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# Industrial Relations and European Integration: Trans- and Supranational Developments and Prospects

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## Industrial Relations and European Integration: Trans- and Supranational Developments and Prospects

and certification functions with employers' associations? Why did the Japanese not substitute for independent craftsmen the way the United States did? And why did employers in U.S. construction not crush craft unions the way their counterparts in manufacturing did? I suspect that to answer these questions, Thelen would need to do for Britain, Japan, and the United States more of what she has done for Germany, moving beyond her business and economic studies to investigate the political balance in each of these countries. She has done us a great service in replacing simple determinism; the next step is to develop a full political model.

*How Institutions Evolve* advances our understanding not only of an important economic issue, but also of social and historical theory. It is an important work that should be read by all social scientists.

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### International and Comparative

*Industrial Relations and European Integration: Trans- and Supranational Developments and Prospects.* Edited by Berndt Keller and Hans-Wolfgang Platzer. Aldershot and Burlington: Ashgate, 2003. 182 pp. ISBN 0-7546-3336-5, \$79.95 (cloth).

This book contributes to the literature on European industrial relations that focuses on transnational and supranational developments in the European Union (EU)—in particular, EU institutions, laws, and political processes. (*Transnational* applies to processes occurring between or across nations, whereas *supranational* loosely means “above the nation,” and often is used in reference to political bodies of the EU such as the European Commission.) The greatest merits of the book are the breadth of its survey and the clarity and concision of its presentation. Bringing together some of the foremost European experts, the volume presents state-of-the-art research on European industrial relations, including contributions by Gerda Falkner on the interprofessional social dialogue (Chapter 2) and Franz Traxler on collective bargaining in the context of the European Monetary Union (Chapter 3). The book is

a useful complement to *Changing Industrial Relations in Europe*, edited by Anthony Ferner and Richard Hyman (Blackwell, 1998), which is a comparative treatment of industrial relations in a number of EU countries.

Because industrial relations were almost exclusively confined within national boundaries of the EU member states until the early 1990s, the focus of the book is on the developments and key aspects of European industrial relations since then. Key steps in the evolution of a European dimension to industrial relations were the European Works Council (EWC) directive in 1994 and the legislation on parental leave in 1996, which was at first negotiated between European employers and union associations and later adopted as a directive by the European Commission. The directive states that parental leave is a right linked to employment and that its duration ought to be three months for employees in the European member nations. Gerda Falkner analyzes why European employer and union associations negotiated an agreement despite opposing interests. She argues that the negotiations took place in the “shadow of the law” and were spurred by the announcement of the European Commission to decide this issue unilaterally if the associations did not reach an agreement on their own.

The arrangement of the volume as an overview of different components of transnational European industrial relations is not without drawbacks. Some interesting research questions outlined in the introductory chapter, particularly those concerned with the contradictory “market-making” and “market-correcting” developments in EU integration, are not analyzed systematically. Crucial “market-making” steps were the treaty of Maastricht, which extended national labor and product markets to the European Single Market, and the introduction of the common currency, the Euro, in 2002. The contributors tend to argue that these and other policies increased the competitive pressures on labor, and that they prevail over the EU social dimension and market correcting policies. This point is most clearly made by Torsten Schulten in his article on attempts to coordinate collective bargaining across Europe (Chapter 6). He states, “On the one hand European economic integration is increasingly undermining the basic function of collective bargaining—the removal of wages and working conditions from the spheres of competition. On the other hand, the emergence of a supranational European collective bargaining system does not

appear very likely in the foreseeable future" (114).

However, in other areas there have been remarkable developments. The most important institutions of industrial relations are the European Works Councils (EWCs), introduced by the European Commission in 1994. Since 1996, every multinational company that employs 1,000 or more workers, with at least 150 of those workers in each of two or more EU member states, has been subject to enforcement of European Works Councils requirements. By 2000, about half of the more than 1,650 facilities of multinational companies had installed EWCs. In an interesting chapter, Torsten Mueller and Hans-Wolfgang Platzer use in-depth case studies to inductively develop a typology of European Works Councils that demonstrates the great variety in the functioning of these new institutions (Chapter 4). The two most contrasting types are the "symbolic EWC" and the "participation-oriented EWC." "Symbolic EWCs" are formally constituted, but their representatives play a largely passive role. In contrast, "participation-oriented EWCs" engage in a number of activities, including "negotiated agreements on health and safety, equal opportunities, information and trade union rights (Danone) ... or even agreements on such 'hard' issues as the protection of employee rights in the case of demergers of suppliers (Ford/Visteon)" (70).

*Industrial Relations and European Integration* is a lean and precise introduction to a complex subject. It has relatively short chapters (about 20 pages each), avoids lengthy introductions, and focuses on key issues and developments. The chapters' accessible writing helps make the book appropriate for graduate-level classes or course sections on European industrial relations. The book is well suited for teachers at American universities who seek to highlight crucial differences between European and American industrial relations. For researchers of industrial relations who are not concentrating on Europe, this book can be highly recommended as a concise introduction to the field of European industrial relations.

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*Understanding Globalization, Employment, and Poverty Reduction.* Edited by Eddy Lee and

Marco Vivarelli. New York: Palgrave MacMillan, 2004. xvi, 389 pages. ISBN 1-4039-4149-1, \$90.00 (cloth).

The eleven essays in this volume are state-of-the-art studies of globalization and its impact on worker welfare. The editors' objective is to move away from the case study approach and give a statistical portrait of globalization, defined as the volume of trade and flows of foreign direct investment. Exploiting newly constructed international data sets that include low-income countries, the editors and contributors focus in particular on within-country effects. Although not all chapters hold to these criteria strictly, and there is some inevitable repetition, the contributions sit well together, in depth as well as breadth. The result is an effective portman-teau volume.

The starting point for many contributors is the basic Heckscher-Ohlin/Stolper-Samuelson international trade model. They ask the vexing question: does the model speak to the real world? Lance Taylor argues that in less developed and less labor-intensive countries, contrary to the standard model, technical change in the export sector undermines employment growth. He finds that trade liberalization tends to increase demand for more highly skilled workers, while the mass of less skilled workers are forced into less attractive jobs in the non-traded goods sector. In more detail, and extending previous research, Eli Berman and Stephen Machin investigate technical transfer from developed to less developed countries. They conclude that technology transfer has indeed had a significant impact on labor demand. The next three chapters, by Sanjaya Lall, Jean-Baptiste Gros, and Vincenzo Spiezi, examine the effects of globalization on other dimensions of employment in LDCs (less developed countries). The bottom line, Lall concludes, is that employment effects are conditional on the local institutional framework and infrastructure. Spiezi concurs. In half of the sample he studied, the labor intensity of exports was lower than that of imports. Gros relates these results to the pattern, and specifically the speed, of trade opening.

The most interesting and novel section of the book investigates the effect of globalization on income distribution and poverty. Again the facts do not mesh with traditional trade theory. Giovanni Cornia, critical of the frequently cited findings of Xavier Sala-i-Martin (for example,