

OPEN ACCESS

ISSN 2280-4056

*E-Journal of
International and Comparative*

LABOUR STUDIES

Volume 5, No. 2 May-June 2016



ADAPT
www.adapt.it
UNIVERSITY PRESS

ADAPT *International School of Higher Education in Labour and Industrial Relations*

Scientific Directors

Lauren Appelbaum (USA), Greg Bamber (Australia), Stuart M. Basefsky, (United States), Daria V. Chernyaeva (Russia), Richard Croucher (United Kingdom), Maurizio del Conte (Italy), Tomas Davulis (Lithuania), Tayo Fashoyin (Nigeria), József Hajdu (Hungary), Ann Hodges (USA), Richard Hyman (United Kingdom), Maarten Keune (The Netherlands), Chris Leggett (Australia), Guglielmo Meardi, (United Kingdom), Shinya Ouchi (Japan), Massimo Pilati (Italy), Valeria Pulignano (Belgium), Michael Quinlan (Australia), Juan Raso Delgue (Uruguay), Raúl G. Saco Barrios (Peru), Alfredo Sánchez Castaneda (Mexico), Malcolm Sargeant (United Kingdom), Jean-Michel Servais (Belgium), Silvia Spattini (Italy), Michele Tiraboschi (Italy), Anil Verma (Canada), Stephen A. Woodbury (USA)

Joint Managing Editors

Malcolm Sargeant (Middlesex University, United Kingdom)
Michele Tiraboschi (University of Modena and Reggio Emilia, Italy)

Editorial Board

Lilli Casano (Italy), Francesca Fazio (Italy), Emanuele Ferragina (United Kingdom), Antonio Firinu (Italy), Valentina Franca (Slovenia), Maria Giovannone (Italy), Erica Howard (United Kingdom), Karl Koch (United Kingdom), Lefteris Kretsos (United Kingdom), Attila Kun (Hungary), Felicity Lamm (New Zealand), Cristina Lincaru (Romania), Nikita Lyutov (Russia), Merle Muda (Estonia), Boaz Munga (Kenya), John Opute (UK), Eleonora Peliza (Argentina), Daiva Petrylaite (Lithuania), Ceciel Rayer (The Netherlands), Aidan Regan (Ireland), Marian Rizov (United Kingdom), Salma Slama (Tunisia), Francesca Sperotti (Italy), Araya Mesele Welemariam (Ethiopia), Barbara Winkler (Austria), Machilu Zimba (South Africa)

Language Editor

Pietro Manzella (ADAPT Senior Research Fellow)

Book Review Editor

Chris Leggett (James Cook University, Australia)

*E-Journal of
International and Comparative*

LABOUR STUDIES

Volume 5, No. 2 May-June 2016

@ 2016 ADAPT University Press

Online Publication of the ADAPT Series
Registration No. 1609, 11 November 2001, Court of Modena
www.adaptbulletin.eu

The articles and the documents published in the *E-Journal of International and Comparative LABOUR STUDIES* are not copyrighted. The only requirement to make use of them is to cite their source, which should contain the following wording: **@2016 ADAPT University Press.**

*International and Comparative Employment
Relations: National Regulation, Global
Changes* edited by Greg Bamber,
Russell Lansbury, Nick Wailes,
Chris Wright. A Review.

Frank Burchill *

There is a foreword, contributed by Professor William Brown, welcoming this new edition of the book. This is preceded by a number of statements of praise by other eminent academics well qualified to express such views. All of the comments constitute a brief, very favourable review and with a common theme. The common theme relates to the account of employment relations of a variety of countries as being ‘integrated’ and being very much the product of a tried and tested framework of analysis. This framework has served the various editions of the book very well over a period of twenty five years. Brown tells us that:

...this latest edition of a widely respected book adds to the separate studies of different countries a concluding overview of international developments. The result breaks new ground as an integrated account of the forces shaping employment relations in the world economy. (*op cit p vii*).

This is praise indeed, and worthily so. However, it does raise the question of what a reviewer can add, or how a reviewer can deal with the task of

* Frank Burchill is Adjunct Professor of Labor Relations, University of Tasmania and Emeritus Professor of Industrial Relations, University of Keele. The present review refers to Greg Bamber, Russell Lansbury, Nick Wailes and Chris Wright eds. *International and Comparative Employment Relations: National Regulation, Global Changes*, Allen & Unwin, Sydney, Sage, London, 2016. xxvii + 418 pp. ISBN 978 1 76011 029 1.

commenting on such a widely respected and used volume of work. At the minimum it requires a reading of the whole text. My focus will be on how each section ‘on twelve carefully selected countries’, *op cit*, adds to my, possibly idiosyncratic, understanding of employment relations and whether or not there are additional considerations each author might have addressed, in my opinion. However, it also deals with the introduction to the book. There is a danger that the review might appear over critical at times because it asks questions, but the reviewer has nothing but respect for the overall quality of this text.

Chapter 1. Introduction: An Internationally Comparative Approach to Employment Relations, written by the Editors

The concept of globalisation is considered at the very beginning. Quite rightly the question of whether or not it produces a kind of convergence between economies in respect of the structure of employment relations in those countries selected is raised. The post-2007 global financial crisis is seen to have given ‘...a more urgent focus on this issue.’ p. 1. How the 2007 financial crisis is seen by the various country authors will be discussed in this review.

On the same page a token reference is made to Picketty (2014). No page reference is given, but we are told that the publication ‘...shows, the period since the 1980s has seen rising income inequality within countries as well as between countries.’ This is a clear suggestion that the trends towards inequality within and between countries, exacerbated by the depression initiated by the banking crisis and the corruption associated with it, are likely to be factors affecting employment relations in the countries selected for comparison in this new edition. Page 2 raises a series of questions following from an examination of a number of the subsequent chapters emerging from their evidence of change in the countries studied. They state that the ‘...growing size and significance of international business institutions such as multi-national enterprises (MNEs) and standardised production systems, often operating across national borders, have led some to conclude that the scope for national differences in how work is organised and governed has been eroded.’ (*ibid.* p. 2). This supports the convergence thesis.

However, the questions then raised, on the same page, suggest that the new pressures in that direction are both a cause and consequence of a growing weakness of labour relative to capital. Collective and individual labour rights are being reduced under the pressure of global capital and

competition on governments and related employment institutions. 'Do national institutions, actors and policy-makers still have the most important roles in shaping employment relations?' (*ibid.* p. 2). This is a key question.

What follows, beginning on page 3, is an analysis of why there should be a study of international and comparative employment relations beginning with some definitions. Distinctions are made between industrial relations (IR) and Human Resource Management (HRM). Employment relations is defined as dealing with both. It also takes an eclectic approach in terms of what is covered by the concept of international and comparative labour relations, the subject of the book itself. This is a very helpful piece of analysis. It also introduces us to the Varieties of Capitalism (VoC) framework, which removes an element of determinism from the convergence thesis, but not completely so. Careful reading of the Introduction is required to identify the nuances implicit in the different approaches to comparative analysis.

Table 1.1 on page 19 categorises different types of economy attaching two types of classification to each one described in the subsequent chapters of the book. These are overlapping categories essentially locating each economy in terms of whether or not it can be predominantly described as on the one hand a liberal market economy (LME) or a coordinated market economy (CME) and on the other hand, the relevance of its current state of economic development.

There is also some debate on the lack of universal technical definitions of certain words used in the field. Examples of this will be given in the discussions of each country which follow in this review. Given the nature of our subject matter this is a problem within each country. For a discussion of how confusions develop see Burchill (1999)¹.

Chapter 2. Employment Relations in the United Kingdom **Jeremy Waddington**

¹ Burchill, F. (1999) 'Walton and McKersie: A Behavioral Theory of Labor Negotiations', *Historical Studies in Industrial Relations*, Vol. 8 1999 especially pages 156 – 168.

Waddington opens by describing the UK as approximating to a liberal market economy (LME). He refers to the trickle-down effect, often, in the literature, ‘...associated within neo-liberal economics²...’, and refers to Picketty, 2014, pp 304-35, which is the whole of Picketty’s Chapter 7. This is to indicate that trends toward inequality are important in understanding changes in employment relations. He then provides data in terms of the labour market, the parties to employment relations, industrial action and so on, very much in terms of the model laid down in the Introduction to the book. He goes on to discuss the role of the state, giving some historical background, and examines important recent legal reforms affecting the field of study, with some comment on the influence of the European Union, (EU). He contrasts what he calls a ‘neo-liberal interventionist state’ bringing to an end to a ‘Keynesian consensus’. (pp 30-31). (See below for reference to some comment on this use of terminology). He tells us under the heading of ‘Dispute settlement’ that ‘The British (sic) state has provided conciliation and arbitration services to voluntary collective bargaining and disputes procedures since the end of World War II.’ p. 32. Historically, it is necessary to understand that in the ‘UK’ such services have, in fact, been provided since the last quarter of the nineteenth century. This was of importance to former British colonies, and helps in understanding national and international differences, as well as similarities, in employment relations.

The Chapter goes on to provide useful information about the impact of the EU, employee participation, fairness at work and the future. It concludes that since ‘...the 1970s the United Kingdom has been subject to substantial change, with profound implications for the roles of the

² The term neo-liberal economics is now used widely in the literature on employment relations. It was actually coined by Alexander Rustow in 1938. In terms of this definition Keynes was the classic neo-liberal. He advocated state intervention to manage capitalism. He was not intent on destroying capitalism, which made his approach appear liberal compared with Lenin, Stalin and Trotsky, the leading critics of capitalism. Marx was classified as a classical economist because he propagated the labour theory of value. The early neo-classical economists, later associated with the term neo-liberal, were people such as Hayek and Von Mises. Latter day neo-classical scholars, the Chicago school, Friedman etc. later became referred to as neo-liberals. These streams are best referred to as neo-classical. A corollary of all this is that the neo-liberal narrative has to be treated carefully. The American literature, for example, tends to use neo-liberalism, as a term, quite differently from the way it is used in the UK and elsewhere. See Rustow, D A, Attanasio, S, (1980) *Freedom and Domination A Historical Critique of Capitalism* Princeton University Press.

state, employers and unions. In essence, the United Kingdom adopted more features of an LME in transforming the relationship between state and market, and jettisoning any pretence to social market relations.’ p. 44. This is the kind of information the book was designed to cover.

However, when it comes to the role of the state, the public sector and the coverage of collective bargaining there are serious omissions which obscure not only what is currently happening, but ignore crucial historical UK developments with considerable influence on the structure of employment relations’ institutions worldwide. Perhaps the most important of these is the omission of any reference whatsoever to Whitley Councils, often referred to as ‘Whitleyism’³.

This is further supplemented by a failure to refer to the role of Pay Review Bodies (PRBs) in the public sector. At the time of writing this review the NHS is faced by an all-out strike by junior doctors. There are threats of industrial action in other parts of the NHS, the education sector and considerable resentment in the police force. All of this reflects the activities of these bodies, an understanding of which helps to explain a lot

³ In 1917, a date of obvious significance, J H Whitley was appointed by the UK Government to chair a committee which would produce a *Report on the Relations of Employers and Employees* in the immediate aftermath of the Bolshevik revolution and the impending end of WW1. In the years leading up to WW1 UK trade unions were undertaking industrial action on a large scale, with the war to some extent rescuing both employers and the Government. The Reports (*Reports of the Committee on the Relations between Employers and the Employed* (HMSO London, 1916-18, Cd 8606, Cd 9001, Cd 9002, Cd 9009, Cd 91530), commissioned by the Ministry of Reconstruction, advocated the establishment of Joint Industrial Councils. These would consist of strong national employers’ organisations meeting strong national trade unions at national level. They would be empowered to negotiate national agreements covering all collective issues including total earnings, hours of work and disciplinary and grievance procedures. At plant level there would be joint consultative committees dealing with domestic issues such as working conditions, the environment and health and safety. These were intended to cover both the private sector and the public sector. The first Whitley Council system was established in the Pottery Industry with its inaugural meeting in 1920. This was part of a post-war settlement, along with ‘homes fit for heroes’, not simply for purposes of fairness and social justice but also to avoid Bolshevism in the UK. The formation of the International Labour Organisation in 1919, as part of the Treaty of Versailles in 1919 was very much influenced by Whitley provisions. Ultimately both the Whitley Committee structures and the ILO were marginalised by the recession beginning from 1922 and running through to the build up to WW2. In the post-war settlement period Whitley style committees were established across the public sector. See Lord McCarthy (1976) *Making Whitley Work* Department of Health and Social Security. Whitleyism embraced pluralism. Attempts to introduce Whitley style arrangements were made in both Australia and Canada.

of what is going on in the UK public sector. It also puts into perspective the minimal role of Acas in collective mediation. The Government has recently influenced the review bodies essentially to impose austerity type restrictions on pay whilst demanding significant changes in work practices, particularly in respect of junior doctors. Rhetorical positions are being taken up by both sides similar to those taken up with the miners and Government in 1984. There is talk of the need to crush the doctors to prevent widespread attempts by workers in other parts of the public sector to emulate the doctors. The longest standing PRB is the Doctors and Dentists Review Body (DDRB) set up in 1971 in response to industrial action by medical staff in the late 1960s. Ironically during the Thatcher era, being granted a PRB, particularly in the NHS, became a reward for controlling militancy.

PRB reports are easily downloaded to gain access to underutilised, but highly informative, material on public sector employment relations.

There are eight PRBs which make recommendations which apply to 2.5 million workers, 45% of all public sector staff. These bodies are serviced by the Office of Manpower Economics (OME) which provides an independent secretariat of civil servants to all of the PRBs. The membership of PRBs consists of a chairman and persons with experience of HRM, employment relations, selected from senior academics, managers, practitioners, with a sprinkling of labour market economists. Annual Reports of the PRBs are easily downloaded and they give terms of reference and summarise evidence given to them by representatives of employers, trade unions, Government Departments and so on. The OME supplements this evidence with commissioned research and research of its own. Each body meets about eight times a year and members pay visits to workplaces and engage in discussions with all types of staff. These will include visits to hospitals, schools, prisons and so on, depending upon the PRBs remit.

As stated above PRBs are expected to make recommendations based on the evidence they receive and in accordance with their terms of reference. By definition, recommendations are not legally binding and may be rejected by the Government or unions. This therefore constitutes collective mediation and is part of collective bargaining coverage, although employment relations literature in the UK is very confused about this. Collective mediation by Acas is of minimal importance compared with that provided by PRBs. This kind of confusion about what constitutes collective bargaining becomes even greater when making international comparisons. The academic literature in the UK generally takes up the position that collective bargaining within PRBs only takes place when they

fail to agree⁴. Clearly an absurd position. If the parties in the private sector were treated as only engaged in collective bargaining when they failed to agree, then there would be very little coverage of collective bargaining.

Chapter 3. Employment Relations in the United States **Harry C. Katz and Alexander J.S. Colvin**

'In the terms used in this book's Introduction, the United States can be seen as the archetypal liberal market economy (LME)', a clear and strong opening statement. The term '...labour market diversity...' refers to '...a high degree of diversity in the conditions under which employees work.' This obviously refers to a lack of labour market regulation and control brought about by a lack of union representation, membership having declined from a peak of 35 per cent in the early 1950s to 11 per cent on the most recent figures.

They then give an inevitably brief history of employment relations in the USA which is very interesting and informative in explaining how the USA achieved the status attributed to it in the opening statement referred to above. The section on the parties is equally interesting. On the employers it gives a short, but very insightful explanation, of the weakness of employers organisations in the USA compared with management consultants and lawyers in respect of company administration and policy. The section on unions will be equally valuable to newcomers to employment relations. It begins 'The US labour movement generally is considered an exceptional case because of its apolitical business union ideology, focusing rather narrowly on benefits to existing members.' This is especially significant and no doubt readers will follow up the references to historical material provided by the authors, to which this is an excellent introduction. The unions never tried to form their own political party, and their stance affected both the early development of the ILO and the International Confederation of Free Trade Unions (ICFTU). The AFL-CIO relationship has also been unstable with repercussions both nationally and internationally, and, historically, in respect of the ILO and the International Confederation of Trade Unions (IFTU).

⁴ For comments on some of the issues raised here see Burchill F, (2014) *Labour Relations* Palgrave Macmillan pp1-2, p80, pp103-4. For a more detailed discussion see Burchill F (2000) 'The Pay Review Body System: A Comment and a Consequence', *Historical Studies in Industrial Relations*, Vol 10, Autumn 2000, pp 141-157.

The section on Government points to complexities in the whole notion of a free enterprise, unregulated system. This needs to be read and followed up. Western economies learned a lot from the USA's early introduction of a minimum wage, which more often than not contradicted the theories of classical and neo classical economists. In 1963 the Federal Government introduced equal pay for work of equal value, well ahead, for example, of the UK. The USA is clearly a country of contrasts. It is easy to think of the country in general terms as applying illiberal policies and being reactionary. However, the USA has always been a source of ideas given the history and strength of its intellectual tradition in this field. In this respect, a section on 'Collective bargaining initiatives' is particularly interesting. Although union membership density is low in the USA, it has a very large workforce compared with other countries. This means that the number of members is high and allows unions to provide funding, through universities in particular, to departments with academics sympathetic to their objectives. Not surprisingly, there is a very strong contribution to employment relations literature from the United States.

Reference is made to the attempt by VW to make its Chattanooga plant a part of its European Works Council. p. 69. There does appear to be a legal problem here which needs examining⁵. Many American companies have EWCs which they find useful, in some cases extending membership to operations in non-EU countries. President Obama's recent visit to the UK where he explained what he considered to be the value of remaining in Europe was important. Perhaps this aspect of USA legislation should be re-examined, although recent behaviour of VW senior managers and union leaders in respect of their EWC illustrates the dangers of something akin to company unionism⁶.

The occupy movement which started in the USA with protests against social and economic inequality, is mainly a consequence of the kind of

⁵ The attempt by VW to secure representation for its employees in its Chattanooga plant between 2012 and the present produced a response from senior Republican politicians which seemed to be suggesting a fate worse than cancer for the whole of the population of Tennessee. It is worth the reader googling the variables in this issue if only to understand why early legislation in the USA designed to prevent company unions does not allow other forms of worker representation. This legislation in the USA designed to protect workers from company unionism had the unintended consequence of preventing any kind of worker representation other than via an external union. In this case VW's attempt to secure a ballot in favour of UAW recognition provoked the wrath of the Republican Governor and local Republican senators.

⁶ See Connolly, K. (10 January 2008) *VW boss says he did not know of perks and prostitutes* The Guardian

globalisation process referred to in the Introduction to the book. This Chapter is written by academics who clearly feel passionately about the consequences of all of this and who undoubtedly support trade unionism and the original objectives of organised labour. Facing up to the consequences of a world without trade unions is a theme which recurs throughout the whole volume.

Chapter 4. Employment Relations in Canada **Daphne G. Taras and Scott Walsworth**

This is a Chapter written with considerable clarity and objectivity, focusing on analysis without resort to any wishful thinking. It neatly combines descriptions of the impact of both European influences, especially from France and the UK, and those of the United States. The historical section highlights the impact of immigration showing how from the 1960s this shifted from mainly the UK to Asian countries impacting on workplace demographics in ways experienced worldwide.

In terms of the VoC model Canada is portrayed as a LME. Interestingly, there is a strong emphasis on collective bargaining in all sectors supplemented by a ruling that employees covered by such must pay union dues, overcoming the 'free rider' issue. Union density is relatively low, whilst unions are quite strong and compared with the other countries portrayed in this book Canada has the highest level of industrial action.

It could be said that, on the surface, all of this appears paradoxical. However, the text explains it all. For the wishful thinkers, concerned to offset the impact of globalisation on the income and security of workers and their organisations, perhaps there is a 'Canadian Model'. The authors describe the employment relations context in Canada as being sufficiently stable to withstand the buffetings of the trade cycle more effectively than many economies of a similar economic size.

Chapter 5. Employment Relations in Australia **Chris F. Wright and Russell D. Lansbury**

The introduction to this Chapter describes Australia as being '...widely regarded as a liberal market economy (LME) with a relatively flexible labour market...' p. 103. This they tell us is a recent development. The Chapter follows the subdivisions which appear in other Chapters. It is an intricate and instructive description of the development of employment

relations in Australia showing fluctuations between centralised and decentralised approaches to the related institutions and practices. On the whole, an excellent introduction to Australian employment relations.

Under the heading 'CURRENT ISSUES' the issue of 'Workplace productivity' is discussed. pp. 116 – 118. Interestingly it is possible to secure a Google alert for the term 'industrial relations'. Such an alert produces something like five alerts a week, often with multiple references. Of these, 80%, approximately, refer to Australia, with most being to concerns emanating from the Productivity Commission.

The subsection on Trade Unions, pp. 107 – 110, makes no reference to the Royal Commission into trade union governance and corruption. This is currently collecting evidence. There appears to be a considerable amount of corruption. Also, a double dissolution on matters relating to industrial relations has been called by the Coalition.

Many names have been mentioned in connection with such corruption, including that of the Fair Work Commission vice-president and his partner, a union leader, leaders of the CFMEU and so on. Much of this is associated with bribery, collusion and power, emanating from the fact that many ALP senators have trade union officer backgrounds⁷. A great deal of this behaviour must be detrimental to productivity improvement. What is happening is astonishing, with academics apparently remaining totally silent.

Between this edition and the previous edition it could be argued that the most significant event in the field of employment relations in Australia was the challenge presented to trade union practices made by Alan Joyce on 29 October 2011 when he grounded the entire Qantas mainline fleet, regardless of locations, and locked out its staff. From an academic point of view, it deserves some mention and analysis. Whatever the short term impact, there was some popular approval in Australia. Qantas profits have increased in the longer term. Has all this been at the expense of job security?

Following from the above, partnership/productivity bargaining seems to have very little traction, either in practice or in the academic literature in

⁷ See Flanagan, R (2011) *THE AUSTRALIAN DISEASE* Black Inc., eBook ISBN: 9781921870491 Flanagan is the Tasmanian novelist who won the 2014 Man Booker Prize for his 2013 *The Narrow Road to the Deep North*. In the book referred to here he imagines himself at the beginning to be Craig Thomson on stage, and then embarks on a wide ranging discourse about Australian politics and ultimately the importance of individual responsibility and morality.

Australia⁸. This is quite different from the UK and the USA, particularly in the motor vehicles industry. A similar black hole appears to be the concept of joint consultation or works councils⁹. Interestingly, in this context, the list of Australian companies indicates that many would be eligible for requests from employees to establish European Works Councils, but none appear to have done so. Australian businesses do have offices in Brussels. The European countries listed do have EWCs, even Switzerland. This is also true of, course, of many U.S. companies with operations in Europe, along with Japanese companies. Several large companies have seen EWCs as valuable enough to their business as to include plants on a worldwide basis. This could be an interesting research area.

Chapter 6. Employment Relations in Italy **Lucio Baccaro and Valeria Pulignano**

This is a complex Chapter in terms of the VoC literature classifications. The editors to the book as a whole do recognise that this approach can be constricting as well as constructive. This Chapter well illustrates that point. However, it does end on a familiar note. Trade unions are seen to be in decline, as in most developed economies. 'Hence, students of employment relations should be reflecting on what a world without unions would look like. They should also consider which new institutions and social forces may emerge to take up the crucial role – embedding a market economy – historically played by unions.' p. 148. At least it suggests the relevance of the notion of convergence.

This is, of course, the crucial question being posed by the whole book. It is also a crucial question for politicians in a grossly inequitable and unstable world. It is equally a crucial question for employment relations academics locked into the Business and Management Schools of Universities who sell their products on the basis that they will add to the lifetime earnings of their purchasers, rationalised on the grounds of the notoriously absent 'trickle-down effect.'

The Chapter gives a very good introduction to the background to current employment relations issues in Italy and to the structure of the parties,

⁸ See Cutcher-Gershenfeld, J, Brooks, D Mulloy, M. (2015) *The Decline and Resurgence of the U.S. Auto Industry*. Economic Policy Institute.

⁹ For a thorough discussion of the issues associated with these concepts, see Hall, M. and Purcell, J. (2012) *Consultation at Work* (Oxford: Oxford University Press).

and early attempts at tripartism which inevitably failed. It also quite tellingly states ‘The trajectory of Italian employment relations after World War 11 was linked to the evolution of the Italian political system as a whole. In 1944, union groups of different ideological orientations (communists, socialists, Catholics and others) joined ranks to establish a unitary union confederation the Confederazione generale Italiana del lavoro (CGIL) ... With the start of the Cold War, the unity of anti-fascist forces vanished...’ p. 127.

The importance of both world wars of the twentieth century cannot be underestimated in terms of their effects on the institutions and government structures impacting on the institutions affecting employment relations. A point to be taken up at the end of this review will be the importance of the state of politics in individual states depending upon how they emerged from all of this in 1949 – the timing of the start of the Cold War. It is possible to consider this as a supplementary model to the VoC one. There are also signs that there is a newer disintegration of what in the not too distant past was also seen as a unity of anti-fascist forces.

Chapter 7. Employment Relations in France

Patrice Laroche

French exceptionalism is the opening theme of this chapter. ‘Shaped by historical, political and economic factors, French exceptionalism is paradoxical. The density of unionisation in France is the among the lowest in Organisation for Economic Cooperation and Development (OECD) countries (less than 8 per cent) while the coverage of collective bargaining is among the highest (93 per cent)¹⁰. This could be an answer to the question of what the world could be like with very few unions and members. The Chapter does explain how the unions, in spite of their lack of membership, are in fact very powerful as a social and political force.

The Chapter provides a very interesting account of a certain kind of labour strength and stability of its institutions, and continuity, in complex political circumstances. A lot of this is attributed to the state playing a strong interventionist role. Given the theme of ‘exceptionalism’ the conclusions do not link to the VoC model. More of the same within a

¹⁰ In sessions on union density, the question to students when asked if union density in the UK is 26% what do you think it is in France, usually elicited an answer of 85 to 95%.

social democratic framework is the aspiration of the author of this Chapter.

Chapter 8. Employment Relations in Germany **Bernt K. Keller and Anja Kirsch**

This Chapter opens by telling us that ‘In the Varieties of Capitalism (VoC) approach (Hall & Solskice 2001), Germany is seen as the classic example of a coordinated market economy (CME), where employment relations are characterised by well-organised trade unions and employers’ associations that comprehensively regulate working conditions through industry-wide collective bargaining, formalised participation of employees in decision-making to curb managerial prerogative, secure employment and elaborate industry-based training schemes that produce a labour force with high industry-specific and firm-specific skills.’ p. 179.

How this apparent ideal of labour management relations came into being is a story worth understanding. This Chapter tells that story in clear detail. It then discusses the changes which have developed since the early 1950s, both internally and externally, to bring pressures and strains to this model. Both stories focus on the relevance of the VoC framework. There is a wealth of statistical data and historical detail.

The conclusion emphasises the impact of trends in labour force diversity and what is referred to as ‘...a more neo-liberal, market-driven orientation towards the shorter-term maximisation of shareholder interests (Jackson & Sorge 2012).’ p. 205. This is a familiar story.

The Chapter on Germany is a key to the understanding of VoC analysis. It revolves around what appeared to be the establishment of an ideal social democratic model. This Chapter provides an excellent introduction to German history relating to employment relations and future challenges.

Chapter 9. Employment Relations in Denmark **Jorgen Steen Madsen, Jesper Due and Soren Kaj Anderson**

‘The state has played the role of the third actor in the industrial relations (IR) system (Dunlop 1958). This has occurred in relation to labour market policy, which to a large extent has been formulated within the framework of tripartite agreements. Welfare issues, such as questions of pensions and further training, have also been the subject of tripartite negotiations and agreements, particularly over the last couple of decades. From this

perspective, the Danish political economy is a typical coordinated market economy (CME) (Hall & Soskice 2001).’ p. 209.

The ‘Danish Model’ of employment relations has shown stability over a long period of time and continues to do so. Like France and Germany, it has been an inspirational model for other social democracies, but appears to be less vulnerable to either internal or external threats. A reading of the chapter illustrates this, and also demonstrates a different kind of history from both the other countries. It is a well-constructed chapter and one which helps further to put flesh on the bones of the VoC framework of analysis. Similarly, it does not fit the convergence model. All of this is well explained.

Chapter 10. Employment Relations in Japan **Hiromasa Suzuki, Katsuyuki Kubo and Kazuya Ogura**

Millward, N. (1994) *The New Industrial Relations* (London: Policy Studies Institute) identified what he called the ‘Japanese Model of Industrial Relations’. This was very much based on the behaviour of Japanese companies in the UK. The core elements of the model were said to be recognition of a single union with sole bargaining rights; pendulum arbitration as a basis for enforcing a no-strike agreement; access by all employees to a consultation forum; single-status employment conditions; freedom of management to organise work.

On page 10 of this Chapter we are told that ‘The international interest in Japanese management and employment relations was perplexing to many Japanese people, as for most of the twentieth century Japan had tried to follow models derived from the West (e.g. the United Kingdom, the United States and Germany).’ They argue that jobs for life and an ageing population have become increasingly incompatible.

The Chapter ends with the following: ‘In sum, aspects of Japanese employment relations seem to be moving to adopt LME-style approaches. However, Japanese employment relations retain similarities with CME-style approaches – albeit with Asian characteristics.’ p. 263.

This is a challenging chapter for the reader. We are told ‘After Japan’s surrender in 1945, the Allied powers General Headquarters (GHQ) sought to rebuild the organisation of work and employment relations as part of the post-war reconstruction. Many elements of the present model were shaped by American influence after the war.’ This could be of some significance. Maybe Japan, with a defeated management and docile labour force provided a base for people such as Deming and Juran to conduct

experiments in modern Taylorism which were not feasible in their own land given the return of its heroes. This would explain the paradox in the two introductory paragraphs above.

Chapter 11. Employment Relations in South Korea

Byoung-Hoon Lee

In the Introduction to this volume South Korea, like Japan, is classified as an *Asian developed economy*. That both fall into such a category could be the result of USA influences in the immediate aftermath of World War II, with a second round for South Korea following the Korean War. South Korea, the Republic of Korea, is referred to as Korea throughout the remainder of the Chapter. p. 266.

This Chapter tells us a great deal about how Korea became a leading economy, not just in Asia, but in the world at large. According to data collected in Wikipedia, ‘South Korea’s tiger economy soared at an average of 10% for over 30 years in a period called the Miracle on the Han River, rapidly transferring it into a high-income economy... Today, it is the world’s fifth largest exporter and seventh largest importer with the OECD’s third largest budget surplus. It is Asia’s most advanced democracy with high government transparency, universal healthcare, freedom of religion and fundamental rights protected by the most developed rule of law in Asia.’ (Google).

The account given in this Chapter points to ‘...growing precariousness and polarisation, exemplified by the proliferation of the non-regular workforce and the widening pay gap, as well as employer dominance, supported by the government’s neo-liberal policies.’ p. 286. Since 2013, President Park has sought to weaken the rights of workers and trade unions. Penal sanctions have been applied against unions and officers¹¹.

This Chapter provides a perfect example of the relevance of the VoC model to developed economies.

Chapter 12. Employment Relations in China

¹¹ Hyun Lee November 12 2015 *South Korean Labour Strikes Back* Foreign Policy in Focus (Institute of Policy Studies).

Fang Lee Cooke

In the model China is classified as an *Asian emerging economy*, like India. ‘Commentators outside China also use the term ‘state capitalism’ to emphasise continuing state intervention as a feature of the country’s liberalising economy.’ p. 291. ‘The Chinese economy is a ‘mixed economy’ characterised by ‘a blend of market-driven, government-controlled and *guanxi* (relationship) – based culture’, with strong management implications (Si et al. 2008: 932).’ p.291.

In the section on the role of the state we are reminded that ‘As China is a socialist country with the legacy of state-planned economy embedded in its political economy, the role of its government – or more broadly the state – is dominant as an employer, a legislator and an economic manager.’ p. 293. Historically China was a Leninist/Stalinist state, with Mao, Zhou and Deng being fervent supporters of Lenin, followed by Stalin. (Pantsov and Levine, 2015)¹². This is where its current socialism originates.

One can only read this Chapter, and be a little questioning of some of the data – for example, trade union membership figures expressed in a continuous series from 1952 to 2012 – whilst recognising that attempts are being made to improve the lot of the Chinese people, as suggested by the author. Genuine efforts are being made to improve the protection of workers, but there are examples, currently of what Amnesty International regards as breaches of human rights. The People’s Republic of China has reformed its constitution to introduce the rule of law but still allows the Communist Party the final say.

This Chapter is one that does not readily fit the VoC model, although China’s marketization policy could be seen as an indicator of convergence.

Chapter 13. Employment Relations in India Anil Verma and Shyam Sundar

‘We ...show that Indian developments do not fit neatly into categories such as liberal market economies (LMEs) or coordinated market economies (CMEs), as elaborated in the Varieties of Capitalism (VoC) framework (Hall and Soskice 2001). The developments also defy the

¹² Pantsov, A. V. and Levine, S. I. (2015) *Deng Xiaoping a Revolutionary Life* (Oxford University Press). This book is a ‘warts and all’ biography of Deng. The book contains an ‘Epilogue’ which is sympathetic to what Deng was ultimately trying to achieve in his latter days and is very close to what is being expressed by Fang Lee Cooke.

notion that India is simply transitioning from being a CME to an LME.’ p. 317. They do actually posit another model for Asian economies such as Japan, South Korea, China and India ‘...that seeks high economic growth rates by liberalising economic policies while maintaining a strong role for the state in social policy, including employment relations policy.’ p. 317. In the introduction to the Chapter, India is described as the world’s largest democracy. It is also a large multi-party democracy ‘... with a diverse population in terms of ethnicity, language, religion and caste.’ p. 316.

Apart from definitions there are problems with data. Apparently, depending on the source of information, ‘...union density varies from less than 5 per cent to around 30 per cent.’ p. 320. When it comes to collective bargaining apparently the state plays a weak role. ‘The coverage of collective bargaining is extremely limited; it is estimated to be only 2 per cent (Venkata Ratnam 2003).’ p. 325. This is attributed to a high use of compulsory conciliation and adjudication of disputes in the public utilities. Voluntary arbitration is also referred to. Such ‘adjudication’ would be regarded as collective bargaining in other jurisdictions.

Given the scale of the Indian population and the wide variations in living standards it is difficult to know what much of this Chapter means.

India has a big influence on world trade. Its car industry is of considerable importance to the UK, for example. It is also of considerable importance to India. TATA is important for both steel and car production. Does it recognise unions? A focus on such a company would help to indicate what happens in the advanced manufacturing sector. How widespread is child labour? What about Health and Safety? To what extent are outside companies exploiting the Indian labour force?

Conclusion

The authors of the text are well aware of the limitations of the VoC model, but it does seem to work well for developed economies whether in Europe or Asia. Even China shows some indications of potential fit. India is certainly the most complex of the countries on the basis of its chapter given the twelve countries chosen. The choice of countries obviously reflects the affinity between Australia and Europe and the proximity of Asia. Once we move into comparisons with Asia, the Rostow model, with

all its weaknesses comes to mind¹³. No doubt its subtitle itself deterred a lot of academics. Countries such as Nigeria and Ghana might be worth adding to a newer edition, but then much the same would be true of Latin America. What are described as liberal market economies in the twelve chosen could now include all the European developed economies minus Denmark and France, who could be joined by Canada, as a separate, exceptional group. All classification models have substantial difficulties.

What appears to be the case is that capitalist, liberal market democracies are winning out. Historically capitalism will be seen to be the worst system inflicted on the human race with its two total wars destroying not only each other's armies but any part of the civilian population deemed to be disposable for whatever reason. Capitalism spawned Leninism, Stalinism and fascism and two unprecedented world wars. However, this is in the past and social democracy with much greater emphasis on equality is clearly desirable.

Where countries ended up in 1949 crucially affected where they are now, even if they claimed neutrality. This is reflected in all the countries in the volume, including India and China. This does not need to be spelled out for these countries. For a more global analysis see: Kershaw, I (2015) *To Hell and Back; Europe 1914 – 1949* (Allen Lane; Penguin, Random House, UK).

¹³ Rostow, W.W. (1960) *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge: Cambridge University Press.

ADAPT International Network



ADAPT is a non-profit organisation founded in 2000 by Prof. Marco Biagi with the aim of promoting studies and research in the field of labour law and industrial relations from an international and comparative perspective. Our purpose is to encourage and implement a new approach to academic research, by establishing ongoing relationships with other universities and advanced studies institutes, and promoting academic and scientific exchange programmes with enterprises, institutions, foundations and associations. In collaboration with the Centre for International and Comparative Studies on Law, Economics, Environment and Work, (DEAL) the Marco Biagi Department of Economics, University of Modena and Reggio Emilia, ADAPT set up the International School of Higher Education in Labour and Industrial Relations, a centre of excellence which is accredited at an international level for research, study and postgraduate programmes in the area of industrial and labour relations. Further information at www.adapt.it.

For more information about the E-journal and to submit a paper, please send a mail to LS@adapt.it.

DEAL

Centre for International and Comparative Studies
Law Economics Environment Work

THE MARCO BIAGI DEPARTMENT OF ECONOMICS
UNIVERSITY OF MODENA AND REGGIO EMILIA



ADAPTInternational.it

Building the Future of Work