AICGS Seminar Papers

A Publication of the
American Institute for Contemporary German Studies
The Johns Hopkins University

POLICY PAPERS #5

Institutional Legacies: Patterns of Skill Formation and Contemporary Shop-Floor Politics

Kathleen Thelen

Robert Bosch Foundation Research Scholars Program
in Comparative Public Policy and Institutions
1997

AICGS would like to thank the Robert Bosch Foundation for funding this AICGS publication as part of the Robert Bosch Foundation Research Scholars Program in Comparative Public Policy and Institutions.

Additional copies of this AICGS Seminar Paper are available at $3.50 each to cover postage and processing from the American Institute for Contemporary German Studies, 1400 16th Street, NW, Suite 420, Washington, D.C. 20036-2217. Telephone 202/332-9312, Fax 202/265-9531, Email: aicgsoc@jhunix.hcf.jhu.edu, Web: http://www.jhu.edu/~aicgsdoc/

AICGS POLICY PAPERS

The series *Policy Papers* demonstrates AICGS' commitment to advancing policy-relevant research using the tools of comparative methodology.

Developments in Germany are of interest because of the country's size, location and history. We need to understand public policy in Germany because Germany is a key international partner and because German preferences will continue to be an important ingredient in the formulation of EU policy regimes. Sometimes German solutions to pressing policy concerns are important because they have a "model" character. This is not necessarily a matter of praise or emulation. Indeed, German solutions may be untransferable or undesirable. Nevertheless, the constellation of institutions and practices that makes up Germany's "social market economy" provides the researcher with an unparalleled real time laboratory in organized capitalism. Over a variety of policy issues, comparison with Germany illuminates advantages and disadvantages of options that would not easily come to mind if the German case did not exist. Industrial relations, financial institutions, health-care reform, pollution abatement, intergovernmental relations, immigration, and employment training are just a few of the sectors for which a German component might pay high dividends to policy analysis.

A generous grant has enabled us to establish the Robert Bosch Foundation Research Scholar Program in Comparative Public Policy and Institutions. The following papers are the first to issue from the program.

#1 *Institutional Legacies: Patterns of Skill Formation and Contemporary Shop-Floor Politics,* Kathleen Thelen (Northwestern University)

#2 *Education, Vocational Training and Job Mobility*, Thomas Hinz (Ludwig-Maximilians University Munich)

#3 *Success and Failure in Training Reforms: France and Germany*, Pepper Culpepper (Harvard University)

#4 *Continuing Training in an Aging German Economy*, Jutta Gatter (University of Bremen)

#5 *Germany' s New Long-Term Care Policy: Profile and Assessment of the Social Dependency Insurance,* Ulrike Schneider (University of Hannover)

C O N T E N T S

INTRODUCTION[1]

Since at least the 1980s, the plant has become an increasingly important locus of conflict and cooperation between unions and employers in the advanced capitalist countries. The growing importance of plant-level bargaining has been driven both by employer pressures for increased flexibility through a decentralization of bargaining and by the growing centrality of production issues such as work reorganization in the context of more volatile international markets since the early 1980s.

For most of the post World War II period, research on labor politics in the advanced industrial countries focused on national-level institutions and processes, with "democratic corporatism" occupying an especially prominent role in the literature. As a result, we know a great deal about the sources and consequences of cross-national variation in the structure of national labor movements but much less about different patterns of labor-capital relations on the shop floor.

[1] This paper is part of an ongoing project that is still very much in progress. I expect the theoretical framework sketched out below to continue to evolve and change as more of the empirical work is completed, and so it should be read as a working draft. I thank the Bosch Foundation and the American Institute for Contemporary German Studies and its director Carl Lankowski for support for this project in 1996. I wish to extend special thanks to Wolfgang Streeck and Jonathan Zeitlin for their comments on earlier versions of this paper.

In this working paper, I undertake a preliminary investigation of the historical roots of cross-national differences in what David Brody calls "shop-floor regimes." I will use this term to refer to arrangements that govern relations between unions and employers at the plant level. The analysis is organized around two distinct types of shop-floor regimes: rule-oriented versus negotiation-oriented regimes.[2] In rule-oriented regimes, relations between unions and employers revolve around the negotiation and then enforcement of various rules governing personnel policy (e.g., allocation of jobs and transfers), usually in the context of an overall adversarial relationship in which the union performs a "watchdog" function and management is free to act unilaterally on those issues not covered by formal or informal agreements. "Job control" regimes in Britain and the United States are examples of this type of shop-floor regime. In negotiation-oriented systems, by contrast, labor representatives participate in plant decision-making in a more ongoing way and on the basis of general rights (formal or informal) that are not themselves the subject of negotiation at the plant level. Germany and Sweden, but also Japan are cases of negotiation-oriented systems.

These differences in shop-floor regimes are of great significance for contemporary labor politics. First and foremost, unions the rule-oriented countries are confronting a more or less all-out attack on their traditional rights in the context of current work reorganization. In their efforts to rearrange work along more flexible lines, employers have gone on the attack against rigid rules and associated union controls that they see as inhibiting their ability to rearrange work along more flexible lines. In Britain, for example, this has taken the form of single union contracts that eliminate multi-unionism and associated rigidities, as well as an increase in the number of firms that do not recognize unions at all (Howell 1995; Howell 1997). Multi-unionism has not been as great an obstacle to change in the United States, but here too, unions are increasingly being asked to trade in their somewhat differently structured job controls for a new and often highly uncertain role in the plant (Turner 1991). Moreover, the pressures toward decertification are if anything stronger and certainly more longstanding in the American context than they are in Britain.

---

[2] Michael Piore and Charles Sabel (1984) have drawn a similar distinction between plant-level bargaining that focuses on Aprocedural≅ versus Asubstantive≅ issues. See their insightful discussion in *The Second Industrial Divide*. With the terms "rule oriented" and Anegotiation oriented≅ systems I wish to draw attention to a somewhat different aspect of the shop-floor regime, having to do with whether the rules governing shop-floor relations (whether procedural or substantive) are themselves the subject of plant-level bargaining or are established at higher levels and thus establish the parameters for negotiation at the plant level.

The situation is quite different in the negotiation-oriented systems such as Germany and Sweden. Despite recent important challenges to national-level institutions, employers by and large have not sought significant changes in labor's shop-floor rights in order to reorganize work. And because those rights are not tied to a particular form of work organization, unions in these countries have been in a better position to participate positively in work restructuring (see Turner 1991, Streeck 1989, Thelen 1991).

Second, the rule oriented regimes reinforce what David Soskice has called a "low skill equilibrium," actively discouraging the kind of skill development that most analysts now agree is a key source of competitive advantage (Soskice 1991, Finegold and Soskice 1988, also Streeck 1987). The reason is that in such systems, pay and often job security are linked to rigidly defined jobs, and changing the nature of the jobs or shifting workers from one to another sets in motion conflicts between labor and management over new classifications and job descriptions. Negotiation-oriented systems, by contrast, are premised on more fluid job categories and promote interactions between management and unions that encourage rather than inhibit ongoing skill development.

This study does not rehearse the contemporary consequences of these differences, which are amply documented in the literature on labor in advanced capitalism. Whereas most studies focus on the impact of shop-floor regimes on a range of current political and economic outcomes, especially competitiveness and union success, the present study pushes the question back a step to explore the origins of these different institutional arrangements.

The general argument is that cross-national differences in shop-floor regimes can be traced back to different kinds of political settlements between skilled workers and employers in the early industrial period. Everywhere, skilled workers formed the core of the early labor movement; on this there is no significant cross-national variation. But where the conventional literature stresses the conflicting interests of employers and early unions in the context of rapidly evolving economic and political conditions, in fact the relationship between skilled workers and their employers was also characterized by a deep mutual dependence, for despite their many conflicts, employers needed the skills these workers commanded and the workers needed the jobs these employers could provide. I argue that the trajectory that shop-floor regimes would take was a function of the particular political settlement that was worked out between skilled workers and employers in the early industrial

period, and that the kinds of settlements that were possible in individual cases were heavily mediated by the institutions through which skills themselves were produced and reproduced.

To preview very briefly: my explanation of the difference between rule-oriented and negotiation-oriented regimes relates to the politics of skill formation in the early industrial period. Where skill formation was unregulated during the period of industrialization, workers frequently sought to organize around the defense of skill as the obvious means for protecting their social status and material interests. But union-administered craft labor markets could be stabilized only with substantial support from employers, a rare though not impossible occurrence.[3] More often, skill formation came to be **contested** between unions and employers, which among other things resulted in the overall deterioration of apprenticeship and training. Rule-oriented regimes emerged on the shop floor as attempts by skilled unions to impose craft controls were undermined by employer opposition and by economic and technological change, at which point skilled unions sought to preserve their position by attaching rules to jobs within the plant.

By contrast, where the process of skill formation was monopolized by other corporate actors (often formal or informal associations of master artisans), early unions did not—could not—organize their strategies around defending skills and administering craft labor markets. In such cases, skill formation was not contested between labor and capital, but rather, often, between the traditional artisanal sector and the modern industrial sector. That competition proved constructive rather than destructive to an overall preservation of skills and could under certain circumstances to be elaborated below, redound to the advantage of labor, laying the basis for the later emergence of a "negotiation-oriented" shop-floor regime.

Second, within each of these two broad "types" of shop-floor regimes there exists important variation across countries. One obvious dimension of variation is the overall strength of labor's powers within the shop-floor regime, whether it is rule-oriented or negotiation-oriented. For

[3] The construction industry in many countries is an example. And see below on Denmark.

example, among the more negotiation-oriented regimes, the rights enjoyed by Swedish and German unions under codetermination are clearly stronger than the rights of Japanese unions under enterprise unionism. I trace these differences back to the timing and character of labor incorporation. "Labor incorporation" refers to the process through which labor organizations received official (often legal) recognition and positive rights to bargain collectively with employers.

The timing and terms of labor's national-level incorporation would determine the overall parameters within which labor sought influence at the plant level. In the rule-oriented regimes, where skills themselves were undermined in contests between unions and employers, the timing of labor's national incorporation would determine the kinds of jobs over which labor sought control (e.g., whether craft-based as in Britain, or narrower and more bureaucratized as in the United States). In the negotiation-oriented systems, the timing and terms of labor incorporation would determine the skill base on which labor could base its demands for participation (e.g., whether labor's participatory rights in the plant were linked to broad, nationally certified skills as in Germany, or firm-specific skills as in Japan) (Streeck 1996). In short, what mattered in the negotiation-oriented regimes was the character of the skills labor commanded at the time of its national incorporation, whereas in the rule-oriented regimes what mattered was the character of the jobs labor sought to control at the time of its incorporation.

The differences among the various shop-floor regimes might be characterized roughly as follows:

	Types of Shop-floor regimes	
	Rule-oriented	Negotiation-oriented
stronger labor	Union job control (Britain/US)	codetermination (Sweden/Germany)
more employer dominated	bureaucratic unilateralism (France)	enterprise unionism (Japan)

This working paper represents a first cut at explaining these differences, and is part of a larger project.[4] That project is organized around an in-depth examination of the evolution of shop-floor regimes in the metalworking industries in Britain and Germany, complemented by less extensive discussions of a number of other cases—the United States, Japan, Denmark, and Sweden—that can be used to test and refine the propositions developed in the analysis of the two main cases.

THEORETICAL ISSUES

This research draws on a vast and excellent secondary literature on the histories of unions, employers organizations, and skill formation, and to a much lesser extent on primary documents. I am not an historian, and my goal is not to tell the stories of these countries better or more completely than historians have already done. Rather, the value that I hope to add is to situate a number of country experiences within a theoretical framework that can illuminate the general causal mechanisms at work across a number of cases. Each of the countries included in the broader study can be (has been) characterized as unique in the literature on the political economy of industrialization: Britain as the first industrializer; the German "Sonderweg"; American and Japanese "exceptionalism". Without taking away from the fundamental uniqueness of each case, this project attempts to put their experiences with skill and labor formation side by side to shed light on systematic parallels and differences among them.

---

[4] As such, this paper can only sketch the theoretical framework. Much empirical work remains to be done on the individual cases, and certainly the case studies will result in revisions to the framework sketched out here. However, some of the empirical work is already complete. For an comparative analysis of the evolution of skill formation in Germany and Japan, see Thelen/Kume 1997.

While I do not expect the case histories to be particularly controversial, neither are they necessarily entirely familiar. This is because, in exploring the genesis and evolution of different shop-floor regimes, I have found it necessary to blend together two strands of historiography that often exist separately in the literature on particular countries: one on the history of skill formation and vocational education, the other on the development of unions and employer associations. By explicitly exploring issues of skill formation as these interacted with other important aspects of labor formation and incorporation, this research addresses what Wolfgang Streeck et al. call "one of the most glaring deficits of traditional industrial relations research and theory." While some attention has been given to the question of how industrial relations affects training institutions, e.g., the way that craft unions have tried to regulate the content and amount of training as part of their own strategies, "less is known...about the inverse effect of training on industrial relations" (Streeck et al., p. 1).

This project also confronts an important weakness in the theoretical literature on labor and comparative politics more generally. Recent work on the "new" institutionalism has contributed significantly to our understanding of the way institutional arrangements shape the goals and strategies of political actors, structure their strategic interactions, and ultimately influence political outcomes. However, the question of institutional formation and change has attracted less attention and remained more problematical (Powell and DiMaggio 1991; Thelen and Steinmo 1992).

My claim that institutions inherited from the nineteenth century have important implications for politics in the late twentieth century resonates with a widely invoked concept in the literature on institutions, namely path dependency. Briefly, the idea of path dependency suggests that countries undergo "critical junctures" that set them moving along particular (cross-nationally different) national trajectories, so that the outcomes of past political conflicts are institutionalized in ways that shape subsequent institutions and constrain future strategies. This concept is intuitively attractive and compelling in the abstract, and it is certainly very widely invoked by institutionalists of all varieties (North 1990, Krasner 1984, Collier and Collier 1991). But while rarely questioned, the concept is quite nebulous and problematic, and constitutes an important soft spot in the literature on institutionalism. Although often invoked as an explanation of institutional continuity, "path dependency" in fact often amounts more to an assertion of such continuity. The inadequacy of merely gesturing toward path dependency is particularly glaring in a case such as Germany which has been characterized by tremendous discontinuities over the last century, including defeat in two World

Wars, severe economic crises in the 1920s and 1930s, and several regime transitions, to name just the most obvious. Clearly, explaining institutional continuity in the midst of such dramatic upheavals is not as straightforward as the term "path dependency" often implies.

What is necessary is to identify the concrete processes and politics through which institutions are sustained, or reproduced, or even recreated. While the main thrust of this study is concerned with comparative analysis and cross-national differences, rather than longitudinal "tracking" of single cases over time, two of the empirical cases (Britain and Germany) will be dealt with in greater detail than the others in order to shed light on the mechanisms at work behind "path dependency" in the case of shop-floor regimes. Focusing on these two countries allows us to explore both a case of extreme discontinuities (Germany) and one of apparent gradualism and continuity (Britain). The results uncover unexpected parallels in the mechanisms at work, particularly with regard to the role of the state.

I will reserve a full discussion of how my study of shop floor institutions fits with various theoretical perspectives on institutional formation and change. However, it may be useful at this point to preview briefly how my work speaks to three dominant schools of thought on these issues: rational choice perspectives, sociological perspectives, and political constructionist perspectives.

Rational Choice Perspectives

The study of institutions from a rational choice perspective begins with individuals and their interests. Whereas the other approaches considered below see interests as being defined within a particular (institutional) context, rational choice draws a sharper analytic distinction between the individual and his/her interests on the one hand, and the institutional context in which he is trying to maximize those interests, on the other hand. Thus, where other approaches ask how institutions affect actors' interests, rational choice frequently turns the question around to ask how interests generate institutions (Zysman 1996).

The classic answer to this question, going back to the work of scholars such as Williamson, has been strongly functionalist. Institutions emerge in response to various collective action problems; they operate to enhance efficiency by reducing transaction costs and providing solutions to coordination problems. This basic view remains very prominent in contemporary rational choice literature, though in the meantime a number of scholars have turned their attention to the existence

and survival of inefficient institutions (e.g., North 1990). In these cases, inefficient institutions are frequently explained with reference to political and institutional impediments to solving various kinds of market failures.

In terms of outcomes central to the present study, Germany's shop-floor regime might lend itself most easily to a functionalist interpretation. After all, codetermination is widely seen as contributing to economic efficiency at the firm and even national level (Streeck 1989, Turner 1991, Thelen 1991). While explanations that draw attention to the functional aspects of codetermination may provide some at least preliminary insights into the stability of these institutions today, even a brief glance into the politics of codetermination's origins and evolution reveals how much is lost in such accounts. Early forms of worker representation in Germany were designed to keep unions at bay, and only through political struggles were these institutions eventually transformed into a foothold for unions (Thelen 1991). Analyses that read the historical origins of institutions off the functions they later may come to perform are virtually sure to miss the politics and the power dynamics that shaped the institutions over time.

In contrast to functionalist accounts, I trace important cross-national differences in shop-floor regimes back to the strategic interactions between skilled workers and employers whose reciprocal dependence was strongly conditioned by the political and economic landscape within which they operated. Market forces, but also features of the broader political and economic context defined their strategic choices, established their power relations, and structured the conflicts out of which different shop-floor regimes grew. The outcomes do not so much reflect "efficient" or equilibrium solutions to particular problems as they do the (often unintended) institutional residue of concrete political struggles. Against these more static accounts that read the history backwards, my alternative account emphasizes among other things the importance of historical sequencing and changing power relations, as institutions created for one purpose over time could sometimes be turned to new ends (Thelen and Steinmo, 1992).

Sociological Perspectives

Where rational choice institutionalism starts with individuals, sociological perspectives on institutions begin with society. Sociologists embrace a much broader definition of institutions than most political scientists do. Institutions, in this view, are collective outcomes, but not in the sense

of being the product or even the sum of individual interests. Rather, institutions are socially constructed and as such they embody shared cultural understandings of the way the world works (Meyer in DiMaggio and Powell 1991, Dobbin 1994). Specific organizations come and go, but emergent institutional forms will be "isomorphic" with existing ones because political actors extract causal designations from the world around them and these cause-and-effect understandings inform how they approach new problems (Dobbin 1994). This means that even when policy makers set out to redesign institutions, they are constrained in what they can conceive of by these institutionally embedded, cultural constraints.

The starting point of such analysis is obviously very different from rational choice perspectives, but one similarity between rational choice and sociological perspectives is that both tend to gloss over the issue of how power relations affect institutional formation and change.[5] To take the case of codetermination again, we shall see that some of the institutional antecedents of what later developed into codetermination actually emerged in the late 19C under authoritarian auspices. An institutional sociologist might see these early forms of (employer-dominated) worker representation as broadly "isomorphic" with a range of other paternalistic practices and policies of the time (e.g., Germany's social insurance programs). However, as the history will show, there in fact existed a number of competing institutional forms in terms of labor institutions in the early industrial period that were broadly compatible with the prevailing authoritarian paternalism. To give but one example, the iron and steel industry embraced a form of plant paternalism that was much more vehemently anti-union than that in the machine tool industry. Understanding why certain organizational forms

[5] There are exceptions in both schools of course. In rational choice, Margaret Levi (1988) and Jack Knight (1992) are centrally concerned with issues of power and of conflict. In the sociological tradition, Neil Fligstein (1990) and others have incorporated power relations into the framework.

prevailed over others requires reference to the political maneuverings that the concept of isomorphism frequently obscures.

Thus, against arguments advanced by some sociologists that see institutions as carriers of (i.e., embodying and reflecting) "shared cultural understandings," my analysis highlights the role of power relations and direct state action in shaping both the (conflicting) goals of the actors involved and the resulting, highly contested, outcomes. Not entrenched cultural understandings, but rather political and economic interests, and especially, very tangible interventions by the state, figure most prominently in my analysis. For example, in the case of Germany and Britain, skilled workers had similar (not different, culturally specific) aims, but state policies in Germany precluded unions there from organizing their strategies around craft controls. British unions were in many ways much stronger than German unions in the early industrial period, but the shop-floor regime that emerged there proved far less effective in sustaining labor power over the long run.

Political Constructionism

Finally, "political constructionists" such as Charles Sabel and Gary Herrigel embrace a far more open ended view of political development. Where the institutional sociologists see institutional development as tightly constrained and as reflecting deep and immutable cultural underpinnings, political constructionists emphasize historical contingency. And where institutional sociologists see political actors as "socially constructed" and thus heavily shaped by their environment, political constructionists see individuals as being motivated by identities that are rooted in (and can be transformed through) their own personal experiences (Sabel 1982). Dominant national institutions, in this view, do not reveal deep cultural understandings; on the contrary, they represent highly contingent settlements produced by coalitions of political actors forged in the context of particular political conflicts. Dramatic institutional change is quite possible, as these coalitions shift, allowing previously "suppressed historical alternatives" to reemerge and reconfigure the dominant institutional patterns (Fulcher 1991). The fluidity of the political constructionist model of infinite political possibilities thus contrasts sharply with the institutional sociologists' notion of more tightly constrained, culturally embedded choice.

The strength of this approach over the sociological perspective is that it emphasizes the importance of politics and strategic choice. Organized actors such as unions do not simply "enact"

a socially constructed reality, but instead are collectively engaged in the definition and redefinition of society and its institutions. In this view outcomes are inherently open-ended, especially during "critical junctures" or moments of transition.

The weaknesses of the political constructionist approach are the mirror image of those of the institutional sociologists. Whereas the sociological perspective paints a picture of institutional formation and change that sometimes allows seems to allow little room for real agency and in which there are virtually no "critical junctures," political constructionists often paint a picture of political development that is overly fluid and indeterminate. While they are right to emphasize the important role played by shifting political coalitions in institutional formation and change, they often miss the way pre-existing institutions themselves influence the process of coalition formation, among other things by facilitating (or impeding) different groups' recognizing the interests they may share in the first place (Weir 1992).

Where the political constructionists are absolutely right is in drawing attention to how actors are socially constructed. However, where they go wrong, in my view, is in marrying social construction as a process to an overly fluid notion of identities and an excessively contingent view of history. Particularly in the labor scholarship, political constructionists have been at pains to argue that, at critical junctures, multiple outcomes were structurally possible and what tipped developments in one direction or the other were the strategic choices of crucial actors (for labor scholars, often union leaders).

I take from the political constructionists the core insight that the way that the actors (in my case, unions, employers associations, artisanal associations) get constituted is absolutely crucial. But rather than this being a highly contingent process, I find that it is strongly conditioned by hard constraints (labor markets and state policy being the two most prominent) that push outcomes in certain directions, and (more importantly) that absolutely foreclose other options. While embracing some of the core insights of a political constructionist approach to actors and to how organizations like unions are actively constituted historically, the present study attempts to recast this debate in more materialist and more institutional terms, shifting the focus from the contingent negotiation and renegotiation of identities to the core question of how the boundaries around organizations and actors get established in the context of state policy and of the market.

In sum, my study of the politics of path dependency in the case of shop-floor regimes underscores the importance of viewing institutions in relational terms, as a (contested) site of interaction and strategic maneuvering (Immergut 1992), which not only constrains political actors but also offers Astrategic openings≅ and resources as they respond both to other actors and to a changing political and economic context (Thelen 1991). This view of institutions avoids the dual pitfalls of both extremes discussed above, on the one hand of viewing institutions as determinative of the actors that inhabit them, and on the other hand of dissociating the identities and strategies of political actors from the institutional setting in which these identities are themselves formed and these strategies are conceived.

ALTERNATIVE EXPLANATIONS

Most of the literature on the history of shop-floor regimes has been written by historians, and focuses on individual country cases. Comparativists in political science have devoted some attention to national union structures, however, and one way to begin to construct an explanation of different shop-floor regimes is to consider the impact of variables that previous research has shown to be important in explaining cross-national differences in these national institutions and processes. The following sections evaluate how well five competing hypotheses explain the different outcomes, focusing specifically on the conditions favoring the development of some form of codetermination versus those favoring job control. In each case what becomes clear is that the variables that explain differences in national-level institutions and processes do not extend in a straightforward way to explain differences in shop-floor regimes.

Timing of Industrialization

One of the most influential theories of national union development is that of Geoffrey Ingham (1974). Applying a logic analogous to Alexander Gerschenkron's work on industry and finance, Ingham argues that the relative centralization or fragmentation of union structures depends on the timing of industrialization. Britain's early industrialization produced a highly fragmented and decentralized industrial structure, which in turn resulted in a parallel fragmentation of labor organizations along craft lines. In contrast, the lateness and rapidity of industrialization in other

countries (Ingham's example is Sweden) allowed them to "[escape] the complexities of an earlier and influential stage of craft production" (p. 48). Greater homogeneity and concentration of industrial structures in Sweden encouraged centralization on both sides of the bargaining table. Ingham's thesis provides a compelling explanation for why early industrializers such as Britain developed highly fragmented and decentralized labor movements, whereas late industrializers such as Sweden gave rise to more unified and centralized ones.

The key distinction Ingham makes (between early and late industrialization) may well play a role in explaining the difference between shop-floor regimes premised on job control and those premised on codetermination. It is virtually axiomatic that craft unions are associated with job control strategies. Conversely, one might postulate that codetermination goes with industrial unionism, since both provide unified representation for whole work forces, irrespective of skill distinctions. The British case would provide a quick confirmation of the plausibility of such a thesis. There, the development of craft unions appears to be closely related to the country's early industrialization. These organizations attempted to maintain their members' power by controlling entry into the trades they organized and by (trying to) impose controls on which workers could perform which tasks. The British case certainly contrasts sharply with the German and Swedish cases on this score; in both the latter countries, centralized labor organizations developed in the context of late and more rapid industrialization.

However, looking at the timing of industrialization (and the related distinction between craft and industrial unionism) leaves some important questions unanswered. If we think of the United States, for example, we see that it was not just craft unions that developed job control strategies, but also industrial unions such as the automobile workers and steel workers. Moreover, the type of job control that developed in these industries was associated not with small-scale craft production (as in Britain) but with mass production and Fordist work organization.

Furthermore, if we look at a case of codetermination such as Germany, it is clear that the story is more complicated than that which can be captured by sharp distinctions between early an late industrialization, or even craft and industrial unionism. The history of German industrialization is not (as in the "late industrialization" stereotype) the story of the triumph of big industry; in fact a very vibrant small business sector (organized along very traditional lines in terms of production) not only survived but thrived in the period of industrialization (Herrigel 1996). More importantly for our

purposes, it was in this small business sector (rather than the large business sector) where the early union movement put down its roots (Schönhoven 1979: 416). If industrial structure in the unionized sector were the key to shop-floor regimes, we would expect greater similarities between the British and German cases.

A similar point could be made for union structures, for despite the sharp distinction traditionally drawn between craft and industrial unionism, the composition of some of the major unions in Britain and Germany was not as different at the turn of the century as the conventional literature often suggests. Britain's largest "craft" union, the ASE (Amalgamated Society of Engineers), had already undergone several amalgamations, and by the early twentieth century was really a composite of various related crafts and occupations (though still hostile to unskilled and semi-skilled workers). German union membership did not look so different at that time, despite their ideological commitment to organizing workers at all skill levels. Here too, skilled workers formed the core of the early labor unions and, as many authors have noted, early unions conspicuously neglected unskilled workers in their organizational efforts. Even the largest and in some ways most progressive of the industrial unions—the metalworkers—was overwhelmingly composed of skilled workers (about 80 percent) as late as 1913 (Schönhoven 1979: 411). As Opel put it, the principle of an industrial union was at that time "more promise than reality" (mehr Versprechung als Erfüllung).

The problem with explanations based on the distinction between early and late industrialization lies in the attempt to read shop-floor outcomes off the structure of national labor movements (craft unionism, therefore job control; industrial unionism, therefore codetermination). Such explanations assume or imply, but do not demonstrate, that shop-floor institutions are derived from national institutions when in fact the direction of causality may be just the reverse, with shop-floor politics and practices in pushing national unions toward certain organizational forms.

Labor Strength and Relationship to Left Political Party

Stephens and Stephens' (1982) analysis of worker participation systems provides the basis for a second hypothesis concerning the development of codetermination or job control. Rather than distinguishing distinct "types" of plant level institutions, Stephens and Stephens rank-order thirteen countries with respect to the degree of worker participation in enterprise decision-making. They find

a strong correlation between the degree of union organization and Social Democratic party incumbency on the one hand, and the strength of worker participation schemes on the other hand. Sweden and Germany command the top two positions in their ranking. In contrast, Britain ranks in the lower half of the thirteen countries in terms of the strength of worker participation (just above Finland and France). The United States was not included in the study, but based on the variables Stephens and Stephens use (low membership levels and the absence of a Social Democratic party on the independent variable side, weak worker participation on the dependent variable side), it surely would have also fit the general argument.

The overall thrust of the argument is that the stronger the labor movement, the more it is able to challenge managerial prerogatives and to institutionalize labor participation in plant- and company-level decisionmaking (codetermination). Such reasoning would account for the proliferation of institutions for workplace democracy (plant level codetermination in various forms) that accompanied the political opening enjoyed by the Left in many European countries after World War II.

Although Stephens and Stephens do not deal with alternative types of shop-floor regimes, the logic of the labor strength argument might suggest that job control is a "second best" solution for weaker labor movements who simply lacked the power to make inroads into the realm of managerial prerogatives. Such an explanation would fit quite well, for example, with the American case, for historically all attempts on the part of U.S. unions to encroach on managerial prerogatives were roundly defeated. The famous UAW strike in 1946, in which the union sought to force General Motors Corporation to open its books to the union is a particularly dramatic illustration of this point.

However, this line of argumentation has its own distinctive weaknesses. The Stephens and Stephens framework essentially arrays countries along a single continuum and in so doing implies that unions everywhere are pursuing fundamentally similar goals (though some less successfully than others because of their weakness). Focusing on labor strength alone thus obscures the very different goals that unions often use their power to pursue. The best case of this is Britain, where unions were quite strong in the early 20th century, and of course had very close relations to the Labour party. However, even as union movements in many other European countries used the political opening immediately after World War II to demand plant-level codetermination, British unions simply never pushed in this direction. In fact, shop stewards used their market strength in this period to reinforce

and further entrench job control. In terms of outcomes, this puts Britain close to the United States, an anomalous outcome given the wide variation between the two countries in terms of labor strength. In short, despite their strong ties to the Labour party, their relatively high organization levels, and particular political openings that might have allowed them to implement some system for union participation in plant decision making, codetermination was simply never a part of labor's agenda in Britain. The British case makes clear that codetermination is more than simply a matter of union power; it is also a question of the ends to which unions apply the political and market pressures they have at their disposal in various periods.

The Development of Fordism

Third, Piore and Sabel's important book, *The Second Industrial Divide*, suggests another line of argumentation linking shop-floor regimes to the advent and advance of Fordism. The authors argue that different systems of shop-floor organization fit with different forms of industrial organization. Their analysis centers on differences in the systems of regulation surrounding mass production and craft production. Craft production is associated with a shop-floor system of control based on a form of industrial democracy that is "achieved through the close collaboration of craftsmen and union officials with management in the organization of production" (1984: 115). Among the advanced capitalist countries, Germany preserved the craft paradigm to the greatest extent (142), and the authors trace the processes through which the Aintegrity of the plant community was preserved (p. 146) through the creation and, after the second World War, the re-creation of the Weimar system of shop-floor control through works councils and plant- level codetermination.

Conversely, Piore and Sabel argue that mass production was the enemy of plant democracy. Based primarily on an analysis of the American case, they show how the logic of mass production undermined craft-based communities and forms of control. Instead, bureaucratized job structures encouraged the development of a system of shop-floor regulation premised not on substantive, negotiated dispute resolution, but rather, on an increasingly rigid and detailed set of procedural rights. They show how this system of shop-floor rights grew up in the mass production sectors that were dominated by industrial unions (such as automobiles), and as the legal and legislative context conformed to the dominant mass production model, alternative shop-floor regimes premised on craft principles were choked off or subordinated to the logic of the mass production system over time.

Piore and Sabel are more interested in the effects of different shop-floor regimes than their origins. However, the logic of their argument suggests that craft production has an "elective affinity" with industrial democracy and a shop-floor regime premised on fluid, bargained mechanisms for conflict resolution (codetermination), whereas mass production is associated with bureaucratized job structures and a shop-floor regime based on rules concerning who can do what jobs in the plant and under what conditions. In other words, the argument would be that rigid job structures and management control under Fordism encouraged the growth of equally rigid job control strategies on the labor side.

We know, for example, that there is a strong relationship between the development of Fordism and job control unionism in the United States (Piore 1982). But extending the argument raises problems. Both the U.S. and Britain developed job control, but the roots of job control strategies in the two countries are very different. In Britain, job control strategies and structures grew out of that country's strong craft tradition, so that here, contrary to the Fordism thesis, craft control fed directly into a rule-oriented system. Today job control remains strongly anchored in the legacy of that tradition, above all, in multi-unionism and the fragmentation of labor representation at the plant level. The pattern is quite different in the United States, where another form of job control—anchored in bureaucratized job structures and detailed contracts—has clear roots in the mass production sector, and has flourished within a very different plant environment characterized not by labor fragmentation, but by unified labor representation within bargaining units. In short, focussing on Fordism as the primary explanatory variable obscures how job control can be associated with both craft and mass production.

Political Culture

From what has been said before, it is clear that the way the countries line up (with Germany and Sweden on the codetermination side and Britain and the United States on the job control side) suggests another line of argumentation focusing on the influence of cultural factors.

A number of labor scholars have pointed to the role of political culture in shaping the institutions and practices of labor relations. Ulman (1986), for instance, has argued that employer policies toward unions and associated institutions of industrial relations expose cultural differences reflected in "the currently dominant tastes and preferences of workers" in different countries, which

for him include the extent to which they take industrial democracy as a goal (1986: 2-3). Sturmthal's early work also pointed to country-specific "mores" to explain cross-national differences in the institutions of labor relations; for example, he contrasts the "orderly" and "bureaucratic" features of Swedish labor with the "near-anarchical and individualistic" French (1948). Similarly, Seymour Martin Lipset had made the argument that the values of the American working class—in particular its strong commitment to equality, individualism, and achievement—account for some of the distinctive features of American unions, such as their proclivity toward a bureaucratism and militancy. Finally, Ross and Hartman's classic study (1960) is most concerned with convergence among different systems of industrial relations, but the authors explain persistent, residual differences with reference to national culture.

Broad cultural variables such as these might form the basis for a different explanation of the development of shop-floor regimes based on job control or codetermination. A plausible link could be drawn between the individualistic, liberal tradition in Britain and the United States and job control on the shop floor, which after all treats job characteristics as a kind of property right held by individuals. In contrast, codetermination implies a collective defense of worker interests rather than individual control over jobs, and is thus more compatible with the stronger tradition of collectivism on the continent.

However, extending the argument to other countries exposes the limits to the explanatory value of culture. The Anglo-Saxon countries share a family resemblance with other rule-oriented systems such as France. And Japan fits with Germany, Austria, and Sweden as a negotiation-oriented system, despite very different cultural underpinnings. In short, casting a somewhat broader eye over a wider range of countries shows that there is no clear relationship between culture and shop-floor regimes.

Labor Ideology

Finally, another candidate to explain divergent shop-floor regimes is the specific ideologies early labor movements themselves developed. Classic studies by Lipset (1983) and Sturmthal (1972) explore the impact of state structure on early union ideology. Where democratization preceded or corresponded with the industrialization process (as in Britain and the United States) nascent labor movements confronted a relatively liberal, non-repressive state. Here, reformism flourished as an

ideology, and labor focused more on industrial goals and strategies. In contrast, in countries like Germany, the labor movement faced an authoritarian and highly repressive state in the early industrial period. The radical ideology the German labor movement embraced made sense in the context of a state which appeared impervious to reform and which repressed and actively excluded labor.

Again, extending the logic of the basic argument to the development of different shop-floor regimes, it seems plausible that certain ideologies are more compatible with codetermination than others. For example, socialist ideology would appear to be incompatible with narrow job control strategies, and indeed on the continent, socialist movements did strive to build class organizations by overcoming craft and skill divisions.

Ideas and ideology may well play a role in explaining cross-national differences in shop-floor regimes, but the story is not as straightforward as these lines of argument suggest. As James Fulcher's comparison of Britain and Sweden (1991) has shown, socialism is highly adaptable as an ideology, and was ultimately shaped in two very different ways to accommodate both the more reformist/voluntarist orientation of British unions and the more radical/political strategies of the Swedish labor movement. Related to this, the history of the German labor movement provides many examples of the fundamental compatibility of socialism as ideology and the persistence of craft identities.

In any event, understanding the connection between labor ideology and shop-floor regimes requires that we examine more closely the political processes through which ideas were translated into institutional outcomes. After all, it is not at all obvious why industrial democracy flourished in the 20th century in precisely those countries in which political democracy was latest in coming (Sweden and Germany). Nor is it self-evident why those labor movements that were most committed to overthrowing capitalism in the nineteenth century would wind up making their peace with capitalism by securing the right to co-manage capitalist firms, while less radical movements (Britain and the United States) wound up with weaker influence in the area of managerial prerogative.

It would certainly be imprudent to argue that none of the processes cited in this survey of the literature (industrialization, labor formation and links to politics, industrial transformation and the rise of Fordism, the formation of working class identities) mattered at all to the way labor's rights and role on the shop floor were ultimately institutionalized. However, no one of them appears to explain the observed differences across the full range of cases. Moreover, many of these arguments focus on

processes at such a global level that they do not get sufficiently close to the concrete political actors and the incentives they faced in order to sort out specific causal relationships. Without saying that everything matters, we need a theoretical framework that identifies the key processes and critical junctures that sent countries along different trajectories in terms of the development of shop-floor regimes. The remainder of this working paper provides a first sketch of such a framework.

AN ALTERNATIVE FRAMEWORK

I begin with a brief recapitulation of the outcomes to be explained. First, a core distinction can be drawn between negotiation-oriented and rule-oriented shop-floor regimes. Negotiation-oriented systems include Germany, Sweden, Austria, and Japan; rule-oriented systems include Britain, the United States, and France. Although each country's system has its own unique characteristics, a major divide within each broad category is between systems (whether negotiation-oriented or rule-oriented) that allow for substantial labor participation and those in which the shop-floor regime is dominated by employers. This yields four broad "types": negotiation-oriented systems with strong labor participation (the codetermination countries: Sweden, Germany, Austria, among others); negotiation-oriented but employer dominated systems (enterprise paternalism, of which Japan is the prime example among the advanced capitalist countries); rule-oriented systems with strong labor participation (job control countries such as Britain and the United States); and finally rule-oriented but employer dominated systems (what I call "bureaucratic unilateralism," of which France is the best example) (see Table 1 above).

Two variables figure most prominently in my explanation of these differences. First, my explanation of the difference between rule-oriented and negotiation-oriented regimes relates to the politics of skill formation in the early industrial period. Second, I argue that differences within each broad category (between stronger labor participation and employer domination) go back to the character and timing of labor incorporation. I will address each of these in turn.

Skill Formation

Cross-national differences in the politics of skill formation were crucial in pushing labor institutions along either a rule-oriented or a negotiation-oriented trajectory. In pre-industrial

economies, skill formation was traditionally organized and administered through the system of craft guilds. Masters presided over the training of apprentices, who advanced to journeymen status and strove to become masters themselves by acquiring skills and experience. This system came under great strain in the context of industrialization, and what mattered crucially to shop-floor outcomes is what happened in different countries as these traditional institutions broke down.

Rule-oriented Systems

Where they could, skilled unions organized around a defense of skill and oriented their strategies toward the attempt to control and administer craft labor markets. Such craft controls were the most obvious means for skilled workers to enhance their bargaining power and negotiate and maintain a privileged position in the modern industrial sector. In some cases, employers might acquiesce in some degree of union control over skilled labor markets, because craft unions might be useful to them as labor exchanges (with union membership also certifying a worker's skilled status), or because union-enforced employment standards could inhibit poaching for scarce skilled workers, equalize labor costs in a region or locality, and impose uniform rules with respect to apprenticeship (see Jackson 1984 for an elaboration of the logic).

More often, however, attempted union controls resulted in skill formation being contested across the class divide in a more or less ongoing way. Under the impact of changing technological and market conditions, these contests (often framed as struggles over "managerial control") hastened the demise of apprenticeship training. While in the short run this sometimes created skill shortages that shored up the power of skilled unions, in the long run it undermined union influence by destroying the foundation on which union strength had been built. As a result, traditional craft controls (oriented toward organizing and controlling labor markets outside the firm) devolved into narrower job controls as skilled unions sought to defend their members by imposing the costs of change on unorganized workers or workers in other organizations by claiming the right to work on certain jobs or machines, whether or not these jobs demanded the skills around which the union had originally organized.

In short, shop-floor regimes based on job controls emerged in those cases where skill and skill formation were contested across the class divide. Absent a national settlement with employers over

craft labor markets generally,[6] the competition between employers and unions on the shop-floor undermined the skill base on which union power itself rested, so that defense of craft or skill necessarily devolved into a more narrow defense of particular jobs.

Negotiation-oriented Systems

[6] Denmark is an important exception that proves the rule.

A different dynamic between skilled workers and employers emerged in countries where, for one reason or another, unions were precluded from organizing their strategies around the attempt to control skilled labor markets. In Germany, for example, state policy in the early industrial period protected the position of the handicraft sector for political reasons, and in fact explicitly delegated to master-artisans a kind of parapublic role in regulating apprenticeships and skill certification.[7] The political and economic landscape that early German unions faced was thus profoundly different from that faced by British unions. German workers were unable to organize around the defense of skill in craft labor markets that they could define and administer. One can this of this as a problem of the "space" for craft identities being occupied by other corporate actors and thus unavailable to unions, which is how Gary Herrigel (1993) uses it to describe the emergence of industrial unions in Germany. For the reasons to be elaborated below, I think it is more useful to think of it in more materialist or labor market terms, i.e., the functions that craft unions organized around in the rule-oriented cases (certification of skills, labor exchange, etc.) were already filled by these other corporate actors. Either way, the point is that unions, even if dominated by skilled workers, were less likely to organize their strategies around the defense of skill, though they were amenable to advancing their interests through voice in the context of internal labor markets. This is what moves them in the direction of negotiation oriented systems.

These different patterns of skill formation had further implications for the development of skills in these economies. In the rule-oriented systems, skill formation and apprenticeship were contested between employers and craft unions and one of the casualties was apprenticeship itself. With the decline of apprenticeship the shop-floor regime became more and more distant from real craft controls and devolved into what David Brody has called "endless skirmishing" over the content and price of work associated with particular jobs (Brody 1989). The dynamic was different in those

---

[7] Hal Hansen (1997) has written the most comprehensive account of the evolution of training in the handicraft sector. See also Thelen/Kume (1997) which focuses more on the impact of this on the evolution of training in industry.

countries in which skill formation and apprenticeship were contested not across the class divide but between the artisanal sector and modern industry. For example, in Germany, the machine building industry competed furiously with artisanal chambers over the certification of apprentices, and the result of that competition was not the deterioration of apprenticeship but its extension and adaptation to the industrial sector (Thelen/Kume 1997). This had enormously important implications for labor, to which I return below.

In sum, skilled workers and employers in the early industrial period found themselves in a situation marked both by a high degree of conflict but also substantial mutual dependence. The character and stability of the political settlements that were worked out between them were heavily mediated by the institutions through which skills themselves are produced and reproduced, leaving legacies that weighed heavily on the future development of industrial relations.

Before turning to the second dimension, it may be useful to point out how the argument developed here clashes with the received wisdom on these questions. First, I reject the idea that shop-floor outcomes are simply derived from the strength or organization of unions at the national level. British unions were clearly stronger during the early industrial period than German unions and I will argue that it is in some ways their very strength that allowed them to institutionalize a system that in the long run undermined their power.

Moreover, I reject theories that simply derive shop-floor outcomes from the structure of the national labor movement as a whole (e.g., the distinction between craft and industrial unionism). Everywhere, skilled workers sought to maintain their identity and power, also vis-a-vis the unskilled, and there was nothing natural or automatic about the transition to industrial unions. In addition, neither industrial unionism nor social democratic ideology wiped out craft-based distinctions within the working class. Especially in Germany, skilled workers had a life of their own within the Afree≅ (Social Democratic) unions, even those organized along industrial lines (Domanski-Davidsohn 1981). In Sweden as well, certain kinds of fragmentation also persisted within the social democratic unions in the formative phase. How these problems were dealt with has to do with the process of labor incorporation, something I will return to below, in explaining differences between the Swedish and the German cases.

Finally, one of the most counter intuitive aspects of these findings is that one might expect that where artisanal associations survived the longest (e.g., in Germany) one would find more craft

based structures, because that is the structure on which the guilds themselves were premised (vertical, craft-based distinctions not horizontal, class based ones). But the outcomes run in precisely the opposite direction: craft controls survive best in Britain, where the guilds were destroyed the earliest. The reason is that where the guilds survived they systematically protected the master-employers not the journeymen-workers (Kocka 1986), and if anything, early worker organizations developed strategies in opposition to, not built on, these guild or corporate remnants (Eisenberg 1986).

The point here is that the broad difference between rule-oriented and negotiation-oriented regimes is not a function of an absolute difference in the timing of industrialization, or even craft distinctions versus industrial unionism per se. What is important, rather, is how skill formation was organized, and the implications this had for the kinds of strategies available to employers and skilled workers.

Labor Incorporation

Within the two broad categories sketched out above, rule-oriented and negotiation-oriented systems, there exist important differences among different types of shop-floor regimes in the balance of power between labor and employers. These differences go back to cross-national variation in the character and timing of labor's incorporation, by which I mean the process though which unions received official (sometimes legal) recognition and positive rights to bargain collectively with employers. Here the core argument is that the character and timing of labor's national level incorporation was the most important determinant of labor's participatory possibilities at the plant level.

In the case of negotiation-oriented regimes, what matters is the base of skills on which labor participation was premised. These range from plant-specific to broad, nationally certified. My argument—following Streeck—is that the strength of labor's participation within the firm depends on the options of skilled workers outside the firm (Streeck 1996). So, for example, comparing the cases of Germany and Japan, we see that in both cases a strong artisanal sector played a key role in skill formation, but a key difference lay in the fate of these independent artisanal associations that survived into the early industrial period. In Japan, a dominant pattern was for these formerly autonomous artisans—*oyakata*—to be absorbed into the internal labor markets of large firms and subordinated to the logic of internal career ladders (Dore 1973: 386-89). The parameters of the

shop-floor regimes were thus already largely in place by the 1940s and 1950s, when unions were legally incorporated, not on the basis of nationally uniform rights but rather enterprise-specific deals between labor representatives and management (Thelen/Kume 1997). The company-based nature of skill formation promoted and was promoted by emerging company-based unions; as such it helped to consolidate enterprise paternalism by binding skilled workers to firm-based labor markets and institutionalizing a strong dualism in the national labor market (Thelen/Kume 1997).

The situation was very different in Germany, where, as pointed out above, the autonomy of the artisanal (*Handwerk*) sector was actively supported by the state, thus preventing it from being absorbed by industry in the same way (Hansen 1997). Moreover, labor's incorporation in the Weimar years both reflected and reinforced the triumph of industrial unionism (at least in the key sectors) and this laid the basis for a uniform national system for shop-floor representation. At the same time, competition between the Handwerk sector and industry (beginning at the turn of the century but heating up in the 1920s) drove forward the development of a national framework for the provision and certification not just of traditional craft skills but also industrial skills as well (Thelen/Kume 1997 provides a sustained account of this).

The latter is crucial for shop-floor outcomes because it obviously makes an enormous difference to the capacity of unions to codetermine outcomes on the shop floor if their skills are firm specific (as in Japan) or if they are certified through a nationally recognized certificate (as in Germany) (Streeck 1996). Where skills are company-specific, to paraphrase Hirschman, skilled workers have fewer exit options, and thus they are not in as strong a position to demand voice within the company. On the other hand, where skilled workers command nationally certified skills, they possess what Wolfgang Streeck calls "portable skills" that give them more leverage within the company precisely because it gives them options outside the firm (Streeck 1993, esp. 12-20).

Turning to the rule-oriented systems, we again find significant differences that can be traced to differences in the timing and character of labor incorporation. Again, the terms of labor's national-level incorporation set the important parameters on labor's participatory possibilities at the plant level. Important variation in the timing of labor incorporation helps account for subtle but significant differences between "most similar" cases like Britain and the United States. American job classifications, much more than traditional job demarcations in Britain, correspond to production structures defined by Fordist work organization. The key difference lies in the timing of labor's

incorporation. In the United States, employer resistance (with state complicity) had the effect of delaying labor's national incorporation until well beyond the period of early industrialization, indeed until the next phase of industrialization, Fordism, was already well underway.

By this time union influence over craft labor markets had been entirely defeated and indeed skill formation itself had been redefined as a matter of advancement through a series of more or less deskilled jobs within a bureaucratically defined plant hierarchy (Piore 1982). Among other things, the more thorough rationalization of industrial production in the United States as against Britain (and with it the more complete demolition of external markets in skills) helps account for why seniority is much more central to American job control than British. Unions of industrial workers in the United States grew up not only with established industrial structures in place; they grew up under Fordist production structures, and they developed control strategies that were defined by the bounds established by this form of production. This accounts for the different types of job control that developed in Britain and the United States, and the particularly narrow form of job control that prevailed historically in the United States.

SUMMARY

In sum, the line of argumentation developed here departs from previous treatments in several respects. As an alternative to analyses that attempt to read industrial relations institutions off the structure of national labor movements, my account examines the politics and the different political settlements that flowed from the mutual dependence of skilled workers and their employers in the early industrial period. In Germany, for example, industrial unionism was undoubtedly very important to the development of industrial relations institutions, but the politics of skill formation may have had as big an influence on the structure the unions assumed as vice versa.

Second, my account of skill formation and the institutions of industrial relations underscores the importance of historical sequencing in understanding institutional development and change. Where, as in Germany, early labor unions grew up in a context in which the handicraft sector already monopolized skill formation, the kinds of strategies being pursued by British unions were foreclosed as a strategic option. Or where, as in the United States and Japan, union incorporation followed the

widespread internalization of skill formation (within the firm), labor's powers within the plant would be more circumscribed.

Third and finally, the state was a critical actor in pushing institutional outcomes in particular directions. State action operates partly through direct interventions that tip the balance of power (between labor and capital, between artisans and industry), but also more indirectly by affecting how the actors themselves are constituted (labor into craft or industrial unions, coordinated or uncoordinated employers). For example, and as the Japanese case illustrates so vividly, decisions about when labor is incorporated are in fact also decisions about what kinds of unions get incorporated and as such have momentous and enduring consequences.

Bibliography

Brody, David. "Workplace Contractualism in America: An Historical/Comparative Analysis." Unpublished manuscript. 1989.

Collier, Ruth Berins and David Collier. *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America*. (Princeton, NJ: Princeton University Press) 1991.

Dobbin, Frank. *Forging Industrial Policy*. (Cambridge: Cambridge University Press) 1994.

Domanski-Davidsohn. "Arbeitskämpfe und Arbeitskampfstrategien des Deutschen Metallarbeiter-Verbandes, 1891-1914." Dissertation, Ruhr-University, Bochum. 1991.

Dore, Ronald. *British Factory, Japanese Factory: The Origins of National Diversity in Industrial Relations*. (Berkeley: University of California Press) 1994.

Eisenberg, Christine. *Deutsche und Englische Gewerkschaften: Entstehung und Entwicklung bis 1878 im Vergleich*. (Göttingen: Vandenhoeck and Ruprecht) 1986.

Finegold, David and David Soskice. "The Failure of Training in Britain: Analysis and Prescription." *Oxford Review of Economic Policy* 4:3 (Autumn). 1988.

Fulcher, James. *Labour Movements, Employers and the State: Conflict and Co-operation in Britain and Sweden*. (Oxford: Clarendon Press) 1991.

Hansen, Hal. "Caps and Gowns: Historical Reflections on the Institutions that Shaped Learning for and at Work in Germany and the United States, 1800-1945." Ph.D. Thesis, University of Wisconsin, Madison. 1997.

Herrigel, Gary. "Identity and Institutions: The Social Construction of Trade Unions in Nineteenth-Century Germany and the United States." *Studies in American Political Development* 7 (Fall), 371-394. 1993.

Herrigel, Gary. *Industrial Constructions: The Sources of German Industrial Power*. (New York: Cambridge University Press) 1996.

Howell, Chris. "Trade Unions and the State: A Critique of British Industrial Relations." *Politics and Society* 23: 2 (June). 1995.

Howell, Chris. "Unforgiven: British Trade Unionism in Crisis." Unpublished manuscript, but forthcoming in George Ross and Andrew Martin, eds. *The Changing Place of Labor in European Society: The End of Labor's Century?* (Providence, RI: Berghahn, 1999) 1997.

Immergut, Ellen. In Sven Steinmo, Kathleen Thelen, and Frank Longstreth, eds. *Structuring Politics*. (New York: Cambridge University Press) 1992.

Ingham, Geoffrey. *Strikes and Industrial Conflict*. 1974.

Jackson, Robert Max. *The Formation of Craft Labor Markets*. (Orlando, FL: Academic Press) 1984.

Knight, Jack. *Institutions and Social Conflict*. (New York: Cambridge University Press) 1992.

Kocka, Jürgen. "Problems of Working-Class Formation in Germany: The Early Years, 1800-1875." In Ira Katznelson and Aristide R. Zolberg, eds. *Working Class Formation: Nineteenth-Century Patterns in Western Europe and the United States*. (Princeton, NJ: Princeton University Press) 1986.

Krasner, Stephen D. "Approaches to the State: Alternative Conceptions and Historical Dynamics." *Comparative Politics* 16 (January). 1984.

Levi, Margaret. *Of Rule and Revenue*. (Berkeley: University of California Press) 1988.

North, Douglass C. *Institutions, Institutional Change, and Economic Performance*. (New York: Cambridge University Press) 1990.

Piore, Michael. "American Labor and the Industrial Crisis." *Challenge* 25 (March/April), 5-11. 1982.

Piore, Michael and Charles Sabel. *The Second Industrial Divide*. (New York: Basic Books) 1984.

Powell, Walter and Paul DiMaggio, eds. *The New Institutionalism in Organizational Analysis*. (Chicago: University of Chicago Press) 1991.

Sabel, Charles F. *Work and Politics*. (Cambridge: Cambridge University Press) 1982.

Schönhoven, Klaus. "Gewerkschaftliches Organisationsverhalten im Wilhelminischen Deutschland." In Werner Conze and Ulrich Engelhardt, eds. *Arbeiter im Industrialisierungsprozeß*. Klett-Cotta. 1979.

Soskice, David. "The Institutional Infrastructure for International Competitiveness: a Comparative Analysis of the UK and Germany." In A.B. Atkinson and R. Brunetta, eds. *The Economics of the New Europe*. International Economic Association Volume Series. (London: Macmillan) 1991.

Stephens, Evelyne Huber and John D. Stephens. "The Labor Movement, Political Power, and Workers= Participation in Western Europe." *Political Power and Social Theory*. Volume 3, pages 215-249. 1982.

Streeck, Wolfgang. "The Uncertainties of Management in the Management of Uncertainty: Employers, Labor Relations and Industrial Adjustment in the 1980s." *Work, Employment, and Society* 1: 3 (September), 281-308. 1987.

Streeck, Wolfgang."Successful Adjustment to Turbulent Markets: The Automobile Industry." In Peter J. Katzenstein, ed. *Industry and Politics in West Germany: Toward the Third Republic*. (Ithaca, NY: Cornell University Press) 1989.

Streeck, Wolfgang. "Lean Production in the German Automobile Industry: a Test Case for Convergence Theory." In Suzanne Berger and Ronald Dore, eds. *National Diversity and Global Capitalism*. (Ithaca, NY: Cornell University Press) 1996.

Sturmthal, Adolf. *Workers Councils: A Study of Workplace Organization on Both Sides of the Iron Curtain*. (Cambridge: Harvard University Press) 1964.

Thelen, Kathleen. *Union of Parts: Labor Politics in Postwar Germany*. (Ithaca, NY: Cornell University Press) 1991.

Thelen, Kathleen and Ikuo Kume. "Labor Politics and Skill Formation in Historical Perspective: A Comparison of Germany and Japan." Unpublished manuscript, Northwestern University and Kobe University. 1997.

Thelen, Kathleen and Ikuo Kume. "The Rise of Non-Market Training Regimes: Germany and Japan Compared." Submitted to *Journal of Japanese Studies* as part of a proposed special issue on Germany and Japan, edited by Wolfgang Streeck and Kozo Yamamura. 1997.

Thelen, Kathleen and Sven Steinmo. "Historical Institutionalism in Comparative Politics." In Sven Steinmo, Kathleen Thelen, and Frank Longstreth, eds. *Structuring Politics: Historical Institutionalism in comparative Analysis*. (New York: Cambridge University Press) 1992.

Turner, Lowell. *Democracy at Work: Changing World Markets and the Future of Unions*. (Ithaca, NY: Cornell University Press) 1991.

Weir, Margaret. *Politics and Jobs*. (Princeton, NJ: Princeton University Press) 1992.

Zysman, John. "How Institutions Create Historically Rooted National Trajectories." University of California, Berkeley manuscript. 1996.