Facing the Market: Institutions, Strategies, and the Fate of Organized Labor in Germany and Britain

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In an age of global liberalism, markets seem omnipotent. Economic liberals increasingly dominate policy-making circles in industrialized democracies and developing states alike. Many argue that processes of globalization restrict national policy-making autonomy.[1] Heightened capital mobility increases corporate bargaining power and inhibits democratic control over economic and social policies.[2] In Europe, the Single Market propels further market liberalization and retreat from state aid policies that shelter national industry from international competition. Fiscal austerity appears to foster a convergence on the reduced state provision of social security. Economic activity increasingly is turned over to the market, as privatization of state holdings and of social service provision continues to spread across the globe.[3]

Are there limits to the ability of markets to allocate power in society and determine political outcomes? A productive way to investigate this question is through examination of the fate of organized labor, one group whose power traditionally has been closely associated with the market. During the past quarter century, the force of the market has changed employment conditions macroeconomically, microeconomically, and politically. Markets have amplified pressures felt by employers to improve productivity and quality and to lower unit costs by using capital equipment more intensively. At the microeconomic level, markets have induced alterations in the relationships between employers and workers on

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the shop floor, promoting changes in workplace representation, employer-employee communications, grievance procedures, and plant-level bargaining and altering the way that individual workers perceive their interests. In politics, markets have led states to make policy changes that facilitate adjustment by employers to improve overall competitiveness in the international economy and to reduce the social welfare burden of government.

Moreover, the force of markets has deepened the conflict of identities traditionally experienced by manufacturing sector workers. As throughout the history of industrial capitalism, the wage dependent are not simply generic "workers" but are also employees of a firm, consumers, taxpayers, and citizens of a nation. In an extremely competitive international marketplace, workers are likely to experience intensified appeals to their loyalty to the firm and to the nation's competitiveness, along with widespread attacks on the myopia of organized labor. Individuals feel more conflicted than ever as they search for the appropriate response.

While markets have demanded enormous adjustments from employers, governments, and workers, these adjustment demands are not objectively given. Markets may signal clearly that a firm's competitiveness is suffering, but the requirements of successful adjustment—how to cut costs or increase productivity—are ambiguous. Employers present particular interpretations of the demands of the market, but there may be alternative interpretations, as demonstrated by the multiple forms taken by social partnership in Germany.[4]

Recent literature on the fate of organized labor in advanced industrial societies generates two arguments that are critical to understanding the limits of markets to determine political outcomes:

1. While the market has created a host of difficulties for unions across advanced industrial states, the precise consequences of market pressures for labor power vary across unions.

2. The factors that determine the ultimate impact of markets are organizational, institutional, and strategic.[5]

Nonetheless, analyses of the fate of organized labor in the popular press reflect a strong sense of decline. Recent headlines concerning the Federal Republic of Germany's traditionally strong and cooperative unions signal a market-driven sea change in the role of labor, with titles such as "Germany's Mighty Unions are Being Forced to Bend,"[6] and "Burying the Old Order."[7] These pieces share the theme that international market competition and very high capital mobility make Germany's postwar system of industrial relations unsustainable. German workers must yield their high wages, long vacations, and comfortable working hours to defend Standort Deutschland; unions must give up centralized wage bargaining so that labor can be more responsive to the local needs of firms.[8]

Extensive layoffs in traditionally competitive sectors like autos reflect underlying excess employment. Employers urge a generalization of the trade-off of flexibility for security, as in the 1993 agreement at Volkswagen, which fixed the employment level in exchange for reduced working hours at lower pay.[9] Addi-

tional jobs can only be created through reductions in labor costs; employers argue that union demands to compress wage differentials would make the least secure workers more costly.[10] German employers have stepped up threats to move production abroad, in some cases making these a reality, while the productivity gains demanded by global competition fuel additional workforce reductions. Weary of accepting agreements negotiated without sufficient regard for local conditions, many small- and medium-sized employers threaten to withdraw from employers' associations, such as that for the metalworking industries, Gesamtmetall.[11] Newly privatized companies in Eastern Germany refuse to join. The President of the Federal Association of German Industry concludes that consensus has become too costly.[12]

In Britain, accounts of labor's diminishing role refer to the "Last croak of the dinosaur" and announce "Britain adopting 'Victorian' employee relations methods."[13] Markets have made workers increasingly unequal in terms of both wages and influence at the point of production.[14] The Confederation of British Industry lauds an increasing tendency for unions to be committed to the success of the enterprise.[15] Britain's Institute of Directors has called for the removal of remaining trade union immunities in the interest of the economic competitiveness of British industry.[16]

Given these accounts of the force of the market and the responses of governments and employers, it is not surprising that most discussions of the role of organized labor conclude that capitulation to employer demands is the only possible path for unions. The argument runs parallel to that made for national policy-making autonomy. Just as the market has stripped unions of any choice and sealed the fate of organized labor, many analysts suggest that the market has severely limited the economic and social policy choices of governments.

Yet, some recent analyses of the constraints of globalization on domestic political autonomy suggest important limits to these constraints. When we consider a range of issues from the impact of international capital mobility on national economic policy latitude to the International Monetary Fund (IMF) conditionality faced by capital-poor countries, recent research reveals that domestic policy choice remains substantial.[17] Outcomes of market pressures are differentiated by the impact of domestic political institutions and the strategic behavior of domestic political actors.

These studies suggest the enduring importance of institutions and strategic choices in shaping the consequences of market pressures. Is the potency of markets to determine the role and power of unions similarly limited? Do markets require that unions become instrumental in attracting foreign capital? Must unions place concern for the investment climate above the objectives of improved working conditions and job security? Is it a requirement of the market that unions participate in cost reductions through all forms of labor flexibility, including expanded use of subcontracting, temporary employment, and open-ended work-

ing hours? After all, the logic behind these measures is consistent: any steps that improve profitability and competitiveness of the firm help secure jobs.

The search for an answer to these questions must begin with unions in the Federal Republic, where social partnership has been the guiding principle of unionism throughout the postwar era. However, German industrial relations are governed by a highly codified system that shields the social partners from the full thrust of market forces. Britain's largely unregulated system of industrial relations therefore provides an effective "control" in a test of the authority of markets to mold social relations and allocate power. Accordingly, this article assesses the power of markets through the study of unions in Germany and Britain.

The article explores the limits of market power by employing comparative analysis in two directions. First, comparing across countries, the research evaluates the extent to which national institutions—broadly defined to include union structures, employer organization, and rules and norms governing relations between capital and labor as well as the state's role in industrial relations—constrain the force of markets. The second dimension of comparison is sectoral. Since identical sectors face similar market pressures across advanced industrial states, this mode of comparison is used to assess the role of ideas or interpretations of market demands—here operationalized as union strategies—in limiting the extent to which markets determine political outcomes. Unions may either embrace employer interpretations of the demands of the market (a "dependent" strategy) or interpret the demands of the market more independently. If outcomes are the same across sectors facing similar market pressures despite differences in union strategies, then markets dominate strategic choice. If outcomes vary, then ideas and choice remain relevant, even if substantially constrained by markets.

The article proceeds in three parts. Part 1 considers some of the recent theoretical literature analyzing the impact of markets on organized labor during the past two decades. Clearly, markets have reduced the significance of manufacturing in advanced industrial states, diminished the security of employment, elevated the drive to sustain competitiveness to commanding heights, and altered both state strategies for securing prosperity and relations between employers and workers at the plant level. The literature on markets and the fate of unions establishes the limits on the power of markets to determine political outcomes generated by organizational structures of unions, national industrial relations institutions, and union strategies.

Parts 2 and 3 review some empirical evidence that helps illuminate the respective roles of markets, institutions, and ideas. In part 2, comparing cross-nationally reveals the ways in which national industrial relations institutions interact with the forces of the market to affect outcomes. This section compares printers in Germany (the IG Druck)[18] and Britain (National Graphical Association [NGA]), demonstrating how union efforts to respond to critical changes in production were facilitated by Germany's relatively centralized and juridified

industrial relations system and undermined by local autonomy and voluntarism in Britain. The third part of this article compares within national settings across sectors facing similar market pressures. The focus is on chemical (the IG Chemie) and metalworkers (the IG Metall) in Germany as well as engineering workers in Britain (Amalgamated Engineering Union [AEU] and Transport and General Workers Union [TGWU]). This portion of the analysis gauges the relative impact of market forces and union strategies.

As Tables 1 and 2 suggest, union strategies are independent of both systemic and sectoral constraints. Unions have both embraced employer interpretations of market demands and pursued interpretations of the demands of the market that are independent of those defined by employers not only in Germany's highly regulated system (H) but in Britain's voluntarist (low regulation) system as well (L); as shown by Table 2, the same may be said about union strategy in sectors facing moderately strong levels of structural adjustment (M) and those facing severe structural challenges (H).[19]

In addition to the autonomy of union choice, the case study evidence examined in this article demonstrates that systemic and sectoral factors cannot by themselves explain outcomes. While national industrial relations institutions may partly explain the relatively successful adjustment of German printers to the total restructuring of the printing process and the inability of British unions to sustain their control over the production process, they cannot explain the distinction between the total flexibility of labor deployment in engineering sector plants dominated by the AEU[20] and the more circumscribed labor flexibility in TGWU-led plants, nor can they illuminate why for workers in Germany's metalworking industry, free Saturdays remain a barrier against the general spread of work-time flexibility, while weekends have become regular workdays for many workers in the chemical industry. Only differences in union responses to employer demands for flexibility can explain these divergent outcomes. Therefore, these comparisons add to our knowledge of how institutions matter, establish the importance of ideas and choice among political actors, and demonstrate that while markets are powerful, they are not omnipotent.

THEORETICAL PERSPECTIVES ON MARKETS AND THE FATE OF UNIONS

The literature emphasizing the differential effects of markets falls into three categories. First there are comparisons of countries that emphasize cross-national variation. Lowell Turner proposes that while markets have had a significant impact on industrial relations across advanced industrial states, the consequences vary from one country to another.[21] Comparing the same sectors in the United States and Germany, Turner uncovers the critical importance for labor's fate of institutions governing the presence of unions at the firm level. In particular, he cites the importance of two variables: the degree to which unions are integrated

into bargaining and the extent to which the legal and institutional structure of industrial relations promotes union participation at the firm level. Similarly, Kathleen Thelan points to the coordination of central union strength and flexibility and incorporation at the plant level to explain the relative success of German unions.[22]

Thus, in eastern Germany, where the force of the market has swept aside old industrial structures and left large-scale unemployment and pervasive insecurity in its wake, labor organization has influenced the consequences of market forces. While the Treuhandanstalt, the state holding agency responsible until 1995 for restructuring, privatizing, and liquidating former East German firms, sought rapid transformation of these enterprises, the extension of western German union organization to the east has allowed unions and works councils to exercise some influence.[23] The IG Metall has been particularly successful at organizing rapidly in the east, pushing wage parity between east and west, developing a union presence and role in workplace bargaining, and slowing down the process of rationalization through the influence of unions and works councils on the Treuhand. Continued success depends on the ability of unions to foster innovative approaches to work reorganization. As Jürgens et al. suggest, outcomes depend on government policies, strategies of employers and unions, and the abilities of each side to organize and mobilize.[24]

Richard Hyman also argues that there is no convergence of industrial relations systems or outcomes for unions across countries; "there is space for the persistence of national idiosyncrasies."[25] While rationalization and cost cutting are a common response to international economic competition by industry across western Europe, patterns of regulatory reform, the extent of changes in bargaining levels, the degree to which relations between employers and organized labor have shifted from cooperation to confrontation, and the consequences for intra-union coherence all vary cross-nationally.

A second category of analyses highlights a range of variation across sectors and categories of employment. Like Turner, Miriam Golden emphasizes that "market forces alone are inadequate predictors of how unions respond to economic pressures."[26] What Golden calls "deconcentration" of the working class, while driven by market forces, interacts with organizational characteristics of unions. While the market creates divisions within organized labor, the nature of those cleavages depends on the divisions produced by labor organization itself. Thus, markets may induce conflict between regions, sectors, crafts, or plants.[27]

A final analytical category points to differences in outcomes across time in individual countries. Chris Howell argues that the literature on British industrial relations has been biased toward a purely market-based view of union power.[28] According to this work, the devastation of organized labor in Britain since the early 1980s has been a product of changes in the structure of industry and the declining market power of traditionally strong unions in the manufacturing sector.

In fact, claims Howell, the fate of organized labor is determined by state industrial relations policies as well as the choices that unions make about how to secure their power within the constraints of market pressures and government policies. While the government encouraged collective bargaining in the 1960s and 1970s, labor did not take advantage of this situation to translate their strength into legal protection that could have shielded unions against the onslaught of the 1980s and 1990s.[29] Satisfied to trust in their market power and the state's support and their ability to do well in a voluntarist environment, union organization left itself resting "upon a fragile base that was a hostage to continued employer support for trade unions."[30]

Building on these analyses, I seek an integrative approach to understanding the interface between markets and politics that compares across both countries and sectors. My purpose is to uncover the interaction between market pressures, national industrial relations institutions, and union strategic choices. While market pressures shape government responses and limit union choices, outcomes are not predetermined by markets. Workers, employers, and governments all make choices.

COMPARING ACROSS COUNTRIES: THE ROLE OF INSTITUTIONS

Peter Hall has argued that the organization of markets varies cross-nationally; how markets are configured in a particular system guides the incentives actors face and the choices they make about allocating economic and political resources. Institutions matter because they merge with markets to create specific national versions of capitalism.[31]

Systems of industrial relations are critical components of these variants of capitalism. Unions have never had positive rights in Britain as they have in Germany, and their role in collective bargaining is a matter of convention or voluntarism rather than law. Because unions have been denied many of their legal immunities since the Thatcher years, employers have had the opportunity to push unions out of their traditional role in the workplace. In contrast, Germany's system of industrial relations provides an extensive framework for developing flexibility at the firm level. Management is required to consult with works councils on issues relating to personnel needs and apprenticeships, the introduction of new technology or new working methods, other major changes in the organization of production, and redundancies.[32] In Britain, conversely, employment and the labor contract are largely unregulated.[33]

Structural differences between the German and British systems are wide-ranging. For example, employers in the two systems have approached labor flexibility differently, and this has had critical implications for the fate of unions. In Britain's loosely regulated system, firms have used the labor market to modulate core labor demand within the firm by hiring temporary workers from

employment agencies; subcontracting, particularly of subassemblies in such industries as auto manufacturing; and on-site contracting, typically for service tasks such as cleaning and food preparation. Such "externalization" is more common in Britain than elsewhere because of the minimal distinction between contracts of employment and commercial contracts.[34] In Germany, enterprises generally have sought to develop internal flexibility, traditionally accomplished through apprenticeship in the firm but increasingly pursued by employers through expanded plant operating hours and variable shift patterns.

Finally, the institution of party neutrality and the tradition of social partnership underpinning union-employer relations in the Federal Republic have restrained demands from both political and economic actors for an industrial adjustment process that would threaten the valued stability of employee-management relations.

The evidence in the next section from the British and German printing industries demonstrates the contrasting consequences of these national industrial relations systems as they interacted with market forces and historically conditioned union structures in the 1980s.

National Institutions and Labor's Opportunity Set: Printers in Britain and Germany

The contrast in the fates of Germany's printers (the IG Druck) and the skilled compositors in Britain's NGA illustrates the significance of union structures and national industrial relations institutions. Although both groups of craft printers faced fundamental threats as a consequence of changes in production technology and the concomitant impact on competition in commercial printing, Germany's printers were able to sustain a remarkable degree of control over the collective bargaining agenda, while the position of Britain's skilled printers was decimated.

Working against the organizational constraint of a craft union built on the principle of local autonomy and unable to employ traditional techniques of industrial action because of Thatcher government industrial relations policies, the NGA faced overwhelming constraints as it attempted to marshal the support of Britain's printers for its preferred version of the reorganization of the printing process. Differences in union structures, employers' organization, and national industrial relations legislation meant that the IG Druck faced a much broader opportunity set than the NGA. Traditions of social partnership implied that German employers brought a different set of preferences from their British counterparts to their interactions with the union. While German employers sought greater flexibility of production hours, British firms sought to eliminate union constraints on the production process. Additional institutional advantages accruing to the IG Druck included the high level of organization of employers and the value employers attached to preserving this organization and extensive positive union rights, including the authority of the union to impose centrally negotiated

contracts at the plant level on individual works councils. While the NGA had the resources to devise an alternative adjustment strategy to that proposed by employers, it did not have the authority to implement this strategy locally.

Germany

As competition in the printing industry intensified in the 1980s, employers began to use excess capacity to compete for the commercial orders that traditionally sustained small and medium print shops. In Germany, the largest, most capital-intensive plants sought to use capital equipment more intensively and thereby lower average capital costs. Employers aimed to accomplish this through expanded operating hours and new shift patterns, including weekend shifts. This desire to make hours of production more flexible was also a response to the reduction in working hours achieved by the IG Druck in the 1984 bargaining round. However, the competitive advantages available to the largest plants threatened employment in the many small- and medium-sized firms that account for the majority of IG Druck membership.[35] The potential consequences of shift expansion for employment in the industry as a whole gave rise to the IG Druck's goal of securing free weekends, pursued in their 1989 collective bargaining round and strike.

Following a 1984 strike that marked the union's first success in moving toward a 35-hour workweek,[36] employers responded by seeking to divorce individual work hours from plant production hours. For example, at the large Gruner + Jahr plant in Hamburg, the works council accepted a plant-level agreement protecting against dismissals on grounds of rationalization, yielding in exchange a rotating shift system permitting weekend production and an extension of plant operating time to 144 hours per week. The 2,100 workers affected would work an average of 32.9 hours weekly, a reduction in hours with no commensurate reduction in pay.

Union activists recognized the potentially damaging impact on employment and union membership of extended operating hours. At the IG Druck's 1986 union congress, delegates argued that while it was understandable to concede contractual terms to firms on the edge of bankruptcy in order to save jobs, if works councillors began doing so at fundamentally sound plants such as Gruner + Jahr, "we can forget future collective bargaining."[37] One union study showed that while expanded operating hours could generate positive employment effects in individual plants, the overall effect would be negative. According to the union's estimate, the addition of a sixth full production day (certainly a maximalist assumption) would result in an 8 to 12 percent job loss industry-wide.[38]

Thus, the IG Druck set out in 1989 to limit plant operating hours by gaining commitment to work-free weekends. Despite the determined resistance of employers, the union succeeded. The deal negotiated between the employers' federation, the Bundesverband Druck (BVD), and the IG Druck reduced the workweek to

thirty-seven hours as of 1 April 1989 and stipulated that regular weekly work time for individual workers would be distributed over five days, from Monday to Friday.[39] The previous contract had limited the regular workweek to five days, but not specifically Monday through Friday.[40]

Three factors were critical to the IG Druck's success in protecting jobs by limiting plant operating hours. The first was the conflict of interests between large and small employers in the BVD. Unlike the large press houses, the many small firms in the industry meet peak demand with overtime hours. Thus, while large firms opposed limitations on the distribution of the workweek in 1989, small firms favored limits on the general extension of operating hours but were primarily opposed to restrictions on overtime demanded by the IG Druck. This conflict between large concerns committed to expanding operating hours and medium and smaller firms fearing the consequences of competitive pressures from the large press houses aided the IG Druck's effort to protect the work-free weekend in 1989 by dividing the BVD. Tensions were in fact so high that in March 1989, the giant press house Gruner + Jahr withdrew from the printing employers federation to retain the special shift arrangements concluded with the works council at the company's Itzehoe plant in 1985.[41] Concerned about the consequences of the deep internal division for its highly valued organizational integrity, the BVD became a more pliable bargaining partner.

The second critical factor shaping the favorable outcome for the IG Druck was the ability of the union to develop strategy at the national level and to implement outcomes locally. This was a product of industrial unionism and the structure of German industrial relations, in which contracts are signed between industrial unions and employers federations. In January 1989, the printing employers federation exercised its right to abrogate contract terms, offering to reinstate the contract if the IG Druck would agree that weekly work time for individual workers be distributed from Monday through Friday "in the rule." Exceptions could be negotiated with works councils. Given its desire to continue to determine contractual conditions centrally, the IG Druck rejected this formulation. The union argued that with plant operating hours in the Federal Republic already averaging an international high of sixty-four hours per week, limitations on Saturday operations did not represent a danger to the competitiveness of West German printing as the implementation of the European internal market approached.[42]

Gruner + Jahr was not alone in its desire to circumvent the terms of the new contract. Ironically, while dissent among the largest employers within the BVD demonstrated the vulnerability of employers, the reaction to the terms of the new contract also displayed the weakness of the union presence in some of the largest printing plants. However, the status of the collective bargaining agreement as a contract between the union and the employers federation compensated for this vulnerability by extending the centrally bargained contract to all employers within the federation. At the large Mohndruck facility in Gutersloh, the works council

launched an eleventh-hour action aimed at employers and union negotiators, in which it warned in a letter to the negotiating committee, "Hands off our special shift!" The chairman of the works council, not a member of the IG Druck, described the new agreement as "a slap in the face."[43]

At the weakly organized Mohndruck plant, a special shift plan had been introduced at the beginning of 1989. The small number of workers on this shift would work a twenty-four-hour week, from Friday to Sunday, for which they would receive a full week's wages. The agreement, claimed management and the works councillors who favored the scheme, made it possible to sharply reduce overtime for the staff and helped some apprentices obtain permanent positions. However, as one union works councillor viewed it, the twenty-four-hour shift was dangerous because "anything voluntary that becomes lucrative for management is no longer voluntary, but becomes compulsory."[44]

At the Burda plant in Offenberg, another of Germany's giant printing plants, the chairman of the works council complained that "the IG Druck has not done right by us."[45] Beginning in July 1988, 400 workers had been scheduled for twelve Saturdays annually, gaining in return a thirty-four-hour average workweek with pay corresponding to a full week's wages. The Burda Offenberg works council chairman asserted that his colleagues were satisfied with the new shift rhythm. However, unless they were willing to follow Gruner + Jahr in withdrawing from the employers' federation and thereby risk the disintegration of the organization, Mohndruck and Burda would have to comply with the contract or seek IG Druck approval of a firm-level agreement.

Centralized collective bargaining also bolstered the IG Druck's ability to effectively use the positive rights conferred on industrial unions in the German industrial relations system. In 1984, the IG Druck's strike for work-time reduction revealed that publishers could produce their newspapers with minimal crews in an emergency. Technological changes had increased the weight of even a small number of strikebreakers. While in past industrial disputes strikebreakers had been of only symbolic significance, they now threatened to defeat the union's efforts to halt production. It quickly became clear to the IG Druck leadership that traditional strike tactics had been rendered ineffective by new production processes. Top union officials agreed that they would be able to gain advantage in a strike only through surprise and flexibility; having workers walk off the job and picket outside the factory gates would no longer bring results.[46] This evolution in conceptualizing strikes was translated into action in 1989. By rotating short-term strikes across districts, plants, and departments, the IG Druck established an unpredictability that proved difficult for employers to counter. The contrast with Britain is stark, for there both the fragmented nature of bargaining and restrictions on picketing outside a worker's own place of employment left the printers union without an effective response to the deunionization of the typesetting function in British printing.

Britain

In Britain as in Germany, since the mid-1980s, large press houses have been able to reduce marginal labor costs to near zero for contract jobs, thereby asserting a firm competitive advantage over smaller commercial presses. A complementary phenomenon initiated in Britain in the early 1980s was that of newspapers—including *The Independent*, a national daily—operating without their own presses and contracting out their printing. Craft union control would have made this financially untenable a decade earlier.

Additionally, the transition to direct or single keystroke input through the use of computer terminals in the editorial and advertising areas so altered the process of composing print that typesetting was taken out of the exclusive domain of skilled union compositors. The difficulty posed by direct entry for organized labor was that while physical production had been 100 percent unionized (the NGA in composing and the NGA and Society of Graphic and Allied Trades [SOGAT] on the printing presses), the editorial and advertising areas traditionally had been governed by an open shop. The change in the production process permitted employers to attempt to deunionize the typesetting function, make more extensive use of part-time labor, move toward a system of individual employment contracts, and secure downward wage adjustment.

Like the IG Druck, the NGA endeavored to use the collective bargaining process to pursue an alternative notion of flexibility of production to that envisaged by employers. However, its capacity to set the collective bargaining agenda was limited by the sweeping nature of technological and economic change in the sector, the absence of a tradition of social partnership and the inherently confrontational nature of employer-union bargaining, the impact of restrictive labor legislation on the union's strategic options, autonomy of local (chapel) union organization, and competition with other unions in the printing industry. By the close of the 1980s, direct input had reduced manning levels in the composing area of Britain's provincial newspapers by half in the course of a decade.[47] One branch secretary characterized the position of the union in newspaper composing rooms as "nonexistent, minimal, or still existent only because the company has not wanted to take the union on."[48]

In 1983, the Newspaper Society (NS) launched Project Breakthrough, a program designed to establish single keystroking throughout the provincial press by the end of 1984. The project revealed the value to unions of social partnership in times of dramatic changes in technology and markets. The NS initially sought a national enabling agreement with the NGA for the introduction of direct input from editorial and advertising staff.[49] However, the project also had a more menacing side. Employers began training staff to take over production jobs in the event of a dispute with the NGA. A six-week 1980 strike had demonstrated that properly prepared publishers could continue to print their newspapers without NGA workers, and Project Breakthrough represented a concerted effort in the

provincial press to replicate conditions for sustaining production if the NGA refused to agree to terms for direct inputting.[50] Growing numbers of provincial newspaper groups publicly proclaimed their ability to produce their newspapers with or without NGA personnel.

In November 1984, NGA leadership offered its response to the British printing employers' plans for applying technology in the industry. The program, The Way Forward, impugned the motives of printing industry employers, charging that Project Breakthrough amounted to a deunionization campaign rather than a step toward more efficient production.[51] The NGA claimed that employers were seeking to take advantage of the technologically conditioned merger of separate keystroking functions to transfer fully unionized operations to partially unionized or even nonunionized areas.

The goals of the NGA were to avoid any compulsory redundancies, to have their members follow their traditional typesetting work into new areas in the flow of production, and to gain opportunities for retraining displaced workers within the industry. But the NGA's overarching objective was to keep keystroking within unionized areas. Because staff taking advertising over telephone lines would no longer pass their work on to skilled NGA typesetters, and editorial work done on computer terminals would no longer be typeset separately, the NGA would increasingly be bypassed in the origination of newsprint. This would open the way for nonunionized labor if the SOGAT and the National Union of Journalists (NUJ) accepted employer conceptions of the technological and economic imperative faced in the provincial newspaper industry.

The NGA proposed to consider the entire print origination area, including advertising, marketing, administration, editorial, and production functions, as a single entity, with a fully unionized labor force to be distributed equally between itself, SOGAT, and the NUJ. Representatives of the NS swiftly rejected this "tripartite closed shop" for operators of new technology.[52] A critical shortcoming for the NGA was that it had to rely on unions with different cultures, histories, and orientations to share its evaluation of the impact of single keystroking. While the NGA viewed technological change as having fused composing functions, SOGAT considered the composing area defunct.

As transformation of the British printing industry in the 1980s directly threatened printers' local organizations, both employer approaches to restructuring and the responses of individual chapels varied. Members of some chapels faced stark choices between continued employment under sharply deteriorating conditions or "voluntary" redundancy on generous terms. Others took the opportunity to negotiate agreements on direct inputting but were forced to make overwhelming concessions in the process. In contrast to the case of the IG Druck, where centralized bargaining and the commitment of employers to a cohesive federation compensated for union vulnerabilities at the local level, local autonomy exerted a centrifugal pull on the NGA.

Traditionally, chapel autonomy had been an advantage for the NGA, in effect "diversifying" the union's assets. Industrial action at a particular plant typically was a limited-scale, low-cost affair. Moreover, within the NGA, central union power had typically been used to buttress local union authority, rather than vice versa, as in the case of the IG Druck. For example, while the NGA had established tight demarcation rules for typesetters in the 1960s and 1970s, union chapels frequently embraced greater flexibility of skilled labor deployment in exchange for higher earnings. However, once chapels were forced to face the challenges of vast industrial restructuring, independence became a liability. Employers were in a strong position to encourage workers facing uncertainty to abandon the objectives set out by the NGA in The Way Forward.

While in the German case, the centralized administration of the IG Druck allowed the union to execute a coherent response to industrial restructuring, transformation of the British printing industry in the 1980s undermined the chapel organizations and, therefore, the core of union strength. The NGA's central administration was constrained by local autonomy, while, in contrast, the strong administrative center of the IG Druck compensated for fragility at the plant level. Moreover, the NGA could not use the advantage of a cohesive employers federation to prevent disparities across plants. This suggests an irony of employer organizational strength: unions obtain much more bargaining leverage through strong central organization when they face centralized employers than when they face employer fragmentation.

The comparison between German and British printers focuses our attention on the impact of union structures, employers' organization, and formal collective bargaining institutions for defining the opportunity set facing a union. However, national structures of industrial relations do not by themselves determine outcomes. The interaction between markets and institutions creates a realm of choice; within that realm, individual unions make strategic decisions about how to pursue their interests. Comparisons of chemical workers and metalworking industry workers in Germany and between competing engineering sector unions in the United Kingdom illustrate this point.

COMPARING ACROSS SECTORS: THE ROLE OF STRATEGY

Looking across sectors facing similar market pressures or, in the British case, in a single sector in which more than one union has a significant presence, it becomes clear that within each national setting, unions have pursued different strategies and experienced varying outcomes. While the British auto industry has experienced severe international competitive pressures and rapid decline, the policies of the TGWU have at some cites protected worker influence over working conditions by challenging employer interpretations of market demands. In contrast, the AEU has forged collective bargaining policy with an eye toward

promoting a stable investment climate. As a result, labor has presented less resistance to employer interpretations of market demands and exerted less influence over the restructuring process at AEU-dominated plants.

In Germany, both the metal-processing and chemicals industries depend substantially on export competitiveness. If anything, constraints on labor demands are greater in the metalworking sector, where wages represent a slightly higher share of total production costs than in chemicals.[53] Yet, there are sharp differences in union policies and outcomes across these sectors. In both chemicals and metalworking, the variety and flexibility of manual workers' shift patterns have expanded tremendously during the past fifteen years. However, while weekend work has become the norm for manual workers in the chemicals sector, metalworkers uphold the defense of free Saturdays in most cases. This policy has been the IG Metall's rallying point since achieving its long-sought thirty-five-hour workweek in the 1990 bargaining round. With the final phase of negotiated work-time reduction coming into effect on 1 October 1995, German employers have sought to compensate for the reduction with greater flexibility of work time, especially weekend work.[54]

While some analysts contend that the logic of fully flexible work hours is ineluctable, flexible shift agreements at Opel Rüsselsheim, VW Wolfsburg, and BMW Regensburg either protect weekends completely or allow for only limited Saturday work, such as once in three weeks or, in the case of VW, twelve Saturdays annually. In contrast, at the Pirelli tire production facility in Breuberg, organized by the IG Chemie, the shift rhythm includes seven days on followed by either two or three days off, with Saturdays and Sundays included as regular workdays.[55] Counter to the expectation generated by a sectoral analysis, the German metalworkers have been far more aggressive than the chemical workers union in posing alternative interpretations of market demands to those framed by employers and have exercised more independent influence over the restructuring process.

Circumscribed or Unlimited Flexibility of Labor Deployment? Unions in British Engineering

In 1987, manual workers represented by Britain's engineering industry unions—the AEU, Electricians Union (EETPU), and TGWU—approved an agreement with GM and Isuzu to produce vans at a plant in Bedford. Shortly after the agreement was implemented, management speeded up the work flow. Workers who were unable to keep up could tug on a newly installed stress cord that would set off flashing lights to alert assembly-line workers to the problem. The effect was a great disincentive to falling behind. Shop stewards could not respond with the old-fashioned approach of leading a mass walkout to call immediate attention to the grievances of assembly-line workers. Instead, shop stewards could do no more than initiate complex, lengthy, and typically inconclusive grievance proce-

dures.[56] Organized labor was reduced to a faint voice in the determination of working conditions.

In contrast to this case, TGWU shop stewards in 1989-90 prevented Vauxhall, General Motors' British subsidiary, from imposing a flexibility agreement that would have undermined the position of the union in the plant and brought negotiations outside the national bargaining arena. TGWU senior stewards insisted on union participation in determining terms and conditions of employment when Vauxhall Motors announced that it was considering Ellesmere Port, an existing production site, for a £160 million engine plant that promised to create 400 jobs. In order to increase the pliability of the workforce in negotiating the terms of the new investment, Vauxhall announced that it was also considering an alternative site in Kaiserslautern, West Germany.

To secure the labor flexibility desired for the new facility, Vauxhall sought to impose on the Ellesmere Port workforce of 4,700 the terms introduced in 1987 at the GM-Isuzu plant in Bedford: open-ended management prerogative to redeploy labor,[57] to use temporary workers and subcontracting on a regular basis,[58] and to encourage individual forms of employee participation, including election of employee representatives who are not necessarily union members. As at Bedford, the proposed agreement set out grievance and arbitration procedures that in effect outlawed industrial action.

In addition to the terms of the Bedford agreement, management at Ellesmere Port sought to separate local wage negotiations from the Vauxhall National Joint Negotiating Committee (JNC), have the various general and craft unions represent the workforce with a single voice, and control work allocations according to a system of "measured time management" in which time permitted for tasks would be set in the design stage rather than according to actual time required.[59]

Ellesmere Port had faced threats of closure in the years immediately preceding the proposed engine plant investment. Such threats were considered very real by the workforce,[60] given Ellesmere Port's peripheral location (in far northwest England) relative to the European continent and its low productivity rate of thirty-five vehicles per hour, compared with seventy-five to eighty vehicles per hour for the same model at GM's Spanish plant.

Despite this threat, TGWU stewards were particularly forceful in fending off concessions.[61] While supportive of the new investment, shop stewards refused to allow management to use the promise of investment and jobs to undermine the union role in the plant. During a five-month period beginning in 1989, Vauxhall conveners carefully analyzed the implications of the Isuzu Bedford agreement. Shop-floor representatives managed to keep Ellesmere Port within the national bargaining arena, preventing management from exploiting local conditions in wage and benefit negotiations. Conveners succeeded in limiting the permissible range of labor flexibility and mobility,[62] gained a recognized role for the unions within the teamwork system,[63] won acceptance of work flow measurement by

stopwatch rather than in the design phase,[64] and obtained changes to the agreement, which freed unions from having to present a single viewpoint to management. Finally, in contrast with the Isuzu Bedford agreement, provisions were made for either side to declare dispute procedures exhausted, making industrial action possible where desired by the unions.

In the end, because of the role played by union plant leaders as well as full-time officials of the TGWU, there was a stark contrast between the Vauxhall Ellesmere Port contract and the Isuzu Bedford agreement. After the Isuzu agreement had been narrowly approved by manual workers in 1987, the TGWU's national automotive officer, unlike his counterparts in the AEU and EETPU, refused to ratify the agreement.[65] Even after some modifications insisted on by the unions, the TGWU official asserted that "if I was obliged to work under these conditions I would question the relevance of trade unionism."[66] The efforts of TGWU representatives at Ellesmere Port demonstrated the relevance of organized labor to workers in the plant and ensured that the union would be at the locus of important decisions concerning the work process.

In contrast with the TGWU, the AEU began in the mid-1980s to emphasize the need for "changing and adapting" to the new realities of the market. This entailed placing the need to encourage investment at the forefront of union collective bargaining policy.[67] A primary means of creating a secure investment climate for employers is the single-union, no-strike agreement. Under the terms of such agreements, where grievance procedures do not generate a solution acceptable to both sides, the issue is submitted to an arbitrator for "pendulum arbitration," in which the arbitrator endorses the outcome desired by one party or the other. Both parties are bound by the arbitrator's decision.

These terms applied when, in October 1987, the AEU and Ford announced an agreement for Ford to build a £40 million electronics plant in Dundee, Scotland, at which the AEU would be the sole workforce representative. The TGWU, representing 20,000 of Ford's 27,000 manual workers in Britain, argued that the terms of the agreement were inconsistent with the national agreement between Britain's engineering unions and Ford, United Kingdom.[68] Accordingly, the TGWU lodged a complaint with Britain's Trades Union Congress (TUC).[69] Ford feared the prospect of blacking of the plant by Ford workers elsewhere in the United Kingdom and sought assurances from the TUC that this would not happen. The TUC urged the Ford National Joint Negotiating Committee (NJNC), comprising representatives of all unions operating in Ford plants, to affirm that it would uphold the terms of the national bargain where it was in force and accept the establishment of the Dundee plant on different terms. The TUC argued that this would ensure that the new plant "would not result in disruption at Ford's other U.K. plants."[70]

The TGWU asserted that it should be up to the NJNC to consider whether the unions should take action against the Dundee plant because of its violation of the

national agreement. The NJNC resolved to campaign to establish the plant in Dundee under the terms of the national agreement. Unable to obtain the necessary assurances, Ford ultimately decided not to locate in Dundee.

In the early 1990s, the AEU embarked on a marketing campaign designed to demonstrate their cooperativeness to Japanese companies considering investing in Britain in the run-up to Europe's Single Market.[71] When Toyota committed £700 million to an investment in two factories in Britain in 1991, the AEU was from the outset the frontrunner in the competition to gain recognition from the company.[72] Toyota sought a single-union, no-strike deal and commitment of the workforce to a thirty-nine-hour week,[73] offering in return a pledge of long-term employment. Workers would be carefully screened before being hired, reducing the likelihood of union activism at the new plants.[74] Still, the AEU was anxious to win recognition, approaching the Toyota offer as a critical opportunity to gain membership subscriptions.[75]

Despite suffering similar problems of substantial membership loss, the TGWU was prepared neither to give up the right to strike nor to agree to conditions of employment before actually having members at a plant. This variance in union policies regarding no-strike agreements and negotiating terms and conditions of employment at new facilities suggests that unions still exercise strategic choice even in the face of high capital intensity and mobility and the climate of steady and at times rapid decline in much of the British manufacturing sector, the core of TGWU strength.

The IG Chemie: Social Partnership at What Cost?

Unlike the IG Metall, the IG Chemie has in effect adopted rationalization as a tenet of its collective bargaining strategy. While the IG Metall has accepted deal making at the local level between works councils and management, it retains sufficient national-level strength to promote a common union position on issues like weekend work and to defend this position in local implementation. Conversely, local deal making is the national strategy of the IG Chemie. The role of the union is in effect to facilitate adaptation at the firm level rather than to challenge forms of adaptation demanded by employers.

After recovering from the second oil shock in 1979, the German chemical industry experienced steady growth and record profitability. Employment in the industry rose throughout the 1980s, nurturing relations of social partnership between employers and labor. In accordance with this atmosphere, IG Chemie Chairman Hermann Rappe in 1989 began a public campaign to attract support within the Social Democratic Party (SPD) or labor to help sustain the competitiveness of Germany's chemicals industry by agreeing to more flexible working hours.[76] In particular, Rappe argued that international competition and the coming of the European Community (EC) internal market required that Germany's plants

operate more intensively to secure jobs and prevent investment from going abroad. Rappe's position and the publicity it generated were particularly ill-timed for the IG Druck and IG Metall. The printers were in the midst of renegotiating their basic contract with the aim of tightening restrictions on weekend work, while the metalworkers faced an upcoming collective bargaining round in which they sought a thirty-five-hour week with full wage compensation.[77] The controversy ultimately defined the interpretation of the demands of the market that was to dominate the German labor movement.

Most of the industries organized by the IG Chemie (chemicals, glass, gypsum, cement, paper) fall under the 1895 Industrial Code (*Gewerbeordnung*) that allows weekend operations where continuous production is warranted on technical grounds, such as for processes that generate excessive or toxic waste when stopped and started up again. The IG Chemie is therefore not in a position to stand at the forefront of the defense of the free weekend in the German labor movement. However, proposals of the union's executive and the policy pronouncements of union chairman Rappe in effect accepted weekend work required not only technically but also on economic grounds.[78]

The controversy surrounding extended weekend hours was played out in the closely watched case of tire manufacturer Uniroyal in Aachen, near Germany's border with Belgium. The Aachen facility was Uniroyal's only site in Germany, and its Belgian and French plants already operated nearly round-the-clock.[79] Together, management and the works council at Uniroyal, in consultation with union officials, worked out a thirty-two-hour shift involving twelve-hour days on Saturday and Sunday and one additional eight-hour day. The unprecedented shift arrangement promised to create 400 additional jobs. The plan required sanction from the state labor minister both because shifts in excess of ten hours are not permitted by German law without special approval, and tire production is not included in the exceptions to the late nineteenth-century Industrial Code prohibiting Sunday operations.[80]

The Uniroyal case touched on German industry's ability to attract investment when neighboring countries offered less restrictive conditions for capital. Horst Mettke, member of the IG Chemie Executive responsible for collective bargaining policy, hailed the agreement for moving toward the harmonization with other European states required for jobs to survive in Germany and meeting the need for broader employer latitude in the sphere of production.[81]

Accordingly, the IG Chemie leadership endorsed negotiations on a plant-by-plant basis rather than seeking to establish conditions for weekend work on an industry-wide basis. IG Chemie collective bargaining policy under Rappe increasingly favored local decision making, amplifying the significant role traditionally played by plant-level agreements in chemicals because of the diversity of products and processes in the industry. IG Metall and IG Druck officials accused the IG

Chemie of opening the door to "plant syndicalism." These officials characterized pressure from employers to expand weekend plant operating hours as a strategy of blackmail (*Erpressungsstrategie*), arguing that works councillors cannot be left to combat this pressure on their own.[82]

The conviction that there are substantial benefits to be gained for labor from an extension of weekend work is consistent with the IG Chemie leadership's belief in a fundamental convergence of plant requirements for flexibility and the interests of employees. This position gained formal expression in the policy guidelines published by the union's Executive Committee in June 1989, "United in Purpose: Our Path to a more Democratic and Social Union Strategy." This statement of union principles acknowledged that the IG Chemie should yield considerable importance to the demands of competition placed on the enterprise as the union engages in collective bargaining.[83]

The IG Chemie has, in effect, appropriated industrial rationalization as a tenet of its employment policy. The impact of this strategy on plant-level worker involvement in day-to-day decisions about labor deployment is muted by the requirement of Germany's Works Constitution Law that works councillors be consulted on a range of plant-level issues. However, as 90,000 jobs have been cut in western German chemical industry firms since 1991, employers have been in a strong position to insist on additional concessions to labor flexibility in the plant.

The IG Metall Resists Flexibility on Employer Terms

The position of the German auto industry as a world market leader imposes a special burden on organized labor in the automotive sector to help preserve the competitiveness of German industry. As a consequence, the IG Metall has been confronted with strong resistance to its efforts since the mid-1980s to reduce the length of the workweek and prevent employer demands for expanded operating hours from imposing unsocial shift patterns on workers. Despite the steadfast resistance of government, many employers, and the community of economic expertise, the IG Metall attempted to exploit the business upswing of the second half of the 1980s to complete its quest for the thirty-five-hour workweek. Moreover, it sought to do so without substantial concessions to the work-time flexibility demanded by employers, such as differentiation of working hours across individuals and regular weekend shifts.

German auto workers were hardly immune from the market pressures confronting workers in less successful competing nations, such as Britain. Billions of DM invested in new capacity in the mid-1980s made German producers particularly vulnerable to a fall in demand and therefore intent on trimming both labor and capital costs. In addition, the threat of shifting investment abroad became more pronounced with the opening of opportunities in East Central Europe beginning in 1990.[84]

As the IG Metall launched its campaign for shorter weekly hours, it faced determined opposition from government, economic experts, and many employers to the jump in labor costs implied by a reduced workweek. The chief executive of the metalworking industry employers federation, Gesamtmetall, Dieter Kirchner, called the demand for a thirty-five-hour week with full wage compensation "the way into the abyss."[85] Union members themselves were not unaffected by the negative campaign, and the IG Metall needed to marshal substantial organizational resources to convince membership of the legitimacy and sensibility of the claim.[86]

Despite continued reservations, rank and file overwhelmingly supported the strike vote conducted in early May 1984, and after a seven-week strike the union broke the 40-hour norm with contractual provisions for a reduction to 38.5 hours. The new contract permitted differentiation of working hours across individuals (*Differenzierung*), a potentially divisive instrument. However, the strength of IG Metall shop-floor representation ensured that employers were unable to take advantage of individual differentiation on a widespread basis.[87]

Ironically, the very market pressures that galvanized employer resistance to work-time reduction strengthened the autonomous capacities of the IG Metall in 1984. Beginning in the late 1970s, employers had adopted just-in-time supply systems, shedding costly inventory storage warehouses in favor of parts delivery directly to the assembly line from tightly linked suppliers. This step enabled the IG Metall to employ targeted point strikes to rapidly bring production in the entire industry to a standstill by striking at critical parts suppliers. The IG Metall's "piston, radiator, pump" tactic allowed the union to leverage its strike funds by paying support only to the small number of strikers. The Federal Labor Office was required to pay benefits to the hundreds of thousands of workers temporarily laid off as a consequence of parts shortages.[88] This 1984 campaign demonstrated the ability of the IG Metall to carry through its agenda in the face of a broad opposition front and galvanized membership support for protection against "unsocial" shift patterns.

In the year leading up to the spring 1990 bargaining round, employers insisted that work time had to be arranged more flexibly if German industry was to continue to compete in world markets. In addition, they argued that with the coming of the EC internal market, there should be a moratorium on further work-time reduction until employers and the union could assess the impact of "1992."[89] Within Gesamtmetall, small- and medium-sized firms opposed further work-time reduction, with some employers threatening to pull out of the organization if forced to concede to the thirty-five-hour week. Germany, the argument went, was far out of step with the work-time situations of other advanced industrial nations.[90] The increase in labor costs resulting from work-time reduction was threatening the ability of German industry to compete.

Klaus Murmann, president of the Association of German Employers' Federations, along with Werner Stumpfe of Gesamtmetall, called for tying a reduction of hours to an annual work time, permitting fluctuations in weekly working hours corresponding to production needs. IG Metall collective bargaining experts considered this concept simply a way for employers to avoid having to pay costly overtime premiums.[91] On the eve of the introduction of the final phase of the work-time reduction agreed in 1987 (to thirty-seven hours), employers hoped to cleave IG Metall ranks by hailing the proposals for combining work-time reduction with extended operating hours of SPD vice-chairman and chancellor candidate Oskar Lafontaine. Similarly, representatives of the employers federation praised the "progressive" position of the IG Chemie on weekend work and work-time flexibility.[92]

IG Metall leadership, meanwhile, was committed to pushing through the final step toward the thirty-five-hour week while the business upswing persisted. The union would not accept regular Saturday work as a flexibility concession tied to work-time reduction, arguing that with the introduction of Saturday work, only Sunday remains to service machines, opening the door to regular Sunday work.[93] Moreover, in the aftermath of the IG Druck's successful strike to defend free weekends, union leadership was becoming more conscious of the value to membership of the work-free weekend.[94]

Additionally, the IG Metall was staunchly resistant to proposals to restrict regional collective bargaining to setting the framework of an agreement, leaving terms of implementation to plant-level interaction of management and works councils.[95] As the debate over the upcoming 1990 bargaining round heated up, employers increasingly called for an agreement to settle details of work arrangements at the plant level.[96] Despite strong union representation at the plant level, IG Metall leaders refused to consider such a "withdrawal of the union from the plant."[97]

Ultimately, the IG Metall conceded some ground on flexibility in 1990 in exchange for gaining the thirty-five-hour week effective 1 October 1995. A small percentage of workers in each plant could work up to forty hours a week, but only on a voluntary basis. Those working extra hours could be compensated in wages or free time. In accordance with its effort to reduce hours worked, the task of the IG Metall would be to convince workers to take free time as compensation for the extra hours.

While conceding additional flexibility of individual working hours from week to week in the bargaining round with VW concluded in September 1995, the IG Metall retained its protection of Saturdays, with VW limited to designating twelve Saturdays per year as regular workdays.[98] Despite escalating pressures from employers and a growing burden of blame for rising unemployment, the IG Metall has in contrast to the IG Chemie constrained employer efforts to develop production-oriented hours.

Markets, Institutions, and Union Strategies

We have seen that while German printers responded to fundamental restructuring by seeking to limit the ability of employers to expand operating hours and thereby consolidate production and employment, Britain's NGA aimed to sustain unionized labor. In British engineering, the AEU responded to rationalization in the auto industry by offering unlimited labor flexibility and industrial peace in return for jobs, while the TGWU sought both to defend union prerogatives and to place clear limits on employers' discretion to redeploy labor. In the German chemicals industry, the IG Chemie calculated that promoting competitiveness of the industry demanded responsiveness to local needs of employers, while the IG Metall in German metalworking carefully limited its concessions to local demands. As these varying responses to industrial restructuring suggest, and as Tables 1 and 2 indicate, union policies are therefore strategic choices, not simply courses of action dictated by sectoral and systemic constraints.

In addition to suggesting that individual union strategies are not entirely products of sectoral or systemic factors, the empirical evidence reviewed here establishes that outcomes have varied both cross-nationally and trans-sectorally, as indicated in Tables 3 and 4.

Comparing unions across both systems and sectors reveals that no single factor—markets, national industrial relations systems, union organization, or the strategic choices of individual unions—determines the fate of organized labor. However, where national industrial relations systems, union organization, or strategic choices reinforce patterns of adjustment focused narrowly on the removal of worker protection and of barriers to labor flexibility, labor is most malleable. This result is likely to be either a tendency for unions to abandon autonomous strategies of interest articulation, as in the case of Britain's AEU, or to be overwhelmed in the process of defending autonomous definitions of labor adjustment by the workings of markets, the decisions of employers, and the actions of individual plant-level representatives, as in the case of the NGA.

It is also clear that strategic choice makes the most difference for outcomes where national industrial relations institutions enable unions effectively to pursue autonomous strategies, as in Germany, as the cases of the IG Druck and IG Metall and the contrasting case of the IG Chemie demonstrate. For unions in an unstructured systemic environment, where positive union rights are severely limited and employer organization fragmented, as in Britain, the possibility of avoiding devastation at the hands of the market depends on a complementary relationship between central and local organization. This implies that unions define independent paths of adjustment to market demands centrally while having sufficient local organizational strength to ensure that their strategies are implemented at the point of production.[99] Even in such conditions, the union presence cannot completely shield workers from the costly consequences of markets but can soften the impact, as in the case of TGWU local officials at Vauxhall's Ellesmere Port

Table 1
Union Strategies and Levels of Systemic Regulation

	Degree of Regulation of Industrial Relations	
Strategies	L	H
Dependent	AEU (UK)	IG Chemie (Germany)
Independent	TGWU (UK)	IG Metall (Germany)
	NGA (UK)	IG Druck (Germany)

Note: AEU = Amalgamated Engineering Union; TGWU = Transport and General Workers Union; NGA = National Graphical Association.

Table 2
Union Strategies and Sectoral Constraints

	Pressures for Structural Change in Sector	
Strategies	M	H
Dependent	IG Chemie	AEU
Independent	IG Metall	TGWU Independent
		NGA
		IG Druck (Germany)

Note: AEU = Amalgamated Engineering Union; TGWU = Transport and General Workers Union; NGA = National Graphical Association.

Table 3
Outcomes for Unions by National System

	Degree of Regulation of Industrial Relations	
Outcomes	L	H
Favorable	TGWU (limits on flexibility of labor deployment)	IG Metall (restrictions on weekend work) IG Druck (limited plant operating hours through "work-free" weekends)
Unfavorable	AEU (total labor flexibility; loss of union bargaining authority) NGA (deskilling and deunionization; individual employment contracts)	IG Chemie (unrestricted weekend work)

Note: AEU = Amalgamated Engineering Union; TGWU = Transport and General Workers Union; NGA = National Graphical Association.

facility. Where no challenge to employer interpretations of market demands is articulated at a central level, it becomes more difficult for local union officials to marshal the resources required to challenge employers. This corresponds to the experience of the AEU, whose local union officials frequently share the world-view of TGWU shop-floor officials but often do not receive the necessary support from central offices to actively advocate alternative paths of adjustment. Conversely, where local organization is largely autonomous, even a central union

Table 4
Outcomes by Sectoral Constraint

	Pressures for Structural Change in Sector	
Outcomes	M	H
Favorable	IG Metall	TGWU IG Druck
Unfavorable	IG Chemie	AEU NGA

Note: AEU = Amalgamated Engineering Union; TGWU = Transport and General Workers Union; NGA = National Graphical Association.

organization articulating an oppositional strategy may be unable to sustain local implementation, as in the case of the NGA.

Where industrial relations rules, social partnership, union rights, and employer organization are firmly institutionalized, as in Germany, union influence at the point of production is fostered by the central articulation of an oppositional strategy tied to strong local organization, as in the case of the IG Metall. As the case of the IG Druck shows, strong central organization by itself can be a potent force in defining alternative paths of adjustment to those identified by employers.

At the same time, where a tradition of social partnership prevails, employers are less likely to define and pursue paths of adjustment that impose costs exclusively on labor. This is important for the fate of workers in the German chemicals industry. Given that the IG Chemie, with a strong central organization compared with its relatively weak shop-floor presence, has pursued a strategy of commitment to rationalization rather than opposition, outcomes are dictated largely by employer interpretations of market demands. However, these remain constrained by employers' own deeply ingrained sense of social partnership.

FACING THE MARKET: MARKET POWER AND ITS LIMITS

The diverse experience of manufacturing sector unions facing the market in the 1990s has implications both for the interaction between markets and institutions and for the relationship between institutions and ideas. Recent analyses of the twin problems of industrial competitiveness and mass unemployment in western Europe suggest that not only outcomes but institutions must converge. Some observers of the British system attribute a surge in foreign direct investment during the latter half of the 1980s and early 1990s not only to the coming of Europe's Single Market but also to Britain's policies of labor market deregulation. The European Commission's 1993 white paper, *Growth, Competitiveness, Employment*, proposes that labor market deregulation and more flexible working hours are essential for all EU member states to boost employment and competi-

tiveness.[100] Studies of Germany's social market economy suggest that the institutions of the German system, valued for decades as a generator of political stability, have begun to depress economic performance and must be redesigned to facilitate successful adaptation.[101]

These analyses recognize that institutions are important determinants of the allocation of authority in society. However, they suggest, either implicitly or explicitly, that markets respect no institutional barriers and leave no room for choice—the changing international economy demands structural adjustment, and the path of adjustment is narrowly circumscribed. They ignore the enduring force of institutions to shape the preferences of societal actors and the choices available to them.

At the same time, institutions themselves are the products of choice. Recent studies of organized labor in "corporatist" countries reveal that labor's seat at the national bargaining table was not simply a product of labor power. Employers recognized the value of labor's presence in central bargaining; institutional designs reflected the preferences of powerful employers and segments of the labor movement for particular outcomes.[102] Similarly, the Federal Republic's postwar system of industrial relations was designed to promote cooperation between workers and employers, to depoliticize industrial relations, and to sustain industrial peace. Despite market forces, the majority of German employers continue to value unions as agents of an orderly process of industrial restructuring and recognize that achieving the flexibility they need to compete requires union participation. Employer perspectives in turn produce variation in union experiences of the demands of the market.

Finally, while policies tend to generate their own politics and institutions promote particular outcomes, neither market forces nor institutional designs eliminate the realm of choice within which political actors operate. Sustaining prosperity in postindustrial societies clearly demands structural adjustment of industry. However, the path of adjustment is broader than advocates of institutional convergence suggest, thus creating a permissive environment for union autonomy. Differences in the strategic choices of unions may appear subtle, but they may be dramatic in the lives of the people directly affected. Indeed, viewing a range of strategic responses to market conditions indicates that unions, like people, influence their own fates, even if not in circumstances of their own choosing.[103]

NOTES

1. Among those who make this argument, see James N. Rosenau, *Turbulence in World Politics* (Princeton, NJ: Princeton University Press, 1990); David Held and Anthony McGrew, "Globalization and the Liberal Democratic State," *Government and Opposition* 28 (spring 1993): 261-85; and Robert Keohane, "Sovereignty, Interdependence and International Institutions," Working Paper 1, Center for International Affairs, Harvard University (spring 1991).

2. Ian Robinson, "Globalization and Democracy," *Dissent* (summer 1995): 373-80.

3. According to World Bank officials, global privatization revenues have exceeded $100 billion since 1992. More than eighty countries, from Mexico to Moldova, have embarked on substantial privatization programs spanning a wide range of industrial sectors. See Brendan Martin, "Gains without Frontiers," *New Statesman & Society* (9 December 1994): 22-23. Among developing countries, privatization proceeds increased from $2.5 billion in 1988 to $23.3 billion in 1992. See Gerd Schwartz and Paulo Silva Lopes, "Privatization: Expectations, Trade-Offs, and Results," *Finance & Development* (June 1993): 14-17.

4. For a comprehensive account of the "accommodationist" and "activist" approaches of unions in the Federal Republic, see Andrei Markovits, *The Politics of the West German Trade Unions* (Cambridge: Cambridge University Press, 1986).

5. On organizational factors, see Miriam Golden, "Conclusion: Current Trends in Trade Union Politics," and Jonas Pontusson, "Introduction: Organizational and Political-Economic Perspectives on Union Politics," in Miriam Golden and Jonas Pontusson, eds., *Bargaining for Change* (Ithaca, NY: Cornell University Press, 1992); on institutional factors, see Lowell Turner, *Democracy at Work: Changing World Markets and the Future of Labor Unions* (Ithaca, NY: Cornell University Press, 1991); and on strategic factors, see Chris Howell, "Trade Unions and the State: A Critique of British Industrial Relations," *Politics and Society* 23, no. 2 (June 1995): 149-83.

6. *Business Week* (1 March 1993): 52.

7. *The Economist* (23 October 1993): 81.

8. See Kurt J. Lauk, "Germany at the Crossroads: On the Efficiency of the Germany Economy," *Daedalus* 123, no. 1 (January 1994): 57-83. Among others, Norbert Berthold points to this problem of wage inflexibility in "Abscheid von überholten Glaubenssätzen?" *Wirtschaftsdienst* 1 (1996): 15.

9. See *Der Spiegel* 42 (1994): 137-38; *Frankfurter Allgemeine Zeitung* (23 January 1995): 11. In March 1996, Germany's chemical workers agreed on an industry-wide basis to wage restraint in exchange for short-term job security. See *Süddeutsche Zeitung* (30 March 1996).

10. *Frankfurter Allgemeine Zeitung* (9 January 1995): 9; *Der Spiegel* 6 (1995): 97.

11. *Der Spiegel* 48 (1995): 105. Stephen Silvia points out that while most large employers in German metalworking want greater labor flexibility, smaller firms are retreating from the costs of collective bargaining agreements. Silvia finds that organizational density in the West German metalworking industry declined from 57.9 percent in 1979 to 42.8 percent in 1993. See Stephen J. Silvia, "German Unification and Emerging Divisions within German Employers' Associations," *Comparative Politics* 29, no. 1 (January 1997): 187-208.

12. *The Economist* (23 October 1993): 81; *Business Week* (1 March 1993): 52; and *Business Week* (18 October 1993): 46.

13. *The Times* (26 July 1994): 4.

14. Paul Krugman argues that there have been two different effects of technological change in production processes in the advanced industrial world: a sharp increase in wage inequality in the United States and a large increase in unemployment in Western Europe. The United Kingdom has experienced something closer to the U.S. outcome. See Paul Krugman, "Europe Jobless, America Penniless?" *Foreign Policy* 95 (summer 1994): 19-34.

15. *The Times* (26 January 1994): 26.

16. *The Times* (19 January 1994): 24.

17. On the differential impact of international capital mobility across sectors, see Jeffry A. Frieden, "Invested Interests: The Politics of National Economic Policies in a

World of Global Finance," *International Organization* 45, no. 4 (autumn 1991): 425-51. For differentiation between demand- and supply-side policies, see Geoffrey Garrett and Peter Lange, "Political Responses to Interdependence: What's 'Left' for the Left?" *International Organization* 45, no. 4 (autumn 1991): 539-64. On bargaining by debtor states over IMF conditions, see Kendall W. Stiles, "IMF Conditionality: Coercion or Compromise?" *World Development* 18 (1986): 959-74. On the latitude of recipient governments to respond to domestic political opposition to economic policies following from IMF conditionality, see Paul Mosley, "Conditionality as Bargaining Process: Structural-Adjustment Lending, 1980-86," *Essays in International Finance*, no. 168 (October 1987).

18. The union was the IG Druck und Papier until 1990; thereafter it became the IG Medien.

19. It is probably more fitting to place the recent experience of the German metalworkers in the category of severe restructuring demands (H), but the empirical evidence reviewed here corresponds to a period of moderately high structural adjustment. In any case, moving the IG Metall into the "H" category only reinforces the argument that strategic choice is not eliminated by structural constraints.

20. The AEU merged with the electricians union to become the AEEU after the period covered by this case study.

21. Turner, *Democracy at Work*.

22. Kathleen Thelan, *Union of Parts* (Ithaca, NY: Cornell University Press, 1991).

23. Ulrich Jürgens, Larissa Klinzing, and Lowell Turner, "The Transformation of Industrial Relations in Eastern Germany," *Industrial and Labor Relations Review* 46, no. 2 (January 1993): 243.

24. Jürgens, Klinzing, and Turner, "The Transformation of Industrial Relations in Eastern Germany," 231.

25. Richard Hyman, "Industrial Relations in Western Europe: An Era of Ambiguity?" *Industrial Relations* 33, no. 1 (January 1994): 21.

26. Miriam Golden, "Conclusion," in Golden and Pontusson, eds., *Bargaining for Change*, 331.

27. Golden, "Conclusion," in *Bargaining for Change*.

28. Howell, "Trade Unions and the State," 150.

29. Ibid., 172.

30. Ibid., 173.

31. Peter Hall, *Governing the Economy* (New York: Oxford University Press, 1986): 35-36. Hall concludes that "market rationality is a historically specific form of rationality" (36).

32. These requirements are codified in Articles 92, 111, and 112 of the Betriebsverfassungsgesetz.

33. Bernard Brunhes finds that of four countries he examined (France, Britain, Germany, and Sweden), Britain has the fewest legal (and social) constraints on flexibility. There are no statutory limits on the workweek or rules governing the duration of contracts, nor are there detailed redundancy regulations. See Bernard Brunhes, "Labour Flexibility in Enterprises: A Comparison of Firms in Four European Countries," in *Labour Market Flexibility: Trends in Enterprises* (Paris: OECD, 1989), 31. However, this situation has since changed somewhat as a consequence of European Union social regulation and could change further were Britain to opt into the Social Protocol of the Maastricht Treaty under a Labour government.

34. Brunhes, "Labour Flexibility in Enterprises," 14.

35. As of 1990, of the 7,500 employers in the German printing industry, approximately 5,700 employed fewer than 20 workers. See *Die Zeit* (17 March 1990).

36. In its 1990 bargaining round, the IG Druck und Papier secured a thirty-five-hour week beginning 1 April 1995, six months earlier than for metalworking sector workers.

37. IG Druck und Papier, *Protokoll: Vierzehnter Ordentlicher Gewerkschaftstag* (Stuttgart: IG Druck und Papier Hauptvorstand, 1987), 320-21.

38. Michael Schlecht, "Sicherung der Kapitalverwertung durch Arbeitszeit-flexibilisierung?" *Die Neue Gesellschaft, Frankfurter Hefte* 35 (January 1988): 43-45.

39. For a discussion of the 1989 agreement, see Industriegewerkschaft Medien, *Arbeiten, um zu leben* (Stuttgart: IG Medien Hauptvorstand, 1989): 11.

40. Under the new contract, exceptions applied to daily newspapers and periodicals available in individual copies or by subscription. To produce these items, workers could be called on to work a maximum of thirteen Saturdays annually. However, workers producing periodicals on Saturday would have Sunday and Monday free. This effectively limited plant usage time to a maximum of 120 hours per week. See *Die Zeit* (17 March 1990).

41. See "Streit nach dem Streik," *Die Zeit* (17 March 1989): 25-26.

42. See *druck und papier* (23 January 1989): 6-7.

43. *Die Zeit* (17 March 1989): 25.

44. Personal interview, 31 July 1989.

45. *Die Zeit* (17 March 1989).

46. Detlef Hensche of the IG Druck pointed out that the union could maximize its impact by leaving employers as little time as possible for countermeasures. "Auf der Strecke," *Der Spiegel* (16 July 1984): 25.

47. NGA Biennial Delegate Report, as cited by John Gennard, *A History of the National Graphical Association* (London: Unwin Hyman, 1990): 18.

48. Personal interview, 24 July 1990.

49. Gennard, *A History of the National Graphical Association*, 491 and 162. The NS quickly relinquished its aim of attaining a national agreement, refusing to yield to the insistence of the NGA and SOGAT that, in exchange for their acceptance of direct input, employers should grant a closed shop in the telephone advertising department. See *The Times* (6 December 1984): 2c.

50. One of the leading figures behind Project Breakthrough, Sir Richard Storey, chairman of Portsmouth and Sunderland newspapers, confirmed in June 1983 that a substantial number of regional papers from different groups were prepared to print nonunion editions. See *The Times* (25 June 1983): 2a, "Newspapers prepare for new technology without print unions." According to the article, employers intended to use editorial staff and a typing pool to produce newspapers through direct input of advertising and news copy.

51. NGA National Council Policy Document, "The Way Forward—New Technology in the Provincial Newspaper Industry." The paper asserted that "the only thing Project Breakthrough seeks to break is trade union organisation" (paragraph 1.8).

52. Newspaper Society's response to "The Way Forward," 3 May 1984: 1.

53. Throughout the 1980s, personnel costs as a percentage of gross sales were 22 to 23 percent in chemicals and above 25 percent in auto assembly. By the close of the decade, this had diminished to a difference of approximately 1 percentage point. *Statistiches Jahrbuch der BRD*, Tables 9.3, 9.5, 9.6, various years.

54. See, inter alia, *Financial Times* (28 July 1995): 2.

55. *Der Spiegel* 38 (1995): 105.

56. Personal interview with shop steward, 26 June 1990.

57. The Isuzu Bedford agreement included clauses stating that "to ensure the fullest use of facilities and manpower there will be full flexibility and mobility of Employees,"

and "all Employees . . . will carry out any work within their capability, being re-assigned as necessary irrespective of their job responsibilities and/or classification." See "Van Operations New Employee Agreement," 14 August 1987, section 14, clause (ii) and 16 (i).

58. The agreement also stated (section 14, clause (v)) that "to avoid short term fluctuations in the core Employee levels, the Company may at its discretion recruit temporary or part-time Employees or contract out work. This will enable fluctuations in work levels to be handled, prevent potential variations in total Employee manning levels and thereby control Employee costs."

59. Information in the preceding two paragraphs is drawn from a draft version of "Trade Union Responses to New Managerial Initiatives: The New V6 Engine Plant Agreement, Ellesmere Port, Vauxhall Motors," printed in March 1990 by the Centre for Alternative Industrial and Technological Systems, London, and from "Vauxhall Rewards Merseyside Crew," *The Guardian* (6 April 1990).

60. Personal interview with TGWU Convenor, Vauxhall, Ellesmere Port, and TGWU District Organizer, Vehicle Building and Automotive Trade Group, Liverpool, 6 June 1990.

61. Manual workers at Ellesmere Port are represented by a number of unions. The TGWU has the largest membership, 2,500, and the AEU the second largest, 1,600.

62. This was accomplished through the addition of a clause to the following item: "flexibility and mobility calls for employees to carry out functions other than their normal duties both inside and outside their classification." The addition reads, "It is not intended that functions outside the given occupational classification will be planned as a part of the employees' time, they will only be used in an emergency situation on a temporary basis." Vauxhall Motors Limited, "New Site Agreement in Conjunction with V6 Engine Investment" (20 December 1989): 6.

63. For example, where the agreement initially stated simply that in order to promote consensus between management and employees, management would introduce "full Employee involvement," the renegotiated agreement added "and involvement of the accredited Trade Union Representatives." A statement originally specifying that established procedures would allow any issue arising to be resolved through "Conciliation and Consultation" was changed to include "and Negotiation with the appropriate Trade Union." Vauxhall Agreement, pp. 3 and 6.

64. This was particularly important for production workers (as opposed to craftsmen), overwhelmingly represented by the TGWU, for whom loss of the time measurement process means loss of control over the work flow. Craftsmen, represented largely by the AEU and the Electricians Union (EEPTU), by nature have greater control over the pace of their work.

65. The TGWU opposed the Isuzu arrangement at all official levels. Personal interview with TGWU Regional Officer, Automotive and Vehicle Building Trade Group, 26 June 1990.

66. *British Journal of Industrial Relations* 25 (1987): 445-46.

67. The 1987 AEU Annual Report (p. 7) stated that a constructive commonality of purpose between management and workforce "can only be maintained by a policy based on moderation. The AEU has been at the forefront of moderate Unions."

68. *The Times* (10 October 1987): 1.

69. The TGWU officially described the nature of the complaint as follows: "The issue was not primarily about Single Union Agreements, but the serious undermining of existing agreements that brought forward the real prospects of lower regional rates of pay, with a worsening of established conditions of employment." See the "TGWU 1988 Report and Accounts," 110.

70. See the "TGWU 1988 Report and Accounts," 109-110 and 9-10. On the failure of this Trades Union Congress (TUC) peace initiative, see *The Times* (29 October 1987): 2.

71. See *The Times* (5 September 1990): 6.

72. In September 1991, the TUC approved a resolution sponsored by the Manufacturing, Science and Finance (MSF) general technical union, a close collaborator with the TGWU, condemning the single-union, no-strike deals favored by Japanese investors. See *The Times* (7 September 1991): 5.

73. This followed and appeared to contradict the AEU's campaign for work-time reduction in the engineering industry, which had been inspired by the IG Metall's campaign.

74. Candidates for all positions, including those on the production line, would have to undergo up to fourteen hours of interviews and tests. See *The Times* (7 October 1991): 21.

75. At Nissan, where the AEU had signed its first no-strike agreement with a Japanese company in 1984, the union played a minimal role and had a membership density of about 15 percent.

76. Rappe's formulation was largely a response to the ideas for flexible working hours introduced by SPD vice-chairman and chancellor candidate Oskar Lafontaine in 1988. Lafontaine, whose proposals generated heated debate within the labor movement, suggested that more jobs be created by reducing the individual worker's week to as little as twenty-four hours, consisting of three eight-hour days distributed across any days of the week, including weekends. In contrast to Lafontaine's focus on employment, Rappe placed competitiveness at the center of the debate.

77. See *Der Spiegel* (9 January 1989): 78.

78. See *Frankfurter Rundschau* (29 June 1989): 4, "IG Chemie gegen 'Sonntags nie,'" and *Der Spiegel* (9 January 1989): 78-79. Also, see the interviews with Rappe in the *Süddeutsche Zeitung* (18 May 1989): 26 and *Frankfurter Rundschau* (8 April 1989): 4.

79. See "IG Chemie zeigt Flagge," *Frankfurter Rundschau* (6 April 1989): 4. Sunday work is not expressly forbidden in Denmark, Finland, Britain, Sweden, and Spain. While Sunday work is generally outlawed in Belgium, France, Greece, Luxembourg, the Netherlands, Norway, Austria, and Switzerland, exceptions are more liberal than in the FRG. See Horst Mettke, "Wochenendarbeit bei Uniroyal: Ein Modell," *umschau* 2 (1989).

80. See "Frevler oder Killer," *Der Spiegel* (5 June 1989): 116, which discusses the choice between "blasphemy" and "job killing" faced by Nordrhein-Westfalen Labor Minister Hermann Heinemann.

81. Mettke, "Wochenendarbeit bei Uniroyal: Ein Modell."

82. See the highly interesting debate, or Streitgespräch, between Mettke and his counterpart in the IG Druck und Papier, Detlef Hensche, in *Der Spiegel* (10 October 1988): 35-44. The discussion reveals many of the union arguments for and against accepting more weekend work. IG Metall Executive member Klaus Zwickel accused Rappe of trying to divide the labor movement, while Hensche claimed that yielding on free weekends would open the door to concessions on wages, vacation pay, and other benefits. *Der Spiegel* (9 January 1989): 78.

83. IG Chemie Executive, "Einig im Ziel: Unser Weg einer demokratischen und sozialen Gewerkschaftsstrategie," 4 June 1989. The section on collective bargaining policy states in part that "forms of work time reduction must be found through collective bargaining that on the one hand give primary consideration to employee interests in the condition and distribution of worktime, and on the other do not leave out the necessary requirements for flexibility in the plant."

84. For example, Audi promised to build an intended DM 1.5 billion engine plant in the West only if it could produce around the clock on Saturdays, in opposition to the IG Metall effort to limit weekend work. Audi threatened to invest in the then DDR or Czechoslovakia if its conditions were not met. See *Der Spiegel* (26 February 1990): 117.

85. *Der Spiegel* (16 January 1984): 81. For more on the steadfast opposition faced by the IG Metall, see, inter alia, *Der Spiegel* (5 March 1984): 28-30.

86. According to a mid-December 1983 poll commissioned by Gesamtmetall, only 32 percent of all workers supported the demand for a thirty-five-hour week with full wage compensation, while 43 percent considered the demand unjustified. *Der Spiegel* (16 January 1984): 81-82.

87. In personal interviews at the plant level, I did not find any cases in which work-time reduction had been implemented with individual hours differentiation. At one plant (interview with works councillor, 3 August 1989), management wanted to introduce differentiation in a pilot department, but works council resistance led management to quickly acknowledge that "Differenzierung" was only a theoretical possibility. Gerhard Bosch cites a study of 3,300 agreements of which 13 percent (affecting 4-5 percent of all employees) provided for individual differentiation in 1985. This figure declined to 8 percent with the transition to the 37.5-hour week in 1988. See Bosch, "From 40 to 35 Hours: Reduction and Flexibilisation of the Working Week in the Federal Republic of Germany," *International Labour Review* 129 (1990): 623.

88. At the peak of the industrial action, 57,500 workers were on strike, and approximately 300,000 idled outside the districts in which the strikes were targeted. The 300,000 received unemployment payments from the Federal Labor Office. See *IG Metall Geschaftsbericht, 1983-1985* (Frankfurt am Main: IG Metall Vorstand, 1986): 283. For a discussion of the IG Metall tactic, see "IG Metall: 'Das trifft uns im Nerv,' " *Der Spiegel* (21 May 1984): 15-20.

89. Employers argued that further work-time reduction should be put off until later in the 1990s and offered to open negotiations in 1993 if other European countries enacted a reduction of working hours by that date. *Der Spiegel* (23 April 1990): 112-13.

90. In 1989, West German engineering workers averaged 1,634 hours annually, while Japanese workers totaled 2,104, American 1,920, British 1,770, Italian 1,760, and French 1,740. See *Der Spiegel* (15 May 1989): 107.

91. *Der Spiegel* (15 January 1990): 86-87.

92. See the *Frankfurter Rundschau* (30 March 1989): 1 and *Süddeutsche Zeitung* (30 March 1989): 6.

93. For emphasis on these themes, see the interview with then IG Metall President Franz Steinkuhler in *Die Zeit* (20 October 1989): 30.

94. Personal interviews suggested that free weekends were, in fact, more highly valued by membership than the thirty-five-hour week itself.

95. This formula of nationally or regionally negotiated frameworks with details worked out at the local level based on individual and firm needs has been championed by some very prominent Christian Democratic Union (CDU) politicians in recent years, including Lothar Späth, formerly prime minister of Baden-Wurttemberg, and Kurt Biedenkopf, one-time party head in Nordrhein Westfalen and since 1990 prime minister of Saxony. For a summary of the ideas of Späth and Biedenkopf, see Stephen J. Silvia, "The West German Labor Law Controversy," *Comparative Politics* 20, no. 1 (January 1988): 160-61.

96. See, for example, *Süddeutsche Zeitung* (13 June 1989): 23, in which Gesamtmetall Chairman Dieter Kirchner asks that the parties be provided with the necessary framework to reach solutions in the plant that balance employer and employee interests, and

Stuttgarter Zeitung (14 June 1989): 6, reporting the demand of the chairman of the Baden-Württemberg metal industry employers for more freedom to shape work patterns in the plants. More recently, Gesamtmetall produced such a proposal in response to the IG Metall's late 1995 call for an "Alliance for Jobs."

97. The phrase is from then IG Metall vice-president (now president) and collective bargaining expert Klaus Zwickel, who criticized such notions of "world market oriented collective bargaining." See the interview with Zwickel, "1990 Nachholen, was 1984 Nicht Ging," *Sozialismus* (July/September 1989): 7.

98. German Information Center, *This Week in Germany*, 15 September 1995.

99. For a highly compelling account of this point, see Thelan, *Union of Parts*, especially 284, where she writes that in the 1990s, "central strength will still be crucial to union success, but central strength alone may not be sufficient. National unions can ill afford to lose their ability to define labor's agenda . . . but . . . a central union may choose or be forced to pursue centrally defined goals decentrally."

100. The European Commission, *Growth, Competitiveness, Employment: The Challenges and Ways Forward into the 21st Century* (Luxembourg: Office for Official Publications of the European Communities, 1994).

101. For a comprehensive statement of this argument, see Lauk, "Germany at the Crossroads." Also see Amity Shlaes, "Germany's Chained Economy," *Foreign Affairs* 73 (September/October 1994): 124.

102. See Peter Swenson, "Bringing Capital Back in, or Social Democracy Reconsidered," *World Politics* 43, no. 4 (July 1991); and Kathleen Thelan, "Beyond Corporatism," *Comparative Politics* 26, no. 4 (October 1994): 107-24.

103. The author thanks Andy Markovits for proposing this paraphrase of Marx.