

“Whither Industrial Relations:
Does It Have a Future in Post-Industrial Society”

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Industrial relations is in trouble. It is in trouble both as a set of institutions and practices linked to trade unions and collective bargaining (however broadly defined) and as a scholarly endeavor. The problem is that these institutions are under attack. The attack has been especially virulent in the U.S., and particularly successful. There, trade union membership and collective bargaining coverage has fallen from a third of the private sector labor force in the early postwar decades to less than 8% today. For this reason, I want to focus on the U.S. here. But the attack is not confined to the United States: Union power has declined to a greater or less extent in most of the industrial world.

The attack is, to be sure, both in the U.S. and elsewhere, part of an effort of particular economic and social interests to gain private advantage; and it has succeeded through the exercise of raw political and economic power. But the attack is also intellectual, and takes advantage of a weakness of industrial relations as a scholarly discipline. In the past, the discipline has provided an intellectual defence of trade unions and a framework in terms of which society, and indeed the unions themselves, could understand and justify their existence and deal with the problems that they posed for social organization. In the current period, the discipline no longer seems to provide a

viable intellectual framework of this kind. It has not been able to justify trade unions to the larger society. Nor does it seem to be able to help the unions themselves understand their decline. This paper is addressed to the question of how the intellectual framework of industrial relations has failed and how that failure might be remedied.

As the title of this paper indicates, I had initially thought to do this in terms of the transition from “industrial” to “post-industrial” society—recognizing of course that the terms themselves are a shorthand for a series of changes that need to be much more carefully specified if we are to speak in a meaningful way to the dilemma with which we are concerned here. And that is indeed one of themes I want to pursue in this paper. But to understand our present dilemma and think through the question of how to respond, I think we need to work through two other themes as well. One of those is the demise of the Soviet Empire and with it the threat of communism and, more important, the collapse of Marxism as an ongoing intellectual enterprise. The second is the current economic crisis and the way it is shaping the policy debate. I know – or rather hope and presume – that the crisis itself will eventually pass, but I am also quite certain that it will leave a lasting intellectual legacy, one which we need to begin to address now if it is not to cripple us for some time to come.

Post-Industrial Society

But first, post-industrial society: The basic outline of what I have to say here I have already said in collaboration with Sean Safford in an article we published a few years ago in *Industrial Relations* (Piore and Safford, 2006). Our argument there is that, at least in the United States, the industrial relations system reflected a very particular model of the world of work and its relation to economic and social life. The model was one in which there was a sharp distinction between the economy and the rest of social life. In this, it was very much consistent with Max Weber’s idea of how modern capitalism emerged from traditional society (Weber, 1958). But it was a much more elaborate model than Weber’s. Not only were the social and the economic realms conceived as separate and distinct, each of these two realms was also governed by a single, dominant institutional form: the large corporate enterprise in the economic realm; the family in the social. The two institutions were taken to be stable, enduring in time, and well defined,

with clear boundaries around them. The family was represented in the economy by the male head and breadwinner and his income was the bridge between the economy and the social life. Hence any conflict between these two realms could be reconciled by adjustments in the breadwinners' terms and conditions of employment. When these workers were then organized into trade unions, such conflicts were resolved in collective bargaining through negotiations between the unions and corporate employers. The discipline of industrial relations, which focused on and studied union organization and collective bargaining, became the prism through which these conflicts and the process of resolving them were understood.

What "post-industrial" society means in this context is first and foremost the breakdown of the neat separation between the social and economic realms and of the institutions of reconciliation. The enormous increase in female labor force participation has undermined the male breadwinner model. And we have moved into a world in which neither the family nor the corporate enterprise are stable, enduring or well defined. Both of these institutions now regularly break apart and reemerge in surprising and seemingly unpredictable ways.

In the economy, firms which once seemed to occupy a well-defined and permanent place in the industrial landscape – like IBM, specializing in office equipment, AT&T the U.S. telephone monopoly, Motorola a radio company, or Kodak focusing on photography – now find themselves competing with each other, and with new players such as Microsoft and Google, in an industry that seems to produce commodities that perform all of these functions at once. Indeed, the very term commodity seems anachronistic; we do not know exactly what to call the objects which this new hybrid industry produces. And, in a further break with the traditional industry structure, these same companies have also begun to sell services, ranging from accounting and entertainment to email and web browsers, which actually compete with the physical objects they sell and which set them up for mergers with companies even further removed from their "core competencies" (another term whose popularity in the business literature, in seeming to contradict these very trends, underscores how much trouble we are having understanding what is taking place around us). In the social realm, wives who were once dependent on their husbands for support are now free to leave them and able to support

themselves; children move back and forth between their separated parents in households that each parent has formed with new partners. And male breadwinners leave the women whom they may or may not have married to form relationships with each other, and with children they may have adopted from half-way-around the world. Social identities signaled by sex, race, ethnicity, age, physical disability and sexual orientation often trump identities anchored in the workplace as axes of political mobilization, and organizations representing groups defined in these ways make demands in the workplace which can only be understood in the larger social context of which work has become a part. Work, in other words, is no longer in a separate and distinct realm, the emergence of which Weber imagined heralded economic development.

A discipline which seeks to help us understand the interrelationship between the economy and society thus can no longer focus only upon the intersection created by collective bargaining. It needs to go much deeper and more fundamentally into the details of the economy on the one hand and the society on the other. Many of us have tried to do this (see, for example, Kochan, 2005), but the tools which helped us to understand collective bargaining are not really adequate to this task. Indeed, one has to wonder whether they have any relevance at all to the inner workings of the two realms whose intersection was once their domain of study.

Some questions to consider in the realm of public policy: Is the enterprise or the establishment an institution to which one can attach employment rights or are they merely ephemeral sites of production? If one cannot attach employment rights to them or make them responsible for working conditions, is there some economic unit which can be made responsible for the terms and conditions of employment? What is a living wage in a family where at least two members are more or less permanently attached to the labor force? Indeed, is the family the right unit to think about in terms of income adequacy? Can you force the family or the firm to be responsible socially or economically for the people associated with it? These policy questions lead to parallel questions in terms of scholarship: Should we be studying the firm or the family at all? Is there some other institution or constellation of institutions which we ought to take as our unit of analysis?

The Marxist Alternative

The second factor which seems relevant in understanding the decline of industrial relations is Marxism: the role which Marxism played in the emergence of the discipline in the first place and now the way in which it too has declined as an intellectual enterprise. Indeed, I find it hard not to see the fate of the two intellectual endeavors as intertwined. From the late nineteenth until the late twentieth centuries, industrial society was faced with a problem that was euphemistically called industrial peace. Industrial peace, or rather the lack thereof, became a persistent feature which could not be made to go away and posed a continuing threat of anarchy, if not revolution. The dominant social science theories, particularly standard economics, were unable to recognize the problem let alone address it—the forces which generated it had no place within their conceptual framework. The instinctive response was to suppress the proximate cause, trade unions, as one would repeal a tariff that impeded free trade, or break up a monopoly that dampened competition, a prescription which in the case of unions only aggravated the problem. Marxism offered a conceptual tool kit for thinking about these issues, but at the price of an ideology of revolution.

Industrial relations offered an alternative. It recognized the problem of industrial peace as being central in the formulation of economic policy and provided a vocabulary for talking about it and a conceptual framework for thinking about it that seemed to avoid the Marxist outcome. The collapse of the Soviet Empire, and the threat it posed, has obviously undermined the appeal of Marxism and with it the perceived need for and attraction of the alternative which industrial relations offered. In the United States, the decline of strike activity has obviously diminished the need as well—although the protests in France and Greece in 2010-2011 suggest that this is not universally true. But, in understanding the decline of industrial relations as a scholarly endeavor, the more important development is that the emergence of post-industrial society has undermined the intellectual credibility of Marxism in much the same way it has undermined the credibility of industrial relations.

Just how much so was driven home to me in a very personal way by my cousin when he called several years ago to ask me if I would like to look through my grandfather's papers, which he had inherited, before he donated them to the New York Public Library. My grandfather was manager of the *Jewish Daily Forward*, a Yiddish

language newspaper which up until the 1950's had a daily circulation of over 150,000 and was published simultaneously in New York, Chicago and on the West Coast. And I did indeed think it would be interesting to look through them. It actually was not quite as interesting as I had anticipated. My grandfather, who was born in Russia and came to the States as an adolescent, was a *Menshevik*, a term evoked almost daily with multiple meanings in my parents' household, but which my own children would not recognize at all. The *Forward* was a socialist newspaper, a key organ of the Jewish socialist movement, but by the 1950's Yiddish was a dying language and the socialist movement had been progressively absorbed into the Democratic Party to the point where it really no longer had an independent existence. There is a sense in which Marxism had died in the U.S. long before the demise of the Soviet Empire or the coming of post-industrial society. Most of my grandfather's papers consisted of "orations" he had prepared for the funerals of old comrades—in fact they were really all variations of the same speech. I can remember hearing it when I went with him to one of these funerals. But among the papers was something I had never heard him talk about before, a pamphlet called the Conditions of Jews in Poland (Kahn, c. 1935). It was a report of a mission he led for the Joint Distribution Committee that had been sent to Poland in the early thirties to review the programs that the organization ran there. The JDC was originally founded to help Jewish refugees in Europe in World War I, but it then expanded its mission to help Jews more generally (really I suppose poor Jews, but in those days most Jews were poor).

The pamphlet started from the proposition that the social identity that really mattered was class. It took pains to point out that the brutal anti-Semitism to which the Jews were subject in Poland in that period was the product of bourgeois efforts to divide the working class, and the Polish workers themselves opposed the violence committed in their name. My grandfather had very little sympathy for Zionism. Emigration to Palestine (or the U.S. for that matter) wouldn't hurt he argued; it would relieve some of the population pressure, but there were so many Jews in Poland and their condition was so bad that emigration could never be enough to solve the problem. The real solution had to be found in Poland itself. Such a solution required that Jews move out of agriculture and commerce, which belonged to the historical past, and into manufacturing which represented the future. In this, he clearly had a Marxian vision of the historical trajectory

of the system. The JDC-financed programs in Poland were primarily aimed at helping the Jews to do this through education and training. Another startling feature of the pamphlet was the range of programs, which actually went considerably beyond training and education for manufacturing and included virtually everything that has been invented to address poverty and employment and training beginning, or at least I thought beginning, with President Johnson's Great Society in the 1960s, and including a program which sounded remarkably like the Grameen Bank.

In some ways, the lessons about contemporary society which I drew from the reading of my grandfather's pamphlet are not very different from the lessons about industrial relations; neither conceptual framework seems very relevant today. Even my grandfather gave up his class-based orientation in the postwar period, at least by enough to make Jewish identity as expressed through the State of Israel a major political commitment. In a way it had already replaced manufacturing, which as a solution to the problems of the Jews now seems completely irrelevant. I am not sure what lessons to draw from the fact that in 2010 we still seem committed to the same range of programs for fighting poverty as the JDC used in the 1930's; perhaps it suggests that our understanding of poverty is as irrelevant to the real problem of poverty in contemporary society as our understanding of industrial relations.

But while Marxism seems no more able to capture the reality of post-industrial society than industrial relations, the way in which it fails in this regard is very different. Marx actually predicted the fusion of the social and economic realms which seems to undermine the construction around which industrial relations was built (he predicted the decline of the family as well). But the impact of these changes has not worked out as he foresaw; rather than economic identities coming to dominate social identities, it is more like the other way around. As the employments of women have become more and more like those of men, it has increased women's identity as women and led them to pursue a feminist agenda; it has not led women to make common cause in the workplace with men. Post-industrial employment opportunities have become if anything more differentiated by the technological trajectory, not as Marx predicted less so. The differences suggest that industrial relations is a good deal more than a tamed version of Marxism. And Marx would seem to provide a more promising starting point for figuring

out where we went wrong. Marx did not focus, as industrial relations did, upon the intersection of the social and the economic, but actually tried to get inside and understand the dynamics within each realm. That, it would seem, is where we need to go as well; we could begin by trying to understand the errors to which the Marxist framework led and to identify the analytical weakness which led it to make them. This presumably would be a very different critique from that which industrial relations theorists made in the 1930's and the immediate post-World War II decades when the field was at its apogee.

The Economic Crisis

Finally, the economic crisis: The crisis is to be sure a moving target, especially after the resounding defeat of President Obama's party in the 2010 mid-term congressional elections, but however elusive a target it is proving to be, it is one which promises to have a decisive impact on industrial relations, both as a practical endeavor and as a scholarly enterprise. We do know, moreover, what the run up to the crisis was like. In the thirty years leading up 2008, social and economic policy had been conceived within a neoliberal conceptual framework. The framework has two key elements: one is a theory of human motivation which places exclusive emphasis on individual monetary incentives; the other is the competitive market as a template for social and economic organization. This was precisely the framework which precluded an understanding of trade union organization and collective bargaining, and which earlier in the century, when these were pervasive, had created the space for industrial relations.

Conventional economics could not explain the persistence of trade union organizations and strikes because of the classic free rider problem: Why should individuals be willing to engage in the risky activities of union membership and strike when they could have the benefits without paying the costs? And yet people did engage in these activities at great personal risk. Hence, there was a space for a theory of human behavior which admitted a collective motivation. That space was further enhanced by the memory of the Great Depression, the embrace of Keynesian economics as a way of understanding that most salient economic event, and with it the acceptance of the contradictions between the Keynesian assumption of rigid prices and wages and the neoliberal market model in which prices and wages were the instrument of economic

adjustment. As my colleague Duncan Foley once said, the contradictions were forced into the labor market, and it thus became convenient to suppose that the labor market worked in a radically different way from other markets in the economy, a way which one could believe was consistent with industrial relations even if the latter never really tried to explain what that was. As the Great Depression receded from active memory, Keynesian economics gave way to much more orthodox economic models, and with the decline of union organization the intellectual space for alternatives to the neoliberal framework narrowed, indeed one could say virtually disappeared. The crisis promised to reopen that space.

The promise of an opening was reinforced by the election of President Obama, who rode to office on a coalition of forces opposed to many of the trends which seemed to flow from the neoliberal orientation of public policy. And the crisis itself put into the hands of the new Administration the instruments for an altogether different approach to economic management. The Federal government actually took ownership of much of the financial services sector and the automobile industry. This combined with the economic stimulus package, and the government's inherent role in education and health care (and the expansion of the Federal role in these areas through new legislation the Administration proposed) and traditional government goods and services, to give the Obama Administration direct control over half of the economy. But while policy did indeed change in several dimensions, most notably in social and environmental spending, the new Administration continued to conceive of what it was doing within the neoliberal framework. Its programs in health, education and energy/environmental policy were designed around the template of the competitive market and relied on personal incentives based on individualized monetary rewards, even in industries like health and education where the practitioners had a strong collective identity and professional ethos which might also have served to direct behavior. My point is not that the market-like incentives were wrong, but rather that they were so limited, particularly at a time when budgetary constraints (rightly or wrongly) were being stressed. To take one particularly telling example: when the teachers' union, at considerable political cost to the leadership and after an extensive internal campaign to carry along the rank-and-file, proposed mixed (rather than purely monetary) incentives, it was dismissed as self-interested and treated

with ridicule. We need to recognize and build into our theories the way in which people's identities are embedded in their professions and that they can be motivated to work to given standards not simply because they are paid to do so but because if they do not then they feel themselves a failure in their own eyes and that of their colleagues (Piore, 2010).

But the limits of the Administration's vision are perhaps most evident in its failure to develop an incomes policy, particularly in those sectors over which it had direct control: most noticeably in terms of the political reaction, in its refusal to control bonus payments in the financial services industry. The Administration insisted on managing the assets which it had acquired so as to maximize the financial return, as if the government were no more than a private investor. Numerous proposals to limit bonuses payments in the industry were offered by its congressional allies but when they were not vetoed openly and outright by the President and his Secretary of the Treasury, they were sabotaged in one way or another in the legislative process. The President himself actually opposed the bonuses and attacked industry for offering them in several of his public appearances and press conferences, but insider accounts suggest that he viewed his own rhetoric in this regard as demagogic and winked at his aides standing in the wings even as he spoke from center stage (Alter, 2010). Thus, he seemed to endorse the trends in the U.S. income distribution of the recent decades (1976-2007) in which 58% of the growth in income went to the top one percent of the distribution (Atkinson, Piketty, and Saez, 2011). This seems particularly relevant because it contrasts so strongly with the 1960's and 1970's, a period when incomes throughout the distribution rose at roughly the same rate, a rate determined by gains in labor productivity (Dew-Becker and Gordon, 2005; Gordon and Dew-Becker, 2008). In that period, presidents from Kennedy and Johnson to Nixon and Carter all pursued incomes policy of one form or another which sought to limit compensation in particular industries, using economy-wide productivity gains as the standard. Those policies were fashioned by a range of economists, from Samuelson and Solow at one end of the spectrum of orthodoxy to John Dunlop and George Shultz, at the other. But the intellectual space in which such a policy was conceived – Keynesian economics for Samuelson and Solow, industrial relations for Dunlop and Shultz – has essentially disappeared. The one place where the Obama

Administration has departed from economic orthodoxy is in its insistence on the need for an enormous government stimulus to sustain the economy in a period of recession which followed upon a financial crisis of the magnitude of that which the country experienced in the fall of 2008. The justification for the stimulus is, however, basically empirical: The recovery falters in virtually every similar crisis about which we have records for the last two centuries—actually the standard reference here refers to eight centuries in its title (Reinhart and Rogoff, 2009). How one could understand the need for this conceptually in the framework of liberal economics, i.e., without a theoretical apparatus comparable to that offered by Marx or by Keynes, without, in other words, a broader conception of human motivation and without something more than the market mechanism to produce social cohesion, is another question. It is not surprising that the Administration has had such trouble articulating a justification for its policies within the political arena.

Thus, to conclude, the crisis perhaps more than anything else underscores that the most pressing task, morally and scientifically, is to fashion a broader conceptual apparatus for understanding human activity, one in which, to repeat, human beings are more than economic men and society is more than a market. I think it is basically the failure to build such an alternative understanding that is the weakness of industrial relations as a scholarly discipline. But I want also to emphasize that, as I have argued, the role that industrial relations played in industrial society never required an understanding of this kind. Indeed, as I tried to suggest, the construction of industrial society in which it was embedded essentially skirted this issue. Marxism is in terms of its construction better placed to explore these questions; but the answers it once provided are, if not universally wrong, clearly wrong for our times. Whether, given its ideological position, Marxism is able to take advantage of the fact that it was immersed in these issues to explore why it was wrong and fashion an alternative is another question. And I certainly do not see in Keynes the roots of serious answers to these issues. So, I am not sure whether this is a direction in which industrial relations is really equipped to move, and I have even less of idea as to whether it is likely to go there, but it is definitely the direction in which I wish it would move, because somebody has to go there.

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