; in the last two, labor is excluded. The neo- or democratic corporatist theorists afford another important example, in which countries are grouped into two or three

¹⁸ This argument parallels and is complementary to Streeck's argument that union or works council-imposed labor market rigidities drive employers upmarket toward "diversified, high quality production," with positive results both for competitiveness and for the continued influence of workers' interest representation (Streeck 1985a, 1987a).

categories along corporatist/pluralist dimensions (Schmitter 1974; Wilensky 1976; Schmitter and Lehmbruch 1979). But to the extent that these theorists are anti-corporatist (Schmitter 1982, p. 261) or emphasize unstable institutional rigidities (Sabel 1981; Streeck 1984b), the present analysis diverges. “Bargained” or “democratic corporatist”¹⁹ political economies on the whole showed remarkable institutional stability in the turbulent years from the mid-1970s to the late 1980s, and this was particularly true for the structures representing workers’ interests.

Perhaps most important, the findings presented here shed light on domestic debates regarding unions and on country-specific analyses of union decline. In West Germany, for example, numerous scholars shared the perspective in the 1980s that unions were in serious trouble, facing the threat of either “Japanization” or “Americanization” (Streeck 1984b; Hoffmann 1988). The problem was that some of these theorists had unrealistic expectations: they expected the West German labor movement to adhere to an old program for the transformation of society and “unitary unionism” that may be increasingly out-of-date (Hohn 1988). West German unions have adapted to new tasks and challenges and are stable in numbers and influence, both in comparative perspective and along a number of measurable dimensions; German analysts looking for the decline of unions would do better to look beyond their own borders.

There is, however, a conservative or neoliberal view in West Germany that unions are too strong and are standing in the way of industrial adjustment. This view was reflected in the Kohl regime’s legislative challenge to union strike power (see below, Chapter 2) and in the Lafontaine current within the Social Democratic party (SPD) that called into question some of labor’s most sacred cows (such as the free weekend). From a comparative perspective, West German unions are indeed influential; yet this influence appears to be flexible and considerably more in tune with the adjustment needs of industry than is true of unions in many other countries (Streeck 1987a; Thelen 1987b).

In the United States, there is widespread debate about the causes and consequences of union decline. The findings here confirm in part the path-breaking studies by Richard Freeman and James L. Medoff (1984), Ko-

¹⁹ The term is not precise and has been subject to a variety of definitions; especially controversial is its applicability to the West German case. But in both structure (centralized, inclusive interest representation) and behavior (labor-management peace bargain, extensive bilateral and trilateral negotiation throughout the political economy), Germany is closest to the smaller, more clearly corporatist societies such as Sweden, Norway, and Austria (Katzenstein 1985, 1987). Thus Wilensky (1983) places West Germany “on the margins of democratic corporatism.”

chan, Katz, and McKersie (1986), and Michael Goldfield (1987) that locate the primary source of this decline in managerial values and growing employer opposition to unions (or the capitalist offensive, as Goldfield puts it). But from a comparative perspective, I argue that managerial tactics and strategies of opposition to unions are successful precisely because of the absence of particular institutional forms of constraint. Opel and Ford managers in West Germany, for example, have in the past also acted on "American" values and strategies (not least because these are American-owned firms); yet the effect has not been to interfere with the expansion of union influence. Thus the way in which union influence is institutionalized, not employer strategies or values, is the causal variable at work.

And finally, there is a debate in the United States concerning what unions should do about their current plight. One view has it that unions need to rebuild lost militance to fight more effectively against managerial opposition (Goldfield 1987; Moody 1988; Parker and Slaughter 1988); another view argues that unions need to be more open to engagement in managerial decision making (Kochan, Katz and McKersie 1986; Heckscher 1988). My argument is situated between these two positions: labor needs both integration into managerial decision making and a more cohesive movement of its own, both engagement with management on new work organization and more assertive unions.²⁰ The polarization of the debate into cooperation versus militance inhibits the development of appropriate strategies to rebuild the U.S. labor movement.

Unions are not in decline everywhere. There are demonstrable preconditions for contemporary union success, and these preconditions are located primarily in the structures of interest representation. We now turn to the evidence, beginning in the next two chapters with an examination of the politics of work reorganization in the U.S. and West German auto industries.

²⁰ See also Banks and Metzgar 1989; Herzenberg 1989. Unions, for example, could actively promote proactive strategies for new work organization (as many are attempting to do) and at the same time could unite in campaigns for new national legislation to regulate workers' and unions' participation in management.