The Dynamics and Dimensions of Industrial Relations Change: A Comparative Analysis

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Abstract

This paper summarises the conclusion of an OECD-based study on the nature and dynamics of change in industrial relations. A number of industrialised market countries are examined, six of which - Australia, Japan, Britain, the United States of America, West Germany and Sweden - are the focus of a detailed study. Successive parts of the paper examine the experience of change, the agents of change, factors facilitating change, and barriers to change. The paper concludes with several generalised propositions about the macro change process drawn from the experience of the countries reviewed, and a review of policy options.

1. Introduction

For many countries the 1980s are seen as a decade of change in social policy and practice. To seek change implies the quest for a better order. What, then, are the elements of "good industrial relations" which a reform process might seek to capture? Four particular features come to mind. First, the system must satisfy the employers and trade unions, managers and workers who are

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principal actors in it. Second, it should operate without undue industrial conflict. Third, it must determine wages, working conditions and working practices that are consistent with national economic and social needs. And fourth, closely linked with the third, it should facilitate the organisational and technological change that is essential to a successful economy, while at the same time ensuring that the costs of adjustment are equitably shared.

2. The Experience of Change

Looking back over, say, 60 years, some decades have witnessed appreciably more change than others, although on the whole it is surprising how few radical changes there have been.

Apart from the effects on labor relations of Nazi and fascist systems in the early 1930s, that decade also saw notable change in three or four other countries. In the United States the spur of the Depression prompted a New Deal in which the strengthening of trade unions (with which the rapid growth of industrial unions was associated) and the establishment of a system of collective bargaining played a major part. In Sweden, long years of industrial strife preceded the accession of a social democratic government, fear of government intervention, a change in leadership for both the employers and the unions, and a deep dissatisfaction with the existing situation among employers and workers, which set off the talks culminating in the Saltsjobaden Agreement of 1938, thus laying the basis of the much praised 'Swedish Model'. In Switzerland, too, fear of government intervention and distaste for prevalent conflict led to the first industrial peace agreement of 1937. A fourth change, part of the 'experience Blum' in France in 1936, proved to be mainly transient. Having foundered on economic crisis, the opposition of employers, and political dissension among the trade unions, it left behind it little more than the establishment of paid holidays and a notional 40-hour week,

The 1940s showed another, if expensive, way of changing an industrial relations system - war. The war-damaged countries of continental Europe, together with Japan, reconstructed their industrial relations systems. In the liberated countries there was usually some infrastructure which had not entirely disappeared under occupation and could be revived, but the new systems differed significantly from the old. In Germany, Austria and Japan completely new systems had to be devised, while in the case of Japan key new elements were introduced by the occupying powers (Gould, 1984).

From 1950 on, however, radical systemic changes have been few, the most substantial being those wrought as a result of political change in Spain, Portugal, Greece and Turkey. Elsewhere institutional changes contributed

to a greater industrial democracy. Changes warranting consideration, are those that have taken place in France, Britain, Sweden and Australia (in contrast to the United States and Japan where change has been minimal).

The Socialist government that came to power in France in 1981, after decades of government by right of centre parties, sought to curb unstable employment, to encourage employment by reductions in working hours and to promote industrial relations in the enterprise. But the four substantial laws passed in 1982, the 'Auroux' Laws which the centre-right government of 1986-88 did not seek to change, seem to have made remarkably little difference to French industrial relations (Moss, 1988). And, considering that the rate of unionisation in France is now probably no more than between 15 and 20 per cent, a great many formal aspects of industrial relations are not applied in practice.

In the aftermath of the war, British industrial relations were considered to be among the best in the world. The British saw voluntarism to be a key element of the system. As Kahn-Freund described it:

> "there is, perhaps, no major country in the world in which the law has played a less significant role in the shaping of (labour-management) relations than in Great Britain, and in which today the legal profession have less to do with labour relations."
> (Kahn-Freund, 1954:44)

Voluntarism was upheld by the Donovan Commission on Trade unions and Employers' Associations, reporting in 1968, but already in 1969 the Labour government, while accepting much of Donovan's analysis, were moved by the nature and amount of industrial conflict at the time to propose greater intervention by the law in strikes. Then in 1971 the succeeding Conservative Government passed an Industrial Relations Act which considerably augmented the extent of legal involvement in industrial relations. The Act was an embarrassing failure but any possible further change was cut short when the government left office in 1974, effectively as a result of a major coal strike. The subsequent Labour government (1974-79) put an end to almost all of the 1971 Act and substituted its own framework, which more or less restored the legal position to what it had been before 1971 and, indeed, strengthened the position of both workers and unions. This legislation in turn had to give way to the series of very different Acts introduced by the Conservatives between 1980 and 1990. There is no doubt that if, or when Labour again accedes to office there will be a further reconstruction of labour law.

Apart from the general legal framework, the British Government forced a substantial shift in public sector industrial relation, as evidenced in its tough stance in imposing cash limits to contain labour costs in the public service in the early 1980s; its refusal to subsidise large wage increases in nationalised industries; its termination of the Civil Service Pay Research Unit; and its replacement of the traditional negotiating arrangements for school teachers.

In effect, what had been a consensus in Britain concerning industrial relations has increasingly, since the 1960s, become a political football and there seems little prospect of the major political parties, whose beliefs concerning industrial relations mirror their strong disagreement over a wide range of policy issues, agreeing on what constitutes a good industrial relations system. The most that one can say is that a return to a system as free of legalism as British industrial relations were up to the 1960s is extremely unlikely. The present choice appears to be between a further weakening of the trade unions and a new legal framework that strengthens them. British industrial relations have not yet reached a new plateau of stability.

A formidable body or legislation concerning trade unions and industrial relations has, then, been placed on the statute book - five major Acts in nine years. But what has been the effect on the actual conduct of industrial relations in Britain? It has had little impact on the shape of trade unions and employers' associations. It has not changed the levels at which collective bargaining is conducted, nor the nature of the formal bargaining machinery. It has left untouched public assistance rendered by the Advisory Conciliation and Arbitration Service, (ACAS). Though it has, together with the changed economic environment, weakened the bargaining power of the trade unions, wage increases for workers generally have consistently been running at levels appreciably above what can be afforded without adding to inflation. British labour productivity is still considerably lower than productivity in comparable countries. It would be wrong, however, to assume that the new laws have had no effect. They have inhibited indiscriminate use of the strike weapon; they have reduced the extent of the closed shop; and they have made union leadership more accountable to the members. But if they have persuaded militants to be circumspect and encouraged management to be more assertive they have done little to change the attitudes that underlie British industrial relations.

The Swedish industrial relations system has for long been considered a shining example to other countries. But the 'Swedish model', though still among the most effective, is hardly what it was. (Ahlen, 1988; Lash, 1985; Lundberg, 1985; and Myrdal, 1980). Briefly, at the end of the 1960s the

unions were concerned with the increasing concentration of Swedish industry and anxious to achieve gains for their members beyond simple wage increases. Though one of the bases of the Swedish model was that unions and employers should resolve their differences between them, and keep the government out, the unions now turned to government (on the grounds that the employers were unwilling to satisfy their demands and that some of those demands could only be fulfilled by legislation). The result was quite a series of Acts, notably the *Board Representation Act*, 1972, strengthened in 1976 and 1987; The Shop Stewards Act, 1974; *The Codetermination at Work Act*, 1976 which ended the understanding dating from 1906 recognising the employers' prerogative in respect of employment and the distribution of work; the *Job Security Act*, 1974; the *Work Environment Act*, 1978; and, finally, the most divisive measure, the *Wage Earner Funds Act*, 1983.

Beyond these legislation driven changes, the highly centralised collective bargaining system weakened in the 1980s. There was increasing bidding up between the three central bargaining units - the blue-collar private sector, the white-collar private sector, and the public sector. For most bargaining rounds in the 1980s in the key private blue-collar sector it was not possible to arrive at a generally applicable central agreement. But if there were some substantial conflicts in the 1980s, relations in industry were still good and the efficiency of Swedish industry remained a shared goal for employers and unions alike and the necessary structural change was carried out speedily, effectively and humanely, as exemplified by the closure of shipyards. (Strath, 1987)

Australia has experienced significant changes in its traditional industrial relations structures, policies and practices. Though there has been no fundamental departure from formal compulsory conciliation and arbitration processes which have been the centre-piece of industrial relations since the beginning of the century, there have been some important shifts in procedures and in the system infrastructure. The significant changes arise from increased economic pressures, the origins of which flow from set-backs in the value of Australia's primary products in the export market, the uncompetitiveness of Australian manufacturing industry, and the more difficult world economy. Equally significant, however, have been shifts in political judgement about the rationality and viability of the traditional application of a firmly centralised approach to wages regulation and the newfound interest of the national Industrial Relations Commission in a policy stance giving a greater role for productivity and efficiency concerns, with growing emphasis on negotiation techniques to achieve productivity bargaining.

After considerable difficulties in accommodating wage pressures, the last Liberal-National Government brought about a wage freeze at the end of

1982, a time when unemployment and inflation were each running at around 10 per cent. Before the freeze had run out the Hawke Labor Government had come to power, with an agreement (the 'Accord') with the trade unions, undertaking wage moderation on the basis of government assurances covering a wide range of economic, industrial, and social policies. The Accord was, in effect, immediately ratified by a spectacularly successful national economic summit meeting between Commonwealth and State ministers, employer association representatives and individual employers, and trade union representatives in April 1983.

Consensus-based incomes policies have a very poor track record in most countries. The Australian Accord has endured and given results, up to a point. Real wages have fallen (though the 'social wage' has risen); employment and profits have increased; inflation, though still high, has decreased; and days lost in strikes have fallen, though they are still high by international standards.

The durability of the Accord, and its continued constructive role, have been made possible by the flexibility which government and unions have shown in negotiations, and the fact that there is no attractive alternative for them. Through government-union agreement, employer acquiescence, and the aid of the Industrial Relations Commission, it has been possible both to respond to changing needs and steadily to move towards enhancing productive efficiency. Tax concessions, superannuation, health care costs, and post-dating of wage increases, have been elements in the successive agreements reached. As regards efficiency, in 1987 growing strains in the Accord were eased by an unprecedented two-tier award providing a general increase together with a second adjustment dependent on productivity improvements to be gained through "restructuring and efficiency negotiations" not at the traditional centralised level, but through negotiations at an industry or enterprise level. The 1988 and 1989 decisions of the Commission again in effect provided a two-tier wage increase, laying stress on a new structural efficiency principle, aimed at enhancing flexibility and competitiveness. While the stocks of the Accord were remarkably high in the early part of the decade, and while the broad direction of change is still widely applauded, there is growing criticism of the pace of the change and the barriers being erected in public policy to prevent a stronger enterprise focus (Niland 1989, 1990).

Other countries experienced less structural change. In the United States the only significant attempts to strengthen the New Deal Model fell by the wayside. The Common Sites Picketing Bill was vetoed by President Ford in 1976 and the Labor Law Reform Bill was lost in the Senate in 1978. But there was substantial non-structural change. The onset of recession brought

concession bargaining and, to a lesser extent, two-tier bargaining, (which, with its provision for differential wage levels within a single workplace is different from Australian two-tier bargaining where the effect is to produce variability between workplaces). With the change in personnel in the National Labor Relations Board under the Reagan Administration unions had less and less success in gaining negotiating rights. And unionisation declined steadily from 35 per cent in 1955 to 17 per cent in 1988.

In Japan, the inevitability, and to a large extent desirability, of change is readily accepted. The planning of change, including securing a consensus for it, is evident at all levels, from the shop floor quality control circles, through the 'ringe' processes of management to the evolution of national 'visions' by trade unions or government sponsored committees, is part of the way of life. 'How can we do it better' is a shared outlook in a productivity orientated culture: there are few barriers to necessary industrial change in Japan.

Japan being a country where relations between people are viewed as more important than legislative interpretations, there have been few significant legislative changes in the 1980s. But there has been one structural change of note, namely the coming together of the four trade union centres to form 'Rengo' in November, 1987 as a single peak organisation for the trade unions of the private sector, and with the intention of including the public sector before the end of 1989. This move, prompted by desire for greater unity vis-a-vis the government and in the annual wage round, and facilitated by containing political differences, does not, however, seem likely to bring about any fundamental change in Japanese industrial relations.

The successful and stable industrial relations system created in Germany after the war has not received any substantial alteration other than the strengthening of the organs of codetermination, notably the Works Councils Act 1972, the Codetermination Act 1976, and the relevant minor amendments of 1988. Though the parties are not without their differences, those differences have not hitherto proved insurmountable. Collective bargaining, the German legislature, the Labour Courts, and the arbitration provisions to deal with intra-enterprise disputes, have worked effectively to ensure that the system takes changing needs in its stride.

Lastly, looking briefly at the other industrialised market economy countries, there have been no major reconstructions of industrial relations systems. Canada, whose practices have much in common with those of the United States, continues to have a decentralised and conflictual industrial relations system. Notably few Canadian employers have sought concession bargaining or two-tier bargaining (Thompson, 1989). Italian industrial relations remain conflictual and attempts at reform have met with little

success. The Spanish and Portuguese industrial relations systems installed after the fascist era have proved viable but have been somewhat unsuccessful in facilitating greater flexibility and in avoiding conflict between collective bargaining outcomes and the needs of economic policy. Spain, in particular, is usually near the head of the strike 'league table'. One possibility is that the pressures which forced other countries to reform will catch up with Canada, Italy, Spain and Portugal in the 1990s. There have been no sweeping changes in Denmark, Norway or Finland, and periodic difficulties in respect of containing wages continue. There have been no fundamental changes in Austria, Belgium or the Netherlands. Ireland has been engaged in a review of labour laws but this has not produced any fundamental changes and Swiss industrial relations have continued on their peaceful way.

As to the international scene, no substantial changes in the organisation of employers or unions during the 1980s, are evident, nor has there been any significant development of internationally agreed guidelines for multinational enterprises. There has, however, in most recent years been some small movement in the direction of cross-national consultation in a handful of multinational enterprises.

From one perspective it is surprising how well industrial relations systems have withstood the tests of structural change and the need to achieve labour market flexibility and hence improve competitiveness that the 1980s have imposed on them. By meeting the challenge they have forestalled the need for fundamental change, although the significance of the adjustments to processes and strategies in some areas are noteworthy, if mixed. A look over countries shows that if trade unions have lost members overall and if in others they have lost heavily, in some countries they have actually increased their membership. Some unions have amalgamated but in general the configuration of unionism has changed little as is the case with the configuration of employers' associations.

In collective bargaining there has been a generally stronger role played by management strategy and a greater emphasis on decentralisation, with more matters being dealt with at the enterprise or workplace level. But across the board there has been no sweeping change in the way in which wages and working conditions are determined. Most of the countries which experienced inflationary pressures from collective bargaining in the 1970s have continued to experience such pressures, albeit less severely in the 1980s. Industrial conflict as measured by strike statistics has shown a substantial reduction fairly generally but in no case has a country moved from being a relative high-strike country in the 1970s to being a relative low-strike country in the 1980s, or vice versa. Neither has the role of the

state changed substantially across the 1980s, except, perhaps in Britain and to a degree in Australia.

So there has been no major change to speak of in industrial relations structures and institutions in the 1980s, which could lead some observers, mistakenly, to believe industrial relations is a bulwark against those adjustments made vital by economic crisis. This would be to ignore the massive shifts in the focus and style of collective bargaining, with stronger emphasis on strategy and workplace exchanges. To sum up, it would appear that there has been relatively little change in industrial relations **systems** but there has been significant change within industrial relations **per se**, largely due to shifts in processes and the remodelling of relationships to support more flexibility, decentralism and productivity enhancing measures.

3. The Agents of Change

The agents of change are the people or institutions whose intervention can bring about substantial reform of an industrial relations system. They include employers and their associations, trade unions, governments /legislatives, the judiciary; and/or industrial tribunals and individuals.

In recent years employers have certainly tended to take a more vigorous approach to their workers and trade unions. Equally certainly they and their associations have always sought some influence with governments, promoting or countering proposed legislation. In their relations with unions, employers have, in the nature of things, more often sought to block or water down union demands for change than to bring change about, though there are now quite a few instances of employer-led innovation. For example, the Swedish employers were primarily responsible for setting the levels at which bargaining has been conducted in Sweden and to take a sectional case from the formative days of industrial relations, after the great engineering dispute of 1897-98 the British engineering employers caused a whole industry-wide framework of negotiation to be embodied in the terms of settlement. More recently it is the employers who have been setting the agenda for industrial relations in the United States. This has certainly affected the operation of the industrial relations system, though it has not changed the structure of the system itself. Australian employers in the late 1980s, are showing signs of counter-claiming and even of initiating the bargaining exchange after decades of reactive and negative stance. But the conclusion must be that it is impossible to find a case where employers, collectively, have initiated and substantially led the reconstruction of an industrial relations system.

Far more change originates with trade unions, as is natural since their objectives imply seeking change in the status quo. The Swedish unions, for

example, led the way to the active labour market policy and insisted on the solidaristic wage policy in Sweden. They also set afoot the Swedish industrial democracy legislation of the 1970s and the wage earner funds of 1983. The German trade unions insistence on codetermination introduced a significant change into German industrial relations - and indeed the whole of that system owed much to the trade unions in its formative stage, immediately following the war. The British unions were largely responsible for the form of Labour's short-lived legislation of the 1970s. The Australian unions, joint originators of the 'Accord' of 1983, throughout the 1980's have been the key agents of change, although it might be argued that their prime concern is to preserve or improve their position in specific ways rather than seeking to reform the system as such. Still, the end result is a transformed system.

The best test of alleged 'change' is whether it affects significantly the relations of management and workers and the terms of employment at the workplace itself. Much legislation would fail this test but legislation - mainly government sponsored legislation - is nevertheless the principal agent to which employers, unions, and the general public look for change. Legislation normally sets a framework for the rights and obligations of unions and employers' associations and management and employees and the relations between them. It may set minimum conditions for employment, it may provide help to resolve industrial disputes. And it is expected to safeguard the public interest. Government as a change agent also has the opportunity to set an example by the arrangements it makes concerning its own substantial number of employees.

Government may be pro-active in legislating reform for ideological reasons or because of an obvious, serious need. Otherwise it is only likely to legislate when persuaded to do so by employers or unions or by public pressure voiced through the media.

The fourth potential agent of change is the courts of law (and quasi judicial bodies such as the industrial tribunals in Australia). The experience of trade unions with the courts has not always been happy. The legal profession, at least in the English speaking countries, has been reared on the importance of protecting the interests of the individual, and of trade; it is not always sympathetic to the collective interests associated with organised labour.

In the United States the early history of industrial relations was much influenced by court decisions. Several decades ago it was the Supreme Court's judgement in the Lincoln Mills case (1957) and the Steelworkers' Trilogy (1960) which effectively established the quasi-autonomy of arbitration in grievance procedures in the United States. More recently, when some

agreements by filing under Section 11 of the Bankruptcy law, Congress moved rapidly to establish that this was not permissible.

In Germany the Federal Labour Court "has become at least as important as the legislator as far as regulations in the field of labour are concerned" (Weiss, 1987:34). The rules concerning strikes, for instance, have largely been evolved by the Court. Thus, in a case concerning the formulation of a union claim in the metal industry in Schleswig Holstein the taking of a strike ballot before the existing agreement had expired was held to have violated the peace keeping obligation and the union was fined heavily. Examples could be quoted from other countries.

In Australia a judicial type body outside the normal courts of law has had an important role in respect of industrial relations. The Australian Constitution of 1901 [Section 51 (xxxv)] empowers the Commonwealth to legislate with respect to "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State". In accordance with this power the Commonwealth established a tribunal - the Court of Conciliation and Arbitration - charged with the compulsory arbitration of labour disputes. The purely judicial functions which the Court had were hived off in 1956, as a result of the High Court decision in the Boilermakers' case, ruling that it was unconstitutional for a Commonwealth tribunal to exercise both judicial and non-judicial functions. This tribunal has now become, as a result of the *Industrial Relations Act*, 1988, the Australian Industrial Relations Commission.

The role of the Commission since 1983 has, in practice, largely been to endorse agreements reached by government and trade unions and more or less reluctantly acquiesced in by employers; but the Commission is by no means **required** to follow such agreements, and there have been instances in the 1960's and 1970's when the federal government, which is constitutionally precluded from legislating directly in industrial relations, and the key industrial tribunal, in whom such powers are vested, have been at loggerheads. The stance of the latter body prevails in such instances.

As change agents, the courts generally have a limited role. Their interpretations can, and often do, have an impact on the operation of industrial relations, but they are not in a position to carry the burden of any substantial revision of the system and its operation. The Australian Industrial Relations Commission is a special case. The 'principles' it has laid down since 1985 have had a marked impact on workplace industrial relations, no doubt largely because they went in a direction already clearly indicated by the government-union agreements. But in a more politically open situation it is doubtful the Commission could appreciably influence the industrial rela-

tions scenario, as distinct from particular terms and conditions of employment.

The fifth and final agent of change is the individual. Evidently, at all times charismatic or powerful individuals put their mark on industrial relations as on other human institutions, leading them in new directions. In Britain in the late 1860s, when trade unions were under attack as a result of the Sheffield outrages, a small group of union leaders, (called the Junta by the Webbs), influenced the Royal Commission on Trade Unions sitting at the time and turned public opinion to the positive characteristics of unionism, thereby creating a climate for the succession of laws favourable to the trade unions passed in the 1870s. Another example from Britain, Walter (later Lord) Citrine, as General Secretary of the TUC, did much to turn the trade union movement into what came to be known, in the Second World War, as an 'estate of the realm'. In Australia, it is difficult to imagine the 'new look' that the Accord of 1983 gave to industrial relations without the personality of the prime minister, Bob Hawke.

Public opinion too, with some assistance from the media, and given time, play a part in reform. Thus the British 'winter of discontent' of 1978-9, played a part in the election of the Conservative government in 1979, and creating a climate that assisted the series of legislative changes on which that government embarked.

4. The Facilitation of Change

But if change is desirable and becomes feasible, how can it be facilitated? What are the agencies that can give it legitimacy, smooth out the obstacles, carry it forward, and iron out any problems that arise in its implementation? (Niland: 1986:245)

Probably the greatest - and most desirable - facilitator is consensus. When opinion leaders are supported by a kind of critical mass among the population, change becomes relatively easy. But how can such a consensus for change be achieved, given that most people are naturally suspicious of change unless they are convinced of its value?

Again, the media are likely to be influential but they in turn are likely to be influenced by opinion-forming individuals and bodies. The process has a certain circularity. Politicians, pressure groups, academic authorities, international organisations, consultative bodies, and specially-appointed investigative bodies, all play a part in this process. The roles of most of these is obvious enough but the part played by the last two deserves some comment.

Modern industrial societies contain a mass of standing bodies designed first, to advise government or to oversee the operation of public agencies; second, simply to act as forums to exchange views and experience; or third to ensure that different points of view are debated. Pertinent to industrial relations, the Social and Economic Councils of France, Italy and the Netherlands - and on an international level that of the European Economic Community - are prominent examples of the standing consultative body. The typical council has the right, and indeed obligation, to express its views to government and the public on proposed social and economic legislation. But it can also debate questions of its own choosing. It is usually tripartite or multipartite in membership. The Commissions associated with the French planning apparatus, which deal with matters such as safety at work are another example. The National Labour Consultative Council in Australia is another variant on this group. The British Advisory, Conciliation and Arbitration Service, ACAS, fits the second category: it has a Council (comprising employers, unions, and a small number of independents), which watches over the work of the Service and can express views on relevant issues. The Japan Productivity Council can serve as an example of the third category. Finally, there are bodies which, at least informally, may go beyond consultation, and provide the basis for agreements or understandings between governments, unions and employers, like the Norwegian Contact Committee or - except that government sits as an employer rather than as government - the Irish Employer-Labour Conference (Addison, 1979, Cooper 1982).

The role of the inquiry is to present a weighing up of the different aspects of a complicated subject with much fuller consideration than can be given by, say, a cabinet committee. Most inquiries are appointed to expose the arguments and possible courses of action and then to ascertain the views of the public on them so that mature decisions can be taken - though it has been said that some inquiries are used to relieve government of having to take a decision on a thorny subject by deferring it for what might prove to be three years or more! As the government in effect appoints those who make up the inquiry, and decides its terms of reference, it is possible for a government to set up an inquiry that will probably support an option that the government already favours. This, however, is not invariably the case and when used it may backfire. As an example, the Bullock Committee of Inquiry on Industrial Democracy set up in Britain in 1975, for which the terms of reference prejudged the desirability of worker representatives on boards of directors, and the membership of which could be counted on to split, with the majority making radical proposals, produced a report which met such a frigid reception that the subsequent White Paper was a very much weaker affair. (In

the event, the dissolution of Parliament meant that the matter was not progressed.) The Bullock Committee, it should be noted, considered the private sector, while parallel inquiry in respect of the public service was entrusted to an interministeral committee - yet another option open to governments.

The Royal Commission or Committee of Inquiry is a common instrument in Britain, Australia and Canada. The Hancock Committee (1983-85) in Australia and the Woods Task Force reporting in Canada in 1968 are examples drawn from industrial relations of this kind of inquiry. In the United States the equivalent tends to be the Hearings conducted by committees of the Senate or the House - the Senate hearings on worker alienation at the beginning of the 1970s is an example. The French, as well as using parliamentary committees, the Social and Economic Council, and bodies like the Sudream Committee which reported in 1975, also use enquiries by one or two experts: examples are the Adam Report of 1972 on collective bargaining; the Auroux Report of 1981, covering many aspects of industrial relations; the Tadder Report of 1986 concerning working time; and the Aubry Report of 1988 on the significance for France of the social aspects of the Single Europe programme of the European Economic Community. In Germany the Biedenkopf Committee reported in 1970, with an assessment of co-determination.

The Green Paper and the White Paper, in which government puts forward more or less tentative ideas are another way of eliciting the reactions of the public without committing government to a particular course of action.

In short, there is a wide variety of instruments available to governments to secure considered views and to test public opinion. Further, all of the instruments mentioned help to create a climate of informed opinion which, if the matter at issue has been well judged, serve to give legitimacy to the course chosen. It is then up to government and the parties to consider what problems are likely to arise in implementation and to find ways to resolve (or to avoid resolving) them. Important among these is likely to be winning the support of representative groups and giving publicity to examples of successful adoption of the option chosen.

5. The Barriers to Change

We lack a measure of improvement in industrial relations. Furthermore, many aspects share with marriage the feature that good and fruitful relationships cannot be enforced from the outside. But this is not to say that nothing can be done outside the employing enterprise to help. Clearly, external agencies should provide positive support and minimal constraints.

The most serious barrier to improvement, however, is probably not constraints or lack of assistance. Rather, there is the barrier of simple inertia, the seeking of refuge, if change is mentioned, in the principle of unripeness of time. That inertia can probably be overcome only by the force of competition acting on the lethargic union, firm or consultative committee and a process of education, in which government and interest groups, not to mention the means discussed in the last section, have a part to play.

So far as workers themselves are concerned, there is no evidence to suggest that more than a small minority resist change once they see the reason for it and find that reason credible. But coming to this point is not necessarily an easy experience.

If good industrial relations cannot be imposed, at least unnecessary barriers can be removed. Such barriers may derive from a country's Constitution, from the body of law, from collective agreements, or from the rule of employers' associations or trade unions.

For most countries the Constitution - if they have a written Constitution - has little to say about industrial relations but, equally, little that presents a questionable constraint. Australia is perhaps the one country where the Constitution, by accident of its birth, constrains the Commonwealth government by effectively limiting its powers to the provision of "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State", which has been interpreted by the High Court and by most federal and state governments as discouraging alternative forms of industrial relations.

The body of law in respect of industrial relations varies appreciably between countries. Germany, notably, has an extensive legal framework setting out the rights and obligations of the parties and making provision for the resolution of their differences. But it cannot be said that the existence of so much law is felt as burdensome by management and workers at the enterprise. And the legislature, as evidenced by the legislation passed in 1988, is at pains to update the law when the need arises.

At the other extreme, in Japan, where the emphasis is on achieving harmonious relations on a personal basis there is much less need to seek to ensure that the law covers all eventualities and though there is an adequate body of law there is relatively little recourse to it for industrial relations purposes.

In the United States, there has been little change over the last thirty years in the framework laid out in the National Labor Relations Act, 1935, the Labor Management Relations Act, 1947, and the Labor-Management Reporting and Disclosure Act, 1959. There is criticism that this legislation is failing in its original objective of promoting collective bargaining. It fails

to facilitate worker representation while being viewed by advocates of a 'union-fee society' as burdensome. But this is not a question of too much or too little law but of the adequacy of existing law. Incidentally, the comparable legislation in Canada does work to promote collective bargaining.

The British case has already been discussed. There the question is how to find a legal framework that meets the very different political views in the British parliament. Meanwhile, labour and the trade unions see the body of legislation created over the 1980s as extremely burdensome while the Conservatives and employers felt much the same about Labour's legislation of the 1970s.

But it is impossible to analyse here the detail of all the possible barriers that the law - and equally collective agreements and the rules of organisations - impose on good industrial relations in industrialised countries. The present purpose is merely to draw attention to an area that certainly warrants research. In general, if the need for change is sufficiently great and clear, barriers will be swept away. But an industrial relations system can decline without the need for change being readily apparent. People tend to be comfortable with a system to which they are accustomed. But a society that shuns change will be very much at a disadvantage in a competitive world. The prizes will go to societies that overcome the barriers to such change as may be desirable to ensure effective industrial relations.

The challenge is to achieve change without being made to do so by war or economic crisis. For that, long-term vision, boldness, and a change mentality are needed.

6. Conclusion

Several propositions emerge from this comparative analysis:

* A good many industrial relations systems are clearly sub-optimal in terms of the tests suggested in the introduction to this article. But, as with economic systems or social systems, optimality is both a subjective prescription and a goal, rather than an attainable state. It is something toward which a society strives, perhaps seldom culturally arriving at the perfect position. Yet through this endeavour industrial relations is made better, perhaps much better, than if the striving is absent. The push for change is crucial.

* Industrial relations are by no means the only variable in creating an economically sound and equitable society, but they are one important element, and one that can be improved.

* The national responses to the problems common to industrialised market economies have been heavily mediated through the dynamics of the national systems. Systems will continue to differ, particularly in how they strive for change.

* Although countries have tended to respond at much the same time to common problems, and although in some important dimensions (such as the increased attention to strategy by management and shifts toward an enterprise focus) several national systems display greater comparability, there is no evidence to support the specific hypothesis of convergence and nothing to suggest that convergence of systems would be of value.

* The elements bearing on change are quite extensive. They include: the actors in the industrial relations system (government, employers, unions, tribunals); the avenues which can open the way to change (politicians and political processes, the law, collective bargaining, managerial initiatives); the impediments to change (lethargy, suspicion of the unknown, existing laws, agreements and practices) and the extent to which the perceived need for change is trauma drive (recession, bankruptcy etc) as opposed to rationally driven (productivity, efficiency).

That said, what steps to improve present industrial relations are suggested by the experiences of countries surveyed here?

First, it must be said that industrial relations start with managers and workers at the workplace. It is often overlooked that the wider industrial relations system tends only to be invoked when managers and workers disagree - which in most enterprises is not much of the time. The elements making for good workplace relations are reasonably well known, if far from universally practised. They can be summarised as:

* managers and supervisors treating workers with respect, and taking their views into account;

* a reasonably clear-cut managerial structure with line management taking its full share of responsibility for the human resources of the enterprise;

* effective forms of consultation and grievance procedure, together with equitable disciplinary arrangements;

* straightforward and fair wage structures and methods of payment;

* well designed tasks with appropriate training and skills development; and

* an ability by both sides to process change.

In recent years the role of management in industrial relations is much discussed; the attitudes that workers bring to work much less so. It is in the nature of things that in most respects workers will react to what they find at thw rokpalce; poor morale commonly indicates bad management. But the differences between the usual attitudes of British, French, German, Japanese, Swedish and American workers toward their employer and their work, as attested to by many attitude surveys (see Barbash, 1984) suggest that workers' attitudes, whatever their cause or origin, do count substantially towards good or bad workplace relations.

The links between what happens in the enterprise and the external industrial relations system must also be taken into account. They too, vary between countries. Germany has customarily established detailed laws to govern what takes place within the enterprise and what takes place outside. Japan has preferred to regulate as little as possible. Australia has given the key role in determining the basis of relations within the enterprise to the centralised industrial tribunals, but as part of the agenda for change there has been a lowering of the centre of gravity to foster more enterprise-focused negotiations. The United States has laid down a framework within which collective bargaining takes place, and grievances are resolved between the employer and the union, acting with the mandate of a public agency. As already noted, after the war most European countries constructed systems which provided for conflictual matters to be discussed outside the enterprise, and consensual matters within the enterprise.

In the governance of the workplace many different combinations of legislation, collective agreements made at various levels, and rules made within the enterprise are possible, and examination of the evidence does not justify a conclusion that one combination is, of itself, better than another. One can, however, readily identify versions which are not conducive to good relations, such as the fragmentation of bargaining (now, fortunately, somewhat less marked) which grew up in Britain; the multiple, yet inadequate, workplace representation arrangements in France; and, again, the consequences in Australia of giving responsibility for the regulation of the workplace to an outside quasi-judicial body.

Turning to industrial relations beyond the enterprise, again there is a considerable variety in the ways in which law and employer-union arrangements combine to make up the framework, as there is in the laws and arrangements themselves. And one finds some similar legal foundations and employer/union practices in "good" and "poor" industrial relations

systems alike. It seems impossible, examining the industrialised market economies, to deduce that any particular legal measure of institutional arrangement is the cause of strength or weakness of an industrial relations system. Indeed, the attitudes - of workers, management, government and the general public - brought to the system seem likely to be more important than the framework itself. But that does not mean that the framework is irrelevant.

It is most certainly important that there should be business-like and equitable laws concerning the rights and responsibilities of trade unions and employer associations; at least a minimal framework for collective bargaining; such law concerning industrial conflict as befits the nature of industrial relations in the particular country; and an equitable law of employment. As to the institutional arrangements, on balance there is merit in an industrial (or enterprise) union structure and a single central organisation, even if tidiness is of little importance in itself. Collective bargaining levels are likely to depend on national circumstances, but there is evidence that both centralised (Denmark, Norway) and decentralised (United States, Japan) systems can work at least reasonably well. The trend in the 1980s, however, has been to less centralised arrangements. The law of industrial conflict is often vague, particularly the constitutional provisions found in some countries. Such vagueness should obviously be reduced. Most public agencies for mediating conflict have a good track record, as have the forms of bipartite mediation such as those in Germany.

There is now quite long experience of the different systems of worker participation, or industrial democracy involving worker representations on boards of directors, introduced in Germany beginning in 1951 and 1952 and in several other north-west European countries in the 1970s. That experience, though it has disappointed many who hoped for more from it, has been generally positive (significantly, such arrangements are found in countries where industrial relations have been more consensual than conflictual). There is no substantial body of opinion against the system in those countries where it has been adopted. But participation can take other forms. Collective bargaining is one, and may be said to be the basic participative form in the United States. Another, notably in western continental Europe, is the statutory or nationally agreed works council or works committee, possessing rights to information, consultation, co-determination, and sometimes unilateral decision-making - but also responsibilities. Such bodies, while not demonstrating spectacularly positive effects on industrial relations, have generally been at least modestly successful. But could they be exported to countries that do not have them? They certainly represent an option but they could not easily be adopted in countries where the adversary principle rules,

except in specially tailored cases, such as those found in the United States (Cutchter-Gershenfeld, 1986). Lastly, share distribution and profit-sharing schemes have often shown fairly good results - if, perhaps, less than their more fervent advocates proclaim. But neither participative styles nor schemes based on enterprise performance can be satisfactorily imposed from above. In the latter, national input is usually limited to tax relief, leaving the arrangements to management and workers. Nationally operated schemes, such as the Swedish wage earner funds and compulsory profit-sharing in France, have been disappointing.

Readers seeking an agenda for industrial relations change may be disappointed to find no neat how-to-do-it list of prescriptions. But given the substantial differences between countries, we should not expect industrial relations in any one country to easily accommodate prescriptions from others. The results of this study show that industrial relations systems, or at least the way they work, can change and do change. And by understanding those changes - their rationale, form and impact - we build a rich source of ideas about how any one country may consider and handle its own agenda for change.

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