"Three views of a secret": Containment of industrial conflict in neo-liberal environments
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Chapter 3

Anatomy of Industrial Conflict - A Theory for Theory

Overview

In the first chapter of the dissertation, I showed that the reality generated by or associated with the neo-liberal project, that is, neo-liberal environment is conductive to industrial peace and this is a puzzle, which requires new theorization. In the second chapter I indicated that I pursue an analytical strategy, which involves first testing some middle range hypotheses so as to reduce the complexity of the empirical reality and thereby reveal what exactly needs to be theorized at a higher abstraction level.

However, before deducing some hypotheses about the source of industrial peace prevailing in neo-liberal environments from the existing literature, it is imperative to reveal whether the two propositions pointed out in the first chapter, that is, industrial peace results from free markets, and, peace is the normal mode of industrial relations, are satisfactory. For, unless these simple hypotheses are refuted the entire endeavour of this study would be redundant. Moreover, it is also essential to develop some criteria that would allow one to evaluate existing conflict theories in the literature in order to derive some sensible alternative hypotheses. For these purposes it is necessary to point out the sources of conflict embedded in industrial relations in generic terms and to recall the empirical features of neo-liberal environments that need to be addressed by any theory of industrial peace.

In the following pages, first I draw a detailed picture of the conflict potentials embedded in employment relationship to reveal that peace cannot be considered as the normal mode of industrial relations. During this endeavor I also show that free markets cannot contain these conflict potentials and thus, free market cannot generate industrial peace. Second, I revisit the three defining characteristics of neo-liberal environments to recall the empirical features that need to be addressed by any theory of industrial peace. Finally, I develop a meta-theory (i.e., a theory for theory of industrial peace) that would briefly restate all these empirical and conceptual requirements that has to be met by any theory of industrial peace. This meta-theory would be used as guide in the subsequent
theory and empirical chapters to deduce some hypotheses from existing literature and to empirically examine them.

**Industrial Conflict Dissected**

It is obvious that industrial conflict cannot be understood without clarifying the concepts of interest and power within the field of industrial relations. Hence I first engage with these two concepts and then by using them I dissect all potential sources of conflict embedded in industrial relations, which may trigger industrial action.

**Interest and Power**

It is quite difficult to define the interests of primary actors, namely workers and employers, in industrial relations. For example, Kelly claims that the identification of workers’ interests remains one of the central problems of industrial relations (Kelly 1998:5-9). For it is argued that one may define many equally important interests for workers in terms of fair wages, employment security, healthy working conditions, housing etc, thus, there is no such a thing as the interest of workers while employers’ interest can be reduced to a single purpose of increasing the profit (see Offe 1985:183). On the other hand, the studies of Tolliday and Zeitlin (1991), Grant et al (1988), and Streeck (1992) challenge any simplistic understanding of employers’ interests by proving the existence of interest aggregation processes in employer organizations (see also Block 2007:8). Therefore, not surprisingly, many industrial relations studies leave workers’ and employers’ interests undefined either relying on empirical description or some kind of general intuition (for example, Dunlop 1958, Kerr et al 1960, Brown 1977, Frenkel 1980, Sheldrake 1991, Crouch 1993, Bean 1994, Wailes et al 2003). However, I argue that, without rejecting the elusive nature of the subject and for the sake of analytical purposes, the most basic interest of workers can be defined as selling labour at a fair price in order to live, by keeping the definition of ‘fair price’ and the standards of ‘living’ context-depended. Similarly, for employers the basic interest may be defined as to ensure a reasonable margin of profit by selling the products of labour, without restricting the boundary of ‘reasonable’ or the definition of ‘profit’ (see Gordon et al 1987:44, Wolfson 2003:256, Bethoux et al 2007:78).
Power, too, is an elusive concept in industrial relations (Kelly 1998: 9). However, it is clear that power should not be perceived as something which is acquired in solitude (Taylor 1994:194) but should be considered as an outcome of relationships between actors (Kirkbride 2001:49,55). In this sense power can be described as the endowment provided by the link between actors, which allows each one, with a varying degree of ability, to accomplish her/his ends despite the potential or actual opposition of the other (Dahrendorf 1959:166, Hyman 1975:26, Turner 1995:75, Olson 2000:3). This implies that in any relationship there is no absolute power (Kirkbride 2001:52) but a power distribution, which is, at least potentially, subject to change. Within the realm of industrial relations, it is also useful to distinguish structural power from associational power: the former results from the nature of the relationship between actors, such as the ownership of the means of production by one of the actors or the statutory limits imposed on both actors as to what they can demand from each other (Block 2007:6), changes in the environment enveloping the relationship between actors, such as fluctuations in the labour market, too, influences the structural power. On the other hand, the associational power results from the collective organization of actors (Wright 2000:962).

The state-of-sature market and dimensions of industrial conflict

Against this background it is possible to show that peace is not the normal mode of industrial relations and it cannot be generated by free markets. For this purpose, it is necessary to draw an accurate picture of the potential sources of conflict embedded in industrial relations by using the idea of state-of-nature proposed by Nozick as a point of reference\(^\text{32}\) (Nozick 1974:3-9, see also Block 2007:5).

\(^{32}\) Within the realm of industrial relations, the first approximation for this purpose is quite often made by using Dunlopian frame as a reference, which identifies employers, the state and unions as main actors which interact in a relatively isolated and partly self-sustaining system that renders production possible (Dunlop 1958, see also Blyton and Turnbull 1998:19). This conceptualization is based on an assumption, which is itself derived from the idea of the inevitability of conflict that trade unions must exist to represent workers and the state must be involved in employment relations at least to impose some standards and limits. Hence it is not a suitable instrument for scrutinizing whether conflict is something permanent in industrial relations.
The state-of-nature refers to an imaginary environment in which the existence of (and interaction between) actors is allowed but any kind of supreme authority is rejected. This environment has no place for formal institutionalization of any procedure\textsuperscript{33}. However, when the instrument of state-of-nature is used in order to imagine ‘a free market’ it should imply an environment containing four actors: three classes and a minimalist authority. Workers and employers would be two mutually exclusive classes as respectively sellers and buyers of labour, and of course, both of these actors appear simultaneously\textsuperscript{34} in the role of consumers and constitute the third class (see Halperin 2004:278) whose demands in terms of products are the basic motivation for the exchange of labour.

Obviously, such an environment (different from the pure-state-of-nature) must have three basic institutions which would render the market in its purest and simplest form possible, namely, property rights must be secured (Gordon 1980:205), some kind of money circulation must be provided (Block 1994:698-699) and agreements (which, by definition of the state-of-nature, can only be verbal) honoured in the very short term so as to render employment (and firms) imaginable beyond single interactions. Hence the existence of market requires permanent intervention by some minimalist authority or the “implicit” state as the fourth actor, in order to ensure the continuity of this basic institutional framework (Blyton and Turnbull 1998:34-35, Topik 1999:4-5, Block 1994: 692-695).

Under these conditions it is possible to identify three interdependent and at least analytically differentiable dimensions of conflict embedded in industrial relations: inter-class conflict, intra-class conflict and internal conflict.

\textsuperscript{33} For sake of clarity, it is important to mention that Nozick allows the existence of morality in the state-of-nature. His main purpose is to show that the morality would not suffice to ensure continuity of society and consequently, some sort of state will have to emerge from the state-of-nature (Nozick 1974: 7).

\textsuperscript{34} Actually one can imagine two different versions of the state of nature i) workers are at the same time consumers ii) workers and consumers are different, in the sense that the latter is placed in another environment (see Halperin 2004). The state of nature based on the second assumption has some other implications but I argue that the overall conclusion as to the outcome in terms of conflict propensity would not be different. For sake of simplicity I construct the state of nature market by making the first assumption.
**Inter-class conflict**

First of all, there is always inter-class conflict between employers and workers (see figure 3.1). This dimension is generated by the fact that labour is one of the production factors that employers must use, thus, “employer must regard labour as a cost to be minimized” (Hyman 1975: 19-20, see Bethoux et al 2007:78), an attitude which leads to conflict between workers and employers not only about the fair price of labour but also implicitly about the reasonable margin of profit (Edwards and Scullion 1982:3, see also Blyton and Turnbull 1998:3-4). However, the essence of this conflict can only be understood by distinguishing two types of bargaining involved in any employment relationship: firstly, there is always wage-time bargaining for the labour in the sense that the amount of money to be paid to workers in exchange for certain lengths of time of work must be determined. Secondly, there is effort bargaining which involves all the implicit and explicit negotiations over the effort which workers are expected to make in the given timeframe (Edwards and Scullion 1982:5, Blyton and Turnbull 1998:30). The latter results from the inevitable vagueness of the former in the sense that no employment agreement can describe, neither quantitatively nor qualitatively, the exact level of effort expected from workers (Hamilton 2001:438). It is the permanent nature of the effort bargaining and its organic connection with the wage-time bargaining, which is the source of inter-class conflict in every employment relationship (Baldamus 1961: 105-108, Edwards and Scullion 1982:6).

Within the confines of this dimension as long as property rights are protected and there is reserve labour in the market, employers would remain in a powerful position vis-à-vis workers (Crouch 1993:31, Blyton and Turnbull 1998:26-27, Wolfson 2003:261) and given that there is no limit imposed on effort bargaining by an external authority under the state-of-nature market conditions, there will be no stability in workers’ lives (Block 2007:7). One may expect endless and/or unpredictable demands of employers to yield sudden and reactionary outbursts of industrial action ranging from abrupt stoppages to sabotage of means of production. However, if the labour market is tight for an extended period then workers may be in more powerful position and may try to renegotiate the terms of effort and/or wage-time bargaining by again disrupting the production. Indeed, under such conditions one may expect industrial action to be almost permanent (Polanyi 2001 [1944]:238-239).
Intra-class conflict

Second dimension of conflict embedded in employment relations results from the interconnectedness of actors from the same class in the market and thus, it may be called as intra-class conflict (see figure 3.1). The core reason for this conflict is the fact that firms never operate in solitude and thus, they must take each other’s actions into account in all markets including the labour market (see Thelen 2001:77-85). Thus, in a completely unregulated market the outcome of wage-time bargaining in each firm, besides the tightness of labour supply, is essentially determined by the outcome of the wage-time bargaining in other firms in two ways: Firstly, among firms operating in the same sector, if there is no way of reducing the price of other production factors, the price of labour would be the primary source of competitiveness. Secondly, among firms, which are connected with a production chain, the outcome of wage-time bargaining in one firm directly affects the production costs of the connected firms. In either way there would be a tendency among firms either to pay less to their workers than their competitors or to increase their gains in the effort bargaining in order to avoid externalities created by the wage-time bargaining outcomes in the connected firms. Under such circumstances increase in the wages of workers in one firm may lead to stagnation of wages and/or more effort for workers in another firm. Moreover, if the unemployment is high then job-seekers’ tendency of accepting low wages and high effort demands would be, through the interconnections between firms, translated into downward pressure on the wages and upward pressure in the effort requirements of those who are employed. Hence the interconnectedness of firms (and the resulting intra-class conflict among employers) also generates intra-class conflict among workers. Obviously, both of these conflicts would increase the likelihood of disruptions in production in all firms due to the strains they would impose on the inter-class dimension of conflict. Thus, the interconnectedness of firms (and the resulting interconnectedness of workers) generates potential for industrial action.

However, there is also another and perhaps contradictory potential source of conflict. Under the state-of-nature market conditions where each firm is involved in fierce effort bargaining with the workforce in
order to remain competitive, the skilled/experienced or ‘motivated’ workers would be assets which can enable firms to obtain gains without any initial training or extensive control mechanisms. Thus, firms, especially those operating in the same or similar sectors, are better off by offering ‘high’ wages in order to ‘hunt’ such workers. However, by doing so under tight labour market conditions, they either impose an upswing on wage-time bargaining in other firms or create sub-labour markets with different standards for the price of labour (see Halperin 2004:279).

Obviously, employing such ‘asset’ workers also has implications for the existing workforce in the sense that ‘motivated’ workers would redefine the conditions of effort-bargaining for the rest.

Therefore, the inevitable connectedness and lack of coordination among firms and among workers in a state-of-nature market would inevitably lead intra-class conflicts which may easily trigger inter-class conflicts manifested through industrial action\(^{35}\) (Vatta 1999: 247, Western 1997:3).6

Within the confines of this dimension, and from intra-employer perspective, the larger firms (in the sense of acquiring more reserve capital than the rest) would be more powerful. Because they can strategically manipulate the wage-time bargaining in both directions either to increase the ferocity of conflict in the inter-class dimension for other firms or to gather all asset workers in their own factories so as to impose skill shortage on the other producers. One possible outcome is the annihilation of small firms and emergence of monopolies. However, if there are no particularly large firms then the outcome of the intra-class conflict among firms may be a great prisoner dilemma manifested through a vicious circle of deteriorating profits and intensifying inter-class conflict. On the other hand, from intra-worker perspective, the skilled workers would be more powerful than the others and would be

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\(^{35}\) From a demand management perspective, too, one can reach a similar outcome of inter-firm conflict of interest: in a closed environment, given that a large segment of consumers are at the same time workers, any firm is better off by paying its workers as little as possible as long as the other firms pay ‘fair’ wages. In this way maximum profit will be ensured due to combined effect of the permanent purchasing power of the ‘other’ workers and high profits resulting from ‘low’ wages of firm’s own workforce. However, given the fact that, in accordance with the Olsonian logic of collective action, any firm may pursue this strategy the aggregated outcome would be the obvious ‘prisoner’s dilemma’: all firms would have a tendency to pay less than market-clearance value for labour with a detrimental impact on the overall purchasing power (Halperin 2004:280, Wolfson 2003:259)
able to seek higher wages regardless of the externalities created by this tendency for the other workers.

**Internal conflict**

Finally, there is a third and rather abstract dimension of conflict which can be named as the internal conflict experienced by all actors (see figure 3.1): in employment relations especially under the state-of-nature market conditions there would be many unknowns as to the production factors and the consumption patterns. Therefore, for any party involved and/or connected in the market there is quite often a choice between taking the advantage of short-term fluctuations and relying on the benefits of long-term trends. This choice, in its essence, can be seen as opting for short or long term interest maximization.

For workers, the short-term orientation may lead to quitting the existing job as soon as a slightly better alternative emerges or using this option in order to challenge the conditions of existing wage-time and effort bargaining. From employers’ perspective the short term focus may entail simultaneously decreasing wages and increasing effort demands as soon as there is abundance of labour, or laying-off workers immediately after any contraction of consumer demand, or changing the form of capital as soon as some other beneficial opportunities emerge, or using all these options as threats in order to renegotiate the existing conditions of wage-time and effort bargaining. Obviously, the short term interest maximization of an actor would influence all others regardless of the class: a worker by opting for short term maximization will not only influence the subsequent internal conflict dynamics of her/his employer but would also influence the bargaining dynamics for the other workers, and a firm, too, by opting for short-term maximization would not only influence its own workers but would also affect the strategies of other firms. However, despite all the risks involved in the short-term

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36 It is important to note how this can be seen as a power generating relationship: if for a single actor X the position which is thought to be reached as a result of the short term maximization is called A and the position which is thought to be reached as a result of the long term maximization is called B, then these two projections of the actor X into two different future states can be treated like two separate actors, that is, A and B, while the real actor X is imagined as a contested entity rather than an actor. Consequently, A and B can be perceived as two actors both striving for X. The relation between these two actors would be the power generating relationship of a zero-sum game.
maximization, actors cannot make a definitive choice between short-term and long-term interest maximization unless they are assured about the choices of other actors, which is of course not possible under the state-of-nature market conditions.

Figure 3.1: Dimensions of conflict in industrial relations

Power at this dimension\textsuperscript{38} is stochastically distributed among actors in accordance with the fluctuations in the prices of production factors and

\textsuperscript{37} As it can be noticed, the figure contains a system, which is not mapped by orthogonal coordinates. The reason for this, as mentioned in the text, is that the dimensions of industrial conflict are interdependent. Any point at one dimension has its projection on other dimensions and these projections are projected back into the initial dimension as different points, except the origin where all projections are merging into a single point. Substantively this means that at some point(s) inter-class, intra-class and internal conflict can be simultaneously embodied in a single empirical event. However, the implications of the mathematical qualities of such systems, known as curvilinear coordinates, as well as the exact interpretation of the axes for conflict dynamics are not explored due to the fact that this system is used here only to visually emphasize the interdependency of conflict dimensions.

\textsuperscript{38} Obviously, there are two possible meanings of power at this dimension: i) relative powers of short and long term thinking as explored in the footnote before the previous one and ii) the relative power of actors \textit{vis-à-vis} other actors created by the outcome of this first meaning. It is this second meaning of power, which is explored here.
the volume of consumption demands, which are entirely unregulated under the state-of-nature market conditions. The outcome is likely to be extreme volatility in the production processes of all involved firms and lives of all workers resulting from the permanent suspicion of short-term choices of the others. Obviously, the actual choices as well as the insecurity created by the availability of these choices would yield to sudden intensification of conflict at inter-class and intra-class conflict dimensions whose outcomes, in turn, would create new fluctuations that would contribute to the overall stochasticity and increase the internal conflict of those actors who somewhat resist the temptation of short term interest maximization. The final outcome is likely to be inefficiency and technological backwardness for the entire economy resulting from the lack of accumulation of skills and know-how and the absence of long-term capital investments.

**What if the state-of-nature condition is dropped?**

What happens if the state-of-nature condition is dropped from this imaginary environment? Although theories of biological evolution inform us that the same uncertainty situation may be effectively tackled by fundamentally different systems, each of which emerges from distinct evolutionary trajectories (Block 2007: 9) one can still point out some general directions in the evolutionary path away from the state-of-nature condition, which would add new twists to conflict dynamics:

In the inter-class dimension, when the evolution away from the state-of-nature commences, one may expect the power inequality favoring the employers to lead to formation of continuous workers’ organizations, at least in the same workplace, in order to prevent arbitrary renegotiations of wage-time and effort bargaining by employers (Dunlop [1958] 1993:47, see also Crouch 1993: 31, Blyton and Turnbull 1998:32, Hale and Wills 2007:461). It is very likely that separate worker organizations would merge across workplaces in order to enhance their power. However, once this happens the tension between the leadership

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39 Nozick, when establishing his claim of the inevitable emergence of the state, argues that although the evolution away from the state-of-nature has not occurred anywhere as prescribed by his analysis, the events that are conceived as components of this imaginary evolution do still have explanatory value for the actual states as they exist in the reality (Nozick 1974:7-8). As I outline the main themes of possible evolutionary trajectories, I subscribe to this idea.
and rank & file of the organization concerning ‘what needs to be done’ would increase (see Ashenfelter and Johnson 1969: 36). This tension would be another factor influencing the conflict in the inter-class dimension and may trigger wildcat industrial actions (Dahrendorf 1959:279). Moreover, regardless of how encompassing the cross-workplace worker organizations may be, there would always be some workers who would be excluded deliberately or inevitably. This, while generating two subfields of industrial relations as organized and unorganized fields, would trigger yet another conflict, this time between insiders and outsiders of the worker organizations. The gains of insiders, that is, those who are employed in organized industrial relations, may become losses for outsiders, that is, those who are employed in unorganized industrial relations, and may exacerbate inter-class conflict between workers in each of these fields and their employers.

One may also expect that the emergence of cross-workplace worker organizations would motivate employers to get organized in order to prevent determination of wages solely by worker organizations which may gradually act as “monopolist” firms selling labour at any price (McDonald and Solow 1981:896, Jackson 1991:242-243). However, the emergence of employer organizations would have serious consequences for the intra-class conflict among employers: for they would not only deal with worker organizations but they would also either be the stage of the intra-class conflict among firms or they would become instrument of some big firms in the intra-class conflict and they would be used for manipulating the wage-time bargaining so as to gain some advantage against other firms. It is possible that the state may be asked by disadvantaged firms to intervene. One can also imagine that consumers, too, may demand state intervention against such de facto monopolies which may manipulate not only the wage-time bargaining but also the quality and price of final products.

Thus, one can see that any evolution away from the state-of-nature would add the tension between the leadership and rank & file within worker organizations and the tension between insiders and outsiders to the conflict potential of the inter-class dimension while rendering employers organizations as relevant for exacerbation of the conflict potential in the intra-class and also perhaps in the internal conflict dimensions.
In many evolutionary paths it is quite possible that both organizations of workers and of employers would ask for state intervention in order to get some statutory protection for their temporary gains vis-à-vis each other. However, their relationship would not necessarily be antagonistic. The dynamics of intra-class conflict among firms and the tensions within the worker organizations may lead to alliances between organizations of workers and of employers. In this way the associative power of one may start to serve the other (see Wright 2000: 962). Consequently, industrial action against some employers and punitive action against some workers may be jointly organized by them. Moreover, both of these organizations as well as those firms and workers remaining outside may also jointly demand from the state some statutory limitations on the short-term interest maximization choices of all involved actors in order to reduce the internal conflict potential. Sporadically all the actors may also demand state intervention to reduce the internal conflict potential generated by economic fluctuations.

As mentioned above, these possible developments may follow different evolutionary trajectories and dead-end routes at each distinct environment. However, one may still argue that all possible evolutionary paths would include three common features:

First new procedures and laws beyond the basic institutional framework (property rights, money circulation and very short-term verbal agreements) would emerge in order to ensure a degree of certainty at each conflict dimension given that this basic structure is proved to be ineffective in containment of conflict. This means that some kind of formal institutionalization would take place and institutions would matter in power distribution among actors.

Second, as depicted above one may expect all actors (workers, employers and consumers) to get in contact with the state in order to manipulate the institutionalization as well as implementation processes. This means some kind of politics would be involved.

Third, given that production factors and consumption patterns would be very difficult to manipulate with absolute certainty unless the basic institutional framework is challenged, the economic developments would influence the institutionalization processes and accompanying politics. Thus, economy too, would be important (see Blyton and Turnbull 1998:35).
Obviously, within all these three realms, that is, institutions, politics and economy, the most crucial difference between the state-of-nature and the point reached through any evolutionary path would be the nature of the evolved state: for the state, due to demands of intervention in each of these three realms, would evolve into a form which would be different from the minimalist state of the free market, which is depicted as the guardian of three basic institutions (property rights, money circulation, very-short term agreements). Therefore, one can argue that, regardless of the peculiarities of the evolutionary path away from the state-of-nature, the dynamics of conflict and peace in industrial relations would be related to the specificities of institutional structure, politics and economy of each distinct environment and the nature of the state which is called into action to maintain or alter these specificities.

Assessment

It is clear from the state-of-nature exercise that, there are three main conflict potentials embedded in industrial relations under the conditions of entirely free market and any evolution away from this imaginary state of affairs into more real world circumstances would create new conflict potentials while containing some others. In other words, the field of industrial relations is a realm which generates conflict not peace and, under the conditions of entirely free market, the conflict potentials embedded in industrial relations would not disappear but on the contrary they would expand so as to destroy the market itself. Therefore, one should reject the two simple hypotheses, that is, industrial peace results from free markets, and, peace is the normal mode of industrial relations, which might render the inquiry as to the source of industrial peace in neo-liberal environments redundant.

Moreover, it is also clear that industrial conflict manifested through strikes, stoppages and lock-outs can be directly traced back to the inter-class dimension but it would always, at least partly, result from the tensions generated by the intra-class and internal conflict dimensions and, in turn, any overt conflict in the inter-class dimension would increase the tensions in the other ones. In other words, the industrial conflict as well as industrial peace is essentially generated by the interdependence of inter-class, intra-class and internal conflict dimensions. Therefore, any theory that aims to explain the industrial peace should account for how the conflict potentials embedded in all these
dimensions (as well as twists added by worker and employer organizations) are contained.

Now let us revisit the defining characteristics of the neo-liberal environments in order to find out the empirical features, which have to be addressed by any theory of industrial peace.

**Neo-Liberal Environment Revisited**

In the first chapter, it is shown that regardless of the particular spatial/institutional specifications, there are three generic empirical features, which would be present at or influencing any context experiencing neo-liberalism:

i) Interventions of governments, which, under the conditions of democracy or democratization, enact some neo-liberal measures that are designed to create and sustain free markets,

ii) Co-existence of and possible interactions between organized industrial relations inherited from the preceding era and unorganized industrial relations emerging due to competitive pressures created by the internationalization of production and consumption,

iii) Reactions of the society, international actors or various classes which successfully or unsuccessfullly try to resist neo-liberal measures.

Thus, these three features constitute the generic empirical picture of neo-liberal environment. Obviously, any theory of industrial peace in neo-liberal environments should make sense of these empirical features. Indeed, this insight also enhances the findings of the state-of-nature exercise: for it points out the fact that neo-liberalism generates complex environments whose general features cannot be comprehended by simply considering the actions of a minimalist state and influences of free markets. Hence once again it is clear that free markets cannot be the source of industrial peace.

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40 In the technical & relative sense of the term as it is outlined by Storm (2008).
**A theory for theory of industrial conflict and peace**

Arguments presented up to here reveal that one cannot explain the relative industrial peace prevailing in neo-liberal environments by resorting to simple hypotheses, which either considers the peace as an outcome of free markets or rejects that industrial relations generate conflict. Thus, the source of industrial peace in neo-liberal environments remains a puzzle and more elaborate hypotheses are needed.

Unfortunately, the literature of industrial conflict seems to have mimicked the patterns of industrial action; there is an apparent lack of new theorization in the field due to declining labour militancy (Shalev 1992:127, Franzosi 1995:2) and consequently, most of the available theories are to some extent outdated (Ross and Hartman 1960, Ashenfelter and Johnson 1969, Ingham 1973, Shorter and Tilly 1974, Clegg 1976, Hibbs 1978, Cronin 1979, Korpi and Shalev 1980). They fail to offer a ready-made theoretical framework in order to account for the containment of industrial conflict in neo-liberal environments. Therefore, the examination of theories on industrial conflict is partly an exercise of academic resuscitation, that is, trying to recover old theories by using the new ideas in order to account for a situation, which emerged after the formulation of these theories.

Fortunately, the state-of-nature exercise together with the generic empirical picture of neo-liberal environments provides some clues as to what a theory for industrial peace in neo-liberal environments should include:

**Firstly,** a theory for industrial peace should refer to all dimensions of conflict, which may trigger industrial action (that is inter-class, intra-class and internal conflict dimension as well as twists added by worker and employer organizations) and reveal the way in which the conflict potentials in these dimensions are contained and/or triggered.

**Secondly,** a theory for industrial peace should be capable of relating the three main empirical features of neo-liberal environments to industrial peace (i.e., i) government interventions which, under conditions of democracy or democratization, enact some neo-liberal

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41 Needles to say that any complete inquiry as to the conditions that ignite conflict would also be the analysis of the circumstances that may generate industrial peace (Edwards and Scullion 1982:9, 281, Dahrendorf 1959:164, Blyton and Turnbull 1998:31, Rueschmeyer 1986:71, Wolfson 2003:258).
measures, ii) the co-existence of organized and unorganized industrial relations, and, iii) the reactions triggered by neo-liberal measures)

Finally, a theory for industrial peace should specify how the role of the state as an actor in containment of industrial conflict differs from that of the minimalist state of the free market.

Besides these points, it is of practical importance to recall that the state-of-nature exercise points out institutions, politics and economy as relevant realms in which one may seek ways of theorizing industrial conflict and peace.

This meta-theory is used as a guide in the subsequent theoretical and empirical chapters to derive and test some hypotheses.