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Colin Crouch

Industrial Relations in Western Europe: Patterns of Change ¹⁾

Since the late 1960s there have been three broad phases in the development of industrial relations: (a) the initial rise in the level of conflict associated with growing shop-floor strength; (b) a period of political activity at national level, with intensive exchanges between unions and the state - this took place while the shop-floor developments were still important; (c) prolonged recession since 1974, in the wake of the rises in oil and other commodity prices; the political exchanges and shop-floor activity have continued, but now in conditions of weakness for the labour movement, high unemployment and a conservative shift in economic policy.

The first phase has been extensively discussed in the literature.²⁾ It was noticeable in nearly all western European countries in the late 1960s: most dramatically but most superficially in France; strongest in Italy and Britain; but also experienced in the Federal Republic, Sweden, the Netherlands, Belgium and elsewhere. There have been several attempted explanations of the phenomenon. Some authors have emphasised the growing expectations of a working class which had come to take for granted post-war prosperity.³⁾ However, while there are some merits in this account, it fails to give adequate attention to changes taking place in the international economy. It was becoming increasingly difficult for capital to realise large profits, leaving less room for manoeuvre in its relations with labour, and leading to pressure for work intensification, rationalisation, etc.⁴⁾ These long-term developments were sharpened by conjunctural problems resulting from the difficulties of the United States government in financing the Vietnam War, which generated international inflation.

Common tendencies in all the countries involved were a rise in unofficial strikes, the development of shop-floor representatives with considerable independence from the union leaderships, the organisation of groups of workers who had previously not been involved in unions or at least whose unions had not been at all militant. Against that common background however there were important differences. In the countries with highly institutionalised systems

of conflict regulation and centralised, social-democratic labour movements (the Federal Republic, Austria, Scandinavian countries, the Netherlands) the rise in conflict was far less and the development of virtually autonomous shop-floor movements was more contained than elsewhere.

France and Italy, two countries often linked in discussions of industrial conflict on account of their divided union movements, strong Communist parties and low level of institutionalisation, began to diverge sharply. The recently industrialised cities of northern Italy developed rapidly a depth of shop-floor organisation and bargaining power rivalling that of Britain, and while these developments created considerable difficulties for union leaderships (including for example greater autonomy of the industrial unions from the confederations), the confederations were able to overcome some of the weaknesses imparted by their divisions by developing a partial de facto unity. In France, in contrast, the level of unionisation remained low, and although shop-floor strength developed it was still difficult for workers to make many gains in relations with employers. British developments were different again. Britain has always lacked the divisions in the union movement characteristic of some continental cases, but it hardly has an Einheitsgewerkschaft, union strength and bargaining power in so many unions being decentralised and fragmented. This meant that the move to shop-floor power was already well established there, with a high level of unofficial strikes and an important shop-stewards movement.

The shift in the level of conflict to the shop floor at first entailed a change in the pattern of union activity away from the level of national leaderships; in France and to a lesser extent Italy this also meant a shift away from the national political level - French unions in particular having traditionally directed much of their mobilisation at the state because of both their weakness in relations with employers and the dominant role of the state in French economic life. However, an intensification of political activity soon followed the shop-floor developments, constituting what I have called the second phase. The result of these two shifts - to both the shop floor and the national polity - was to reduce the relative role of conventional industry-level collective bargaining, which had in several countries been central to the establishment of "orderly" industrial relations in the post-war period (a process of change which had been evident in Britain since at least the early 1960s, but which began to occur rapidly in several other countries by the end of the decade).

The shift to the political level was clearly related to the resurgence of shop-floor conflict, but in complex and deeply ambiguous ways. Most obviously, governments (and perhaps employers' spokesmen and some union leaderships) were trying to re-institutionalise conflict, to adjust the basis of incorporation of labour to take account of the new shop-floor strength. But at the same time there is some evidence that organised labour was using its new-found power to make demands at the political level which it could not achieve in plant-level demands from employers. While it is easy to define these two rather different, if not contradictory, causes, it is very difficult to disentangle them in practice. Often a policy development was successful precisely because it could be seen to fulfil both functions, enabling a consensus to be reached; and the motivations of national union leaderships may themselves have been mixed. For example, it has been suggested that, in making political demands for social reform in transport, health and housing policy, the Italian unions were deliberately moving the area of conflict to issues where they alone, and not the plant representatives, could control the action.

The only case of a political change that was implemented without general agreement was the British Industrial Relations Act of 1971, which was strongly opposed by the unions; it is significant that this Act never fully implemented and was repealed in 1974. Although that Act had included several concessions to labour - improvements to workers' and unions' legal rights, primarily in order to reduce the use of industrial conflict to secure rights - its main thrust was both to weaken unions' rights at law and to impose on them legal liabilities to regulate their own members. Such a use of repression was unusual in the political response to shop-floor conflict in the period. (It did however figure in internal union discipline, in police action, employers' actions, especially in France, where workers' representatives were often dismissed, and in the law courts, especially in German Rechtsprechung, though it is notable that not much use was made of the legal powers to punish unofficial strikers which were available in several countries, including Germany and Sweden).

There was sufficient in common between different countries to give a summary account of what developments did take place, though recognition needs to be

given to several important national differences. There were:

(i) attempts at drawing union leaders into national forums with governments and employers, in which discussions of national economic policy would be used to persuade the unions to restrain wage demands while the unions would try to influence economic policy. These developments went furthest in Germany, Sweden and the Netherlands, where such mechanisms already existed - for example, in Konzertierte Aktion, or in the extensive discussions (based on shared economic models) between the Swedish union confederation LO and the employers' federation SAF. In Italy and especially France these developments proved far more difficult because of the long estrangement between unions, government and employers. The French government made several attempts to bring unions and employers together in national talks, offering to under-write with legislation any agreement which emerged. Given the deadlocked nature of the Italian state the main initiatives in national relations with the unions came from a group of "progressive" employers, developments at the political level being dependent on the role of the Communist Party (see under (ii) below). The British case, as so often, fell between these two groups (those where institutionalised forums were already in existence or easy to establish, and those where the institutional vacuum in state-union relations was not easily filled). British unions, being neither politically isolated nor politically divided, have little difficulty joining national discussions, while the accommodative pattern of British politics makes it easy for even Conservative governments to offer them participation. On the other hand the decentralised structure of British unions, together with certain features of British political economy⁵⁾, means that very little is ever achieved by unions in these forums. The British situation is therefore characterised by a proliferation of short-lived tripartite bodies, and this has been particularly true during the 1970s.

Assessment of the impact of these developments in the various countries is not easy, because one cannot determine what would have happened if the forum concerned did not exist. The Italian and French ventures being significant mainly for the fact that the attempt was being made, one is unlikely even to look for substantive outcomes. However, even in the German and Swedish cases it is not clear what can be attributed to the formal tripartite discussions. Few observers are willing to claim many achievements for Konzertierte Aktion after 1969⁶⁾, and this earlier period was the cause of rather than a response to an outbreak of shop-floor conflict! However, even if some of the wage moderation of

German unions can be attributed to participation in Konzertierte Aktion, it is difficult to discover what gains the unions were able to make through it. The Swedish situation may be slightly different, in that the close relations between government, unions and employers in that country were probably important in containing both wages and unemployment for much of the 1970s. The British so-called social contract probably did lead to a temporary and successful effort at wage restraint by the unions for two or three years following the 25 % inflation that occurred in 1975, though rising unemployment was weakening union power at the same time. It is however difficult to identify any gains in determining economic policy which the unions achieved in exchange - gains of other kinds are discussed below.

(ii) Union-party links: In all countries a crucial intermediary link in relating unions more closely to government has been the labour-movement political parties. To some extent the new political role being adopted by the unions has "usurped" some of the traditional work of the parties⁷⁾. The countries with settled institutionalised systems have also been those in which social-democratic parties either dominated coalitions (Sweden, the Federal Republic) or were members of them (the Netherlands) during the early 1970s. These party links were clearly important. In Sweden the longevity of social-democratic rule was a major element in establishing the trust between unions and government which made at least the early stages of the gathering new crisis relatively easy to manage. In Germany the accession to office of the Social Democrats in the latter 1960s had paved the way for the establishment of Konzertierte Aktion and probably made it easier for reforms favourable to union interests to be introduced in the 1970s. At the same time the very close ties between union leaderships and the SPD Bundestagsfraktion contributed to union willingness to ease the tensions which were emerging in the industrial relations system.

The British case is slightly different. It will in general be true that, the more fragmented a union movement the less able will it be to deliver any commitments to a political party, because union-party links can only really operate at the level of national leaderships. This has been evident in Britain in various major breakdowns in relations in union-party relations, each of which contributed to the fall of a Labour government (in 1950, 1969 and 1979). On the other hand the relations between unions and party in Britain are particularly close, and are unusual in that the unions have in general more leverage over the party than vice versa. These links have become increasingly

important during the 1970s as industrial relations has moved to the centre of political controversy (this itself marking a distinct change in British politics). Given both the strength and the undoubted unpopularity of British unions, the Conservative Party has become clearly identified as an "anti-union" party, even though when in government in the early 1970s it eventually tried to overcome this obstacle to a working relationship with union leaders. These various factors have combined to give a distinct and uneven rhythm to party-union links in Britain. After a breach in relations between the Labour Party and the unions in 1969 resulting from statutory incomes policy and the Labour government's attempts at legislation hostile to the unions, the links became stronger than ever during the subsequent Conservative government as a response to its attempts at union legislation. The union-party link was then used by Labour in 1974 as its alternative to an incomes policy, but by 1975 it had become the vehicle by which an incomes policy was agreed⁸). This party configuration helps explain the pattern, unique to Britain, of a primarily repressive Industrial Relations Act being passed in 1971, to be superseded by Acts highly favourable to the unions in 1974-76.

But union-party links are also important to union-government links in the countries where the latter are weakest: France and Italy. While the pattern in both has differed widely, the issue in both cases is the political incorporation of the Communist Party. The possibilities have been greater in Italy because of the instability of governments of the right, the national strength of the Communist Party (PCI) and the strength of the unions. The Communist Party needs to establish its respectability as a party of government, while Christian Democracy (DC) needs an agreement with the PCI in order to bring some kind of order to the country. As part of the many-faceted means by which an accommodation is reached between them, the Party has been willing to press the unions into forms of tacit wage restraint, while the DC has been willing to sponsor measures favourable to the unions. Paradoxically, although when the Italian left was weak in the 1950s and early 1960s the PCI probably could have exercised central influence over the unions, the very strengthening of the left which has put the Party in its new national position is the result of a strengthening of autonomous shop-floor power of almost British dimensions. The record has therefore been patchy and difficult, but it does enable Italy to be numbered among those countries where party-union links have been important in attempts at restabilising industrial relations in the wake of conflict.

French developments have been more a case of "might have been", of potential but frustrated Italianisation. For the early part of the 1970s the energies of parties and unions of the left were devoted to forging the union de la gauche that would eventually bring political victory in national elections. If that strategy had been successful, the union-party relation would have been placed in a highly interesting position, while under the existing Gaullist or Giscardian regimes there could be no development at all on this dimension. The collapse of the union shortly before the elections of 1977 - a collapse possibly precipitated by a Communist Party unwilling to take on the kind of responsibility for steering through a major recession with which the Italian party had been burdened - preceded electoral defeat. France remains the country of Europe where the role of parties in the attempted re-institutionalisation of conflict is least developed.

(iii) The unions' position in the plant: The pattern of institutionalisation which had developed in most countries in the post-war years had included the exclusion of unions from direct activity within the plant, or at least a concentration of union-employer relations at extra-plant levels - the region, the industry, the economy as a whole. The effect of this was to distance union activity from the workers, and to leave employers in unchallenged authority within their firms. The phenomenon is seen at its clearest in the Netherlands, where a very deep involvement of unions at all levels outside the plant accompanied a total exclusion of unions from the plant itself, in favour of bipartite works councils under employer domination. Similar patterns existed elsewhere. In France and Italy the sheer resistance of employers to weak unions kept union activity to trying to make industry-level bargains or demands from the government. Comités d'entreprise and consigli di fabbrica provided a very weak form of non-union plant representation. Most highly developed of all has been the German Betriebsrat system (discussed in detail in other papers in this symposium), which was ironically more successful in institutionalising conflict because it provided a more effective system of representation. The Betriebsräte differed from other works council systems in consisting of workers' representatives alone, and in having a wider range of rights to affect matters of importance to the work-force. At the same time the unions were prepared to work through them as the nearest they could approximate to a union plant role, partly because of their potential effectiveness, partly because an Einheitsgewerkschaft was in a better position than divided movements to make use of the Betriebsräte, and partly because of the German unions' own historical attachment to a Rätesystem.

The British system appears somewhat different in view of the development of a strong shop-steward movement. However, the main thrust of union-employer relations in the post-war years was definitely at the industry level; industrial relations experts in the 1950s would probably have designated joint consultation committees as being the effective plant-level mechanism of representation, these committees being not unlike works councils though on a characteristically British non-statutory basis. The development of shop stewards capable of bargaining at plant level with management gradually reduced joint consultation to an irrelevance in many parts of the private sector during the latter 1950s and 1960s, eventually spreading to the public services in the 1970s. However, although this was in some senses a union voice, in that shop stewards are union representatives, the system developed in considerable autonomy from the official union structure, so that by the late 1960s observers spoke of the "two systems" of industrial relations.⁹⁾ Though a different route, therefore, Britain had by the end of the 1960s a pattern similar to that elsewhere of an emerging level of plant activity that by-passed whatever formal machinery existed and was also autonomous of the union leaderships.

In several countries the situation in the late 1960s was a case of the internal contradictions of the system of institutionalisation becoming manifest: the very exclusion of the unions from the plant that had been a basis of stability for capital now began to create problems for it, as an autonomous level of representation developed which was not so easily accommodated as the official unions. The response in each country was to provide for a greater union plant role, to integrate the plant-level movement with the formal structure. Before this development can be entirely accounted for in terms of re-institutionalisation, however, it needs also to be seen as a successful drive by the unions for a plant role. As already suggested, these developments are full of ambiguity.

The Italian Statuto dei Lavoratori gave unions a formal right to plant activity which they had never possessed before, though some observers saw this as an attempt at incorporating autonomous shop stewards under the wing of the formal unions. Various enactments in France introduced similar rights. These two systems, which had previously given the workers least, had to make the most concessions because they included so little prior provision for this kind of activity. The German model was more strongly

rooted; the very fact that the Betriebsräte were in some respects a de facto union channel made it easier to accommodate growing shop-floor strength by extending both the powers of the Betriebsräte and the unions' role within them. That there is still considerable uncertainty over whether the consequence of this has been a strengthening or weakening of organised labour in the plant can be seen from the papers by Streeck and Müller-Jentsch at this symposium.

British policy on this question has been less clear, partly because the growth of shop-floor power is there more deeply established, more free of legal constraint and longer established than elsewhere, and partly because of the changes of government during the 1970s. The Report of the Royal Commission on Trade Unions and Employers Associations in 1968¹⁰⁾ advocated quite explicitly a policy of incorporation towards shop-floor activism, to be achieved through voluntary deals between employers and unions with government assistance. The Conservative Industrial Relations Act of 1971 changed direction towards a use of legal sanctions on union leaderships to keep their members in order, but as already noted this Act made little impact. Since then there have been no major initiatives aimed at incorporating shop-floor strength other than any internal arrangements which unions have made in order to improve their own ability to co-operate with the Labour government.

(iv) Extensions of union and worker rights: A further development of the 1970s has been the improvement of union rights of recognition - the rights of union plant representatives - employee rights to union representation, to protection from unfair dismissal, and to health and safety protection. These were included in the Italian legislation of 1970; in British and Swedish legislation in the early 1970s; by way of extensions to the rights of Betriebsräte in the Federal Republic; and to a certain extent in some French enactments. In several cases - West Germany, and the safety and health legislation in Sweden and the United Kingdom, these rights took the form of greater involvement by workers' representatives in administration of the new standards, rather than straightforward administration by state officials. This last element clearly links these measures to the resurgence of interest by workers in plant-level determination of their working conditions. The measures were fairly unambiguous gains on behalf of workers, though it is also possible to interpret them as attempts at institutionalisation: if a dispute over dismissal or a safety problem can be resolved through legally guaranteed channels it is less likely to provide a focus for mobilisation for autonomous shop-

floor representatives. (The German case has of course long provided a successful example of such a strategy: the fact that Betriebsräte are able to take action through official, co-operative channels on a wide range of issues limits the potential scope for work by autonomous Vertrauensleute.) In a strongly organised plant the legally guaranteed rights will often be less favourable to the workforce than could have been achieved by autonomous workers' action - though the opposite will be true in weakly organised ones, which may well constitute the majority of areas of employment in most countries. A final aspect of institutionalisation is that, while some of this legalisation extended the scope of shop-floor representatives working through formal channels, in other respects it shifted responsibility away from informal representatives to union officials: a shop steward can organise a strike against the dismissal of a work-mate, but a union official is needed to advise on legal rights against dismissal.

(v) Co-determination: A final major area of policy debate in several countries concerned worker participation in management, or even workers' control. However, practical developments have been less impressive than the debate. The French CFDT has discussed autogestion at great depth, but there is little prospect of any real development on the question in France: the slogan of participation which General de Gaulle copied from the student demonstrators in 1968 has remained a slogan. The Italian unions have begun to discuss and to demand forms of worker participation, but again so far without a political response. The two countries where major developments did take place were, again, countries where existing mechanisms of institutionalised conflict were most deeply entrenched: Sweden and Germany - though differences in the forms taken by policies in the two countries reflect important differences in the respective positions of the two labour movements. In the Federal Republic the existence of widespread experience with parity Mitbestimmung in the Montanbereich and the more limited one-third pattern elsewhere in firms covered by the Betriebsverfassungsgesetz made it that much easier for further developments to take place: the unions were used to working through co-determination and actively sought extensions to it, and the government was prepared to make the changes. Even so, the Mitbestimmungsgesetz of 1976 saw no true parity in Mitbestimmung and was nevertheless bitterly opposed by the employers. The Swedish unions were by no means so certain that they wanted co-determination; centralised and institutionalised though their bargaining may be, the Swedish unions have always been far more strongly committed to bargaining than to participation in managerial decisions. However, by the

early 1970s they slightly changed this approach. They believed that further progress in bargaining at the company level in many areas could only be achieved with more detailed knowledge of company policy, especially in technically sophisticated areas and companies with complex internal structure. They therefore advocated a form of co-determination aimed primarily at improving the flow of information to them that would be useful for bargaining; as a result they were quite content with minority representation on company boards, since they were not primarily interested in voting strength in board decisions.

Again therefore we have, with important differences between individual countries, a distinction between the north European nations, where existing patterns of institutionalisation were most advanced, where the disruption to these in the late 1960s was least, and where most progress could be made on further developments - and the "Latin" countries, where existing levels of conflict had been higher and less contained, the resurgence of the late 1960s was stronger and progress in constructing new institutions was weaker. And again the United Kingdom stands between the two, developing aspirations towards the former pattern but failing to fulfil them. British unions' long-standing aversion to co-determination seemed to be changing in the early 1970s, and by 1974 the Trades Union Congress (TUC) and Labour government became committed to the introduction of a scheme of worker participation. The motives of those advocating such a scheme, both within the unions and outside, ranged from "German" plans for reducing conflict and more effectively incorporating labour to "Swedish" ambitions at extending bargaining through board-level representation; the differences are reflected within the majority report of the Bullock Committee appointed on the subject, which proposed an ambitious scheme of parity worker representation organised through trade-union channels. However, by the time the report appeared in 1977 the high tide of union influence on government policy had waned; the unions had anyway become deeply divided over the threat to traditional bargaining which co-determination might pose; and the Confederation of British Industries (CBI) was even more strongly hostile than the German employers had been to any extensions of co-determination. The government therefore produced heavily diluted plans for minority representation and the idea virtually disappeared from political debate.

Did all this activity across a range of issues in different countries amount to a successful re-institutionalisation of conflict in the early 1970s?

Some of the evidence permits a positive answer to that question. If post-war institutionalisation had included the separation of unions from the plant, a new model was certainly being developed based on incorporation of a union plant role. If the post-war settlement had depended on a distinct division of labour between politics and industrial affairs, the new attempts tried to incorporate union leaderships within a system of national politico-economic responsibility. And the success of these developments seemed likely to be dependent on how successful the initial post-war institutionalisation had been. On the other hand, the new developments were, as has been stressed here, ambiguous; at both plant and national-political levels concessions had to be made which might well advance the real strength of organised labour at points more sensitive than had been exposed to labour influence through industry-level bargaining. But a fuller assessment of the matter cannot be made without examining the economic supports to institutionalisation, and this in turn requires attention to what was identified at the outset as the third phase of post-1960s development: world recession, high unemployment and the replacement of a permissive international Keynesianism by a conservative monetarist orthodoxy.

The superficial cause of the shift in international economics around 1973-74 was the wave of price rises in raw materials and oil. There were however deeper causes in capital's problems of accumulation as the wave of unprecedented economic growth unleashed by post-war reconstruction and technological development finally petered out. Capital sought new, cheaper labour markets in Third World dictatorships untroubled by organised labour, and various technical developments made it possible to move production to locations of this kind.¹²⁾ At home, new investment was increasingly taking the form of labour-saving rationalisation rather than job-creating extensions of capacity. Finally, at the political level labour was caught off guard by the inflation which followed the increases in commodity prices and the increasing expense to governments of maintaining full employment. Inflation made both free collective bargaining and Keynesian economic policy into "problems", culprits even, and these had been the two main supports of labour's political and economic strength within liberal capitalist countries since the Second World War. The intensification of pressure on unions for wage restraint and on governments to move from Keynesian to monetarist policies therefore threatened a massive reversal of that resurgence of labour strength which had taken place

at the plant and political levels since the late 1960s. What the unions had, characteristically, gained through political and organisational strength, capital was now, equally characteristically, challenging through market forces; class against party, in Weber's terms.

The effects of this major change in the politico-economic climate can be seen in nearly all countries, though in highly varied ways. The clearest case is perhaps France, where labour's strength has remained weakest. In the wake of the final proof of the weakness of the French left in the 1977 elections the Giscardian government moved to a more tautly "liberal" economic policy than had ever been practised under Gaullist paternalism: long-established price controls were abolished, little help was extended by government to declining industries, and both unemployment and inflation have worsened.

The switch to a monetarist regime was also comparatively easy in Germany, where there was both an existing central-bank autonomy with preference for tight-money policies and a lower level of crisis because of the continuing underlying strength of the economy. Here the deeply incorporated position of the labour movement enables monetarism to be pursued alongside continued union moderation, though with distinct and increasing signs of tension. By 1976 Britain had moved to a position similar to that of the Federal Republic, though with far greater conflict and less success. The weakness of the economy, the strength of the unions and their estrangement from the Conservative government of the early 1970s created a far stronger inflationary thrust and consequently greater political difficulty in switching to a tight-money policy. However, by autumn 1976 a collapse of the pound sterling and the intervention of the International Monetary Fund brought the Labour government to heel, and a pattern of union moderation alongside a social-democratic government committed to monetarism and continued high unemployment was temporarily established. Italy developed a not dissimilar but even less stable pattern following a collapse like that in Britain. Here however union-government co-operation was less well founded because it depended on the tentative new relationship between PCI and DC. As part of their price for co-operation the unions were able to retain the scala mobile, which adjusted wages to rises in the cost of living and ensured that high inflation would continue.

Sweden remained a temporary exception. Social-democratic policy being more advanced there, there were major attempts at persisting in the pursuit of full

employment, partly by stock-piling continued production in the expectation of an international economic recovery. When this failed to materialise the Swedish economy moved into recession, and now with a conservative-led government in office unlikely to make experiments to support full employment which might have been expected from the social democrats. However, union moderation has not been entirely broken by these developments, and the future course of events in Sweden remains unclear.

The distribution of countries is therefore different from that which was encountered when discussing attempts at re-institutionalisation, because it reflects differences in the relative strength of capital and labour in the different countries - the extent of existing institutionalisation in a society is not primarily determined by this. Capital's position has proved to be stronger in France and Germany than in the other countries, though the existing patterns of institutions have led to great differences in the way that strength, and the lack of it elsewhere, is expressed.

Recession obviously weakens labour, but it does not weaken it universally; important points of strength survive. Further, labour's economic weakness does not necessarily mean an absence of conflict or guarantee social stability; very much the reverse. There is at the present time little sign of any lasting reduction of conflict in France, Britain or Italy, while conflict levels in Germany and Sweden, though still low, are rising.

It is in this context that the question of whether there has been a new institutionalisation of conflict needs to be assessed. Institutional structures cannot by themselves determine the degree of order in industrial relations. If the post-war period saw a "successful" institutionalisation in several countries, it was because institutional patterns were supported by rising mass prosperity and growing security of employment. The economic support for any re-institutionalisation in the 1970s consists of prolonged recession and higher unemployment. When this is combined with the essential ambiguity of the institutional developments of the early 1970s it becomes clear that no effective base for a re-stabilisation of industrial relations has been laid at all. Temporarily a strange coalition of monetarism and trade-union co-operation in wage restraint has maintained some kind of equilibrium in several countries, but it is unlikely to provide a lasting base; the unfavourable economic policies destroy the base of trust on which government-union co-operation has to be built.

Despite international differences, one may venture the generalisation that, since the late 1960s, labour has made important gains in its shop-floor organisation and in the acquisition of new rights which are nevertheless highly ambiguous. It has made very little progress, indeed probably the opposite, on questions of the conduct of economic policy. Unless there is a major improvement in the world economy, one can only predict that the continuing tendency for economic forces to develop unfavourably will intensify the level of conflict in industrial relations. The struggles will be deep because of labour's shop-floor strength and they will be politicised, because of labour's inevitable role in relations with the state. But in most countries labour is ill equipped for anything other than defensive resistance. Labour market developments are likely to be unfavourable; workers' skills, the basis of labour movement strength, are being eroded; employment is moving to areas where labour is docile and controlled; capital can operate internationally, while labour is virtually incapable of transcending national boundaries.

Labour has some potential leverage on the issue of investment. Capital always argues that wage restraint, leading to higher profits, will create more investment, which will create jobs. This probably worked in the 1950s and 1960s - at least in Germany and Sweden, though probably not in the UK, where capital has long been oriented to overseas markets and to non-productive domestic sectors. It is doubtful whether it works so effectively now. The investment which follows the higher profits is more likely to go to Brazil, Korea or South Africa than to the country in which the wage restraint made the profits possible; and any investment which does take place is as likely to destroy as to create employment. Unions have therefore made demands for an increased government role in investment, usually through institutions in which they are themselves involved as their price for co-operation. Demands of this kind are most advanced in Sweden¹³⁾ but there are echoes of them in Germany and Britain too. Will this provide a new arena for labour-movement pressure, one striking at the centre of capital's claim to domination? With the possible exception of Sweden, where shop-floor strength and national leadership appear unusually well integrated (partly a result of the small size of the working population), there is not much prospect of radical development. As the late 1960s and early 1970s showed, it is the shop-floor base of the labour-movement which is most likely to create problems for capital and escape incorporation. But a demand for a share in control over investment, or for a particular government invest-

ment policy, is a demand that must emerge from a labour-movement leadership; it is not the kind of demand that originates at shop-floor level. In most countries of western Europe this may prove to be the labour movement's main limitation as it tries to improve its position within the constantly varying balance of forces. In those countries (such as Germany) where the movement is capable of central strategic decision-making, it lacks the shop-floor base which would force it to adopt radical stands; in those countries (such as Britain) where it has a powerful decentralised base, it is incapable of strategy.

References

- (1) Since this paper had to be prepared at short notice it cannot take the form of a properly developed contribution to research, and it does little more than attempt some speculative generalisations. In part it is based on current work in progress which is still in its early stages, and I am grateful to the Nuffield Foundation, London, for awarding me a temporary research fellowship which has enabled me to spend more time on this research than normal teaching commitments would allow. The paper also leans heavily on previous research in the two volumes The Resurgence of Class Conflict in Europe since 1968, edited by myself and A.Pizzorno (London: Macmillan, 1978), and, for discussions of Sweden, on A.Martin, "Sweden: Industrial Democracy and Social Democratic Strategy", in D.Garson (ed) Worker Self-Management in Industry (New York: Praeger, 1977); and *ibid*, "The Dynamics of Change in a Keynesian Political Economy: the Swedish Case and its Implications", in C.J.Crouch (ed), State and Economy in Contemporary Capitalism, (London: Croom Helm, 1979). I have not made further specific references to points where I have drawn on these sources.
- (2) Crouch and Pizzorno, *op cit*; S.Barkin (ed), Worker Militancy and its Consequences, 1965-1975 (New York: Praeger, 1976). These works also review much of the existing literature on individual countries.
- (3) M. Panić, "The Origin of Increasing Inflationary Tendencies in Contemporary Society", in F.Hirsch and J.H.Goldthorpe (eds), The Political Economy of Inflation (London: Martin Robertson, 1978); and, with a somewhat different emphasis, J.H.Goldthorpe, "The Current Inflation: towards a Sociological Account", in *ibid*.
- (4) D.Soskice, "Strike Waves and Wage Explosions, 1968-1970: an Economic Interpretation", in Crouch and Pizzorno, volume 2, *op cit*; A. Glyn and B.Sutcliffe, "British Capitalism, Workers and the Profits Squeeze" (Harmondsworth: Penguin, 1972); M. Welteke, Theorie und Praxis der sozialen Marktwirtschaft (Frankfurt am Main: Campus, 1976).
- (5) I mean primarily the long-standing autonomy of the financial sector of the economy (the "City of London") from tripartite influence, together with the overwhelming influence of that sector, via the Treasury, on British economic policy. See S.Blank, "Britain: the Politics of Foreign Economic Policy, the Domestic Economy and the Problem of Pluralist Stagnation", International Organisation, vol. 31, no 4, 1977; F. Longstreth, "The City, Industry and the State", in C.J.Crouch (ed), State and Economy in Contemporary Capitalism (*op cit*).
- (6) H.-D. Hardes, Einkommenspolitik in der BRD (Frankfurt am Main: Herder und Herder, 1974)

(7) See the various national studies of party-union relations in the collection edited by J.P. Windmuller in Industrial and Labor Relations Review, vol 28, nos 1, 2, 1974-75.

(8) During the time of writing this paper a Conservative government has again come to power in Britain, intending to pursue distinctive policies on industrial relations, but the precise nature of these policies remains uncertain at the present time.

(9) The term originated in the report of the Royal Commission on Trade Unions and Employers Associations, the Donovan Commission (London: HMSO, 1968).

(10) ibid.

(11) Report of the Committee of Inquiry on Industrial Democracy (the Bullock Committee) (London: HMSO, 1977).

(12) For a useful discussion, with special reference to the Federal Republic, see F.Fröbel, J.Heinrichs, O.Kreye, Die Neue Internationale Arbeitsteilung: Strukturelle Arbeitslosigkeit in den Industrieländern und die Industrialisierung der Entwicklungsländer (Reinbek: Rowohlt, 1977)

(13) As outlined in R.Meidner, Employee Investment Funds (London: Allen and Unwin, 1978). First published as Kollektiv Kapitalbildung Genom Löntagarfonder (Stockholm: Prisma/LÖ, 1976)