

The future of the welfare state: paths of social policy innovation between constraints and opportunities

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The role of labor market and production factors in preference formation of the Swiss trade unions and employers

Rohrer Linda

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The role of competition regulation and skill requirements in preference formation of the Swiss textile employers

Abstract

Employers as actors in the welfare state have gained more and more attention in the theoretical debates about the expansion or the retrenchment of the welfare state. Their preferences concerning social welfare schemes are explained by the factors of competition regulation and skill requirements in the different sectors. The Swiss textile employers are following another strategy than predicted in theory. Instead of being interested in public social benefits, which would be in Swenson's sense typical for an export-oriented sector, they opposed to every kind of public expansion. To regulate the competition between employers of the sector, they didn't work together in a strong alliance but enlarged company based benefits. These company based benefits can serve as a third category of employers' social policy. The article reviews two theoretical concepts of explaining social political preferences of employers and finds thereby the need of taking company based benefits into account, when studying these preferences.

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Linda Rohrer: Institute of political science, University of Berne (Switzerland)

Email: linda.rohrer@ipw.unibe.ch

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Introduction

The modern welfare state had absorbed pre-state forms of solidarity as mutual insurance and collective agreements. With the privatization of the welfare state these old forms of solidarity are becoming effective again, and build therewith new arrangements through which welfare is governed. These new forms of welfare may compensate to a certain degree for solidarity losses caused by retrenchment policies (Trampusch 2005: 112 f.; 2007a: 198). The following paper won't be engaged with the associated consequences of such a privatization of the welfare state, but step back and address the issue of when and why employers are choosing the strategies of legal enactment, collective agreements or company benefits to reach their goals.

The Swiss textile employers, as a prime example of an export-oriented sector, are following a consequently distinct strategy to fulfil their needs. Instead of being interested in public social benefits, which would be in Swenson's sense typical for an export-oriented sector, they opposed to every kind of public expansion. To regulate the competition between employers of the sector, they didn't work together in a strong alliance but enlarged company based benefits. These benefits were supposed to bind the workers of the textile sector close to the company and avoid workers turnover.

Why is it, that the Swiss textile employers do behave completely different than one might suppose according to the employer based approach? What affects the preferences of employers concerning the desired character of the social benefits? Why do some employers prefer public welfare schemes and others benefits based on collective agreements or as in the case of the textile employers company-based benefits?

From a theoretical point of view the paper starts with an outline of the employer based literature around Peter Swenson (1991a; 2002), Isabela Mares (1996a; 2003b), etc., which grants a new role to the employers in the literature of the welfare state. In terms of a critique on Walter Korpi's (2006) power resources model, employers aren't considered as coherent interest organisations opposing any kind of welfare arrangements. According to Swenson (1991a: 523) the differences in preferences and strategies of employers are depending on the sector in which they are engaged. Employers of export-oriented sector are rather committed to state centred welfare programs, whereas employers of the domestic oriented sector oppose these kinds of programs. Swenson explains this difference with the dependence on the international competition and the possibility to reduce costs resulting

from higher wages and social contributions by increasing prices. Another factor which might explain preferences of employers concerning social policy is skill requirement. This concept is introduced in the literature of Varieties of capitalism (Hall/Soskice 2001) and suggests that employers with high skill requirements do have more interests in public or private welfare schemes than those with low skill requirements.

Against this theoretical background the paper will apply the findings to the example of the Swiss textile employers. The analysis will be done for the historical period between 1908 and 1945, because the preferences of the Swiss textile employers can be reconstructed very well in this period of formation of the employer organisations and the trade unions. The paper makes use of historical data and secondary historical literature and works with a historical-institutionalist point of view. The main goal of the case study of the Swiss textile employers isn't to disprove the theoretical approach of Swenson but to refine his propositions which are of a rational choice quality by bringing in a historical and institutional point of view. This part of refinement will be the last section of the paper.

Bringing employers back in: Employers in the welfare state literature

Employers as actors in the welfare state have gained more and more attention in the theoretical debates about the expansion or the retrenchment of the welfare state. In the 1990s Peter Swenson (2004: 2) criticized the power resources approach of Walter Korpi (2006) for disregarding the central role which employers can play within the development of a welfare state. By regarding the interests of the employers as uniformly opposing the expansion of the welfare state, the power resources approach isn't able to explain cross class alliances between employers and trade unions for welfare state schemes (Swenson 2004: 2; Korpi 2006: 168). Swenson (2002: 11f.) challenges Korpi's assumption about the general opposing interests of trade unions and employers. At large employers have been neglected in the welfare state research for a long time because of these unchallenged assumptions about their preferences. With regard to the important role employers are playing for the definition of labour relations Peter Swenson's work as well as contributions in a similar vein by other scholars (e.g. Mares 1996a; Martin 2000; Estevez-Abe 2008) call for a new political-economic view of the welfare state. A perspective which has to take into account the importance of industrial structures for the preferences of the employers towards public social policy (Manow 2000: 21; Martin 2000: 23; Mares 2003b: 14). Such a

perspective requires in a first step awareness of the differences between the employers preferences according to social welfare schemes.

One of the most ambitious accounts of the role of employers in the welfare state development has been provided by Peter Swenson (1999; 2002). Starting point of his comparison of the development of the Swedish and US-American welfare state between 1930 and 1960 is the statement, that capitalist relations of production not only provoke conflicts between the working class and capitalists but also between several employers of and within different sectors. This conflict between firms is called competition (Bowman 1989: 1; Swenson 2004: 3). The forms of competition, the strength of competitive pressure as well as the capacity of capitalists to control competition varied greatly both across time and across different industrial sectors (Bowman 1989: 3). These varieties in the way of the competitive pressure and the different starting positions which firms occupy within the competition are producing different strategies, which employers follow, to secure their own survival and escape the ruinous fight about prices (Swenson 2004: 4). Swenson (2002: 21; 2004: 5) distinguishes between three different strategies of competition regulation: The first one called cartelism describes sectors, in which employers do have a collective requirement to set a minimum of wages and benefits to avoid keen competition. Trade unions play a significant role in the regulation of minimal benefits. A converse preference is the solidaristic one. These employers don't want to determine the minimum but the maximum of wages and benefits to avoid the rise of them through mutual counter bidding. The third strategy differs from the first two as employers create here a local system of paying higher wages than necessary to fill the workstations in their firms. This form of regulations functions with the principle of the "efficiency wage", which says that the efficiency rises together with the wages. As a difference to the system of cartelism, firms pay higher wages without the impact of trade unions.

In earlier work Swenson (1999) points to the difference between export-oriented and domestically oriented companies. According to this argument the export sector has to fear, that firms in the sheltered sector will give in too easily to workers' aggressive wage demands since these sheltered domestically oriented firms can pass wage costs on to consumers with higher prices, which isn't possible for firms of the export-oriented sector (Swenson 1999 cited in: Manow 2001: 28). The mode of competition and the form of the market, in which employers take part of, affect thus the different strategies of employers and their

preferences regarding the relations with trade unions and the welfare state. The introduction of public welfare schemes might limit the competition among employers and disperse the risks resulting out of trade-specific factors among different sectors (Bowman 1989: 234; Manow 2001: 28; Swenson 2004: 3). Whereas firms, which regulate the competition solidly, basically are sympathetic to the welfare state, segmentalists and cartelists do only favour the welfare states in malposition of business such as during an economic recession. Concerning the direction of the market area Swenson (1999; cited in: Manow 2001: 28) draws also some consequences about the welfare state preferences of employers. Thus export-oriented firms tend to find public solutions to regulate competition because it prevents higher pressure from sheltered firms through high wage settings (Swenson 1999 cited in: Manow 2001: 28). In sum, according to Swenson's findings for US-American and the Swedish welfare state, employers of the export-oriented sector should prefer public welfare schemes whereas the sheltered domestically oriented sector should settle for collective agreements.

Occupational strategies and welfare preferences

Mares (2003b) takes one step forward, in making the case, that social political instruments play a significant role in the occupational strategies of firms, as they enhance the willingness of workers to invest in their skills. Investments in skills might give the employees and the employers' higher earnings in form of higher wages respectively higher efficiency. If an employee invests in skills, he needs some guaranties to gain upper wages even during times of sickness, disability and unemployment. The availability of public or private welfare schemes helps employees and employers to solve this problem (Mares 2003b: 14, 23). A similar arguments is also found in the Varieties of Capitalism (VoC) literature (Hall/Soskice 2001), which distinguishes between coordinated market economies and liberal market economies. Whereas coordinated market economies typically make extensive use of labour with high industry-specific or firm-specific skills, which make them dependent on education and training systems capable of providing workers with such skills, liberal market economies do behave differently. Vocational training is here normally provided by institutions offering formal education that focuses on general skills, because companies are loath to invest in apprenticeship schemes imparting industry specific skills, where they have no guarantees

that other firms will not simply poach their apprentices without investing in training themselves.

In sum, employer-centred approaches are bringing the employers back into the analysis of the development or the retrenchment of the welfare state. They first of all point to the differences in the preferences of employers which can be interpreted as a critique on the statement of the power resources approach, that employers do generally go together in their interests concerning the welfare state (namely in opposing its development). Whereas Swenson (1999; 2002; 2004) differentiates the preferences of the employers to the welfare state according to their position within the competition of the market, the VoC literature as well as Mares (2003b) are bringing the factor of skill requirements into the analysis of the employers preferences. The dependence on the specificity of skills can make employers more benevolent towards the welfare state. Basically these theoretical approaches are concerned with the preferences of the employers towards the welfare state. Although the preferences of employers towards collective agreements can be explained indirectly by Swenson and his three forms of competition regulation strategies, the third form of employer's welfare schemes, the company based benefits are widely neglected in the employer-based approach literature.

The following case study of the Swiss textile employers intends first of all to check how useful an application of the employer-based approach on the Swiss context of export-oriented employers could be. In a second step, there will be a claim for a further refinement concerning the analysis of employers' preferences in social policy.

Decentralization and fragmentation: Industrial relations and employers in Switzerland

Katzenstein (1984) defined Swiss industrial relations as a liberal corporatism with weak trade unions and a weak state as well as with a power imbalance in favour of the employers. The state captures a thoroughgoing restricted position within the industrial relations. The regulation of working conditions is left to employers and trade unions (Fluder/Hotz-Hart 1998: 274). Much less than in other industrialized countries an annulment of the traditional system of values and orientation had been taken place in Switzerland. The industrial concentration was also lower than in other contexts. These two factors caused a missing radicalization and a lower cultural segregation of the working class (Höpflinger 1974: 63). Compared to other industrialized states trade unions in Switzerland developed lately, which

is quite startling regarding the early existing coalition rights. Crucial factor for this late coming of the trade unions was the longstanding importance of the cottage industry and the general decentralization of the Swiss industry. This forced a certain isolation of the working class, which had negative consequences for the formation of trade unions (SGB 1930: 91; Greuter 1972: 18; Gallati 1976: 16). Another distinctive characteristic of the Swiss trade unions is the strong fragmentation along confessional and sector specific lines. This implied that trade unions didn't centralize as much as the Swiss employers (Leimgruber 2008: 18). These decentralized industrial relations form a contrast to the strong involvement of the employers and the trade unions within the political system (Oesch 2007b: 338). The Swiss system of industrial relations builds two sets of structural restraints: On one hand the constrictions due to the smallness and the international openness of the production system and on the other hand the political requirements with an integrative and compromise-oriented character (Parri 1987: 49). Such an orientation of compromise can also be found within industrial relations and is caused by the mechanisms of direct democracy (Fluder/Hotz-Hart 1998: 267).

Employers' associations developed in Switzerland as a reaction to the organization of the working class (Endruweit/Tasseit 1985: 266). Concerning their relationship to trade unions there existed many varieties. In particular, employers' associations in the sheltered craft sector had a well-disposed attitude towards trade unions and felt up to cooperate with them a long time ago. Totally different was the situation in the exposed industrial sector. Here dominated for a long time the position of being the master in one's own house (or in case of the employers: being the master of one's own factory). This point of view was opposed to any kind of acceptance of the trade unions. Only after the Second World War a cooperation with trade unions took place in this sector (Hohl 1988: 16; Degen 1991b: 248, 256). Switzerland exhibited a high degree of cartelism in domestic production market till the 1980s. After the First World War the Swiss competition policy remained weak and generous to contra competitive private practices. Swiss companies producing for the domestic market were sheltered from the pressure of the international competition by cartels (David 2009: 1). These factors implicate grave differences between the employers in the sheltered craft sector and employers in export-oriented industry (Weber 1967: 224). An aggravating factor is the small size of the Swiss economy, which depends on the international trade and confronts employers with the problem of payment settlement in the domestic market

stronger than in other contexts. In bigger countries employers dispose of a larger domestic market and are therefore more sheltered from international pressure. Employers in small countries such as Switzerland are much more dependent of the world economy, don't having a domestic market giving them defence to these impacts. Even in case of a strike, rivalry remains adamantly and there are no means against employers, who accept inadmissible compromises. Furthermore there is a smaller pool of workers at their disposal to use against the trade unions and their strike power (Swenson 1991a: 523).

Accordingly one could conclude that Swiss employers in the export-oriented industry should have a strong interest in building equal conditions of wages and social contributions as they cannot pass higher costs to the prices of their products. The high degree of cartelism within the Swiss sheltered domestic sector might consolidate the differences between these two sectors even more and strengthens therewith the reliance of the export-oriented sector to the welfare state. The following case study of the Swiss textile employers will clarify these theoretical presumptions for the export-oriented industrial sector in Switzerland. The preferences of the textile employers will be examined between 1908 and 1945. The time frame overlaps the period of formation of trade union and employer's association in the textile sector. Within this period the preferences of the employers in this sector can be shown clearly.

Adverse conditions in organizing the Swiss textile sector

The textile industry occupied a central position in the Swiss economy until the First World War. At this point a creeping decline of the sector had already started. In 1882 two-thirds of all counted factory workers were employed in the textile industry whereas in 1939 it was only a sixth part (SGB 1946: 23). The strong export orientation, which absorbed sometimes over 95% of the production, and the dependency on business fluctuations in international demand, were the main determining factors of the Swiss textile industry (Gruner/Balthasar/Hirter 1988: 427; Schöni/Wicki 1992: 4). The employers' association of the textile industry was established for the purpose of avoiding unfair and unacceptable claims of the workers and to confront workers uproars in a united way. As much as for trade unions the textile industry was a difficult sector to organize for the employers (STFV 1906; Gruner/Balthasar/Hirter 1988: 456). The export-oriented textile sector wasn't qualified to close economic associations. Only within the refinement branch effective integration came

about. This branch benefited of its favourable position within the production process and of the fact, that only a few, regional arranged employers confronted numerous customers. Several associations engaged additionally with the regulation of labour problems but neither of them successes in gaining considerable influence. Employers didn't consider necessary to abandon their "master in one's own house" position towards trade unions. This was caused and further favoured by the weakness and inconsistency of the workers associations. Nevertheless numerous informal contacts between employers facilitated an exchange of interests and an implicit coordination of behaviour towards workers even though there was no formal organization (Gruner/Balthasar/Hirter 1988: 452).

Employers as "masters in their owns house"

In all branches of the Swiss textile industry a small number of employers dominated the market (Gruner/Balthasar/Hirter 1988: 433). These employers, as masters of big companies, maintained oftentimes an expensive lifestyle. Their behaviour towards workers and other employers was affected by their „master in one's own house" position (Gruner/Balthasar/Hirter 1988: 446; Wicki 1991: 469). This paternalistic attitude of the employers caused a disregard of the trade unions for a long period (until the Second World War) and sometimes even an active fight against them. Hence there existed many cases in which employers "advised" their workers not to join a trade union or to resign from it, in order to keep their jobs (STFV 1945/46 (JB): 10, 38). Employers also refused collective agreements for a long time on the grounds that wage and working conditions in textile industry were too different to regulate them collectively (STFV 1945/46 (JB): 4). On the other hand employers adopted a similar attitude towards their competitors. They arranged their affaires on an individual level and maintained a loose cooperation to combat the trade unions. Because of rivalry within the domestic market and the international market, where the position of the Swiss textile employers impaired due to the factory law of 1877¹; the competition within the textile sector shouldn't be neglected. Aggravating circumstances accrued with the high capital intensity of the firms, which forced employers to stimulate an adequate pool of workers at their disposal (Gruner/Balthasar/Hirter 1988: 445, 447). As

¹ The Swiss factory law (1877) introduced minimal work conditions for the production in industry, for example a normal working day of 11 hours, liability workers which should be granted by the employers and the protection of women and children. The last example was particularly bitter for the textile industry, because of the great importance attached to the women in this industrial sector.

work in textile sector was unpopular because of low wages and poor working conditions etc., it was marked by an enduring lack of workers. Employers didn't confront this lack with an improvement of working conditions but used two different instruments to ensure sufficient workers. The first one consisted in company based benefits. In particular professional skilled and experienced workers were protected by the employers (Gruner/Balthasar/Hirter 1988: 446). But also for the rest of the workers they built incentives to enhance a close link to the company (Gruner/Balthasar/Hirter 1988: 441). Worker's living accommodations, health care, pension funds, premiums and holidays for longstanding workers should ensure an undemanding but sufficiently skilled supply of workers to safeguard competitiveness anytime. Thus the textile industry was for example one of the sectors with a main contingent of company health insurance funds (Ochsner 1938: 20). Even though employers were to a certain degree conscious about their social responsibility, they basically used the company based benefits as a pressurizing medium and a way of attaching workers to the company. Trade unions felt the effects of these strategies regarding the hindrance of codetermination in these company benefits. Employers maintained an exclusive disposal over these company benefits and took often advantages of them (STFV 1960-1962: 32). The second instrument of employers to provide workers affected the competition within the sector less advantageous. Namely beside their company benefits employers also tried to unhitch the workers of other employers. This strategy further intensified the affinity of the sector for high turnover (STFV 1955). But employers tried to some extent also to make arrangements in order to cut off the opposite labour piracy. Among other things the reference of working conditions in job advertisement was interdicted (Gruner/Balthasar/Hirter 1988: 441).

Low skilled sector with high turnover

Beside the underdeveloped wages and working conditions within the textile industry, the required level of competences was also rather low (STFV 1946 (VO)). Most of the vocations within the textile industry were practised without a proper apprenticeship. In the range of vocational training the employers of the textile sector adopted for a long time a lethargic attitude and appeared, compared to other sectors, as very unprogressive (STFV 1955: 28. Juli 1955, p. 1; Bosshardt 1959: 46). Many of the employees in the textile sector were women without any qualified skills, working in routine work. In spite of a technology, which got more and more efficient, working conditions remained highly incriminatory. Only sporadic

requirements became multifaceted and the vocational training level remained on average low. Workers abandoned the textile sector as soon as possible and crossed industry lines to a domain with higher expectations (Gruner/Balthasar/Hirter 1988: 439f.; Wicki 1991: 483; Schöni/Wicki 1992: 5f.). For workers in rural areas the textile industry took on the role of entrance into the existence of an industrial worker (Wicki 1991: 473). The work in a textile factory was often a consequence of an economic state of emergency. There was no reason for a proud working awareness (Gruner/Balthasar/Hirter 1988: 465). A changeover to another industrial area often entailed a few problems. These consisted most of all in the fact that textile factories were concentrated in peripheral regions where labour market were sparsely populated. As most of the workers didn't have an apprenticeship their only qualification was their company based know-how. This experience on job couldn't be transferred to any other context and was therefore not recognized (Schöni/Wicki 1992: 11). Thus for the textile workers there existed neither many opportunities nor many incentives to invest in their vocational skills. As the position of textile workers was compared to any other industry workers, more disadvantageous concerning wages, they didn't have any incentive to campaign for higher benefits in times of unemployment. The ultimate goal was for a long time the enhancement of wages instead of an enlargement of company based benefits, which increased pressure and dependency of the workers towards the employers (Otschweizerische 1902: 5. Februar 1902, p. 2; Lukas 1933: 107). Employers too weren't interested in vocational training for their workers. Most important for them was to fill the jobs constantly and to have therefore a sufficiently big pool of workers. Employers filled this stock of workers at the beginning of industrialization with children and after the factory law of 1877 with adolescents at the age of 14 to 18. Beside adolescents they employed mainly women and as a third category of cheap workers at a later date also foreign workers (Gruner/Balthasar/Hirter 1988: 441).

According to the theoretical statements of the employer based approach as well as of the VoC-literature there can be generated the following prospects concerning employers' preferences towards social policy:

1. *Classification in export-oriented industry vs. sheltered craft sector*

As the Swiss textile industry occupied a strong export orientation, which absorbed sometimes over 95% of the production, they should be classified clearly as an export-

oriented sector. According to Swenson (1999) and Mares (1996a) this classification might lead to the assumption that Swiss textile employers favoured public welfare schemes because they couldn't pass higher production costs (due to for example higher wages) on to consumers through high prices. As Switzerland exhibited a high degree of cartelism in domestic market and companies, producing for the domestic market, were sheltered from the pressure of the international competition by cartels, there existed high differences between employers in the sheltered craft sector and employers in export-oriented industry (Weber 1967: 224; David 2009: 1). This cleavage had also wide influence on employers' behaviour towards trade unions. Whereas employers in the sheltered craft sector had a well-disposed attitude towards trade unions, the export-oriented sector refused cooperation with trade unions (Hohl 1988: 16; Degen 1991b: 248, 256). Accordingly one would suggest that Swiss textile employers must have a strong interest in building equal conditions of wages through the welfare state.

2. Type of competition regulation

The classification within the type of competition regulation, that Swenson (2002) suggests, is much more difficult. Although the types of cartelism and solidarism can be excluded straightaway, segmentalism fits only limited to the textile employers. On one hand it may be the case that employers act only locally and cooperate with each other in a loose and informal way. But on the other hand the principle of efficiency wage cannot be found in this sector at least not in form of wages. Employers attempt to tie workers to their companies using company based benefits and didn't strive for the goal of increasing efficiency, but rather to create a state of dependence. Thus compared to the three types of competition regulation by Swenson (2002), Swiss textile employers are most likely following a segmental strategy of regulating competition. This would argue for the Swiss textile employers to be "adverse weather friends" of the welfare state. That is to say, they want to go back to welfare state, when market fails.

3. Skill requirements (VoC-literature and Mares)

Switzerland is classified as a coordinated market economy by Soskice (1999: 108). This type of market economy typically makes extensive use of labor with high industry-specific or firm-specific skills, which make them dependent on education and training systems capable of

providing workers with such skills (Hall/Soskice 2001). In terms of qualification textile workers stand out to comparatively low skill requirements. In terms of skill requirements they behave thus differently than expected according to the dominant market economy type. With respect to the preferences concerning social policy of the employers, a skill system in coordinated market economies would produce more interests in public or private welfare schemes to encourage workers investments in skills. As Swiss textile sector cannot be classified as a skill system in a coordinated market economy, but rather exhibits features of the liberal market economies concerning their skill requirements, expectations regarding the welfare preferences should also be adapted. As in these systems, companies are loath to invest in apprenticeship schemes imparting industry specific skills, especially because of the high turnover in this sector. Since there was no incentive for the Swiss textile employers to encourage workers investments in skills, they also didn't need any protection of these workers in the form of welfare schemes. With respect to the skill requirements of this sector one should therefore expect no preference for public or private welfare schemes.

Employers' preferences in social policy

If one could imagine a capitalist market economy without any competition, employers might probably not have any strategies and preferences concerning social policy and would try to avoid any intervention in their sphere. But as few observers would go so far as to deny, that capitalists compete, this factor has to be taken into account within an observation of employers interests. An implication of economic competition is that the interests of individual firms may be incompatible with the collective interests of capitalists in the continued survival of capitalism. Even if the continued existence of the capitalist system is certainly a necessary condition for the achievement of a firm's interest in economic survival, it is not sufficient to ensure the firm's survival (Bowman 1989: 2ff.). For their own survival employers choose different strategies caused by their position within the economy and the form of competition as well as the strength of competitive pressure. As employers depend to a big extent on the quality of their workforce, they must generate preferences in social policy to attract, save and protect workers. These preferences of employers regarding social policy can be divided into three categories: First, employers can favour the organization of social policy through the welfare state in supporting it's development; second, they can

prefer social policy on the level of collective agreements and third, which is highly neglected in literature, they can favour company based solutions using company benefits.

a) Social policy through welfare state

As an overall basic principle, textile employers insisted on their entrepreneurial freedom. This attitude appeared also in their connection to the welfare state. They defended themselves against any kind of limitation through the state. Thus they advocated for example in their statement to the revision of the factory law for the right, to release workers because of their exercise of a constitutional right (in the majority of cases: coalition right) (STFV 1906). Swiss textile employers objected strongly any compulsory improvements of the working conditions (Gruner/Balthasar/Hirter 1988: 447). They resisted federal social insurances for a long time and when established, they tried to contain costs (Leimgruber 2008: 17, 34). An explanation for this behavior can be found in their company based benefits which were essential for them to fill their jobs and assure a certain pool of workers, which in turn was central to stay competitive. State based welfare schemes would have superseded these company benefits and would therewith drop away an important instrument in the hands of textile employers.

b) Social policy based on collective agreements

Concerning collective agreements and regulation of working conditions through agreements with trade unions, textile employers held a distinct view until 1945. For a long time employers disavowed trade unions and didn't accept collective agreements (Wicki 1991: 474, 538). Textile employers and employers of the export-oriented sector in general regarded collective agreements as disadvantageous for the export industry, because of an expected schematization and levelling of working conditions, which would complicate an adaption of new circumstances. Collective arrangements were regarded as more rigid than individual solutions. Export-oriented industry confronts more foreign competition and needs therefore more flexibility in the organization of working conditions. Collective agreements haven't been seen as an appropriate tool for the enhancement of industrial peace, but on the contrary as a tool to disturb the same (Loew 1945: 4; Hossli 1958: 14; Weber 1967: 204; Degen 1991b: 258). To avoid trade unions status as negotiating party, textile employers overrode them systematically. They weren't satisfied by dismissing unpopular workers

(unionists) but took a step forward and compiled a black-list to harm inconvenient workers permanently (Lukas 1933: 224; Fritschi 1951: 231; Degen 1998a: 178; Rieger 2008: 2). The fight of the textile workers before the First World War was therefore predominantly geared towards maintenance of the coalition right and to global acceptance of their association (Gruner/Balthasar/Hirter 1988: 471). Collective agreements weren't possible until workers had been well organized and the textile trade union gained more and more influence due to a fusion of the trade unions in the chemical industry and the trade unions in textile industry at the end of the Second World War. Even then employers haven't been convinced advocates of collective agreements (STFV 1946 (VO): 25. Juli 1946, p.1; 24. Januar 1946, p.1).

c) Social benefits based on company benefits

Employers of the textile sector favoured only company based benefits, which they could lead and affect as the patron of the company. These company based benefits resulted rarely from sense of responsibility and charity but served as a measure to build a workers stock (Gruner/Balthasar/Hirter 1988: 447; Wicki 1991: 473). As the textile sector was on one hand reliant on sufficient workers to charge to capacity of the machinery and stay international competitive and on the other hand affected by high turnover due to bad conditions of employment, the retrieval and preservation of workers was given top priority. As cooperation between employers of this sector was unincisive, employers fell back to the method of company based benefits. To hold up this instrument as long as possible they objected strongly any kind of intervention in their affairs. Whether it's an intervention of the state or the trade unions doesn't matter for employers.

Conclusion

This paper has attempted to shed some light on the preferences of the Swiss textile employers concerning social policy. The employer-centred approach and the skill requirements argument by the VoC-literature were used as a theoretical background. Concerning the usefulness of this background for the example of the Swiss textile employers the expression of "the glass is half full and half empty" seems to be suitable.

On one hand Peter Swenson is (2002: 11f.) right when he claims that employers preferences shouldn't be regarded as equally opposing the welfare state. In Switzerland there existed

(and still exist) many varieties between employers of the sheltered domestic sector and the export-oriented sector especially concerning their relationship towards trade unions and therewith towards social policy based on collective agreements (Hohl 1988: 16; Degen 1991b: 248). But on the other hand the causal connection between the way of how employers regulate competition and their preferences towards social legislation seems to fit not for the case of the Swiss textile employers. The expected preference of public welfare schemes by export-oriented employers in general didn't work at all for the Swiss example. Swiss textile employers insisted on their entrepreneurial freedom as an overall basic principle. They defended themselves against any kind of limitation through the state. The historical period between 1908 and 1945 was affected by a creeping decline of the sector and cannot be characterized as a period without any malposition of business for the textile sector. But even during times like these, employers avoided any kind of state intervention. Swenson might argue that employers with a segmentalist strategy (such as Swiss textile employers soonest can be classified) might offer higher and more stable wages than necessary to fill their workplaces pursuing what economists call an "efficiency wage" strategy (Swenson 2004: 5). But this wasn't true for the Swiss textile workers. They neither supported any state intervention nor offered higher wages in order to fill their workplaces. As they stood in a very competitive sector, employers needed another strategy to have enough workers at their disposal and found this strategy in company based benefits. These benefits differ from those which might be offered in systems of cartelism in a fundamental way, as they excluded trade unions totally. The textile employers remained masters in their own house and carried all the responsibility and control over these benefits. This strategy of the Swiss textile employers supports the assumption that employers have to pursue any strategy in order to secure its own survival and that some kind of social policy is required to ensure the filling of the workplaces. But the Swiss case study suggests also a refinement of Swenson's approach concerning the three institutions that generate interests (cartelism, solidarism and segmentalism). Company based benefits shouldn't be neglected especially in contexts such as the Swiss one, where a fundamental scepticism towards the state is predominant and self-help is made of a top priority (Farago/Kriesi 1986: 275; Parri 1987: 52). The problem with the skill requirements argument of the VoC-literature goes the other way round. A classification of the behaviour of the Swiss textile employers concerning the skill requirements of their workers isn't really possible or at least doesn't make much sense. If

we just apply the coordinated market economy type (in which the Swiss economy is classified by Soskice (1999: 108)) to the skill system and therewith make any suggestions about the preferences towards social policy, we would expect Swiss textile employers to be more interested in public or private welfare schemes to encourage workers investments in skills. Swiss textile employers do in fact act more like the skill requirements system of a liberal market in providing no or only little possibilities of skills acquiring and neglecting any intervention of the welfare state or trade unions. With an adaption of the classification the Swiss textile employers behave as predicted. But this approach too doesn't account for the preferences in company based benefits.

The causal link between the preference of company based benefits and the regulation of competition as well as skill requirements remains therefore an unexplored area. This paper calls attention to that third form of social policy, which employers might prefer. Important and big steps had been taken by on the one hand declaring that employers differ in their interests concerning welfare state and social policy. And on the other hand showing that the way employers regulate competition between each other and the requirement of skills do affect employers' preferences towards social policy. A third step should now, as this paper suggest, refine these approaches in taking company based benefits into account and explore the causal link between these company based benefits and competition regulation and skill requirements of employers.

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