

Book Reviews

Lucio Baccaro and Chris Howell

Trajectories of Neoliberal Transformation: European Industrial Relations since the 1970s,
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This is an important book for all scholars and practitioners of industrial relations. It includes very detailed and insightful analyses of developments in industrial relations in a number of European countries (Britain, France, Germany, Italy and Sweden), but its ambition goes well beyond that. It is (at least) twofold. On the one hand, it aims to provide a compelling interpretation of the transformations of employment relations in advanced market economies in the past five decades and, on the other hand, it openly challenges two of the main existing perspectives in the field: the varieties of capitalism approach (Hall and Soskice, 2001) and the dualisation (Palier and Thelen, 2012) approach.

The theses put forward by Lucio Baccaro and Chris Howell are well known and already part of the ongoing debate on current trends in industrial relations, among other things because they were already presented in a remarkable journal article in 2011 (Baccaro and Howell, 2011). In contrast to the varieties-of-capitalism assumption of a persistent divergence between coordinated market economies (CMEs) and liberal market economies (LMEs), the authors believe we are witnessing a 'common neoliberal trajectory' (as the title of the original article reads) across advanced capitalist countries. Moreover, according to the authors, the dualisation narrative misses an important point: not only must the overall picture include the growing parts of the economy and labour market in which industrial relations institutions are weak or even non-existent, but significant changes are affecting the core of traditional industrial relations systems. Industrial relations institutions are being transformed and used in ways that contribute to the encompassing shift towards a neoliberal employment relations system. Finally, as a significant extension of the 2011 argument, such a neoliberal trajectory is linked to a change in the 'growth regime' of advanced capitalism, away from wage-led domestic consumption to competitiveness-driven external demand from global markets.

It should be clear that the evidence the authors present is indisputable and undisputed. We are not living in the world of the 1970s in any respect, including employment relations. The main features of the authors' picture cannot be denied. Unions are in general weaker today than 50 years ago, because often they represent a smaller share of a more diversified workforce and their role and voice in the political arena is less important. Employers are relatively stronger, individually and collectively, thanks to the 'credible threat' of delocalisation, the increased pressure of international competition on terms of employment, and the domestic deregulation of labour markets and hence the partial recommodification of labour. This brings us to the third crucial actor: the state. At least since the 1990s, governments have introduced reforms that have directly or indirectly contributed to weaken the trade unions, strengthen employers and reshape industrial relations. This has happened through the deregulation of the labour market and the support of non-standard employment, the redefinition of labour policies in favour of active measures, and sometimes by reforming wage-setting institutions, promoting the decentralisation of collective bargaining, and introducing legal criteria for representativeness.

If the facts are undeniable, then the main question rests in the interpretations the authors propose. Although the varieties-of-capitalism perspective suffers from the same difficulties in accommodating variation and explaining change as all institution-based typologies, I do not believe its proponents would argue today that coordinating institutions cannot be eroded or that regime changes are impossible at all. They would probably maintain, however, that coordinated systems tend to retain some institutional resources that can support cooperation between economic actors, so that coordination is to some extent resilient. Similarly, dualisation or segmentation do not imply complete stability in the core, but simply a significant difference in protection levels within the same economy. If we take these milder versions of the varieties-of-capitalism and dualisation approaches, I think we can better appreciate what I believe are the key contributions of this valuable book and even acknowledge that the overall assessment of the trajectory of industrial relations remains more open than it may seem.

In my view, the authors' main analytical merit is to draw our attention back to agency. Institutions are important, but they are instruments in the hands of (social) actors. They can incorporate 'comparative advantages' (Hall and Soskice, 2001) or represent 'beneficial constraints' (Streeck, 1997), but actors can always devise new strategies and try to circumvent, reshape or use existing institutions to better serve their interests or goals. Industrial relations are strategically actor-driven in a changing economic, social and political environment and therefore are ever moving. We should not expect stability, although we may assume there is a certain degree of path dependence, due to the risks and costs inherent in change and the benefits that some actors receive from the persistence of existing arrangements (North, 1991).

A second important point is that the centrality of actors and their plurality, combined with the variety of situations and circumstances, make univocal categorisations more difficult. It is not by chance that Lucio Baccaro and Chris Howell speak of different 'trajectories' of neoliberal transformation: all cases are different in terms of institutional arrangements and interplay between the various actors, as well as for the different instruments and strategies they use to influence employment relations (see Chapter 9: Actors, Institutions and Pathways, pp. 172-196). What is lost in the determination of the analytical framework (such as the ideal-typical contrast between CMEs and LMEs) is gained in the capacity to identify the specific features and dynamics of individual cases. Here, probably, further refinement and enrichment of the conceptual toolbox may provide a unitary perspective to analyse and possibly explain the driving forces of the distinct trajectories.

Finally, this is not the end of the story. The intrinsic dynamism of the picture presented by the authors seems to imply that further changes are possible and they may even go in directions that are not necessarily neoliberal. The centrality they assign to the regulatory role of the state suggests that a combination of economic shocks and political responses could act as game-changer. The 2008–2010 crisis brought the issue of inequality to the forefront and promoted the rise of non-conventional expansionary monetary policies; the current COVID-19 pandemic and its socio-economic consequences have triggered unprecedented state interventions, including at EU level; ongoing climate change will probably produce further pressure for substantial policy responses in the future. For bad or good, socio-economic and political actors have to deal with upcoming challenges and the outcome is never predetermined.

The bottom line of my reading of the key messages of the book is that the variety of national pathways, the differences across countries in the degree and depth of transformations (which is apparent from the country chapters) and their intrinsic instability and transitory nature make their encompassing qualification as 'neoliberal' questionable. Some significant differences persist and institutional, organisational and political resources remain at hand for industrial relations actors in

many cases: certainly in Sweden, probably in Germany and Italy, and also in France, where the state-sponsored institutions of company-level representation and bargaining and national social dialogue can represent a significant foothold of collective employment relations.

These considerations and the current turbulence in the European and global economies suggest a similar caution in the assessment of the analytical potential of the concept of growth models for understanding the transformation of capitalism and its integration with industrial relations regimes, as presented in the last part of the book. This is an addition to and an expansion of the main argument developed in the book about neoliberal transformations. It seems somehow at odds with what I think are the main merits of the rest of the book, however. It introduces some degree of determinism in the analysis of the transformations of advanced capitalism and a sort of institutional complementarity with industrial relations institutions, reproducing some of the controversial features of the varieties-of-capitalism perspective. The argument remains relatively underdeveloped, however, and it does not allow for more detailed consideration. Certainly, this second line of the analysis may foster other relevant research developments.

In sum, I believe this book is necessary reading for all scholars and practitioners interested in the current state of industrial relations in Europe. The country chapters provide a very rich and useful account of the main transformations of employment relations in recent decades, underlining the roles and strategies of the various actors. The comparative sections include a number of key insights on the processes and directions of institutional change. The book is an example of great scholarship and represents a key reference and inspiration for the progress of research and knowledge on industrial relations in advanced market economies.

References

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