In the past decade, training seems to have emerged as a core subject of what to many promises to become a new type of industrial relations: more cooperative and consensual, less adversarial and conflictual, with fewer costly power struggles. More and more employers have come to accept that a modern economy's competitiveness depends on the skills of its labor force. Many union leaders, in turn, no longer object to the idea that secure employment at high wages requires above all economic competitiveness. To deal with what are perceived as critical skill shortages, employers in many countries and industries urge governments and unions to join them in concerted training offensives. Governments, for their part, have moved training to the center of labor market policies. As skill formation turns into a central issue of economic policy and labor relations, previously opposed group interests and the general interest finally seem to converge; distributional conflict promises to give way to productive cooperation; and eventually what appears to be outdated political antagonism may be displaced by peaceful competition for the best ideas on how jointly to organize and implement the upskilling of a country’s, industry’s, or company’s labor force.

Still, few unions have yet thought through the implications of the resurgence of training as an industrial relations issue for their own strategy and status. Beyond general acknowledgments of the importance of skill formation, there is considerable skepticism and suspicion, especially about the intentions of employers. Among many unionists, memories of the destruction of the craft tradition under mass production in the name of economic necessity and rationality are still
vivid. More recently, unions in many places have observed an industrial restructuring process that was above all aimed at "doing more with less"—less labor, that is. The training efforts that accompanied this were too often intimately linked with downsizing, speed-up, unemployment, and intensification of work to offer strategic promise from a union perspective. Moreover, the frequent and conspicuous emphasis on "social" and "attitudinal" skills, especially in firms and sectors that have gone through the trauma of downsizing, is bound to raise suspicions that employers' real objective in training is the restoration of unquestioned managerial prerogative. And are there not enough cases where "retraining" or "further training" are no more than a cover for outright de-skilling? Or where alleged skill needs in fact serve to justify the reintroduction of discretionary wage differentials?

In the burgeoning "new industrial relations" rhetoric (for a more moderate version, see Heckscher 1988), all of this alleged to have changed recently. Employers are said to "need" high skills—as well as "good industrial relations" in a participatory work organization because of fundamental changes in their competitive environment. As markets and technology allegedly force employers into high-wage and high-skill production—turning them into "good employers" as a matter of economic self-interest—the implication seems to be that there is no longer a need for unions to impose benevolent labor practices through mobilization and application of collective political power. Now it is suggested, and not just by traditional unions foes, that unions can and should instead concentrate their efforts on the implementation of such changes as economic restructuring, modernization, and flexibility, thereby finally taking on productive rather than merely distributive functions and moving from conflict to cooperation as their main new source of influence and organizational status.

Union reluctance to embrace tripartite cooperation on training as a central new industrial relations subject ultimately derives from its unclear implications for the role of unions and the structure of industrial relations in general. In the following, I wish to argue that popular images of a harmonious "new industrial relations" based on common interests in high skills are dangerously simplistic—mixing truths and delusions, profound insights and business school rhetoric, in an almost perfect melange. The principal flaw here is a misconstrued relationship between productive cooperation and distributive conflict, or between
cooperative policy and adversarial politics, suggesting that the benevolent market pressures that give rise to "flexible specialization" signal the obsolescence of struggles over and for power. This is not just a misreading of the evidence which, as will be illustrated in more detail, supports the old insight that conflict and cooperation not only do not preclude, but often in fact presuppose, each other. In addition, by implying that unions that care about productive concerns can be no more than agents of management-determined economic necessities, it also deters unions from constructive and creative rethinking of present, primarily distributional policies. The point I would like to make here is that one can fully agree with the proposition that unions should embrace skill formation as the centerpiece of a new, cooperative, and productivistic strategy, and at the same time insist on unions' need for a strong, independent power base giving them, just as in the past, a capacity to impose rules and obligations on employers that they would not voluntarily obey or accept. I will argue that the latter no less than the former is in fact an indispensable condition for a successful joint union-management strategy of industrial upskilling, even from the perspective of governments and employers. To do this, I begin with a brief general discussion of the relationship between unionism and the sphere of production.

Unions and the Supply Side

Mainstream unions in the postwar period have almost universally conceived of themselves as agents of distributive and redistributive politics, not of production. As such, they were reluctant to discuss their activities in terms of their impact on, or their contribution to, efficiency and productivity—and indeed usually such discussions were forced upon them by employers, conservative governments, and hostile academics. Nevertheless, the ideological self-stylization of unions as exclusively devoted to distributive concerns, enabling them to decline direct responsibility for the well-being of national economies and individual enterprises, was not only historically new but also factually incorrect. This was because, through their very concentration on distribution, unions in the Keynesian-Fordist world of postwar Social
Democracy contributed to economic performance both by more or less explicitly accepting managerial prerogative at the workplace, and by helping stabilize aggregate demand and increase the economy’s propensity to spend at the macro level. In fact, unions’ very power in distributive politics was conditional on the productive functions that their emphasis on distribution performed for the economy as a whole; and it was only because of these that unionism could come to be regarded by governments and employers as serving not only particularistic but also general interests.²

Today the Keynesian configuration is history (Skidelski 1979). For many reasons, the critical problems of the economy have migrated from the macro to the micro level, from the demand to the supply side, from the amount of output to its structure—and from distribution to production. In the process modern unionism has been thrown into disarray. Having comfortably located themselves in the distributive politics of macroeconomic demand management, unions are now faced with an apparently irreversible breakdown of the felicitous convergence of particularistic interest representation and the promotion of the general interest that had in the Keynesian period sustained both their institutional position and the economy.

Why do unions typically have such a hard time asserting themselves in the changed political economy of the 1980s and 1990s? The supply side has been called the “kingdom of the bourgeoisie” (Przeworski and Wallerstein 1982, p. 59). At first glance, production requires above all cooperation and compliance, not conflict and resistance. Likewise, structural change and industrial adjustment have to be responsive to market conditions; if they are driven or constrained by distributional politics, the result is all-too-often disastrous. Moreover, unlike the demand side which is governed by politicians, the supply side and the microeconomics of individual enterprises are run by managers; while politicians are subject to a similar set of incentives and strategic imperatives as union leaders, and therefore are often sympathetic with them, managers are not. Also, the micro level is a world, not only of diverse conditions in different sectors and workplaces, but also of competitive market pressures. Unions that get entangled in these may lose their capacity to impose general rules on the economy as a whole, find their internal politics and their organizations fragmented by divergent member interests, and run the risk of being torn apart by identification of
their members with the competitive needs and interests of their employers.

Not that there was, even in an orthodox view, no place at all for unions in an economy driven from its supply side. Today unions are again and again invited to "cooperate" with management in restructuring, in rebuilding competitiveness, improving quality, increasing productivity, and other efforts. But typically such cooperation is not meant to entail much more than union leaders explaining to their membership why it is necessary to comply with whatever management determines is required—for example, more training and retraining. The rewards held out for such cooperation are improved economic performance, with an uncertain share of the benefits accruing to union members, and perhaps management abstention from trying to break unions and run the workplace unilaterally. Indeed not a small number of union officials all over the western world today pursue cooperative policies for exactly these reasons, and for no others. Correspondingly, unions in stronger industries or with a more secure organizational base often prefer not to get involved in a kind of cooperation that seems to offer them essentially no other role than that of subordinate agents of management-determined economic, or "strategic," necessities.

Drawing on training as my example, I argue that just as in the past on the demand side, there are today on the supply side numerous opportunities for unions to combine independent, powerful representation of member interests with a pursuit of general social and economic interests. Exploring such opportunities indeed requires cooperative policies and strategies. But the type of cooperation needed here is far from passive acceptance of managerial decisions or self-limitation of unions to the implementation of them. Quite to the contrary, forceful intervention in, and regulation of, managerial behavior are required, with unions potentially and eventually appropriating, through collective political action, a significant share of the responsibility for productive performance. This is so, and indeed cooperation is necessary in the sense that it is competitively superior to managerial unilateralism, because the supply side of a modern industrial economy is a kingdom of the bourgeoisie only on the surface. In reality, it is rather a magic kingdom full of paradoxes and contradictions, the most important of which is that the king cannot properly govern, either in his own interest or in that of his subjects, unless he is himself governed by these—a
king who needs to be constrained by a powerful citizenry in order to be able to accomplish what he would like to accomplish; a king, as a prisoner of his passions, faces dilemmas that he can solve only if he is compelled to do so by others.

Skills and Effective Supply

Union involvement in skill formation may well be the successor in the post-Keynesian political economy to what wage formation was for unions under Keynesianism, being as important and performing the same functions for them. Understanding the politics and institutional dynamics of training constitutes a major step towards a theory of effective supply to succeed older theories of effective demand, and may help unions adjust their position in the political economy to new conditions and realities. In training as well as, before, in demand stabilization, the possibility for unions to perform a useful function for both their members and the society at large derives from the fact that their opponents—capitalists or management—are confronted with vexing dilemmas between their collective long-term and their individual short-term interests. In the Keynesian world, this was the dilemma between the need for high and stable purchasing power and the desire to cut costs. The solution was cooperation between employers, forced upon them by unions through the exercise of collective power in industrial conflict, and often also by governments through legal intervention. More specifically, unions imposed on employers a more or less uniform and rigid wage pattern, thereby taking wages out of competition and insuring investors against the downward spirals in purchasing power that may result from competitive cost-cutting. In this way, collective action of workers created the stable and growing product markets that enterprises in the era of mass production needed to invest and grow.

In a market economy, training poses similar problems for employers on the supply side to that of aggregate demand stabilization on the demand side, and it offers similar opportunities to unions to build a base of independent power. What wage bargaining was for distributional unionism, training may become for unions working on and
through the production side of the economy and making their peace with it: an opportunity for *conflictual cooperation*, or cooperation through conflict; for redistribution in the general interest; and for deep involvement of unions in the management of an advanced industrial economy and society. In short, this is because:

1. In certain growing but highly competitive product markets, a rich supply of skills, and especially of broad, experientially based general work skills, constitutes perhaps the most important source of competitive advantage for firms.

2. The skills that are most needed in such markets are of a kind that can be generated only with the active involvement of employers. This is because such skills are most likely to be generated through work-based learning in close proximity to the work process, and clearly *not* in schools.

3. While the acquisition of today’s critical skills requires the utilization of workplaces for nonwork purposes, most employers, *if left to their own devices*, will not do enough for skill formation, in part because of individually unsolvable problems of calculating expected returns on investment, and in part because in an open labor market skills are, in an important sense, collective, or public, goods (Becker 1975).

4. Unions, if properly supported by public policy, have the capacity to make employers train, and may well develop the motivation to do so.

I have elaborated these points elsewhere (Streeck 1989). For the present purpose, I would like to confine myself to a few selective observations.

*The Relationship Between Modern Technology, Work Organization, and Skills*

Modern technology is less than instructive with respect to the skills needed to operate it (Brödner 1990; OECD 1988). The reason is that microelectronic circuitry can support radically different patterns of work organization. Vastly increased capacities to process and transmit information allow for centralization of control and differentiation of tasks far beyond what has been possible only a decade ago. At the same time, they also enable organizations to delegate decisions to flex-
ible subunits with integrated, overlapping functions, so as to respond better to more complex and specific demands from their environment.

Different patterns of work organization give rise to different skill needs. A centralized and functionally differentiated organization requires a small number of highly skilled employees located in staff-like departments remote from the actual production process, and a large number of unskilled or semiskilled operators with narrowly specialized tasks waiting to be eliminated by automation. By comparison, a decentralized and functionally integrated work organization will have short hierarchies and will require a relatively even distribution of skills.

Beliefs about a trend towards upgrading work in modern production systems, about urgent needs for improvements in initial and further training, about a "skill gap" in the workforce, or about skills as a crucial resource for international competitiveness are all premised on the assumption that in the future, most productive work will be done in less centralized and less functionally differentiated organizations. To the extent that firms will be compelled to exploit the potential of microelectronic information technology for decentralizing and reintegrating work tasks, it is argued that they will have to rely on a large supply among their workforce of a combination of cognitive-technical, attitudinal, and social skills that together form the basis for what may be called "decentralized competence"—where competence means both the organizational autonomy and the individual ability of workers to make correct and responsible decisions embedded in and related to the context of the organization at large.

**The Relationship Between Product Markets, Product Strategies, and Productive Flexibility**

While the skill needs of employers using new technology depend on how employers choose to organize work, that choice, in turn, is related to the product market in which a firm operates. Decentralized competence seems to be particularly conducive to, or outright required for, small-batch production or customized production of goods or services designed to fit the specific needs of individual clients. This is because decentralized competence provides organizations with a high degree of internal flexibility in general and a capacity for fast retooling in partic-
ular, i.e., for switching from one product, or batch of products, to another.

Producing a diverse and changing range of products at a high quality level requires not only a strong engineering capacity that allows for a high rate of product innovation. It also demands close interaction between the organization and its customers, as well as between different organizational functions such as marketing and product engineering, or product engineering and production. For this to be possible, employees in different parts of the organization must be able to understand each other's job, and sometimes to substitute for one another. That is, their qualifications must overlap (Gustavsen 1986). Moreover, rapid product change is facilitated by work groups integrating, like small firms, a wide range of tasks and thereby becoming more independent from concurrent decisions or supporting activities of differentiated, functionally specialized units. This calls for duplication of skills across organizational subunits. Productive flexibility thus necessitates redundant (i.e., overlapping or duplicated) organizational capacities that can be economically sustained only if other overheads, like quality control, supply management, or worker supervision, are cut—which again demands integration of previously separate, specialized tasks in front-line production work.

Overall, it appears that today's product markets place a premium on customization (Piore and Sabel 1984), and that firms that are flexible enough to engage in small-batch or customized production can command higher profit margins, are less vulnerable in their market position, and are likely to enjoy more long-term stability. Ultimately, this is based on the experience that in the highly competitive 1970s and 1980s firms, or national economies, that were capable of offering more diversified and customized products fared better than more traditional producers of standardized mass products. There is some disagreement as to why this should have been the case, to what extent product markets have really changed, and how large the new markets for what has been called "diversified quality production" (Streeck 1991) actually are. What seems clear, however, is that the economic attraction for employers of small-batch or customized production is often conditional on the prevailing wage level in a given country or region—firms that can bring down their wages far enough may have the alternative to survive as mass producers. The problem is that in a more and more global
economy, mass markets tend to be increasingly taken over by producers from newly industrializing countries where wages are so low that firms in old industrial countries may, for all kinds of reasons, find it impossible to compete.3

In addition, it seems that the distinction between mass and customized markets is more fluid than is often believed. Given the productive flexibilities made possible by information technology, especially in combination with a work organization that emphasizes decentralized competence, small-batch producers and customizers are often able to transform mass markets into markets for more customized products, as mass producers in the course of industrialization transformed craft markets into mass markets. This is because high productive flexibility makes it possible to narrow the cost differential between customized, or semicustomized, and mass production to a point where the (still) higher price of nonstandardized goods or services is compensated by their better match of the customer's individual needs. To the extent that advances in customized and semicustomized production methods make this possible, mass markets shrink and differentiated quality markets grow.

In sum, as product markets fragment, the market a firm serves becomes increasingly subject to "strategic choice." Simultaneously, as technologies become more undefined and malleable, the products that are produced with them, and the organization of work that surrounds them, are less determined than in the past by a technology's intrinsic properties; they, too, have to be strategically chosen. Given existing technologies and demand structures, a firm can in principle aspire to be either a quality-competitive producer of customized goods with a flexible, fluid, and decentralized work organization, employing highly skilled workers at a high wage, or an efficient price-competitive producer of standardized goods with a centralized and formalized organizational structure, unskilled labor, low wages, and high-wage dispersion (see Carnevale 1991; CSAW 1990).

The Institutional Sources of Skill Use and Skill Development

The long controversy on the direction of skill development under capitalism can now by and large be considered settled. Whether or not
employers prefer de-skilled over skilled labor cannot, in Bravermanian fashion, be decided deductively and once and for all. The question can sensibly be answered only when placed in the context of wage-setting mechanisms, the regulation of employment contracts, patterns of work organization, styles of technology use, and firms' strategic product market decisions (Sorge and Warner 1988). Today managerial choices between downskilling and upskilling are clearly not driven by technology as such; microelectronic circuitry can be used for cutting costs by eliminating skills and human intervention, as well as for increasing product quality and variety by enriching the productive capacities of well-trained workers. Downskilling presupposes, among other things, downward flexibility and wide dispersion of wages, enabling employers to adjust wages to relatively declining labor productivity, as well as high numerical flexibility of employment, permitting rapid adjustment of labor input to market fluctuations and making it unnecessary to provide for workers' internal redeployability through training. By comparison, rigid and high wages, an egalitarian wage structure, limited access of firms to external labor markets, and limitations on the deployment of new technology for "rationalization"—by making it impossible for firms to be profitable in mass markets for standardized, price-competitive products and forcing them to try and serve differentiated, quality-competitive markets—tend to forbid downskilling and instead induce firms to raise the skill level of their workforce.

The Importance and the Difficult Economics of Work-Based Learning

Consensus is growing that today's advanced work skills are best acquired at or near the workplace (for the United States, see OTA 1990). Workplace-based training, where it is up to its new task, is quite different from traditional on-the-job training. Its task is to impart, for the mass of the workforce subject to easy, flexible hiring and firing, cheap, narrow, workplace-specific skills supplementing the general skills produced in public educational institutions. The growing need to use the workplace for training purposes is related to the fact that with fast-changing and highly flexible technology, and with fast product turnover, work routines can never become so established that execution can be neatly separated from conception. Work in such environ-
ments amounts to continuous experimentation with, and permanent "debugging" of, new processes and machine setups. On the part of operators, this requires, in addition to high cognitive skills (literacy and numeracy), an intuitive feel for the work that can only be gained from experience, as well as a range of motivational, attitudinal, and social skills that cannot be adequately developed outside "real work" production situations with their pressures and constraints. This is one reason why countries like Japan and Germany, where most industrial skill formation takes place in work settings, are so advantaged by their human capital endowment. Put in more general terms, the skills required for advanced industrial competitiveness are most likely to be available where it is possible to transform the workplace into a place of learning in addition to a place of work (i.e., to place a large share of the training burden on firms and managements and make them accept the utilization of the enterprise not just for production but also for skill formation).

Mainstream labor economics proceeds from the seminal insight that in an open labor market, returns on investment in general skills cannot be internalized by individual firms since such skills are transferable from one employer to another. This is why such skills will not be produced unless the costs are borne by the worker as an individual or as a taxpayer (i.e., in the latter case, by the general public). Keeping expenditure on and responsibilities for general and specific skills apart is greatly simplified if general skills are taught outside the workplace in specialized training organizations—schools—while specific skills are generated at the workplace. To the extent that the workplace is used to produce general skills, which is not likely to be typical, workers must be willing to accept a pay cut equivalent to the cost of the general training they receive, or the government must reimburse employers for their expenses. The first solution presupposes that general training can indeed be paid for out of a share of a worker's wage during the training period; both assume that the costs and returns of training at the workplace can be reliably established.

All these assumptions have come under heavy pressure. As has been pointed out, there is for a variety of reasons a fundamental school failure with respect to the formation of general work skills. As a result, to the extent that an economy depends for its competitiveness on high skills, a growing share of its general training effort has to be carried out
at its workplaces. Typically, the costs of such training are high and can be recovered by individual employers only over a long period far exceeding the time of training, and with some reasonable commitment by workers not to move to another employer. The benefits of workplace training for employers inevitably become vulnerable to being pirated by competitors. Unlike previous types of market failure, this problem cannot be remedied by unilateral public provision, since that fails to produce the desired type of skills.

Moreover, the exact costs of workplace training defy conventional accounting and can therefore not easily be reimbursed. Workplace learning is optimally effective in a group-based or team-centered work organization that is more open and "porous" than what traditional industrial engineering prescribes. While this may in one sense increase costs, or at least make costs less easy to detect, it may at the same time engender quality improvements and productivity increases. To this extent, workplace training may pay for itself. In any case, an offer by the public sector to pay employers for general training at the workplace is likely to encourage all kinds of "creative accounting." Also, employers may feel induced to rely on more traditional, classroom-style training, the costs of which are easier to establish. The inevitable conclusion is that adequate utilization of the workplace as a learning site requires that employers pay a significant share of the costs of general training.

The difficult economics of workplace training require public intervention of a kind that makes unilateral provision look simple by comparison. The assumption by employers of responsibility for training in workplace-unspecific skills, as appears optimal for competitive performance, demands effective imposition of social obligations to train, as a substitute for insufficient individual market incentives and as a way of taking training costs out of competition. In open labor markets, employers competing with each other will always be under a temptation to "cheat" by not investing in general training and hiring skilled workers from their competitors. What is more, the mere prospect that others may behave in this way is likely to deter employers from training even if the result will be a general skill shortage. Societies that have at their disposal institutional or cultural mechanisms by which to oblige firms to cooperate in training are likely to enjoy competitive advantages as they will be able to protect their firms from the dysfunc-
tional consequences of market-rational behavior for the production of skills as collective goods. The governance of workplace training, like that of workplace relations and the employment contract in general, is best assigned to legally supported and facilitated joint regulation between management and labor at the point of production. The same reasons that speak for collective bargaining as an alternative to both managerial unilateralism and direct government intervention in the workplace also speak for an orderly sharing of responsibility for governing the workplace as a place of learning.

**Union Policies on Training: From Consumption to Investment**

Unions in advanced industrial countries differ widely in their attitudes towards training. The spectrum extends from outright hostility among radical unions of unskilled workers (as in parts of the Communist French CGT), to indifferent lip service to the idea of shared, public responsibility for skill upgrading; and to long-standing support for, and involvement in, initial and continuous training (e.g., in Denmark or Germany). However, even where unions have accepted training as a current concern, there usually is still a long way to embracing it as a core subject of union strategy.

This is not only because there is a temptation for unions that support training to do so in the traditional framework of distributive politics, conceiving of training as a basically consumptive nonwage benefit. More important, training tends to be regarded by many unionists as an investment employers make out of economic self-interest, as required by technology and product market conditions. To this, the principal *modus operandi* of unionism—the creation of entitlements for workers—does not seem to apply. As long as it is assumed that "employers know what they are doing" (i.e., that product market signals are sufficiently instructive for employers to "do what is needed" on training), there is simply no reason for unions as unions to expend scarce bargaining power on making employers train. For this to make sense, union confidence in employers' ability to act with economic rationality must be less than complete. An active union policy on training, in other words, presupposes that the limited capacities of the self-proclaimed
king of the supply side to act in his own interest are thoroughly appreciated.\textsuperscript{4}

A positive union policy on training may also take off from the insight that advanced skills require investment not just by employers but also by workers, and that such investment is indeed more likely if supported by negotiated entitlements—albeit, of course, to invest rather than consume. More generally, the opening for unions becoming agents of a more-than-distributive training policy lies in the incompletion, as it were, of the human resource investment functions of both employers and workers—being due to a lack of resources on the part of the latter, and the inherent limits of rational return-on-investment calculations for the provision of work-based training in high, broad, experiential skills on the part of the former. Here as elsewhere, gaps in the instructive capacity of product markets and technology have to be filled, and conflicts between individual and collective rationality overcome, by institutional rules and social norms enabling rational economic actors to act in their rational economic interest.

\textbf{Union Intervention in Training}

Independent union intervention in cooperative training and human resource policies must combine the imposition of institutional constraints on managements that foreclose low-skill, low-wage paths of industrial adjustment, with the creation of institutional opportunities for managements to pursue successfully a high-skill and high-wage policy. Constraints and opportunities must be built simultaneously; while the former without the latter suffocates economic performance, the latter without the former results in a dual economy with widely divergent conditions and performance levels, and very likely an under-utilization of productive opportunities due to unchecked temptations for employers to defect from more demanding high-skill and high-wage production patterns.

How specifically unions can deploy their political and organizational capacities to build the constraints and opportunities required to make employers train, and what those constraints and opportunities could be in a given economic and political setting, depends on the situ-
ation and, of course, the creativity of the actors involved. What can generally be said is that cooperation on training is not only compatible with conflict, but indeed may require a conflictual capability of unions for its success. Examples where rigorous pursuit of, in part quite traditional, union objectives—if necessary against employer resistance—complements and makes effective a cooperative strategy on training are:

1. Defense of high wages and a relatively flat wage structure, so as to foreclose the option of low-wage, low-skill employment. High and downwardly rigid wages force employers to raise the productivity of their workers to match the given price of their labor, rather than depress wages to the level of workers' given marginal productivities. The more flexible the wage, the lower the interest of employers in training. The higher the wage spread, the more selective employers' training investment will be. Given the inherent indeterminacy of skill needs and the benefits of a rich skill environment for advanced competitiveness, highly selective and targeted human resource investment is, almost by definition, likely to be economically suboptimal.

2. Insistence on obligatory, standardized workplace training curricula that firms have to follow if they want to train for a particular skill or occupation. These curricula must be broadly defined, so as to prevent overspecialization and provide the ground for future, further training. Standardized curricula also serve the important function of enabling workers to quit and carry their skills with them. This ability constitutes a major source of union and worker power that can be defended only if training regimes are centralized. Moreover, by barring employers from generating skills that are too workplace-specific, generally binding curricula provide the constraint as well as the opportunity to produce exactly the kind of broad, polyvalent skills that they need most.

3. Use of the union workplace organization, or whatever structure of worker representation may exist at the workplace, to ensure that training follows the standardized curriculum and neither becomes too workplace-specific nor is absorbed in productive work. Without an effective, on-the-ground enforcement mechanism, unions and workers cannot live with a high differential between training and skilled wages. Effective union supervision of workplace training, ensuring that it remains just that, is an important safeguard against the temptation for
management to extract more productive work from trainees, thereby neglecting their firm's own longer-term interests.

4. Defense, or extension, of legal and other provisions that protect employment continuity and stability. Employers who can satisfy their skill needs and change the skill composition of their workforce by firing old and hiring new workers will have less incentive to train than employers who face fewer employment rigidities. An economy where employers have the option of turning to the external labor market for skills, instead of training or retraining their existing workforce, will tend to suffer from a general skill deficit. This is so not least since the expectation on the part of employers that their competitors will seek external rather than internal adjustment constitutes a strong disincentive to train, even in periods of obvious skill shortages and even for firms that feel severely constrained by these.

5. Imposition of a flat wage regime with the few wage grades and job classifications, which rewards knowledge rather than activities performed. Wage structures of this kind allow for easy redeployment of workers, which affords firms a degree of internal flexibility that makes the constraints of external employment rigidity bearable. Even more important, with the right kind of pay system workers will not only be willing to acquire skills but will also accept internal mobility—in part because it helps them learn.9

6. Active pursuit, as an objective in its own right, of an anti-Taylorist policy of work organization, aimed at imposing on employers negotiated obligations to move towards broad job descriptions, a low division of labor, long work cycles, and reintegration of tasks. In addition to improving working conditions, such a policy contributes to making low-skilled labor unusable by eliminating the type of jobs for which it was in the past typically hired. Coupled with external employment rigidities and internal employment flexibility, de-Taylorization of work organization thus constrains as well as induces employers to invest in training.10

7. Negotiation of training and retraining plans with employers, setting a mutually agreed human resource policy for enterprises, regions, or industries. Such agreements would have to create enforceable entitlements for workers to be trained and retrained at the workplace on a current basis, not just in emergencies, and under general as well as workplace-unspecific curricula. Given that firms lack instructive eco-
nomic criteria as to what kind of skills and how many they need; and given the advantages quality-competitive firms, industries, and regions derive from a rich supply of excess skills, there will be ample space to accommodate egalitarian demands for underendowed groups in the workforce to be included in training. In fact, it will be through negotiated entitlements to learn at work that unions will contribute most to the broad and unspecific skill formation that firms in demanding markets need but find so hard to generate on their own.

A Strategic Perspective?

Unions today have a unique chance to return in a productive way to their craft heritage (Piore 1986). Craft unions were producers of skills as well as sellers. Up to the present day, there are industries in the United States where high standards of training at the workplace, and indeed the very provision of such training, depend on strong craft union presence and disappear with the decline of unionization.

But it is also true that in their distributional battles with Bravermanian employers, craft unions often redefined skill in terms of exclusive rights of their members to narrowly demarcated jobs. In that process, unions’ contribution to the production of skills began to take second place to the defense of craft prerogatives. Where craft unionism, or important elements of it, survived, it all-too-often deteriorated, under the pressure of employers’ de-skilling strategies, into a reactive defense of status and privilege. In such cases training lost its productivist meanings: at the worst, it became reserved for small groups of carefully selected apprentices, with restricted access serving to maintain a high differential between skilled and unskilled wages, and turned into an increasingly well-paid, waiting period for accession to the labor aristocracy, without much of a meaningful curriculum. This, in turn, made it easier for employers to attack unions as special interest groups impeding both industrial progress and fair access to good jobs. Deunionization and the destruction of apprenticeship can thus be presented by employers as efficient as well as equitable.

In a perverse alliance, then, industrial employers bent on de-skilling and craft unions narrowly representing only their members, often
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enough played into each other’s hands. The dismal results were unhappily reinforced when industrial unionism appeared and found in deskillling the promise of a homogeneous workforce easy to organize in inclusive unions around distributional concerns and without entanglement in the sphere of production. This configuration prepared the ground for the postwar compromise between capital and labor, in which the latter agreed to leave production to management and accomplish its egalitarian objectives through distributive collective bargaining and social policy. With the ascent of Fordism, training was no longer much of a concern.

There is nothing in the present return of skills onto the industrial relations agenda that would compel unions to give up the egalitarian values they inherited from industrial unionism. In fact, in a world in which redundant skills may be necessary for competitive economic success, the two traditions of unionism may now be able to converge in a policy of negotiated general upskilling, conducted and enforced in cooperative conflict with employers and in creative partnership with governments, and indeed much facilitated by the internal organizational dynamics of industrial unionism. Who will be king on the supply side is far from being a foregone conclusion.

NOTES

*I am grateful to Joel Rogers for constructive comment. The usual disclaimers apply.

1. In reality, of course, the matter was more complicated. In all western countries in the postwar period, there were sporadic demands by unions for involvement in managerial decisions. Mainstream unionists typically had a hard time deciding if these were a right-wing sellout to capital, or a Communist attack on the market economy and, with it, free collective bargaining. The mainstream Nur-Gewerkschaften, to use Marx’s term, hated both. To keep his distance from the inscrutable ambivalence and the puzzling political contradictions of productivism, right or left, he would insist that the union’s proper concern was fundamentally different from management’s; that the two were confounded only at the union’s and, perhaps, the economy’s and democracy’s peril; and that while management was in charge of efficiency, or economic issues, the union was to look after equity, or the social questions. Coexisting with this strand of unionism were other, older strategic orientations that sometimes looked “cooperative,” or “yellow,” and sometimes “radical,” or “red.” Their difference from mainstream centrisn was that they sought an active role for unions in the efficient organization of production. In some countries, these in fact became the mainstream: the “left” version in Sweden, the “right” version in Japan, and a peculiar blend of the two in Germany (viz. that chameleon-like institution, codetermination). The matter is made even more confusing by the fact that rhetoric and behavior did not always coincide, so that one found, for example, distribution-minded centrists supporting wage moderation in the name of economic growth.
2. For the workplace, Freeman and Medoff (1984) have produced econometric evidence that unions, even in the United States and in contradiction of received wisdom, increase productivity. For more recent confirmation, see Mishel and Voos (1991).

3. Firms in high-wage areas that do not want, or are unable, to develop productive flexibility may also, of course, relocate to low-wage countries.

4. Again, this does not appear to be a clear-cut left-right issue. Confidence in the superior economic wisdom of owners and managers can be found both among “cooperative” unionists for whom cooperation consists of rallying their members behind management-defined economic inevitabilities, and among “arms-length,” “adversarial” opponents of cooperation who want to confine unions exclusively to extracting distributive concessions. The latter position implies that the economic basis for such concessions can be safely produced and reproduced without union “involvement,” i.e., by management acting on its own.

5. A different but related question that I will not address here is how unions with weak or declining organizational capacities, for example in the United States, can use involvement in skill formation to build or protect such capacities. Much depends in this respect on whether employers, and perhaps the state, perceive existing skill deficits as so critical, and their own means to deal with them as so limited, that they are willing to pay a political price to whoever may be able and willing to help them out. This would imply that if unions could come up with an effective contribution to skill formation that only they can make (or that they can make better than others), they could in principle “sell” that contribution in the same way and for the same kind of returns as they have in the past sold their more traditional “product”—peace at the workplace. As Joel Rogers reminds me, unions thrive if their policies satisfy three conditions: they must be advantageous to their members and possible members; they must give employers something that they want, but cannot get on their own; and they must make a visible contribution to the “common good.” Promotion of effective skill formation, especially at the workplace, may very well do all of the above.

6. As will easily be recognized, my list draws in large measure on the German experience (Hilton 1991; Lane 1989; Streeck et al. 1987). However, this is only because I happen to know that experience better than others. To the extent that there may be lessons from the German case for other countries, these would consist of a number of general principles rather than concrete institutional cookbook recipes. I believe that most of those principles have to do with the insufficiency of a market mode of skill formation; the crucial importance of using the workplace as a place of learning; the dangers of off-loading training to the state; the need, resulting from this, for mechanisms generating social obligations for employers to train, thereby transcending the limits of a liberal-voluntaristic training regime; and the potentially extremely productive role unions can play in generating such obligations. On the basis of what I think I have learned from the German case, I would be inclined to predict that where such principles are neglected, skill formation and advanced industrial competitiveness will lag behind German (and Japanese) standards.

7. A low wage spread at a high overall wage level induces employers to distribute their human resource investment more evenly. This presupposes relatively low training wages, especially for young people—which may or may not be difficult to concede for unions. The narrower the gap between training wages and skilled wages, the larger the productive component of a trainee’s activities at the workplace, as distinguished from its investive, training component.

8. While this might appear alien in an American context, it is not so at all. Not long ago apprenticeships were a major mechanism of skill formation in the United States. Their rapid decline in the recent past derives from the combined effects of de-industrialization, declining real wages, and de-unionization, not from a basic incompatibility of externally regulated and standardized workplace-based training with the American culture.

9. While a low wage spread above a high wage floor creates an incentive for employers to train, it may constitute a disincentive for workers to learn. The latter seems to have been one of
the unanticipated consequences of Swedish "solidary wage policy." Unions taking an active role in skill formation will have to search for a "saddle point" where wage differentials are low enough for employers to be willing to provide training to the workforce at large, and high enough for workers to justify the effort of undergoing training. (To make remaining wage differentials effective with respect to training, they should to the greatest possible extent be based on knowledge.) One would expect that the ideal level of wage differentiation should be found somewhere between the extremely high American and the extremely low Swedish wage spread.

10. To advance more comprehensive job demarcations as well as facilitate the move towards an ability-based payment system, unions could negotiate higher wages for workers who have undergone training, regardless of whether or not their additional qualifications are actually used. This will be a strong incentive for managements to reorganize work in such a way that the new skills can in fact be utilized—which will in turn make it easier for unions to push for a less fragmented work organization. Being forced to use newly generated qualifications by reorganizing work so as to accommodate them, managements will be educated about the possibilities and advantages of high-wage and high-skill production, and in this way unions may provide further training to management in their own long-term interests.

11. That is, where they were given the chance to do so, especially in the Anglo-Saxon countries. For a variety of reasons, the development was quite different in Germany and Scandinavia. Still, the differences are gradual and not categoric, and at least historically the dynamic described here was present everywhere.

12. This was the case particularly in Britain where apprenticeship typically deteriorated into "time served," at declining pay differentials between skilled workers and apprentices. As a result it almost completely disappeared.
Chapter 10 References


