1993

Introduction [to Economic Restructuring and Emerging Patterns of Industrial Relations]

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Citation

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Introduction

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Over the last 20 years, global competition, product obsolescence, and excess capacity in traditional industries have brought about profound changes in the structure of the world economy. In response to these changes, unions, corporations, and governments have struggled to develop economic policies that will ensure adequate returns on investment, create or save jobs, and anchor industries within national borders. The purpose of this book is to review innovative responses to economic restructuring that have involved the joint efforts of unions, corporations, and government.

The record of these initiatives forms a mosaic of varied responses and results. Through a year-long series of seminars conducted by the Center for Labor Management Policy Studies of the City University of New York, culminating in a conference in the fall of 1990, analyses of efforts were presented where workers and their unions, businesses and government at the local, regional, or state level, have worked together to develop economic restructuring processes. These efforts include case studies from Western Europe, as well as detailed examination of U.S. examples, particularly state-level efforts from Michigan, Massachusetts, and Pennsylvania. The analyses emphasize the role of industrial relations in these processes. Detailing the seminars and the conference, this book serves as a resource for unions, businesses, and government on current economic restructuring activities and as a survey of current thinking about the process of economic restructuring, particularly the often neglected role workers and their unions play in this process.¹

The wide-ranging economic shocks of technological change and global competition have produced fundamental changes in the past two decades. In the steel industry alone, 460,000 American jobs were lost during the 1980s, cutting the membership of the United Steelworkers
of America in half. In the automobile industry, General Motors, Ford, and Chrysler all experienced reductions in the workforce and market share throughout the 1980s, and judging by recent announcements by GM that another 74,000 jobs will be cut over the next three years, the trend will continue. These changes have altered the respective roles of workers and their unions, management, and government in economic development. As the response time to these continuing changes shortens, considerable experimentation is underway in Western Europe and the United States to find the proper mix of employee involvement in managerial decisionmaking and government support for restructuring efforts. No clear paradigm has yet emerged that would replace the traditional adversarial relationships between labor, management, and government which in many respects have been institutionalized.2

In the United States, the importance of developing a coherent national economic restructuring strategy is becoming increasingly clear. President Bush's trip to Japan in January 1992 with a cadre of influential American CEOs highlighted the lack of a national strategy beyond the need to open up Asian markets to American products. The cases in this book point to a general direction for plotting a policy that is responsive to the highly competitive global economy in which enterprises large and small now operate.3

The 1989-90 seminar series brought together practitioners to report on and critically assess the reciprocal relationships among technological change, economic restructuring, and industrial relations. During the course of the project, three main issues were examined: the extent to which work organization and market share or competitive position are influenced by technical innovation; how these changes are conditioned by government policies; and the role collective bargaining relationships between unions and companies play in the economic restructuring process. The answers provided in these case studies are essentially qualitative judgments for which the analysis of cross-national experiences is of considerable value. The comparative perspective allows one to identify those patterns that are specific to particular conditions within and between nations and regions, and those that form a more universal set of relationships. The case studies from Western Europe and the United States provide a context for two "thought" pieces, one by Wolfgang Streeck and one by Charles Sabel, on the implications these efforts have for industrial relations.
While the exact mix of the respective roles of labor, management, and government varied in the cases examined, the project concentrated on efforts in which these three sectors are working cooperatively to address economic restructuring. More specifically, the project focused on collaborative efforts to expand and deepen market share through more diversified, higher value-added and customized products, and the reorganization strategies initiated to achieve these goals. The seminars primarily, though not exclusively, dealt with unionized workforces in manufacturing industries.

In both pieces by Charles Sabel and by Wolfgang Streeck the emphasis is on the importance of taking into account an institutional perspective of the labor market. The social dimension of economic restructuring is in part based upon the collection of institutional competencies that make, in specific conditions, positive contributions to competitive market performance. The case studies, which are briefly described below, sought to identify what specific conditions and institutional mechanisms facilitated successful economic restructuring.

Case Studies of Economic Restructuring—European Experience

The first three case studies are from Western Europe. They were selected for their diversity of experience and for their emphasis on different aspects of the economic restructuring process. The three cases, from the Emilia-Romagna region of Italy, from Andalusia, Spain, and of the Auroux laws in France, are similar to the United States in that in each case unions at the national level are relatively weak.

Making transnational comparisons is always a difficult task, but we believe that the cases selected have important lessons for American policymakers because the problems faced in each case were roughly comparable. During the course of the seminar series we also hosted sessions on German codetermination and Swedish social democracy. We elected to include the less well-known examples from Italy, Spain, and France even though many people, particularly those in the labor movement, aspire to the high level of coordination that has prevailed between business, labor, and government in Germany and Sweden. It
bears noting, however, that the paper by Wolfgang Streeck on training as a strategic variable in economic restructuring borrows heavily from his experience and understanding of the German system.

The first case study, by Bruce Herman, analyzes the successful economic development of Emilia-Romagna, Italy. As explained by Herman, Emilia-Romagna has undergone a dramatic transformation in the past 50 years, moving from fascist domination and civil war to a situation of broad economic well-being and 40 years of government by the Italian left in the region.

In the 1950s, the Emilian economy was based primarily on agricultural production. What manufacturing did exist was concentrated in a small number of very large, vertically integrated firms. As manufacturing grew, there was a decline in large firms and a proliferation of small firms. Initially, the small firms of Emilia-Romagna served large enterprises as dependent subcontractors. To overcome the negative consequences of this situation, small shops learned to diversify their client base through horizontal linkages to other firms. Stronger commercial linkages reinforced the tendency of industry sectors to cluster, further stimulating the consolidation of industrial districts comprised of firms involved in different stages of production.

Supporting industrial restructuring in Emilia-Romagna is a system of business services rooted in public/private cooperation. At first, industry experts were provided by trade associations to take advantage of appropriate economies of scale and cut overhead costs for member firms. Following the lead of the trade associations, regional and local governments became actively involved in economic restructuring, as has the trade union movement in Emilia-Romagna.

Local unions, particularly the FIOM (the metalworkers union), have concentrated on using the collective bargaining process to broaden participation and gain more autonomy within the process of production. Beginning in 1987 the FIOM began to sign a series of agreements aimed at establishing more participatory cooperation through group-oriented work organization. Still in its initial stages, the FIOM is making sure that the shop floor is not overlooked. The Emilian case shows the importance of strategic alliances between firms and the role that government and organized labor can play in fostering these connections.
The second European case, by Michael Barzelay, is from Andalusia, Spain. The focus of this paper is entirely different from any of the others in this collection in that the role workers or their unions play is tangential to the economic restructuring process. What Barzelay does develop is a detailed rendering of the difficulties one public sector manager encounters as he tries to bring about a shift in the organization of an entire industry in his region. The role of a dedicated public administrator is clearly critical to success in this case, and a component that is often overlooked when policymakers think up economic development strategy.

The case of Andalusia's attempts to revitalize the declining marble industry in this poor southeastern state in Spain starts with the end of the Franco era in the mid-1970s and the dawning of democracy in Spain. As a result of the reconfiguration of political boundaries after Franco, a series of autonomous states was created. Without a history of local self-government, the patterns of government assistance and regulation remained to be defined in Andalusia. The principal activities Barzelay recorded from 1983 to 1988 were those of the director of the Institute of Industrial Promotion of Andalusia (IPIA), which was charged with instigating planning efforts, identifying the activities and tasks that must be carried out for planning to be productive, inducing participants to understand the competitive environment, insisting that joint actions which create common competitive advantages be conceived and undertaken, and mobilizing resources for these individual and joint actions that fit the mutually agreed upon plan. The industry most in need of IPIA's assistance was the centuries old marble quarrying in Andalusia.

In 1983 nearly 70 percent of the marble extracted from the industry's quarries was sold in unfinished or semifinished form to manufacturers in other regions. The marble industry was characterized at that time by small, family-owned quarries that typically employed only a handful of workers, and those often only on a seasonal basis. Lacking modern technology and equipment, miners relied on the same techniques of extraction that had been used for generations, and local fabricators produced only artisanal goods.

The marble industry of the communities of Macael County, which employed 7,000, was in need of strategic realignment: jobs were being lost to more sophisticated operations; existing jobs were unsteady and,
for the most part, poorly paid. After initiating an action plan in 1985 with the support of the mine owners and workers, the industry began to turn around. By 1987, only 30 percent of the marble extracted was sold in unfinished form, while the remainder was processed locally into higher value-added finished products.

Barzelay's case shows how social change and strategic planning, instigated and coordinated by a regional governmental institution, can dramatically improve the performance and competitive capacities of a traditional industry, even in one of Europe's most underdeveloped regions. While the case does not focus on industrial relations as such, it does offer a richly detailed analysis of the kinds of problems that a public administrator can expect to face when taking on the process of economic restructuring.

The third European case is also distinctive. In this piece Bernard Brown looks at the Auroux laws in France. Working from a new-found position of strength after the election of Mitterrand, the French labor movement worked closely with Socialist Minister of Labor, Jean Auroux, to develop "new rights for workers." These efforts culminated in a series of four laws enacted in 1982 that were intended to give workers a direct say in the decisionmaking process of all enterprises employing more than 200 people. The intentions of the Socialist government and French labor movement, to create a new form of labor-management relations system through public action, were not realized, according to Brown. The most fundamental change seems to have occurred within management, described by Brown as a "cultural revolution that has taken place within the enterprise" in support of participatory programs.

Brown's brief analysis of the Auroux laws points to an ongoing debate among scholars of industrial relations in the United States as to the benefit of employee participation schemes. As one part of competitiveness strategy, employee participation in decisionmaking has gained widespread support in both unionized and nonunion organizations in the United States. In 1978, the United States went so far as to adopt the Labor-Management Cooperation Act, whose main goal is "to improve communication between representatives of labor and management." Other steps along the same lines have included the creation of the Bureau of Labor Management Relations and Cooperative Programs within the Department of Labor and various efforts at improving quality service through cooperation in federal programs such as at the Fed-
eral Aviation Administration. Brown's analysis of the French experience casts doubt on the way in which the participatory process was conceived and operationalized in France, a country with a relatively weak labor movement. The implications for unions in the United States are sobering and are reflected in the lack of a participation policy at the AFL-CIO.

Case Studies of Economic Restructuring—U.S. Experience

The first case study from the United States, by Peter Lazes, describes the collaborative efforts of New York State and Cornell University's Program for Employment and Workplace Systems (PEWS) to keep a Buffalo windshield wiper blade company operating. Lazes worked closely with the company, Trico Products, and the union, United Automobile Workers, from 1985 to 1987 in trying to find innovative solutions to the competitive challenge posed by the option to produce Trico's main product in Mexico at a fraction of the labor cost in the Buffalo plant.

The odds were long that the difference between costs in the Mexican plant—a "maquiladora," or assembly plant, on the U.S.-Mexico border and the Buffalo plant could be significantly reduced: the prevailing wage in Mexico was $1.20 an hour versus $12.50 in Trico's Buffalo plant. An independent analysis by a well-known management consulting firm showed that labor costs in Buffalo would have to be cut 30 percent in order to remain competitive with the cost of producing in Mexico. In early 1985 the state's Urban Development Corporation agreed with Trico's management that the advantages of producing in Mexico were too great to overcome. But Lazes and the UAW regional director persuaded the skeptics to give PEWS and the workers in the plant some time to do their own analysis of possible cost savings from restructuring the work process.

Working together with Rensselaer Polytechnic Institute and PEWS, union members and production management came up with a plan that exceeded the cost savings projected for the Mexican plant. The in-plant cost study teams, according to Lazes, created a new sense of together-
ness among workers and between labor and management. While Tri-co's original projections were to close the Buffalo production facility—and in the process eliminate between 1,400 and 2,000 well-paid union jobs—the in-plant teams projected that half of the workforce could be saved. In what Lazes described as a bittersweet outcome, despite the concerted efforts to keep all production based in Buffalo, Trico's management still moved some production to Mexico. The Trico case presented by Lazes shows both what is possible through joint labor, business, and state efforts, and the limitations of these efforts. The inability of the state or the union to persuade Trico to approve their proposed improvements was an agonizing difficulty that could not be overcome.

Robert Coy, director of the Office of Policy Planning and Evaluation for the Commonwealth of Pennsylvania, along with Saul Rubenstein and Mike Shay, present the second U.S. case study by describing the state's Manufacturing Innovation Network Initiatives (MAIN) projects in the Lehigh Valley. At present the MAIN projects involve four different industries: the plastics industry in northwestern Pennsylvania; the metalworking and machine tool industries in the southwestern part of the state; and the apparel industry in the Lehigh Valley. The basic approach of the MAIN projects is to work with clusters or groups of firms rather than trying to provide assistance in a piecemeal one-on-one fashion.

In order to develop the appropriate response, all MAIN projects begin with a strategic audit of the industry, which is used to gather information and to begin to define a constituency of firms. In turn, steering committees are established to organize the projects, while the specific industry needs identified are used to form working groups charged with coordinating and developing programs to address restructuring problems. Within the Lehigh Valley there are over 200 apparel firms with over 15,000 employees. Pursuing a participatory restructuring approach, which included representatives from business, labor, and government, the Lehigh Valley Project Steering Committee identified issues ranging from labor force problems, training, management systems and technology, industrial structure and linkages, and marketing and sourcing concerns. While these initiatives have not reached the implementation stage, this case stresses that the MAIN projects bode well for continued cooperative efforts.
In the third case study from the United States, Mike Schippani gives an inside account of the Michigan Modernization Project, which was created by Governor Blanchard in 1984 to bring together labor, business, and the state in reversing the declining competitiveness of Michigan's industrial base. The state's plan, writes Schippani, was threefold.

The first part of Michigan's modernization strategy was a vision of Michigan as an international center for the development of manufacturing technology. The goal was to build institutions that would be in the business of developing and applying technology to the manufacturing base of Michigan. Two institutions were created to achieve this goal: the Industrial Technology Institute and the Michigan Modernization Service—a sort of industrial extension program.

The second part of the strategy was the creation of innovation capital to fill the gaps in financing available to newer firms or nontraditional projects. To accomplish this goal the state created the Michigan Strategic Fund.

The third part of the strategy centered around workforce learning and workplace relations. The keys to this aspect of the strategy, Schippani argues, were the education and training of the workforce and innovations in labor-management relations. Bringing together resources from the state's Department of Education and Department of Labor, the Michigan Modernization Plan was able to provide technical services to hundreds of firms.

While evidence on the program's effectiveness is still under evaluation, Schippani notes the importance of involving business, organized labor, and the government in joint collaborative efforts. As the three-part Michigan strategy grew and matured, it became clearer that early, proactive union involvement was critical to the success of maintaining industrial competitiveness. The elections in the fall of 1990, which displaced Governor Blanchard, occasioned a fundamental shift in direction in economic development strategy in Michigan described by Schippani.

The final case study from the United States, presented by Frank Emspak, then director of the Massachusetts Center for Applied Technology, further emphasizes the need for inclusive, participatory restructuring. Emspak writes that the Center for Applied Technology concentrates on skills-based automation (user-driven design) as a key component of shop-floor reorganization. Utilizing the skills-based
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The Center for Applied Technology has sought to involve blue-collar workers in technology development and deployment strategies. To date the Center's efforts have been modest, impacting only a handful of firms. Nonetheless, Emspak stresses that worker-inclusive needs assessment creates a situation whereby the analysis of the problem helps build consensus for possible solutions. As in Michigan, the defeat of a liberal Democratic governor in the 1990 elections brought about significant changes in policy direction away from collaborative efforts involving business, unions, and government as equal partners to the traditional model of direct aid on an ad hoc basis from government to industry.

Economic Restructuring and Industrial Relations: Two Views

The two papers that conclude the volume provide provocative analyses of economic restructuring and the emerging patterns of industrial relations. The two authors have written extensively on these and related topics during the 1980s and open up the debate on future economic restructuring policy.

Charles Sabel writes of the relationship between international competition, the organization of production, and labor-management relations. Pointing out that changing interfirm relationships are driving an ongoing industrial restructuring, Sabel examines how the reorganization of production challenges the labor movement by creating new demands on behalf of both management and the rank-and-file.

Sabel links the development of unstable market conditions, and the subsequent need to respond through more flexible production, with the difficulties national unions are having in maintaining cohesion and membership. He argues that economic restructuring is creating a new set of production relations as the demise of stable mass markets undermines industrial organization based on the mass production of standardized commodities. The mass production regime, predicated on mass consumer markets, dedicated machinery, and semiskilled workers and dependent on captive subsuppliers, is being superseded by a
more fluid, increasingly differentiated, system of production, according to Sabel.

In this economic environment, firms are forced to establish more interdependent relationships with subsuppliers and seek cooperative joint ventures with other firms to keep pace with changes in key technologies. This type of industrial configuration requires considerable workforce reskilling as rigid, long-run, standard product technologies are replaced by more flexible, short-run, computer-enhanced equipment. Also present is the potential for a more decentralized system of control, within the chain of production, between the various units contributing to the final product, and in labor-management relations.

In terms of labor-management relations, the demands for increased flexibility have led to a situation where local agreements are circumventing national contracts. Across Europe and the United States Sabel notes the emergence of local-level agreements, which he characterizes as the establishment of "jointness" rather than cooperation. That is, the responsibilities of labor and management became more intertwined, blurring the distinction between roles that requires joint action. Moreover, there is evidence of a shift toward decentralized bargaining, even where it is not officially sanctioned by national unions. As the cases show, these developments are rooted in the changing system of production.

Wolfgang Streeck's paper concludes the book by specifying an institutional mechanism of the sort that Sabel is describing in a more general fashion. Streeck focuses primarily on the value of union involvement in vocational training. In his view, skill formation is the key to enhancing productivity, and unions are well positioned to provide common linkage across firms to promote high standards of training. Streeck is clearly influenced by the successful German model of apprenticeship training, but he makes the case that the same logic that has brought business, labor, and government together in Germany may apply to other industrial countries as well. Supported by public policies that help reduce the incentive for employers to look for a free ride from someone else's training, unions may develop an active commitment to enforce high standards of training stringently, in the interest of high wages, secure employment, and a non-Taylorist organization of work.
Conclusions and Policy Implications

"If we don’t develop a national program in the next five years, it's going to be impossible for us to be serious industrial contenders by the year 2000. I’m advocating for us collectively—government and industry—to accept that there is a problem and that we have to come up with responsible solutions.” So said Andrew Grove, president and chief executive officer of silicone chip manufacturer Intel Corporation in 1990.4 We concur with this sentiment. The cases presented show, in varied ways, how the third social partner—workers and their unions—can contribute to the economic restructuring process.

In the absence of a national industrial policy in the United States, state governments have taken the initiative by setting the agenda, providing funding, and establishing technical support programs for cooperative restructuring efforts. Throughout the 1980s, individual states started a wide variety of programs that responded to declining economic competitiveness—particularly in the industrialized states of the Northeast and Midwest. These efforts were not strictly partisan, as evidenced by the innovative programs developed by Republican Governors Thornburgh of Pennsylvania, Kean of New Jersey, and Orr of Indiana. These Republican governors had no problem with seeking out governmental responses to declining competitiveness in the 1980s, often with the assistance of organized labor. The states examined in this book, along with the cases from Western Europe, point towards a common direction supporting an economic restructuring process that integrates social goal-setting while retaining the efficiency of market competition.

State efforts were developed out of pragmatic assessments of the need to remain competitive, not out of ideological commitment. What the cases show is that the ability of governments to positively influence economic development is limited when they go it alone. The question these states faced was not which industries are worth saving (the sunrise versus sunset debate that characterized the discussion of industrial policy in the late 1970s and early 1980s), but rather how can government bring resources to promote joint efforts between businesses, workers, and unions who are trying to adapt to a profoundly changed operating environment.
Still, the failure of "industrial policy" as a political idea in the United States, and the apparent success of various models of market economies the world over, would seem to indicate that rethinking the role of collaborative efforts between business, labor, and government is unnecessary. Transnational alliances, and direct foreign investment, blur the national identity of corporate identities, making life more difficult for interventionist policymakers not convinced of the benefits of trade liberalization. Policymakers long accustomed to a world in which they could identify and support "national champions," increasingly find that national champions have foreign alliances. The growth and diversity of these strategic alliances complicates the established relationships between policymakers and national champions. In some instances, the contributions of national champions to national employment, Gross National Product, and tax revenue may be little different from those of competitors who have opened production facilities in the national champion's home market.

Indeed, recent efforts emanating from Washington at coordinating business and governmental activities in economic development have been, by and large, spectacular flops. The much-publicized U.S. Memories project, a ground-breaking attempt by American computer companies to cooperate in producing memory chips with federal government backing, was officially declared dead in early 1990. Similarly, the Defense Advanced Research Projects Agency's attempts to fund basic research and development of commercial technology for high-definition television, a project that enjoyed almost universal support on Capitol Hill in the spring of 1989, was effectively ended in the spring of 1990.

Given these failures, why is the idea of joint business, labor, and governmental coordination in economic restructuring being promoted in this book? The answer, as it emerges in the case studies in this volume, is that joint efforts work when the right conditions and well thought out policies prevail. This is not an ideological or moral argument—it is a pragmatic assessment that follows from and supports basic values of democratic participation. The lessons of how best to pursue economic restructuring are being learned piece by piece, and place by place. The importance of this volume is that it takes a step toward synthesizing these lessons into a coherent policy that is of use to workers and their unions, business, and government.
A number of common themes which emerged from the case studies are useful for policymakers from business, labor, or government trying to fashion a coherent response to economic restructuring. We identified three.

1. **Intrafirm organization, or workplace organization.** As the case studies from Michigan, Massachusetts, and Italy clearly show, shop-floor organization and reorganization involve questions of employee participation in areas traditionally reserved for managerial decisionmaking and control over the decisionmaking process. Shortening product life cycles, doing away with rigid distinctions between jobs and departments in order to speed new product development, and just-in-time sourcing demand higher levels of coordination and cooperation within firms. Many of the firms discussed in the case studies have moved toward group, or team-based, work organization in an attempt to manage the growing complexity of production. The French example, however, serves as a cautionary note that the benefits of participation may work against a weakened labor movement.

2. **Interfirm linkages.** The cases of Michigan, Pennsylvania, Italy, and Spain show that the improved competitive position of an individual firm, or semiautonomous unit of a larger corporation, is often the result of the quality of interfirm relations. The example of the increased interdependence of suppliers and original equipment manufacturers in the auto industry, whether in the United States, Germany, or Japan, is a case in point. The importance of interfirm relations is in turn compounded by the need for access to technical specialization which is often prohibitively expensive to maintain, or by market uncertainty, both of which demand more flexible production. Increasingly, as these cases show, the competitive position of any individual firm is rooted in a web of forward and backward linkages with other suppliers and client firms.

3. **Industry policy.** Distinct from the focus of debates about industrial policy in the past, these cases suggest that when discussing the competitive situation of an industry sector, a subnational or regional focus tends to be the proper reference point. While the U.S. case studies showed that lack of a coherent federal policy was often the driving force behind the development of a state-level economic restructuring strategy, a more regional approach often made more sense for the states anyway. The competitive position of an industry sector, our cases indi-
icated, is increasingly determined by the health of mutually reinforcing networks within regions.\(^5\)

In conclusion, the essays in this book demonstrate the challenges and opportunities that exist for forging alliances between business, organized labor, and government that can create economic value. The diversity of cases also indicates that developing a coherent and effective federal-level industrial policy is problematic. Perhaps the best role the federal government can play in the United States is to help coordinate and facilitate the activities undertaken at the local, regional, or state level. Providing a clearinghouse of information on such activities would perform a valuable service for local government officials, business executives, and labor leaders. More comprehensive data on the effectiveness of differing approaches to economic restructuring would also assist researchers in assessing these new models.

Four observations follow from Sabel's essay and the case studies that involved the active participation of unions. Unions can influence restructuring, either positively through active participation in the process or negatively by clinging to outdated work rules or practices, but union participation is neither necessary nor sufficient to insure a beneficial outcome for labor. Weak unions in Japan, for example, seem quite compatible with international competitiveness, while strong unions and a management sheltered from market competition in the United States has in some instances led to mutual stagnation. Second, strong unions may well be undermined by successful corporate restructuring. Skilled workers, for example, may lose their position as skills get transferred to automated processes or professional employees.

An additional point raised by Sabel, and evidenced in the case studies of Italy and Michigan, is that labor organizations need substantial internal reforms in order to face the challenges of economic restructuring. Because of the rapid integration of firms with their suppliers, the unit of organization of the union can no longer be the firm or corporation, but must be regional or national. The whipsawing of plants against one another within General Motors, pitting UAW members in New York against UAW members in Michigan, is an example of this problem. Finally, the point was made that even in Europe, where unions are generally stronger and more politically influential than in the United States, workers and their unions often get hurt by restructuring. While firms require more commitment from workers in high
value-added operations, they often provide less job security. Moreover, the pressures for continuous learning in these firms has the effect of empowering workers but also of separating workers who have skills from those who do not. The subsequent stress and insecurity of workers are areas that unions are only beginning to address.

Perhaps the most important lesson of all, however, is made clear in Wolfgang Streeck’s concluding essay. Without an institutional base for supporting economic restructuring, the short-term pressures on politicians will overwhelm the longer-term needs of economics. The cases of Michigan and Massachusetts provide ample testimony to this—without a strong institutional base, the changing of political parties governing the state led to significant retrenchment of economic restructuring programs. By institutionalizing the processes or policies described in the case studies, an economic restructuring process that pays attention to the emerging patterns of industrial relations can help address the difficulties of adapting to a highly competitive global marketplace. Putting the pieces together is a critical challenge for policymakers in business, labor, and government throughout the industrial democracies in the 1990s.

NOTES

1. All too often unions and workers are considered the cause of lagging competitiveness rather than part of the solution. A recent attempt to correct this view can be found in Lawrence Mishel and Paula Voos, editors, Unions and Economic Competitiveness. Armonk, NY: M.E. Sharpe, 1992.

