

APPLES AND ORANGES REVISITED: CONTEXTUALIZED
COMPARISONS AND THE STUDY OF COMPARATIVE LABOR POLITICS

Richard M. Locke and Kathleen Thelen

November 1994

WP#: 3741-94-BPS

**Apples and Oranges Revisited:
Contextualized Comparisons and the Study of Comparative Labor Politics¹**

Richard M. Locke

Massachusetts Institute of Technology

Kathleen Thelen

Northwestern University

November 1, 1994

Introduction

Common challenges (e.g., changing conditions of international competition, massive industrial change, pressures for the decentralization of bargaining and increased "flexibility") confront labor movements in all the advanced industrial states. The new terms of international competition and technological innovation have radically altered markets and the organization of production. The simultaneous globalization and segmentation of national markets has rendered traditional business practices in all advanced industrial nations less effective. Technological innovations have not only shortened product life cycles but also created opportunities for firms to compete along a variety of new dimensions.²

The break-up of national markets has spurred individual firms and even entire industries to experiment with a variety of alternative business strategies that test and/or transcend traditional industrial relations practices. Everywhere, unions have encountered new pressures for greater "flexibility", often in connection with demands from employers for a decentralization of bargaining.³ This article examines the implications these changes hold for students of labor as they seek to make sense of emerging new patterns of labor success and failure, and of institutional resiliency and breakdown.

The conventional approach to these questions is to focus on a single process like bargaining decentralization or work reorganization, and to use this as the basis for cross-national comparisons. In this article, we lay out an alternative research strategy based on what we call "contextualized comparisons." This alternative approach builds on and extends previous research by a number of labor scholars working from different theoretical and methodological perspectives. In particular, we rely heavily on recent institutionalist and what we call "political constructionist" analyses.⁴ By pushing the core categories of institutional analysis, we demonstrate how common international pressures are in fact refracted into divergent struggles over particular national practices. Then, drawing on the insights of the political constructionist approach, we show why within any given country certain issues (and not others) spark intense conflict because of the way they are connected to the foundations on which union identities themselves rest. Contextualized comparisons are not meant to displace but rather complement traditional "matched comparisons;" they bring new insights to labor scholarship by highlighting unexpected parallels

across cases that the conventional literature sees as very different, and conversely, by underscoring significant differences between cases typically seen as "most similar."

This article is divided into three sections. The first part outlines the traditional approach to comparative labor research and assesses its relative strengths and weaknesses. The following section lays out the logic of "contextualized comparisons", showing how this alternative approach builds on the core insights of institutional and political constructionist analyses. As a research strategy, contextualized comparisons also incorporates and blends together elements of Sartori's "ladder of abstraction" and Skocpol's and Somers' "contrast of contexts" approach.⁵ Whereas the former is designed to specify phenomena for comparison without "stretching" concepts, the purpose of the latter is, in David Collier's words, to use comparison to "[establish] a framework for interpreting how parallel processes of change are played out in different ways" within their own political, economic, or social context.⁶ The third section of this essay applies this alternative research strategy, comparing key developments in labor relations in Sweden, Germany, Italy, and the United States. Struggles over solidaristic wage policies, flexible working times, the scala mobile (a cost of living adjustment escalator), and work reorganization are analyzed respectively in the four countries in order to show how these otherwise different struggles in fact represent (context-specific) manifestations of similar strains and how in each case the unravelling of particular institutional arrangements is bound up in a redefinition of the interests and even identities of the key actors. We conclude by considering the significance of this alternative approach for future comparative labor research and theory.

Comparative Labor Research in a Changing World Economy

The dominant approach to the study of comparative labor politics has been to focus on a single process like wage bargaining or work reorganization, and to track different patterns of change (and assess relative union success) in the selected issue-area across a range of countries. Thus, for example, we have a number of studies that compare the reconfiguration of centralized wage bargaining arrangements or the politics of work reorganization in several national contexts, and explain cross-national variation with reference to the particular features of the institutional context.⁷ Institutional arrangements are important not only because they shape the goals of unions and organized business interests but also because they structure the strategic interactions among these actors. As a result, scholars

working within this tradition emphasize the institutional context of labor politics, including the organizational characteristics of unions and business associations, the legal framework of industrial relations, the alternative systems of financial intermediation, and the linkages to the state.

A good example of this approach is Lowell Turner's Democracy at Work.⁸ Based on a series of rich company-level case studies of industrial restructuring in the German and American automobile industries as well as an insightful analysis of the institutional frameworks of both countries, Turner uncovers significant differences in the ability of American and German unions to participate in industrial restructuring. Because labor's rights at the shop floor are institutionalized through legislation in Germany, German unions were able to negotiate the introduction of new technologies and the reorganization of work in their industries. In the absence of these same formal, guaranteed rights in the United States, American unions faced a more uncertain situation. Although some American unions were able to negotiate the changes underway in their plants, other unions with less organizational power and/or less benevolent managers, were given no significant voice in the restructuring process.

Such "matched" comparisons have taught us a great deal about the new dynamics of labor politics and about the relative success and failure of unions to cope with particular changes. At the same time, however, this kind of comparison can only provide one slice of the whole picture, and this is because any single process (e.g., wage bargaining, work reorganization, skill formation, or working time arrangements) can have very different meanings or degrees of valence in different settings. For example, although countries as diverse as Sweden, the United States, and Germany have all experienced pressures to decentralize bargaining arrangements, focusing on this common trend obscures stark differences in starting points: wage bargaining in the United States was never as centralized as in the other two countries to begin with; and centralized bargaining in Sweden had a strong egalitarian component that was absent in both the United States and Germany. Similarly, the significance of common pressures to reorganize work on the shop floor varies tremendously from country to country. Unions in the United States strongly resist more flexible forms of work organization since this kind of change undermines narrow job definitions with their related wage, seniority, and security provisions -- practices that represent the institutional anchors for American labor rights within the firm. In Germany, however, where employment security and union strength are not dependent upon shop floor practices like job control, workers and their unions have welcomed similar changes

that upgrade their skills and enhance their autonomy.

These examples illustrate how apparently similar issues possess very different meaning in different national settings, depending especially upon differences in starting points and in the impact of various changes on traditional arrangements. Thus, the conventional practice of comparing apparently similar changes across countries and attributing varying degrees of labor "success" primarily to different national institutional arrangements is somewhat misleading. These studies are misleading because they give the impression that they are comparing "apples with apples" when instead, given the different starting points and varying degrees of valence different issues possess in different national contexts, they are in practice comparing substantially very different phenomena.

In particular, conventional "matched" comparisons systematically miss two important points. First, while employers' "search for flexibility" (Boyer 1988) may be a general phenomenon emanating from international pressures that are common to all the advanced industrial democracies, alternative institutional arrangements refract these common pressures in different ways in different national and sectoral settings. "Flexibility" can be achieved in a variety of different ways and along several different fronts including⁹:

1. Changes in the organization of work due to new technologies and more decentralized forms of production. Linked to this are shifts in work rules, working hours, and changing patterns of employee participation within the firm.
2. New compensation schemes affecting the level, structure, and composition of compensation of both blue and white collar workers.
3. Shifting patterns of skill formation, training, and career trajectories which match the new needs of firms.
4. Issues of job mobility and employment security which shape the way individual firms and industries adjust their workforces both to more flexible production schedules and to cyclical and structural declines in product demand.

Because employers encounter different (institutional) rigidities in different countries some challenges will be more problematic than others in terms of labor politics.

Second, given that different countries (and even regions within the same country) possess quite distinct patterns of economic development, working class formation, labor-management relations, and political mobilization, the valence of particular issues may also be quite varied in different contexts, depending on what significance these issues possess for union identities and for the founding "projects" that orient labor's strategies in different countries.

In both cases, contextualizing the concept of "flexibility" draws attention to the way that the very same international pressures for decentralization and flexibility set in motion fundamentally different struggles in different contexts.

Contextualized Comparisons as an Alternative Approach

Our alternative research strategy goes beyond conventional matched comparisons by placing precisely these differences at the center of analysis. The approach builds on a rich and diverse body of existing research but draws especially on recent institutionalist and political constructionist analyses. Scholars working in the first school of analysis emphasize the institutional context of labor politics in order to illustrate how nationally distinctive institutional configurations mediate in different ways the effects of common international pressures.¹⁰ By contrast, researchers from the second tradition tend to emphasize how the underlying social, political, and economic foundations of these same institutional arrangements are themselves unravelling.¹¹ Accounts emanating from the institutionalist school focus on the way interests are shaped and/or mediated by their institutional environment while political constructionist analyses focus on the identities (including "worldviews" and "cognitive maps") of the actors. Since identities are forged out of social experience, these analyses emphasize historical contingency, choice, and the plasticity of institutional arrangements in explaining labor outcomes. Moreover, while institutionalists view labor's current problems as emanating from recent efforts by employers to enhance their competitiveness by undermining and/or renegotiating previously stable institutional arrangements, political constructionist analyses instead describe labor's difficulties in terms of broader changes in the socioeconomic context that have rekindled questions about the organizational boundaries and even identities of the unions themselves.¹²

Both of these perspectives have yielded insightful analyses of the historical development of labor movements and of contemporary trends and outcomes. In particular, institutional analyses have given us persuasive accounts of both policy continuities within countries over time and persistent cross-national differences. Political constructionists, for their part, have directly confronted regional and historical variations and discontinuities, tracing these to significant differences in the underlying political and social dynamics that affect how formal institutions operate.

By combining elements of both perspectives, we arrive at a rather unconventional approach to contemporary

labor research. The approach we propose revolves around "contextualized comparisons" which can provide new insights into cross-national variation in labor politics. From the institutionalists we take the idea that differences in national institutional arrangements will refract common international forces very differently, and show how conflicts between labor and capital over decentralization and flexibility have come to focus on different substantive issues in different national contexts. By focusing on the way different institutional arrangements create different sets of rigidities and flexibilities, we can identify the range of possible "sticking points" or potential sources of conflict between labor and management in a particular country. Drawing on the insights of political constructionism, we then reframe the resulting comparisons to highlight the meaning these struggles have for the identities of the actors and for the coalitions on which these institutional arrangements themselves have been premised. Of the possible institutional "sticking points," we find that those that generate the most intense conflicts are those which are so bound up with traditional union identities that their renegotiation in fact sets in motion a much deeper and fundamental re-evaluation of labor's "project" within a given institutional and political setting.

To illustrate this last point, let us briefly return to the previous examples. The significance of the restructuring of work rules and job classifications in the United States goes beyond the renegotiation of labor's institutional rights within the firm. These arrangements codified a set of customs and informal practices that defined and anchored the moral order of shop floor relations in American companies and the unions' role in that order.¹³ As a result, their renegotiation opens up much larger issues concerning union identity and the place of organized labor in the American political economy. This accounts both for why the reorganization of work, which threatens to alter if not eliminate established work rules, appears to have so much more valence in the United States than other, analogous changes in other American industrial relations practices and also why this issue is less contested abroad. In Germany, for instance, work reorganization has no such significant value or "ethical aura" for the unions and hence is not resisted by them.

Similarly, the issue of wage flexibility possesses much more valence in Sweden, where unions have invested considerable ideological and material resources into a policy of egalitarian wages and where such policies both legitimated the high degree of organizational centralization of the union movement and sustained a significant role for the unions in the national political economy, than it does in either the United States or Germany where the

structures and identity of the labor movement are less linked to wage policy.

In short, both institutions and identities contribute to explaining why the same international forces have set in motion fundamentally different substantive conflicts in different national contexts. By highlighting these differences, contextualized comparisons allow us to reframe cross-national comparisons so that we are actually comparing across real "sticking points." Conventional studies often draw broad conclusions concerning relative union success or failure from an analysis of a single issue area in different countries. But the choice of which issue area to study can affect the results considerably. For example, German unions have been more successful in participating in work reorganization, but as we have seen, work reorganization does not pose the same kinds of existential problems for German unions that it does for American unions. The relative ease with which work reorganization in Germany has been negotiated contrasts with other issue areas, such as shorter and more flexible work hours, where German unions engaged in major struggles with employers. As a result, focusing on work reorganization alone tells us little about how well German unions do when their goals conflict more directly with those of employers. The strategy of contextualized comparisons confronts this issue by explicitly considering cross-national variation in conflicts centering on (different, nationally specific) sticking points.

"Contextualizing" comparative analysis means more, however, than simply being more careful about our choice of categories or phenomena to compare; it pushes us to make radically different kinds of comparisons. Because differences in institutional configurations refract common pressures into distinct domestic struggles with varying degrees of significance, we need to augment conventional matched comparisons with a cross-national analysis of different sticking points. At first, it might appear as if we are comparing "apples with oranges" since the specific struggles we analyze are manifestly quite distinct. However, closer examination reveals how these apparently different struggles in fact capture the particular way that common challenges have been translated into specific conflicts in the various national settings. In short, by combining the insights of both institutionalist and political constructionist analyses, we are able to move beyond the conventional practice of comparing nominally analogous changes across countries and instead we can select analytically parallel (even if formally diverse) phenomena for comparison.

The strategy of contextualized comparison draws and builds as well on older methodological foundations,

combining elements of Sartori's ladder of abstraction with what Skocpol and Somers call the "contrast of contexts" approach to comparative politics. Sartori's ladder of abstraction orders concepts of varying degrees of generality along a vertical dimension as a way of ensuring that extensional gains in a concept not be made at the expense of precision and empirical testability.¹⁴ Climbing and descending the ladder of abstraction gives analysts a way of systematically composing and decomposing rather than simply "stretching" concepts.¹⁵ Descending the ladder of abstraction narrows concepts by specifying more of their characteristics. Thus, while higher level concepts may stress similarities across a large or medium number of cases, the lowest level categories stress "the differentiae of individual settings...above their similarities: so much so that at this level definitions are often contextual."¹⁶

Applied to the problem at hand, this means that contextualized comparisons focus in the first instance on the mid-level concept of "sticking points" but move down the ladder of abstraction to specify which particular sticking points emerge within a given context (i.e., which specific substantive issues generate conflict in particular countries).¹⁷ Systematic movement on Sartori's ladder of abstraction thus avoids stretching the concept of "flexibility" or "decentralization" (a common problem in the contemporary labor literature) and provides guidelines for operationalizing "sticking points" that can then be evaluated cross-nationally.

We link the strategy of climbing and descending the ladder of abstraction to what Skocpol and Somers call a "contrast of contexts" approach to comparative politics. In most conventional labor scholarship, matched comparisons serve to demonstrate the general validity of a theory (e.g., theories about the breakdown of corporatism through the decentralization of bargaining). In these studies, "differences among the cases are primarily contextual particularities against which to highlight the generality of the processes with which their theories are basically concerned."¹⁸ The contrast of contexts approach, like contextualized comparisons, takes a different tack, using comparisons to draw out differences among individual cases in order to highlight "the unique features of each particular case . . . and to show how these unique features affect the working out of putatively general social processes."¹⁹ As Reinhard Bendix once put it, this approach "increases the 'visibility' of one structure by contrasting it with another."²⁰ In his own work, Bendix lays out general themes (e.g., feudalism, "rationalization") to orient his particular cases, but as Skocpol and Somers point out, "Bendix does not present [these] ideas as an explanation to be tested or applied" but rather as "middle-range ideal types meant to establish a frame of reference

for the historical case accounts and comparison among and between them."²¹ Similarly, in the case of contemporary labor politics, common pressures for decentralization and flexibility are not taken as general theoretical propositions; they are but middle-range benchmarks, the particular manifestations of which (to be ascertained by descending Sartori's ladder) must be explored in order to discover differences and similarities across cases by focusing on the particularities of each.

The following section illustrates the contribution our alternative framework can make to the comparative study of labor. In it, we examine union responses to contemporary trends in four countries -- Sweden, Germany, Italy, and the United States -- but in each case attending to the way that common international pressures are mediated in distinctive ways depending on the institutional and political points of departure. In each case, an institutional perspective can point us to the potential "fault lines" that exist in each country and show how common pressures facing all advanced industrial nations have translated into divergent struggles over particular practices. Then, applying the insights of the political constructionist approach, we explain why conflicts center on certain issues and not others by examining the consequences of current trends from the perspective of resulting changes in the identities of the actors themselves. The four key events we will consider are: the end of centralized solidaristic wage bargaining in Sweden, conflicts over working time and employment flexibility in Germany, the renegotiation of the scala mobile in Italy, and work reorganization in the United States.

Industrial Restructuring and Industrial Relations: A Tale of Four Countries

The Breakdown of Centralized Bargaining in Sweden

In the literature on labor in the advanced industrial nations, Sweden has long served as a model of labor strength. A central feature of what has been referred to as the "Swedish model" was the highly centralized system of bargaining and the labor movement's policy of solidaristic wages which resulted in a substantial narrowing of wage differentials across the national workforce over the last several decades. For employers, centralized wage bargaining not only guaranteed overall wage restraint, but also dampened competition for particular categories of workers. For labor, solidaristic wage policy enabled the central union confederation (*Landsorganisationen, or LO*)

to secure centralized control over its constituents as well as play a positive (productivity-enhancing) role in the national economy. Given that equal wages would be paid for equal work, regardless of a firm's profitability or position in the market, the union's wage policy pushed firms to invest in new product and process technologies. Those firms that failed to innovate were forced to close and thus the economy as a whole was rendered more efficient.²²

Although solidaristic wage policy was originally effective in dampening inflation and promoting efficiency, over time it was modified in ways that eventually created the opposite effects.²³ Developments in the late 1960s and early 1970s in particular contributed decisively to the system's breakdown. First, the less productive public sector, which had been excluded from solidaristic wage policy as it was originally conceived, demanded and won agreements that brought their wages in line with those of the private sector. Second, early solidaristic wage policy focused only on intersectoral wage disparities and did not touch differentials between skilled and unskilled workers. However, new clauses in central contracts in the late 1960s introduced interoccupational leveling. Employers had traditionally been able to use plant-level wage drift to compete for scarce skilled workers, but new wage leveling clauses began to compensate less skilled workers for skilled workers' previous year's wage drift. Both developments contributed to an overall, institutionalized, ratcheting up of wages.

As a result of these changes, employers in key sectors mounted an assault on peak-level bargaining in the 1980s. The revolt began in 1983 in the engineering industry, when the employers organization (at that time Verkstadsföreningen or VF, now renamed Verkstadsindustrier, or VI) withdrew from central negotiations and succeeded in striking a separate deal at the industry level with the Metalworkers' union, Metall. By withdrawing from centralized bargaining, the engineering employers helped sever the link between private and public sector bargaining. In 1983, they also eliminated contractual provisions for interoccupational wage leveling and revamped plant wage structures to accommodate greater differentials among blue-collar workers.²⁴ Since that time, the locus of bargaining has shifted several times but employers are clearly intent on decentralization.²⁵ In 1990 the national employers association (SAF) dismantled its own bargaining unit, making a return to traditional peak-level bargaining impossible. Recent bargaining rounds have been conducted at the industry level, but leading export firms such as ABB and Volvo and key employer associations favor further decentralization of wage negotiations to the firm

level.²⁶ All of this signals the end of the traditional "Swedish model."

If we think through the four dimensions of flexibility sketched out above and the varying degrees of valence these issues possessed for Swedish managers and unionists, we can quickly understand why the locus of conflict between labor and capital came to center around centralized wage bargaining. Sweden's tight labor market, but also a well-developed vocational training system and active labor market policies rendered issues of skill formation (point 3) and employment security (point 4) largely non-problematic. By contrast, both work reorganization (point 1) and wages (point 2) posed rigidities that could have sparked conflict.

In terms of work organization, Swedish managers had traditionally enjoyed tremendous discretion over both the organization of work and the hiring, firing, and laying-off of their workers. Over the course of the 1970s, however, the unions became increasingly interested in "qualitative" issues and through their Social Democratic allies in Parliament, promoted a number of laws (e.g., the 1974 Employment Security Act (LAS), the 1976 Co-Determination Act (MBL), and the 1977 Work Environment Act) which bolstered union rights on the shop floor and encroached on various "managerial prerogatives".²⁷ Initially, employers vigorously resisted these changes but in the end, the practical effects of the legislation were not as dramatic as they had feared. In addition, by the early 1980s, Swedish employers had come to embrace the reorganization of their production processes along post-Fordist lines as a way of enhancing the efficiency and quality of their production and -- especially -- reducing absenteeism among their employees.²⁸ As a result, work reorganization did not develop into a highly contested issue in Swedish industrial relations.²⁹

Wage rigidities, by contrast, proved to be a much more intractable issue in the Swedish context. The developments in solidaristic wage policy sketched out above both fueled inflation and imposed wage constraints that made it difficult for individual employers to recruit and retain skilled workers. As Torben Iversen has argued, wage rigidities posed a particular problem for export-oriented firms in engineering both because these firms could not pass the costs on to consumers and because of the problems created by competition for skilled workers among companies.³⁰ But these same rigidities also came to be a problem for unions trying to maintain solidarity despite significant and growing differences in market conditions. Workers in engineering resented the public sector unions' living off their hard earned (productivity-based) wage drift.³¹ Meanwhile, at the plant level, skilled blue-collar

workers whose wages were held back by solidaristic wage bargaining saw their position erode compared to white-collar workers in their own plants who performed jobs very similar to their own but earned more because they were covered by separate contracts.³² In short, wage rigidities posed significant problems for both employers and segments of the labor movement, thus setting the stage for a re-alignment of political forces that undermined centralized bargaining.

The LO and SAF could conceivably have responded to these developments through timely adjustments within the traditional bargaining structures. But what made such a renegotiation so problematic was the centrality of wage solidarity to the Swedish labor movement itself. The Swedish model was defined by more than just a particular organizational configuration; what set the country apart from most other advanced industrial societies is the unusually encompassing base of solidarity that unions were able to institutionalize and maintain, and solidaristic wages played a key role in this process. As Peter Swenson argues, through its wage policy the LO was able to harness and stretch the limits of workers' norms of fairness, and, in doing so, to "[set] the ideological terms of debate at an unusually egalitarian level".³³ Egalitarianism and solidarity became the key underlying principles around which Swedish unions organized. These underlying principles provided legitimacy for both the union's (highly centralized) structures and its various political and economic strategies.

As originally conceived, solidaristic wage bargaining was intended to equalize wages across firms within the private sector only, on the principle of "equal pay for equal work" regardless of a company's performance in the market. However, the availability of "solidarity" and "egalitarianism" as legitimating principles opened the door for those groups that were excluded from the original solidarity policy to press new claims on the LO.³⁴ Given that the union's legitimacy was based on these underlying principles, its leaders found it difficult to resist the demands of these groups for inclusion by imposing explicit limits on solidarity. Thus, solidarity wages came to be extended to a widening circle of groups in the 1960s and 1970s, including public sector workers and less skilled workers in both the public and private sectors.

The inclusion of these groups not only institutionalized new wage rigidities in negotiations with employers but also generated new tensions within the labor movement and led to the redefinition of the goals of core constituencies within the LO. As mentioned above, workers in manufacturing resented the ability of public sector

workers to benefit from the wage drift they were able to win through productivity increases. In addition, solidaristic wage policy increased tensions between white and blue collar workers, who in Sweden are organized into different confederations. The LO was able to reduce the differentials among manual workers, but it could not directly regulate differences between its own (blue-collar) members and those in the white-collar confederation, TCO.³⁵ Technological changes and work reorganization in the 1980s blurred the distinction between white and blue collar work, so that highly skilled blue collar workers were sometimes performing tasks quite similar to those performed by members of the white collar union, but at a much lower rate of pay.³⁶ These developments helped rekindle a sense of separate identity for skilled workers within the LO, and set the stage for their abandonment of solidaristic wage policy when the opportunity arose.

Recent debates within the LO can be read as attempts to recast the concept of solidarity to deal with these tensions. The LO's new policy of solidaristic work for solidaristic wages, for example, represents a clear retreat from general wage leveling and a return to the emphasis on what they call "equal pay for equivalent work" which explicitly accepts and even emphasizes the idea of higher remuneration for jobs involving higher skills and experience.³⁷ The idea is that by linking higher pay to more highly skilled jobs, the union will create incentives for workers to pressure employers to reorganize production in ways that generate more diversified, more challenging, and safer jobs.³⁸ While ostensibly designed to promote the creation of better jobs, the LO's new "Good Work" (det goda arbetet) policy also clearly addresses the tensions generated by wage bargaining described above, since one of the obvious effects will be to reduce the wage gap between low-level white collar and skilled blue collar workers by allowing for greater differentiation between skilled and less skilled blue collar jobs.³⁹

The LO insists that the new policy does not represent a retreat from the principle of solidarity, only its adaptation to changed circumstances and new problems: "The two main principles of the wage policy of solidarity - equal pay for equivalent work and reduced wage differentials -- are [...] as pertinent today as ever before."⁴⁰ However, the shift in the meaning of solidarity is unmistakable, and reflects not simply a strategic shift towards "difference" as opposed to "egalitarianism" but also a deeper re-definition of the identity of the union itself.

Working Time Flexibility and Employment in Germany

Struggles over flexibility and decentralization have been played out over very different issues in Germany, centering on working time arrangements and later on disparities between Eastern and Western workers in the context of unification. In the 1980s, major conflicts over working time flexibility were resolved through compromise within traditional bargaining arrangements. In the 1990s, however, the widely acclaimed resiliency of German institutions⁴¹ is again being tested as the process of German unification has rekindled longstanding problems of "winners" and "losers" who are largely defined by whether they stand inside or outside the institutional framework.

Despite many differences, a common denominator in the flexibility debates before and after unification is the issue of employment. The campaign by the German Metalworkers' union (IG Metall) for working time reduction that dominated labor politics throughout the 1980s was inspired by the goal of combatting high structural unemployment by redistributing jobs.⁴² The union won successive reductions in the regular work week (in contracts in 1984, 1987, and 1990) but traded such reductions for new flexibility in working time arrangements at the plant level.⁴³ The compromises of the 1980s channeled conflict over working time reduction but they involved a substantial shift in the locus of bargaining, delegating to plant-level works councils new powers to adapt industry-level agreements to local conditions, albeit within parameters set down in the central contract.

Just when the conflict over working time reduction had been successfully resolved, the German system was again confronted with a major challenge in the wake of West Germany's unification with the former German Democratic Republic. While the formal institutions of industrial relations in the West have been successfully transplanted in the East,⁴⁴ strains within the system have precipitated major confrontations between employers and unions in the last few years as employers have sought new forms of flexibility within but also outside traditional bargaining arrangements. For instance, in 1991 employers in the pattern-setting metalworking industries had agreed to a rapid equalization of wages, working times, and working conditions in East and West, but by 1993 continued low productivity and collapsed markets prompted them to seek concessions to slow down the overall process of equalization and also to allow exemptions for individual firms ("hardship cases"). Thus, the struggles of the 1980s over working time flexibility have been superseded by calls for new kinds of flexibility and new forms of decentralization that center on East-West issues.

An institutional approach to labor politics can again tell us much about why conflicts over flexibility in Germany have centered on the issues they did. Returning to the various dimensions of flexibility sketched out above, it is clear that institutional arrangements in Germany posed no problems for employers to reorganize work along more flexible lines (point 1). On the contrary, and as many authors have demonstrated, plant-level codetermination in Germany has actively contributed to the spread of flexible forms of work organization.⁴⁵ Nor do Germany's institutional arrangements interfere with the adjustment of skills to new technological and organizational developments (point 3). Indeed, the country's vocational education system, which combines theoretical and practical training in the so-called "dual" system, has if anything become a model of successful skill formation and adaptation.⁴⁶

However, Germany's historically evolved institutional arrangements did present employers with considerable rigidities in the area of employment policy (point 4). The institutions of codetermination and the involvement of works councils in plant personnel policy have given German workers a high degree of employment security, and have prevented employers from responding to changes in demand with a policy of "hiring and firing."⁴⁷ Thus, an institutional perspective can illuminate why working time flexibility emerged as a key point of contention in the 1980s. Employers ultimately agreed to negotiate overall reductions in the work week, but consistently demanded (and won) a quid pro quo of working time flexibility that would mitigate the effects of the employment rigidities that were institutionally anchored in the German system.

Wage flexibility (point 2) was not a severe problem before unification both because the system allowed for some inter-industry and even inter-regional differentiation, and because informal plant-level bargaining over wages provided a safety-valve for adjusting wages to local conditions.⁴⁸ However, this type of flexibility could not begin to address the huge differences in productivity between East and West that lie behind employers' calls for a radical deceleration of wage equalization and for explicit exemptions for vulnerable firms. The types of flexibility sought by employers in the East pose a much more fundamental challenge to traditional bargaining arrangements since they directly challenge a key tenet of Germany's version of nationally coordinated "pattern" bargaining, namely the idea that pattern-setting agreements in one bargaining district become the basis for more or less uniform national standards to set a floor for local negotiations.

Thus, both working time flexibility (in the 1980s) and wage flexibility (in the 1990s) emerged as important "fault lines" in Germany, though in the end working time flexibility was resolved relatively smoothly. It may be too early to tell whether the conflicts of the 1990s will be channeled as successfully, but both institutionalist and political constructionist approaches suggest that these conflicts will prove more problematic. From an institutionalist perspective, current struggles over wage flexibility -- unlike those over working time flexibility a decade ago -- are more difficult to accommodate within existing bargaining institutions because the country's "dual system" of industrial relations explicitly forbids works councils from negotiating over wages. Indeed, as Wolfgang Streeck argued years ago, the stability of the dual system itself rests on the institutional exclusion of works councils from interfering with central union prerogatives on wage issues.⁴⁹

However, more fundamental differences between the flexibility struggles of the 1980s and those of the 1990s -- and the real stakes in the current struggles -- come into greater relief when we apply a political constructionist approach, for this perspective underscores how the conflicts of the 1990s have actively mobilized cleavages between "winners" and "losers" in the German working class and reopened fundamental questions about organized labor's project in the German political economy. The conventional literature treats the German system of industrial relations as a close relative of "Swedish model," and yet this obscures fundamental differences in the policies traditionally pursued by the labor movements in the two countries. In Sweden, the long tenure of the Social Democratic government and its commitment to full employment made possible policies that were not options in the German case. In Germany, the labor movement accommodated itself to a less congenial political context (in which labor's political allies were substantially weaker) but where the strength of the economy nevertheless created space for significant gains for the working class.

These differences in context had important ramifications for the "project" around which union identities were formed. In contrast to Sweden, the German labor movement has supported a relatively privileged position for skilled workers, in part because unions have relied more heavily on industrial action (as opposed to political channels) to achieve their goals and thus see their "core" membership as crucial to their industrial successes. This difference accounts for why the kind of solidaristic wage policy that was so central to the Swedish model was not a prominent feature of German unionism. Indeed, union wage policies and institutions in Germany have not

substantially reduced and in some ways have reinforced significant wage differentials between skilled and unskilled workers. Related to this, and again for reasons related to the institutional and ideological context in both countries, German unions focused much more than their Swedish counterparts on production issues (skills, the "humanization" of work, etc.), while Swedish unions gave highest priority to distributional issues.

The strategy of German unions was quite successful through most of the immediate postwar period. Uneven relative gains among workers could be finessed since virtually all workers were gaining in absolute terms. The 1970s and especially 1980s introduced a much more zero sum context, as unemployment rose to unprecedented levels. As Fritz Scharpf has demonstrated, the burden was borne by those groups traditionally underrepresented by the German unions -- foreign workers and women, for example.⁵⁰ Moreover, the problem of "ins" and "outs" in the German system was exacerbated by the particular institutional configuration of industrial relations. In the good years, local-level bargaining complemented centralized negotiations, as works councils could improve on nationally negotiated minimum wages. But with rising unemployment, works councils used their powers to actively promote a closure of internal labor markets to protect the jobs of the currently employed, excluding a large and growing number of the structurally unemployed.⁵¹

In short, while the German industrial relations system has been extremely successful in ensuring steady improvements for the union movement's core constituencies (skilled, male, mostly native German workers), the politics and the dynamics of the system have if anything contributed to a growing gap between those who are included versus those who are excluded from the system. Seen from this perspective, the collapse of employment in the East has activated in somewhat different form an old problem for German unions. The problem is more acute today than it was a decade ago, not just because unemployment itself is at higher levels, but also because the process itself involves a more active exclusion or marginalization of the losers. For example in the case of women, it is one thing for women to be discouraged from seeking employment in the first place (as has long been the case in West Germany, where female employment rates are relatively low compared with other OECD countries); it is quite a different matter to actively fire women in the Eastern part of the country, over 80% of whom held jobs prior to unification. This, however, is exactly what has happened over the last five years. As Michael Fichter points out, women accounted for 64% of the unemployed in the East at the end of 1993, and women's chances of finding a

job or participating in retraining are also lower than men.⁵² This process creates problems for the unions because, while they are not responsible for the collapse of employment in the East, their strong institutional presence (for example, in works councils) implicates them in the process of actively selecting winners and losers.

In sum, an institutional approach can tell us much about the particular "fault lines" along which we can expect battles over flexibility to open up, and also something about the kinds of outcomes we might anticipate. The conflicts over working time reduction in the 1980s highlighted the particular rigidities of Germany's "dual" system of industrial relations (especially plant level employment rigidities), but the resolution to the conflict also underscored the crucial flexibilities it embodies. The problems of unification, by contrast, pose a more difficult challenge in Germany, where the union movement's traditional "project" assumed a fundamentally prospering economy. The IG Metall's longstanding demands for more leisure time have little appeal in the east, where huge numbers of people have no work at all; and organized labor's progressive "productionist" strategies (humanization of work, skill enrichment, and the like) similarly presuppose that people have a job. If anything, unification had exposed the extent to which the "German model" of industrial relations privileges some at the expense of others, and political constructionism directs our attention to the way that conflicts within and over traditional institutional arrangements are themselves bound up in a re-evaluation of the union movement's core identity.

The scala mobile in Italy

Over the last two decades, the single most important and contentious issue in Italian industrial relations has been the scala mobile. Introduced initially in the national contracts of 1945 and 1946, the scala mobile was a cost of living adjustment escalator aimed at safeguarding workers' real wages against inflation. Price increases were periodically calculated in relation to an "average" working-class family's "shopping basket" of goods. An increase in the cost of the basket translated automatically into a proportional rise in workers' wages.

In 1975, in an attempt to moderate labor conflict, control inflation, and recast Italian industrial relations along more stable lines, Italy's leading business association, Confindustria, and the major union confederations (CGIL, CISL, UIL) negotiated an accord which enhanced the scala mobile's benefits, especially for lower-paid, semi-skilled workers. The main aspects of this accord were a 100% indexation⁵³ of the scala mobile and a

secondary agreement guaranteeing 80% of workers' wages in the event of lay-offs. Together, these provisions would provide industrial workers in Italy with significant wage guarantees against both high inflation and industrial restructuring. Confindustria hoped this accord would also shift the center of gravity in bargaining to the national level, and in doing so also shift union power away from the militant industrial unions to the more moderate peak-level confederations.

Initially, it appeared as if the accord would provide benefits for both sides. For the unions, it not only protected workers in their already established bastions (primarily large, well-organized plants in the North) but also extended this bargain to workers in smaller, less organized plants. Together with the inquadramento unico (unification of blue and white collar job classifications), the scala mobile agreement defined Italian union strategy for over a decade. Major Italian firms gained as well. Compensation for price increases would be paid by large firms in any event (because of strong union presence within their plants), and the agreement imposed the same terms on smaller, potential competitors. Moreover, by removing disputes over price increases, this accord would eliminate a primary source of conflict within large plants, therefore reducing the power of the factory councils as well.⁵⁴

But there was also an ideological component to the 1975 accord. For the unions, the egalitarianism of the scala mobile accord, like the inquadramento unico, resonated with the goals and achievements of the "Hot Autumn" that had brought skilled and unskilled workers together to seek radical change in labor politics.⁵⁵ For Confindustria, the aim was to create a privileged sector of industrial workers with job and wage security who would see the long-term benefits of moderation in terms of increased real wages and better working conditions and who could also be enlisted in the private sector's fight against the inefficient and bloated public sector.⁵⁶

In short, Confindustria hoped to accomplish several things with this one sweeping agreement. First, like its Swedish counterpart in the 1930s, it hoped that this agreement would simultaneously bring about the centralization and domestication of the Italian union movement. By shifting the center of gravity of bargaining to the more moderate confederations, and by taking price increases and job security out of the bargaining arena, it hoped to restructure Italian industrial relations along more predictable and quiescent lines. Second, this centralization of wages would also, in the long-run, enhance the competitiveness of Italian exports by tying wages in the export-oriented industrial sector to moderate price increases in the Italian economy as a whole.⁵⁷ Finally, by enlisting the

industrial working class into a "producers alliance" against the public sector, Confindustria was sending a clear signal to the Italian state that it was prepared to do battle if the government continued to encroach on its terrain.

Yet this effort at controlling price increases and moderating labor relations through indexation backfired in several ways. First, due to Italy's high inflation rates, the 1975 agreement over wage indexation gained massive weight in the determination of wages. By the early 1980s, it was estimated that the scala mobile accounted for over 60 percent of annual wage increases. This not only caused problems for management, which had to pay for these increases, but also for the unions whose control over wage determination through collective bargaining had been severely reduced by indexation. The government too wanted a reform of this system since it confounded all policies aimed at reducing inflation.

Second, public sector workers mobilized to protect their wages. Where established unions failed to articulate these demands, new, competing organizations (Sindacati Autonomi, COBAS) emerged to fill this representational void. As a result, not only was indexation spread to all sectors of the economy, thus undermining the economic logic of the accord, but also industrial conflict increased dramatically, but this time in the public and service sectors.⁵⁸

Finally, because of the particular formula used in calculating wage increases, and given that indexation during the high inflation years of the 1970s accounted for over half of all wage gains, wage differentials based on different skill levels were significantly reduced. As a result, the unions found themselves criticized and in some cases simply abandoned, by their more skilled members who felt under-protected and insufficiently appreciated by the unions' leadership.

Far from providing mutual benefits for both organized labor and big business, the scala mobile accord instead generated a series of organizational and economic disasters for both parties. It fueled rather than contained inflation and it further weakened the unions by provoking dissent within their ranks and defections to rival organizations, conflict with previously friendly political parties, and renewed antagonism with big business. Perpetual struggles over this accord characterized Italian industrial relations well into the 1990s. Moreover, disagreements over government-sponsored modifications of the scala mobile precipitated the break-up of the Federazione CGIL-CISL-UIL in 1984.⁵⁹ Finally, in July, 1992, in the face of growing economic difficulties, the scala mobile was abolished.⁶⁰

Again, reference to the various dimensions of "flexibility" helps us understand why labor conflict came to center around this particular issue. Because the Italian economy is comprised primarily of small- and medium-sized firms, skill formation (point 3) was not perceived to be a major issue since most skills were acquired on the job and/or in industry-specific (and locally embedded) technical schools (istituti tecnici). Only now is the issue of training and skill formation emerging as a problem in Italian industrial relations, but one which has actually brought together labor and management in search of new solutions.⁶¹

Likewise, although work reorganization (point 1) created serious tensions between Italian unions and employers in the 1970s, it too was ultimately resolved in a mutually agreeable manner. Neither narrow job classifications nor detailed seniority rules exist in Italy. Nonetheless, throughout the 1970s Italian unions were able to use their power on the shop floor to prevent lay-offs, control output, regulate the internal use of labor,⁶² and block the reorganization of work. At certain large companies like Fiat Auto, the shop stewards became so rigid in their regulation of labor that they pushed the company towards bankruptcy. Eventually, the impasse between the company and the union resulted in a bitter and protracted strike in which the union was deserted by most of company's workforce. Following the defeat of the local union in 1980, Fiat's managers proceeded to unilaterally restructure the company's facilities.⁶³ The Fiat strike proved to be a turning point in Italian labor politics since it reinforced those groups within the union movement that had wanted to negotiate the introduction of new technologies and the reorganization of work. By the mid-1980s, almost all Italian unions embraced this process as a way of enhancing their skills and autonomy on the shop floor.⁶⁴

Rigidities in other employment practices (hiring and firing procedures, working time arrangements -- point 4) had existed as well. But during the 1980s they were eliminated through either government policy (e.g., the cassa integrazione, a state-funded redundancy fund permitted firms to lay-off workers while guaranteeing them most of their wages) or collective agreements between unions and management over flexible work hours,⁶⁵ internal labor mobility, and more flexible hiring procedures.⁶⁶

In short, a number of issues could have emerged as serious sources of tension, potential "sticking points" between Italian unions and employers but in one way or another, they were resolved over the course of the 1980s. Only the scala mobile, with its automatic and somewhat skewed indexation formula remained as a major source of

rigidity in Italian industrial relations. And because of the benefits (in terms of income maintenance) it provided most Italian workers, the unions for many years refused to renegotiate this arrangement. As the unions' principle slogan in these years made clear "La scala mobile non si tocca" (Don't touch the scala mobile).

However, to fully understand the unions' long-standing (and somewhat self-defeating) refusal to revisit this issue, we need to look beyond the institutional logic and material benefits this cost-of-living adjustment mechanism provided and examine as well the symbolic value of the scala mobile and the internal dynamics surrounding the issue within the union movement. This helps us understand why the union movement so eagerly embraced the initial accord, why it encouraged its diffusion to other sectors, and finally, why it refused for so long to renegotiate the accord, notwithstanding its clearly negative economic and organizational consequences. In his recent book La parabola del sindacato, Aris Accornero describes the critical role ideas of egalitarianism have played within Italian union politics. Stemming from the Hot Autumn struggles of the 1960s, egalitarianism became the ideological glue of the union movement, bringing together skilled and unskilled workers, as well as cementing an alliance among the three competing confederations (CGIL, CISL, UIL). For these reasons, egalitarianism was a key characteristic of most union policies throughout this period : unification of blue and white collar job classification systems, the end of territorial wage differentials, massive promotions of entire categories of workers, and the precise mechanism in which wage indexation was calculated. The leaders who emerged from the Hot Autumn struggles hoped these policies would eliminate internal divisions within the labor movement and promote a "social revolution" in Italy.⁶⁷ Almost all union documents and certainly the major speeches by labor leaders throughout the 1970s are filled with "egalitarian" discourse.

Yet as both Accornero and Baldissera document,⁶⁸ the centrality of egalitarianism, both in union policies and internal organizational discourse, began to be challenged in the early 1980s by groups both within and outside of the labor movement. In part, because their real wages were eroded during these years, in part, because they felt increasingly marginalized in a union movement which exalted the "operaio massa" (unskilled line worker), technical, professional, and even skilled workers who had once supported egalitarian policies began to struggle for a change in union policy. When this policy shift was not forthcoming, many of these workers defected to rival organizations like the Sindacati Autonomi and COBAS which emphasized workers' differences in both their organizational rhetoric

and their bargaining platforms. Management as well attacked the centrality of the scala mobile not only because of its inflationary consequences but also because the highly centralized structure of wage bargaining prevented them from developing individual and group pay incentives, bonuses, and differentials to motivate and/or reward their more valued employees.

But given the material and symbolic functions egalitarianism continued to play for large groups of workers within the Italian union movement, the unions' leadership was caught in a strategic dilemma. Sacrificing this policy orientation would not only anger many union members, especially in the powerful industrial federations, but also eliminate perhaps the core mission of the union movement itself. If Italian unions were no longer struggling for social revolution, for egalitarian economic and social relations, then what was their purpose? However, by refusing to address the economic consequences of the scala mobile, the union was casting itself in the role of "wrecker" of the Italian economy. After a decade of trying to preserve the system by limiting the degree of indexation or freezing benefits for certain categories of workers (retirees), the unions finally agreed to abandon the system in 1992. Not surprisingly, various groups within the unions, the so-called autoconvocati, emerged to contest this shift in union policy. Now these groups claim the language of egalitarianism as their own, and use it to oppose the union leadership.

Work Reorganization in the United States

The U.S. labor movement is neither as strong nor as political as its counterparts in Sweden, Germany, and Italy. Nonetheless, a kind of postwar consensus prevailed within the United States that accorded organized labor a recognized role in the political economy. This role was quite limited : American "business unions" for the most part eschewed partisan politics and embraced market capitalism in return for a role in governing shop floor relations through job control practices. In other words, unlike Swedish and Italian unions which sought to alter societal relations through their political and industrial policies, American unions' vision of industrial democracy translated into a rather restricted system of "customary law" that could be administered through job rules, grievance procedures and seniority bumping rights.⁶⁹ As a result, when American firms in the 1970s and 1980s sought increased "flexibility" through changes in work practices and job classification systems, they sometimes appeared

to be leading a more general assault on unions per se.⁷⁰

American industrial unions have traditionally sought to control shop floor relations through a system of job control.⁷¹ Jobs are narrowly defined and linked to a set of detailed rules specifying "how much the employer must pay for each job or work task; a set of "job security" provisions which determine how these jobs (and hence the wages attached to them) are to be distributed among the workers; and a set of disciplinary standards which limit, in the light of each workers' own particular work requirements, what obligations he or she has to the employer and how a failure to meet those obligations will be sanctioned."⁷²

During the hey-day of mass production, the job control focus of American unions functioned well for both management and labor. For American managers, it provided them with tremendous discretion in defining jobs, organizing work and laying-off workers during down-turns of the business cycle. The narrow definition of jobs inherent to the system also meshed well with management's adherence to the principles of Taylorism⁷³ and their desire to insulate a whole set of larger issues (referred to as "managerial prerogatives") concerning company production and investment decisions.⁷⁴ For the unions, this system produced satisfactory results in that it helped sustain a production system that for much of the postwar period generated steady employment and rising wages. Job control practices gave unions a central role within the company, permitting them to "service" their membership and monitor labor relations in an otherwise "low trust" shop floor environment. It was also congruent with other key features of the American industrial relations system (detailed wage rules, connective bargaining, and the supremacy of national unions).⁷⁵

Since the 1970s, however, under growing pressure from international competitors, American managers have increasingly sought to renegotiate traditional work rules and seniority provisions while reorganizing production along more "flexible" lines. In some cases, this process has entailed plant-level concessions, where union locals have agreed to relax traditional shop floor controls in exchange for job guarantees and/or new forms of employee participation.⁷⁶ In many other cases, however, this renegotiation of work rules has provoked major industrial strife, internal union conflict,⁷⁷ and encouraged employers to pursue elaborate union-avoidance strategies.

Once again, a more contextual perspective provides insights into both the question of why the "search for flexibility" has focused on this particular issue in the United States, and also why this particular struggle has become

associated with a more general attack on the union movement. Returning again to the four dimensions of flexibility outlined above, we can see that the freedom accorded to U.S. managers in hiring, firing, and lay-off decisions (point 4) stands out, especially in comparison with Europe. The U.S. industrial relations system imposes very few constraints on frequent lay-offs and/or aggressive hiring and firing practices to deal with fluctuations in demand. Nevertheless, other issues could have emerged as possible "sticking points" in the 1980s.

For example, although wage determination (point 2) in the United States was never as centralized as in many other European countries, industry wide pattern bargaining arrangements did exist in a variety of industries including coal, steel, rubber tire, and transportation. Over the course of the postwar period, detailed wage rules, productivity bonuses (the so-called "annual improvement factor"), cost-of-living adjustment (COLA) clauses, and increasingly generous benefit packages were included in several industry wide contracts. In fact, national industry unions often competed with one another over who could "deliver the most" (in terms of benefits and wage gains) for their members.⁷⁸ However, the combination of rising oil prices and increased international competition pushed American managers to reduce costs as a way of maintaining their competitiveness. At first, it appeared as if this could be achieved by reducing labor costs through wage freezes, roll-backs in benefits, and various other "concessions." In fact, at the beginning of the 1980s, "concession bargaining" looked as if it might emerge as a major point of conflict in American industrial relations. Yet, notwithstanding major resistance by groups within the labor movement, most unions inevitably traded wage and benefit concessions for either employment guarantees or new investment or increased participation in company decision-making. In this sense, the breakdown of patterned bargaining and the spread of concession bargaining appears to have merely reinforced the already high degree of wage flexibility American employers always enjoyed.

Work reorganization (point 1), however, was bound to become a key point of contention in the United States because the established rights and roles of unions are inextricably linked to the traditional organization of production. American unions' defense of certain "rigid" shop floor practices -- incomprehensible to observers and even unions in other countries -- stems from this linkage.⁷⁹ Thus, changes that Swedish or German unions embrace in the interests of enriching jobs, upgrading skills, and humanizing work are more controversial in American union circles because they involve a renegotiation of the traditional rights and roles of US unions and threaten to

undermine their institutional sources of power. Relinquishing or relaxing traditional job controls could open the door to managerial caprice and favoritism, perhaps even to the circumvention of the union all together.

But the struggle against work reorganization by American unions is more than simply an effort to protect their material interests. It also stems from a concerted effort to defend a set of informal "customs" and norms which governed the moral economy in which workers and their unions operated. According to Piore :

Customs tend to grow up around existing practice. The practice may initially be dictated by economic considerations; or it may be imported into the work place from the larger community from which the labor force is drawn. But once it has been regularly repeated in a stable employment situation, people develop an independent attachment to it. In the eyes of the work groups it acquires an ethical aura. Adherence to it tends to be viewed as a matter of right and wrong and violations are seen as unfair and immoral.⁸⁰

Thus, for example, seniority rights within American firms are important not just as the institutionalized rules for American unions in their dealings with management. They are also important because, over time, seniority has acquired a legitimacy -- i.e., it has come to be seen as a fair way of dividing up jobs and deciding the order of layoffs. In this sense, union defense of seniority principles is tied up in the defense of the particular "moral order" that developed within the American context, a moral order from which the unions themselves derived their own authority and legitimacy.

Thus American unionists struggle against work reorganization not simply because it sweeps away traditional shop floor practices but also because it challenges their long-standing traditions and customs. Work reorganization violates workers' sense of justice and at the same time re-opens older questions concerning industrial democracy and the narrow place American unions occupy in the broader political economy. If justice is no longer governed through narrow grievance procedures and seniority rights, then perhaps American unions, like their European counterparts, must look outside the workplace to redress these issues. And if American unions begin to ponder this shift in strategy, then their basic identity as "business" unions will necessarily be called into question.

Conclusion

Seen through the analytic lenses of most traditional approaches to the study of labor, a comparison of collective bargaining arrangements in Sweden, working times and employment in Germany, cost of living adjustment

mechanisms in Italy, and work rules in the United States would appear to be comparing fundamentally different phenomena (apples and oranges). From our more contextualized perspective, however, we have tried to illustrate how these seemingly different, nationally specific conflicts are in fact analytically analogous, in that they have all provoked a reshuffling of the coalitions and identities on which the various union movements' political, economic and organizational strategies have long rested.

The strategy of contextualized comparisons proposed here provides a new perspective on, and fresh insights into, contemporary labor politics in the advanced industrial democracies. Traditional "matched" comparisons have yielded significant mid-range conclusions about the institutional and political foundations of relative union success within particular, specified issue areas (e.g., the more centralized the labor movement, the more successful incomes policies will be; the stronger labor's participatory rights at the plant level, the more unions will play a positive role in work reorganization).

Contextualized comparisons provide a different angle on these issues and can yield insights that would not be possible from the traditional perspective. By setting up comparisons in a different way, this research strategy reveals significant differences in cases that are typically seen as quite similar, and conversely, it identifies important parallels in cases that the conventional literature sees as very different. For example, in the conventional literature, Germany and Sweden are considered close cousins (with Germany usually seen as a weaker version of the more centralized and corporatist Swedish model).⁸¹ But as the comparisons above suggest, the ideological and related organizational premises of the two models were radically different to begin with. In particular, the kind of egalitarianism that was so crucial to the Swedish model had no similarly central place in Germany, where unions had instead long been able to finesse the issue of relative gains among the membership so long as all were gaining in absolute terms. More built-in differentiation may help account for the relatively greater resiliency of the German institutions in the face of new pressures for flexibility, but it also helps explain why such pressures have exacerbated longstanding divisions between the "winners" and "losers" in the German working class.

Conversely, contextualized comparisons also highlight unexpected parallels between cases typically considered "most different" in the conventional labor literature. For example, Italy and Sweden are seen as polar opposites: Italy's fragmented union structure is often counterposed to Sweden's highly centralized and coordinated

union movement. But as the analysis above highlights, both union movements had achieved a degree of organizational stability and legitimacy through their (shared) appeals to egalitarianism, and both are now experiencing new organizational, political and ideological disarray as this goal and the supporting institutions have come under attack by employers and segments of the working class itself.

Likewise, despite tremendous differences in the institutional and political starting points in Germany and the United States, the analysis above shows how labor in both countries is currently dealing with the consequences of the end of the postwar boom, which has confronted both union movements with issues of "ins and outs" (in Germany, beginning with native versus immigrant labor, but evolving into issues of employed/unemployed and later, West and East tensions); in the United States, unionized versus nonunion, but also two tiered wage scales and the like) that could previously be papered over. In sum, in all these cases, "contextualizing" the analysis of individual countries draws our attention to unlikely comparisons that the traditional approach to these issues cannot capture. These examples are meant to be suggestive not exhaustive, and any one of the comparisons sketched out above is worthy of further investigation.

Beyond the insights to be gained through this kind of "unlikely" comparison, contextualized comparisons provide a deeper understanding of particular cases. The great strength of the conventional approach is to highlight a general theme and to explain country-specific variations on it. By contrast, contextualized comparisons -- like Skocpol's and Somers' "contrast of contexts" approach -- put cases side by side in order to highlight the distinctive features of particular systems. In the brief case studies sketched out above, we see how a common solvent (pressures for flexibility and decentralization set in motion by changes in international markets and domestic politics) has brought about a widespread reconfiguration of institutions and strategies. But by focusing on the country-specific manifestations of this process, we can see how the particular "fault lines" along which conflicts have erupted can itself tell us a lot about how these various systems had been constructed in the first place. In each case, the locus of conflicts over flexibility and decentralization lead us to the foundational legitimating principles around which not just the organizations and institutions, but the very identities of the actors were constructed. As the material basis of the coalition sustaining the institution eroded, so with it did the ideological glue that held the system as a whole together. For example in Italy, conflicts with employers were brewing in the 1970s over not one but two

different issues: rigid forms of work organization (a legacy of the Hot Autumn) and the scala mobile. In the end, however (with the dramatic exception of Fiat), unions and employers were able to negotiate more flexible forms of work organization but collided head on over the scala mobile. The explanation for why the latter and not the former became the crucial sticking point lies in the history of the Italian labor movement and its role within the political economy as a whole. Whereas it was possible for unions to compromise on work organization, similar compromise on the scala mobile was not possible because it would challenge the legitimating principles on which the tenuous unity of the labor movement as a whole had been built.

Finally, the kind of insights to be gained from the strategy of "contextualized comparisons" put forth in this article are not limited to labor scholarship, but have broader implications for comparative politics. To give but one example:⁸² the reconfiguration of the political economies of Eastern European countries has typically been approached from the perspective of "matched" comparisons that track a single process, such as privatization, the extension of markets, or the creation of a banking system, across a range of countries. But the various countries began from very different starting points, depending on the particular form communism assumed in each case. For example, Hungarian communism had long tolerated and even promoted a vibrant second economy, and so the creation of markets after communism's fall posed itself very differently than in, say, Bulgaria. The point again is that the particular way that communist institutions and practices come apart will be closely linked to the particular way those institutions were constructed in the first place. As in the discussion of labor above, contextualized comparisons can help us take account of these diverse starting points by focusing on the particular sticking points that emerge in each country, which vary depending on the institutional and ideological foundations on which the previous system was based.

Notes

1. For helpful comments on earlier drafts of this paper, we would like to thank participants at the workshop on "The Shifting Boundaries of Labor Politics," Center for European Studies, Harvard University, March 12-14, 1993; the Conference on "Production Regimes in an Integrating Europe," Wissenschaftszentrum, Berlin, July 23-25, 1993; Industrial Relations Research Seminar, MIT, September 25, 1993; and the Seminar on State and Capitalism, Harvard University, October 2, 1993. We are indebted as well to Chris Allen, Lucio Baccaro, Josh Cohen, Colin Crouch, Andrew Gould, Peter Hall, Vicky Hattam, Gary Herrigel, Ellen Immergut, Harry Katz, Steve Lewis, Michael Piore, Julio Rotemberg, Chuck Sabel, Ben Schneider, Peter Swenson, Lowell Turner, Jonathan Zeitlin, and Nick Ziegler for their comments.
2. For more on these developments, see Michael Piore and Charles Sabel, The Second Industrial Divide, (New York : Basic Books, 1984); Horst Kern and Michael Schumann, Das Ende der Arbeitsteilung?, (Munich : C.H. Beck, 1984); and Wolfgang Streeck, "On the Institutional Conditions of Diversified Quality Production," in Beyond Keynesianism : The Socio-Economics of Production and Full Employment, Egon Matzner and Wolfgang Streeck, eds., (Brookfield, VT : Edward Elgar, 1991) ; chapter 2.
3. For more on the pressures for "flexibility", see Robert Boyer, ed., The Search for Labor Market Flexibility : The European Economies in Transition, (Oxford : Clarendon Press, 1988); and Marino Regini, ed., La sfida della flessibilita', (Milan : Franco Angeli, 1988). See also Harry C. Katz, "The Decentralization of Collective Bargaining : A Literature Review and Comparative Analysis," Industrial and Labor Relations Review, Vol. 47, No. 1 (October 1993) : 3-22 for more recent developments in collective bargaining.
4. The institutional approach to the study of labor fits into a broader literature in political science that emphasizes the role of historically evolved institutional arrangements in shaping political outcomes. Examples of this type of work include : Suzanne Berger, ed., Organizing Interests in Western Europe, (New York : Cambridge University Press, 1981); Peter Hall, Governing the Economy : The Politics of State Intervention in Britain and France, (New York : Oxford University Press, 1986); Peter Katzenstein, ed., Between Power and Plenty, (Madison, WI : The University of Wisconsin Press, 1978); David Soskice, "Reinterpreting Corporatism and Explaining Unemployment : Co-ordinated and Non-co-ordinated Market Economies," in Renato Brunetta and Carlo Dell'Aringa, eds., Labour Relations and Economic Performance, (London : Macmillan, 1990) ; 170-211; Wolfgang Streeck, Social Institutions and Economic Performance : Studies of Industrial relations in Advanced capitalist Economies, (London : sage, 1992); and John Zysman, Governments, Markets and Growth : Financial Systems and the Politics of Industrial Change, (Ithaca, Ny.Y. : Cornell University Press, 1993).
Political constructionism is the name we give to a body of scholarship which emphasizes the identities of economic actors and the "embeddedness" of institutional arrangements. Within this second approach, the labor literature also draws on a broader intellectual tradition, represented in the work, among others, of Horst Kern, Michael Piore, Charles Sabel, Joan Scott, William Sewell, Roberto Unger, and Jonathan Zeitlin. See, for example, Horst Kern and Charles Sabel, "Trade Unions and Decentralized Production : A Sketch of Strategic Problems in the West German Labor Movement," Politics and Society, 19, n. 4 (1991) : 373-402; Michael Piore and Charles Sabel, The Second Industrial Divide, (New York : Basic Books, 1984); Joan Wallach Scott, "On Gender, Language, and Working-Class History," in Gender and the Politics of History, (New York : Columbia University Press, 1988); William H. Sewell, "Toward A Post-Materialist Rhetoric for Labor History," in Rethinking Labor History : Essays on Discourse and Class Analysis, Leonard R. Berlanstein, ed., (Champagne-Urbana, IL : University of Illinois Press, 1993) : 15-38; and Charles Sabel and Jonathan Zeitlin, "Historical Alternatives to Mass Production : Politics, Markets and Technology in Nineteenth-Century Industrialization," Past and Present, 108 (August 1985) : 133-174.
5. Giovanni Sartori, "Concept Misformation in Comparative Politics," American Political Science Review, Vol. 64, No. 4 (December 1970) : 1033-1046; Theda Skocpol and Margaret Somers, "The Uses of Comparative History in Macrosocial Inquiry," Comparative Studies in Society and History, Vol. 25, No. 2 (October 1980) : 174-197. We are grateful to Andrew Gould for drawing these connections to our attention.

6. David Collier, "The Comparative Method," in Ada W. Finifter, ed. Political Science: The State of the Discipline II. (Washington, D.C. : American Political Science Association, 1993), p. 108.
7. On bargaining decentralization, see for example, Peter Lange, Michael Wallerstein, and Miriam Golden, "The End of Corporatism? Wage Setting in the Nordic and Germanic Countries," in Sanford Jacoby, ed. Work and Society: Global Perspectives (New York: Oxford University Press, forthcoming); Torben Iversen, "Power, Flexibility, and the Breakdown of Centralized Wage Bargaining: The Cases of Denmark and Sweden in Comparative Perspective," Comparative Politics, forthcoming?; and Kathleen Thelen "West European Labor in Transition: Sweden and Germany Compared," World Politics 46:1 (October 1993). On work reorganization see Harry C. Katz and Charles F. Sabel, "Industrial Relations and Industrial Adjustment in the Car Industry," Industrial Relations 24 (Fall 1985); Lowell Turner, Democracy at Work: Changing World Markets and the Future of Labor Unions (Ithaca, NY: Cornell University Press, 1991); Kathleen Thelen, Union of Parts: Labor Politics in Postwar Germany (Ithaca, NY: Cornell University Press 1991), chapter 9.
8. Ibid.
9. For more on how employers pursue different mixes of these practices in different national contexts, see Richard M. Locke, Thomas A. Kochan, and Michael J. Piore, eds., Employment Relations in a Changing World Economy, (Cambridge, MA : MIT Press, forthcoming).
10. See, for example, Wolfgang Streeck, Social Institutions and Economic Performance; Kathleen Thelen, Union of Parts : Labor Politics in Postwar Germany, (Ithaca, N.Y. : Cornell University Press, 1991); and Lowell Turner, Democracy at Work : Changing World Markets and the Future of Labor Unions, (Ithaca, N.Y. : Cornell University Press, 1991).
11. Charles F. Sabel, Work and Politics, (New York : Cambridge University Press, 1982); Victoria Hattam, Labor Visions and State Power : The Origins of Business Unionism in the United States, (Princeton : Princeton University Press, 1993); Gary B. Herrigel, Reconceptualizing the Sources of German Industrial Power, (New York : Cambridge University Press, forthcoming); and Richard M. Locke, Remaking the Italian Economy : Local Politics and Industrial Change in Contemporary Italy, (Ithaca, N.Y. : Cornell University Press, 1994 forthcoming).
12. A more sustained discussion of the differences between these two approaches -- and the strengths and weaknesses of each -- appears in Richard Locke and Kathleen Thelen, "The Shifting Boundaries of Labor Politics: New Directions for Comparative Research and Theory" Center for European Studies Working Paper Series #44, Harvard University, Cambridge, MA. 1994.
13. Michael J. Piore, "Fragments of a 'Sociological' Theory of Wages," The American Economic Review Proceedings, Vol. 63, No.2 (May 1973): p. 377-384.
14. Giovanni Sartori, "Concept Misformation in Comparative Politics," American Political Science Review 64: 4 (December 1970): 1041.
15. Ibid., p. 1046.
16. Ibid., 1044.
17. We are grateful to Andrew Gould for this formulation.
18. Theda Skocpol and Margaret Somers, "The Uses of Comparative History in Macrosocial Inquiry," Comparative Studies in Society and History, 25: 2 (October 1980), p. 178.

19. *Ibid.*, p. 178. Skocpol and Somers cite Geertz's Islam Observed and Bendix's Nation-Building and Citizenship and Kings or People as examples of this method.
20. Cited in Skocpol and Somers, p. 180. Bendix, for example, threw light on European feudalism by drawing out how it differed from Japanese feudalism.
21. *Ibid.*, p. 181.
22. For more on the Swedish model, see Andrew Martin, "Trade Unions in Sweden : Strategic Responses to Change and Crisis," in Peter Gourevitch, et al., Unions and Economic Crisis, (London : Allen and Unwin, 1984); and Peter Swenson, Fair Shares: Unions, Pay, and Politics in Sweden and West Germany, (Ithaca, N.Y. : Cornell University Press, 1989).
23. See Jonas Pontusson and Peter Swenson, "Markets, Production, Institutions, and Politics: Why Swedish Employers Have Abandoned the Swedish Model," Paper presented to the 1993 APSA, on which this paragraph draws.
24. Andrew Martin, "Wage Bargaining and Swedish Politics : The Political Implications of the End of Central Negotiations," Minda de Gunzberg Center for European Studies Working Paper #36, Harvard University , 1991.
25. For a chronology of events, see Andrew Martin, "Wage Bargaining and Swedish Politics; The Political Implications of the End of Central Negotiations," Minda de Gunzberg Center for European Studies Working paper #36, Harvard University, 1991; and Peter Lange, Michael Wallerstein and Miriam Golden, "The End of Corporatism? Wage Setting in the Nordic and Germanic Countries," in Work and Society : Global Perspectives.
26. European Industrial Relations Review, 234 (July 1993) : 15-16.
27. See Andrew Martin, "The Reconfiguration of the Swedish Model", in Richard Locke, Thomas Kochan and Michael Piore, eds., Employment Relations in a Changing World Economy, (Cambridge, MA : MIT Press, forthcoming).
28. See Jonas Pontusson, "The Politics of New Technology and Job Redesign : A Comparison of Volvo and British Leyland," Economic and Industrial Democracy, 11 (1990).
29. This point appears to be reinforced by the apparent lack of conflict over the closing of Volvo's innovative (in terms of work organization) Kalmar and Udevalla plants. For more on these innovations, see Christian Berggren, Alternatives to Lean Production : Work Organization in the Swedish Automobile Industry, (Ithaca, N.Y. : Industrial and Labor Relations Press, 1992). For more on the closing of these plants, see Bob Hancke, "The Volvo Plant in Udevalla," unpublished paper, Department of Political Science, MIT, April 1993.
30. Torben Iversen, "Power, Flexibility, and the Breakdown of Centralized Wage Bargaining : The Case of Denmark and Sweden in Comparative Perspective," paper presented at the Annual Meeting of the American Political Science Association, Chicago, IL, September, 1992.
31. Peter Swenson, "Bringing Capital Back In, or Social Democracy Reconsidered, World Politics 43 (July 1991).
32. Andrew Martin, "Wage Bargaining and Swedish Politics : The Political Implications of the End of Central Negotiations,"; and Rianne Mahon, "'Lonetagare' and 'Medarbetare' ? The Swedish Unions Confront the "Double Shift," paper presented at the Workshop on "The Changing Place of Labor in European Society : The End of Labor's Century?," Center for European Studies, Harvard University, November 23-24, 1991) : 10-11.

33. Peter Swenson, Fair Shares: Unions, Pay, and Politics in Sweden and West Germany (Ithaca, NY: Cornell University Press, 1989), p. 14 and pp. 68-69.
34. Pontusson and Swenson, "Markets, Production, Institutions, and Politics."
35. Rianne Mahon, "'Lonetagare' and 'Medarbetare' ? The Swedish Unions Confront the 'Double Shift'" : 10-11; and LO, "A Translation of Extracts from 'Work and Fulfillment' (sic) : A Report to the 1991 LO Congress," (Stockholm : LO, 1991) : 95, 99.
36. Scott Lash, "The End of Neo-Corporatism ? The Breakdown of Centralized Bargaining in Sweden," British Journal of Industrial Relations, Vol. 23, No. 2 (July 1985) : 222.
37. However, the union also stresses that all workers should have the opportunities to "develop" in their work, that is, to move to more challenging and thus better-paid jobs. See LO, Det utvecklande arbetet (A report to the 1991 LO Congress), especially chapter 7, or "A Translation of Extracts from "Work and Fulfillment," (Stockholm: LO, 1991), p. 65.
38. Interview with Ingemar Göransson, one of the authors of the "Good Work" policy. See also the published interview with Göransson in Andreas Drinkuth and Bernd Kassebaum, eds., 'Ohne die Beschäftigten geht es nicht: Arbeitsstrukturen und Mitarbeiterbeteiligung im internationalen Vergleich' (Köln: Bund Verlag, 1994), pp. 165-83.
39. LO, "Wage Policy for the Future : Summary of a Report to the 1991 LO Congress," (Stockholm: LO, 1991): 14, 18.
40. Ibid. : 4.
41. Peter J. Katzenstein, Industry and Politics in West Germany (Ithaca, NY: Cornell University Press, 1989), Kathleen Thelen, Union of Parts, 1991, Lowell Turner, Democracy at Work, 1991; and Lowell Turner, "Social Partnership in the Global Economy: Crisis and Reform in Unified Germany," book manuscript, ILR School, Cornell University, 1994.
42. For a full analysis of the conflict over working time reduction see Kathleen Thelen, Union of Parts: Labor Politics in Postwar Germany (Ithaca, NY: Cornell University Press, 1991), chapter 7.
43. The compromises of the 1980s gave employers new flexibility in two forms. First, the agreements allowed employers to distribute working time reduction unevenly across the work force. That is, some workers (e.g., skilled workers who were especially crucial to production) could continue with longer regular working hours, if these were offset by others workers shorter hours. Second, the contracts allowed employers to schedule longer regular hours in periods of higher demand, so long as these were balanced by shorter hours at other times.
44. Lowell Turner, "Transformation in the East: Crisis, Modernization, and the Resilience of Social Partnership," Paper presented at the conference, "The Political Economy of the New Germany," Cornell University, October 14-15, 1994.
45. See Harry Katz and Charles Sabel, "Industrial Relations and Industrial Adjustment,"; Wolfgang Streeck, "Successful Adjustment to Turbulent Markets: The Automobile Industry," in Peter J. Katzenstein, ed., Industry and Politics in West Germany; Turner, Democracy at Work; Thelen, Union of Parts, chapter 9.
46. See for example, David Soskice, "Skill Mismatch, training Systems and Equilibrium Unemployment: A Comparative Institutional Analysis," in Katherine Abraham and Fiorella Padon-Schioppa, eds., Mismatch and Equilibrium Unemployment (CEPR Conference Volume Series) and David Finegold and David Soskice, "The Failure of Training in Britain: Analysis and Prescription," Oxford Review of Economic Policy 4:3 (Autumn 1988).

For a dissenting view see Gary Herrigel, "A Surprise Crisis in German Decentralized Production: Unexpected Rigidity and the Challenge of an Alternative Form of Flexible Organization in the 1990s," Paper prepared for the conference on The Political Economy of the New Germany, October 14-15, 1994, Cornell University.

47. Wolfgang Streeck, "Co-determination: After Four Decades," in Wolfgang Streeck, Social Institutions and Economic Performance: Studies of Industrial Relations in Advanced Capitalist Economies (London: Sage, 1992).

48. Thelen, Union of Parts, p. 82.

49. Wolfgang Streeck, "Gewerkschaftsorganisation und industrielle Beziehungen: Einige Stabilitätsprobleme industriegewerkschaftlicher Interessenvertretung und ihre Lösung im System der industriellen Beziehungen der Bundesrepublik Deutschland," IIM Discussion Paper 79-30. Wissenschaftszentrum Berlin, 1979. Beyond this, there is the (institutional) problem posed by the failure of many Eastern employers to join the national employers' association. This phenomenon has a destabilizing effect on centralized bargaining which is sustained in part by the encompassingness of the bargaining partners and their ability to enforce national settlements within their own ranks.

50. Fritz W. Scharpf, "Beschäftigungsorientierte Strukturpolitik," IIM-LMP Discussion Paper 80-42. International Institute of Management, Wissenschaftszentrum Berlin, 1980. Gösta Esping-Anderson's work on social stratification in Germany points to a similar pattern, contrasting Sweden's universalistic programs with Germany's welfare system, which links benefits to employment. He argues that while "Germany's slim postindustrial economy has produced deproletarianization and pervasive upgrading....It is in the growing divide between the insiders and outsiders that a second, new axis may evolve. In the context of employmentless growth, the high wages and strong job tenure rights that are enjoyed by the insiders actively helps reinforce the barriers to job entry; and with a strong helping hand from welfare state transfer programs, the outsider population of early retirees and long-term unemployed has been added to the large proportion of housewives and other groups discouraged from the labor market." See Gösta Esping-Anderson, "Postindustrial Cleavage Structures: A Comparison of Evolving Patterns of Social Stratification in Germany, Sweden, and the United States," in Frances Fox Piven, ed., Labor Parties in Postindustrial Societies (New York: Oxford University Press, 1991), p. 164.

51. See especially Hans-Willy Hohn, Von der Einheitsgewerkschaft zum Betriebsyndikalismus: Soziale Schliessung im dualen System der Interessenvertretung (Berlin: Sigma Rainer Bohn Verlag), 1988.

52. For an analysis of Germany's below-average rate of female participation in the labor market (and low levels of union membership among women) before unification, see Jonas Pontusson, "Trade Unions and the Representation of Worker Interests in Corporatist Political Economies," Paper presented to the Ninth International Conference of Europeanists, Palmer House, Chicago, March 31-April 2, 1994). For an analysis of the impact of unification itself on female employment in the former GDR, see Michael Fichter, "Institutional Transfer and Institutionalization in Unified Germany: The Case of the Unions," Paper prepared for presentation at the conference "The Political Economy of the New Germany," Cornell University, October 14-15, 1994, p. 32.

53. Indexation consisted in automatic wage increases related to changes in a union-controlled price index. Increases, however, were not based on a worker's existing wage rate; instead all workers received equal lump-sum increases (the so-called punto unico di contingenza). As Italy experienced two-digit inflation rates in the late 1970s-early 1980s, these "egalitarian" adjustments provided full protection of wages for workers in the lower job classifications but eroded the real wages of higher skilled workers. As a result, wage differentials based on skill were drastically reduced.

54. For more on the scala mobile and Italian union strategy in these years, see Peter Lange and Maurizio Vannicelli, "Strategy Under Stress: The Italian Union Movement and the Italian Crisis in Developmental Perspective," in Peter Lange, George Ross and Maurizio Vannicelli, Unions, Change and Crisis, (Boston: Allen and Unwin, 1982).

55. For more on the importance of egalitarianism in the Italian union movement, see Aris Accornero, La parabola del sindacato, (Bologna : Il Mulino, 1992).
56. Robert J. Flanagan, David W. Soskice, and Llyod Ulman, Unionism, Economic Stabilization and Incomes Policies : European Experience, (Washington, DC : The Brookings Institution, 1983) : 543.
57. According to Flanagan, Soskice and Ulman :
 The objective of Agnelli's [CEO of Fiat and then head of Confindustria] exercise appears to have been the transfer of resources to the industrial sector and away from the public sector, which would be accomplished under conditions of rapid inflation as long as inflation was offset by depreciation of exchange rates and as long as 100 percent indexation was confined to the industrial sector. While real wages of industrial workers in relation to consumer prices were safeguarded, consumer prices, reflecting smaller economywide wage increases, would fall in relation to industrial prices, and the real cost on industrial labor, in relation to industrial prices, would fall. (pp 543-544).
58. Lorenzo Bordogna, "The COBAS fragmentation of trade-union representation and conflict," in Italian Politics : A Review, Volume 3, Robert Leonardi and Piergiorgio Corbetta, eds., (London : Pinter Publishers, 1989) : 50-65,
59. For more on this, see Peter Lange, "The End of an Era : The Wage Indexation Referendum of 1985," in Italian Politics : A Review, Volume 1, Robert Leonardi and Raffaella Y. Nanetti, eds., (London : Frances Pinter, 1986) : 29-46.
60. See Richard M. Locke, "L'abolizione della scala mobile," in Politica in Italia, Carol Marshon and Gianfranco Pasquino, eds., (Bologna : Il Mulino, 1994) : 233-246 for more on the demise of the scala mobile.
61. Ida Regalia and Marino Regini, "Between Voluntarism and Institutionalism : Industrial Relations and Human Resource Practices in Italy," in Employment Relations in a Changing World Economy, Richard Locke, Thomas Kochan, and Michael Piore, eds., (Cambridge, MA: MIT Press, 1995, forthcoming).
62. Article 13 of the Statuto dei Lavoratori stipulates the specific conditions under which individual workers can be transferred from one job to another. In the 1970s, shop stewards used both this provision and the favorable balance of power on the shop floor to limit internal labor flexibility.
63. For more on the situation at Fiat, see Richard M. Locke and Serafino Negrelli, "Il caso Fiat Auto," in Strategie di riaggiustamento industriale, Marino Regini and Charles F. Sabel, eds., (Bologna : Il Mulino, 1989) : 61-94.
64. See various essays in Marino Regini and Charles Sabel, eds., Strategie di riaggiustamento industriale, (Bologna : Il Mulino, 1989) for more on this.
65. Bruno Ravasio, "Ristrutturazione industriale e contrattazione degli orari nel settore tessile e abbigliamento," paper presented at the Conference on "Flessibilita' Degli Orari," Milan, April 10, 1987.
66. Emilio Reyneri, "The Italian Labor Market : Between State Control and Social Regulation," in State, Market, and Social Regulation : New Perspectives on Italy, Peter Lange and Marino Regini, eds., (New York : Cambridge University Press, 1989).
67. Aris Accornero, "Sindacato e rivoluzione sociale. Il caso degli anni '70," Laboratorio Politico, n. 4 (1981) : 5-34.

68. Aris Accornero, La parabola del sindacato; and Alberto Baldissera, "Alle origini della politica della disuguaglianza nell'Italia degli anni '80 : la marcia dei quarantamila," Quaderni di Sociologia, 31, n.1 (1984).
69. This system is described in Peter Doeringer and Michael Piore, Internal Labor Markets and Manpower Analysis (Lexington; MA: D.C. Heath, 1971); and Michael Piore, "Towards a 'Sociological' Theory of Wages", op cit.
70. Michael Goldfield, The Decline of Organized Labor in the United States, (Chicago : The University of Chicago Press, 1987); and Joel Rogers, "Divide and Conquer : Further 'Reflections on the Distinctive Character of American labor Laws'," Wisconsin Law Review, Vol. , n. 1 (1990) : 1-147.
71. This section relies heavily on Michael J. Piore, "American Labor and the Industrial Crisis," Challenge, Vol. 25, No. 1, (March-April 1982) : 5-11.
72. Ibid. : 8.
73. For more on this link, see Michael Piore and Charles Sabel, The Second Industrial Divide; and Harry Katz, Shifting Gears : Changing Labor Relations in the U.S. Automobile Industry, (Cambridge, MA : MIT Press, 1985).
74. Howell John Harris, The Right to Manage. Industrial Relations Policies of American Business in the 1940s, (Madison : The University of Wisconsin Press, 1982).
75. Harry Katz, Shifting Gears (Cambridge, MA: MIT Press, 1985).
76. Thomas Kochan, Harry Katz, and Robert McKersie, The Transformation of American Industrial Relations; and Lowell Turner, Democracy at Work : Changing World Markets and the Future of Labor Unions.
77. See Harry Katz, "Policy Debates over Work Reorganization in North American Unions," in New Technology and Industrial Relations, Richard Hyman and Wolfgang Streeck, eds., (Oxford : Basil Blackwell, 1988) : 220-232.
78. For more on these compensation packages in the automobile industry, see Harry C. Katz, Shifting Gears, (Cambridge, MA : MIT Press, 1985); in the steel industry, see John P. Hoerr, And The Wolf Finally Came, (Pittsburg : University of Pittsburg Press, 1988). Competition between the United Automobile Workers union and the United Steelworkers union is described by Hoerr in chapter 8 of his book.
79. For more on why this is the case, see Michael J. Piore, "American Labor and the Industrial Crisis". For an analysis of these practices in comparative perspective, see Harry C. Katz and Charles F. Sabel, "Industrial Relations and Industrial Adjustment in the Car Industry," Industrial Relations, Vol. 24 (Fall 1985).
80. Michael J. Piore, "Fragments of a 'Sociological' Theory of Wages", op cit, p. 376.
81. See the vast literature on democratic corporatism, e.g., Philippe C. Schmitter, "Interest Intermediation and Regime Governability in Contemporary Western Europe and North America," in Suzanne Berger, ed., Organizing Interests in Western Europe (Cambridge: Cambridge University Press, 1981); Harold Wilensky, The 'New Corporatism': Centralization, and the Welfare State (Contemporary Political Sociology Series 06-020 (Beverly Hills, Calif.: Sage, 1976), among many others.
82. We are grateful to Anna Seleny for providing this example.