

The Changing Status of Industrial Relations in a More Interdependent World. An interpretation and agenda for further research

Abstract

Change in industrial relations practice and theory must be viewed in terms of the erosion of the World War II-era dominance of Fordist wage labour practices, which resulted in a coherent set of national institutions and its current position within a more demanding international context. This constitutes both a productive paradigm shift and a significant loss of bargaining power for unions and wage earners alike. Accordingly, new research programmes should be more interdisciplinary and comparative, and should adopt a long-term, retrospective historical approach. In this paper, six possible methods of re-institutionalizing worker protection are assessed and compared. However, no simple or effective solutions are currently available.

Introduction

Five decades ago, the concept of industrial relations emerged simultaneously as a sphere of social practices and as a field of specialization in academic research (Dunlop, 1957). It was built upon new individual rights for workers, the recognition of unions, the diffusion of collective bargaining, methods for conflict resolution, the institutionalization of wage formation and even welfare concerns. Incidentally, industrial relations was not a universal discipline or phenomenon since academic research was much more active in the United States and English-speaking countries than it was in continental Europe or Latin-America, or even in Africa, where self-propelling industrialization failed to take hold. Clearly, industrial relations were the expression of a precise stage of capitalist development, historically related to a well-defined social (the full integration of wage earners into the polity and economy of modern societies), economic (the blossoming of mass production and consumption) and political context at a world level (competition between capitalist and the so-called socialist systems).

This is why, several decades after the foundation of industrial relations, it is not altogether surprising that a number of drastic structural changes have affected actual practices and placed the previous architecture of the theories supposedly representing these processes in jeopardy. They did not exist a century ago, and now many analysts in the field fear that industrial relations has had its heyday (Kochan, ed., 1995). This paper presents a different

vision derived from the French *régulation* theory, which focuses on the transformations of capitalist economies (Aglietta, 1982) and compares their configuration with the present situation (Boyer, ed., 1988; Baslé, Mazier, Vidal, 1994). Basically, institutions are analyzed as deriving from a complex set of interactions between political, legal, social and economic factors. Therefore, their architecture varies significantly through time and space, which makes long-term historical investigations and international comparisons so valuable in proving that 'institutions matter'. And industrial relations is no exception (Boyer, 1994).

Régulation theory was based on a fundamental and still-important finding: of all the institutional forms, such as the monetary regime, the international regime, the forms of competition and the degree and nature of state intervention, capital labour relations (otherwise referred to as the 'wage labour nexus') have played a determining role in the emergence and fulfilment of the post-World War II growth regime (Boyer, 1990). The so-called Fordist era was built upon an unprecedented synergy between the deepening of scientific management methods delivering impressive increases in productivity and an explicit sharing of these increases by the majority of wage earners. In the light of these findings, this paper puts forward a number of answers to the three major issues at stake. The first issue involves how to characterize contemporary transformations in labour market institutions and what the major factors are that explain this: should globalization be blamed for creeping flexibilization, deregulation, decentralization of labour contracts and the legal framework for employment and welfare (part 1)? The second question is derived from the first: what are the consequences of theorizing industrial relations within the new context of the 1990s? Should research in industrial relations only marginally adapt its founding concepts and benefit from renewed interdisciplinary advances, or should the whole field be redefined in terms of new interactions between national and international factors, political and economic spheres, and the social and legal aspects of labour issues (part 2)? Finally, facing the slow but apparently irreversible erosion of workers' social rights inherited from the Golden Years, does a path exist to reconstruct a form of protection at a different level, and according to new principles? There is no simple solution, but it is important to assess the relevance of the alternative strategies (part 3).

The erosion and crisis of the fordist growth regime has induced a drastic change in industrial relations

In retrospect, it is clear that industrial relations have undergone a process of significant change in comparison with the very ambitious structure of the post-World War II period. However, there is less agreement about the origins of and the factors governing these transformations: are they a mere consequence of the internationalization of most advanced economies, or the outcome of a shift in the bargaining power of managers and workers, or the long and enduring influence of a new production paradigm?

A paradigm shift in industrial relations

There is no better introduction than a brief comparison of the intellectual attitude with regard to industrial relations between the 1960s and 1990s (Table 1). The two periods do

not seem to belong to the same world. In the 1960s, the strength and legitimacy of industrial relations were such that industrial relations benefited from a great deal of autonomy with respect to the other spheres of social and economic activity. The institutionalization of labour management was thought to have had a positive impact on social peace due to a significant reduction in income inequality, the acceptance of technical change, the predictability of wage formation and the evolution of the standard of living. The general view was positive, and even conservative governments accepted these transformations as a fact of life which had to be accommodated or even welcomed since these transformations played a positive role in the dynamism and stability of growth. The nation, or alternatively the sector, was the conventional basis for collective bargaining in highly centralized negotiations between business associations, workers' unions and in some cases public representatives. From the 1950s to the mid-1970s, most governments had an interest in responding to some of the unions' demands and, consequently, a vast amount of social legislation has been passed in many, if not all, countries.

Almost all of the elements in this description must be transposed for the 1990s. First of all, the general feeling among policy makers, economists and even public opinion is that the past institutionalization of labour is an impediment to job creation, innovation and renewed growth. The flexibilization of labour markets, the reduction or rationalization of welfare, the decentralization of negotiations, the individualization of wage formation, softening the constraints imposed by labour legislation and the multiplicity of derogatory labour contracts are now the buzz words and the key objectives of governments, whether conservative, centrist, social democratic or socialist. If not explicitly anti-labour, the new policies assume that previous legislation had dubious and probably negative effects upon employment and also provoked counter-productive effects, which must be corrected. Therefore, the institutionalization of the wage labour nexus is seen as second best with respect to market mechanisms which should be applied more systematically to labour demand and supply. This is a clear U-turn in comparison with the 1960s, and this shift is attributed to (and legitimized by) the statement that nation-states are no longer autonomous and must comply with international competition and the globalization of finance. This means that the sphere of industrial relations is no longer isolated and must move and adapt in reaction to changes in competition and monetary policy, and the international regime.

This contrast already gives some insights about the current flux in industrial relations theory, but this description cannot replace a deeper analysis in order to investigate the factors which triggered such a re-appraisal of deeply embedded social practices and theorizing. The most popular reasons might not be the most satisfactory. For instance, globalization is generally presented as a definite impediment to any institutionalization of the wage labour nexus. But is the current era so new and are the international forces so strong, as most observers are prone to think?

A surge in internationalization, but not necessarily a totally new phase of the world economy

There is no doubt that the previous trends concerning the role of external trade were reversed after 1967 for most countries. Previously, for large or medium-size eco-

nomies, the domestic market played a leading role in the development of mass production. But, after 1967, large corporations decided that this demand was too limited, and that it must be extended and completed by exportations. What was considered a pure extension of the Fordist regime (continuing to develop productivity by searching for larger international markets) has become the leading factor for firms and governments. In nationally centred Fordist regimes, wage was a cost for the firms but also a component of consumption, hence demand, and thus a stimulus for labour-saving technical change. In the 1990s, the conventional idea that high wages are detrimental to the profitability of firms, and the argument that competitiveness is setting the pace of most national economies have both made an impressive comeback. Wages are mainly costs and have no clear influence on the demand addressed to domestic firms, because the markets are currently found everywhere, i.e. nationally and internationally. The emergence of newly industrialized countries, which initially benefited from very low wages, still reinforces this strategy of wage and welfare containment by large corporations and governments.

This argument captures an important aspect of contemporary transformations but may lead to detrimental misunderstandings if pushed too far. Clearly, the degree of internationalization of economic activity has experienced a significant change. Whereas exports as a percentage of GDP in developed Western countries remained almost stable, at around 9% during the 1960s, this ratio climbed to nearly 15% between 1967 and 1973. This ratio has been relatively stable since then (Bairoch, 1996: 175), contrary to the widely accepted vision that internationalization is becoming more ingrained through time. It is more likely that developed countries have shifted from a relatively autonomous growth pattern to one that is more interdependent with respect to an international context. Incidentally, the degree of openness in contemporary economies is not totally new. For instance, just before World War I, exports represented 12.9% of GDP in developed countries, compared to 14.3 % in 1992. This evolution varies from country to country. The US had nearly the same ratio of exports in 1913 and 1992 (6.4 % and 7.5 % respectively), while Japan is less open today than it was at the beginning of the century (8.8 % compared to 12.6 %) (Bairoch, 1996: 179).

The idea that the present novelty relates to the explosion of direct foreign investment is open to discussion. Whereas such investment amounted to around 0.6 % of GDP in developed countries between 1970 and 1981, it rose from 1984 to 1988 and reached its maximum at around 4%, and declined thereafter due to the persistence of the recession of the early 1990s in one of the major capital-exporting countries: Japan (Bairoch, 1996:182). This enhanced geographical mobility of capital clearly has an impact on industrial relations once again: nowadays, transnational corporations can escape national labour legislation that is too strict by going 'regime shopping' in search of large domestic markets, light taxation on profits, subsidies and, of course, skilled but low-paid workers. But the role of this single factor should not be overstated for at least two reasons. First, the fraction of total employment linked to foreign investment is significant but not overwhelming in most developed countries: only very few multinationals have truly global manpower policies, which would mean that they fully exploit the human resources at a world level (Ruigrok, Van Tulder, 1995).

But of course, the extended opportunities available to firms have changed the bargaining power of workers with respect to managers, and this change must be recognized. Nevertheless, national reactions to this threat are quite diverse, which means that internationalization has only an indirect effect, through the strategies of the main social and economic actors and their interplay with the legacy of national economic specialization and labour legislation. A historical comparison places the current period in perspective and gives a second reason for a more careful examination of the role of foreign investment. Before World War I, the flow of foreign investment already represented 3% of GDP in developed Western countries, but the major difference relates to a shift in the main capital-exporting countries: from the UK to the US and then to Japan. What seems totally new to contemporary observers is, in fact, not new, even if highly visible Japanese foreign investment does tend to overcome the long-established American multinational. Nevertheless, this novelty does not concern the internationalization of production per se, but its interaction with the forms of national institutions, which are indeed quite different from those observed a century ago.

Therefore, the new trends in the internationalization of production, investment and of course finance, do interact with the inner mechanisms of national *régulation* modes, which may differ significantly across nations, and this occurs within the same general development model based on mass production and consumption. A statistical and econometric exercise allows an assessment of the countries for which wages have become a cost due to a large dependence on exports, and those countries which are still governed by the previous Fordist regime. In this regime, more wages mean more production and employment, due to the spill-over from wages to wage-earners' consumption and investment via an accelerator effect. It turns out that the rise in exports may explain the shift toward a competitiveness-led regime in some countries (France and Germany). However, other OECD countries have not experienced such a shift (the US, the UK and Japan) (Bowles, Boyer, 1995). Consequently, if internationalization had been the single factor affecting industrial relations, such a worldwide movement towards flexibilization, individualization and social deregulation could not be explained: Fordist growth regimes still exist, as do export-led ones in small open economies where wages used to be set according to the competitiveness of the export sectors (Boyer, 1995).

But the argument may be made more general: many political scientists have convincingly shown that the impulses coming from the international system do not have a direct and active impact on national economic, but instead serve to shift the balance of power of various groups and economic specialization through the re-deployment of the strategies of the firms, banks, unions, government and the State. Therefore, the same international event or disturbance will have quite different consequences, given the significant variety of political organizations, economic institutions and *régulation* modes.

A set of interdependent structural causes, not a unique factor such as globalization

Since internationalization is not the single leading factor, other sources of change in industrial relations must be sought. Basically, two other spheres interfere with the

shift to the competitive regime (Figure 1): the relative bargaining power of workers and managers on one hand, and the constraints and opportunities associated with the productive paradigm on the other. If one goes back to the Golden Age of Fordist industrial relations, the structural compatibility of three closely interrelated factors was expressed: a widely accepted integration of workers within the democratic system promoted economic activity and aided the full maturation of Fordist productive principles, whereas the stability of the Bretton Woods system allowed this social and economic construction within each independent national state.

In the last two decades, this synergy has been destroyed and replaced by a totally different set of interactions. First, the mass-production of standardized goods has run into severe organizational problems. This results in a slow-down in productivity, which no longer allows for an improvement in the standard of living at the same rate. This is a quite serious problem since it was part of the workers' expectations. The first reason for destabilization in the previous systems of industrial relations is therefore to be found in *transformations of the productive system*. Firms could no longer continue to organize work and pay systems according to typically Fordist principles. This is why the post-World War II configuration is transformed, even if the degree of internationalization has not drastically increased. This transformation sets into motion a change in the relative competitiveness of firms and nations: some could develop new sources of productivity rather easily, whereas others became stuck in a rather Fordist trajectory.

In turn, this move has two major consequences. First, given the fact that Europe and Japan have caught up, the US no longer has full control of the international regime, and the Bretton Woods agreement must be abandoned and will be replaced by a series of ad-hoc policies and uncertain rules of the game: recurring shocks and surprises hit most individual economies which do not easily cope with the legacy of a highly institutionalized national order. Second, given the developed countries' deceleration in growth, competition becomes more acute and tends to destabilize the previously oligopolistic competition which had prevailed at a national level. This provides a good argument to managers for the reconsideration of the previous institutionalization of the wage labour nexus: wages should now take into account the fact that the survival of the firm is set by factors which are no longer purely domestic, but largely international. But this new constraint stemming from *competition and internationalization* is also an opportunity for large multinational firms: they can always threaten to move jobs abroad in order to make domestic production profitable if workers at home do not accept concessions.

In more general terms, *the bargaining power has shifted* from the workers and the unions to the managers and existing business associations. This is why and how the internationalization of production, investment and finance currently interacts with the evolution of industrial relations. The viability of these factors is closely related to an adequate level of profitability for firms that are looking for more interesting places to invest and carry out production. Under this constraint, most if not all of the components of the Fordist wage labour nexus are potentially redesigned after a rather unequal bargaining process: the majority of workers are closely tied to the national arena, whereas large firms are not. This is the meaning to be given to the concept of

globalization: firms have access to a new range of locations, tools and profit opportunities, whereas the majority of low or medium-skilled workers experience a decrease in job opportunities due to the shift in the productive paradigm.

In summary, it can be argued that all of these transformations in industrial relations are related to three interrelated changes. First, the *production principles* that were supporting the post-World War II Fordist growth regime are challenged by alternative methods which are in tune with more volatile product markets: the evolution towards competition based on quality and innovation. This structural change introduces new constraints upon work organization, labour contracts and, more generally, the industrial relations systems (Figure 2). Second, the highly permissive post-World War II international regime has decayed, but this has not prevented an increase in the *transnationalization of firms*. The large degree of institutionalization in industrial relations was perceived by them as an unnecessary constraint, which could be overcome by the threat to move jobs to more flexible labour markets. Third, these two moves have caused a shift in the ideological mood and in the *bargaining power of social partners*. The 1980s featured a new domain in intellectual thinking about the relative role of the State and the markets, of firms and unions, and more generally the relative relevance and strength of economic factors and socio-political considerations. Clearly the Anglo-Saxon vision relating to the general superiority of markets has entered most European debates and has even cast an element of doubt among the Japanese elite. Furthermore, unprecedented levels of unemployment and the severity of some financial crises have given managers a large degree of initiative and power to change the rules of the game without any real negotiation.

The individualization of wage contracts is relative and only a part of larger and more complex transformations in the wage labour nexus

This analysis suggests that the current transformations in industrial relations cannot be reduced to a once-only adjustment to a variation in the environment, but that they express a historical change in moving away from the embeddedness of the wage labour nexus which was at the heart of the Fordist development mode. Therefore, these changes relate to most of the components of the wage labour nexus. *Work organization* must escape a typically Fordist job demarcation, which calls for a re-negotiation of the skill and wage hierarchy, following a process which actually took place in many countries. Consequently, the *pay systems* which had been so efficient in feeding Fordist growth must now be replaced by essentially different systems, based on the building up of competence, the ability to work in teams, concern for the quality of a product, the acceptance of fast and unexpected changes in the market, as well as an acceleration of technical change. Simultaneously, the *level of activity* must adjust more frequently and more drastically than during the stable growth period of the Golden Age: according to the precise configuration of labour contracts and collective agreements, either the hours worked or the employment levels must meet the variations in demand. *Welfare systems* are not immune to such adjustments, since in many cases social contributions are paid out of the total wage bill, and these introduce a wedge between the income received by wage-earners and the costs paid by

firms. Many countries have thus experienced more or less ambitious reforms of the welfare state: during the 1990s, this means trimming costs, reducing social benefits, rationalizing the supply of collective goods and privatizing the components of welfare which can be managed on the basis of profits by the private sector.

Simultaneously, both the level and content of wage bargaining have generally shifted from centralization and a high degree of formalization to a much more *decentralized approach*, with *fewer explicit rules* and more autonomy extended to firms. The pay systems are now trying to work within the situation of each sector or firm, or even the plant or division within the firm. The *individualization of wages* is the very consequence of the diversity of competitiveness sources, bargaining power and growth prospects within the same national economy. *Privatization* of some nationalized firms and the welfare supply are directed towards the same objectives: lessening the bargaining power of public sector employees and public servants and replacing them by private law contracts, which are more sensitive to competition and financial restrictions. Even the relative wages between the *public and private sector* have changed, and negotiations relating to the compensation of state employees now follow the private sector's process of wage setting.

All of these transformations seem highly interdependent and related to the three leading factors analyzed previously. Nevertheless, if these pressures are quite general, the speed of the actual changes is less uniform than one would think, if one only studies general statements of managers and policy makers (Boyer, 1988; 1990; 1995). Actually, the differences observed are related to the nature of the growth regime (export-led or domestic-centred), the nature of foreign competition (via cost and price or via quality, services and innovation) the degree of legal entrenchment of industrial relations (rather weak and superficial or very developed and totally embedded), and finally the orientation of the governments (towards the status quo or in favour of a drastic liberalization of the labour market). Therefore, in discussing the future of industrial relations and social legislation, it is important to clearly distinguish intents and statements from actual practices and transformations. If the former seems quite universal, the later remains specific to each country.

But a feature common to almost all national industrial relations systems concerns the direction of evolution and the loss of autonomy in social law. In the 1960s, state intervention, forms of competition and the management of external trade had to somehow adapt to a strong capital labour compromise and extended legislation, which was the result of a century of labour struggles. In the 1990s, the direction of causality is totally opposite: firms and governments expect workers to automatically accept the current state of stiffer competition, financial uncertainty and public spending austerity. In France, for instance, the contrast between these two periods is striking. In 1982, the socialist government passed a law that reorganized the respective rights of lenders and wage earners when firms go bankrupt: the workers were given more entitlements than before. A decade later, conservative governments have totally reversed the trend of legislation: firms are given more freedom to negotiate concessions with unions in order to maintain jobs and economic activity. Competition now comes first, and labour law second, if not last. In the US, concession bargaining has replaced the conventional collective and connective bargaining which

used to bind and restrict the freedom of firms to adapt to unexpected economic developments.

The Golden Age has passed, and the very connections of industrial relations with the other spheres of finance, production, technology and external trade have been drastically altered. Therefore, the change in the theory is not a pure intellectual phenomenon but the very expression of the inability of the founding concepts of the discipline to follow the new evolution during the last two decades. These concepts were based on strong autonomy and the institutionalization of capital labour relations, whereas nowadays just the opposite occurs: a large degree of interdependence involving other firms and a backlash of market forces surrounding and permeating labour contracts.

The topics that research should focus on

Régulation theory therefore interprets the current state of industrial relations as an academic discipline: as the indirect consequence of the historical changes which have taken place during the last decades. This calls for a new research agenda, based on the development of joint research with related disciplines, in order to cope with the new nestedness of the wage labour nexus in modern societies. More precisely, this vision suggests six directions for the renewal of research in the area of industrial relations.

Develop an integrated framework which combines politics, law, sociology and economics

Nowadays, industrial relations can be perceived as a sub-field in the vast domain of the theory of institutions. The challenge is to interpret the emergence, diffusion, maturation and, ultimately, the crisis or demise of institutions such as collective bargaining, labour contracts of indefinite duration, macro or meso-corporatism, social democratic pacts between unions, business and state officials, the so-called Japanese employment system, etc. Clearly, no single discipline can assume to fully explain the historical pattern and configuration of all these institutions. *Political science* has a say concerning the process of the emergence of society-wide institutions: labour institutions are no exception, since the long-term history of advanced capitalist countries suggests that the substance of major labour laws was very often, if not always, the consequence of the impact of social struggles on the political process. Whatever the success of economic theories of institutions, such as transaction cost economics, the principle of efficiency and economic calculus is not at the core of the emergence of most of the institutions which govern industrial relations.

Then comes the leadership of *legal theory*, when the issue at stake is the diffusion of a key principle by a series of detailed rules and legislation, these deriving from the inner development of legal concepts, as well as their interaction with interest groups and social actors. This is especially interesting since the legal embeddedness of the capital labour compromise may take quite differing configurations depending on the

legal tradition, the form of labour recognition and unions as distinct from typical commodities and commercial law entities. Thus there is a social construction of industrial relations by the very process of jurisprudence, lawmaking and the related transformation of the strategy of firms, workers and their unions.

At this stage, *sociology* must be included in the research agenda, since any given legislation is only a framework within which various and sometimes opposing strategies will develop: the implementation of law is never automatic and the outcome is largely dependent on either innovation and deviant strategies or on compliance with the rule, if it is in the interests of the social partners involved in the domain organized by the legal framework. This is the reason why sociological analysis has played quite an important role in research on industrial relations, and must continue to investigate the subtle interactions between the social partners. But given the importance of market forces in contemporary society, the social acceptance of a given industrial system is not sufficient, since it must be complemented by the economic viability of the underlying productive system and the various firms.

Finally, the goal of *economic theory* is to investigate compatibility between a given set of labour market institutions, the strategies they induce and the final outcome in terms of economic transactions and activities. This is the principle of economic viability, which is less demanding than the neo-classical search for Pareto efficiency and optimality. For *régulation* theory, a given wage labour nexus must be compatible with other institutional forms and must deliver a viable growth regime. In a sense, economic criteria come last, but they are important in any capitalist economy governed by the evolution of profitability. In other words, some structural crises in industrial relations may occur because the economic specialization and technical changes associated with the labour configuration do not deliver an admissible economic outcome: profits are too low, employment is unstable and real wages are stagnating or even declining.

Thus, any theoretical breakthrough calls for an interdisciplinary approach, i.e. the composition of teams which gather a large spectrum of researchers in the social sciences around the same basic issue to be investigated. This is not an easy task during a period which features a global trend toward narrower specialization on precisely defined sub-fields. However, possible strategies to overcome these obstacles can be considered. Is it not possible that a researcher be trained in both a major and a minor discipline, and that institutes for advanced social studies be founded in order to counteract, on the sidelines, the main forces now operating which bring a sharp division among disciplines, the specialization of reviews and curricula?

Try to show that these configurations are important in the evolution of industrial relations

Why bother with a detailed analysis of industrial relations and related institutions if they only play a minor role, since they are considered a mere source of friction added to a unique and key configuration governed by pure labour market mechanisms? A major contribution of contemporary institutional economics argues that contrasted configurations may coexist in the long run, given the path dependency of most

national institutional architectures. *Régulation* theory has exhibited the wage labour nexus spectrum, from typically Fordist to Toyotist, as well as a number of social democratic variants. Each of these has a definite impact on the growth regime (Boyer, 1988; 1995; Basle, Mazier, Vidal, 1994). These results used to concern mainly macro-level dynamics, but they have recently been extended to include a more micro or meso level.

The role of unions and the variability of this role across nations is good evidence of the variety of configurations, due to the interaction of forces belonging to different areas of policy making, legislation, bargaining and the economic viability of the related structures (Boyer, 1995). Under the same label of 'union', a comparative analysis shows an extreme diversity of objectives (solidaristic, economic, political), organizations (from company level bargaining to a unified, centralized union, not to forget a balkanization of craft unions) and tools (conflicts and strikes or cooperation with management, the sharing of some managerial attributes). And of course, results differ widely: the homogeneity of wage increases versus the creation of a wage differential for unionized workers, control over promotion and wage career versus management of some welfare benefits, etc.

It seems important to challenge a current conventional view: that the globalization of developed economies necessarily implies the decay and ultimately the disappearance of any local or national structure, and more generally of any ambitious labour or social legislation. Again, the pattern of union density contradicts this vision: social democratic countries experience a strong and even increasing participation in unions, whereas Japan, the US and France are undergoing a long-term decline in union membership. In between these two points, most other countries exhibit a hump-shaped evolution, with union density at its peak around the end of the 1970s. From a theoretical standpoint, the same macro-economic shock implies quite contrasted outcomes if the bargaining takes place at the firm, branch or economy wide level (Corneo, 1995): fully decentralized industrial relations systems experience a decline in union density, whereas centralized ones may benefit from an increase in the same ratio. Therefore, all configurations are far from equal: the precise organization of industrial relations matters even in a period of high internationalization. Thus, a major task of research should be to investigate how many different systems actually exist, if some of them are functionally equivalent to others, and, finally, how they evolve in the context of a productive paradigm shift and higher capital mobility.

Make systematic international comparisons in order to detect structurally viable configurations

The vast majority of past research has focused on two major issues. On one hand, industrial relations specialists have replied to neo-classical economists and their argument that labour markets should have the same basic properties as typical goods markets and that bargaining brings only imperfection, wage differentials, labour segmentation and ultimately unemployment. Nowadays, new micro-economic theories recognize the rationale behind the role of fairness, the defence of solidaristic values and the impact of long-term labour contracts on wage bargaining (Solow, 1990;

Hahn, Solow, 1995). Consequently, economists now have a better understanding of the viability of a given set of social and market relations (Akerlof, 1984) and this potentially extends the dialogue with industrial relations research. This path is quite promising since these new hypotheses relax the conventional hypothesis about a pure market approach to labour and unionization.

On the other side, pair-wise comparisons have shown the specificity of each country's national industrial relation systems, which actually do not belong to a single variant. Among the most famous examples is the comparison between German and French industrial relations (Maurice, Sellier, and Silvestre, 1982), which shows that structural complements exist between a training system, wage differentials, work organization within firms and economic specialization. Similarly, a whole sub-field of research has been created to compare American and Japanese industrial relations and to try to relate the differences observed in diverging trends in productivity and competitiveness (Shirai, 1988; Aoki, 1988). However, one system is frequently taken as an ideal to be emulated, which violates the core principle of structural complements among the various components of industrial relations. For instance, France has tried to mimic the German dual training system without really succeeding, and, similarly, American firms have implemented teamwork and profit sharing, without necessarily rejuvenating the old Fordist methods completely.

In order to respond to the criticism that industrial relations research focuses too much on national specificity or, alternatively, that it delivers taxonomies which are too broad and encompassing, it is important to elaborate on the theoretically grounded configurations of industrial relations. The concept of a functional equivalent, when applied to the issue of training, and its result on the wage labour nexus emphasizes similarities between the German, Swedish and Japanese configurations: the three countries built their industrial systems in order to promote the enhancement of competencies. Thus, they benefit from structural competitiveness delivered by a high quality for innovating goods. Basically, this configuration is the opposite of typical Fordist industrial relations built on a very modest training of blue collar workers, because competitiveness is obtained by reducing the costs of highly standardized goods of average or mediocre quality (Boyer, Durand, 1997). Thus, research should focus on the identification of such strong complementary factors between the components of the industrial relations, the productive system and finally the global *régulation* modes (see Figure 2, supra).

However, a closer look within each broad configuration may clarify the respective strengths and weaknesses of each national case simultaneously. In the first group, it can be shown that the same issues are actually dealt with using various organizational forms or institutional settings. In Japan, most training takes place within large firms, and therefore competencies are generally particular to the situation. In contrast, the German dual system is well-known for organizing a high degree of polyvalence and supplying largely transferable professional skills. In the middle is the Swedish public system, which used to provide skill upgrading for workers coming from declining sectors. Consequently, these three configurations are not perfect functional equivalents, as evidenced by the contrasted trajectories observed for a decade. This general method can be applied to build a synthetic and coherent taxonomy for industrial sys-

tems and therefore reply to the frequent criticism made by mainstream economists: theory should be used in order to prevent a mere description being made of each national case considered in isolation.

Test a provisional hypothesis: at least four configurations for industrial relations

Even though similar, if not identical, pressures have been imposed on each system, the trajectories have been quite different, mainly because the impact of these pressures permeates the whole system and the strategies adopted have been given different various economic specializations, degrees of openness or political agendas. Basically, industrial relations and social systems of innovation tend to co-evolve (Amable, Barré, Boyer, 1997). At least up until the late 1980s, four systems coexisted: a social democratic configuration (Sweden and Austria), a micro-corporatist one (mainly Japan), the opposing decentralized and fragmented systems (the US and Canada), and finally, state-led systems (mainly Europe, especially France and Italy). Let us briefly describe these four configurations.

The first one is typical of small open economies within which the social partners have agreed that their joint interest is to promote internationally competitive firms and sectors, with high levels of productivity and high wages. Therefore, this basic social compromise can be mobilized in order to respond to international disturbances and technical innovations. The maintenance of near-full employment and an extended welfare system were the key objectives, while the stability of wage increases was less important, at least until the early 1990s. The second configuration is quite different indeed, even if external competitiveness is still an important factor which shapes industrial relations: large corporations and related subcontractors tend to determine the style of labour contracts, governed by high internal mobility and the nurturing of firms' highly specific competencies. Company unions are generally weak and do not play any major role at a macro level, which is a major difference with respect to the social democratic configuration.

However, the most frequently analyzed model may be the decentralized and fragmented configuration, typical of most English-speaking countries. Basically, competition among firms and high external mobility are mitigated by collective agreements at a plant or firm level. Thus, the market mechanisms of wage and employment are much more powerful than in the other systems, and usually deliver a clear dynamism in radical innovations, but at the possible cost of large and sometimes increasing inequalities. Within this configuration, a trade-off between job creation and high wages is clearly perceived by local and generally weak unions, i.e. a major difference with the three other systems. Finally, there is a fourth configuration based on strong public intervention at a central or regional level. Clearly, state regulations are frequently used in order to overcome quite conflicting industrial relations, which used to manifest in the form of frequent strikes, absenteeism and social and political struggles. Therefore, a high level of institutionalization in industrial relations maintains some degree of social justice and a virtually universal welfare system, at the possible cost of high unemployment rates for new generations and lesser-skilled workers.

In the early 1990s, the conventional hypothesis stresses that flexibilization, deregulation, individualization and decentralization are the key components of any viable industrial system. An institutional comparative analysis actually suggests the coexistence of still-distinct configurations. Of course, there is a general movement towards decentralization and firms having more discretionary power, but the Anglo-Saxon systems remain quite different from the social democratic or state-led ones. Actually, there is no strong argument in favour of a rather popular vision: given the strength of globalization, industrial relations should converge towards a single path which is also the most effective (Figure 3).

There is no doubt that the convergence theory is quite appealing: imagine that financial markets are fully integrated and adopt the same criteria all over the world, that goods are produced and sold everywhere without limitations imposed by national boundaries, that consumers' tastes are converging towards a kind of American way of life and that technological and organizational knowledge can be codified and therefore easily diffused across firms and regions: at this point, industrial relations should converge towards variants of a single configuration. But fortunately or not, each of the related hypotheses is far from representative of the current state of affairs for most national economies. Some financial markets are highly interdependent, but banks and stock markets are far from the point of converging towards the same organization, and this is an explanation for the remaining large discrepancy between national interest rates. Similarly, only a minor fraction of everyday production is exported or imported and productive systems still exhibit strong national specificity, which derives from specialization enhanced by freer trade. Some emblematic goods are diffused in nearly each country, but this does not mean that lifestyles tend to converge, since they have been shaped by long-term trends, highly particular to each nation, even those belonging to the same free trade zone. Finally, human resource management is not easy to codify and export all over the world, as evidenced by the difficulty in mimicking the so-called Japanese methods.

Therefore, it is still worthwhile to search for a taxonomy of industrial relations, but this does not mean that these configurations are fixed and will last forever: quite the contrary.

Take into account the variability in the hierarchy of institutional forms: competition and finance are currently shaping the transformation of the wage labour nexus

During the 1990s, some significant transformations have occurred within each model and the more highly institutionalized have been especially challenged, since some of them seem to deliver a poor degree of competitiveness and high unemployment. In other words, the wage labour nexus is perceived as inadequate with respect to the evolution of international competition and the monetary regime. This reminds us again that industrial relations as a separate field emerged during the period of institutionalization of unions and construction of internal labour markets (Dunlop, 1957). Only precise macro-economic conditions allowed this relative autonomy with respect to commercial law, international relations, and the conduct of monetary policy and financial organization. If these conditions are altered, and they actually have been for

two decades, research on industrial relations must take into account its explicit structural compatibility with these other domains. In order to understand this new historical epoch, a brief historical retrospect might be useful.

Before World War I, the international regime governed both national monetary policies and price competition at home. Therefore, large wage flexibility and significant labour mobility were required in order to react to these external disturbances. The lack or infancy of the institutionalization of industrial relations was quite consistent with this competitive mode of *régulation* (Figure 4). In a sense, a highly competitive functioning of the labour market was built on (or at least made compatible with) the leading forces governing the growth regime. Thus the wage labour nexus was structurally determined by the forms of competition and their insertion in the world regime. It would come as no surprise if, during the 19th century, the issue of labour was not discussed under the aegis of any industrial relations theory, but in terms of controlling an emerging working class, poor laws, etc.

After World War II, the core institution in most industrialized countries was the Fordist wage labour compromise, which institutionalized wage formation, created complete welfare systems and led to the emergence of unprecedented macro-economic adjustments due to the fact that competition became oligopolistic. Monetary policy also turned out to be quite accommodating. Last but not least, the international regime allowed periodic revision of exchange rates (Figure 5). This is a complete reversal of the 19th-century hierarchy of institutional forms. During this period, the Fordist compromise shaped the whole architecture of *régulation* modes: competition was light due to a buoyant demand from wage earners, central banks preferred growth and full employment to price stability and a strict equilibrium of the trade balance. Only within this context does the isolation of industrial relation make sense as an academic discipline.

However, in the 1990s, the hierarchy of these institutions tends to evolve towards the configuration observed before World War I, with significant differences due to the inertia and legacy of the post-World War II reforms. Competition has become more acute due to the opening of national economies; thus firms cannot easily translate any cost increase into price hikes. Monetary policy is closely related to the defence of the external exchange rate; thus it can no longer act as a stimulus for production and employment. Finally, international financial markets tend to closely monitor national economic policy in favour of price stability, if not a trade balance equilibrium. Therefore, the previous Fordist wage labour nexus can no longer be sustained and most governments, either conservative or social democratic, must engineer more adaptability into labour markets. But it is not an easy task since this strategy contradicts a century of labour laws and falls short of the expectations of workers and unions (Figure 6). This may be an explanation of the rolling back of industrial relations. Consequently, research in this area should once again carefully define its boundary with other related disciplines and recognize that labour laws, collective bargaining and individual labour contracts are now affected by factors which used to be largely outside their conventional domain of investigation. This *aggiornamento* might be painful, but it seems absolutely necessary in order to regain the relevance and legitimacy of industrial relations theory.

There is now explicit competition among labour regimes and more generally among institutional regimes (Berger, Dore, eds., 1996). In this context, fragmented and decentralized industrial systems tend to be increasingly perceived as the ideal to be emulated by other systems, since they seem to deliver low unemployment and quick reactions to macro-economic disturbances. In contrast, social democratic and corporatist models have entered into structural transformations and turmoil and are supposedly outdated. They are bound to reform or perish. Industrial relations research should challenge this conventional wisdom by stressing that labour systems have a multiplicity of goals and functions which cannot be summarized on the basis of short-term efficiency criteria only.

Actually, the following hypothesis must be assessed if not completely challenged: that numerical or defensive flexibility (the variability of hours worked, the removal of any public control over hiring and firing, a large sensitivity of wages to short-term evolution) is the necessary and sufficient condition for economic performance. The search for short-term flexibility has proved to be detrimental to dynamic efficiency and innovation, whereas many case studies and new growth theories suggest that unequal job and wage opportunities do hurt economic efficiency in the short term, and especially in the long term (Figure 7). Conversely, some highly institutionalized systems are preferable on a global level to purely decentralized and fragmented ones, since the former may promote dynamic efficiency and the preservation of fairness in the distribution of income and wealth. Therefore, a strong paradox emerges: the international system tends to select countries according to their defensive flexibility and poorly institutionalized industrial relations, whereas this very evolution may inhibit the speed and direction of technical change and exacerbate social and political problems concerning fairness and social justice.

The substantiation of this point could be close to the top of the agenda for further research, since the opposing belief, now widely shared by managers and policy makers, has a strong impact on the actual evolution of the wage labour nexus. If more stable rules of the game prevailed in terms of finance, trade and foreign investment, all four industrial relations systems could probably coexist and specialize accordingly, and would therefore level-off most of the current 'international friction'. This would promote a much more balanced approach, where the wage labour nexus could be an institutional building block of an emerging new development mode, and not simply an inhibiting factor. But then, research should investigate alternative paths for the reconstruction of labour laws and collective bargaining.

How to institutionalize labour protection once again

Once again, in the mid-1990s, a plea is heard in favour of labour market deregulation and the return to much more competitive pressures on wage formation, not to mention decreasing welfare expenditures. But this is not a mere repetition of the mid-

1980s since we have already seen some of the outcomes of such policies. The previous interpretation tends to cast some doubt on the relevance of two of the most popular strategies. On one hand, mainstream economics argues that any problem could be solved by a return to more transparent and efficient labour markets, by removing most public intervention and inadequate collective bargaining. But this vision neglects the fact that labour is not a commodity, but that it acts to support social relations, which cannot be governed nor monitored by pure market mechanisms. On the other hand, defending the old system without any reform has been proposed by some unions, at least in continental Europe, but this strategy does not seem to overcome the current problems of unemployment and competitiveness.

The previous analyses suggest a third path, in between these two extreme visions: why not institutionalize some form of workers' protection once again, but at new levels and with novel tools? For simplicity sake, let us consider only six major proposals and assess briefly their pros and cons (Table 2).

International collective agreements: highly desirable, but largely beyond reach

Since more and more economic activity takes place outside national boundaries, why not extend the founding concepts of industrial relations to the currently relevant economic space, i.e. internationally? This first strategy is a priori the more rational, since the new wage labour nexus should actually follow the current trends of economic activity, which are becoming more and more transnational. For instance, fifteen years ago, a number of Italian union leaders proposed to negotiate new collective agreements at a European level, which could have overcome the dumping or excessive competition between national bargaining systems. Unfortunately, there are few examples of successful European negotiations, and this is not necessarily by chance.

Whereas, after World War II, the relative bargaining power of *national* business associations and workers' unions were nearly balanced, while this is not the case at an *international* level. Firms and wage earners are poorly organized at a continental level and rarely enter into a formal process of collective negotiation, since they normally exchange ideas or agree upon highly abstract objectives (such as the diffusion of business information to unions), and not upon full-fledged European collective agreements. Furthermore, there is a greater division among workers in firms at a continental level, since they distinguish themselves according to general strategy, political or religious affiliation and, of course, national legacies with regard to what industrial relations are all about. This is then no surprise if so few successes can be mentioned, at least in Europe. In North America, automobile workers in the US and Canada used to bargain jointly, but two decades ago they abandoned this practice due to diverging interests on both sides of the frontier. This is clear evidence of the difficult path towards the internationalization of collective agreements. This economically sound strategy is bound to fail in the absence of a truly organized arena for social partners at an international level. Conversely, national actors are not ready to abandon their power and prefer to continue to negotiate at this lower level, even if it does not allow to counteract for instance 'social dumping', and the unintended consequences of more international interdependence.

Agreements within multinationals: yes, they exist, but this solution is very particular

Therefore, due to the lack of an external political institution, the previous strategy of the internationalization of collective bargaining can be restricted within each multinational. Again, this strategy is appealing and seemingly more realistic. For instance, unions are represented at a central level concerning some large and transnational European firms: Volkswagen is a good example of such a configuration. Then, why not extend, at this level, the collective bargaining pattern which used to be held at a national level? A closer analysis suggests that many obstacles may block such a shift. First, labour contracts for lesser or medium-skilled workers belonging to the same multinational vary a great deal according to the location and the plant at which they work. Actually, labour management is rarely integrated at a holding company level, since wage levels, work duration and welfare benefits are usually adapted to local requirements. Conversely, except for high-ranking managers, there are few examples of a homogeneity in contracts across national boundaries.

If multinationals would grant the same status to wage earners wherever they work, then major discrepancies between global strategies and the constraints of the local environment could possibly hinder the efficacy and relevance of such a strategy of homogenization within a single multinational. This would result in a balkanization of the industrial relations according to their belonging to different multinationals, and no longer involve more distinct national states. Such a drastic and challenging structural change is not easy to contemplate as a follow-up to the old national systems of industrial relations. Finally, what should be done for domestic-oriented or moderately internationalized firms and wage earners, and what would be the public governance of such a multinational-led configuration? Clearly this is only a partial solution to the current turmoil experienced in national bargaining systems.

Minimal international standards: a minimalist solution is not that easy to implement

A third strategy may be tempting: since no multinational social partners are able or entitled to negotiate collective agreements involved in setting the detailed content of job rules, wage hierarchy and increases and various welfare benefits, why not impose minimum requirements on any firm, regardless of its location? This should be the task of transnational agreements between governments, as soon as they have decided to join a free trade zone. This solution seems quite modest indeed in comparison with the two previous ones, since it requires less coordination between businesses and unions. However, the bulk of the bargaining process is then allocated to national public authorities, which may have quite contrasting visions of the current issues, as well as different objectives, diverging tools and an unequal ability to enforce the multinational treaties they may agree on. For instance, some developing countries may accept child labour, long working hours, the absence of legal recognition of unions and a very low level of effective welfare with the hope that the low cost of production will attract foreign multinationals and thus enhance national growth and income. In the more or less distant future, when the country is rich, these standards will be implemented.

Conversely, developed countries may fear that a massive delocalization process challenges the current employment, production and tax basis. Therefore, they may be

interested in imposing minimal social clauses on less industrialized countries. This basic conflict may prevent the emergence of any standard that would be common to and in the interest of all countries. Even if by chance such standards were agreed upon, it would be the task of national governments to monitor these international treaties. Some weaker states have few chances and tools to implement these standards, which would constitute distortion of fair competition. In this respect, labour protection laws experience the same problems as environmental standards at an international level. This is more evidence of the extreme difficulty in implementing this third strategy, not to mention the very unequal power of firms and workers when they ask for the actual implementation of such standards, once they have been recognized internationally.

Following a national legacy for industrial relations: nostalgia is not a solution in a changing world

A common feature of the three strategies mentioned above relates to the basic difficulty in extending any domestic institution at a supra-national level, either at a world level (there is no supra-national state but only limited international agreement), within multinationals (however important they might be, they control only a limited fraction of the total labour force) or by inter-governmental agreements (national governments usually have conflicting objectives on labour issues). Then why not follow a national plan and try to preserve the integrity of post-World War II institutional order, without any major changes in each local style of industrial relations? There is no doubt that, if this solution were possible, it would be preferred by most national governments, which would thus preserve social peace by following such a domestic orientation.

Unfortunately, this is not necessarily a viable strategy, especially in the long run. If a novel production paradigm is destabilizing the mass production system, if the endogenous national evolution of social groups brings a weakening of unions and a surge of managerial initiatives and when national economies are becoming more and more independent, if not equal members in a fully globalized world, then the old industrial systems inherited from the Golden Years can no longer be sustained if they do not adapt. This is the central message of this paper and, if accepted, the argument has definite consequence concerning the wage labour nexus' loss of autonomy with respect to both competition and internationalization. The objective of competitiveness is now pervasive and should be addressed even if one totally rejects external and defensive labour flexibility. Furthermore, business associations are generally opposed to the maintenance of Fordist labour contracts, and these associations have been gaining influence in the orientation of labour policies. Conversely, the unions, which would welcome such a legacy in industrial relations, have generally lost membership and political influence. In other words, this nostalgia had a dubious effect in terms of adapting to the new economic context and its relevance in terms of social and political support.

Institutionalizing decentralization at a company level: a dilemma

This fifth proposal takes for granted the lost bargaining power of unions at a national or even at the sector level. Why not incorporate fully decentralized bargaining at a

company, or even a plant level, in order to respond to the large diversity in the evolution of products, production processes, financial wealth of firms, constraints and opportunities associated with local labour markets or idiosyncrasies associated with specific plants? Many governments have tried to organize this shift from centralization to decentralization, from law to bargaining, from substantial rights to procedural routines, from compulsory arbitration to indirect incentives to the cooperation of wage earners and managers. Even the profit sharing scheme, if implemented at a more decentralized level, is a move away from the homogenizing forces which shaped the Fordist era. One major strength of such a strategy is to simplify industrial restructuring and the reaction to uncertainty and major macro-economic disturbances.

However satisfying it may seem at the micro level, decentralization is far from a panacea for society wide issues. If no general rules or constraints are placed upon this process, there is a serious risk of rising inequalities, recurring conflicts about the legitimacy of diverging wages for the same skill and content of work, and, more generally, there is no clear evidence that decentralization is a necessary and sufficient condition for promoting a new and viable labour regime. On the other hand, if governments put some strong but inadequate constraints on this process of decentralization – for instance, that the best practices will be extended by law to all other sectors – one may fear that some sectors which are lagging behind might be unable to follow the pattern set by the most efficient firms. In other words, although decentralization solves one issue (the heterogeneity in the evolution of the wage labour nexus), it makes others more difficult: the issues of dynamic efficiency (why innovate if a firm can permanently pay lower wages than its competitors?) and of social justice (what should the response be to workers' demand for a fair wage?). This dilemma is not easily solved.

Negotiate new rules at a national level: a difficult but necessary path

Contemporary industrial relations systems are in a double bind. On one hand, they should *internationalize*, but they cannot do this due to severe political and institutional obstacles. On the other hand, they must *decentralize*, but then they lose their cohesiveness and social legitimacy. Hence a sixth strategy, which is based on the legacy of contrasting *national styles*, could help to negotiating new rules of the game and would be adapted to the context of the next century. Basically, why not internalize both the pressures of competitiveness and the new opportunities associated with information technologies? This means no less than a new 'new-deal' since social partners should once again negotiate a totally new compromise, with the same objectives (enhance firms' competitiveness on one hand, protect workers' welfare and rights on the other), while using novel tools and means. In a sense, the corporatist compromise or the social democratic configuration are used to deliver such outcomes, which are now being challenged by the current state of the world economy.

This is precisely one of the dangers of this solution: if, for instance, the vagaries of the international financial markets bring an overvaluation of the national currency, workers may have to accept wage concessions in order to maintain employment, even if they are not responsible for such adverse evolution. Whereas financial insta-

bility should be dealt with by the negotiation of a new international system, the internalization of competitiveness may lead to a weakening of the wage labour nexus, which is detrimental to the long-term viability of the emerging *régulation* mode. Present-day Germany is a good example of a dangerous situation such as this. Conversely, such new negotiations would be quite difficult for societies with more conflicts, as France or Italy.

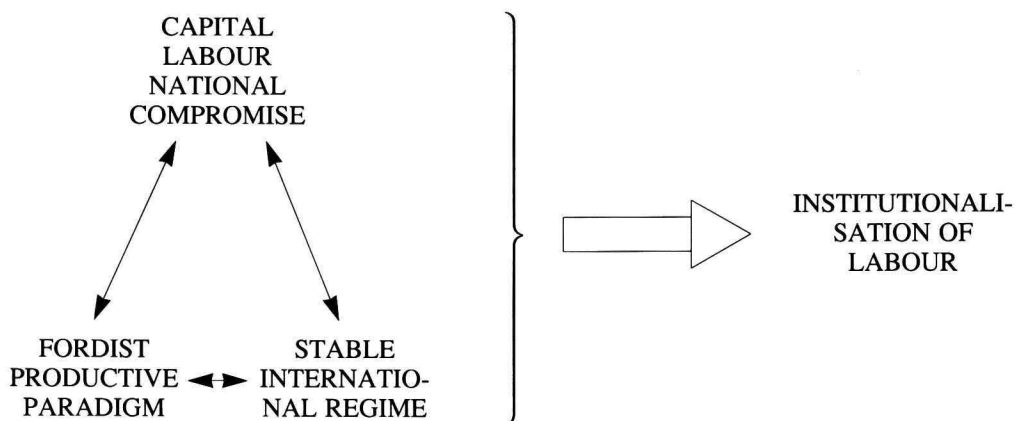
This means that there is no simple solution to the current turmoil in industrial relations practices and theory. *Il n'est pas nécessaire d'espérer pour entreprendre ni de réussir pour persévérer*: this could be the motto of a new generation of research in industrial relations.

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The post W.W. II configuration



The configuration of the 90's

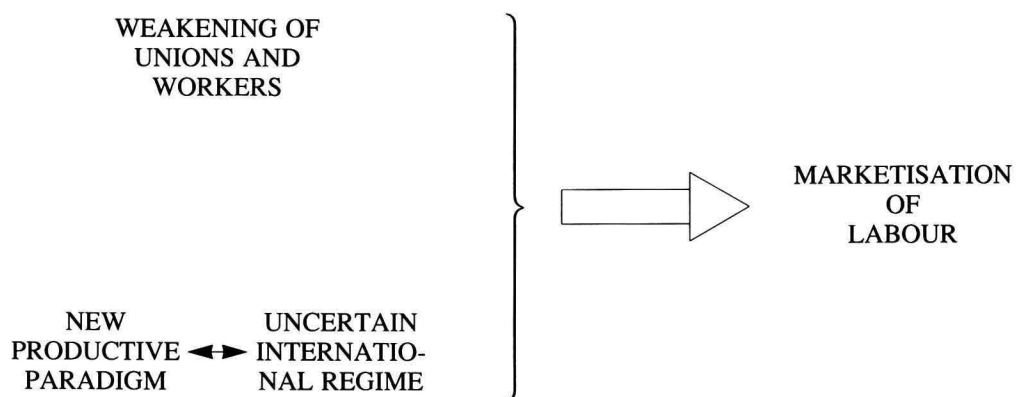
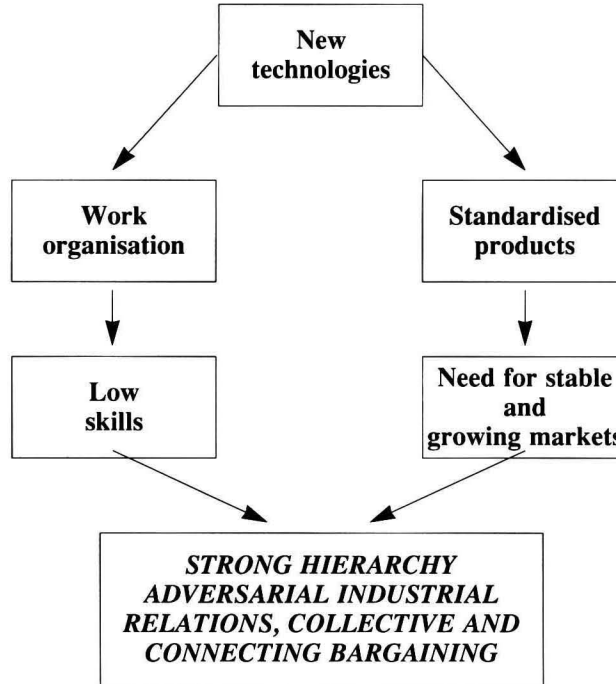


Fig. 1. An Industrial Relations Configuration has to be Coherent with the Political, Technical and International Structures.

FORDISM
A linear model



THE NEW PRINCIPLES
An interactive model

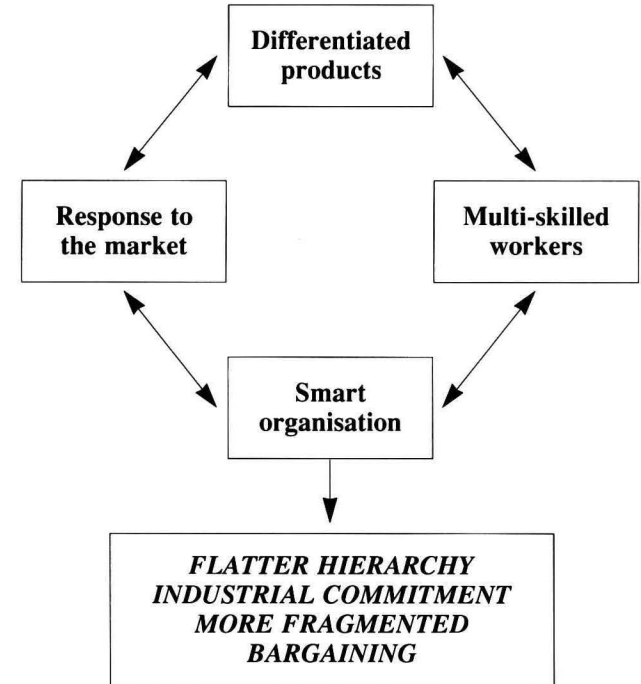
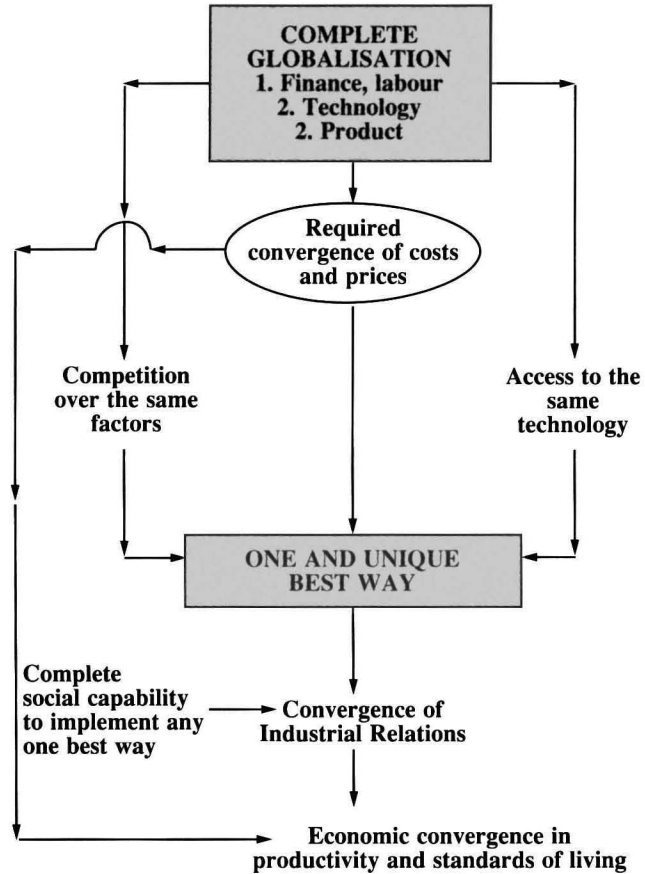


Fig. 2. The Shift of Production Paradigms calls for new Industrial Relations.

A QUITE EXTREME SET OF HYPOTHESES.....



.....RATHER UNLIKELY, EVEN IN THE 90'S

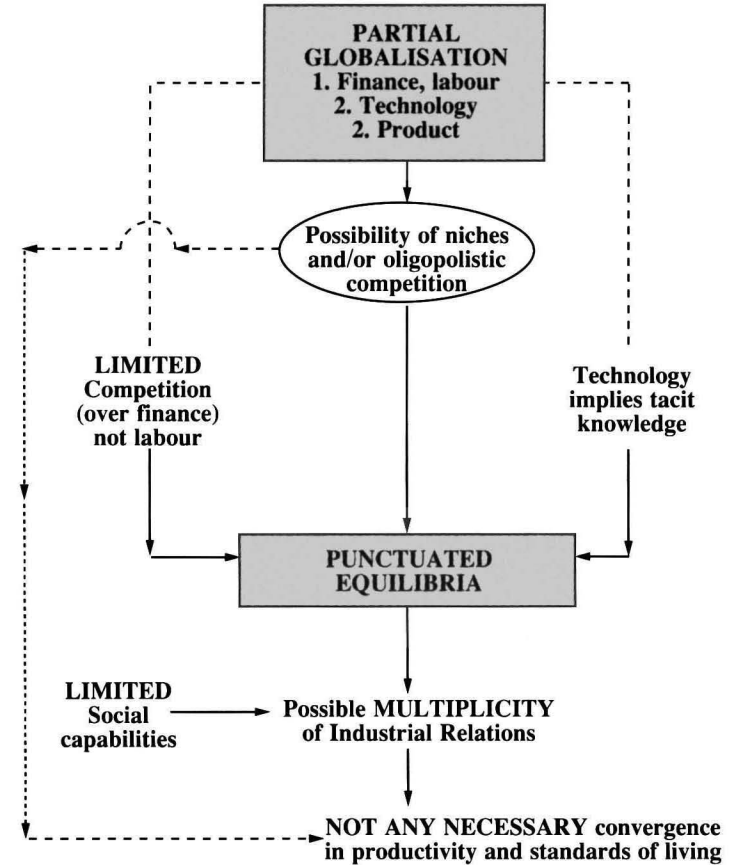


Fig. 3. Since globalisation is far from complete, there is no strong reason for convergence in industrial relations across nations.

THE THREE STAGES OF INDUSTRIAL RELATIONS AND THEIR LINKS WITH THE FORMS OF COMPETITION AND MONETARY REGIMES

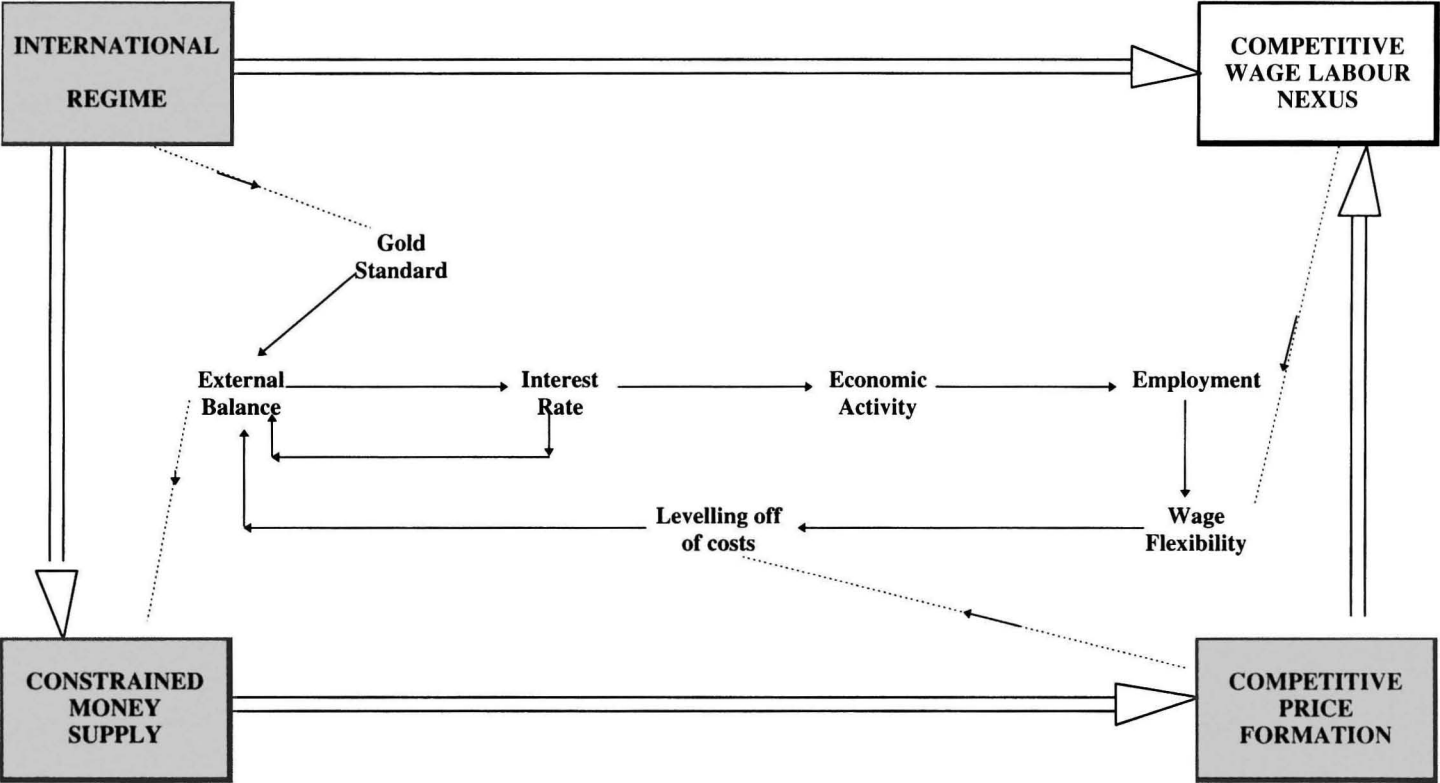


Fig. 4. XIXth century: atomistic competition and gold standard shape loosely organised industrial relations.

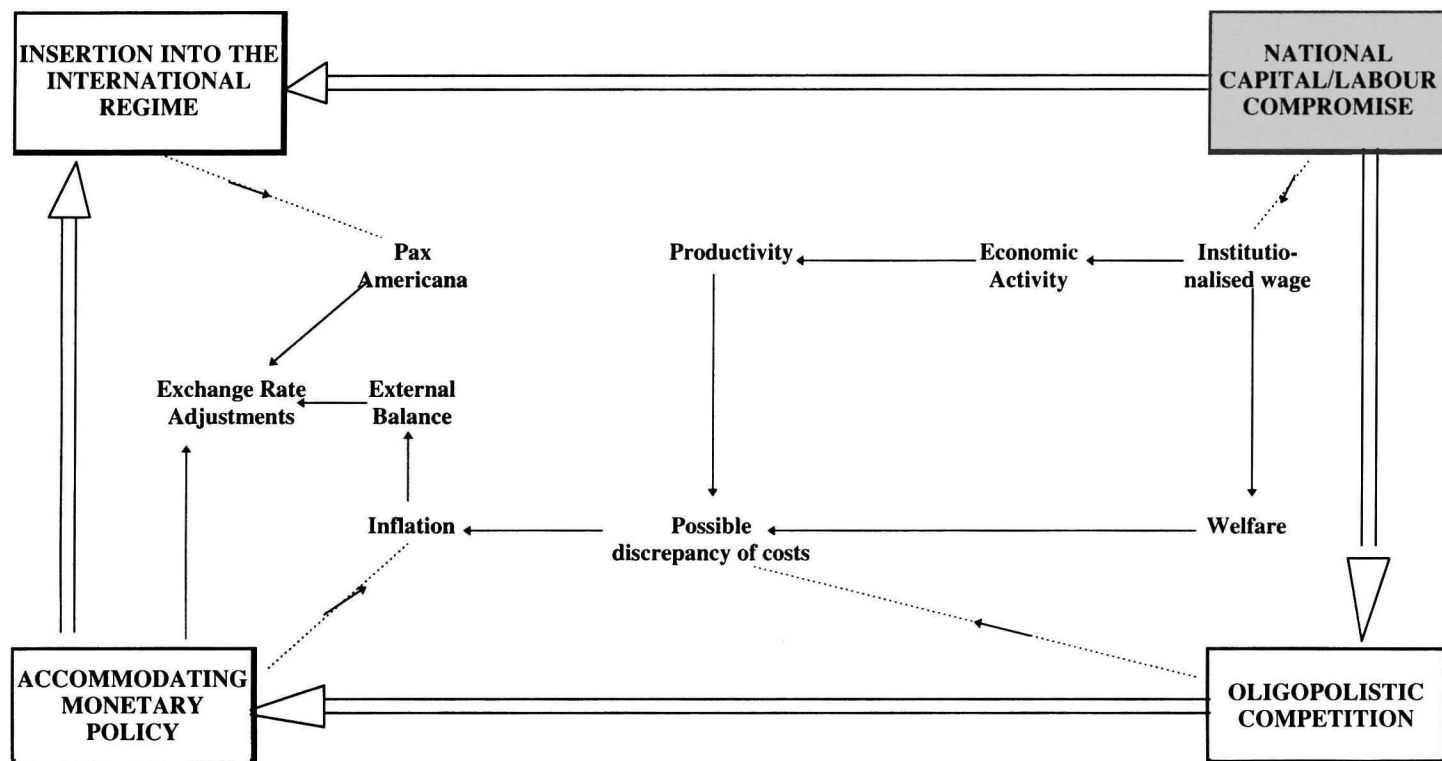


Fig. 5. Post W.W.II: the fordist compromise and oligopolistic competition induce a drastic change in the insertion into the international regime.

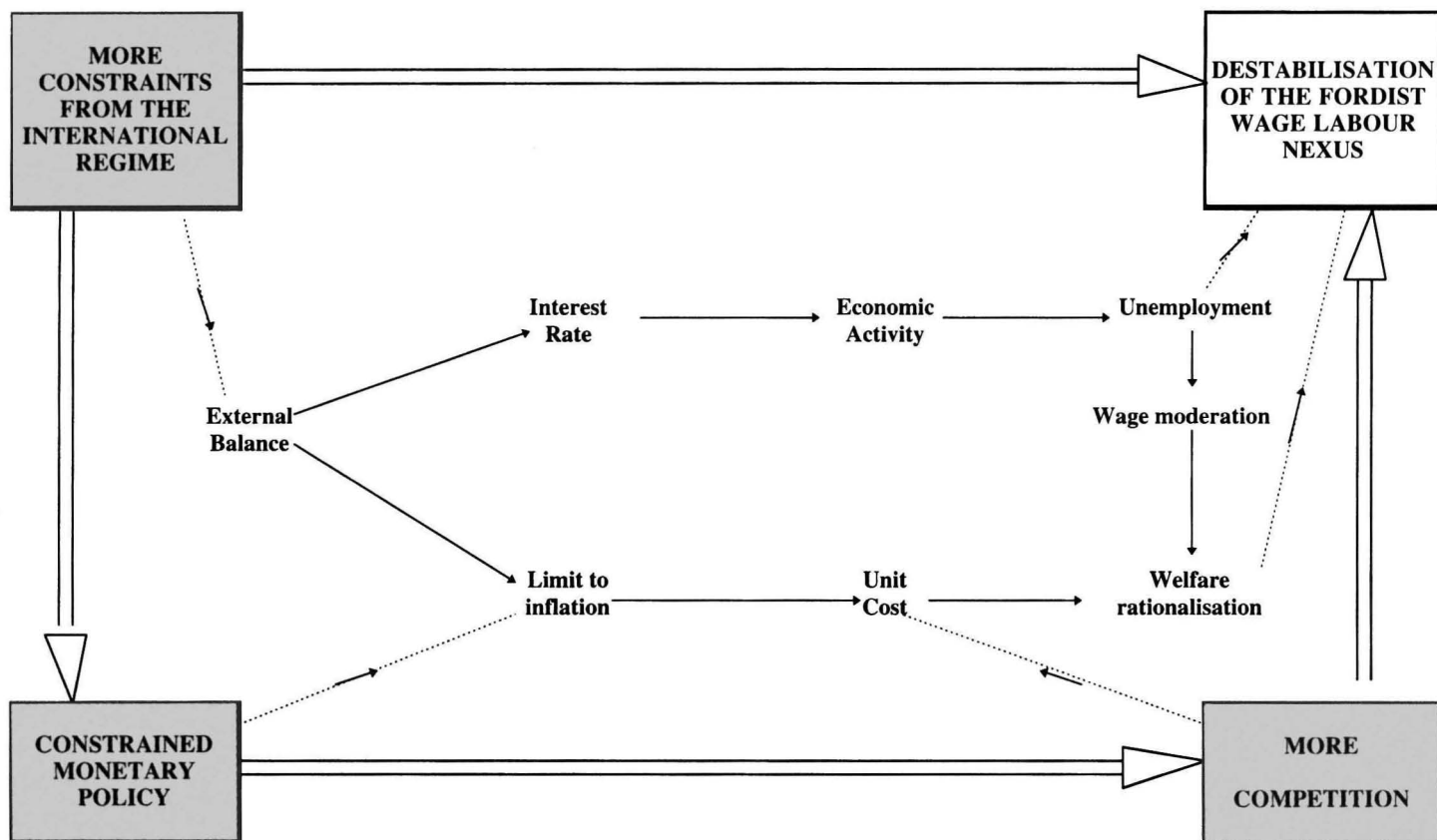


Fig. 6. The 90's: the new international and monetary regimes and the shift towards more competition put strong pressures upon highly institutionalised industrial relations.

NOT ANY SINGLE BEST WAY FOR INDUSTRIAL RELATIONS

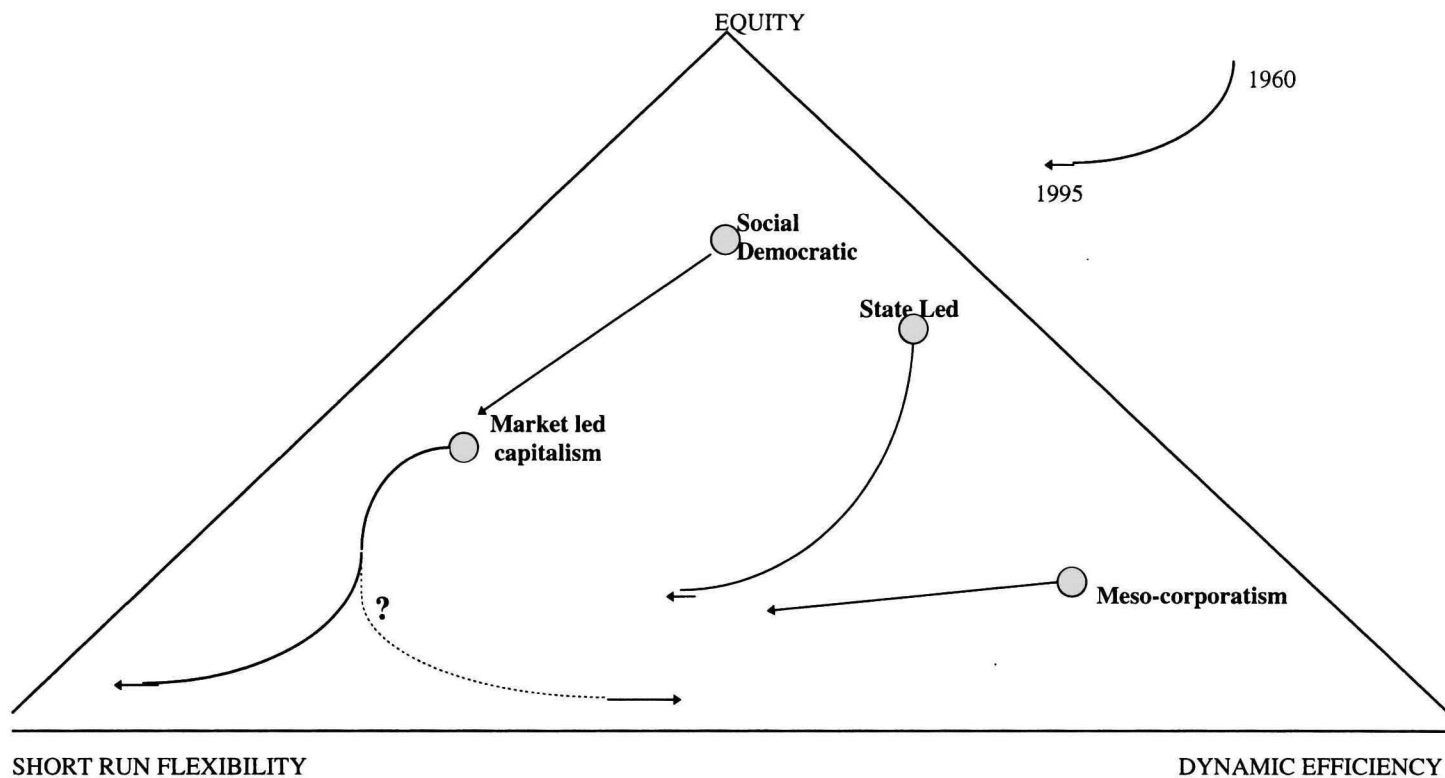


Fig. 7. The trade off between short run flexibility dynamic efficiency and equity: a multiplicity of evolving configurations.

A PARADIGM SHIFT IN INDUSTRIAL RELATIONS?

Table 1. A Comparison of the 90's with the 60's

PERIOD NATURE OF INDUSTRIAL RELATIONS	60's	90's
1. Links with product market competition, finance, money	<i>Relative Autonomy</i> of industrial relations with respect to other spheres (competition, monetary policy)	Increasing <i>Interdependence</i> with other spheres (competition policy, monetary policy)
2. Relevant economic area	<i>National</i> basis, large heterogeneity across nations according to <i>idiosyncratic</i> arrangements	More mobile capital brings <i>international</i> forces into industrial relations and induces some <i>homogenisation</i>
3. Issue of centralisation/decentralisation	<i>Collective</i> and connective via <i>explicit</i> and rather centralised negotiations	<i>Individualisation</i> , heterogeneity via decentralised <i>implicit</i> bargaining at the firms' level
4. Unions/Workers Firms' bargaining power	Initiative and bargaining power to <i>workers</i> and unions in order to <i>institutionalise</i> labour rights	<i>Firms and business associations</i>) role via Human Resources Management and lobbying for public policies in order to <i>flexibilise</i> labour laws
5. Political preferences and legislation direction	More or less <i>pro labour</i> or at worst neutral legislation and government	<i>Anti-labour</i> or at best neutral legislation and governments
6. General views about the impact of Industrial relations on welfare		
° Growth	Possibly positive for Fordist growth regimes	Strongly or mildly negative due to institutional inertia
° Standards of living	Positive for unionised workers and possibly even for non unionised due to spill over effects	Dubious, even negative, for unionised (less employment) and non unionised (lower wage, more unemployment spells)
° Social inequality	Reduced with the post W.W.II industrial relations (advanced countries)	Enhanced or not all reduced, due to unemployment and social exclusion.

Table 2. How to Uphold some Degree of Workers' Protection?

FEATURES DEVICE	STRENGTH	WEAKNESS	FEASIBILITY		OVERALL ASSESSMENT
			PRACTICALLY	POLITICALLY	
International collective agreements (global or sectoral)	Copes with internationalisation	Workers less organised than firms have poor bargaining power	Quite difficult, no clear interest to such agreements	May hurt wage homogeneity within nations	Quite utopian
Agreements within multinationals	<ul style="list-style-type: none"> ◦ Homogeneity of labour within the firm ◦ Allows internal mobility 	Disregards national heterogeneity	Some already exist	Few or lacking public governance mode	Partial and difficult solution
Minimum international standards	Less challenging than other strategies	How to choose the minima?	Difficult to implement	Conflicting interest of nations according to their development stage	Modest impact, even if positive
Stick to national style for industrial relations	Preserve national legacy	Does not deliver necessarily competitiveness	Dubious if competitiveness gap	Support from workers, possible attack from business	Few countries can afford this strategy
Impose minimal rules to the decentralisation at the firm level	<ul style="list-style-type: none"> ◦ A response to the large diversity of situations ◦ Prevents large heterogeneity 	<ul style="list-style-type: none"> ◦ How much constraint? ◦ How much incentive? 	Quite difficult to implement	No clear political benefit	Tempting but probably not sufficient
Negotiate new rules of the game, to cope with unemployment and competitiveness	Syncretic solution internalising external pressures	May constrain workers to concessions, only related to the inadequacy of the international monetary regime	Possibly at the firm level (Japanese transplants) but not so easy at the national level	Highly problematic for conflicting societies	One of the most promising...and difficult

