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The Dynamics and Direction of American and French Industrial Societies: From the Late Nineteenth Century to the Early 2000s

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# **The Dynamics and Direction of American and French Industrial Societies**

## **From the Late Nineteenth Century to the Early 2000s**

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In this chapter I analyze and compare the evolution of American and French industrial societies from the late nineteenth century to the early twenty-first century, with the objective of discovering “laws of motion” of market capitalist societies (Kerr 1983). Although many scholars have argued for a compelling logic inherent to the process of industrialization, they diverge on the question of whether the capitalist mode of organizing the economy and society will eventually eradicate national differences rooted in centuries-old cultures and ideologies. I contend that most of the time, except for the two decades after World War II, the dynamics of American and French industrial societies conformed to a relatively deterministic model. Hence capitalism advanced almost inexorably in both countries, while important patterns of behavior rooted in cultures and ideologies inherited from the past did not change significantly. I proceed in four steps. First, I review important traditions in the research into the long-term evolution of advanced industrial societies. Second, I outline a model of the dynamics of American and French industrial societies. Third, I develop a narrative in light of this model.<sup>1</sup> Finally, I draw conclusions regarding the resistance of institutions and grassroots movements to capitalism.

In Part One I highlight five statements that have been widely discussed in the scholarly literature: (i) there is a logic inherent to the development of market capitalist societies; (ii) capitalism is an inherently unstable order, which generates a variety of conflicts; (iii) social compromises are necessary to minimize such destabilizing effects; (iv) increased wealth fosters greater acceptance of the capitalist order; and (v) cultures and ideologies will eventually vanish as capitalism expands indefinitely. The theoretical frame I use for analyzing and formalizing the dynamics and direction of American and French societies both borrows and departs from these research traditions.

In Part Two I first present a model of the dynamics of American and French industrial societies:

(i) I identify the main groups of actors as workers, business leaders, organized labor, the state, leftist parties and rank and file, and social movement activists.

(ii) I assume that the dynamics of both societies can be conceived of as a relatively deterministic process, combining the effects of logics from three main sources. These sources include the human relations system underlying the industrialization process, each country's cultural background, and major worldwide events since the late nineteenth century.

(iii) Because patterns of behavior shaped by these logics do not fully explain the historical developments considered in this chapter, I add a non deterministic component to the model, which I call "exceptional behaviors."

Second, I analyze how patterns of behavior originated in the first two sources of determinism.

In Part Three I compare political and economic developments in the two countries in light of the model. I show that the interplay of patterns of behavior, as defined in Part Two, resulted in four main types of conflicts, around which both societies evolved throughout the period under consideration. These conflicts include the strife over wage-profit allocations within firms; the conflict over wealth redistribution in the broader society; the fight for human rights and environmental protections; and the struggle for political power. I also show that on several occasions actors' surges of mobilization, triggered by worldwide events, led to an intensification of these conflicts and resulted in major shifts in the balance of power, either

in favor of labor or to its detriment. The former scenario occurred only once, when exceptional behaviors arose from the Great Depression and World War II. The latter developed whenever business successfully engaged in large-scale political mobilization to reassert control of the economy. These shifts led to similarities between the two countries in long-term trends in economic and redistributive outcomes, and beginning in the 1980s narrowed differences in economic and industrial relations systems as well as in political developments. Similarities include rising wages, relatively stable employment conditions, and the expansion of the welfare state from the end of World War II to the 1970s, followed by increasing employment insecurity, falling living standards for many workers, and the gradual weakening of social protections from the 1980s on; in addition, beginning in the 1970s the French and American people experienced enduring changes in their traditional way of life and cultural values. Differences between the two countries include a free-market economy in the United States versus a state-led economy in France; decentralized collective bargaining versus a state-led system functioning under constant pressure of general strikes; business unionism versus revolutionary unionism; and the prevalence of the Right versus the prevalence of the radical Left. Such differences illustrate the resilience of cultural backgrounds.

In Part Four I show that grassroots movements (mainly leftist radicalism, human- and civil-rights activism, and to a lesser extent worker militancy) were more resistant to capitalism than institutions such as organized labor, the state, and leftist parties. Drawing on the narrative, I contend that: (i) contrary to conventional wisdom, radical-left strategies in France were more detrimental to worker militancy than was business's antilabor drive in the United States; (ii) both declining worker militancy and business's antiunion policies fostered the politicization of organized labor, which accelerated its decline in both countries; (iii) business's leaders were very successful in reducing statism and in converting leftist elites to capitalism; and (iv) grassroots movements and behaviors rooted in ideologies hostile to capitalism were beyond business's control.

This research may open up two lines of further investigations. First, the comparison of France and the United States suggests that

it may be possible to forecast a country's level of resistance to capitalism based on its cultural background. Second, it raises the question of the extent to which the evolution of market capitalist societies could be directed toward a more positive direction. In both countries the dynamics engendered by business's large-scale mobilization (a response to surges of activism by other actors triggered by worldwide events) led to a version of capitalism increasingly unfriendly to human and natural environments. These dynamics weakened only once during the period under discussion, when exceptional behaviors arose from the depths of two successive crises. Such behaviors opened up a unique path toward both sustained economic growth and greater acceptance of capitalism, which fostered stronger social cohesion. Hence the following question: Would it be possible to find ways to foster such behaviors on a large scale in ordinary times instead of counting on major worldwide crises to do the job?

## **PART ONE: RESEARCH TRADITIONS IN THE LONG-TERM EVOLUTION OF ADVANCED INDUSTRIAL SOCIETIES**

In this part I review the main traditions in the inquiry into the long-term evolution of industrial societies, especially the classical political economy; radical economists' theories; cultural, institution-oriented, and rational choice approaches; the theory of pluralistic industrialism; and the new political economy of the 1970s. Many scholars in this field of research have been strongly influenced by sweeping economic, social, and political changes at the time of their writings. Such changes include the acceleration of the industrialization process since the 1750s; recurrent economic recessions throughout the nineteenth century; large-scale insurrections in Europe; the unprecedented wave of mergers of the 1890s; economic collapse in the 1930s; sustained economic growth during the two decades following World War II; the introduction of market mechanisms in socialist countries and planning processes in some capitalist societies after World War II; and the emergence of stagflation concomitant with the collapse of the international monetary system of fixed exchange rates and the oil price shock of

1973. In this review I focus on five statements that have been widely debated in the scholarly literature.

(i) There is a logic inherent to the long-term evolution of market capitalist societies, which compels groups of actors to behave in similar ways. This logic derives not only from the process of capital accumulation but also from the interplay of cultural and political variables.

(ii) Capitalism is an inherently unstable economic and political order, which continuously destabilizes societies. As capitalism interferes with countries' preexisting cultures and institutions, it generates redistributive and political conflicts, which in turn affect the economy.

(iii) Because capitalism is an unstable order, its resilience depends on individual countries' ability to devise and implement social compromises.

(iv) Increased affluence results in greater acceptance of capitalism, especially its human relations system and its core goal, i.e. the pursuit of wealth as its own end.

(v) Capitalism expands in time and space relentlessly. Eventually, it will dominate and even eradicate inherited cultural patterns and ideologies that stand in its way.

While scholars from various perspectives widely agree on the first four statements, they diverge on the last one, i.e. the issue of the resilience of cultures and ideologies.

A distinctive trait of classical authors was their global approach to social reality, which allowed them to analyze the relationships between the economic, redistributive and political spheres within a unified theoretical frame. A second distinctive trait was the idea that a strong determinism or a compelling logic was at work in the development of industrial societies, which led these authors to support an assumption of convergence. As early as the beginning of the nineteenth century, Saint-Simon argued that "the process then underway would continue until the world was 'totally industrialized' in 'every land'" (Kerr 1983: 9). Marx envisioned the extinction of capitalism as the ultimate endpoint through similar processes of development in all industrial societies. The determinism assumed by classical authors was rooted in sweeping changes brought about by the so-called "Industrial Revolution." According to classical theorists, this determinism partly resulted

from the key role played by various conflicts within each sphere and their interactions across spheres in the evolution of industrial societies. For example, some of Ricardo's successors, especially the English and German socialist theorists, contended that severe competition among firms in the economic sphere generated a trend toward structural undercompensation of labor. This in turn fueled conflicts over both wage-profit allocations in firms and wealth redistribution in the broader society.

After Leon Walras and Vilfredo Pareto, whose works still followed the lead of classical thinkers, neoclassical authors moved away from both a global perspective and the possibility of conflict in the economic sphere. Instead, the two main assumptions of traditional microeconomics, which concentrated on the issue of short-term equilibrium in the economic arena, were agents' rational behavior and markets' perfect competition. Neoclassical authors were therefore conceptually ill-equipped to analyze the long-term evolution of industrial societies. In the second half of the nineteenth century institutionalists (such as Thorstein Veblen) criticized neoclassical authors for not taking into account noneconomic factors that influence economic behavior. Joseph Schumpeter challenged the assumption that market capitalist economies were inherently stable. He argued that technological progress, analyzed as a process of creative destruction through innovation, and entrepreneurship played a key role in the development of modern industrial societies. His analysis of the conflict between the capitalist system of economic organization and political, social, and intellectual movements hostile to capitalism led Schumpeter to support an assumption of convergence.<sup>2</sup>

Since World War II many comprehensive studies of the evolution of industrial societies were conducted by sociologists and political scientists, while a number of important works were still produced by economists. Radical economists (such as Ernest Mandel) focused on the dysfunction of economic mechanisms themselves. According to Mandel's theory, long waves of capitalist development "are caused most prominently by the interaction of several variables (the rate of surplus value, the organic composition of capital, and the turnover rate of capital), each of which is conditioned by class struggle" (Koritz 1997: 97). However, some radical economists recognized that "the analysis of long swings and

stages of capitalism (based on the accumulation process) provides only a starting point, albeit an absolutely necessary one" and that this analysis "must be combined with cultural and political analysis for a fuller understanding of history" (Kotz, McDonough & Reich 1994). Within a critique of Marxism, both European and American social scientists elaborated on the idea of "industrial society" in the 1950s and 1960s (Goldthorpe 1984: 315). The economic and political context of the 1950s and 1960s seemed to foster the idea that all advanced industrial societies, whether capitalist or socialist, shared similar structures and processes. This led a number of scholars to put forth an assumption of convergence.<sup>3</sup> Theories of industrial societies based on an assumption of convergence were formulated along at least two lines of thought: "convergence on the pragmatic" and "convergence on pluralistic industrialism" (Kerr 1983: 16, 17).

The first line of thought developed out of Raymond Aron's essay "The End of the Ideological Age?" published in 1955.<sup>4</sup> In "The End of Political Exceptionalism?" Seymour M. Lipset (1999: 4, 9) showed that in all advanced industrial countries but France and Norway there had been "major reformulations on the Left," including a new emphasis on private ownership, a move away from state intervention, and the acceptance of "competitive markets as the way to grow and raise standards of living." According to this author, the dramatic weakening of radicalism among most leftist parties had occurred because these countries had become more affluent.<sup>5</sup> Lipset (1999: 16) concluded that "in political terms, the United States has shown Europe the image of its future;"<sup>6</sup> although important differences remained, due in particular to contrasting historical backgrounds, similarities among polities were "considerable." The fact that advanced industrial countries "have been more successful than ever in satisfying the consumption desires of mass society . . . should make for more conservative and smug societies" (Lipset 1999: 24).

In the second line of thought, the assumption that industrialism has "a logic of its own, whether under capitalism or socialism or other auspices," led scholars to conclude that industrial societies converge on "pluralistic industrialism" (Kerr et al. 1960, 1973).<sup>7</sup> These authors argued that the logic inherent to industrialism, i.e. the industrial mode of production, originates in its functional imperatives, which force "similarities in structures, processes, and



performances" in the development of industrial societies (Kerr 1983: 3). The main functional imperatives include a key role played by science and technology, intensive division of labor, a skilled workforce that must be "maintained in a state of productivity," large-scale production firms, big cities, an important role for the government, leadership groups (such as numerous "highly trained managers"), and "the commercial integration of substantial areas of the planet" (Kerr 1983: 6, 18). As a result, pluralistic industrialism is defined as a type of society in which power is shared by a wide diversity of actors, including political leaders, managers, workers, and even intellectuals and trained professionals (Kerr 1983: 19). An important assumption underlying this model is the workforce's gradual acceptance of the capitalist economic structure, "based on sharing the gains of industrialism, on sharing influence at least over workplace rules, on obtaining a degree of security on and off the job" (Kerr 1983: 18). Under this assumption, the ideology of class conflict fades away. Furthermore, societies based on pluralistic industrialism have "many centers of power," and "no one element is fully dominant." As a result, new ideologies associated with new patterns of life are continually emerging, and there is "no one route to the future . . . but rather a substantial range of possibilities" (Kerr 1983: 19-20). Convergence is viewed not as a revolutionary process but as "an evolutionary and pragmatic result of contending social forces . . . a perpetual ebb and flow of conflicting forces and differing social arrangements" (Kerr 1983: 21, 29).<sup>8</sup> The industrial mode of production will more or less rapidly and completely "conquer the world and . . . impose its own cultural patterns on preexisting cultures." However, convergence will not occur "on any single uniform and fixed economic structure," and pluralism in economic structures does not "necessarily imply the parallel development of pluralistic political structures" (Kerr 1983: 28).

The economic crisis of the 1970s, characterized by the emergence of stagflation and concerns about declining rates of economic growth, marked a new era in the field of political economy. Political scientists and sociologists began to investigate this field of research because these new trends could not be satisfactorily explained by prevalent paradigms in economic analysis (Goldthorpe 1984: 2).<sup>9</sup> One of the main assumptions underlying their investigations was that market capitalist

economies “tend to exert a constant destabilizing effect on the societies within which they operate,” so that they can function efficiently only if “exogeneous” institutional arrangements keep these destabilizing effects under control (Goldthorpe 1984: 3). As a result, the new political economy focused on two closely related issues: economic implications of social and political conflict; and social and political sources of order within modern capitalist societies (Goldthorpe 1984: 3). In particular, stagflation was viewed as a consequence of the divisions and conflicts between groups and classes inherent to the capitalist order (Goldthorpe 1984: 3, 4). A major concern of the new political economy was also the extent to which individual nations are capable of developing social compromises or relatively durable settlements between contending forces (Goldthorpe 1984: 4). The ability of any country to do so was seen to be correlated with its institutions, culture, and ideologies, which generate rigid patterns of behavior and therefore impede flexibility in institutional and political arrangements. This explains why individual countries responded to the economic challenges of the 1970s in various ways.

According to institution-oriented approaches, the principal actors in market societies are organizations, which represent the interests of key collectivities (such as employer associations and trade unions). These institutions induce various kinds of strategy and behavior, which “result in distinctive patterns of economic performance and policy” (Hall 1997: 180).<sup>10</sup> Institutionalists therefore assumed that the dynamics of market societies originate mainly in these “routines” and “logics,” and they strongly argued for various kinds of capitalism with distinctive trajectories. Within this frame of analysis, the convergence of industrial countries would result from the gradual fading of differences in national institutions under increased globalization (Zysman 1994: 280). Because institutionalists concentrated on explaining cross-national differences in economic policies and performance and more broadly the process of economic growth, this led them to go beyond the assumptions of neoclassical theory and investigate the political and cultural factors that promote or hamper economic growth.<sup>11</sup> Distributive issues, i.e. the ways “gains and pains of growth” are allocated among a nation’s various strata (Zysman 1994: 257), were also reintegrated. Therefore, institutionalists

moved a long way toward an integrated approach to analyzing industrial societies.

Since the 1950s three other traditions in comparative politics have enriched the framework and methodological approaches for analyzing the dynamics of industrial societies. These traditions include rational choice approaches, cultural approaches, and a tradition of comparative-historical analysis. Rational choice approaches applied the logic of the economic arena, where agents compete for scarce resources, to the political sphere, where actors compete for power (Green & Shapiro 1994: 1). Approaches to political economy based on the rationality paradigm assumed that producers are the main group in society and the interest of politicians in reelection is the driving force (Hall 1997: 180). In both the economic and political spheres, rational actors are assumed to maximize their well-being by choosing the best means to achieve a predetermined set of desired outcomes (Morrow 1995: 16, 17). Rational choice approaches therefore take up the classical tradition of globality. However, their integrated theoretical frame results from the assumption that actors conform to the same rationality in politics and economics, not from the assumption of interactions across spheres.<sup>12</sup>

In attempts to overcome this limitation, two subsets of rational choice scholars brought new insights into the theories concerning industrial societies. First, a decisive impulse toward the reintegration of the concept of conflict into the economic sphere was given by the proponents of the Game Theory, to the extent that this theory focused on the complexity of strategic interaction among actors. Second, a subset of rational choice theorists formulated the assumption that the high degree of contingency inherent to social and political events can be reduced under certain conditions.<sup>13</sup>

“We believe that political actors occupy a terrain clouded by uncertainty, but we also believe it is characterized by sharp institutional features and powerful political forces... If we succeed in apprehending the major forces at play, then the systematic component of our explanations should prevail over that which is random” (Bates et al. 2000: 699, 700).

Cultural approaches added a fourth dimension to the global frame of classical analysis. The culture of a set of actors is usually defined as a worldview that provides them with social and political identities as well as specific interests. Culture has an “ability to mobilize action in its name” (Ross 1997: 59, 60),<sup>14</sup> and implies relatively fixed patterns of behavior. As a result, cultural approaches are especially relevant in explaining two types of phenomena: political mobilization and the historical roots of institutions. The study of cultures provides a wide range of materials for analyzing historical roots of individual and collective behaviors and rigidities in institutional and political arrangements, often referred to as “path dependence.”<sup>15</sup>

Running parallel to or inspiring the works of scholars who identified with the theoretical schools previously considered, a tradition of comparative-historical analysis emerged in the 1960s and has continued to develop since then.<sup>16</sup> This tradition “played a central role in advancing the idea that countries may follow different paths of national political development and that political and social conflict are often crucial features of these alternative paths” (Collier 1998: 1). Scholars pursuing this line of research share the following framework: (i) they emphasize small-n studies without discarding the methodological tools of the statistical tradition;<sup>17</sup> (ii) they are concerned with causal processes over extended periods; and (iii) they attempt to combine rich knowledge of cases and theory, which can contribute to “the discovery and refinement of new explanations” and lead to general propositions (Collier 1998: 1, 2). Although this tradition has led a number of scholars to develop broad comparison across countries, so far it has generated few studies covering the evolution of industrial societies in their entirety.

The theoretical and methodological frame I use to formalize the long-term evolution of American and French industrial societies borrows from the aforementioned research traditions in three main respects:

(i) In accordance with the methodology of comparative-historical analysis, I present in-depth examinations of two countries; consider an extended time-span in order to specify how actors’ strategies and institutions arose and developed, as opposed to taking these as given, and to highlight long-term trends; and investigate a wide variety of substantive topics in order to

cover many of the main factors that influence social, political, and economic change in advanced industrial societies.

(ii) From both the classical economy and comparative-historical analysis, I retain both their global perspective and their assumption of a key role played by conflicts within and across the economic, redistributive and political spheres. In the economic sphere I include production processes, exchanges of goods, and financial transactions. The redistributive sphere refers to wealth redistribution processes at the national level. (Unlike institution-oriented approaches, I treat distributive issues as a separate entity whose logic is different from the logics of both the economic and political spheres). The various processes aimed to achieve, retain, or challenge political power constitute the political sphere.

(iii) As in the theory of pluralistic industrialism, I assume that industrial societies have many centers of power; I do however posit a higher degree of determinism. Although I discard the assumption that actors conform to the same rationality in politics and economics, I do not reject the notion of rationality per se. I retain the idea that if one considers an extended period it is possible to reduce the high degree of contingency inherent to social and political events (Bates et al. 2000: 699). More generally, I believe that the rigors of modeling allow the researcher to discard incorrect empirical arguments while suggesting new insights and intuitions (Powell 1999).

The main findings of this research partly substantiate the five statements mentioned above:

(i) In accordance with the idea of a logic inherent to capitalism, I show that actors' objectives and strategies were largely shaped by determinisms from three main sources: the process of industrialization, cultural backgrounds, and major worldwide events (However, I do not deal with the accumulation process per se).

(ii) In accordance with the idea that capitalism is an unstable order, I show that American and French industrial societies evolved around four types of conflict concerning wage-profit allocations, wealth redistribution, civil-rights, human-rights, and environmental issues, and political power.

(iii) Only to some extent do I agree on the notion that social compromises were necessary for market capitalism to persist. I show that from the 1980s on, the partial dismantling of previous labor accords and of the welfare state under business's pressure did not endanger the very existence of capitalism.

(iv) I agree that increased affluence brought greater acceptance of capitalism during the period under discussion, on two conditions: first,

greater acceptance is measured as a relative appeasement of at least one of the four conflicts mentioned in (ii); and second, the notion of affluence is conceived of as a combination of relatively high levels of wages, economic security, and welfare benefits.

(v) I contend that although some institutions did significantly weaken under business's pressure, less- or non-institutionalized patterns of behavior, rooted in centuries-old cultures and ideologies, were beyond business's control.

## **PART TWO: AN OUTLINE OF A MODEL FOR ANALYZING THE DYNAMICS OF AMERICAN AND FRENCH INDUSTRIAL SOCIETIES**

The challenge of building a model was twofold: to reduce the richness of historical developments by identifying the "major forces at play" (Bates et al. 2000); and to lower the level of uncertainty inherent to social and political phenomena by finding regularities across countries and over more than a century. To the first end I selected six groups of actors, i.e. workers, business leaders (mainly leaders of large corporations and at times small business owners), organized labor, the state, political parties (mostly the Right and the Left), and social-movement activists. The term "forces" is interpreted as actors' determination to mobilize in order to achieve their goals. More precisely, it refers to the determination of each group to fight for its survival under adverse circumstances, to defend its interests in ordinary times, and under exceptional circumstances to impose its vision of society on other groups of actors. Once the richness of historical developments was reduced by identifying the major forces at play, it became possible to build a model. The deterministic part of the model is based on the combined effects of three logics on actors' objectives and strategies: a logic inherent to the human relations system underlying industrialization; the persistent influence of cultural backgrounds throughout centuries; and a determinism from worldwide events. In terms of the latter, I consider the following: the Socialist International of 1905, World War I, the Bolshevik Revolution of 1917, the Great Depression, World War II, the Vietnam War, the international monetary turmoils and oil price shocks of the 1970s, the terrorist attack of September 11, 2001, and the Iraq War.

Because the deterministic part of the model did not fully explain the historical developments analyzed in the narrative, I added the notion of exceptional behaviors.

The model is based on the following assumptions:

1. *In ordinary times, similarities and differences in actors' objectives and strategies originated in both the process of industrialization and cultural backgrounds.* In conformity with the concept of path dependence, I assume that determinisms from both the modern industrialization process (which began in France in the sixteenth century) and cultural backgrounds induced relatively rigid patterns of behavior, i.e. sets of objectives and strategies. These patterns, which characterized each group of actors over more than a century, were shaped by partly similar cultural backgrounds and a process of industrialization that was largely similar across the two countries. Hence there were similarities and differences in actors' objectives and strategies across the two countries.

2. *Major worldwide events triggered surges of mobilization in all groups of actors. As a result, in extraordinary times, what was at stake in both countries was the future of market capitalism.* In extraordinary times, actors' objectives and strategies were also shaped by a logic inherent to major worldwide events. This explains why the same historical periodization fits both countries. In the short term, such events boosted the drive of all groups of actors (except business) to transform or even to topple the capitalist order. Although each group of actors developed and supported a specific worldview partly determined by the country's cultural background, the common characteristic of actors' objectives in extraordinary times was to weaken or even to replace market capitalism by alternative systems of economic and social development, mainly a socialist countermodel and a human- and civil-rights countermodel. In both countries business responded with upsurges of mobilization in attempts to weaken the growing influence of other groups of actors (mainly the state, the Left, organized labor, and/or social-movement activists) and possibly to impose a much stronger version of capitalism.

3. *Determinacy was only partial.* Although the aforementioned determinisms shaped actors' objectives and strategies most of the time, human beings can transcend these determinisms, which they did on a large scale during major crises. Hence the important role played by exceptional behaviors at times.

In this part I identify both features of the human relations system underlying market capitalism and similarities and

differences in each country's cultural background relevant to this study, and I show how these characteristics shaped actors' objectives, strategies, and worldviews.<sup>18</sup> In the following part I show how the dynamics of American and French industrial societies, as defined in this model, explain major shifts in the balance of power between actors, and I analyze how such shifts resulted in similarities and differences in economic and political outcomes in the long term.

### **Important Features of the Human Relations System Underlying Market Capitalism**

I define market capitalism as a way to organize the economy, in which owners of means of production hire workers' labor-power with an objective of making a profit. I share the assumption that the core dynamics of all market capitalist economies derive from the imperatives of capital accumulation.<sup>19</sup> These economies evolve around the "coordination of production and the regulation of distribution . . . by the market" (Heilbroner & Milberg 1995: 106); hence a key role is played by competition and the drive to expand and to conquer new markets. Other basic characteristics include "private property, entrepreneurial opportunity, technological innovation, the sanctity of contracts, payment of wages in money, and the ready availability of credit" (McCraw 1999: 3). The rise of market capitalism was preceded by the establishment of large-scale trading and of a merchant class whose objective was also the pursuit of wealth in itself.<sup>20</sup> Although a number of important economic and financial features of modern capitalism developed only in the nineteenth century or later, early forms of industrialization (such as industrial work in textiles and metallurgy in rural areas) appeared in France in the eleventh century.

Three basic trends in the system of human relations characteristic of capitalism are relevant to this research:

(i) A trend toward a depreciation of the intrinsic value of human labor. Unlike craftsmen, factory's workers no longer made an entire product; furthermore, the craftsman's traditional skills were displaced by the use of machinery. In particular, capitalism's tendency to treat workers as machines was embodied in Taylorism. Many factory workers were also subjected to harsh discipline.



(ii) A trend toward maintaining labor's material working and living conditions at a level barely sufficient to assure workers' survival. Such conditions often included structural undercompensation of labor, employment insecurity, minimal or no social welfare, and very long working days.

(iii) A trend toward subjugating nature and minorities (including African Americans, women and children) to the imperatives of profit.

The first two trends appeared in France from the mid-fifteenth to the mid-sixteenth century. These features originated mostly in the "imperious need for profit" wrought by both intensified competition following the Hundred Years' War (1337-1453) and technological and organizational changes. Such changes included a more extensive use of mechanically powered machinery, an expansion of the factory system of production, and the appearance of printing presses. Heightened competition led industrialists, merchants, and masters of corporations to search for cheap labor. Sweeping changes in the plight of manufacturing workers were also connected with new technological and organizational conditions.<sup>21</sup> The so-called "Industrial Revolution" was not a radically new economic and social regime. What was new, especially from the mid-nineteenth century on, was the acceleration of the industrialization process under rapid technological progress, which contributed to the proletarianization of the workforce. Gradually, capitalism "injected a pattern of ceaseless and merciless competition into nearly every aspect of life" (McCraw 1999: 6). This basic feature of market capitalism collided with traditional ways of life, approaches to work, and mindsets, which prevailed until at least the late eighteenth century in industrializing countries in Western Europe.<sup>22</sup> In the United States such conditions imposed on the workforce became prevalent only later in the nineteenth century.<sup>23</sup> An early appearance of the third trend can be found in the commerce of slaves and the pattern of colonization that developed during the period of Great Discoveries in the fifteenth and sixteenth centuries. This pattern led to both the destruction of traditional communities, cultures, and natural environments, and the forced evangelization of native populations.

## **Cultural Backgrounds**

I define cultural backgrounds as the prevailing mindsets and value systems that had strongly influenced actors' behaviors for centuries and were deeply rooted in past developments mostly unrelated to the rise of capitalism. In France such developments include the feudal order, the absolute monarchy, the Hundred Years' War and its aftermath, the Renaissance and Wars of Religion in the sixteenth century, experiments with statism beginning in the late sixteenth century, the Enlightenment era, the bourgeois revolution and the popular revolution of the late eighteenth century, large-scale insurrections in 1830 and 1848, and the Commune of Paris in 1871. In the United States they include mainly the founding and settlement of the colonies, the Enlightenment era, the revolutionary war of the mid- to late 1770s, political developments in the Antebellum Era, and the Civil War. I identify three main characteristics of the two countries' cultural backgrounds relevant to this research: a widely shared free-enterprise spirit in the United States versus widespread reliance on the state in France;<sup>24</sup> the strength in France, versus the weakness in the United States, of radicalism; and a libertarian spirit supporting human and civil rights that was more strongly rooted in grassroots activism in the United States than it was in France.

I differentiate between two notions: the free-enterprise spirit and the drive to pursue money as an end in itself. According to McCraw (1999: 4), "the essence of capitalism is a psychological orientation toward the pursuit of future wealth and property. It's all about aspiration and striving, measured by gains and losses in wealth and income." The notion of free-enterprise spirit involves a mindset aimed at improving one's material condition and possibly at gaining a higher social status through hard work as opposed to counting on the state. It makes sense that individuals sharing a free-enterprise spirit would favor market capitalism over statism as a way to organize society. Ideally, the notion of free-enterprise spirit involves pursuing such goals through some activity meaningful to the broader society, and does not include the search for wealth as an end in itself. In a distorted version of this notion, greed becomes prevalent and the pursuit of meaningful work fades away. In France it seems that a free-enterprise spirit was shared by many peasants in the eleventh and twelfth centuries and by certain

segments of the population (in particular, explorers, inventors, and segments of the bourgeoisie and the nobility) in the second part of the fifteenth century and later.<sup>25</sup> Beginning in the fourteenth century, two main developments limited its expansion and fostered increasing reliance on a welfare state: the widespread destruction resulting from numerous international, civil, and religious wars, prompted the state to intervene in the economy on a large scale; and recurrent subsistence crises led the state to assume an important role in feeding large segments of the population. Only in the twentieth century did a largely shared reconstruction spirit, which was partly mitigated by a wide reliance on the welfare state, prevail for about two decades after World War II. In contrast, in the United States new settlers of European descent rejected the tradition of a strong state inherited from the monarchy.<sup>26</sup> The legacy of the settlers, including an anti-statist value system and a premium placed on the individual search for material wealth, largely explains why social approval of market capitalism was consistently higher in the United States.<sup>27</sup>

I define radicalism as a propensity for open conflict over negotiation in response to problems originating from adversarial relationships between groups of actors. In both countries radicalism arose from devastating civil, religious, or international wars. Radicalism emerged as an important factor in French politics well before the rise of class consciousness and revolutionary unionism in the 1860s to 1880s. Spontaneous revolt (particularly peasant revolts against tax and urban riots) became endemic following the Hundred Years' War, and beginning in the early eighteenth century crowds set out to use radicalism methodically to achieve their political goals. Crowd power reached a peak during the Revolution of 1789 and a new apex in May 1968.<sup>28</sup> Crowd logic was to radically oppose the established order, be it the monarchy, the Catholic Church, or capitalism. Exercising sovereignty was an end in itself, as crowds were not interested in participating in any form of government or management. In contrast, outbreaks of radicalism in the United States remained limited prior to the Civil War. In the 1760s the colonists used mostly two forms of collective action, i.e. the effigy and the boycott, to protest economic measures imposed by the British.<sup>29</sup> (Parading an effigy in the United States versus parading a severed head on top of a pick in France illustrates the

difference in radicalism.) During the American revolutionary era, although violent collective action did repeatedly occur, its level of radicalism did not compare with that of French revolutionists during the Terror.<sup>30</sup> In the nineteenth century civic movements against slavery were mostly non violent (Tarrow 1994: 142). Differences in the strength of radicalism in the two countries induced important differences in ways of thinking and of approaching problems in the general population. Historical developments provided Americans with a stronger ability to debate major problems within the broader society and to search for social compromises than was the case in France.

In France the ideas of freedom and human rights arose against a background of feudal order and absolute monarchy. During the Renaissance the rising bourgeoisie began to advocate equal rights with the nobility. The ideas of freedom and human rights developed by the writers of the Renaissance were taken up and expanded by the *philosophes* of the Enlightenment era.<sup>31</sup> These ideas strongly inspired both the American Declaration of Independence of 1776 and the French Declaration of the Rights of Man and the Citizen of 1791.<sup>32</sup> In the eighteenth century the deportation and enslavement of Blacks from Africa was denounced by segments of the French bourgeoisie whose opposition to slavery was inspired by the same spirit as their fight against discrimination by the feudal system and the monarchy. However, because slavery expanded outside of the French territory, this issue did not mobilize the French public, and civil- and human-rights grassroots activism remained weaker in France than in the United States. Although a strong anti-slavery movement developed in the 1820s, the slavery issue was dealt with mostly by intellectual and political elites; by the late 1840s slavery had been abolished.<sup>33</sup> In contrast, in the United States slavery had evolved as an established institution by the early eighteenth century. It became a deeply divisive issue in American society, which contributed to strengthening civil- and human-rights activism at the grassroots level.<sup>34</sup>

## **How Industrialization and Cultural Backgrounds Have Shaped Patterns of Behavior and Alternative Worldviews to Capitalism Since the Nineteenth Century**

Throughout the nineteenth century the fight against the human relations system underlying capitalism was led by craftsmen, factory workers, and various pro-labor organizations. Radicalism shaped this fight more strongly in France than in the United States. In France opposition to loss of status and rising unemployment led craftsmen to play an important role in various insurrectional movements, from the first large-scale urban riots of 1358 to the Commune of Paris in 1871. Violent strikes by factory workers had erupted since the rise of modern industrialization in the sixteenth century. Since the 1750s the doctrine of unchecked economic freedom (*see below*) had reinforced workers' revolutionary aspirations. This doctrine had inspired such extreme measures as Le Chapelier Law in 1791, which prohibited members of a same trade or profession from forming an association and organizing.<sup>35</sup> As a result, in the nineteenth century many workers participated in secret clubs led by radical and anarchist activists.<sup>36</sup> Their experiment with this substitute for unionism confirmed them in the belief that only the demise of capitalism could relieve them of their plight. In the United States, in contrast, craft unionism provided the workforce with an experience of class compromise. Until the 1870s craftsmen's efforts to reform and even to abolish the wage system and to obtain higher wages and free public education in support of democracy were mostly peaceful. Only during the Great Upheaval of the 1870s did a revolutionary trend emerge among workers. This movement, led by German immigrants' action, resulted in the creation of a Workingman's Party dedicated to the overthrow of capitalism.<sup>37</sup> Although the power of craftsmen to influence the course of history was stronger in the United States than in France until the 1880s, the desire of workers to share in capitalism's benefits contributed to weakening their drive to fight the capitalist order.<sup>38</sup> American workers were much more responsive to such mitigating effects than were French labor. Eventually, craftsmen were unsuccessful in opposing the expansion of both the factory system and salaried labor, and their fight to preserve the traditional economic order was largely over in the 1880s. In France craftsmen's

opposition to capitalism continued to play a non-negligible role in the political arena through the twenty-first century.

Two doctrines concerning the role of the state in the economic and redistributive spheres began to conflict as industrialization expanded in the nineteenth century. In France the doctrine of unchecked economic freedom had been backed since the mid-eighteenth century by industrialists, wealthy merchants, and the *philosophes* of the Enlightenment era, in opposition to economic dirigisme embodied by Colbert's. The origin of this doctrine was not directly related to the imperatives of capitalist development, but rather can be traced back to the rise of statism under conditions created by numerous wars and subsistence crises. As a result, in the first decades of the nineteenth century the government rarely intervened in the industrial relations arena. Meanwhile, the miserable plight of workers showed that something was wrong with the doctrine of unbridled economic freedom. As workers' condition deteriorated even further during the deep economic recession of the late 1840s and insurrections erupted in many European countries, the idea that a strong state should protect the people was advocated by leftist thinkers and activists. Not coincidentally, the term "capitalism" appeared as an antonym to "socialism" in the 1850s (McCraw 1999: 3). Although socialist policies implemented in the aftermath of the Revolution of 1848 were short-lived, this experiment set a precedent for subsequent developments with much broader implications. (In the United States it was the Great Depression that fostered the rise of liberalism. For the first time ever in the 1930s, an influential portion of American business accepted a limited role for the state in the economy).

Whereas in France human-rights issues remained secondary at least until the 1970s, in the United States enslavement of African Americans by capitalists gave the modern civil-rights movement an exceptional impetus. Not only did civil-rights activists fight successfully for the abolition of slavery in the aftermath of the Civil War and for an end to segregation in the South in the 1950s, they also began to develop a countermodel to capitalism in the 1960s. This countermodel was deeply rooted in an opposition to conditions imposed on non-Western populations, as capitalism's expansion worldwide largely repeated the pattern of early

colonization. It was also grounded in a fight against the “bigness complex,” which originated in the wave of mergers of the late 1890s.

Therefore, in times of major social upheaval, alternative models for organizing society and the economy gained credence, and occasionally began to materialize. That is, after craftsmen had failed to preserve the traditional economic system, two main alternative worldviews, i.e. a socialist countermodel and a human- and civil-rights countermodel, at times posed a serious challenge to capitalism. Due to the cultural background of each country, the socialist countermodel was more challenging to French capitalism, whereas the human-rights countermodel was more threatening to American capitalism.

As far as business leaders are concerned, three main trends appeared or strengthened in the nineteenth century. First, a pattern of deeply adversarial relationships between labor and management developed. French industrialists had turned to police forces and even the army to quell labor unrest since the sixteenth century, while American corporate leaders began to hire strikebreakers only in the aftermath of the Civil War. Second, because the free-enterprise system turned out to be a very demanding system not only on workers but also on capitalists, business leaders strove to weaken its competitive structure. Throughout the nineteenth century they sought ways to protect themselves from recurrent cycles of boom and recession and to ensure the survival of businesses during downturn periods. Third, a drive to merge and a first major surge of political mobilization arose in the United States in the late nineteenth century. Two main differences characterized business behaviors across the two countries. Because of their Protestant heritage, American corporate leaders were more responsive to the requirements of business ethics than were French business leaders.<sup>39</sup> In addition, business in each country had become apprehensive of a different set of developments: insurrections and revolutions in France, and the Civil War in the United States. As a result, throughout the twentieth century major surges of radical-left activism in France and civil-rights activism in the United States led business to remobilize on an unprecedented scale in attempts to reassert control of the economy.

## **Similarities and Differences in Patterns of Behavior Across the Two Countries**

In both countries historical developments until the late nineteenth century deeply shaped actors' objectives and strategies through the early twenty-first century. Similarities and differences between the objectives and strategies of actors in the two countries are summarized below.

In both countries workers consistently sought recourse in strikes to fight endemic undercompensation of labor and economic insecurity (i.e. to obtain more favorable wage-profit allocations within firms and to push for steady and institutionalized improvements of working conditions and social benefits) and to obtain reduced working hours. Because in France radicalism made social compromise difficult to achieve, wildcat strikes prevailed over legally authorized strikes through the early twenty-first century. In contrast, working class radicalism remained weaker in the United States.<sup>40</sup>

Beginning in the late nineteenth century, union leaders pursued three main objectives: to improve workers' material conditions; to persist as an institution; and to help leftist parties to achieve political power. To these ends, they used various strategies, including organizing, collective bargaining, lobbying, advertising campaigns (mostly in the United States), forming alliances with leftist parties and liberal groups, and participating in government. Like American unions, French "reformist" unions emphasized their role as negotiators between workers and employers. However, "revolutionary" unions consistently ranked the defense of workers' economic interests secondary to the revolutionary class struggle, and joined forces with radical-left parties in attempts to overthrow capitalism.

In both countries leftist parties strove to achieve political power in order to replace or at least to weaken market capitalism by implementing a socialist countermodel that emphasized redistributive issues. Two main differences distinguished the objectives and strategies of leftist parties in the two countries. First, the French socialist countermodel, i.e. a regime combining communism and socialism, favored a much stronger role for both the state and the radical Left than did the American one. Second, although in both countries leftist parties carried out their strategies



in close alliance with organized labor, only in France (as early as the mid-1880s) did they seek to channel worker militancy, i.e. workers' drive to engage in strikes spontaneously, to achieve political power.<sup>41</sup>

From the early nineteenth to the early twenty-first century the role of state leaders in the economic arena fluctuated between two positions: allowing market mechanisms to operate as freely as possible, and establishing a state-led system of economic growth and wealth redistribution. In the first scenario, economic and political elites were mostly indifferent to the plight of workers; state leaders rarely intervened in industrial relations except to use police forces or the army to topple mass strikes and insurrections in order to maintain the capitalist order. During and in the aftermath of wars or economic depressions, however, the second scenario took hold: state leaders sought to promote economic growth and to regulate industrial relations through central planning and collaboration with management and labor unions. Because of a tradition of a strong state in France, such experiments were much more enduring and went much farther there than in the United States.

Originally, social-movement activists sought to obtain equality in human- and civil-rights for social groups deprived of such rights. While pursuing this central goal through the early twenty-first century, they also began to strive for a much broader agenda in the 1960s, seeking to shift industrial societies away from giving primacy to money values as well as from the prevalence of mindsets associated with the Judeo-Christian civilization. Activists used such strategies as civil disobedience, mass demonstrations, and lobbying, in order to support pro-civil-rights legislation, environmental protections, and corporate social responsibility.

The search for wealth in itself has been the main goal pursued by businessmen and industrialists since the early stages of modern capitalism. As the capitalist way of organizing the economy and society faced important obstacles from the free-enterprise system itself as well as from institutions and various ideologies, corporate leaders devised strategies to reduce these obstacles to a level compatible with the imperatives of capital accumulation along four main lines:

- (i) Fighting worker militancy directly through the use of police and/or armed forces.
- (ii) Protecting themselves from competition. To this end, they engaged in various strategies, including reconfiguration of the corporation; cartel arrangements and mergers; state lobbying to obtain protectionist legislation, subsidies, tax breaks, and relaxed antitrust enforcement; and industrial policies in alliance with organized labor and the state.
- (iii) Reducing both union interference in firms and state intervention in the economic and industrial relations arenas.
- (iv) In more challenging times, regaining the allegiance of workers and strengthening pro-business feelings in the public (in the United States); reshaping the economic and political environment through large-scale campaigns in order to impose a stronger capitalist order; and/or fighting adverse ideologies worldwide through colonial-type wars.

### **PART THREE: THE NARRATIVE**

The following narrative is broken down into five periods: the late nineteenth century to the late 1920s, the Great Depression era, World War II to the early 1960s, the early 1960s to the late 1970s, and the early 1980s to the early 2000s. The starting period is the 1880s, when organized labor was founded in both the United States and France and American business leaders launched their first large-scale political campaign. From the late nineteenth century on, the groups of actors identified earlier were in position to play their role according to patterns of behavior rooted in past centuries. Throughout the narrative I address the following questions from a comparative perspective: How did actors' strategies arise and develop? Why were some strategies successful while others failed? What was the impact of major worldwide events (especially wars, revolutions, and economic crises) on actors' strategies? To what extent did major shifts in the balance of power between actors explain similarities and differences in long-term economic and political outcomes across the two countries?

#### **From the Late Nineteenth Century to the Late 1920s**

This period was characterized by two main developments: the establishment of organized labor, which followed waves of violent mass strikes in both countries; and the first large-scale political

mobilization of business to reshape its environment after World War I. In the United States the post-Civil War period witnessed the emergence of general violent strikes for the first time ever. In the 1870s and 1880s labor organizations and class consciousness developed in a way similar to that of working-class movements in European countries, particularly France and England. Yet by the end of the pre-World War I period American and French unionism had evolved in opposite directions with respect to strike strategy and involvement in politics. The dominant trend in labor movements throughout the twentieth century, i.e. business unionism in the United States and revolutionary unionism in France, was determined before World War I.<sup>42</sup> In both countries World War I triggered widespread social unrest. In the United States business leaders regained workers' allegiance through large-scale campaigns. In France, while business leaders reasserted control of the economy both at the national level and within firms, the strike waves reinforced the Left's revolutionary bent.

In the United States, whereas strikes by craftsmen from the early nineteenth century to the Civil War were usually peaceful, labor relations from the 1870s onward were characterized by the emergence and recurrence of a pattern of general violent strikes (Kochan & Katz 1992: 27). This pattern led some scholars to contend that until the late nineteenth century class consciousness among American workers evolved in a way similar to that of European workers (Friedman 1988; also Voss 1993). However, the finding that in the United States strikes over wages in the 1880s were "primarily strikes over union recognition" (Card & Olson 1995) may mean that as early as the 1880s the class struggle had shifted away from direct confrontation between workers and management and included at least some level of class compromise. Although the Knights of Labor (KOL) leadership was reformist, many of its rank-and-file members favored the use of large strikes to achieve labor goals.<sup>43</sup> The KOL collapsed mainly because of the failure of its strike strategy, which consisted of involving large numbers of workers without providing strikers with significant financial support. By 1890 KOL membership fell to only 20 percent of its peak.<sup>44</sup> Although in 1905 the Industrial Workers of the World (IWW) attempted to revive radical unionism to overthrow capitalism (Kochan & Katz 1992: 37), it was the American

Federation of Labor (AFL), founded in 1886, that succeeded in building a more stable membership. In response to the KOL's failure, union leaders set out to organize small craft unions with high dues and promote a "restrained strike policy" (Friedman 1988: 16). Therefore, well before the Wagner Act of the New Deal era (which rendered wildcat strikes illegal) union leaders began to domesticate the strike. This evolution of strikes from (relatively) spontaneous movements to better planned and controlled actions did not occur in France.

The trend toward business unionism was reinforced in 1895 by the decision of a majority of AFL unionists not to become involved in partisan politics (Archer 1998: 391-92). Opposition of the union leadership to partisan politics was grounded in fear that political involvement would produce dissension and eventually weaken or even destroy unions. On the one hand, AFL leaders feared that the establishment of a labor party might result in "factional fighting" (because union activists were divided between various ideologies) and lead to union subordination to the Socialist Party (Archer 1998: 409).<sup>45</sup> On the other hand, most workers were committed to the dominant two parties, and involvement in partisan politics would have resulted in conflict between workers with opposing party loyalties. Consequently, the AFL restricted itself to pressure group politics.

In France the official recognition of organized labor in 1884 originated in a chain reaction: (i) class consciousness emerged in 1863, and a law granted workers the right to strike albeit no right to organize in 1864; (ii) waves of violent mass strikes erupted in the 1864-1870 period;<sup>46</sup> (iii) in 1871 the brutal repression of the Commune of Paris damped the labor movement, which barely survived in the subsequent decade (Decaux & Castelot vol.5: 468); and (iv) eventually workers were granted the right to organize in 1884. This explains why previous occurrences of illegal mass strikes, especially during the Revolution of 1848, failed to lead to the foundation of organized labor, even though worker associations multiplied illegally from 1874 to 1884. As soon as organized labor was officially recognized, many union leaders sought alliance with radical-left parties in attempts to overthrow capitalism.

A major turning point in the evolution of unionism occurred during a two-year period. First, in 1905 the strategy of class

collaboration advocated by the Socialist leader Jean Jaurès was condemned by the Socialist International, dominated by German Marxists. From that point, hardliners dominated the French Left. As a consequence, until 1936 the Socialist Party abided by its policy of nonparticipation in bourgeois cabinets. Second, in October 1906 the Charter of Amiens of the Confédération Générale du Travail (CGT) proclaimed the inevitability of class warfare. "The means by which the present society would be transformed was direct action, meaning industrial action, the culmination of which would be the revolutionary general strike" (McMillan 1992: 27). Since then, the CGT served as an "instrument of revolutionary class struggle" (Friedman 1988: 1, 22). Several attempts at revolutionary coups were staged by the CGT and the Communist Party in the first half of the twentieth century (Tilly 1986: 315), and revolutionary unionism prevailed for most of this century.

In the 1910s three major events combined to produce an explosion of labor unrest in both the United States and France: World War I, the Russian Revolution of 1917, and the expansion of Taylorism. In the United States strikes began to increase significantly in 1916. During the war years, 1916-19, strikes became more national (Dubofsky 1995: 126,128). In 1919 almost 25 percent of all private-sector employees were involved in strike, and social unrest lasted until 1922. In France the war brought about a "heightened sense of class consciousness" among workers (McMillan 1992: 73, 83). In 1917 strike waves, fueled by the soaring cost of living, spread throughout the country. The strike waves of 1918 aimed to start a revolution, and were followed by massive strike movements in 1919 and 1920. The postwar movements were "all unofficial" and mostly spontaneous (McMillan 1992: 86). They were inspired by the example of the Bolshevik revolution and fueled by rank-and-file disapproval of class collaboration. These massive strike movements were ruthlessly suppressed by the state and employers alike (McMillan 1992: 86).

Two important developments came out of this postwar evolution. First, the failure of the strike waves, followed by the electoral defeat of the Socialists in 1919, reinforced the revolutionary aspirations of the French Left and paved the way for the Bolshevization of the Communist Party (McMillan 1992: 87). During the congress of the Section Française de l'Internationale

Ouvrière (SFIO) in 1920, a majority of delegates formed the Communist Party, and decided to join the Third International “on Moscow’s terms.”<sup>47</sup> By the late 1920s Moscow had succeeded in its enterprise of Bolshevizing the French Communist Party (Wright 1987: 332), and the Communist vote began increasing. Second, business leaders regained full control of the economy both at the national level and within firms (McMillan 1992: 89, 83). A business community and a republican government basically indifferent to labor interests, combined with the Socialist doctrine of nonparticipation in bourgeois cabinets unless Socialists could dominate the coalition, meant that social legislation for workers remained much more limited in France than in other countries until the end of World War II. This situation rendered the outburst of social unrest during the Popular Front era almost inevitable.

Throughout the nineteenth century American business leaders sought ways to protect themselves from the consequences of recurrent cycles of booms and recessions and to ensure firms’ survivals during downturn periods. However, until the 1880s weak ties in the business community kept them from developing a unified strategy during recessions. Industrial consolidation strategies aimed at controlling production and prices (mainly pooling agreements, trusts, and holding companies) brought only limited results (Prechel 2000: 28, 29, 40, 41). In addition, pressured by leaders of small businesses and other groups worried about the rising power of new big companies, states prohibited some of these corporate forms. In the aftermath of the Civil War, beginning in the 1880s large corporate business began to mobilize politically on a broad scale for the first time ever, seeking to redefine state policy and reshape corporations’ legal and political environment. The Santa Clara County versus Southern Pacific Railroad case of 1886 changed the legal conditions under which business could mobilize politically in important ways.<sup>48</sup> Whereas before 1886 most states had laws that prevented corporations from meddling in politics, the decision of the Supreme Court in 1886 granted corporations constitutional rights previously reserved for individuals, including the right to influence legislation and to give money to political parties. At the same time the fiscal crisis in New Jersey led this state to overhaul its business policy (Prechel 2000: 252-253, 41, 31-32).<sup>49</sup> The New Jersey Holding Company Act of 1888 consolidated the

expanded rights of business, and was followed by a series of incorporation laws enacted through the mid-1890s. (Before 1888 a firm had no legal rights outside of its state of incorporation). These new laws provided enterprises with wide-ranging property rights, and limited parent companies' liability for their subsidiaries' actions. These laws created "extremely lenient" conditions for incorporation, which included a risk of overcapitalization, i.e. issuing stock beyond a company's actual assets (Prechel 2000: 30, 31, 32, 86, 253).

The first wave of mergers of 1895-1904 prolonged and greatly amplified the trend toward industrial consolidation initiated earlier in the nineteenth century. This movement set a precedent for subsequent waves of mergers throughout the twentieth century. The main rationale for this movement, as well as for the preceding consolidation strategies and the subsequent waves of mergers, was the determination of corporate leaders to "make their power secure against competition" (Adams & Brock 1986: 27).<sup>50</sup> However, under pressure by small business owners and other groups, states and the federal government enacted antitrust legislation, especially the Sherman Act of 1890 and the Clayton Act of 1914 (Prechel 2000: 33, 87).

This first surge of business political mobilization and the first wave of mergers of the 1880s and 1990s arose from at least three main developments with origins in the Civil War. First, the fiscal crisis of the state of New Jersey, which led to the legislation of 1888, was precipitated by the Civil War. Second, it has been argued that business's "vulnerability to economic downturns" increased after the Civil War" as a result of three major economic recessions: 1873-78, 1882-85, and 1893-97 (Prechel 2000: 48). According to this theory, corporations must accumulate capital to survive. Whenever the political, economic, ideological, and/or institutional environment of business creates major barriers to profit making, capitalists strive to reconfigure the business enterprise and/or to mobilize politically to reshape their environment. Finally, it is my assumption that the imperatives of capital accumulation alone would not have prompted leaders of large corporations to engage in massive political mobilization had they not become apprehensive of the new balance of power created by the emancipation of all slaves, which led them to overreact.<sup>51</sup>

Business's large-scale campaign of the 1880s set a precedent for numerous campaigns throughout the twentieth century. From the beginning of the twentieth century to the late 1920s, business political mobilization included major organizing efforts (in particular, the National Association of Manufacturers (NAM) was founded in 1894), national campaigns to promote the "American way" rooted in individualism and material possessions, anti-union campaigns, and corporate welfare programs. In the Progressive Era and the early 1920s American business responded to worker militancy by engaging in its first large-scale struggle to win the American working class both at the national level and within firms. It staged campaigns to promote the "American way rooted in individualism, independence, freedom, and social harmony [with an emphasis on] consumption, individualism, and material possessions. . . . [and also] reached deeply into religious and educational institutions" (Fones-Wolf 1994: 16). In addition, progressive employers developed welfare programs, as well as stock-purchasing, pension, and home-ownership plans and recreational activities, in order to strengthen workers' ties with the company (Fones-Wolf 1994: 16). As a result of business campaigns, of suppressive antiunion practices aimed at thwarting union organizing drives, and of the expansion of Taylorism,<sup>52</sup> many workers relinquished the "group solidarity of trade unionism," and embraced "the individual rewards of consumption" (Fones-Wolf 1994: 16). Union membership fell from 5.8 million in 1921 to fewer than 2 million in 1931, and labor unrest dropped dramatically between 1923 and the late 1920s. In the political arena, business, closely allied with the Republican Party, influenced government policies significantly. In the late 1920s business values seemed to prevail in the political and cultural arenas. "Business reigned supreme over almost every aspect of American society" (Fones-Wolf 1994: 2, 5).

In France the system of consortia between state and industry, established during World War I to mobilize industrial resources, resulted in an enduring strengthening of the economic role of the state, even though economic *dirigisme* was significantly restricted after the war under business pressure (McMillan 1992: 80-83). The consortia also attempted to promote a genuine experience of class collaboration. After World War I a number of CGT leaders, such as



Léon Jouhaux, “desperately” sought to prolong the wartime experiment of collaboration with the state. In Jouhaux’s view, “if the state could not be overthrown, it could be penetrated, and the working class should be prepared to assume a directing role in the [planned] economy” (McMillan 1992: 86). Union leaders failed mainly because of both business’s opposition to their efforts and labor’s revolutionary aspirations.

### **The Great Depression Era**

During the Great Depression era French and American societies continued to diverge, in at least two main respects. First, in the United States the rules of the game between labor and management changed dramatically, with the establishment of a system of industrial relations based on negotiated settlements, and these new arrangements persisted through the early 1970s.<sup>53</sup> In contrast, no overhaul of the industrial relations system occurred in France. The unprecedented crisis of confidence in American capitalism, which led to a labor-government alliance under Roosevelt’s leadership, significantly weakened business logic. A cooperative bent, which translated into a willingness to promote negotiated settlements to the class conflict, diffused among many corporate leaders.<sup>54</sup> Whereas in the United States many employers engaged in collective bargaining and union membership grew steadily until the mid-1950s (Kochan & Katz 1992: 49), French employers reneged on their commitment to raise wages in the months that followed the Matignon agreement of June 1936, and the upsurge in union membership was short-lived. Second, the way the Great Depression propelled the Left into the forefront of the political arena opened up two different avenues. In the United States both the shift from Republican to Democratic prevalence and the commitment of the Congress of Industrial Organizations’ (CIO) leadership to social-democratic ideas made liberalism a plausible alternative to the free-enterprise system. In France the first attempt by leftist parties to engage in a strategy of unity through a Popular Front coalition brought about sweeping, albeit short-lived, changes. It provided the various components of the Left with a first experiment of shared political power, and paved the way for further such attempts.

In the United States the economic collapse and record levels of unemployment fueled an unprecedented wave of rank-and-file insurgency from 1929 to 1937. "Workers lost confidence in the ability of their employers . . . to provide for their welfare, security, and employment" (Fones-Wolf 1994: 17). As a result, the Depression era witnessed the rise of liberalism, which advocated collective action and a strong welfare state as an alternative to the free-enterprise system. Liberal ideas informed a new era in federal policy, and the U.S. industrial relations system was thoroughly transformed.<sup>55</sup> The Wagner Act of 1935 was intended to balance the interests of corporate leaders and workers by placing the weight of the state on the union's side. Its goal was to promote collective bargaining through independent unions.<sup>56</sup> Furthermore, the National Labor Relations Act allowed employers to voluntarily recognize a union as well as to remain neutral during a representational election campaign. The "Democratic order" of the 1930s was established through "creative leadership" by progressive liberals under conditions of widespread social unrest. The Wagner Act's passage "was due primarily to the efforts of progressive liberals . . . allied with a mass labor movement . . . Without widespread and sustained labor unrest, a measure as strongly pro-labor as the Wagner Act would probably not have succeeded" (Plotke 1996: 92, 107).<sup>57</sup>

As a result of both strike waves and pro-labor legislation, union membership increased almost fivefold from the beginning of the Great Depression to the end of World War II. The CIO was created in 1935.<sup>58</sup> In order to promote negotiated settlements of industrial conflict, CIO leaders and New Deal officials collaborated to suppress the use of the sit-down strike. More broadly, the CIO leadership developed a social-democratic vision inspired by North European neocorporatism, and during World War II the War Labor Board (WLB) began to put such ideas into practice.<sup>59</sup>

Capitalism faced one of its greatest challenges in history, not only from the collapsing economy and the wave of general strikes and plant sit-downs, but more importantly from the shift in worker loyalties from employers to both the federal government and organized labor. Whereas a majority of business owners and executives opposed New Deal policies, a key fraction of the business community organized around the Committee for

Economic Development (CED) favored a moderate version of the New Deal agenda. The CED was able to influence the broader corporate community, and the idea that the state could help to revitalize the economy gained credence among the business community. Albeit reluctantly, “employers made real concessions in accepting the new labor relations model of large independent unions, serious wage-bargaining, and meaningful grievance procedures” (Plotke 1996: 257).

In France, in the first two years of the Great Depression (1930-31), the government and business leaders strove to isolate the economy from the rest of the world (Wright 1987: 357-58). Tariffs were significantly increased, and industrialists negotiated cartel arrangements. As a result, unemployment remained much lower than that of any other industrial nation, and traditional capitalism was able to survive the world crisis (Wright 1987: 358, 360). What triggered widespread social and political upheaval was not the economic crisis and record levels of unemployment but the financial scandal of 1934, which smeared a number of politicians. All the extremist (both right-wing and Communist) organizations called for a massive demonstration in Paris against the corrupt regime. Immediately after the riots of February 6, the Communists reversed stance, and joined the Socialists and the CGT in their call for a general strike on February 12 as a warning to “the republic’s enemies.”

This reversal of the Communist Party had far-reaching consequences.<sup>60</sup> The conjunction of mass strikes and repeated clashes between leftist and rightist activists prompted the Socialists and the Communists to open negotiations toward an agreement for a common program. Although the Popular Front was “more clearly unified by its opposition to right extremism and governmental austerity measures than by any shared [agenda]” (Tilly 1986: 326), its program of January 1936 included significant social reforms. A week after the narrow victory of the Left in the April-May elections, a wave of sit-down strikes inundated the country, and spread further in the following weeks. Through this outbreak of spontaneous strikes, workers showed their determination to force both the government and employers to implement the social reforms of the Popular Front program, in order to make up for decades of neglect of and indifference to their plight. They did not

restrict their demands to social and economic issues: they also wanted power. Although no revolution occurred, workers obtained significant pay raises as a result of the Matignon Agreement of June 7, and later in June social legislation instituted the forty-hour week and paid holidays (Tilly 1986: 330).

Although the government strove to temporarily end the strikes with communist support, it did not engage in concerted efforts with labor leaders to curb the use of sit-down strikes in the future.<sup>61</sup> Unlike the United States, the substitution of negotiated settlements of class conflict for uncontrolled outbreaks of strikes did not happen, and wildcat strikes of great magnitude continued to play a key role in economic and political developments (see *“Industrial Conflict . . . in Postwar France”* in this volume). Employer attempts to renege on the Matignon Agreement, as well as the government’s retreat from the reform program of the Popular Front from early 1937 on, resulted in several rounds of strike waves (Tilly 1986: 330-31). The failure of the general strike of November 30, called by the CGT to protest the new government policy, further weakened the CGT membership.<sup>62</sup> The pattern followed by the demise of the Popular Front was similar to what happened after World War I: a short-lived upsurge in union membership, the failure of mass strikes, and the defeat of leftist parties in subsequent elections. However, the Popular Front did not merely repeat the previous pattern. As a first attempt to coordinate various leftist leanings, the Popular Front set a precedent for the strategy of union of the Left, which was to be achieved in the 1970s.

During the Great Depression era the gap between the French and American industrial relations systems and political paths increased. In the United States mass strikes supported a moderately liberal political leadership, whose enduring tenure led to the overhaul of the industrial relations system and the foundation of a welfare state. These developments paved the way for the expansion of a decentralized system of collective bargaining after World War II. In France mass strikes and riots fostered a radical Popular Front, whose ephemeral tenure brought only short-lived gains to workers and no substitution of negotiated settlements for spontaneous outbursts of strikes. As a result, mass strikes remained the only way workers could achieve their objectives. The question is why negotiated settlements of class conflict developed in the United

States and not in France. I contend that in the United States leaders of both small and large corporations felt dangerously threatened by the economic crisis and the resulting waves of wildcat strikes, and were unable to efficiently oppose the new social and political order initiated by Roosevelt and his administration. In contrast, French industrialists managed to protect themselves through cartels, and did not find themselves in a position of fundamental weakness, except for a very short period under the Popular Front tenure (mainly in May-June 1936). As a result, they felt no need to change the rules of the game between labor and management.

### **From World War II to the Late 1940s**

During World War II the structures of governance made up of representatives of labor and management, namely the national War Labor Board (WLB) in the United States and the National Resistance Council (CNR) in France, brought about similar results at the national level, including class collaboration, state planning, and the enlarging of the welfare state. In the immediate postwar period, however, political and social developments were opposite in most respects, except for the failure of class collaboration in both countries. Since then, there has been no attempt at social democracy at the national level, and corporatist arrangements at the firm level remained very limited. In the immediate postwar period economic planning and the trend toward the expansion of the welfare state were brought to a halt by American business but consolidated by the French technocrats. Indeed, business leaders in the United States and the technocrats in France emerged stronger from World War II. Conservative American business leaders sought to ensure the victory of the market economy while French technocrats strove to impose a state-led system of economic and social development designed to restore France's grandeur. One important outcome of their efforts was to instill in the French population a culture of entitlement to economic security that has endured up to the present. In the United States, the war consolidated collective bargaining, and legislation enacted in 1947 significantly limited the role of strikes. In France, where industrial relations were driven by uncontrolled outbreaks of strikes, state legislation, and not collective bargaining, prevailed. The political arenas were

characterized by the decline of the American radical Left and by the rise of the French Communist Party.

In the United States, as soon as the war broke out, the Council on Foreign Relations (CFR) began to set objectives for reorganizing the world after the war is over. On the domestic front, the war tightened the bonds between workers, the government, and organized labor (Fones-Wolf 1994: 2, 27). Union membership increased significantly. The alliance between organized labor and the Democratic Party was consolidated. Perhaps even more alarming for business was the decline of managerial authority. Furthermore, some union representatives demanded a voice in the management of firms (Fones-Wolf 1994: 15, 19-20). The Roosevelt administration established the WLB in 1942 to support the war's effort in terms of production maximization, which required fostering labor-management cooperation and controlling strikes to avoid wage and price inflation (Kochan & Katz 1992: 49). As a result, the WLB consolidated collective bargaining.<sup>63</sup> Involvement in this tripartite governance led many union leaders to agree to police discontent on the shop floor. In addition, union participation in the WLB prompted the CIO leadership to conform to the cold war imperative of expelling the radical Left from the union movement. Eventually, as a result of their participation in the WLB, unions became more bureaucratic.

At the end of World War II the future of American industrial society was fraught with uncertainty. After the elections of 1944, labor leaders (particularly CIO leaders) had a progressive political agenda for postwar reconstruction, including full employment, economic planning, and the expansion of the welfare state. At the same time, soaring unemployment and falling wages in a context where management had lost part of its authority, fostered one of the largest nationwide strike waves in the United States. Business leaders were divided into two ideological camps: conservatives and moderates. Conservatives were determined to restrict the scope of collective bargaining and weaken union organizations. Moderates accepted a growing role for the federal government to avoid another major economic and financial collapse. They also accepted unions as legitimate representatives of workers' interests, hoping that union cooperation would help to boost productivity and bring about industrial stability (Fones-Wolf 1994: 22-24, 69).<sup>64</sup>

Faced with this new round of challenges, business leaders remobilized vigorously. Although the creation of a social-democratic welfare state, which would have guaranteed full employment, was seriously considered during World War II, this possibility was attacked by much of business. Eventually, what prevailed was a limited version of Keynesianism, with low unemployment as a goal of national policy and implicit acceptance of the need for deficit spending. The viewpoint of moderate business leaders prevailed in this battle. In addition, from 1948 to 1949 various attempts by CIO leaders from 1945 to 1949 to reshape the Democratic Party according to social democratic principles failed. Their efforts to gain a voice in the management of corporations were seriously challenged in the 1946 round of bargaining in the auto industry, which determined the long-term development of collective bargaining (Kochan & Katz 1992: 52). This important turning point, marked by the failure of the last major attempts at social democracy, was further reinforced by the Taft-Hartley Act of 1947, which was business's response to the unprecedented surge of worker militancy in 1945-46. The act made wildcat strikes illegal, and significantly restrained the role of the strike.<sup>65</sup>

In France two major developments occurred during World War II: de Gaulle's struggle to impose a united governance structure on the various resistance groups, which resulted in the creation of the CNR in May 1943 (Wright 1987: 396-98); and the forced cooperation of the Communists with de Gaulle under international pressures (McMillan 1992: 150-51). The liberation of Paris dealt a final blow to the strategy of the Communist Party inaugurated in 1906. This party would no longer attempt to seize power through revolutionary strikes. In the immediate postwar period, the political arena witnessed the opposition between a powerful surge of leftist parties, especially the Communist Party, and Gaullist supporters.<sup>66</sup> In August 1944 de Gaulle established a government of national unanimity that reflected all shades of Resistance opinion (McMillan 1992: 153). However, this broad-based coalition was short-lived for two main reasons: de Gaulle's view of the new constitution led him to resign in January 1946;<sup>67</sup> and the socialist prime minister ejected the Communists from the government in May 1947, although the Communists had managed to create an

image of “good Frenchmen” and the party line of the immediate postwar period was particularly “moderate and ultra-patriotic,” (Wright 1987: 406; also McMillan 1992: 155). A few years later, in 1951, the Socialists withdrew into the opposition. Both the political context of the Cold War and the strike waves of late 1947 contributed to ending the second and last major experiment with class collaboration (the first one traced back to World War I) and to relegating the radical Left to the political wilderness until the early 1980s (McMillan 1992: 155-56). At the same time, attempts to implement corporatist arrangements in nationalized companies, especially in the national electricity and gas industry (EDF-GDF) and the Parisian subway (RATP), also misfired (Tixier 1996). Within the system that replaced this short-lived corporatist experiment, the majority union, i.e. the CGT, remained free to reverse positions at any time. No alternative system of labor-management collaboration, in either the private or public sector, substituted for the failure of corporatism. In 1946, however, as a result of a short-lived upsurge in union membership, labor won a voice in plant management through work committees.<sup>68</sup> The Communists seized control of the CGT in 1945, and two years later the non-Communists seceded to form the Force Ouvrière (FO) with financial aid from American unions and the CIA.

Whereas in the United States business leaders thwarted the powerful trend toward a state-led economic and social system, the French coalition government engaged in radical reforms that were strongly influenced by ideas developed by the Resistance. These reforms, which included an extensive social security system, nationalizations, and economic planning, were promoted by de Gaulle and the technocrats. The system of social protection established in 1945 was based on the principle of solidarity, which can be traced back to the Revolution of 1789. This principle states that “any human being who is unable to work because of age, physical or mental condition, or economic situation has the right to obtain decent means of existence from the community” (Preamble of the Constitution of 1946). Building on important advances toward universal social protection between the two world wars, the trend toward a general system of social protection was given a final boost from the idea of security that emerged in the immediate postwar period. According to this notion, the nation must



guarantee security to workers in exchange for their effort to relaunch the economy. These two concepts of solidarity and security became so deeply rooted in French political and social culture that until the 1990s all major attempts to weaken social protections failed. In addition to providing the French people with an extensive system of social protection in order to foster economic growth, the technocrats used the state to promote economic change.<sup>69</sup> This pattern of state-led growth relied on the expansion of the nationalized sector as well as on the development of national economic planning,<sup>70</sup> which became a major component of French policymaking.<sup>71</sup>

### **From the Late 1940s to the Early 1960s**

The gap in industrial relations and economic systems, which began to widen during the Great Depression era, broadened after World War II. From the end of World War II to the late 1950s, American business significantly altered the configuration of the industrial relations system that emerged during the Great Depression era and was consolidated during World War II. However, even though most firms remained union-free, what survived from the legacy of the past fifteen years was an enduring and not so negligible result: business's recognition of a limited role for both the state and unions. In contrast, French business, in tune with the Gaullist philosophy, remained overwhelmingly hostile to unions until the late 1960s. Divergence in economic systems also increased, as the state acquired large control over the economy through coordinated planning and nationalizations.

The French and American systems of industrial relations that prevailed until the late 1960s were opposite in most respects, especially in terms of the degree of (de)centralization and of the role of strikes versus collective bargaining in wealth (re)distribution. The American postwar bargaining system was based on highly decentralized bargaining structures, which resulted in a majority of single-plant or single-employer contracts. In France a state-led system of labor relations functioned under pressure from recurrent multiplant, multi-employer strikes.<sup>72</sup> Because the avenue followed by American workers to gain higher wages and economic security, i.e. collective bargaining, was not an option for French workers, they pursued this objective through

high levels of general strikes. In both countries, either through recurrent general strikes in France or collective bargaining in the United States, workers sought to achieve a new status that would emancipate them from the logic of the market economy and guarantee steady and institutionalized improvements of their material working and living conditions.

In the United States the postwar labor accord was based on the following trade-off: Employers provided workers with steady wage and benefit improvement, while unions guaranteed uninterrupted production for the life of bargained agreements. Many corporate leaders as well as moderate Republicans and most Democrats supported this system because it ensured stable labor relations and class peace. Indeed, in the 1940s and 1950s a fair number of employers adopted voluntary recognition of unions or at least neutrality during election campaigns (Kochan & Katz 1992). As a result, collective bargaining spread throughout the economy, and union membership increased to approximately 35 percent of the nonagricultural labor force by the mid-1950s (Kochan & Katz 1992: 49). Millions of workers, especially union workers, benefited from substantial increases in their living standards.<sup>73</sup> Concomitantly, because the administration of collective bargaining required large numbers of union functionaries, the trend toward union bureaucratization consolidated.

In France the system of industrial relations designed by the CNR was highly centralized, based on government agencies and nationalized companies that served as references for all firms (Tixier 1996). During the three decades after World War II regular collective bargaining was rare in the private sector, and even in the public sector there was no real collective bargaining “worthy of the name” (Bornstein & Tixier 1996). Most often legislation shaped the contents of collective bargaining, and substituted for direct negotiations between labor and management. The system of industrial relations was based on “partial compromises,” which were binding neither on unions nor on management, and industrial action could be initiated at any time during the life of existing agreements (Bornstein & Tixier 1996). As a result, industrial conflict played a key role in reshaping French society in the postwar period, and very often the function of union leaders amounted to negotiating a conflict’s outcome after it had started (*see “Industrial*

*Conflict . . . in Postwar France*” in this volume). Localized (single-plant, single-employer) strikes provided workers with temporary increases in hourly wages; and under pressure from recurrent general (multiplant, multi-employer) strikes and strike waves, the government and employers granted workers steady and rapid increases in both real net wages and social welfare benefits, and reduced working hours without loss of pay. Two main factors accounted for the weakness of collective bargaining and the prevalence of conflict: employers remained deeply “paternalistic” (Henri Weber cited in Hewlett 1998: 48); and the principle of the state “as the sole trustee of the general interest” resulted in the absence or weakness of interest groups (Hall 1986: 166).<sup>74</sup> The principle that individual interests always be second to the general interest was confirmed by de Gaulle with renewed vigor in 1944.

In the political arena, American business strove to strengthen its control of the broader society. From the Democratic victory of 1948 on, it engaged in a systematic struggle to shape American values away from liberalism and statism, while its basic opposition to the labor movement gradually intensified. The logic inherent to the agenda of conservative business, i.e. the idea that the victory of market capitalism required a considerable weakening of the labor movement, included the possibility of real class warfare between management and labor. However, this possibility might not have materialized if it had not been triggered by a series of important events. The first in this series of events was the Democratic victory of 1948. In response to this new challenge business leaders began to sell capitalism not only to their employees but also to the American public. They engaged in this enterprise methodically, i.e. with an unprecedented “degree of conscious commitment” and by using a wide variety of methods and programs, including economic education programs, human relations theory, communication techniques, and welfarism (Fones-Wolf 1994: 169, 73, 88). Outside firms, the business campaign targeted almost every aspect of American society, including communities, education, and churches (Fones-Wolf 1994: 160, 189, 191). From the late 1940s to the mid-1950s, business leaders competed with organized labor to recapture worker loyalty while refraining from overtly attacking unions. The union counteroffensive achieved only limited results because it was confronted with both a powerful business campaign and a rank

and file that was often indifferent. As a result, the Republican candidate, Dwight Eisenhower, won by a landslide in 1952, and the Republican party remained in control of the House and of the Senate until 1960.<sup>75</sup> Business's campaign of 1948-52 set a precedent for that of the 1970s, which powerfully contributed to the victory of the Right in 1980.

After the AFL and CIO merged in December 1955, "big labor" became business's direct target. The merger was viewed by conservative business as a threat that necessitated renewed mobilization (Fones-Wolf 1994: 271). The NAM embarked upon a public relations campaign against big labor with two main objectives: spreading "right-to-work" legislation in union states; and ultimately gaining public support for a tough labor reform act.<sup>76</sup> Business achieved its first objective through the Landrum-Griffin Act, which was enacted by Congress in September 1959. This act prohibited all secondary boycotts, severely restricted picketing, and imposed strict requirements of standards of conduct on unions. This victory represented a major shift in attitudes about organized labor.

Although the New Deal system of collective bargaining brought about a less confrontational approach to industrial relations, it did not end the fundamental conflict between capital and labor. Very often it was "the threat of strong union action" that allowed workers to gain increases in wages and benefits (Fones-Wolf 1994: 68). According to official statistics, there was no sustained decline in the number of strikes in the three postwar decades, and wildcat strikes seem to have occurred frequently. Persistent use of illegal strikes by workers after 1947 showed employers that the Taft-Hartley Act had achieved only partial success in domesticating labor militancy.

From the late 1950s on, the ideological determination of business to fight big labor, workers' rampant use of the wildcat strike, and the first signs of a changing economic climate, strengthened employer opposition to both collective bargaining and union power (Kochan & Katz 1992: 52). As economic conditions further deteriorated, employer opposition to unions grew stronger in the 1960s and even more so in the 1970s.<sup>77</sup> The logic of vested interest build-up, which was inherent to the New Deal system of collective bargaining, was in part responsible for

employers' growing opposition to this system under less favorable economic conditions.<sup>78</sup> As Kochan and Katz (1992: 211) put it: "Union leaders face pressure from their members [because] rank-and-file union members often evaluate their leaders by comparing their own settlements to settlements achieved by leaders of other unions or granted by other employers." However, one may contend that despite its partly defective design the New Deal system was open to improvement, had business not been confronted with other major challenges, especially the social movements of the 1960s.

In France the weakness of the Fourth Republic and the Algerian war combined to pave the way for de Gaulle's return to power on June 1, 1958.<sup>79</sup> De Gaulle's arrival in office epitomized a political pattern specific to France. Most of the time the impossibility of social compromise resulted in weak and ineffective governments. This did not seem to create unresolvable problems in ordinary times. However, whenever a major political crisis brought the prospect of a foreign invasion or of a civil war, French people called on a "savior," namely Napoléon in the late eighteenth century and de Gaulle in 1958 (Hoffmann cited in Wright 1987: 418). In order to accomplish his main goal, i.e. allowing France to assume its role as a great power, de Gaulle strove to implement a model of policy-making designed to unify the French by bypassing class antagonisms and nurturing his strong popularity as a savior.<sup>80 81</sup>

This model was rooted in two main principles: depoliticization and participation. The first principle, which meant to drastically reduce the role of partisan politics, was reaffirmed by his prime minister Michel Debré in 1959: "It is necessary, in the national interest, to remove our key problems from partisan discussions, i.e. to an extent to depoliticize them" (cited in Hewlett 1998: 124). In particular, it was this principle that inspired the planning process, which was viewed as "a search for technical truth rather than a process of political negotiation" (Hall 1986: 178). The necessary complement to depoliticization was the idea of participation, which was supposed to substitute for an impossible social compromise. In particular, this model "did not acknowledge a role for labor unions" (Howell in Hewlett 1998: 143). Although this style of policy-making did not recognize real conflicts of interest, it did not encounter important obstacles as long as de Gaulle retained a strong

popularity, i.e. until the end of the Algerian crisis in April 1962. From 1958 to 1962, the Socialists were divided about supporting de Gaulle, and the Left suffered major losses in all the elections. Only the Communists were adamantly opposed to Gaullism from the outset, and it was crucial to them that it failed. The referendum of October 1962, in which 62 percent of the voters approved de Gaulle's proposal to institute the election of the president by universal suffrage, marked both the peak of his power and the first attempt by the various components of the Left at a strategy of rapprochement.<sup>82</sup> From the end of the Algerian war on, the Socialists opposed both de Gaulle and the regime. At the same time, the aftermath of the Algerian crisis, especially the example of civil disobedience set by soldiers during the war, fostered pro-leftist feelings among part of the French population.

After World War II the technocrats engaged in an ambitious and methodical project of economic modernization, which was strongly supported by de Gaulle. However, although this strategy found broad support among the nation's economic elite, from the outset it was confronted with two main sources of opposition. First, from the mid-1950s on, labor unions boycotted national planning because it became "a rather clandestine affair . . . through which the state could forge a series of alliances with selected industrial managers in the interest of economic reorganizations" (Hall 1986: 158, 157). Second, and more important, the implementation of the national plans entailed the demise of the most inefficient sectors of French industry. As a result, "the remnants of the old economic order," especially artisans, shopkeepers, peasant farmers, owners of small and medium-sized business, and those in declining sectors of the economy, began to oppose economic modernization (Hall 1986: 174). In 1953 the movement launched by Pierre Poujade, a small shopkeeper, won almost three million votes in the 1956 elections.<sup>83</sup> Although Poujadism disintegrated rapidly, the opposition of "static France" to economic modernization remained. This opposition was fueled by the technocrats' inability or unwillingness to address the question of who was to bear the costs of reorganization, (Hall 1986: 163).

The minimization of social conflict would have required a two-pronged strategy. First, the planners would have had to engage in a wide-scale ideological campaign in order to redirect the prevalent

values, which emphasized the “preservation of the status quo,” toward an innovation-oriented mindset (Hall 1986: 162). Although the first two or three plans did succeed in fostering a spirit of productivity among the economic elite, the planning process failed to break down the old consensus (Wright 1987: 437, 435). Second, the planners would have had to address the problem of how “gains and pains of growth” should be distributed among the nation’s various strata (Zysman 1994: 257). However, in a country where negotiation structures were so weak, such a strategy would have been unlikely to succeed. Eventually, opposition to modernization provided the Socialists and the Communists with the additional electoral contribution they needed to defeat Gaullism in the late 1960s.

Despite the extreme weakness of class compromise at both the national and firm levels, and the opposition of static France to the modernization process, economic recovery in the aftermath of World War II was spectacular (McMillan 1992: 168). This “economic miracle” was due in part to the Marshall Plan as well as to state planning, which provided the material, organizational, financial, and institutional support to recovery. However, exceptional growth must also be attributed to a set of values and attitudes that led many French people to get involved in the process of rebuilding their country. Among these values and attitudes were a strong work ethic, the primacy of hierarchical authority, and above all a fundamental psychological shift boosted by the spirit of the wartime resistance.<sup>84</sup>

In both countries rapid economic growth resulted in rising living standards and relatively stable employment conditions for many workers, although through totally different mechanisms (decentralized collective bargaining in the United States and strikes and state legislation in France). This unique path of development, which was subsequently labeled the Golden Age of Capitalism, was made possible by a series of exceptional behaviors that emerged from the depths of two successive crises, i.e. the Great Depression and World War II. In the United States Roosevelt’s enlightened and relatively moderate leaderships weakened the capacity of business to reverse the new balance of power created by strike waves and the rise of organized labor. A large fraction of business began to support a limited role for the state in the economy and for labor

unions in firms. (Far-reaching labor accords developed in other industrial countries as well). However, corporate new mindset was slowly undermined by the consequences of a logic of vested interest build-up inherent to the New Deal system. In France severe economic destruction after World War II led a majority of the population to vigorously engage in a rebuilding process (as did other European countries) and to rally around de Gaulle's leadership. De Gaulle's strategy aimed at unifying the French by bypassing class antagonism brought a halt to the Communists' attempts to seize power through revolutionary strikes, and temporarily weakened the appeal of socialism. Had the technocrats not engaged in an ambitious project aimed at modernizing the economy at any cost, the "remnants of the old order" would not have mobilized against the modern capitalist society on such a large scale, and the Left might not have won the presidential and parliamentary elections in 1981.<sup>85</sup>

### **From the Mid-1960s to the Late 1970s**

From the early to mid-1960s to the late 1970s, a chain reaction fueled by a series of worldwide events led to the demise of the Golden Age of capitalism, and a major shift in French and American industrial societies occurred. Such events included the Algerian war, the Civil Rights movement from the mid-1950s to the early 1960s, a wave of both social movements and strikes fueled by the Vietnam War, the collapse of the international monetary system of fixed exchange rates, and the first oil price shock. An avalanche of liberal legislation, which occurred under condition of widespread social unrest, combined with an economic crisis and triggered an unprecedented surge of mobilization by business leaders. In the late 1970s the main winners were business, the Right, and social movement activists in the United States, and business and temporarily the radical Left in France. In both countries organized labor was the main loser. The most important developments were the following:

(i) In both countries an unprecedented surge of social movements and strike waves led to outburst of liberal legislation, which both embodied and further spread sweeping changes in the cultural environment and traditional way of life. In the United States the liberal era that stretched from 1964 to the first oil shock of 1973 was partly brought to a halt by



business mobilization as early as the late 1970s. In France the outburst of liberal policies that followed the May 68 events was given new impetus by the Socialist-Communist coalition in 1981-82.

(ii) The avalanche of liberal legislation prompted the corporate communities of both countries to engage in major efforts to unify their various components and to create an environment more favorable to capitalism. As early as the late 1960s, prior to the move by American business toward a strong antistatist agenda, French business began to lobby the state into engaging in a policy that would favor advanced capitalism. From the mid- to late 1970s on, in both countries the business communities rallied massively around programs aimed at drastically reducing state intervention in the economy, national-level collective bargaining, and union role in firms. Within a few years the American business accomplished important goals. French corporate leaders, however, achieved only very limited results in the 1970s because their success in implementing deregulation and flexibility depended on the willingness and ability of policymakers to depart from the prevailing pattern of state-led growth.

(iii) In the 1970s the highly successful mobilization by American business led to an enduring shift to the Right in the broader society, which prevailed until the early twenty-first century. In France widespread social unrest fostered an unprecedented effort by the Left to achieve political power. French corporate leaders limited their ambition to regaining control of the workplace, and the prevalence of a left-oriented ideology prevented center-right governments from implementing broader conservative agendas.

(iv) In both countries the labor movements appeared significantly weaker at the end of the 1970s. In the United States intrapolitical divisions deepened, and organized labor became much more dependent on other liberal groups. In France the involvement of the main union organizations in the leftist strategy to achieve political power led to a sharp and long-lasting decline in union membership after the Communist-Socialist coalition broke off in 1977. However, the ultimate cause of the French union decline may well be the unprecedented surge in business mobilization, which fostered the conversion of many socialist leaders to capitalism.

In 1964 a series of events resulted in a major turning point in the evolution of American industrial society. These events included the Free Speech Movement (which was launched at the University of California at Berkeley), the Civil Rights Act,<sup>86</sup> the Economic

Opportunity Act, and the shift of professionals (salaried and self-employed) from Republicans to Democrats. Although from the late 1950s and up to 1963 business leaders seemed to have secured a firm grip on the broader society, all of a sudden they began to confront yet another major challenge. The fact that they were able to reassert control over the broader society only in the late 1970s is evidence of the scope and novelty of this challenge. The series of events that occurred in 1964 originated in the first phase of the Civil Rights movement, which stretched from late 1955 to the early 1960s. Its main achievement was the removal of barriers to African-American participation in the political arena. The "black power" phase of the Civil Rights movement, which was fueled by full employment and discrimination, turned violent and extended to northern cities.<sup>87</sup> The Civil Rights movement sparked further activism, including the student, anti-Vietnam War, women's liberation, and environmentalist movements. In addition, the example of civil disobedience set by civil-rights and other groups, as well as production growth fueled by the war, fostered employee militance in firms (Kochan & Katz 1992: 359, 53). From 1967 to 1973 a wave of wildcat strikes by public-sector employees was fueled in part by antiwar feelings. This movement was broken by the 1974 recession. The rapid expansion of union membership that resulted from the strikes remained limited to the public sector, and did not spill over to private-sector workers.<sup>88</sup>

From the early 1960s through the early 1970s, the wave of social movements brought about sweeping changes in the American political and cultural environment. Such changes included the expansion of the welfare state and other liberal measures of Lyndon B. Johnson's Great Society, Nixon's liberal policy, the rise of public interest organizations, a growing antibusiness sentiment, and challenges to the traditional American way of life. During the Great Society era, the new philosophy of the welfare state aimed to eradicate poverty in America, and a variety of programs were created to this end. Other important measures of the Great Society included the Voting Rights Act (1965) and the reform of the immigration laws (1965). The trend toward increased state intervention and employment regulation, which continued under the Nixon administration, resulted in an important tax-reform bill and the creation of a number of regulatory agencies, including the

Environmental Protection Administration, the Occupational Safety and Health Administration, and the Consumer Product Safety Commission. These agencies were “invested with broad powers over a wide range of business decisions” (Vogel 1989). In addition, a new force emerged in political life, namely public interest organizations.<sup>89</sup> Environmental and consumer organizations became “important sources of countervailing power to business” through mainly two strategies: their emphasis on “the right to sue regulatory agencies in the courts;”<sup>90</sup> and their “efforts to challenge business directly” (Vogel 1996: 14-15).<sup>91</sup> In the 1960s and 1970s the American cultural environment changed dramatically. Values closely associated with the traditional way of life, “such as Anglo-Saxonism, Christianity, civic morality, fiscal integrity in government, free enterprise, individualism, male chauvinism, sexual chastity, and white supremacy,” were seriously challenged, in particular through measures such as the Equal Rights Amendment (1972) and the Supreme Court’s decision legalizing abortion (Kolkey 1983).<sup>92</sup> The changing political and cultural environment translated into new patterns of voting behavior.<sup>93</sup>

In the same way that 1964 marked a broad shift toward a liberal society in the United States, 1965 was a major turning point in France in the cultural and political arenas. First, an important shift in mentality occurred in the mid-1960s.<sup>94</sup> “1965 marked the end of a first period, the one of reconstruction. In 1965 the French realized that they could work less” (Mendras 1988: 18, my translation). In the mid-1960s the reconstruction effort sustained by a majority of the French population since World War II, as well as the consensus for a society focused on the search for rapid economic growth, began to weaken significantly. Second, it was on the occasion of the municipal elections of March 1965 and then the presidential elections of December 1965 that the Communists and the Socialists firmly engaged in a strategy of alliance. This alliance aimed first at defeating Gaullism and then at achieving political power.<sup>95</sup> De Gaulle received only 44 percent of the votes cast in the first ballot, and won the runoff elections over Mitterrand by a margin of only 55 to 45. This half-victory was all the more significant because for the first time ever the president was elected by universal suffrage. The various components of the Left further strengthened their coordination through national agreements in 1966. Not

coincidentally, the mobilization by the Left began to gather momentum at the very time the French cultural environment was changing. Leftist parties and unions also capitalized on the opposition of “the remnants of the old economic order” to modernization. However, although from the mid-1960s on the Left could count on an environment more favorable to its agenda, it still had a long way to go to achieve political power.

In France the May-June 1968 events followed several months of student unrest in universities in the Paris area. The movement culminated in guerrilla warfare, and the conflict spread to workers who engaged in a wave of wildcat strikes. According to my estimate, more than ten million man-days were lost due to strikes (see *“Industrial Conflict . . . in Postwar France”* in this volume).<sup>96</sup> Several factors combined to produce a wave of student and worker insurgency of such magnitude: (i) the gap between a rapidly growing student population and a system of higher education originally tailored to the needs and requirements of an intellectual elite (McMillan 1992: 179); (ii) the rejection of the advanced capitalist society imposed by the technocrats; (iii) the rejection of the authoritarian model that prevailed in French society, both in the political arena (due to the absence or weakness of interest groups) and at the firm level (due to employers’ paternalistic attitudes). Hence a demand for participation was forcefully reiterated in May-June 1968 and later; and (iv) a climate of civil disobedience sparked by the Algerian war, and opposition to the Vietnam War.

The events had far-reaching consequences. First, the alternation between the “game model” and the “savior model” that had characterized French politics over the past centuries ended when de Gaulle resigned in 1969 (Wright 1987).<sup>97</sup> Never again would there be a providential leader to run France. Second, the events consolidated the shift in the cultural arena. In particular, in the 1970s workers formulated new demands, such as early retirement at age 60 and the 35-hour work week. As Mendras put it: after May 68 “everybody could observe a transformation of mores and moral philosophy” (1988: 291, my translation). Third, as in the United States, the events unleashed a spate of measures that brought legislation in tune with the new cultural environment.<sup>98</sup>

The May-June events also prompted employers and the government to implement an impressive package of labor reforms

and to overhaul the industrial relations system.<sup>99</sup> Beyond the Grenelle agreements of May 27, 1968, which provided for a significant pay raise for workers and a 30 percent increase in the minimum wage, the strike wave prompted the state and management to engage in an ambitious reform of industrial relations. For the first time ever, leaders of large corporations engaged in a more conciliatory policy toward unions (Howell 1992: 76). Corporate recognition of a limited role for organized labor occurred in France much later than in the United States: Only in the aftermath of the May-June 1968 events did French business feel threatened the way American business had felt in the Great Depression era. However, this conciliatory policy lasted only a few years, i.e. until the economic crisis of the mid-1970s. The “New Society” program of 1969-72 was designed to strengthen trade unions and to encourage collective bargaining at the firm level. A law created union representatives and union branches in firms employing over fifty employees. In addition, “Progress Contracts” were signed in several nationalized and public companies. These contracts guaranteed wage increases commensurate with increase in the GNP and the firm’s performance. Finally, the 1968 strike waves fostered an upsurge of union membership, and gave the various components of the Left fresh impetus to proceed toward stronger coordination of their strategies (see *“Industrial Conflict ...in Postwar France”* in this volume).<sup>100</sup>

Beyond their immediate consequences, the social movements of the 1960s strongly influenced the long-term evolution of American and French societies. In the United States the flurry of liberal legislation prompted leaders of large corporations to remobilize on an unprecedented scale in two directions: to reassert control of labor in firms; and to rally the corporate community, public opinion, and political leaders, around a new economic and political agenda. While mobilization by corporate leaders around a new business model gained momentum only in the early 1970s, their principled opposition to unions began to grow as early as 1964. In the late 1970s this opposition expanded into a large-scale campaign to defeat the Labor Law Reform Bill even though large segments of the corporate community were originally divided over this issue. It was the first time that leaders of large corporations engaged in such a large-scale effort to coordinate and unify the various components

of the corporate community (Fones-Wolf 1994: 289). This campaign did not merely repeat the message of previous campaigns. It went a major step further by rallying both the entire corporate community and the broader society around a strong antistatist program. This program included “cutting back social and economic regulation while maintaining countercyclical economic efforts, opposing union growth, and advocating free trade and a ‘neo-Fordist’ design of industrial relations” (Plotke 1992: 185). In the 1930s leaders of large corporations were in a defensive position, and could only strive to alter the economic and social agenda that was initiated by Roosevelt and his administration under conditions of widespread unrest. In contrast, in the 1970s leaders of large corporations succeeded in imposing a model of their own to the broader society.

The main steps of this unprecedented political mobilization were the following (Plotke 1992: 182):

(i) Business elites engaged in a political debate concerning the “inadequacies of national policies.”

(ii) They formulated a “new model of growth,” and derived from this model “specific proposals about public policies.”

(iii) They created or revitalized a wide array of business associations, research institutes, and political action committees.<sup>101</sup> In particular, “the Business Roundtable appeared as an active and important new force by 1973-1974 . . . Business PACs with national aims appeared widely in 1974-1975 and grew rapidly” (Plotke 1992: 184).

(iv) They attempted “to persuade political elites and popular opinion of the merit of the proposed political-economic model and of specific policies.” In particular, beginning in the mid-1970s “economic education programs aimed at workers, teachers, and students proliferated . . . [in order to] address public misunderstanding of the private enterprise system” (Fones-Wolf 1994: 288-89).

From the mid-1960s to the late 1970s, the escalation in business political mobilization can be explained by a series of events that occurred since 1955. Leaders of large corporations began to mobilize against big labor following the creation of the AFL-CIO in 1955. The fact that the percentage of representational elections won by unions had been declining since 1964 meant that the antiunion drive, especially among small business leaders, had already started at the grassroots level before being coordinated at the national level in the late 1970s.<sup>102</sup> However, the massive effort by business to

defeat the Labor Law Reform Bill did not merely prolong its antiunion drive of the previous decades. Had a series of sweeping changes in the economic and social environment of business not erupted, it seems unlikely that leaders of large corporations would have embarked on such a massive campaign to defeat the bill in 1978. Such changes included an avalanche of liberal legislation (mainly a tax-reform bill, environmental laws, and new regulatory agencies), the rise of public interest organizations, and a deteriorating economic climate (especially declining profits, the abandonment of the gold standard, the first oil price shock, and the rise of OPEC).<sup>103</sup> Although sweeping changes did occur, leaders of large corporations overreacted. Their decision to wage an all-out fight against any countervailing power, be it organized labor or a liberal state, was based not on objective analyses of the real cost of social regulation, but on grossly inflated estimates, which reflected their deep fear of the new balance of power.<sup>104</sup>

Business leaders attained their objectives to a large extent and with far-reaching consequences. First, 1978 marked a major shift in the business community from relative moderation to conservatism, and a major setback of one of the main achievements of the Great Depression era, i.e. their recognition of a limited role for labor unions. Second, the business campaign helped to create an enduring shift to the Right in the broader society, which powerfully contributed to the election of pro-business Republican presidents since the early 1980s.

The social movements of the 1960s and 1970s also affected the relationship between organized labor and the Democratic Party, and deepened intralabor political divisions. By the late 1960s new patterns of political mobilization emerged, as a result of the changing social order.<sup>105</sup> These new patterns led to the split of the labor leadership into two political wings: the dominant wing represented by the top leadership of the AFL-CIO; and dissident labor leaders, “drawn primarily from a core group of about fifteen national unions” (Battista 1991: 13). The dominant wing often embraced a defensive political position, and strongly opposed key demands of the new social movements. These demands were supported by dissident union leaders at least to some extent (Battista 1991: 19, 9).<sup>106</sup> Intralabor divisions deepened between the often conservative politics of craft unionism and the more socially

progressive politics of industrial unionism. These divisions, which can be traced back to the “breach” between the AFL and the CIO from 1936 to 1955, were exacerbated, not created, by the social movements of the 1960s (Battista 1991: 14). The dissident wing was based on an alliance between unions in the mass production sector and public-sector unions (Battista 1991: 15). Due to similarities in the racial and gender composition of labor markets and workforces, “manufacturing and public-sector unions tend to be much more reliant than [other sectors, such as] construction and transportation unions on broad liberal coalition to accomplish their policy objectives” (Battista 1991: 15-16). Another similarity may also have fostered the alliance between public-sector unions and manufacturing-sector unions: Both were historically grounded in disobedience against the establishment, be it employers, union officials, or the federal government.

Not coincidentally, divisions in the labor leadership reached a peak from 1975 to 1979, at a time when business leaders intensified their antiunion struggle and a shift to the Left by top union leaders appeared to be a possible option. In 1978 the then-UAW president Douglas Fraser formed the Progressive Alliance, which included organizations from the labor, women’s, civil-rights, environmental, citizen action, and other movements. This alliance attempted to coordinate political forces in the liberal wing of the Democratic Party and to promote a more progressive agenda for the party (Battista 1991: 8). Eventually, this attempt to form a coalition between liberal unions and social movements failed.

The unprecedented effort by American business to coordinate and unify its various components was paralleled in France by unprecedented surges of mobilization by two groups of actors: the various components of the Left strove to narrow their doctrinal differences and coordinate their strategies; and business leaders engaged in their first large-scale campaign ever to reverse both statism and prolabor policies. Although in the short term the May-June 1968 events scared part of the voters, who shied away from the Left for two years, eventually the main leftist parties were able to capitalize on the momentum created by the student and worker insurgency. In 1972 they agreed on a Common Program of government, in the same vein as the agreement reached during the Popular Front era but including a much broader range of shared



policies. From 1971 to 1977, they orchestrated a series of national demonstration strikes, which made workers aware of their numbers and fostered the emergence of a left-oriented electoral majority. They achieved political power first at the local level in the 1970s, especially in the 1976 cantonal elections and the 1977 municipal elections, and then at the national level in the 1981 presidential and parliamentary elections. Although the breakdown of the talks concerning the updating of the Common Program in 1977 did not jeopardize the victory of the Left four years later, it did bring about a sharp decline in union membership whose previous upward trend was closely correlated with the dynamics of the strategy of unity by the Left (see *“Industrial Conflict . . . in Postwar France”* in this volume; also McMillan 1992: 197-98). This decline continued to accelerate since then.

While in the 1970s the political arena and the broader society were increasingly dominated by the Left, business leaders were determined to regain control of the economic sphere, and state planning underwent important changes. The first major turning point resulted from a struggle within the main employers' organization, the Confédération Nationale du Patronat Français (CNPF): In 1969 the large corporations eventually won over the more traditional business leaders (Hall 1986: 169-70). The second occurred in the mid- to late 1970s, as both the state and employers attempted to reverse strategies. In the course of the 1950s, the state had gradually based its claim to legitimacy on the economic performance achieved by its strategy (Hall 1986: 179). However, in the aftermath of the first oil price shock, policymakers realized that they would have to bail out much of the French industry during a recession (Hall 1986: 189). As a result, after 1974 the state attempted to disengage itself from the economy, and initiated a process of deplanification.<sup>107</sup> However, except for the abolition of price controls in 1978, the disengagement of the state from the economy remained very limited. The government continued to provide large financial support to a number of sectors, such as the computer and telecommunications sectors. Besides, it could not disengage itself from its responsibility to rescue declining sectors for fear of a major social upheaval (Hall 1986: 189-91).<sup>108</sup>

Although the fear inspired by the May-June 1968 events led business leaders to adopt a conciliatory policy in industrial

relations for the first time ever, they reversed stance as early as the mid-1970s, and engaged in a long-term offensive to regain control over both the economy and workplace organization. Their strategy included three main objectives: (i) reducing the role of regulatory legislation; (ii) substituting supervisory staff and lower management for unions as worker representatives; and (iii) shifting collective bargaining from the national to the industry level and even the firm level, where unions were the weakest (Howell 1992: 76). What was new in the late 1970s was that all employers were united in their demand for deregulation and flexibility (Howell 1992: 77). However, unlike American business leaders, French employers could not achieve their objectives without negotiating them with both the state and labor unions. Except for the repeal of the 90 percent unemployment benefit, negotiations initiated by the government in 1978 failed.<sup>109</sup> Although both the state and business leaders were determined to reverse previous trends, these new strategies brought only very limited results in terms of deplanification and deregulation.

### **From the Early 1980s to the Beginning of the Twenty-First Century**

From the early 1980s on, business's fight to reduce union power and state regulation intensified and brought about similar outcomes in both countries, while important differences in the political arenas persisted:

(i) A major shift in the balance of forces between labor and management occurred at the firm level, as French business achieved deregulation and flexibility in the private sector and American business imposed concessionary bargaining on unions. In France the partial dismantling of the state-owned industrial system as well as government's attempts to challenge postwar labor arrangements in the public and nationalized sector strengthened business's position even further.

(ii) Organized labor's response to business's offensive was weak and mostly ineffective. In the United States, despite the strengthening of its political alliance with the Democrats and various social movements, organized labor achieved few legislative victories on issues relevant to its constituency. In France the three main union organizations proved unable to reverse the dramatic decline of union membership, and organized labor

became even more fragmented, with a resurgence of radical union activism.

(iii) Rank-and-file response to union leaders' failure to efficiently confront the unprecedented crisis of the labor movement yielded relatively more positive results in the United States, where workers mobilized against concessionary bargaining (although often unsuccessfully) and experimented with new forms of organizing. In France large-scale industrial restructuring in the private sector remained virtually unopposed. Only public-sector workers, still largely immune to economic insecurity, succeeded in forcing the government to postpone deregulation policies. In the United States dissident unionist activity and rank-and-file militancy pressured the labor leadership to make organizing a top priority, and new forms of community organizing developed. Such an evolution did not occur in France.

(iv) In both countries an increased sense of economic insecurity developed as a result of major changes in working and living conditions, including a rapid decline of job tenure, welfare retrenchment, and disruption of family patterns and social roles. Poverty increased in both countries. Like the French culture of entitlement to social protection, the American culture of buying spree was characterized by a strong denial of economic constraints, which resulted in a rapidly growing consumer debt.

(v) In the broader society, American business's struggle to weaken state regulation in the areas of human rights and environmental protections achieved relatively few victories until the late 1990s. However, from the early 2000s on, the Bush administration embarked on a large-scale offensive against environmental protections both on the domestic front and at the level of international agreements.<sup>110</sup> In France environmental movements remained much weaker than in the United States. While in the United States opposition to globalization was led by a variety of social movement and union activists, in France the main actors were radical-leftist and public-sector activists whose objective was to preserve both the system of state-owned firms and the welfare state.

(vi) In the political arena, whereas the Right prevailed in the United States until the early twenty-first century, the Communist-Socialist coalition won a conspicuous victory in 1981. Even though the traditional radical-left dominance centered around the Communist and the Socialist parties was challenged since then, the performance of radical-left parties in various elections (including that of the Trotskyist parties in the 2002 presidential

elections), as well as the rejection of the European Constitution in 2005, highlighted the resilience of the radical Left.

From the early 1980s on, American business was very successful in achieving its goals, i.e. strengthening its control of the broader society and reducing union interference in firms. First, its involvement in policymaking and elections intensified. Both the number of corporate PACs and PAC contributions increased rapidly since the mid-1970s, and massive amounts of capital were spent on lobbying activities.<sup>111</sup> According to Prechel (2000: 275-76), corporate leaders benefit from political mobilization in two ways, i.e. when laws favorable to their interests are passed and when state managers or Congress “do not pass legislation or fail to enforce regulations that may undermine corporations’ capacity to pursue their agenda.” In the 1980s and 1990s corporations benefited from massive tax breaks and relaxed antitrust enforcement, which created the conditions for huge merger movements (Prechel 2000: 257, 260, 263).<sup>112</sup> Business’s political victory of 1980 also resulted in a major ideological shift, as the Democrats became increasingly conservative. In particular, they supported the new philosophy of social protection. The main idea was that social welfare programs should be directed at putting people to work, so that the satisfaction of basic human needs would be increasingly fulfilled through participation in the market economy thus reducing the role of social welfare transfers. The decline of the minimum wage paralleled the accelerating trend toward welfare retrenchment.

Second, business’s antilabor agenda led to two major developments: the use of suppressive antiunion practices became widespread; and collective bargaining rapidly declined. From the 1980s on, employers began to use the strike as an effective antiunion tool, based on their ability to hire permanent replacement workers during strikes. Strike provocation by business as a ploy to eliminate unions led to real class warfare between labor and management. As far as collective bargaining is concerned, the 1980s opened an era of concessionary bargaining as unions agreed to wage cuts, freezes, or other concessions, even in profitable firms. As a result, the cost-of-living contract clauses that had once covered three-quarters of American manufacturing workers became infrequent. It was the most important shift in the balance of forces between labor and capital since the Great Depression era.

From the late 1970s to the mid-1990s, the labor leadership's response to business intransigence was threefold. First, labor leaders strove to retain as much of their industrial might, which was traditionally based on labor accords in the private sector, as possible. Hence they engaged in concessionary bargaining. Second, they strove to achieve organizational and political unity inside the union movement.<sup>113</sup> They also sought to consolidate their political power, which was based on both their alliance with the Democrats and their constituency of union members in the public sector, in order to partly compensate for their failure at the bargaining table by legislative victories. Their commitment to political action increased significantly, and they strengthened their ties with liberal groups and social- movement activists. By the mid-1980s many of the conflicts that had developed between unions and members of liberal groups in the 1970s had been overcome (Dark 1996: 101, 88). By the end of the 1980s a major strategic shift had occurred: Lobbying prevailed as a way for union leaders to achieve legislative reforms. In the 1980s, however, although unions helped to pass legislation that benefited a broad constituency of employees, they achieved very few legislative gains on their own important issues (Dark 1996: 84, 103).<sup>114</sup> The only exception was the 1988 legislation on advance notification of layoffs or plant closings.

The labor leadership's strategy, i.e. to preserve what remained of the New Deal system even at the cost of widespread concessions while attempting to strengthen its political power, failed to yield significant results. As a result, growing opposition to the official line developed at the grassroots level. Both the Labor-Democratic alliance and traditional labor accords were challenged.<sup>115</sup> From the early to mid-1980s on, rank-and-file opposition to concessionary bargaining was supported by dissident local unionists. In addition, while most union efforts to get recognition through standard elections were unsuccessful, workers experimented with nontraditional links between community and workplace organizing, as in the electronics industry in Silicon Valley.<sup>116</sup> Even though the battles fought by workers since the early 1980s were often unsuccessful, they showed that worker militancy was still alive well into the 1990s. In the broader society, "although skeptical of union leaders, the American public has continued to express

strong approval of the functions unions perform in representing worker interests" (Kochan & Katz 1992: 110).<sup>117</sup>

Eventually, discontent at the grassroots level brought about important changes at the top of the AFL-CIO.<sup>118</sup> In 1995 the new AFL-CIO president John Sweeney emphasized the need to significantly increase spending on organizing low-paid workers and especially women and minorities. Meanwhile, however, the new leadership remained strongly committed to both business unionism and its political alliance with the Democrats. The populist grassroots approach to organizing advocated by the AFL-CIO leadership met with skepticism from a sizable portion of unionists, and a gap persisted between two types of unionism: bureaucratic hierarchical business unionism focusing on administering labor accords; and a more activist approach to unionism aimed primarily at organizing workers. In 2005 this gap led to a split in the AFL-CIO.

The failure of most attempts to challenge employers' strategies within firms, combined with the booming economy of the 1990s, led to sweeping changes in the working and living conditions of many Americans. Several contradictory trends emerged. From the late 1970s to the late 1990s, the shift in the balance of forces between capital and labor resulted in a "low wage/low productivity spiral."<sup>119</sup> It also resulted in declining job tenure because many workers held part-time jobs, telecommuted, or were employed as individual contractors.<sup>120</sup> Low wage strategies coupled with increased employment insecurity prevented trust between management and workers. Changes in work organization also brought about "disruptions of personal time, family patterns, and social roles" (Bennett 1998: 755). A 1999 Gallup survey showed that 25 percent of adult Americans were somewhat angry at work because of tight deadlines and heavy workloads resulting from downsizings and increased use of temporary workers. Increased stress accounted for the upward trend in unscheduled absenteeism.<sup>121</sup>

The booming economy of the 1990s generated contradictory feelings and behaviors. On the one hand, the incomes of both the poor and the middle class fell or stagnated, and the income gap continued to widen.<sup>122</sup> The prevailing feeling among labor was that it did not really share in the booming economy, which may have

fostered labor militancy.<sup>123</sup> The number of large strikes increased in 1998, and although not officially recorded, other strikes seem to have occurred more frequently.<sup>124</sup> Growing numbers of professionals sought representation as they faced more insecurity resulting from corporate restructurings, downsizings, and outsourcings. According to official data, 1999 witnessed the largest increase in union membership in more than twenty years. In addition to being fueled by growing opposition to downsizings, labor militancy (as measured by the number of large strikes) was also connected to rapid expansion. With the economy booming, more workers were determined to win back concessions made under previous contracts.

On the other hand, Americans felt wealthy because jobs were plentiful, inflation was low, and investors realized significant gains from the stock market growth.<sup>125</sup> This “wealth effect” resulted in a spending frenzy that in turn sustained rapid expansion. Fueled by low-interest incentives, the shopping spree continued throughout the recession of 2001.<sup>126</sup> Like the French culture of entitlement to economic security, which persisted through the early twenty-first century, the American culture of buying spree was characterized by a strong denial of economic constraints. As a result, not only were many Americans scared of losing their jobs and incomes, they were also worried about having heavy debts.<sup>127</sup> Because many Americans who participated in the buying binge could not afford it, consumer debt continued to rise, while savings (as a percentage of disposable income) dropped to an all-time low. Welfare retrenchment added to the sense of insecurity. Whereas in the three decades after World War II workers struggled to secure an increased share of national wealth, in the 1980s and 1990s many workers found themselves fighting to maintain standards of living in an increasingly insecure economic environment.

In the broader society, business’s successes were limited by a growing opposition to the expansion of globalization, as illustrated by the House of Representatives vote of May 2000 to grant PNTR (Permanent Normal Trade Relations) to China. On the one hand, many sectors of corporate America, including high-tech companies, viewed the trade bill as vital to their economic future, and mobilized on a large scale. (With more than one billion people China is the largest new market in the world). On the other hand,

opposition to increased globalization brought together a coalition of union and social-movement organizations, including human-rights and environmental associations, and the religious Right. In 1999 opponents to globalization forced the cancellation of the opening session of the World Trade Organization (WTO) summit in Seattle. In contrast, even though organized labor waged one of its biggest lobbying campaigns ever, the House vote dealt a hard blow to unions. The AFL-CIO viewed the trade bill with China, and more generally any new advance in trade liberalization, as a major threat to the American and international labor movement.<sup>128</sup> Several factors may account for the relative victory of the opponents to globalization versus the defeat of union activists. Seattle protesters benefited from a growing opposition to the unchecked power of free-trade proponents, especially their tendency to eliminate any obstacle (including labor and environmental legislation) that stands in their way.<sup>129</sup> Meanwhile, the AFL-CIO campaign focused on the narrower concerns of its members.<sup>130</sup> Besides, whereas institutionalized politics, such as the AFL-CIO campaign, is ruled by a business logic and efficiently opposed by corporate financial power, less institutionalized politics is driven by the logic of mass demonstrations.<sup>131</sup> America's high-tech companies called the House vote their most important political victory to date but several factors do not fully support this statement. First, the House vote did not result from widespread support for free trade. In the general public, globalization is tolerated as long as it contributes to economic prosperity, and thus the booming economy was probably one of the major factors that accounted for it. In other words, the trade bill with China might not have passed in a period of economic slowdown. Second, the trade bill might not have passed except for the human-rights provisions that were added in the last days preceding the vote. These provisions won the votes of many undecided Democrats and Republicans.

Whereas in the early 1980s the United States witnessed the most important shift to the Right in the postwar period, an opposite pattern developed in France with the victory of the Socialist-Communist coalition in 1981. However, unlike the enduring victory of the American Right, the radical-left coalition in France was able to rule the economy unchallenged only for a few years. As early as



mid-1982, its expansionist Keynesian policy failed, and the government was forced to implement a policy of wage restraint and economic restructuring. As a result, the Communist ministers resigned in 1984.<sup>132</sup> Such an evolution resulted mainly from the “conversion” of many socialist leaders to capitalism. A puzzling development occurred in the mid-1980s, when many Socialists suddenly began to enthusiastically embrace deregulation and flexibility advocated by business leaders (Howell 1992: 72, 73, 81). One might be tempted to explain the Socialists’ turnaround by the powerful influence of American business worldwide. This explanation does not hold if one considers that French business leaders decided to regain control of the economy in the late 1960s, before American business engaged in its large-scale campaign of the 1970s. It seems more fruitful to analyze capitalism as a movement that operates in all industrial countries relatively independently. From this perspective, this powerful movement explains both the French Socialists’ “conversion” to entrepreneurialism and American business’s success in implementing its agenda.

In the second half of the twentieth century, French business developed two major attempts to thwart anticapitalist forces, through an alliance with first the technocrats and then the Socialists. After World War II, business’s alliance with the technocrats succeeded in imposing sweeping changes in France’s economic structure, albeit at a threefold cost: (i) it instilled in the French population a culture of entitlement to economic security that endured until now; (ii) it fostered the enlargement of state intervention in the economy; and (iii) it provided leftist parties with unexpected electoral support, as a result of the social and human costs of modernization in the 1950s and 1960s in terms of unemployment, displaced workers, and deteriorating working and living conditions. However, from the early 1980s to the early twenty-first century, business leaders were able to reverse or at least to minimize the consequences of these unintended effects. Under business’s pressure, the state began to disengage itself from the economy, and corporate leaders succeeded in reasserting control over labor in private companies.

In the 1980s business leaders were much more successful in achieving deregulation and flexibility than they were in the 1970s.

While the political arena and the broader society remained dominated by the Left throughout the 1980s and 1990s, business interests prevailed gradually in a private sector that expanded significantly through the partial dismantling of the state-owned industrial sector. Business leaders' strategy was partly a response to the drive toward European integration.<sup>133</sup> From the early 1980s on, they became highly supportive of European integration.<sup>134</sup> The renaissance of neoliberal thought in France emerged in the early 1980s, and materialized in a wide debate reminiscent of the large-scale debate initiated by American corporate leaders in the 1970s.<sup>135</sup> "The neoliberals generally were committed to implementing policies related to (i) reducing the size of the state and the extent of its intervention in the economy; (ii) allowing market mechanisms to operate as freely as possible; and (iii) introducing as much flexibility as possible in the workplace" (Schmidt 1996: 134). However, as soon as the neoliberals came to office in March 1986, they began "backing away from some of their more radical promises" (Schmidt 1996: 137). In 1999, in order to pressure the government to relinquish its policy of economic intervention, the MEDEF (Mouvement des Entreprises Françaises, formerly the CNPF) organized the most important rally of employers since the end of World War II.<sup>136</sup> In 2000 it decided to withdraw all its representatives from the main social institutions, such as the Social Security Administration and the Employment Agency, if state intervention did not end.

Pressured by business leaders, the government fostered privatization, deregulation, and European integration, which moved the country "from a dirigiste or state-directed economy to a more market-oriented one" (Schmidt 1996: ix). The government also began to dismantle the state-owned industrial domain, around which the postwar labor settlements had developed.<sup>137</sup> However, in the 1980s and most of the 1990s the dismantling of the postwar settlements affected mainly the private sector. Most of the public and nationalized sector remained unscathed. Instead, the largest public firms, such as Electricité de France (EDF) and Pechiney, attempted to implement agreements aimed at introducing more flexibility within the framework of the previous labor accords. All these attempts failed (Tixier 1996). Eventually, in the late 1990s important changes appeared in the traditional system of labor

relations of large public companies because these companies could no longer isolate themselves from increased globalization and competition (Tixier 1996).<sup>138</sup> This trend accelerated since then. While in the United States postwar labor accords were gradually dismantled from the 1980s on, only since the late 1990s were traditional labor relations overtly challenged in the French public and nationalized sector.

In the mid-1990s, as a result of both employer policies and privatizations, new forms of precarious employment amounted to more than one-fourth of the salaried workforce. In the face of rapidly deteriorating employment conditions, labor unions experienced an unprecedented crisis. At the beginning of the twenty-first century less than 10 percent of workers were organized. Unions were still relatively strong in the public sector but membership in the private sector was probably less than 4 percent. Large-scale conflicts of the mid- to late 1990s, particularly the 1995 strikes, did not result in any significant increase of union membership (Bornstein & Tixier 1996). The sharp decline in union membership resulted in increased dissident activity within union organizations themselves (not at the grassroots level as in the United States), and the labor movement became even more fragmented than it used to be.<sup>139</sup> In addition, distrust of the functions unions perform was widespread among the French population.

Until the late 1990s the various labor leaderships did not efficiently redesign strategies in response to this evolution. The CGT and the FO continued to emphasize the primacy of both strikes and state intervention, and opposed new forms of labor-management relations. In contrast, the CFDT played down the role of strikes and emphasized the development of collective bargaining at the firm level, in order to reduce the role of state regulations in favor of work rules produced at the firm level. The CFDT also emphasized a broadening of the collective bargaining agenda, once almost exclusively focused on wage and benefit distribution. Because employers were less and less likely to grant wage increases, a wider variety of issues, such as job creation and the reduction of work hours, was often negotiated between management and unions. None of these strategies were able to reverse the sharp decline of unionization. In 2003 the CFDT

supported the new governmental reform of public pensions, and the CGT signed a major collective agreement for the first time ever since 1970.

From the early 1980s on, growing instability in the French political arena originated in both the role of mass demonstrations in national elections and the strength of radical political parties. Although the principle of legal elections was never challenged, mass demonstrations began to play an important role in presidential and parliamentary elections since the mid-1970s, when leftist unions and parties systematically resorted to mass demonstrations to achieve political power (see *“Industrial Conflict . . . in Postwar France”* in this volume). This strategy instilled in the French public the idea that the chances for parties to achieve political power were more dependent on their ability to organize mass demonstrations than on their expertise in and commitment to solving the country’s problems. Furthermore, growing economic insecurity and unemployment contributed to strengthening both the far Right and the far Left. The presence of large and influential Islamic communities fueled a climate of physical insecurity and resentment at the vanishing national identity among various segments of the French population, which contributed to strengthening the far-right vote. (It has been estimated that in the early 2000s some five million Muslims lived in France, i.e. about 10 percent of the population).

The presidential elections of April-May 2002 illustrated France’s growing political instability. In the first round of the 2002 presidential elections, the far Right obtained 20 percent of the vote, and the Trotskyist parties won more than 11 percent. The seriousness of this challenge to capitalism was underscored by corporate leaders a few days after the first round of the 2002 presidential elections.<sup>140</sup> Eventually, in the runoff of the presidential elections, the center-right candidate Jacques Chirac was elected thanks to mass demonstrations. Those who participated in mass demonstrations (mostly high school and college students) did so to prevent the far-right candidate from winning the elections. As a result, backed by voters from almost all political leanings, Chirac received 82 percent of the vote. In the ensuing parliamentary elections of June 2002, the mainstream Right won a conspicuous victory, and the Left lost control of the National Assembly.

However, the turnout of 61 percent was at a record low for legislative elections. People who did not bother voting were mostly young, left-leaning, and from lower to lower-middle classes. They were the same who participated in mass demonstrations a few weeks earlier. The presidential and parliamentary elections provided Chirac with a comfortable yet misleading majority as illustrated in 2003, when the government decided to align its policy on the country's widespread opposition to a U.S.-led war with Iraq. Despite concerns of the "Atlantist" lawmakers from the Union for the Parliamentary Majority (UMP) about the consequences of a showdown with the United States, Chirac chose to listen to public opinion instead. He knew his power depended more on what might happen on the streets than on lawmakers' decisions in the National Assembly. France's direct involvement in an Iraq war might have resulted in both widespread unrest, in particular among college and high school students, and a possible backlash by Muslims living in France.<sup>141</sup> Even though the French military did not participate in the Iraq war, anti-war protests led by high-school students, mainly from Muslim background, amplified the movements initiated on the occasion of the 2002 elections.

One of the most significant developments of the 1990s was the rejection of both globalization and European integration at the grassroots level. Whereas in the United States the fight for consumer and environmental protections played a key role in anti-globalization movements, in France the main actors were radical-leftist and public-sector activists whose objective was to preserve the system of state-owned firms and social welfare.<sup>142</sup> Rejection of economic modernization imposed by the technocrats began as early as the mid-1960s. In those days, opposition to modernization did not prevent the technocrats from implementing their policy. However, it provided the Left with the additional support it needed to win electoral victories. From the mid-1980s on, and increasingly since the mid-1990s, opposition to both globalization and European integration materialized in a series of industrial conflicts in the public and nationalized sectors, as French people became more aware of the implications of European integration.<sup>143</sup> Public-sector workers strongly opposed deregulation and privatization implemented by the French government under the pressure of European Union (E.U.) institutions, which vigorously

pursued free-market policies. (Under conditions of precarious employment and high unemployment, private-sector workers refrained from participating in these conflicts). In 1995 the government's proposals to overhaul the pension system in the public sector triggered one of the largest strike waves of the postwar period. These strikes emerged out of grassroots grievances, and throughout the conflict union leaders were not in control of the strikers (Bornstein & Tixier 1996). Driven by a deeply rooted philosophy of entitlement to economic security, which clashes with globalization, nearly 60 percent of the general public supported the strikes, even though they seriously disrupted people's daily lives for several weeks. Eventually, the government bowed to public workers' demands. In Spring 2003, however, an important shift in public policy occurred on the occasion of a new conflict over the reform of public-sector workers' pensions. For the first time ever since the end of World War II, the government did not yield to street protest, although it postponed the urgently needed reform of the Social Security system. As a result, at dawn of the twenty-first century the French system of social protection remained significantly distinct from the liberal welfare state model of Anglo-Saxon countries.<sup>144</sup>

The period from the late nineteenth century to the Great Depression was characterized by low state interference in the economic and industrial relations arenas (except during World War I), weak social protections, recurrent outbursts of widespread labor unrest, the rise of both revolutionary unionism and the Left in France, and the emergence of business unionism in the United States. From the end of World War II to the 1970s, labor accords fostered rising wages and relatively stable employment conditions, which benefited large numbers of workers, and the expansion of the welfare state reinforced workers' gains from rapid economic growth. These outcomes were achieved despite major institutional and ideological differences between the two countries. Such differences include a free-market economy in the United States versus a state-led economy in France; decentralized collective bargaining versus a state-led system functioning under constant pressure of general strikes; business unionism versus revolutionary unionism; and the prevalence of the Right versus the prevalence of

the Left. In the 1980s the gap between the two countries' economic and industrial relations systems began to narrow, as business's agendas went largely unopposed. Partial rapprochements occurred in economic systems due mainly to the departure, in France, from a system of state-led economy. Those in industrial relations arrangements included the weakening of both state legislation and the Labor Code in France and the rapid decline of collective bargaining in the United States. The gradual weakening of the two countries' labor accords resulted in increasing employment insecurity and falling living standards for many workers. Organized labor proved unable to fight these new conditions successfully, as exemplified by the wave of concessionary bargaining in the United States and by the lack of results of new union strategies in France. In both countries the crisis of the institutionalized welfare state paralleled the sharp decline of organized labor, and opposition to globalization intensified. In addition, both the French and American people experienced enduring changes in their traditional way of life and cultural values. Finally, the French and American paths of political development diverged dramatically. Business mobilization helped to create a major shift to the Right in the United States, whereas in France the strike wave of 1968 gave major impetus to the Left to carry through its strategy of union. Eventually, even the traditional left dominance centered around the Communist and Socialist parties receded as a result of business's offensive strategy. Far-left parties, however, continued to receive a relatively high percentage of the votes in national elections.

These long-term trends in both economic and political outcomes and institutions resulted from major shifts in the balance of power between actors in both countries. These shifts define three distinct phases in the evolution of American and French industrial societies: the 1880s to the late 1920s, the end of World War II to the mid-1960s, and the 1980s to the early twenty-first century. These phases were separated by transitional periods, during which the future direction of both societies was highly uncertain. In the first two phases and the first transitional period, both societies were driven by the logic of industrial conflict, and focused on achieving high standards of living. From the early 1960s to the late 1970s, a series of events (including two colonial-type wars, an unprecedented surge of

social movements and strike waves in both countries, and economic turmoil) deeply shook both societies, and brought about a major shift in their priorities. This initiated a new phase in the long-term evolution of both countries, as civil- and human-rights issues took the place of industrial conflict as the prevalent conflict. Accordingly, the main focus in both societies shifted from achieving high living standards to changing the traditional way of life and cultural values.

The shifts in the balance of power between actors can be explained by surges of mobilization triggered by worldwide events and actors' exceptional responses to major crises. Regarding the combined effects of worldwide events and cultural backgrounds on actors' strategies, important regularities can be drawn from the narrative if one differentiates between long-term and short-term effects. In the short term and in both countries, major worldwide events fostered surges of mobilization by workers, organized labor, the state, the Left, and social-movement activists (since the 1960s) in attempts to transform market capitalism. The approaches taken by the state, workers, the Left, and social-movement activists differed according to each country's cultural background. The socialist countermodel to capitalism as experimented in France included a much stronger role for the state and the radical Left than was the case in the United States, while the human- and civil-rights countermodel gained wider credence in the United States. Therefore, in the short term, worldwide events reinforced the legacy of cultural backgrounds, which deepened the differences between the two countries' economic systems, industrial arrangements, and political outcomes. Whether the immediate effects of worldwide events were consolidated or weakened over a longer period depended on business's determination and capacity to reassert or to reinforce its control of the economy and the broader society. After World War I the surge of statism was short-lived because of business's mobilization. After the Great Depression and World War II the state retained an important role, albeit a limited one, in the United States, while technocrats began to play a key role in the French economy. From the mid-1960s to the mid-1970s, a flurry of liberal legislation (implemented under conditions of widespread social unrest and economic turmoil) prompted business to engage in its most powerful surge of political



mobilization ever in both countries. As a result, collective bargaining in the United States and the state-led economy in France receded since the 1980s, and labor legislation favoring business corporations was enacted. French business even succeeded in prompting many Socialist leaders to “convert” to capitalism. Eventually, centuries-old differences between the two countries’ economic and industrial relations systems weakened. Therefore, from the mid-1970s on, the mobilization of business to fight the appeal of countermodels to capitalism resulted in a reversal of the immediate effects of worldwide events.

If the dynamics engendered by the interplay of worldwide events, cultural backgrounds, and business’s political mobilization had remained unopposed, they would have led more rapidly to the version of capitalism that took root in the 1970s. However, exceptional behaviors that arose from the depths of two successive crises, i.e. the Great Depression and World War II, succeeded in weakening the logics of actors’ strategies, especially those of business and the radical Left, and opened the way for a long period of sustained economic growth and stronger social cohesion. The relative appeasement of the class conflict in the United States and of the Left-Right struggle in France, which occurred only during the two decades following World War II, was fostered by relatively high levels of wages, of economic security, and of welfare benefits. This appeasement can be interpreted as a greater acceptance of capitalism among workers.

In Part Four I turn to the question of business leaders’ capacity to weaken and even eradicate what they considered hostile conditions, created either by institutions or cultural patterns and ideologies inherited from the past.

#### **PART FOUR: INSTITUTIONAL AND GRASSROOTS RESISTANCE TO CAPITALISM**

Throughout the period under discussion, workers, union leaders, the Left, the state, and social-movement activists attempted to alter the course of capitalism on many occasions. Their capacity to do so fluctuated over time. The question I consider now is the extent to which business’s mobilization explains these ups and downs. I contend that while business succeeded in significantly weakening

opposition to capitalism from institutional actors, including organized labor, the state, and leftist parties, it could affect worker militancy, i.e. workers' determination to engage in strikes to achieve their goals, only to some extent, and failed in reducing the resilience of other grassroots movements, mainly radical-left and human- and civil-rights activism.

### **Labor Militancy, Corporate Policies, and the Radical Left**

From the late nineteenth century to the mid-1970s, worker militancy never dropped dramatically for an extended period except in the United States during the 1920s. Even in the heyday of collective bargaining in the United States, strikes continued to play an important role, at least as a potential threat, and wildcat strikes erupted periodically. Workers succeeded in altering the course of capitalism in many important ways:

- (i) In both countries mass strikes and strike waves led to the establishment of union organizations.
- (ii) In both countries, until the Great Depression industrial conflict brought about mostly temporary improvement of workers' material conditions, while mass strikes and strike waves occasionally resulted in more permanent gains.
- (iii) Mass strikes and strike waves fostered major shifts in the balance of power between labor and management. This led to a comprehensive and enduring overhaul of industrial relations systems in the United States during the Great Depression era and to a lesser extent in France in the late 1960s.
- (iv) From the end of World War II to the 1970s, in both countries workers were able to secure steady and institutionalized improvements in working and living conditions (such as contractual cost-of-living adjustments and the guaranteed minimum wage).
- (v) In the United States strike waves fostered the creation of the Social Security system during the Great Depression era. In France general strikes and strike waves led to a rapid expansion of welfare benefits from 1950 to the late 1970s.
- (vi) In France national demonstration strikes supported the rise of leftist political parties in the 1970s.

In the 1980s, however, worker militancy rapidly receded in both countries. In France it became virtually limited to the public sector. The question I tackle now is the following: Why did labor militancy

recede in both countries in the 1980s, and why did it do so more rapidly in France than in the United States?

Since the late nineteenth century various factors had accounted for both temporary and long-term declines in labor militancy. Two sets of factors affected worker militancy more heavily in the United States than in France. The first of these were the mitigating effects of both welfare capitalism and institutionalized benefits (which were obtained through collective bargaining and the welfare state) and business's campaigns to sell capitalism to the public, which contributed to the spread of a culture of consumption. In the United States workers' gains from economic growth played an important role in the long-term decline of labor militancy. From the late nineteenth century on, workers' "dual behavior," i.e. striving to reform or even abolish capitalism while also sharing in its benefits, mitigated their militancy (Dulles & Dubofsky 1993: 50). The mitigating effects of a consumption culture were particularly striking during the 1920s and 1990s. Throughout the twentieth century social actors' approval of capitalism, which was based mainly on their sharing the gains of growth and/or obtaining some degree of economic security, was consistently higher in the United States than in France (Heilbroner 1985: 167-69). As nearly fifty percent of Americans became investors in the stock market in the late 1990s, Americans' future seemed more than ever tied to the capitalist system. The second set of factors included corporate antilabor tactics and antilabor legislation. In both countries business consistently opposed labor militancy; indeed, the narrative does not support the idea that French business was more sympathetic to labor militancy than was American business.<sup>145</sup> However, in the United States corporate leaders were able to achieve the ultimate stage of this struggle, i.e. counterstrikes, when they succeeded in using strikes as a weapon against workers. Cramton and Tracy (1995) estimated that "a ban on the use of replacement workers would have increased strike incidence from 1982-1989 by . . . 30 percent." Based on this finding, one can argue that a repeal of the law authorizing the use of replacement workers would foster a resurgence of worker militancy.

Two factors affected French labor militancy more heavily than that in the United States: increasing economic insecurity beginning in the 1980s; and the subjugation of the labor movement to

revolutionary class struggle. While the level of strikes in the French public sector (where workers were still entitled to economic security) did not drop significantly, high unemployment and the dismantling of postwar labor accords in the private sector led workers to relinquish industrial action. Furthermore, throughout the twentieth century labor militancy was subjected to sustained efforts by the radical Left (in France) and organized labor itself (in both countries) to either domesticate it or oppose it. As early as the late nineteenth century, American union leaders strove to domesticate worker militancy by transforming spontaneous movements into planned actions. However, it was in France that the radical Left succeeded in diverting worker militancy from its original objective, i.e. the improvement of workers' conditions, in order to use it to achieve political power.

In the end, the radical-left strategy was more efficient in weakening worker militancy than were the combined effects of business's antilabor policies and antilabor legislation, in weakening worker militancy. This contention challenges the widely accepted idea that the "French way" was much less detrimental to the labor movement than were business policies in the United States. My assumption is that in France dominance from the radical Left drastically reduced workers' capacity to use grassroots movements to organize and to influence the various labor leaderships, while in the United States worker initiative was left partly unscathed by antilabor strategies. Since the beginning of the twentieth century, French unions had been fashioned to be instruments of revolutionary class struggle. The radical-left strategy was embodied first in the revolutionary strike and then in the union of the Left. In the 1970s leftist parties and unions succeeded in directing rank-and-file militancy toward political mass demonstrations, which strongly contributed to the Socialist-Communist victory in 1981. However, the breakdown of their alliance in 1977 had disastrous consequences for the labor movement. This research shows that the subjugation of labor militancy to radical-left parties, far from supporting a strong labor movement, led it into a dead end for at least two decades.

## **The Rise and Decline of Organized Labor**

In both the United States and France, the establishment of organized labor as an institution and the subsequent strengthening of its following originated in strike waves.<sup>146</sup> Throughout the twentieth century two alternative patterns became apparent: short-lived spurts of union membership; and upsurges of union membership that were subsequently consolidated over a longer period. This second pattern arose only from the Great Depression era to the late 1950s in the United States and from 1968 to 1977 in France. In the 1930s the government's progressive agenda prompted American business to engage in labor-management collaboration, which allowed organized labor to build upon the spurt in unionism initiated by the strike waves. In contrast, such an opportunity was not available to French organized labor for two reasons: the weakening of business power was ephemeral; and the Popular Front did not last long enough to allow organized labor to continue growing. From the late 1960s to the mid-1970s the reverse pattern developed: In the United States strike waves remained limited to the public sector and only public-sector unionism grew rapidly, while in France organized labor benefited from a more conciliatory stance adopted by business leaders in the aftermath of the student insurrection and strike waves of 1968. More importantly, in France the momentum created by the Left's unprecedented effort to achieve political power boosted unionization for almost ten years.

This research supports the findings that: (i) "the lesson from the Depression experience is that bottom-up employee-driven bursts of union activity rather than particular laws are necessary for any resurgence of union density;" (ii) "unionism generally grows in discontinuous spurts, sharp concentrated episodes of union growth;" and (iii) "union growth spurts have occurred in roughly similar periods in most countries" (Freeman 1997: 28, 2, 3, 6). It also complements Freeman's analysis in two important ways: First, although union growth in the Great Depression was a "fundamental response of employees to the Depression situation" (Freeman 1997: 8), this research shows that "country-specific political events" did play an important role. Second, in addition to substantiating the view that "absent FDR and the Wagner Act and John Lewis, there still would have been substantial growth of

unionization in the late 1930s" (Freeman 1997: 17), this research shows that under this assumption U.S. unionization would have declined very rapidly, as happened in France.

Unionization rapidly receded in the 1980s as a result of both declining worker militancy and business's determination to end union infringements in firms. In turn, dwindling memberships prompted union leaders to become increasingly involved in institutionalized politics. In France, as in the United States, organized labor moved away from its essential mission, i.e. pursuing significant gains for all workers and fighting for labor rights in the economic arena. In the United States the politicization of union organizations meant that enormous resources, mobilized in mostly unsuccessful battles, were diverted from the basic goals of the labor movement. In retrospect, the failure of the politicization of organized labor in both countries seems to prove American union leaders of the late nineteenth century right, in their fear that involvement in partisan politics would eventually weaken unions. It is unclear whether union leaders could reverse the trend toward increasing politicization and return to the genuine principles of the labor movement as outlined in the past century, i.e. fighting both economic insecurity and the degradation of human labor. This research suggests that such a reversal is less likely to occur in France than it is in the United States, where it could find support from a possible resurgence of worker militancy.<sup>147</sup>

### **The Weakening of Statism, the Conversion of Leftist Elites to Capitalism, and the Resilience of Grassroots Movements**

This research supports the following statements:

(i) Cultural patterns of behavior, which arose from major events (such as the Hundred Years' War and the American Revolution of 1776) and were therefore unique to each country, determined the basic levels of both grassroots pro-business feelings and anti-business ideologies at dawn of the twentieth century. As a result, these patterns turned out to be either a liability or an asset for the expansion of capitalism. Among these were a widely shared free-enterprise spirit in the United States versus broad support for a welfare state in France; a culture of radicalism that was more prevalent in France than in the United States; and stronger human- and civil-rights activism in the United States (*see Part Two*).

(ii) Business successfully mobilized to restrain the “policy impact” of antibusiness ideologies (Vogel 1996: 317). Corporate leaders’ lobbying and political campaigns significantly weakened and even reversed policies inspired by adverse ideologies by fostering pro-business feelings among both political and economic elites and state rulers.

(iii) Although in the United States corporate leaders were able to strengthen pro-business feelings, grassroots anti-business ideologies remained beyond business’s control.

From the 1970s on, efforts by business leaders to reduce state intervention in the economic and industrial relations arenas were largely successful. In the United States key features of the labor-progressive political agenda of the Great Depression era were gradually repealed under business pressure. Indeed, as early as the immediate postwar period, although business could only moderately alter the leftist agenda, this outcome was sufficient to prevent forces strongly hostile to capitalism from prevailing in the following decades. Business successfully fought the outburst of liberal legislation, mainly civil-rights legislation and consumer and environmental protections, which arose in the 1970s. However, the entire business community had to stage its biggest campaign ever to reassert control of society, and it took more than ten years for it to achieve this goal. Throughout most of the 1990s the policy climate for business was “less hospitable” than that in the 1980s (Weindenbaum 1999: 380-81), but since the late 1990s business obtained important gains in the dismantling of earlier legislations. In addition, corporate leaders succeeded in significantly reducing ideological differences between Democrats and Republicans.

In France business’s successes over the state and leftist elites were even more striking, given that the broad support for a strong state and radicalism (both deeply rooted in developments tracing back to the Old Regime) created an environment that was particularly hostile to capitalism. Business leaders easily overcame the challenge posed by radical policies of the Popular Front in 1936-37, and since the 1970s successfully pressured the state to disengage itself from the economy. Even more astonishing, following the Socialist-Communist victory in 1981, business succeeded in reversing the balance of power by turning many leftist leaders (except for the far Left) into allies and even supporters of the capitalist system.

Regarding the evolution of leftist radicalism in advanced industrial countries, this research does not support theories suggesting that economic growth will bring an end to ideologies nor does it support the idea that the United States has shown Europe the image of its future in the political sphere. In the 1980s a dramatic weakening of radicalism among leftist parties occurred in almost all advanced industrial countries. Even in France, the traditional prevalence of the radical Left, based on an alliance between the Communist and Socialist parties, was challenged. However, increased affluence in these countries cannot explain the weakening of radicalism. "Major reformulations on the Left" (Lipset 1999) occurred at a time of mounting concerns about the future of economic growth and not during the Golden Age of capitalism. This analysis shows that the weakening of leftist radicalism and ensuing similarities in many advanced industrial countries resulted from business's successful attempts to convert Socialist elites. Furthermore, American business's strategies to rally Democratic leaders and French business's efforts to convert Socialist elites were carried out relatively independently from one another.

Finally, business was unable to significantly weaken grassroots opposition to capitalism.<sup>148</sup> Only in the United States did corporate leaders succeed in boosting pro-business feelings among the general population through welfare programs and large-scale campaigns targeting almost every aspect of American society, in particular the 1920s and in the mid- to late 1940s. In contrast, the amazing "conversion" of French Socialist elites to capitalism in the 1980s did not extend to the broader society, where strong anti-business feelings persisted.<sup>149</sup> In the United States grassroots opposition to capitalism from human- and civil-rights activists was left unscathed by business's unprecedented political mobilization. In the coming decades the resilience of grassroots opposition to capitalism may undermine business's past successes in turning state leaders and leftist elites into allies.

### **Predictive Value of the Model**

In line with the pluralist view of corporate political power, this research shows that business leaders did not consistently dominate the political process (as most Marxist approaches contend). Until



the 1880s, while in the United States corporate power was relatively weak, in France business leaders succeeded in imposing the capitalist order most of the time, through harsh repression of labor militancy and with the government's support. From the late nineteenth century on, in both countries the power of business leaders ebbed and flew in sync with their surges of political and ideological mobilization, which were triggered by the effects of major events. However, beyond the ups and downs of corporate influence, the long-term trend shows that the version of market capitalism that emerged in the 1880s has been an "extraordinarily resilient, persistent, and tenacious system" (Robert L. Heilbroner 1978; cited in Weidenbaum 1999: 374). In the United States the persistence of this model of economic and social development throughout the twentieth century required major efforts by business leaders to reduce the bursts of hostility it generated. Such efforts were not limited to antilabor practices, including important restraints placed on the right to strike. They also included large-scale campaigns to sell capitalism to every strata of American society and the mobilization of huge human and financial resources for state lobbying purposes. In France only since the 1960s did business feel constrained to engage in large-scale political mobilization to weaken both statism and radical-left ideologies. As a result of business leaders' activism, American and French societies moved increasingly away from a humane and sustainable version of market capitalism.

In the coming decades, despite the strong appeal of market capitalism (due mainly to its unique ability to produce many useful high-quality goods and to make them widely accessible), business leaders may be confronted with even greater challenges than they were in the past, as a result of both the legacy of the last decades of the twentieth century and the dynamics of new political developments. First, the legacy of the past two decades has fostered an environment more hostile to capitalism. In France unbridled market capitalism has revitalized the far Left, and under rank-and-file pressure top Socialist leaders have moved away from their conversion to entrepreneurialism.<sup>150</sup> In the United States corporate strategies (such as outsourcing, using replacement workers, and renegeing on welfare programs) have undermined workers' trust in capitalism. In addition, as in the 1920s economic growth has been

largely driven by both a culture of greed and a rapidly growing consumer debt. In turn, economic “exuberance” has fostered more instability worldwide (Stiglitz 2003). Second, from the early twenty-first century on, American and French societies have entered a new transitional period initiated by a series of major events. Such events include the rise of large-scale terrorism (which began with the September 11, 2001 attacks on the U.S. territory, and was followed by other attacks and a rapid spread of terrorist cells worldwide), a colonial-type war in Iraq, environmental disasters of unprecedented proportions, a third oil price shock, and the rise of gay-rights activism. To some extent, these developments were similar to those of the 1960s and 1970s, with terrorism, natural disasters, and gay-rights activism adding new challenges:

- (i) Over the past decade the rapid expansion of a “culture” of terrorism worldwide has emerged as a new phenomenon.
- (ii) While in the 1960s and 1970s environmental issues were advocated mostly by social-movement activists and supported by some segments of the electorate, over the past years entire populations began to experience the effects of rapidly deteriorating environments.
- (iii) Unlike other civil-rights issues, the advancement of the gay-rights agenda may undermine the stability of Western societies, which so far has been partly dependent on traditional marital relationships.

The model presented here brings some insights into possible scenarios of crises, based on similarities between previous patterns and the present situation. In the United States the Great Depression was characterized by widespread social unrest triggered by the collapse of large segments of the economy. In the 1960s and 1970s social and political upheaval was rooted in both the rise of civil-rights activism and a climate of civil disobedience fostered by the Vietnam War. Both crises led to a sharp decline of Americans’ trust in market capitalism. A new crisis might combine the following developments: large numbers of workers, already distrustful of their employers, might shift allegiance to representatives of a progressive agenda; a repeal of the law authorizing replacement workers by a progressive government would unleash strike waves, which would reinvigorate organized labor; and a broadening of gay-rights activism would trigger a wide offensive from the religious Right, which might shift society away from its endless search for material possessions. As far as France is concerned, a

scenario combining developments reminiscent of those in both 1936 and 2002 might unfold: during the presidential elections of 2007, some voters would participate in large-scale demonstrations to prevent the far-rightist candidate from winning the elections, and in the aftermath, workers would engage in mass strikes to force a leftist government to break with more than two decades of pro-capitalist policies. In addition, the assumption that the widespread riots initiated by young Arabs in October 2005 will lead to several decades of civil unrest cannot be precluded. The model also suggests that worldwide events that occurred since the early twenty-first century (or will occur) are likely to generate or strengthen patterns of behavior and ideologies opposite to a free-enterprise spirit.<sup>151</sup> In particular, French and American people are likely to support stronger states to protect themselves from both growing terrorism and natural disasters.

However, assigning a probability to such prospective views is beyond the scope of this chapter, for at least two reasons. First, actors can transcend determinisms. They do so in ordinary times through various experiments with labor-management cooperation, green business, and corporate social responsibility. Such practices move industrial societies in a more positive direction, and reduce the probability of a major crisis. Second, new technologies may provide ways of solving difficult problems and help more constructive mentalities to emerge.<sup>152</sup> Should a major crisis emerge, one may hope that from its depths, a surge of goodwill, generosity, and enthusiasm would once again break the logics of actors' strategies: Enlightened political leaders might arise from widespread social and political unrest; exceptional challenges from terrorism and natural disasters might lead large segments of the population in each country to rally around a common agenda; and a new cooperative bent might develop among corporate leaders and lead a majority of them to engage resolutely in policies designed to implement a more humane and sustainable version of capitalism. Indeed, the long-term survival of market capitalism might require such large-scale reversals as building trust between labor and management, spreading profits more equitably, restoring job tenure, allowing a better balance between work and personal life, and integrating environmental concerns into management objectives.

## NOTES

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1. Many approaches to the study of the long-term evolution of capitalism have developed within a Marxist framework, and assigned a major role to both the class struggle and the dynamics of capital accumulation. In contrast to these approaches, I use the insights of various schools of thought, and I do not derive my model from an a priori theory. First, I wrote in-depth analyses and systematic comparisons of American and French economic and political developments. Second, I outlined a model. Finally, I used the model to restructure the narrative and to further investigate important issues that were insufficiently developed in the original version of the narrative. In this chapter, for the sake of smooth reading, I first introduce the model and then the narrative.

2. Elemental forces at work "compel individuals and groups to behave in certain ways whatever they may wish to do" (Schumpeter in Kerr 1983: 8).

3. "The widespread use of the specific term 'convergence' . . . surfaced around 1960, first in the writings of Jan Tinbergen on the 'optimum regime,' and also, quite independently, in a study entitled *Industrialism and Industrial Man* which I wrote in collaboration with John T. Dunlop, Frederick H. Harbinson & Charles A. Myers" (Kerr 1983: 4).

4. "There was at the center of the theory the perception that ideologies do not go on forever unchanged, that practical considerations sometimes override ideology . . . The American group that adopted this view included . . . John Kenneth Galbraith, Seymour Martin Lipset . . . ; the European group included Bertrand de Jouvenel . . . and Maurice Duverger" (Kerr 1983: 17, 16).

5. As these countries "reached new heights of affluence and mass consumption, they began . . . to resemble the United States, socially less stratified, less status bound and much better educated. Consequently, their less privileged strata are much less class conscious than earlier" (Lipset 1999: 16).

6. Karl Marx also contended that in the economic arena less developed countries followed the path of more advanced nations.

7. Goldthorpe qualified this study as "the most ambitious and influential attempt" at formulating a theory of industrial society, of a

similar character to that of the Marxist theory of the long-term dynamics of capitalism, but which would be capable of quite transcending the latter in its scope and explanatory power" (1984: 315).

8. According to the theory of pluralistic industrialism, "the key processes through which decisive historical change is actually brought about are not those of class mobilization and conflict, but those of elite leadership and mass response" (Goldthorpe 1984: 315).

9. Within the conventional framework, "current economic difficulties had to be substantially attributed either to 'error' or 'ignorance' on the part of major economic actors, notably politicians and governments, or in effect to mere historical accident" (Goldthorpe 1984: 2).

10. "The particular historical course of each nation's development creates a political economy with a distinctive institutional structure for governing the markets of labor, land, capital and goods. The institutional structure induces particular kinds of corporate and government behavior. . . . Those institutions, routine [approaches to problems], and logics represent capacities and weaknesses within each system" (Zysman 1994: 243, 247).

11. For example, "North did not discard neoclassical theory, but modified it. What he retained is the fundamental assumption of scarcity and hence competition . . . of microeconomic theory. What he modified is the rationality assumption. What he added is the dimension of time" (Fogel 1997: 25).

12. The main accomplishment claimed by the proponents of the Rational Choice Theory is the "reintegration of politics and economics under a common paradigm and deductive structure. . . . Mr. Smith buys and votes: he is the same man in the supermarket and in the voting booth" (Green & Shapiro 1994: 1).

13. In particular, the central problem of *Analytic Narratives* is "how to develop systematic explanations based on case studies" (Bates, Greif, Levi, Rosenthal & Weingast 2000: 696).

14. The power of culture, however, needs to be mediated through institutions. "By and large, the impact of new ideas is only fully realized when they become institutionalized into the standard operating procedures of key organizations and absorbed into the worldviews of those who manage them" (Hall 1997: 184).

15. Path dependence means that "once a country has started down a track, the costs of reversal are very high. There will be other choice points, but the entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice" (Levi 1997: 29).

16. In particular, the new historical institutionalism is considered by Katznelson "the most visible success to the grand macroanalytical scholarship of the 1960s and 1970s" (1997: 85).

17. "Much methodological reflection has [argued that in-depth examinations of the multiple-robustly defined causal processes from two to a dozen cases may generate results equally or more valuable than statistical analysis of superficially specified variables across hundreds of cases" (Pierson & Skocpol 1999: 29).

18. Two chapters in this volume provide detailed analyses of historical developments in France and in the United States prior to the late nineteenth century. These chapters emphasize both the process of industrialization and the making of cultural backgrounds since the eleventh century in France and the seventeenth century in the United States.

19. "The first consideration for capitalism, as for all social orders, is political, which is to say the pursuit of the end on which its dominant class depends for power and prestige . . . For capitalism it is the accumulation of profit . . . The paths of capitalist nations by no means run along exactly parallel tracks; and yet in all its variations, the trajectory of capitalism is immediately recognizable as a movement guided by the imperious need for profit" (Heilbroner & Milberg 1995: 106, 142).

20. "Trade is a money war" (Colbert's Political Testament in Decaux & Castelot 1977, vol.4, my translation).

21. In the seventeenth century some French manufactures employed more than 1,000 workers. Many workers were undercompensated and subjected to an extremely harsh discipline.

22. In the Middle Ages and later "life was not necessarily filled with hard labor. Most people tended to work in 'lumps'--assiduously at planting and harvest periods, lackadaisically during the winter" (McCraw 1999: 5). Until the beginning of the nineteenth century, for many people with the main exception of factory workers, the number of days-off accounted for about one-third of the year.

23. "At the beginning of the nineteenth century the capitalist organization of production . . . constituted an insignificant proportion of the total

economic life of the nation. The United States *developed* into a capitalist country; it was not born as such" (Edwards, Reich & Weisskopf 1986: 47).

24. "The French Left operates within a society in which *dirigisme*, a strong directing state, has been as much part of their culture's organizing principles as anti-statism has been of the American . . . Both the Right and Left in France have approved of a powerful state, an emphasis going back to the monarchy, the Empire, and the Revolution" (Lipset 1999: 13-14).

25. In particular, "gentlemen devoted themselves to their lands . . . They didn't pursue money as an end in itself" (McCraw 1999: 5).

26. "The struggle to limit state intervention in economic markets [in the United States] was, to a large extent, rooted in Protestant radicalism, which rejected the domination of religion by bishops, as well as the proposition that only kings were divinely appointed" (North 1997: 25).

27. Recent opinion polls have confirmed that Americans are more prone than other peoples to believe there should be "greater incentives for individual effort," rather than "incomes should be made more equal" (Inglehart in Lipset 1999: 18). "Virtually every broad-based analysis of public opinion in the United States reports continuing and virtually overwhelming support for the private enterprise system . . . [Many Americans] view it . . . as the most effective way of providing jobs and incomes as well as goods and services" (Weidenbaum 1999: 379-81).

28. "Both the events of 'May 1968' and the election of Francois Mitterrand in 1981 demonstrated the strength of political forces committed to challenging business wealth and power . . . French political culture includes an ideological strain that is hostile to capitalism" (Vogel 1996: 314).

29. For example, in order to oppose a new and more onerous stamp duty in 1765, large crowds paraded effigies of the stamps through the streets. Although riots often accompanied such demonstrations, "the wave of violence against the persons and policies of the stamp controversy quickly subsided" (Tarrow 1994: 40).

30. Examples of violent collective action include "the sabotage of British rule and the raising of a popular army in the 1770s . . . (and) the local rebellions which followed the Revolution" (Tarrow 1994: 64).

31. Especially, the *philosophes* castigated the authoritarianism of the traditional order based on the absolute monarchy, a birth-based nobility, the Catholic Church, and economic dirigisme inherited from Colbert. They also condemned the commerce in slaves.

32. Such rights include liberty, private property, equality before the law, and freedom of religion, speech, and press.

33. Slavery was first abolished in 1790 and then reestablished for several decades. Free Blacks living in the French colonies were granted equality in civic and political rights with the French in 1792. The commerce in slaves became illegal in 1827 and slavery was finally abolished in 1848.

34. "The nineteenth-century American civic movements that fought slavery and alcohol, and advanced the causes of women's suffrage and agrarian populism, built flexible organizations within larger movements. These were loose umbrella organizations that coordinated . . . components at the base. This allowed the movement to reside in the structures of everyday life and religion" (Tarrow 1994: 142).

35. French workers' early experiment with unionism traces back to the twelfth century or earlier, when skilled workers, such as carpenters, formed faith-based associations and craft-unions to defend their economic interests.

36. "Anarchists believed that spontaneous mass strikes could overthrow the capitalist society and bypass the stage of a proletarian dictatorship, advocated by Marxist thinkers and activists. As Louise Michel declared: 'Let's start a revolution first and then we'll see'" (Decaux & Castelot 1977: 543, my translation).

37. Radicalism re-emerged on various occasions, particularly the strike waves of the 1930s, which involved immigrants from European descent, and the "black power" phase of the Civil Rights movements in the 1960s. However, this trend did not prevail in American society for sustained periods of time.

38. "In the United States, where the initial experience of factory and urban life never plumbed English and European depths, the allegiance of the working class (to capitalism) was at no time seriously in question. Despite the harsh manner in which homogenized labor was used in the steel mills and auto plants, despite terrible slums and continuous racial and ethnic oppression, the momentum of American growth early won the basic adherence of its masses" (Heilbroner & Milberg 1995: 167).

39. In particular, American capitalism was rooted in its Protestant heritage, "a heritage which believes in the compatibility of ethics and profits and which expects those who have wealth to use it responsibly" (Vogel 1996: 13).



40. "The term 'American exceptionalism,' first formulated by Tocqueville in the 1830s . . . became widely applied after World War I in effort to account for the weakness of working class radicalism in the United States" (Lipset 1999: 1, 19).

41. In 1884 leftist lawmakers strongly supported a bill aimed at granting workers the right to organize because "they anticipated that organized labor would be a force that could give them a boost, and they wanted to channel it" (Decaux & Castelot 1977: 520, my translation).

42. In this chapter the term "business" refers to large-scale corporate business, unless otherwise specified. "Business unionism," as opposed to "revolutionary unionism," refers to a type of unionism that strongly favors negotiation to solve labor-management disputes and considers the use of strike only as a last resort.

43. The KOL membership "was open to all workers without regard to race, sex, or trade. . . . [Its] rapid growth inspired workers' hopes that they could bring about fundamental change in America through solidarity and collective action" (Friedman 1988: 13).

44. State repression, business use of private force, and strike injunctions were among the main factors that accounted for the failure of large strikes (Friedman 1988: 14, 15; Voss 1993). The unity of the American economic and political elite rendered state, corporate, and judiciary repression all the more efficient (Friedman 1988: 23, 24).

45. "This conflict took on an organizational form. The protagonists of a union-based strategy formed the nucleus of what eventually became the AFL, and the protagonists of a party-based strategy formed the nucleus of what eventually became the Socialist Labor Party. . . . On one side of the debate, the Socialists focused on the need to seek legislative power in order to socialize the means of production. On the other side, their opponents focused on the need to maintain strong union organizations by pursuing the immediate needs of workers" (Archer 1998: 409--410).

46. Although violent mass strikes erupted as early as the sixteenth century, class consciousness emerged only in the 1860s.

47. "Among other stipulations, the Bolsheviks wanted the French Socialists to. . . . accept the total subordination of trade unions to the Communist Party" (McMillan 1992: 88).

48. "The Corrupt Practice Act of 1907 attempted to curtail corporate influence on political campaigns, and the Santa Clara decision was not brought to bear against it" (Anonymous reviewer: 2004).

49. Through the nineteenth century the federal government, which was too weakly organized to advance an economic agenda, gave regional states authority over economic activity. In order to generate revenues, states had to establish agreements with business.

50. "The modern corporation did not evolve naturally out of the competitive economy of the late nineteenth century. Rather [capitalists] exercised power to dismantle the competitive structure of the economy" (Prechel 2000: 58).

51. "Each of the four countries analyzed in this book has an embarrassing historical underside of which it is ashamed, or ought to be: . . . the United States of whites' enslavement of African-Americans" (McCraw 1997: 7).

52. The approach of scientific management or Taylorism is "to design the job and to supervise and compensate the work force so as to eliminate conflicts of interest between workers and the employer. . . . Because the optimal work system was to be determined through scientific engineering studies, there was no role for bargaining and, therefore, no need for union representation" (Kochan & Katz 1992: 41).

53. The fact that in 1978 big business had to stage a wide-scale campaign to convince all employers to abandon the New Deal system substantiates the contention that a radical change occurred during the Great Depression.

54. However, even in the best years of collective bargaining in the United States, strikes continued to play an important role, at least as a potential threat.

55. The Social Security Act of 1935, which remained unchanged until 1996, has proved to be the most enduring legacy of the New Deal period. This act established the principle of entitlement, i.e. programs supported by the federal government substituted for local and informal arrangements.

56. According to the bottom-up hypothesis, "the catalyst for the 1930s spurt (of unionism) was the grievances of employees and their loss of faith in business leadership . . . From this perspective, the Wagner Act was less an endogenous change in regime that caused the union spurt and more an

endogenous outcome of unionizing pressures--a government means for channelling worker desires for unionism and employer opposition into a less violent and confrontational mode for determining organization and collective bargaining arrangements." (Freeman 1997: 17, 19).

57. According to the bottom-up hypothesis, "government policies and union leadership were endogenous responses to the changed views of employees" (Freeman 1997: 17).

58. "The AFL's emphasis on craft organizing made it difficult to counter the power of large-scale industrial corporations... By the early 1920s a number of union leaders and socialists were urging the formation of new industrial unions that would organize all production and maintenance workers in a given industry, regardless of their skill level or craft" (Kochan & Katz 1992: 44).

59. This vision opposed the philosophy of the New Deal collective bargaining system based on "the principle that it is management's job to manage and the union's job to grieve" (Kochan & Katz 1992: 292).

60. "That day [February 12] marked a turning point for the Parti Communiste Français: the first time in its history that it had joined other parties in a national political strike" (Tilly 1986: 324).

61. "The Communist Party, in truth, had been much embarrassed by the sit-ins, and on June 11 Thorez came out strongly against their continuation, declaring that 'one had to know when to end a strike once satisfaction has been obtained'" (McMillan 1992: 112).

62. "In the springtime mood of 1936 . . . the CGT had jumped from one to five million members in a few months. By 1938 about half of the new members had already abandoned the CGT, and the failure of the general strike produced a further hemorrhage" (Wright 1987: 378).

63. "From 1942 to 1945 the WLB succeeded in helping settle over 20,000 labor-management disputes. . . . The WLB [also] served as a training group for many of the leading mediators, arbitrators, and government advisors who would later shape the evolution of collective bargaining. . . . Those professionals shared a deep commitment to a type of collective bargaining that involved little direct government intervention" (Kochan & Katz 1992: 49-50).

64. Most conservative businessmen thought that "no inevitable conflict existed between labor and management. Workers and management were partners in a community of interest directed by employers. . . . [In

contrast], a small core of moderates accepted as inevitable the idea that significant differences of interest and social philosophy separated employees and management. . . . Collective bargaining was a workable, practical, and democratic vehicle for resolving conflicting interests" (Fones-Wolf 1994: 69--70).

65. In addition, this act required that all union leaders sign an anticommunist loyalty oath, which further weakened the radical Left.

66. In the Constituent Assembly elected in October 1945, the Left "drew almost three-fourth of the votes. The Communists, with 26.6 percent of the ballot cast, emerged as France's largest party; their strength had doubled since 1936" (Wright 1987: 407).

67. De Gaulle favored "a presidential-style system . . . with a strong head of state and an executive power that would not be at the mercy of the legislature. . . . The main three political parties were united in their opposition to any such Gaullist regime but could agree on little else" (McMillan 1992: 154).

68. After World War II membership in the CGT soared temporarily to over 5 million and in the CFTC (Confédération Française des Travailleurs Chrétiens) to 700,000. By 1958 the CGT was down to a membership of 1.6 million.

69. "In the late 1940s France was still a nation of small producers, heavily agricultural and industrially stagnant. Most French firms were much smaller and less aggressive than their counterparts abroad" (Hall 1986: 139).

70. The coal mines, gas, electricity, Air France, the Bank of France, the four largest deposit banks, and most of the largest insurance companies, as well as the Renault car plant, were nationalized in 1945-46. In addition, the primacy of elite civil servants in the planning process was ensured by the founding of the Ecole Nationale d'Administration (ENA), whose graduates "have almost monopolized the top civil service positions and even the key managerial posts in some sectors of business" (Wright 1987: 444).

71. "Coordinated planning (developed) on a scale not seen before . . . Under de Gaulle, . . . national planning was combined with selective nationalizations and an industrial policy focused on creating 'national champions' . . . This industrial policy sought to encourage greater industrial concentration and the formation of conglomerates in both public and private spheres" (Schmidt 1996: 76, 79).

72. However, the two countries shared two main features that differentiated them from social-democratic ones. First, the struggle for wealth (re)distribution was conducted mainly in the economic arena at the firm level. Second, the share-out of the proceeds of growth did not entail labor's strategic involvement either in work organization or management at the firm level or in national policies.

73. "In the 1950s-1960s U.S. union workers earned 15 percent or so more than non-union workers. This differential rose to 25 percent in the 1970s as unions maintained real wages in an inflationary era through cost-of-living escalator clauses in contracts" (Freeman 1995: 521).

74. The Le Chapelier law of 1791 stipulated that "the destruction of every kind of corporation of citizens of the same state is one of the fundamental tenets of the French constitution" (cited in Hall 1986: 166). Therefore, one of the reasons for protest was "the lack of effective representation (in the form of interest groups) of many societal segments. Though the French support a seemingly endless array of interest groups, many of them are small, and relatively few segments of society are represented through a single, powerful organization that can speak for its members and represent them in the halls of government. . . . As decisions in many areas are made in the absence of effective interest groups, protest ensues" (Baumgartner 1996: 91).

75. International events, including a communist revolution in China, Soviet development of the atomic bomb, espionage, and Joseph McCarthy's campaign against communist infiltration, also helped to create an environment more favorable to business.

76. "Right-to-work laws prohibited contract provisions compelling union membership." By 1954 twenty states had passed right-to-work laws (Fones-Wolf 1994: 261).

77. Both recession and inflation emerged in mid-1957. Segments of American industry began facing increased international competition.

78. "What is right [with collective bargaining] is that when unions are born they correct abuses and inequities. What is wrong is that their drive for 'more, more, more,' coupled with the strike weapon and other sources of bargaining power, too often results in inflated wages and overly restrictive employment practices, thus harming the long-run viability of organized firms" (Kaufman 1996: 133).

79. Open revolt in Algeria broke out in November 1954. In May 1958 extremist leaders seized control in Algiers, and prepared for a coup on the mainland. Only de Gaulle seemed capable of saving the country.

80. The new constitution was approved by almost 80 percent of the voters in the referendum of September 1958. "It was clearly a vote of confidence in de Gaulle's personal leadership rather than in the mechanisms of the new system" (Wright 1987: 419).

81. "Critics were not slow to draw parallels between the gaullist style and that of bonapartism, if not fascism. Yet, in his defence, it must be said of de Gaulle that he never aspired to be a dictator . . . . By his resignation in 1946 and 1969, he showed that he would not cling to power for his own sake when he sensed that he was no longer at one with the popular will" (McMillan 1992: 163).

82. Between the first and the second ballot of the November 1962 elections, the Communists and the Socialists negotiated withdrawal agreements in favor of the best placed candidates.

83. Pierre Poujade "first won notoriety in 1953 when he rallied a group of merchants in his home town to resist the government's new tax brigades sent out to check the common practice of tax evasion. . . . The mushroom growth of his movement indicated the depth of the fears and discontent of static France confronted with the beginnings of a modernization process. . . . Poujade argued that tax evasion and legal loopholes were essential to the survival of the small businessman and farmer, since their margin was so slim" (Wright 1987: 412).

84. The twelve more advanced Western European countries studied in this book "possessed the necessary pre-conditions for economic growth, including a well-educated labour force, efficient government, competent managers, entrepreneurs willing to innovate, and legal systems. In the countries which had suffered most severely from the Second World War, the determination of all levels of society to improve their economic conditions, and a willingness to accept the sacrifices and changes required for this . . . was a powerful force" (Feinstein et al. 1997: 196-197).

85. In 1981 the leftist candidate François Mitterrand won the elections by only a very small margin.

86. The 1964 Civil Rights Act barred discrimination in employment on the basis of race, color, religion, sex, or national origin.

87. Following the murder of Martin Luther King, Jr., in April 1968, more than 160 American cities experienced riots.

88. The two most important strikes were the national postal workers' strike and the Teamsters' strike in 1970. Both strikes ended with significant wage increases for workers. Public-sector unions, which had been recognized only since 1959, grew by over 30 percent.

89. "Arguably, one of the most important changes in the relationship between business and government in the United States during the last twenty-five years has been the emergence of the public interest movement" (Vogel 1996: 14).

90. "Unlike in other capitalist nations, where regulatory bureaucracies enjoy considerable autonomy, their decisions in the United States, whether responsive or detrimental to business interests, are subject to a highly legalistic, often politicized, and usually prolonged system of 'review'" (Vogel 1996: 12).

91. "The origins of this tactic . . . lay in the civil rights movements in the 1950s and 60s and the antiwar movements of the 1960s and 70s . . . While the economic impact of this politicization of the consumer and shareholder role has been limited, its political impact has not. Consumer boycotts have successfully challenged business decisions" (Vogel 1996: 15).

92. In opposition to this trend, the revival of the New Right in the 1960s was designed to save America from moral and cultural decadence, permissive attitudes, attempts to make education fun, and provocative egalitarianism (Kolkey 1983).

93. "Professionals and non-managerial white-collar workers moved from voting for Republicans to supporting Democratic presidential candidates [while] skilled blue-collar workers have become volatile, moving away from this historic support for the Democratic Party without firmly attaching themselves to the Republican Party" (Hout et al. 1995: 826, 805).

94. An indication of this shift was the fact that the birth rate dropped for the first time in the postwar period.

95. The Communist Party supported the socialist candidate in the runoffs of the 1965 presidential elections.

96. "Students and their sympathizers built barricades in the old Paris tradition, and were besieged by squadrons of armed police using every weapon short of gunfire. . . . Public services came to a halt; transportation

broke down; the country was virtually paralyzed. In the Quartier Latin, the huge Sorbonne building was occupied and converted into the world's biggest commune; radical grouplets proliferated" (Wright 1987: 426-27).

97. In 1969 de Gaulle submitted a proposal regarding regional autonomy and the restructuring of the Senate. When "the referendum failed by a margin of 53-47 . . . de Gaulle immediately abandoned office. . . . For many of his countrymen, it was impossible to believe that so shrewd a leader could have made so colossal an error of judgment; they speculated that de Gaulle must have planned it all thus, in order to escape the burdens of office and to make a dramatic exit" (Wright 1987: 429).

98. These measures included the vote at age eighteen and relaxed controls on contraceptives and abortion, and were implemented by Valéry Giscard d'Estaing in accordance with "his intention to transform France into what he called 'an advanced liberal society'" (Wright 1987: 425).

99. This package included a four-week paid vacation for all employees, a shift from weekly to monthly wages for most workers, opportunities for vocational training, a reduction of work hours without loss of pay, regulations designed to improve working conditions, and legislation providing for increased job security. In the aftermath of the first oil price shock, a law required employers to obtain administrative authorization before laying off workers, and provided the unemployed with an income equivalent to 90 percent of their former salary.

100. As a result of the strike wave, union membership in the private sector increased by more than 12 percent in 1968. It kept growing by 1.3 percent on average annually between 1969 and 1977 as union growth was sustained by the leftist strategy to achieve political power.

101. "The point is not that a prior secret elite network was activated but that new networks were created and through them a general political-economic perspective was disseminated. There was a process of unification and politicization, not the natural expression of a prior unity" (Plotke 1992: 197).

102. The steady decline in the percentage of representation elections won by unions began in 1964 (Kochan & Katz 1992: 178). Since then this trend continued unabated.

103. This account of the dynamics of business political mobilization departs from the neoclassical and neo-Marxist theories, which consider corporate leaders as "driven by an unambiguous economic rationality"



(Plotke 1992: 193). Instead, it supports the idea that "the mobilization of business can rarely be explained as expressing only the logic of essential and necessary economic interests . . . When business elites asked what to do about a deteriorating business climate, they considered an interrelated set of problems that required general political-economic debate" (Plotke 1992: 193, 183).

104. "In the late 1970s the figure of \$100 billion a year was circulated in the business press as the cost of 'regulation'... This unreasonable figure should have sufficed to dispose of it . . . Such estimates were inflated, as were the complaints of individual corporations, by [various] practices . . . So far, no one has provided convincing evidence of such decisions; it seems most likely that strategic elements played a marginal role in the focus on regulation, and most of that choice came about because of wrong judgments about its importance" (Plotke 1992: 195).

105. From the mid-1950s through the mid-1960s "organized labor functioned as an electoral apparatus for the Democratic Party . . . and assumed responsibility for the aggregation of the party's diverse constituencies. . . [By the late 1960s] Democratic liberalism was extending beyond its traditional New Deal and Cold War constituencies and issues and becoming more heavily weighted toward racial minorities, women, and middle class activists" (Battista 1991: 19).

106. The dominant wing "sought above all to maintain and protect: (1) existing job opportunities and mainly white male employment structures in the defense and construction sectors of the economy; and (2) the established position and alliances of the trade union bureaucracy in the Democratic Party and in the national government. . . . [However] the leadership of the AFL-CIO did not uniformly opposed the demands of the new social movements. Indeed, it provided substantial support for the civil rights legislation of the mid-1960s" (Battista 1991: 19, 10-11).

107. "This term refers to the gradual dismantling of the institutions for planning, the drastic reduction in scope of the Plans themselves, and a well-publicized return to economic liberalism, marked by pledges that the state would reduce its role in the economy" (Hall 1986: 185).

108. "Barre adopted many policies that were more liberal . . . (However) industry was still receiving large subsidies . . . Although the state was beginning to dismantle its dirigiste controls in macroeconomic matters,

thereby promoting the deregulation of the economy, it was doing no such thing in the microeconomic sphere" (Schmidt 1996: 84-85).

109. On the one hand, the state was anxious about the social and political fallouts of deregulation, especially on the eve of the 1981 elections, and was willing to deregulate only under the condition that collective agreements would replace legislation. On the other hand, unions were very reluctant to develop collective bargaining because they were so weak at the firm level (Howell 1992: 78).

110. In the same vein, the rush into war to disarm Iraq was largely driven by an objective of reshaping political regimes in the Middle East so that this region would become more hospitable to U.S. capitalist interests.

111. PACs are "mechanisms to establish relations with state managers... Once access is acquired, lobbyists present their policy position to state managers" (Prechel 2000: 275, 276).

112. "By the mid-1990s crucial aspects of the antitrust laws were rewritten or not enforced . . . and New Deal legislation restricting the transfer of capital via stock was replaced by new legislation . . . Within these institutional arrangements the Multilayered Subsidiary Form (MLS) emerged, and is becoming the organizational form to consolidate corporations and transfer capital, technology, and resources from one part of the globe to another. Mergers in the late 1990s are creating transatlantic giant corporations" (Prechel 2000: 263).

113. "Under Kirkland, the AFL-CIO leadership pursued organizational unity through efforts to reintegrate disaffiliated unions into the Federation. In 1981 the arch liberal United Auto Workers reaffiliated to the AFL-CIO after an absence of thirteen years; other unions, including the Teamsters (1987) and the United Mine Workers (1989), rejoined the Federation later in the decade" (Battista 1991: 22).

114. In the United States not only did involvement in partisan politics bring very few legislative gains over the past two decades, but business unionism was not very successful either. Hourly wages for union members rose 12.4 percent to \$16.21 from 1995 through 1999, while nonunion wages rose 13.8 percent to \$13.54 thus continuing a trend that saw nonunion wages increasing faster since 1982 (cited in the San Francisco Chronicle: May 28, 2000). The 2000 campaign to defeat the trade bill with China appeared to be one more major political battle (like the 1978 Labor Law Reform) lost by the labor leadership, even though it was led in alliance

with environmental and human rights movements, and considerable resources were mobilized.

115. "If by boycotting the NLBR one could divest oneself of the jurisdiction of the Board and go to the law of the jungle, I think that would be an option worth considering and I think we might very well be better off" (Lane Kirkland 1984; cited in Kochan & Katz 1992: 103).

116. Nontraditional labor organizing has recently explored new avenues. For example, Dean (head of the AFL-CIO in Silicon Valley) has developed practices based on her theory that labor should return to its craft guild.

117. A number of surveys support this contention. For example, a 1994 Harris Poll found that although 70 percent of adult Americans perceive unions to be overly involved in politics, most Americans still feel that workers need the type of services unions provide.

118. "With the massive defeat of the Democratic Party in the 1994 congressional elections. . . . Kirkland was forced to resign in August 1994, and his hand-chosen successor, Thomas Donahue, was defeated by a liberal coalition headed up by Service Employees International Union President John J. Sweeney" (Dark 1996: 104). New leaders were activists who came to the labor movement from a background in civil rights, community, and antiwar organizing.

119. "Once product market competition increased after deregulation, management often found it easier to cut labor costs than to compete through managerial reforms, technological innovation, or product innovation" (Kochan & Katz 1992: 433). The productivity rate, as measured in GDP per employee, has decreased to 0.5 percent in the 1973-93 period, from 2.6 percent in the 1950-73 period (Kochan & Weinstein 1994: 485). However, labor productivity rebounded in 1999 and rose again in 2000 (gains in productivity are usually attributed to business investment in high-tech equipment).

120. Traditional employment used to mean holding a single, full-time job year-round. In 1999 only 33 percent of California's labor force met this definition. In addition, 13 percent of Californians lived in poverty, and 44 percent of the poor were working full-time jobs (Study by the University of California at San Francisco and the Field Institute: September 1999).

121. According to CCH Inc. of Riverwoods, Illinois, unscheduled absenteeism by American workers was at an all-time high in the late 1990s.

Unexpected absences attributed to stress tripled in 1999 from 1998. As a result, more employers provided "paid time off," i.e. a certain number of days each year that employees could use for whatever purpose they deemed necessary (Surveys of 1998 and 1999).

122. Since 1993 the economy lifted the incomes of all the income groups but the incomes of the richest Americans rose twice as fast as those of the middle class. Income disparity grew so much that four out of five households took a thinner slice of the economic pie than in 1977 (Report by the Center on Budget and Policy Priorities; cited in the San Francisco Chronicle: September 6, 1999).

123. According to a survey of young workers by AFL-CIO, the disparity in income levels is so great and the belief that employers have failed to share profits is so pronounced, that a new generation of young workers is entering the workforce with hopes that are quickly replaced by disillusionment ("High Hopes, Little Trust," cited in San Francisco Chronicle: September 5, 1999).

124. Official statistics recorded 34 stoppages involving more than 1,000 workers in 1998, instead of 29 in 1997.

125. From 1996 to 1999 the GDP increased by 4 percent annually. In early 2000 the jobless rate fell to its lowest level since January 1970. The number of IPOs (initial public offerings) tripled from 1990 to 1999, fed by the myth that IPOs provide investors with instant wealth. In 1999 almost 49 percent of Americans were stock market investors.

126. "Consumers say they were unable to resist the allure of the bargains and cheap financing deals merchants used to snare them" (San Francisco Chronicle: March 1, 2002)

127. "With very low unemployment, most people who lose their jobs do not have great difficulty finding new ones. But if they are among the three-quarters of working Americans who lack a university degree, the new job is likely to pay 20 percent less than the old" (Reich 1999).

128. In particular, the United Automobile Workers and the International Brotherhood of Teamsters believed that their members would be hurt by the shift of manufacturing jobs abroad and the resulting loss of union members.

129. In *Trading Up: Consumer and Environmental Regulation in a Global Economy* (1995) Vogel explicitly challenged the claim made by globalization critics, especially those from the environmental community, that economic liberalization leads to a lowering of regulatory standards.

Vogel argues that, on the contrary, under certain circumstances, global economic integration can actually lead to the strengthening of consumer and environmental standards" (Vogel & Kagan 2002).

130. The partial success of human rights activists in the campaign against the trade bill with China and the labor leadership's defeat added to the list of unions' political battles led in alliance with social movements, which resulted in partial victories not for labor but for these movements' broader constituencies.

131. It was estimated that from early 1999 to mid-2000, business made more than \$500 million in PAC contributions to both parties, whereas labor unions contributed \$35 million. These figures show that union organizations could not compete with business on an equal footing in this battlefield.

132. In 1981 "the government engaged in a high degree of market interventionism along with expansionist policies . . . French exceptionalism could not last long in an increasingly global economy and in an integrating Europe . . . Having begun with dirigisme (and increase in state ownership), the Socialists ended up essentially embracing economic liberalism . . . and beginning the process of denationalization and deregulation that subsequent governments of the right and of the left were to take much farther" (Schmidt 1996: 94-96).

133. These problems "began primarily in the late sixties with the final removal of all protection barriers, which opened French business up to a competition for which it was basically unprepared" (Schmidt 1996: 91).

134. "In a survey of European Managers taken in 1987, (French business leaders) were far and away the most enthusiastic when it came to reinforcing the European community . . . French managers were 88% favorable to the reinforcement . . . (Since then) French business would remain a key promoter of European integration" (Schmidt 1996: 164).

135. "Once the socialists came to power in 1981, neoliberal thought flourished. Countless books were published by neoliberal theorists who traced the French roots of liberalism in the work of Jean-Baptiste Say, Alexis de Tocqueville . . ." (Schmidt 1996: 133).

136. The fact that the main French business organization changed its name to "Movement of French Business" (my translation of *Mouvement des Entreprises de France/MEDEF*) embodied its determination to more systematically rely on its members' militancy to advance its objectives.

137. Public policies seemed "to follow business much more than to lead it" (Schmidt 1996: 165).

138. "Finally, the increasing mobility, autonomy, and independence of business, together with governments' liberalizing tendencies, have shifted the balance in industrial relations. Business has become stronger in bargaining power while labour has weakened as it has mostly lost its traditional protective support from government. And this in turn has incited labour to become at the very least less adversarial if not more cooperative" (Schmidt 2002: 305).

139. "The 1.5 to 2 million unionized French workers are represented by six competing organizations plus several specialized bodies (for example, five different teachers' unions)" (Bornstein & Tixier: 1996).

140. The president of the MEDEF, Ernest-Antoine Seillière, declared at a news conference that the far-right program would spark "a sharp rise in unemployment, an unprecedented financial crisis, a spike in inflation, an impoverishment of all, and explosive social tensions" (San Francisco Chronicle: April 30, 2002).

141. I formulated this assumption in 2003 well before widespread riots by young French Arabs erupted on October 27, 2005. The rioting was triggered by a tougher anticrime policy initiated by Interior Minister Nicolas Sarkozy, including numerous police checks of French Arabs in poor neighborhoods. Many French Arabs called for Sarkozy to resign. Over the past twenty-five years, increasing unrest and insecurity in poor neighborhoods predominantly inhabited by immigrants of Arab descent can be traced back to two main developments: the legacy of several centuries of colonization, which has fostered Islamic radicalism; and more recent developments, including the enrollment of labor (mostly from North African countries) by large automobile companies in the two decades after World War II, and liberal laws of the 1970s authorizing these workers' families to immigrate to France.

142. In France both the weakness of environmental movements and the population's relative indifference to environmental issues accounted for a rapid deterioration of various environmental conditions. During the tragic events of Summer 2003 thousands of mostly elderly people died due to record levels of heat and pollution.

143. "Although the impact of European integration had already been felt as of 1983 with regard to the macroeconomic sphere, the effects of the

Single European Act ratified in 1987 were yet to be felt. The public as a whole was generally unaware of the changes that were about to take place, and would remain so until the ratification of the Maastricht Treaty in 1991 brought a major public debate" (Schmidt 1996: 163).

144. "There is no convergence in the welfare arena. Rather than all countries following the path taken by Anglo-Saxon countries and moving toward a 'liberal' welfare state model, with low social benefits and services and emphasis on individual responsibility, most non-Anglo-Saxon countries retain the basic features of their traditional models even as they introduce liberalizing measures" (Schmidt 2002: 25).

145. From the onset of modern industrialization in the sixteenth century through the nineteenth century industrialists and the state routinely used police forces and even the army to quell labor unrest.

146. In France revolutionary unionism restrained labor organizations from recruiting larger memberships throughout the twentieth century. As a result, union density was consistently lower in France than in many industrialized countries, including the United States, even though labor militancy was stronger until the 1970s.

147. The 2005 split in the AFL-CIO may signal that such a reversal is already under way in the United States.

148. "There is relatively little business can do to affect either the emergence or intellectual appeal of anti-business ideologies... The American business community has benefited from the fact that the United States is the only capitalist nation in which the legitimacy of capitalism has never been the subject of public debate. Yet the lack of appeal of both socialism and fascism in America cannot be attributed to the ideological power of American business. Rather, it is due to a range of historical and cultural factors, each of which are unique to the United States and beyond the control of its economic elites" (Vogel 1996: 317).

149. In France the rejection of capitalism first appeared in the fifteenth century. It was embodied in a series of insurrections and revolutions (in which factory workers and craftsmen played an important role), the Poujade's movement of the 1950s, and the persistence of high levels of strikes until the late twentieth century.

150. The growing divide between socialist elites and the leftist rank and file was illustrated in voters' wide rejection of the European Constitution in May 2005.

151. This model assumes that enduring patterns of behavior arise from major events. For example, the Hundred Years' War and repeated outbreaks of famine and plague fostered widespread reliance on the state in France.

152. "The greatest hope is that new technologies and better policies for their utilization will allow the continuation of economic growth in ways that do not exhaust nonrenewable resources [and bring about] 'ecological humanism' . . . (Eventually) mankind may find that greater happiness lies more with a high physical quality of life index than with the highest GNP per capita" (Kerr 1983: 125-126).

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