BOOTSTRAPPING REFORM: REBUILDING FIRMS, THE WELFARE STATE, AND UNIONS

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Synopsis

The article builds around the need for the US firms to restructure themselves in turbulent economic and highly competitive times by choosing the high road end. This implies making non-standard specialized products suited to the ever-changing needs of the niche markets. This implies having flexible fast machines and highly skilled but ever changing capabilities of the labour.

The author dismisses the firms and the labour unions as the drivers of a widespread change due to their limited mandate and in-adequacy to understand the wider context. Therefore the welfare state in the form of regional government comes in the picture. The regional government should assist such firms that have already taken some steps towards reforms thus providing enough successful examples for others to emulate. Regional innovation centres should provide support to the individual or groups of firms to restructure themselves. Further the regional government can ensure dissemination of best practices across to other firms and act as intermediary if and when there occurs a stalemate between firms and labour or within the labour unions.

In a developing country with clusters as focus, the first assumption of turbulent environment currently holds less immediate relevance and therefore low road end will continue along with high road end to cater to large differentiated segments of consumer needs. Second, networks and BDS providers can be instituted to ensure hastening the process of decentralization within the firms. Third, labour unions in most small firms do not create a significant force in the manner described in the article. Fourth, the welfare state and local governance system will themselves require change in the mindsets to see their role as facilitators.