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with a special focus on the German case.*

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1. Once again: Corporatism is (not) dead, long live corporatism!

New concepts such as “competitive corporatism” (Rhodes 2001) or “supply-side corporatism” (Traxler 2001) have been suggested to summarize dominant changes, or “metamorphoses” (Traxler 2001) of corporatist patterns of interest representation and policy-making in an era of internationalisation, Europeanisation, changing patterns of production (and even production regimes), and other challenges to corporatist interest representation and policy-making in democratic nation states (Molina/Rhodes 2002). “Social Pacts”, “employment pacts” or “growth pacts” represent such new concepts of corporatism. They refer to rather recent subtypes of corporatist macroconcertation. These tripartite pacts have become a major issue in comparative research on labour relations and corporatist policy-making since the mid 1990s. In a most general sense, these macropacts, in the following referred to as “social pacts”, can be defined as new forms of tripartite macroconcertation in which governments and representatives of organized capital and labour regularly meet for negotiations, trying to coordinate policies across formally independent and institutionally segmented but actually interdependent policy areas such as fiscal, wage, labour market, and social policy. These new forms of macroconcertation are outstanding examples of “lean” corporatism (Traxler 2001). Social pacts have been established as new peak coordination arenas. They reflect an alternative to a neoliberal pluralisation and decentralisation of industrial relations and segmentation of policy responsibilities (Fajertag/Pochet 1997).

The remarkable number of efforts to establish or revitalize tripartite macroconcertation in Europe during the 1980s and 1990s (Fajertag/Pochet 1997; Hassel 1999) indicates that corporatism is no outfashioned or extinct mode of interest mediation, policy-making and implementation, but appears to be an adaptable mode of interest representation and policy-making. Initiatives for tripartite macroconcertation and other, less formalised, centralised and encompassing varieties of corporatism have not been sacrificed on the altar of deregulation initiatives which are often based on a crude “competition first” philosophy, suggesting a separation of political responsibilities and therefore reject the formal incorporation of interest groups into the state. The rise of new forms of macroconcertation has given new evidence to the thesis that “corporatism is not dead” (cf. Schmitter 1989) even within the context of “institutionalised monetarism” at the level of the nation state and its birth as a legally binding, institutionalised paradigm of

monetary policy in the euro zone. At the beginning of the 21st century, corporatist policy-making still is an important feature of a large number of European political systems, particularly, but not exclusively, in such democratic nation states that look back on long traditions of incorporating key societal actors into the state of nonliberal market economies (Streeck/Yamamura 2001; Manow 2001). Against sceptical predictions concerning the fate of corporatist structures and processes, older forms of (neo)corporatism have been “adapted, rather than abandoned”, “were clearly surviving and adjusting, not collapsing” (Molina/Rhodes 2002: 309, 312). What deserves to be emphasised even more is that several European countries, in which at least neocorporatist concertation at the macro level had not played a major role during most decades of the 20th century, have turned into roads leading to corporatist concertation during the 1980s or 1990s. As a consequence, these processes of competitive neoconcertation challenge classic theorems of corporatism, as they are not firmly rooted in corporatist networks at lower levels of society and as they have been initiated in countries which are commonly not classified as “consensus democracies” (Lijphart 1999).

2. *Puzzling pacts*

The rise of new arenas for macroconcertation during the 1980s and 1990s was thus no exclusive phenomenon of countries that had strong legacies of corporatist labour relations and governance regimes.¹ Much more puzzling than the revitalisation of tripartite concertation in consensus democracies such as the Netherlands were the initiations of tripartite concertation talks in European countries, whose systems of industrial relations had been routinely classified as “non-corporatist” (pluralist, statist, or syndicalist, cf. Schmitter 1974) and whose interest groups systems as well as democratic institutions and processes had been judged to mark major obstacles to corporatist concertation. Ireland and, to a lesser degree, Italy are two prominent examples, joined by Greece, Portugal, and Spain, and during the 1980s, Australia. The Irish and Italian concertation experiences represent anomalies for functionalist theories of corporatism that have stressed the organisational prerequisites for corporatist coordination: well organised, centralised and encompassing trade unions and employers associations equipped with considerable degree of authority against their constituencies to

1 In the following I will take over the differentiation between two dimensions where corporatism has most often been related to: 1. labour relations/industrial relations and 2. policy-making processes/governance regimes at the sectoral level. (Schmitter 1982).

secure the implementation of negotiated agreements and a robust philosophy of social partnership (Rhodes 2001, Regini 1997). In both countries, the pluralist organisational pillars of unions and employers' organisations were judged as important and insurmountable obstacles to effective corporatist concertation. Additionally, the political systems of Ireland and Italy seemed to offer unfavourable contexts for consensus oriented techniques of "negotiation democracy" (Lehmbruch 1996) – such as corporatist macroconcertation, classified as a characteristic of consensus democracies in Lijphart's comparative typology of democracies (Lijphart 1999).² Hence a number of "competitive concertations" challenged core assumptions and truisms of corporatist theories which had focused on the "sociology of industrial relations" (Müller-Jentsch 1997) from a functionalist perspective.

What was also puzzling about new forms of competitive corporatism was that in a number of European countries initiatives for corporatist macroconcertation were not launched by social democratic governments. Obviously, the close nexus between left party incumbency and corporatist concertation was chiefly restricted to one specific variety of corporatist macroconcertation, Keynesian coordination. Other varieties of corporatism and concertation, such as corporatist governance regimes or concertation at the sectoral level had been established and extended in a number of continental European negotiation democracies in which no social democratic dominance or even hegemony in the party system could be observed. Corporatist forms of governance could for example be reconciled with the subsidiarity principle which played such an important part in "social capitalism" (van Kersbergen 1995) as favoured by Christian democratic parties in Germany, Belgium, the Netherlands, Italy, and, to a lesser degree, by the Austrian People's Party. Furthermore, the existence of liberal varieties of democratic corporatism, which could be found in Japan or Switzerland – corporatism without labour (Japan; cf. Pempel/Tsunekawa 1979) or "weak labour" (Switzerland) – had shown that the linkage between the partisan composition of governments and the modes of interest groups representation were far from deterministic.

2 The Italian democracy scores high on several measures of the dimensions of Lijphart's consensus democracies such as proportional representation, a multi-party system, a rather balanced power symmetry between the legislature and the cabinet, and coalition governments. What was striking about the Italian political system throughout the post WW II period was that these structural features of consensus democracy were not matched by mechanisms of conflict solution based on traditions of concordant democracy.

However, in contrast to sectoral forms of corporatism which are at least partly aimed at decreasing the concentration of political power and the demand load on democratic governments, tripartite macroconcertation aims at centralising negotiation and coordination processes, even if it may result in to “organised decentralisation” (Traxler 1995). For governments, one major rationale behind such a (re-)centralisation and de-differentiation of political steering capacities is to overcome unintended consequences of segmented policy responsibilities concomitant to sectoral corporatism *and* pluralist disorganisation. Tripartite concertation rooted at the level of the nation state is therefore driven by the idea that contemporary social and economic challenges can be met most effectively by a process of (temporal) hierarchical coordination.³ This centralist tendency of tripartite concertation is a major cause for the often neglected frictions between institutionalised forms of delegated policy-making and implementation which constitute corporatist governance regimes at the sectoral level and the efforts for cross-policy coordination based on a rather centralised and hierarchical policy process in tripartite macroconcertation arenas (Lehmbruch 2000, Siegel 2003a). Though they represent rather different concepts of distributing, delegating and balancing political power, sectoral corporatism and the vertical separation (or interlocking) of power in federalist political systems may be classified as important vertical counter-majoritarian institutions. Though tripartite macroconcertation aims at reducing the leeway for unilateral action and for majoritarian decision-making procedures, its political logic deviates from other counter-majoritarian institutions as it endeavours the concomitant concentration of the political process and coordination of negotiational-democratic conflict solving processes.

The initiations of social pacts in countries with rather pluralist interest groups systems (Siaroff 1999) have stimulated an intense debate about the political and sociological preconditions of corporatist macroconcertation, particular on “the politics of social pacts” (Hassel 1999, 2003). Furthermore, the revitalization of corporatist macroconcertation in the wake of economic crises has provided more evidence to the thesis that corporatism may be a concept that has all too often been declared as outlived. Corporatist concertation still seems to offer an attractive concept for politicians who try to cope with complex and interdependent socio-economic problem constellations. However, the analysis of factors condu-

3 What has to be stressed and may sound paradoxical at first sight is that the centralisation of coordination processes may serve as an instrument to negotiate the decentralisation and flexibilisation of wage bargaining processes.

cive to the initiation of social pacts does not necessarily answer the following questions:

- *first*, if and in what respects these new processes of tripartite concertation are really different from older forms of macroconcertation;
- *second*, which factors are conducive for effective pacts, and
- *third*, which criteria can be defined for assessing the effectiveness and success of social pacts?

It are these questions on which I will mainly concentrate in the following sections.

3. Old and new varieties of corporatist macroconcertation

Systems of corporatist interest representation and policy-making underwent significant and, in some OECD countries, substantial changes since the 1970s. Though a radical rollback of corporatist policy-making has not been a dominant dynamic in the majority of European nation states, the contours of corporatism have remarkably changed in many countries since the heydays of Keynesian coordination in the 1960s and 1970s (Traxler/Blaschke/Kittel 2001; Molina/Rhodes 2002). Whilst the bulk of changes may be classified as “path-dependent” or system-immanent adjustments to changing socio-economic and political contexts, significant and more substantial changes than just path-consistent and path-stabilising adjustments have paved their way during the last two decades or so. The decentralisation of collective bargaining in some countries – most prominently in Sweden (Traxler et al. 2001: 112-116) –, the changing role of social partners in the governance regimes of corporatist social security institutions – as in the Netherlands during the 1990s (Hemerijck 2003: 245-256) –, and the rise of new forms of concertation which are poorly embedded in pluralist systems of interest group representation (Hassel 1999) are important examples of such big and substantial changes. Instead of an ineluctable process of convergence as suggested by functional variants of the globalisation thesis, what stands out is the remaining, though limited and reduced, diversity of national varieties of corporatism. As detailed empirical analyses of wage bargaining systems in 18 OECD democracies from 1970-1996 have shown, the dynamics of industrial relations are characterised by regime-specific divergence and by cyclical processes of change rather than by processes of unidimensional convergence (Traxler/Blaschke/Kittel 2001). The one dominant and partly convergent tendency which stands out is that “classical corporatism” and its core dimension, centralised wage coordina-

tion, is no longer a dominant pattern of corporatist coordination but has been replaced by “leaner”, more decentralised, “flexibly coordinated” (Soskice 1999) versions of corporatism (Traxler 2001).

The rather ideal-type comparison of Keynesian concertation with new forms of supply-side corporatism as presented in table 1, is undeniably characterised by a lack of empirical accuracy and its conceptual undercomplexity. During the 1970s, ‘80s and ‘90s a large variation of corporatist forms of interest group representation as well as governance regimes in the policy-making process have existed in the OECD area, indicating a remarkable country specific variation of institutions and processes. The main purpose of contrasting the two distinct varieties of corporatist macroconcertation is to highlight eye-catching differences between two stylised, ideal-type varieties of macroconcertation.⁴

As the simplified overview in *table 1* indicates, substantial changes in the political economy of corporatist policy-making have taken place since the 1970s. They have reshaped the contextual incentive structure of collective actors that participate in processes of national macroconcertation. These changes comprise the dominant paradigm in monetary policy as well as the dominant problem configurations which have shaped the agenda of concertation talks and the interactions between the collective actors of the state and organised capital and labour.

Whereas effective Keynesian macroconcertation aimed at an explicit coordination game between monetary, fiscal and wage policy, “monetarist coordination” – characterised by the existence of powerful and independent central banks which follow a policy of (internal and external) currency stability – resembles an asymmetric and informal signalling game between monetary, fiscal and wage policy (Hall/Franzese 1998). A key prerequisite for a demand-side oriented coordination strategy has therefore ceased to exist. Given the supranationalisation of monetary policy authority at the European level and the legally defined competences and duties of the ECB, a stability regime nowadays defines an external “constitutional restriction” for national macroeconomic policy coordination in the euro area. This external restriction holds as long as the status quo of European integration is characterised by a “systemic asymmetry” of pooled sovereignty. In the majority of EU countries, tripartite macroconcertation meanwhile takes place in the context of a formal loss of sovereignty in monetary and a *de facto* loss of autonomy in key policy domains such as fiscal policy.

4 The policy-making process comprises the input, decision-making, and the output side as it does include the implementation of policies.

With respect to the dominant goals of tripartite concertation it seems sufficient to summarise that the struggle against (demand-side) inflation was no dominant issue in the coordination processes of the 1990s.⁵ In general, a supply-side oriented agenda which comprises issues of competitiveness and structural reforms has dominated in tripartite concertation processes during the last two decades. Whereas in the age of Keynesian coordination wage restraint by unions could be compensated by governments via the extension of social rights and increased social expenditure, this compensation strategy, the core of the classical corporatist exchange logic, is no longer a viable option for governments that are confronted with the pressure for fiscal consolidation in an era of “permanent austerity” (Pierson 2001).

Given the changed goals and context of macroconcertation⁶, one substantial difference between older forms of Keynesian coordination and more recent phenomena of supply-side corporatism affects the deviating roles government representatives play in the concertation processes. Instead of acting as moderators and brokers in the *comparatively* symmetric or at least less asymmetric negotiation context of Keynesian concertation, governments have to take over a role of a “leading negotiator” that provides the shadow of hierarchy within the strongly asymmetric negotiation context of social pacts.

The process of competitive concertation is more asymmetric than it has been in the context of Keynesian concertation in at least two respects. First, the power relations between the collective actors of capital and labour have changed since the Keynesian concertation efforts of the 1960s and '70s. Due to the often discussed process of economic internationalisation in general and the deregulation of capital markets in particular on the one hand, and high (structural) unemployment on the other, unions, organising and representing the rather immobile factor labour, are in a rather defensive position in almost all OECD countries. The most favourable negotiation context for unions that engage in a concertation process at the national level is one where the factor labour is in short supply, economic and employment growth rates are high, monetary policy is expansionary, governments have leeway for fiscal compensation measures, in which employers can't credibly threaten with the exit option of footloose capital, and in

5 Average annual increases in consumer prices in 22 OECD nations decreased from 11.7 in the years 1974-82 to 6.1 per cent in 1983-90. This reduction does not only indicate a remarkable success in the fight against inflation but also one of the most outstanding processes of economic convergence in the OECD area.

6 The simplistic overview does not match the dynamics of change but just offers a comparative-static comparison.

which unions can rely on strong primary and secondary power resources. In contrast to this ideal negotiation scenario for unions, most OECD democracies have at least temporarily been plagued by persistent and high unemployment and by comparatively rather low economic and employment growth since the mid 1970s. Additionally, monetary policy basically follows a potential-oriented stability paradigm and the liberalisation of cross-border capital transactions and the internationalisation of trade have at least multinational firms equipped with a considerable blackmail potential. Furthermore, the primary base of trade unions' power resources is eroding in many western countries due to decreased union density ratios. Taken together, these factors produce a highly asymmetric bargaining constellation, to the disadvantage of unions.

The described asymmetry has severe consequences for the generalised exchange logic of social pacts. In a most simple way one can state that unions are expected to offer first-step cooperative moves and concessions (wage restraint, flexibilisation of wage bargaining institutions, temporary de-indexations of wages and benefits, and employment laws). At the same time, they have to accept mainly insecure and diffuse benefits. The main short-term motive for unions to join social pacts and to accept a reform agenda which chiefly involves supply-side measures at the micro level is to be included in political reform processes. A rationale for participation is that by agreeing to a process of concertation unions can at least try to use their "bounded influence" to reshape reform processes and outcomes in directions which might be reconciled with their core interests and goals and to have access to important information channels. However, the short-term positive sum game, which figured so prominently in and contributed to the stabilisation of Keynesian coordination and which allowed a diffuse externalisation of the costs of mutual compensation mechanisms, is no longer a viable option within the context of institutional monetarism in the post-Keynesian era, the general pressure to consolidate public finances in general, and the enormous pressure to consolidate social security expenditures in particular. Even if they preferred, in the majority of OECD democracies governments are no longer in the position to offer massive fiscal compensation payments in exchange to trade union concessions.

Given the changed context and politics of concertation, the exchange logic has changed as have the predominant goals of and incentives for concertation. The dominant goals are no longer the fight against inflation by securing wage policy discipline and foster employment growth by a mixture of moderate wage policy, fiscal stimulation and accommodating monetary policy. The agenda of social

pacts is mainly shaped by goals like bringing down unit labour costs, making employment laws more flexible and reforming social security schemes, or in short: securing or regaining the competitiveness of national capitalisms as investment and production locations. Although not all of what seemed to glitter retrospectively was gold in the era of Keynesian welfare capitalism, the political economy of corporatist concertation has been dramatically transformed since the mid 1970s.

One had to add further dimensions to arrive at a truly exhaustive list of dimensions of comparison and to accentuate the dividing lines between classical Keynesian concertation and competitive concertation during “politics in hard times” (Gourevitch 1992; Huber/Stephens 1998). For the purpose of this paper it is sufficient to stress that “external” factors define more restrictive constraints and decisively frame the “internal” strategic interactions and parameters of concertation processes. The decreased degrees of freedom for national policy makers mark another important difference between Keynesian concertation and competitive concertation.

A central question of the research on social pacts has been whether and how the “organisational infrastructure” of interest groups representation is an important factor for the well functioning of corporatist “neoconcertation”. According to classical paradigms of corporatist theory, powerful and encompassing peak organisations of employers and unions, based on a considerable degree of organisational centralisation, membership density, exclusive and state sponsored privileges, and a generalised ideology of “social partnership” were viewed as key prerequisites of effective corporatist concertation. However, the initiation of concerted coordination in Ireland, Italy, Portugal and Spain challenged some basic theorems of the classical corporatist paradigm. The successful revitalisation of concertation in the context of a serious crisis of the trade union movement in the Netherlands or in Finland and the failed concertation processes in Germany have raised the question whether a shared crisis perception among trade unionists renders successful concertation possible. As Hassel and Ebbinghaus have persuasively argued and what can be illustrated by an analysis of the German concertation process 1998-2002 (Siegel 2003a), is that unions that can rely on firmly institutionalised power bases in corporatist policy-making networks may have a principle interest against the hierarchisation of the governmental process as induced by effective macroconcertation. The incentives to offer first-step concessions in the shadow of hierarchy are rather puny if unions can rely on strong secondary power resources provided by sectoral corporatist networks. If autono-

mous collective bargaining is constitutionally guaranteed as in Germany, a government's threat to intervene into the wage bargaining process can't actually convince. As a result, at least one important precondition for effective concertation processes was missing in Germany, a country with strong legacies of delegating state functions to the social partners and a weak institutional infrastructure for (effective) corporatist macroconcertation.

One conclusion, which could be drawn from the failed social pact(s) in Germany, is that as long as unions do not perceive high unemployment and other indicators of economic and fiscal stress as structurally determined and "objective indicators" which signal inevitable pressure for far-reaching reforms of national "labour regimes" (Martin/Ross 2003), the probability that the problem and interest definition among collective actors within the concertation process remains separate is rather high, and, as a consequence, the probability for concerted reform deals is low. As the dominant problem perceptions of collective actors and their strategies are not independent of the structures in which these actors operate, the institutional characteristics of labour relations and networks of policy-making appear as an area of major interest for the assessment of the political economy of social pacts. One may argue that as long as trade unions can rely on institutional power bases offered by corporatist governance systems, and as long as the negative effects and costs of persistent high unemployment are cushioned and obfuscated by diverse welfare state arrangements and thus do only partially weaken main pillars of trade unions' power resources, unions' incentives to engage in supply-side oriented reform processes and to offer concessions are rather weak (Hassel 2003).

The diffusion of a common crisis perception among the key collective actors is therefore not a function of something as an "objective problem load" on a national variety of embedded capitalism. Rather, it depends on a number of institutional and situational factors which shape the ideas and perceptions of collective actors within national varieties of welfare capitalism. What may sound self-evident, should nonetheless be stressed once again: as long as the problem and interest definitions of central actors are deviant, or "separate" (Scharpf 1985), the probability for a problem-oriented coordination of strategies remains low. However, if the dominant paradigms of problem definition are congruent between the collective actors, e.g. due to problem induced policy learning (Hall 1993), redefinitions of their own interest, and shared policy paradigms, cooperative negotiations among the participants of bargaining processes are based on a consensus about existing problems, their causes, and desirable solutions. Certainly, reality is

not as “black” or “white” as described in this stylised overview, but often marked by shades of grey. Yet, to know where the extreme poles of constellations are located may be helpful to know how to get one’s bearings in a complex world between.

One of the striking findings about the neo-concertative “striking deals” (Ebbinghaus/Hassel 2000) of the last two decades or so is the crucial role (central) governments play in social pacts. Without an extended foundation by game-theoretic modelling it can be stressed that an important condition for the effective working of social pacts is that governments are able to provide a “shadow of hierarchy” (Scharpf 1997, ch.9), intervention, or even punishment as long as they “preside” over concertation processes that are not based on a solid consensual problem definition – a case that is most probable, at least at the beginning of concertation processes. A high degree of institutional pluralism therefore defines an important barrier to the hierarchisation of the political process. Political systems in which the steering resources of the state are only moderately centralised therefore appear to be biased against effective macroconcertation. Federal political systems provide major institutional veto points for macroconcertation processes, and it systematically impairs vertical integration of political processes.⁷ In a political system that is characterised by a high degree of decentralisation and other forms of power distribution, the shadow of hierarchy can’t credibly be provided by a central government that faces powerful counter-majoritarian institutions and veto points and therefore can’t plausibly threaten with an alternative scenario: to push through reforms without considering further veto points and players in the decision-making and implementation process instead of formalised concertation within social pacts. Consequently, institutional pluralism and strongly institutionalised legacies of sectoral corporatism provide potential veto points for the vertical and horizontal integration of corporatist neoconcertation. As I will illustrate in a case study on the German concertation experience, both factors can become hurdles which can’t easily be cleared by central governments. Whereas the mainstream of studies on the preconditions for effective corporatist has focused on the structural factors of labour-capital relations, inter-interest group and intra-interest group variables, the changed context and goals of neoconcertation require to bring the state back in to the analysis of social pacts.

7 A more precise statement would differentiate between two subtypes of federalism. The German variety of “cooperative federalism” may be judged as less restrictive to vertical integration than the variety of “competitive federalism” in the U.S.

4. The open question: How to assess the effects of social pacts?

Compared to the large number of comparative analyses that have tried to map and conceptualise major changes and reorganisations of corporatist institutions and processes during the last decades, the mainstream of studies have invested much less research input into the problem how the real “net effects” of corporatist neoconcertation can and should be assessed.

Numerous empirical studies of social pacts have been published since the mid 1990s. Most of these analyses are case studies or, more or less systematic, “small n” comparisons. In the majority of research designs, strong emphasis was led on descriptive and analytical questions related to the institutions of social pacts, their initiation and consolidation, and the underlying goals for governments, employers and unions to engage in these new forms of macroconcertation. Though studies which have dealt with the effects of corporatist neoconcertation have often stressed that social pacts can contribute to the reforming of wage bargaining systems, labour markets and social policies, and that they provide a comparative institutional advantage as they render concerted reform strategies possible, empirical evidence for the precise impact of “new concertation” still is rather meagre. Most important, research on the effects of social pacts has often been characterised by a severe shortcoming: a lack of a specified dependent variable(s). Though this may even be viewed as an advantage as it avoids the tailoring of a self-knitted straightjacket in the research process, it also implies severe problems: If the criteria for classifying social pacts as effective/successful or ineffective/unsuccessful are formulated in a rather sketchy way or just taken as self-evident, vague and venturous inferences about causal chains between processes of macroconcertation and policy domains specific outcomes are a high price to be paid.

A major reason why the potential for robust generalisations about the effects of social pacts is rather limited is that most authors have processed case studies or “comparative case” studies.⁸ Compared to the numerous comparative studies

⁸ With the term comparative case study I refer to empirical analyses which fall between common distinctions in comparative methodology. Comparative case studies are primarily based on the “thick description” of a small number of cases. Hence they offer a larger potential for hypotheses-building than single case (country) studies. What distinguishes comparative case studies from systematic small n comparisons is that the former are primarily case-oriented whereas the latter dominantly variable-oriented. Additionally, comparative case studies usually do not insist on formal methods of comparison as do systematic small n comparisons, which usually simulate the “method of difference” by relying on most similar systems designs. As a

of the impact of different aspects of corporatism on wage policy and labour market outcomes, one searches in vain for systematic comparisons of the effects of social pacts in different policy areas. Most of the literature on social pacts is exclusively qualitative in nature and rather engaged in inductive hypotheses-building and -confirmation than (formal) theory testing or systematic comparisons.

In addition to the more general problems of causal inference based on small *n studies*, any research input which tries to “isolate” the effect of social pacts on policy outcomes deals with the problem that the issues dealt in these new concertation arenas are characterised by complex problem structures, i.e. a high degree of interdependence between policy domains and internal problem complexity. Though it is exactly the insight into the interdependent nature of problems which calls for a de-segmentation and a re-merger of policy responsibilities, due to the given interdependences the analysis of neo-concertation faces difficult problems if its interest lies on establishing robust causal links between the politics of social pacts and policy outputs or even outcomes in distinct policy areas such as wage bargaining, employment or social policy. This seems especially true if one’s aim is not only to *understand* “what happened why” in a specific country, but to draw certain lines of generalisation by “comparative inductive reasoning”. Certainly, also Keynesian macroconcertation processes were embedded in a world of “complex causality” (Mayntz 2002). However, among other factors, the growth of modern welfare states has contributed to an increased internal and interactive problem complexity in social and labour market policies – they key issues of social pacts. Let me briefly discuss.

The growth of democratic welfare states has generated intended and unintended side-effects, influencing a number of strictly speaking, “non-social policy” issues. As a result of the growth of democratic welfare states and the international and domestic constraints for expansive fiscal policy measures, the goals and the context of policy-makers have changed with respect to welfare state related problems in an era of permanent austerity (Pierson 1994, ch. 2; Pierson 2001). What has also to be borne in mind is that Scandinavian and continental European welfare states are integral parts of national varieties of non-liberal welfare capitalism (Hall/Soskice 2001; Streeck ???). The regulative and distributive aspects of welfare state policies affect adjacent policy domains, such as the regu-

consequence, generalisations inferred from comparative case studies are based on “inductive lesson drawing”.

lation of labour law and wage bargaining processes, to mention just two of them. But most important, due to the growth of big welfare states that has resulted in levels of public and private mandatory social expenditure between one fourth and one third of GDP in the majority of OECD democracies at the turn of the millennium (OECD 2001), the boundaries between the “public” (state) and the “private” (economic) have become less clear cut. New conflicts have been generated by this process of interweaving, as the mixed zones of public and private rein have resulted in obfuscated responsibilities and unknown problems of second order. The mainstream of neoliberal advocates criticizes corporatism and suggests a “re-separation” of responsibilities between private and the public, the market and the state, and a stronger role for market competition and a painful diet for public expenditures and state functions. The conclusion and main policy advice is to “roll back the (welfare) state”. Yet, also alternative and more demanding reform proposals which aim at re-balancing the division of labour between states and markets have attested that the growth of big welfare states has produced negative externalities which meanwhile dictate a reform agenda mainly comprising reform policies of a “second order” (Kaufmann 1997). The main challenge of such a reform agenda is to correct for unforeseen and unintended side-effects caused by the growth of democratic welfare states. This is particularly important as welfare state themselves contribute to processes of “re-stratification” as they decisively influence status passages and risks during the life course (S. Leibfried).

One of the most illustrative and rather well-documented examples for the unintended effects of welfare state expansion and extension manifests itself in social insurance systems which offer medium up to high levels of “de-commodification” and which are (primarily) financed through wage-related social security contributions. The growth of social insurance state was a nucleus for social capitalism. The expansion of social insurance systems has patronized the development and stabilisation of high-wage, diversified quality production regimes as it generated strong incentives for capital intensive and productivity increasing investments (Streeck 1997). Thereby, it also contributed to a particularly far reaching substitution of labour by capital-intense investment (Streeck 1997; Scharpf 1997; Siegel/Jochem 2000). The growth of social insurance states served as an intended “productivity whip” in the production process.

However, the so called “productivity whip-effect” of social insurance institutions has not only fostered the growth, institutionalisation, and stabilisation of high wage regimes. An unintended side-effect was that it contributed to the de-

velopment of exclusive and segmented labour markets. High social security contributions in high-wage diversified quality production regimes induced prohibitive wage costs for less productive sectors and labour intensive service jobs. As a consequence, the expansion of the social insurance state, if paralleled by a densely regulated net of employment protection laws, provided the base for chronic insider-outsider conflicts in the labour market. Though the crowding out of less productive sectors and low paid jobs was intended by the underlying logic of a high productivity-high wage regime, what was not intended were the long term effects within the context of low economic and employment growth: persistent levels of high structural unemployment, and an increasing share of long term unemployed with low skills and qualifications – the losers within a high wage and labour protective regime. Germany's stony way into the service economy can serve as a good illustration for the unintended consequences of the intended expansion of the social insurance state (Siegel/Jochem 2000). Furthermore, Germany's way from a model country for a diversified quality production regime to the "sick man of the euro" exemplifies how the complex interplay between different spheres of a national variety of non-liberal capitalism resembled a tightrope walk (Streeck 1997), always endangered to become ill-balanced and externally challenged by changing paradigms of competitiveness.

The unintended consequences of the expansion of a mainly social insurance based welfare regime may serve as just one but a meanwhile prominent example for the complex interdependence between neighbouring policy areas and for the internal complexity of policies which are on the agenda of social pacts. The increased internal complexity of welfare states and welfare regimes related issues does not only complicate the exchange logic and coordination strategies of social pacts but also the analysis of their real "net effects".

External factors such as the amplified penetration of national political institutions, processes and policies by international processes aggravate the theoretical and methodological problems of tracing causal chains between tripartite concertation and the failure or success in easing the socio-economic problem load by the means of macroconcertation even further. Though social pacts may result in binding agreements among the participants and pave the way for reform policies which *ceteris paribus* may strengthen the competitiveness of large parts of the economy, their effect may not be strong enough to outweigh converse effects generated by international factors. Additionally, reform processes kicked off by successful tripartite negotiations may face severe difficulties if they arrive at the stage of implementation. Hence, there is nothing such as a guarantee that the

agreements of tripartite neoconcertation actually induce the intended policy effects. A large number of intervening variables may restrict the policy effects of concertation agreements which have arrived at successfully negotiated reform proposals.

Inevitably, under circumstances of complex causality, there has always to be considered a bundle of theoretically plausible alternative factors that might explain the same outcome as concertation is expected to do so. Hence careful inferences to establish causal relations is a major challenge as long as the goal is to arrive at robust conclusions about the effects of social pacts on single reform initiatives or their general contribution to the coordination of macroeconomic policy-making. To summarise the problem in a most general way: it is a most difficult task to identify the exact causal chains between the initiation and consolidation of new arenas of concertation (X) and those policy and even macroeconomic outcomes (Y) that may be defined as dependent variables in empirical studies assessing the effects of social pacts: wage restraint, employment growth, and reforms of labour markets and social policies.

Whereas empirical research on corporatism and its effects has been characterised by a certain tendency for methodological segmentation, a dividing line between process-oriented qualitative and case-oriented studies on the one hand and outcome-focused quantitative studies on the other, the analysis of social pacts has so far mainly relied on qualitative methods and is decoupled from quantitative efforts to assess the effect of different systems of labour relations and interest representation on policy-making.⁹ However, the lack of quantitative analyses has not necessarily to be regarded as a severe shortcoming of the literature on social pacts. Quantitative research on corporatism, which is mainly (though not exclusively) based on ordinal measures of expert judgements about *structural* features of corporatism, may classify social pacts just as more recent incidences of macroconcertation and score these new concertation arenas high on indicators developed to measure *degrees* of corporatist policy-making or wage centralisation and/or coordination. But such a pragmatic coding procedure, which would give us the identical scores for Keynesian and competitive macroconcertation, would itself suffer from major deficiencies.

First, the qualitative gap between old and new forms of tripartite concertation with respect to the goals and strategic interactions would not be captured but rather be obfuscated by one-dimensional scoring procedures which are typical

9 At least in so far as the author has not disregarded important contributions to this new research area.

for most indices of corporatism (for noteworthy exemptions cf. Siaroff 1999; Traxler/Blaschke/Kittel 2001). Second, due to the changes in the (national and international) political economy of macroconcertation as well as due to the issues which are subject to concertation processes, the question how to create a valid “multi-dimensional” measurement of the success or failure of social pacts is a knotty and an unresolved problem. This paper does not aim at giving a final solution to the problem of how the effects of social pacts could be adequately measured in quantitative terms. This paper is restricted to the discussion and illustration of main problems of how to *conceptualise* the effects of neoconcertation given the problem of complex causality.

5. Illustrating the assessment problem: The case of welfare state reforms

The question of how to find a theoretically plausible, methodologically consistent and empirically robust way to assess the effects of social pacts is of central importance for the new literature on macroconcertation. True as this is in general for giving an empirically well-informed answer to the question if or when political institutions and processes matter for convergent and divergent policy outputs and outcomes, the assessment problem has gained particular importance because some of the more recent analyses of social pacts have questioned their specific importance in one of their core subjects: concerted welfare state reforms (for a summary: Siegel/Jochem 2003). In some case studies of the impact of social pacts on welfare reforms it has been argued, for prototypes of negotiational democracies such as Germany (Siegel 2003a), Austria (Tàlos/Fink 2003), Sweden (Jochem 2003) and also the Netherlands (Hemerijck 2003), that tripartite concertation institutions did not have a significant, let alone decisive impact on major welfare state reforms during the 1990s. Though social pacts have, in a number of European countries, served as a forums for macroeconomic coordination talks, the impact of social pacts on welfare state reforms seems to be much more questionably, restricted and in some cases even not observable at all with respect to painful social security reforms.

Even for a country like the Netherlands, a paradigmatic case in the literature on new social pacts and their impact on “concerted reform policies”, Anton Hemerijck has argued that important recent welfare state reforms, like the reshaping of the institutional pillars of Dutch social policy administration, have not been the result of concerted consensus. Hemerijck concludes: “Unlike wage moderation in the 1980s, welfare reform initiatives in the 1990s were measured against

the social partners" (Hemerijck 2003: 263). Major reforms in the Netherlands "re-established political primacy in the area of social security" (Hemerijck 2003: 204) and therefore restricted the leeway for bipartite corporatist policies between employers and unions. In contrast to the widespread image of the Dutch "polder model", in which all major reform steps had been based on "negotiated consensus", including the social partners' consent on welfare state reforms, programmatic and systemic welfare state retrenchment in the Netherlands gave rise to serious conflicts between the governments and trade unions. The reforms of the 1990s have resulted in a reduced role for corporatist governance regimes, in which the social partners had a final say on a wide range of issues and previously had not been supervised by central state authorities in a well-defined and strict manner. A major goal and a consequence of the Dutch welfare reforms was the re-transfer of political responsibility to the central government or to executive boards which nowadays supervise corporatist institutions of the welfare state on the base of a precisely defined range of monitoring rights and duties. Hence, autonomous or weakly supervised corporatist governance regimes have been replaced by more legally restricted and hierarchically embedded governance procedures. Whereas the initiation of the (implicit) Dutch social pact – and thereby the revitalization of Dutch corporatist macroconcertation – in Wassenaar in 1982 has marked the beginning of successful tripartite macroconcertation in the domain of macroeconomic coordination, it was not superseded by a consensually negotiated restructuring, i.e. institutional reshaping of the Dutch welfare state, though, of course, welfare state related issues have been negotiated in the corporatist arenas of the Dutch state (Visser/Hemerijck 1997).

As different strains of theories about the reform of core welfare state programmes such as pension and health policy and unemployment compensation argue, the restricted room for manoeuvre in social policy-making has almost inevitably resulted in redistributive issues, and as a consequence, in a more conflict-ridden policy process than during the era of welfare state expansion. However, redistributive issues do not necessarily preclude techniques of formal or informal consultation between the central government, employers and unions, neither at the macro nor at the sectoral level. The undesired consequences of redistributive policies can also be mitigated by techniques of "reform packaging" based on intensive and informal compromise-seeking consultations. To bundle different reforms can provide an appropriate technique for reducing the conflict potential of painful welfare state reforms in hard times if cutbacks are coupled with well-targeted and expansive compensation measures such as for women in

pension law or for precariously employed persons (access to social security schemes). However, if key welfare state reforms involve conflicts over redistributive issues, there are limits for a consensually negotiated and coordinated reform strategy in the context of social pacts. One key lesson that can be drawn from the Dutch experience is that even in countries with a vital and successful tripartite concertation process and in which policy learning resulted in sequential reform processes, spill-overs from one policy to another (Visser/Hemerijck 1997), severe conflicts among the social partners and between them and the state are likely to be back on the agenda if redistributive issues concerning welfare state policies have to be settled.

A main case for the “causal coupling” of tripartite concertation with successful welfare state reforms has been the Italian pension reform of 1995 (Regini/Regalia 1997; Rhodes 2001). Under the shadow of European monetary integration and a fundamental crisis of parliamentary democracy, Italy’s concerted reforms seemed to offer an often cited success story for tripartite concertation in a country without an impressive tradition of macroconcertation – a constellation that stood in stark contrast to the political economy of corporatist policy-making in the Dutch negotiational democracy. In the domain of income policies and the reforms of the wage bargaining system the success of corporatist neo-concertation was indeed remarkable from the early 1990s on. Yet, with respect to the political process which resulted in the major pension reform of 1995, it has to be questioned whether a robust causal chain between tripartite concertation talks and the final reform outcome can be asserted. What has to be stressed in this context is that the pension reform of 1995, passed under a caretaker government headed by Lamberto Dini, was indeed negotiated between the government and trade unions.¹⁰ One may also argue that the Dini government had drawn a major lesson from its predecessor’s disastrous experience with a failed pension reform, namely that union resistance to major welfare state reforms roused a decisive *de facto* veto player in the political process. This policy learning hypothesis is the more plausible as Dini had held the position of the Finance minister within the centre-right coalition led by Silvio Berlusconi, who had failed to push through a pension reform unilaterally, i.e. without prior consensus-seeking consultations. For the Dini government, consultation with trade union representatives and an effort to negotiate about the contents of pension reform therefore offered an obvious alternative strategy to incorporate the unions into the reform

¹⁰ Employers were included during different phases of negotiations but disclaimed the final agreement.

process and to achieve an explicit agreement about pension reform with the major players in the then still rather fragmented and ideologically split Italian union movement. The Dini government's success in packaging a major pension reform by securing union consent led some observers to conclude that earlier reform initiatives had failed due to the fact that governments had not sufficiently consulted with social partners in the reform process per se and that the Italian tripartite macroconcertation had offered the decisive opportunity structure for the negotiation of a key pension reform.

The argument about the importance of (formal) consultation within the reform process meets an independent strand of theory. According to this theory sensitive political reforms such as pension reforms which include an overall net loss for the majority of voters are only likely to be successfully pushed through the political process, if they are backed by a broad societal support, including major (informal) veto players such as unions and in some cases opposition parties (Ross 1996). This argument has been derived from the New-politics-of-the-welfare state paradigm as developed by Paul Pierson (1994; 1996), which itself was built on lessons drawn from the literature on "blame avoidance" strategies in public policy-making (Weaver 1986). According to the "new politics" paradigm, the more or less formal incorporation of main collective actors into the political process may act as one of several possible strategies to mitigate the negative consequences democratic governments have to fear if they launch unpopular retrenchment initiatives. Hence, in accordance with the new politics paradigm it could be argued that the incorporation of powerful interest groups instead of conflict generating unilateral exclusion in a majoritarian-like style of ruling increases the survival rate of reform proposals in social policy (Ross 1996). Viewed through the lenses of the blame avoidance theorem, the Italian pension reform of 1995 appears to deliver further evidence for the importance of blame avoidance strategies in situation where short-term costs are certain, high and concentrated whereas (future) benefits are uncertain, difficult to assess and diffuse.

Though the politics of blame avoidance paradigm provides a helpful heuristic tool to understand the political process management of the Italian pension, its confirmation is not to be confused with the thesis according to which coordination success attained in tripartite social pacts is a necessary or a sufficient condition for welfare state reforms in negotiational democracies. Social pacts can offer institutional opportunities for blame avoidance techniques, of course. Yet, at least officially (and symbolically) their predominant goal is to arrive at consensually negotiated solutions and coordination practices. Compared to tripartite coordina-

tion, the concept of blame avoidance is less demanding and at the same time much more generally applicable. Social pacts may partly rely on strategies of blame avoidance. However, blame avoidance is not all there is about social pacts. Formalised tripartite concertation aims at the more demanding concept of coordination, otherwise the institutionalisation of tripartite negotiations loses its suggested institutional advantage against any modes of informal consultations and consensus-seeking techniques.

Coming back to the Italian pension reform of 1995, one may describe the reform process as an example for an exclusive variety of corporatism, a case of “bilateral corporatism”. In contrast to corporatism without labour (Japan) or corporatism without business (Australia), the Italian pension reform process preponderantly resembled informal consultation and concertation without capital.¹¹ Employers’ associations, only selectively incorporated in the consultation process, refused to sign the pension compromise and explicitly criticised it as an insufficient compromise solution. To sum up, it has to be stressed that the pension reform was neither embedded in a consensual political process nor reflected an outcome of tripartite negotiations among the main collective actors. Concertation between the technocratic Dini government and trade unions can rather be interpreted as an effort to incorporate the most powerful collective veto players, the unions, into the policy process. Such an appeasement course of a parliamentary weakly backed central government, under the shadow of a severe crisis of the political system in general and immense external adjustment pressure (EMU), should not be confused with a tripartite concertation process aimed at balancing and coordinating the goals and strategies of collective actors. What may be illustrated by the Italian pension reform experience is that selective, more or less informal and iterated consultation processes can help to make considerable headway in mined areas of reform policy.

Even those studies that are explicitly based on a framework to analyse social pacts as macroconcertation arenas in which a broad range of policy issues are included have failed to deliver robust empirical evidence to the thesis that social pacts offer effective institutional incentive structure for welfare reforms, particularly pension reforms. The most prominent example is the otherwise instructive contribution of Hassel and Ebbinghaus (2000). As the authors stress themselves with regard to their inclusive approach for analysis: „Social policy reforms – cut-

¹¹ “The employer confederation *Confindustria* had at an early stage withdrawn from the bargaining table and did not sign the agreement, as it did not see the reform to go far enough.” (Schludi 2002: 125).

ting social contributions and payroll taxes to boost employment, and adapting social insurance to new patterns of employment – are as important elements of social pacts as wage restraint and they deserve to be jointly studied (Ebbinghaus/Hassel 2000: 45). However, a closer inspection of their analysis shows that their arguments about “striking deals” fits only nicely to the presented material and the examples discussed which were related to wage bargaining reforms in the four countries under investigation: Germany, France, Italy, and the Netherlands (cf. *Chronology A*, p. 50). The majority of reforms in the domain of pension policy (and also sick pay reforms), which are presented in Hassel’s and Ebbinghaus’ study, were not successfully negotiated within a tripartite concertation processes. Whereas the authors do not present material on pension reforms in the Netherlands, the four successful changes in the Italian pension system deliver further evidence to the thesis according to which exclusive varieties of corporatism or just informal bi- or multilateral consultation processes can facilitate major welfare state reforms. The fate of the Berlusconi reform initiative can at least be viewed as an impressive example for the argument according to which a deficient political process management of a parliamentary weak government reduces the probability that painful reform steps are successfully channelled through the political process close to zero.

The more recent history of pension reforms in *Germany* supplies again evidence to the thesis that “consultative concertation” at the sectoral level can pave the way for successful reforms such as the major pension reform of 1989 (*Rentenreformgesetz 1992*). However, the 1989 reform was not negotiated in the shadow of explicit tripartite macroconcertation but characterised by a dense and rather informal than formal consultation process among the people’s parties, social partners, and a rather exclusive circle of pension experts (Nullmeier/Rüb 1993; Jochem 2001). The political process leading to the pension reform law was therefore characterised by its exclusiveness and by well-functioning policy networks at the sectoral level, which mapped the draft for reform behind closed doors. The reform process once again demonstrated the potential for effective sector-specific concertation within the context of Germany’s negotiational democracy and its strong emphasis on sectoral corporatism. Up to the mid 1990s, major reforms of the main pillar of the German pension system, the public social insurance schemes for workers and employees, had been negotiated on the basis of a solid system consensus among governments, unions and employers’ associations (Hinrichs 1998). However, since the mid 1990s this traditional base consensus has eroded bit by bit. Due to increased problem pressure (demographic changes)

pension politics has been characterised by a more conflict-afflicted political process in which organised capital, the Liberals and the Greens have expressed their preferences for gradual transitions or radical system shifts in pension policy. A new cleavage in German pension politics can thus be observed since the mid 1990s and has become dominant in the process leading to the hotly debated pension reform law 1999 passed in 1997. Though the base consensus in German pension politics has faded away and adversarial politics have gained importance, federal governments still engage in diverse (selective) consultation techniques if system immanent reform steps are once more on the agenda. Even actors that explicitly argue in favour of a transformation of the existing pension system in the long run, can have a short-term interest to participate and to be heard in informal consultation processes preceding system immanent, incremental adaptations. However, what has to be emphasised once again is that pension reforms in Germany have not been negotiated in tripartite concertation talks at the macro level.

Finally, the conflict-afflicted social policy process in *France* has been taken as a “negative example” for the thesis that in the absence of any form of concertation, government initiatives to cut back and reform social policy, mass protests, mainly organised by unions, become highly probable. However, the French case can tell us nothing about the effects of social pacts. Whether tripartite concertation would have resulted in a reformist breakthrough in France has to remain in the realm of contrafactual speculation. If one argued that the existence of a social pact had decisively paved the way for a reformist breakthrough in the French welfare state, one had to assume that one “master variable” would have been the decisive one in an explanation of the failure or success of welfare reforms. Social pacts would then, strictly speaking, have to be defined as a necessary *and* sufficient condition for concerted welfare reforms. In policy domains which are characterised by complex interdependency and concurrent explanations such a deterministic assumption is not highly questionably but also most difficult to be proved. Given the many other theoretically plausible components effecting the success or failure of pension and other welfare state reforms it seems to be rather doubtful why the lack of tripartite concertation should be regarded as the decisive deficiency of the French political system. Rather, the lack of consensus-seeking negotiation strategies in general and the majoritarian temptation induced by a highly centralised political system with few constitutional veto points have frequently figured so prominently in the conflict-dominated policy process of the Fifth Republic. It may be argued that tripartite concertation in the form of a social

pact would have made a consensual approach more probable, of course. But such an argument is a probabilistic one which can't be tested, confirmed or falsified on the basis of (comparative) case studies.

The large number of studies on the determinants of welfare state reforms since the mid 1970s has delivered many new insights into the processes of "painful reforms" in hard times (cf. Pierson 2001; Huber/Stephens 2001). One of the major lessons drawn from qualitative as well as quantitative studies is that elegantly formulated and parsimonious success stories are not confirmed by a multifaceted empirical reality (Siegel 2002). Hence, regardless of whether the search for causality is based on X- or Y-centred research designs (Ganghof 2003), mono-causal arguments about the effect of socio-economic and political institutions and processes on welfare state outputs and outcomes seem to be doomed to fail. The search for "necessary" or "sufficient" conditions for policy reforms has often been "biased" towards deterministic and therefore undercomplex assumptions. As research on social pacts has mainly been driven by X-oriented research strategies, trying to assess the influence of tripartite neoconcertation, it is often characterised by an unintended "confirmation bias": as social pacts have undoubtedly become important phenomena of the political economy in several EU countries, they are also suspected of having a major influence on *coincidental* events in policy areas that are at the same time on the agenda of social pacts. However, as it is long way from observing coincidence to the detection of robust causal chains, precise process tracing of reforms, including Y-oriented research strategies, may arrive at different conclusions than an X-oriented design intensively searching for possible or plausible effects of the main phenomenon under investigation.

Second, contrary to the theoretically rather unbalanced and empirically questionable thesis about the role of tripartite macroconcertation in reforms of the welfare state in negotiational democracies, the causal nexus between tripartite concertation talks and reforms of wage bargaining systems and labour market regimes is theoretically rather well-equipped and empirically more robust. However, still there remain important questions with regard to the precise causal chains between tripartite macroconcertation and policy outputs and outcomes in distinct policy domains.

Thirdly, with respect to the factors determining the success and failure of social pacts I will take an alternative route to what has been the standard approach for analysing the impacts of social pacts. So far, the broad majority of literature as focused on apparently successful tripartite concertation efforts and tried to "in-

ductively extract” or “distil” the major ingredients for successful concertation processes. Hence they have been based on a *Positive on Outcome Design* (Seawright 2002; cf. Ragin 2000). On the basis of an illustrative summary of the German Alliance for Jobs (1998-2002), I argue that the analysis of social pacts should also take into consideration a number of potential “destructive potentials” which may be observed only on the basis of case studies of a failed social pact (*Negative on Casue and/or Outcome Design*). This approach is based on the assumption that who wants to know what makes a specific political process effective or to matter for a policy outcome in one case, should also be interested in the question why the same process can become ineffective and does not matter in another case and context.

6. *Preliminary suggestions: two possible dimensions of assessment*

In a most general sense, the new processes of macroconcertation aim at a formal incorporation of interest groups into political reform processes of advanced welfare states at the macro level. The institutionalisation of tripartite macroconcertation is not restricted to a specific reform agenda, though the political economy of competitive macroconcertation is different to the era of Keynesian coordination and its policy agenda is more broadly defined. As I will argue in this section, two distinct dimensions of assessing the impact of social pacts can be distinguished for analytical purposes. These two dimensions concern the input and the output sides of the political process. They do neither represent a disjunctive nor an exhaustive listing of all possible and reasonable assessment dimensions. However, they may be taken as preliminary suggestions for an accumulative research process that still is in its embryonic stage. Whereas a rather restrictive approach could insist on an output-oriented evaluation of concertation processes, defining a significant impact of social pacts as an empirically observable and specific influence on the contents of political reforms and the strategic choices of collective actors participating in concertation talks, a less demanding, rather permissive and therefore more encompassing definition could concentrate on the possible effects social pacts can have on “reform discourses”. According to this latter approach, a concertation process may be viewed as effective if we can find evidence that it contributes to less conflictive political processes in those policy areas that are covered by negotiations in social pacts: mainly wage bargaining, fiscal, labour market, and social polices.

The most generalised (and therefore rather less specified) dimension of assessment focuses on the potential “systemic-input” effect of concertation talks. If concertation is broadly defined as an institutionalised process of elitist communication and as a negotiation forum of representatives of the state, organized labour and capital, then the process of concertation may be judged as effective if it results in the abandonment or at least reduction of information deficits and conflict oriented strategies among the participating collective actors. According to this definition, social pacts should make a significant contribution to the definition of “common interests” and have an impact on “collective puzzling and learning”. Problem-oriented puzzling and learning can facilitate coordination practices due to a reduction of incongruent problem definitions among the actors involved. In this respect, effective concertation processes may qualify as “enabling discourse platforms”. Proxies to evaluate the effectiveness of concertation processes could be well known indicators measuring, e.g. the strike activity, or other alternative indicators for measuring industrial conflicts. More complicated than in the well-researched areas of industrial relations is the measurement of the conflict potential in policy areas where unions and employers do not directly interact but deliver important functions of interest aggregation and/or try to canalise the opinions and views of their constituencies. Coming back to the example of pensions politics or more general welfare state reforms, as long as unions mobilise against government proposals for welfare state reforms that have been on the agenda of tripartite concertation before, or as long as employers’ associations overtly criticise these proposals, social pacts should not be classified as effective. In that case, social pacts have apparently not reduced the divergence of problem definitions, the incongruence of policy positions, and the willingness to fall back on conflictive strategies. The efficiency of social pacts could be confirmed if governments may credibly claim that their reform proposals are principally – i.e. regardless of remaining divergent views and interests among the negotiating partners – backed by a consensus reached in tripartite concertation talks and if the peak organisations of unions and employers’ organisations do at least abstain from mobilising protest against the suggested reforms. A further and more discriminating requirement would be that unions and employers’ organisations use their disposable intra-organisational power resources to convince and influence their membership in a top-down process, paving the way for compliance with the reform steps suggested by the government.

Second, with respect to the question whether new forms of macroconcertation are effective arenas of coordination one should ask whether and to which degree

key reform debates and decisions have been negotiated within the concertation process and resulted in concrete policy proposals and/or binding agreements among the collective actors that participate in the process of neoconcertation. This second component of assessing the effect of social pacts spotlights the output side of the policy process. As long as tripartite concertation only results in general policy statements without further specifications and concrete agreements and as long as it doesn't have the status of an extraparliamentary arena in which core reforms are negotiated in the governmental process, it may not be rated as effective.¹² Consequently, governments that invest in informal and bilateral consultation within the parliamentary arena or even push through reforms unilaterally instead of negotiating them in social pacts, can't claim that such reform proposals are the outcome of coordinated concertation. A *first* step to assess the efficiency of a social pact with respect to its outcome effects would be to study the documents released after concertation talks and to analyse their contents. Questions which can guide the analysis are the followings: Do the agreements contain any concrete statements – besides general statements about the willingness to cooperate, vague definitions of problems, and the message that the participating members of the concertation process “are on a good way” – which specify goals, methods, or measures to arrive at these goals? Are there documented, for example, any binding principles or concrete figures which may frame wage bargaining processes? Do the documents specify distinct reform steps which may guide further reform steps in labour market and social policy? Do the agreements specify time frames or “deadlines” for the fulfilment of proposed reform steps or measures?

These, and of course a number of other questions, may guide a systematic evaluation of agreements reached in social pacts. What they can't provide are answers to the questions whether the collective actors stick to these agreements and whether they are actually implemented. Therefore, beyond the careful analysis of documented concertation talks, a second step to assess the outcome effect of social pacts comprises the analyses of the decision-making and implementation processes in the concerned policy areas and the comparison of reform outcomes with the agreements of social pacts. If the ink just has dried on concertation agreements and governments and social partners feel again “unbounded” in defining their strategies for action, even well-specified and concrete stipulations

12 This assessment dimension may bias the analysis as it mainly helps to consider what happens or is mentioned. Non-decisions may nevertheless been captured by the thick description of social pacts, as long as case-oriented analysis offers the possibility for intense process tracing.

of concertation processes don't obviously decisively frame, let alone determine, the policy choices of the governments, employers' associations and unions. As the analysis of the German Alliance for Jobs indicates, a concertation process may last for several years and at least serve as an institutional basis for periodical peak meetings in which some kinds of discussion take place, but nevertheless never obtain a key status within the political process.

The two dimensions that be an used for an assessment of social pacts are neither mutual exclusive (disjunctive) nor completely interdependent. Clearly, concertation processes which are successful in providing the base for the formation of a climate of social partnership, "collective responsibility", or at least cooperative negotiations, provide a more supportive fundament for concerted reforms than a context in which mutual distrust and separate problem definitions prevail and in which collective actors are tempted to engage in short-term zero-sum games. Social pacts which are effective with respect to outcomes can positively feed back on the "discourse culture" of concertation talks, thereby contributing to the cultivation and consolidation of a climate of cooperative negotiation and mutual trust. New concertation processes can result in virtuous cycles, in which problem-oriented cooperative negotiations contribute to effective problem-solving and vice versa. But they can also spark off negative feedback processes, vicious cycles of mutual distrust, conflict oriented definitions of strategies, separate problem definitions and ineffective deals. It was the latter and thus the worse of these two processes that dominated the plot in one of the most prominent examples of a failed social pact: the German *Alliance for Jobs* (1998-2002).

7. A striking negative example: The German Alliance for Jobs

As the current literature on social pacts is dominated by case studies on successful social pacts, factors that systematically brake social pacts, especially those located outside the sphere of labour relations in a narrow sense, have often been neglected¹³. The German experience can serve as an illustrative example for the thesis that the mere existence of a social pact, even if it lasts for years, tells us nothing about its effectiveness, its importance in the political process, or its logics of exchange and mechanism of conflict solution. Compared to the Dutch, Irish

13 Exemptions are Hassel (2003), Siegel/Jochem (2003), Dolvik/Martin (1997).

and Italian neo-concertation experiences, the *German Alliance for Jobs*¹⁴ stands out as a striking example for a failed macroconcertation process.

The German Alliance for Jobs did neither contribute to a significant reduction of the conflict potential in labour relations, nor to the convergence of problem and interest definitions between the government, unions and employers (*input dimension*). As a consequence, the German social pact also did not develop into an institutional reform motor in the political process (*output dimension*). As the analysis of the German Alliance for Jobs indicates, a concertation process may last for several years and at least serve as an institutional platform for more or less regular peak meetings in which concertation talks take place, but nevertheless never obtain a central status in the political process. In the following sections, I will illustrate the thesis that the German social pacts has failed according to both dimensions of assessment and I will discuss the major factors that have contributed to the fact that the German social pact became one of the most disappointing projects of red-greed coalition government – judged on the basis of the initial ambitions of chancellor Schröder and his advisers and staff in the chancellor's office.

The contradictory faces of German corporatism

Without further differentiation between the different varieties of corporatist policy-making and their deviating logics of exchange, one could arrive at the conclusion that Germany's political economy offers a striking corporatist paradox: on the one hand, sectoral corporatism is a key feature of Germany's interest groups system in general and labour relations in particular, characterising labour-capital relations in the realm of wage bargaining and in the core institutions of the German welfare state. On the other hand, initiatives for the institutionalisation of macroconcertation have been rare in the history of the Federal Republic, and, besides a short intermezzo in the late 1960s and early 1970s (*Concerted Action*), have been proved to be rather ineffective. The asymmetry between firmly institutionalised mesocorporatism and the lack of permanent macroconcertation is puzzling only at first sight. Given what was said about the tensions between corporatist governance regimes at the sectoral level, based on the idea of delegating steering capacities to social partners on a permanent base and resulting in a sys-

14 I will restrict this summary to the *Alliance for Jobs, Education and Competitiveness* which was initiated after the government turn-over in 1998. Hence the short lived first Alliance for Jobs (*Alliance for Jobs and the Preservation of Production Sites*) of 1996 is not included in the following sections. For an analysis of the first analysis cf. Bispinck (1997).

tematically reduced room for manoeuvre for central governments, and the vertical integration, which is central for the functioning of macroconcertation, the rather meagre role macro-concertation processes have played in the German political economy is not startling at all.

The history of incorporating main societal forces into the German state dates at least back to the late 19th century, which witnessed the birth of an authoritarian variety of *Korporativismus* (Abelshausen 1984; Wehler 1995). The political economy of the Federal Republic is characterised by delegated steering capacities in various policy areas. The strong role of sectoral corporatism apart from labour relations was not restricted to the institutions of the welfare state. However, the core programmes of social policy such as health, unemployment and pension insurance provided most important secondary power bases for the social partners. What stands out in the domain of industrial relations is the right for employers' and employees' associations to autonomously negotiate about wages. The constitutional status of this autonomy is implicitly guaranteed by article 9 of the Basis Law. In contrast to wage bargaining, the important role of unions and employers' associations in the welfare state is not backed by constitutional law but the consequence of diverse political factors: an authoritarian policy legacy of incorporating societal actors into the state, concomitant institutional opportunity structures, the dominant role of the subsidiarity principle in catholic social doctrines, and the spirit of power distributing and interweaving which was widespread not only among the constitutional architects of the Basic Law but more generally also among the first generation of the political elite of the West German democracy.¹⁵ Consequently, though they were not constitutionally guaranteed, corporatist policy networks became a key characteristic of the "politics of the social insurance state" (Jochem 2001).

Most complicated was and is the corporatist policy-making process in the domain of health policy. Compared to labour market and pension policies, where comparatively encompassing organisations of labour and capital could rely on quasi monopolies of interest representation, health policy is characterised by a larger number of associations and interest groups, including those which lobby for the private suppliers in the German health sector. In the so called Concerted Action in Health Care (*Konzertierte Aktion im Gesundheitswesen*), instituted in 1977,

15 The power sharing function of delegating policy responsibilities to the social partners became an integral part of the "policy of the middle way" which can't be understood without the important role "learning from catastrophes" played at least during the first fifteen years or so after the Federal Republic was founded in May 1949. Cf. Schmidt (1987).

the most powerful organisations are represented. Whereas the more exclusive and less formal corporatist networks in pension policy successfully negotiated about major reform measures and pension expenditure seemed to be consolidated due to a number of incremental adjustments in the 1980s, the history of health reforms is, with the exception of one major structural reform, which was more or less informally and exclusively negotiated behind closed doors among the two people's parties in 1992, a history of failed cost containment and suboptimal adjustment steps. Compared to systems of national health services, the veto point density in the mixed economy of the German health sector is higher due to the predominance of private suppliers in the outpatient sector and the plurality of private and public health insurers.

Though the number of relevant collective actors incorporated into the German social insurance state varies between the three most important branches of social security – pensions, health, and unemployment insurance – the relevance of sectoral networks of corporatist policy-making has been a key institutional characteristic of the German welfare state. As the corporatist networks at the sectoral level in the domain of social insurance, autonomous collective bargaining has been the most important attribute of labour relations. Both aspects triggered significant and hampering effects on the effectiveness of the German social pact.

The consequences of a corporatist-centrist welfare state

The German welfare state has been classified as corporatist-conservative in Esping-Andersen's welfare regime typology (Esping-Andersen 1990). Though it seems more adequate to classify the German welfare state as "centrist" (Schmidt 1998), or corporatist-centrist (Siegel 2003a), the basic institutional features of the German welfare state regime are captured by Esping-Andersen's typology of welfare regimes. Two important features of the German welfare state are 1., the dominant principle of social insurance that couples contributions to benefits, and 2. segmented policy responsibilities. These two basic properties of the corporatist-centrist welfare state have two main consequences.

First, as roughly two-thirds of total social expenditure are financed through social security contributions, leaving variations at the program level aside, the "aggregate" financing structure of the German welfare state has put a major cost burden on the factor labour. Social security contributions as a percentage of gross wages (up to assessment ceilings) were roughly 42% at the turn of the millennium. In combination with the high wages regime, these non-wage labour costs

systematically reduce the employment growth potential in the private service sector as they engender large tax wedges and are at least partly responsible for prohibitive total wage costs in labour intense service jobs. Though German trade unions and employers have antagonistic problem definitions in many respects, meanwhile there is some consensus about the need to reduce social security contributions at least in those segments of the labour market, where the demand for work is chiefly limited to less productive, labour intense jobs.

Second, the German social insurance state with its traditionally strong delegative tendencies appeared to be rather resistant to structural reforms that go beyond system-immanent and incremental adjustment steps. Though the pension reform of 1989 and earlier consolidation measures proved to be temporarily successful, the structurally induced long-term problems of the German welfare-without-work syndrome were not resolved by predominantly incremental adjustments.

The steadiness of the institutional status quo in the German social insurance system is not only a consequence of the popularity of the social insurance principle among voters per se – a rather insecure pillar of support, particular among young voters and given the adjustment pressure of social security systems. An iron pillar of support is stabilised by those system advocates that are deeply entrenched in the corporatist networks of the social insurance state. The incorporation into the parapublic organisations of the social insurance schemes provided valuable secondary power resources for a union movement which has been plagued by a declining membership in most sectors of the economy for decades. In addition, the corporatist social insurance system witnessed the birth of its own children, mainly social insurance organisations and associations which became influential experts in the political process. For example, the *Verband deutscher Rentenversicherungsträger* (VDR, Association of German (Public) Pension Insurance Institutions) regularly publishes its so called “policy expertise”. Not in all but in the large majority of cases the VDR tries to influence the political discourse on pension policy, mainly in favour of the institutional status quo. The VDR is an organisational child of the social insurance system. Among other activities, it offers press seminars to influence the multipliers of public opinion, its chief representatives comment extensively on reform proposals of the federal government, and it publishes so called “information” booklets that contain (often severely biased) “expert judgements” on major topics, such as on the introduction of basic income components for the aged. As the example of the VDR demonstrates, the expansion of the German welfare state has resulted in the birth of

social insurance organisations with an interest in their own. These powerful public, parapublic and private associations are firmly incorporated into the corporatist policy networks of the social insurance state. The existence of sectoral corporatism with a strong emphasis on delegative measures has resulted in a bias towards institutional continuity in the social insurance state. Though the federal government formally disposes of the power resources to legislate institutional reforms in the pension and other social policy systems, even if the protagonists of the corporatist welfare state clearly expressed their dissent, such an adversarial political style would not only result in a most conflictual reform process, but would also have to take into account the suboptimal implementation by dissenting welfare state bureaucracies. Hence the shadow of hierarchy is most difficult to be provided by a federal government which faces a segmented corporatist networks and “quasi veto points” in the political process. The institutional legacies of the corporatist welfare state therefore provide a major obstacle to hierarchical coordination in tripartite concertation process if social policy reforms get it on the agenda of social pacts.

Distribution of power in a semisovereign state

The strong tradition of sectoral corporatism has resulted in segmented policy responsibilities in the welfare state, amplified by the formal principle of departmental responsibilities and the informal building of policy networks around ministerial responsibilities. Though the chancellor can formally rely on the constitutionally guaranteed *Richtlinienkompetenz* (determination and responsibility for general policy, Art. 65 GG), he (and maybe one day she) is only weakly equipped with de facto power to throw the shadow of hierarchy upon a macroconcertation process. Besides the principle of departmental responsibility and the well-entrenched corporatist policy-networks around the ministries and their administrative subunits, the German negotiational democracy is not only characterised by permanent coalition governments (at least at the Federal level) but also by a high degree of institutional pluralism. Most important in this respect is the German variety of cooperative federalism and its resulting politics of joint-decision making and interlocking politics (*Politikverflechtung*). *Politikverflechtung* induces a complex multi-level system and hence limits the steering capacities of the central government. Resources and responsibilities are distributed in a complex way between different levels of government. A main implication of the system of intergovernmental interweaving is that the second chamber, consisting of delegates of state governments, has become a major (potential) veto player in a majority of

legislation processes at the federal level and in most of the cases which contain structural reforms affecting the affairs of the states.

Furthermore, in the “semisovereign state” (Katzenstein 1987) of the Federal Republic the delegation of policy responsibility has not been limited to corporatist policy-making procedures in the social insurance state. It had also included the institutionalisation of an independent central bank which was primarily obliged to safe the (internal and external) value of the currency and only then to take into consideration the general economic policy course of the government. The lack of monetary sovereignty of the central government proved to be a major obstacle to Keynesian macroeconomic coordination in West Germany. Institutionalised monetarism had been firmly anchored in the political economy of the Federal Republic since 1974 and therefore long before European monetary integration went on its move. As a consequence, the adjustment pressure in the post-Maastricht process was weaker for the united Germany than for countries that had not relied on an iron currency guardian like the Central Bank Council (Siegel 2003b). In contrast to Italy, EMU did not offer a *vincolo esterno* for important reforms in fiscal, wage, labour, and social policy and for a “national effort” to achieve so in the form of tripartite macroconcertation (Dyson/Featherstone 1996).

Successful macroeconomic coordination had been based in Germany on an asymmetric signalling game: monetarist coordination (Scharpf 1987). The German price stability regime was a major target of critique for unions which would have preferred a more reliably accommodating actor in monetary policy, of course. However, with respect to the social pacts of 1995/1996 and 1998-2002, the asymmetric signalling game defined no major “objective” obstacle to a well-functioning social pact. Yet, judged from the view of unions and the advocates of Keynesian demand management, the asymmetric German (and later European) political economy resembled a weakly legitimised straightjacket, reducing the degrees of freedom which would have been decisive for effective macroeconomic coordination.

Autonomous collective bargaining

A main restriction for the steering capacity of German federal governments in tripartite concertation processes is induced by the system of autonomous collective wage bargaining (*Tarifautonomie*). *Tarifautonomie* is not literally mentioned in the Basic Law. Yet, its constitutional status can be derived from Art. 9 of the *Grundgesetz*, which basically guarantees freedom of association and contains a

section that implicitly declares state interventions into the wage bargaining system as void. Hence in contrast to the majority of OECD countries in which the state could intervene into the wage bargaining process, at least at several occasions and in the name of urgent crisis management, state interventions into the wage bargaining process remained a taboo in the “enabling state” (Streeck 1997) of the Federal Republic. Understandably as this may appear in the light of historic experience like state interventions during the last years of the Weimar Republic and of the total regimentation (*Gleichschaltung*) by the Nazi regime, *Tarifautonomie* was interpreted as a constitutionally secured resort of the social partners. The autonomy of wage bargaining had severe consequences for the functioning of macroconcertation. In addition to the restrictions defined by cooperative federalism and sectoral corporatism, it limited the government’s leeway to give the concertation process a more hierarchical shape. Particularly the unions’ representatives firmly resisted suggestions to (officially) include wage issues into the macroconcertation talks. Also, union representatives rejected negotiations about how to reform or adjust main parameters of wage policy and labour law to unclothe the (official) low wage segment. Consequently, in the German concertation process the most important policy domain of social pacts was not formally included: specific agreements on wage policy and on the reform of wage bargaining structures, and adjustments of wage bargaining parameters. Though the Alliance for Jobs had been launched by a federal government that seemed to be impressed by the success of concertation processes in other EU countries – and especially by the Dutch one, mentioned in the chancellors inauguration policy statement in the Federal Assembly – the federal government was neither able nor willing to press for the incorporation of wage issues. A central precondition for the effectiveness of social pacts, based on a generalised exchange logic including first concessive steps by unions, was missing in the Alliance for Jobs. Even worse, the government could not credibly provide a shadow of hierarchy as unions – only partly and half-heartedly opposed by employers’ associations fearing inconsistent and unpredictable ad hoc interventions by the government – always could have played the trump card by referring to an unconstitutional state intervention into autonomous collective bargaining if the governments had seriously intended to do so. Hence, a main deficiency of the German social pact was that it did not entail a range of issues broad enough to make inclusive cross-policy package possible deals and other techniques of “generalised political exchange” more feasible.

Due to the basic lack of policy responsibility of the federal government in the wage bargaining process, and due to the segmented policy authority and steering capacities in the domains of fiscal and welfare state policies, one could argue that the German social pact was doomed to fail. A logical conclusion and lesson drawn would be that macroconcertation can't provide an adequate institutional frame in which main reforms could be successfully negotiated in the German political economy (Lehmbruch 2000). However, though such a straightforward conclusion appears plausible it is implicitly built on a rather deterministic institutionalism. Even if one assumes a dominant tendency for institutional inertia, the incentives for collective actors to participate in a vertically integrated concertation process can nevertheless be redefined due to diverse political, social, and economic changes and as a consequence of increased problem pressure challenging institutionalised governance regimes. Hence although strategies of collective actors are heavily influenced by institutional contexts, they are not totally determined by the institutional status quo.

Given the supplied two dimensions of assessing the effect of social pacts one could object that at least the more permissive measurement dimension, which concentrates on the power of "discourse" effects, could have been met by the German concertation rounds. The German tradition of social partnership (*Sozialpartnerschaft*) has often been praised as a comparative advantage and as a main socio-economic good, hence one might have expected that the concertation initiative of the federal government could have been the overture to a re-vitalisation of the German tradition of negotiated consensus. However, the comeback or revitalisation of cooperative social partnership beyond its narrow institutional meaning was not accomplished. It is at this point of the analysis where the limits of exclusively institutional explanations and the need for an actor and problem-centred analysis become clear. More than any other factor, the unions' unwillingness to give up traditional policy paradigms impeded the development of a fertile climate for cooperative negotiations.

Policy failures of the government

Having summarised the main institutional features of the semisovereign German state and the unions' resistance to a hierarchisation of the political process in the name of effective coordination, one may not be surprised that the German concertation process from 1998 to 2002 did not gain the status of a central coordination and clearing forum as the advocates of macroconcertation initially had sug-

gested. However, a main factor that worsened the prospects for effective concertation was the government's and particular the chancellor's deficient political process management. Though this paper can't provide a detailed case study of all relevant aspects of the first four years of "red-green project" (cf. Egle/Ostheim/Zohlhöfer 2003), it can introduce into one of the most important features of the governmental process during the first four years of the red-green coalition government.

The first feature which impeded effective concertation was the dominant ruling style of the Schröder government, its deficient political process management. Most of the major reforms steps of the red-green coalition government were weakly coordinated and negotiated informally, mostly bilaterally, or, in some cases, were pushed through unilaterally (as long as the government could rely on congruent majorities in both chambers of the federal legislative). The most important examples were the honeymoon reforms in labour market and social policy during the first two months of the red-green coalition government. Essentially, these reforms fulfilled election promises and appeased the traditional left wing of the social democratic party as well as unions, which had rather openly argued in favour of a government turn-over during the election campaign of 1998. The coalition used its majority in both chambers to liquidate cut backs in the welfare state and measures to deregulate the labour market of the preceding centre-right government. A major component was the (initially temporal) abolishment of a demographic factor in the calculation formula for public pensions. The Kohl government had introduced the demographic formula to decrease indexed pension increases. The introduction of the demographic factor would have resulted in a gradual reduction of the net replacement ratio and could have been a way to make the unfounded pension system more sustainable in the shadow of increased demographic pressure. Further, the red-green coalition nullified reductions in sickness benefits. The new government also enacted an extension of the social insurance principle to segments of the working population which were not covered by mandatory social insurance contributions. It introduced mandatory social insurance contributions for jobs below the wage threshold of 630 DM which, by then, had been exempted from social insurance contributions. Another measure was to incorporate the so called "spurious" self-employed – mainly small, one or few persons enterprises, chiefly relying on subcontracts – into the social insurance system. Together, these and other reform steps marked a significant turn-around compared to the sequential consolidation and retrenchment efforts, which had been launched by the Kohl government from the mid 1990s

onwards. Clearly, re-regulation of the labour market and a further extension of the social insurance state could be interpreted as social democratic welfare statism (Schmidt 2003), or to be more precise: they were in line with the policy blueprints of the traditional wing of the social democrats with close connections to the German Trade Union Confederation (*Deutscher Gewerkschaftsbund*, DGB) and its member unions.

The early reforms of the new federal coalition government in social policy and the re-regulation of labour law did partly follow the opposite direction of what the majority of economists and labour market experts considered as reasonable given Germany's socio-economic problem load and the mainly structural causes for slack labour markets. Even if one had taken these traditional social democratic reform measures as the price, the government had to pay as a compensation to its most reliable supporters in the general elections of September 1998, they marked a major strategic mistake with respect to the government's framing of the macroconcertation process. As the federal government pushed through its social policy and labour market reforms unilaterally and before the first meeting of the Alliance for Jobs took place on 7 December 1998, the "goodies" for the trade unions were not brought into the negotiated policy space of the concertation process. The expansive regulation of labour law and social policies could have been a valuable exchange currency for unions' concessions in the domain of wage policy, to give just one example. As the labour market and social policy reforms had not been negotiated in the macroconcertation process, the Schröder government gambled away a most valuable inset and trump card. Additionally, the government had, for the first but not the last time, showed its unwillingness to negotiate key reform plans in the context of an institutionalised tripartite process. Due to the exclusive design of the reform measures and their contents, organised capital was overtly expressing its sceptical views on the prospects for successful coordination. The proposals of the then Finance Minister Oskar Lafontaine for a Keynesian demand management, enabled by a reform of the European Stability and Growth Pact, also threw a destructive shadow on the concertation process. Whereas the mainstream of concertation advocates within the SPD, belonging to the modernisation wing in the SPD, perceived the Alliance talks as an instrument to arrive at structural and mainly supply-sided reforms, the traditionalists did not hide their scepticism against a concertation process that, as they feared, could be used as a vehicle for a neoliberal deregulation of the social market economy. Summing up, what was striking was that the envisaged hierarchical coordination of the macroconcertation initiative was neither backed

by a reliable majority in the SPD nor by the most powerful unions in the German Association of Trade Unions (DGB) nor by German employers. And though it was sold as a chief project of Schröder and his government in the media, the federal government's strategic and substantial input into the concertation process was meagre from the beginning, to say the least.

Retrospectively, the honeymoon reforms of the red-green coalition appear as good indicators for the general lack of a consistent government course that could have strengthened the weight of the concertation process within the political process. The policy record of the coalition was often marked by unpredictable ad hoc management as well as astonishing and often ill-conceived policy turnarounds. What was striking throughout the first legislation period of the red-green coalition was the lack of principles in key economic policy questions and the short-handedness of most reform initiatives. Schröder, who was sold by his party strategies as a problem-oriented and pragmatic crisis manager of the German model, and who was stylised as a firm leader and states man who would not sacrifice reforms on the altar of inner party consensus or ideological truisms, followed a mainly survey-oriented agenda setting strategy. Whereas in some cases he tried to present himself as a modernizer who did his best to enable structural reforms, he also followed the popular route of stressing his commitment to the tradition of a German variety of a densely regulated social market economy. At several occasions he offered side-payments to the unions or, as in the case of the insolvency crisis of the construction enterprise Holtzmann, showed his willingness to protect firms and workers from the unpopular effects of market processes. Though I can't present a detailed description and analysis of his power securing strategies, what can be emphasised here is that Schröder's political style was contra-productive to a macroconcertation effort which would have benefited from a more consistent, predictably and problem oriented ruling style. It rather fitted well into the German tradition of informal consultation and concertation at the sectoral level, preponderantly driven by a logic of stepwise and weakly coordinated short-term crisis management along institutionalised policy responsibilities. Whereas some observers had classified the ruling style of Schröder as "managed consensus" (Dyson 200?), others gained the impression that due to the numerous extraparliamentary councils, working groups, and committees which have been established under the Schröder government, the Federal Republic may even be labelled as the "Berlin Council Republic" (*Berliner Räterepublik*, Heintze 2002). Though the concertation process was perceived as a failed project earlier, the establishment of the so called Hartz-Commission in spring 2002 marked a negative highlight for and the practical end of the project of macroconcertation. Con-

certation at the sectoral level had officially gained back its status as the main means of corporatist concertation. After the 2002 election the government did not revitalize the macroconcertation project but further invested into sectoral concertation, as the example of the reform commission in health and pension policy (*Rürup Commission*) clearly demonstrates.

A constant in the governmental process between 1998 and 2002 had been that the Alliance for Jobs could never rely on an exclusive status in the domains of wage, labour market or social policy. If at all, effective tripartite or less demanding forms of concertation took place at the sectoral level. To stress it once again, this trend fitted well into the traditions of the German variety of sectoral corporatism. Hence the initiation of tripartite macroconcertation did not pave the way for coordination across policy areas. Thus, the German *Alliance for Jobs* was no effective concertation process with respect to the output side of the governmental process. The contents of the documents that had been released after the peak meetings did not contain well-specified reform projects or parameters for wage bargaining. As the Alliance for Jobs did only on a few occasions pave the way for more consensual problem definitions, the Alliance talks can also not be classified as an “enabling discourse” arena. In a nutshell, Germany’s Alliance for Jobs is an outstanding example for failed concertation. Institutional pluralism induced by federalism and sectoral corporatism, separate problem definitions of collective actors involved, and a deficient strategic process management of the federal government were the most important factors responsible for the failure of the Alliance for Jobs.

8. Conclusion: Complex causality and “pooled analysis”

As a number of initiatives for corporatist neoconcertation during the 1980s and ‘90s have proved, corporatism, once again, is not dead at all (Schmitter 1989), but has survived the turbulences of domestic and international changes and challenges. Corporatist structures and processes have remained central features of collective bargaining and policy-making processes in a number of European countries. However, the survival of corporatism was and still is dependent on its potential to adapt. Due to the metamorphoses of corporatism (Traxler 2001) in the last two decades or so, research on the varieties of “competitive neoconcertation” has mainly focused on the causes of and sources for changing patterns of corporatist bargaining and policy-making and for the initiation of social pacts in countries whose interest groups and interest groups systems were supposed to lack the preconditions for corporatist macroconcertation. Beyond the “thick de-

scription" of the origins, consolidation and goals of social pacts, representing new initiatives for corporatist macroconcertation, crucial and systematic tests that would have tried to assess the effect of social pacts on welfare state reforms are still in short supply in a booming research field. Compared to the abundant comparative literature on the effects of corporatist (*structures of*) wage bargaining, comparative analyses of the effects of social pacts, based on systematic assessment strategies, define a major task of future research. A step into the right direction would be the search for well-specified criteria which could serve as a base line for more systematic comparative analyses. As this paper was mainly driven by the goal to discuss and illustrate some major problems of the current research on corporatist neoconcertation, its aim was not to suggest an appropriate "final" solution for the problems described.

However, as I have argued in section 6, where I presented some preliminary suggestions, the search for more sophisticated criteria to assess the effects competitive neoconcertation could focus on two main dimensions. The first is mainly asking whether tripartite concertation are "enabling discourse" platforms that contribute to the redefinition of interests, problems and dominant strategies of the participating collective actors. Based on the idea of policy-learning (Hecló 1974; Hall 1993), it argues that social pacts can provide an institutionalised platform for problem-oriented processes of collective puzzling. However, social pacts do not necessarily become "enabling institutions" as the failed concertation processes in Germany, Belgium or Sweden have demonstrated. The comparative institutional advantages of social pacts are dependent on several factors which I have discussed in several sections of this paper. As this conclusion is restricted to issues of the "assessment problems", I do not want to repeat all arguments, but to stress again that the role of government has gained importance and that institutional pluralism induced by a federal political systems and powerful legacies of sectoral corporatism can severely impede the hierarchical coordination social pacts try to accomplish.

The second assessment dimension links the output side of the political process of social pacts with that of reform policies in those areas covered by social pacts. The main question is whether and how far the agreements achieved in social pacts have a significant influence on reforms in wage bargaining, labour market, and social policy. Necessary conditions to classify the outcome of a social pact as effective, are, first, that social pacts have a central status in the political process, i.e. that key reform initiatives in those policy areas which are covered by the concertation process are negotiated between governments, organised capital

and labour. A second condition is that social pacts result in concrete agreements and that these agreements are viewed as “quasi-binding commitments” by governments, unions, and employers’ associations, though the agreements of social pacts are not formally binding. Furthermore, social pacts can be classified as effective on the outcome side of political (reform) processes, if they matter for reform outcomes in those policy areas which are integrated into the concertation process. General policy statements which do not entail concrete goals and agreements may have an influence on the strategies of collective actors or on individual reforms, but mostly their specific influence is hard to detect. Given the problem of complex causality of macrosocial events (Mayntz 2002), even the influence of concrete policy agreements achieved in concertation processes is hard to confirm. In policy domains which are marked by complex causality, strictly speaking, it would be necessary but seems practically almost impossible to hold all those theoretically plausible factors constant that may have affected the choice of reform paths in those policy areas where concertation agreements do exist.

This refers to a rather big methodological problem in assessing the effects of social pacts. Though it may be worth to invest in more systematic “comparative case studies” to test whether social pacts can, under specific circumstances be classified as necessary or sufficient conditions for concerted welfare reforms, most of these tests are based on the assumption that bivariate causal relations can be detected without considering “third variables”. As the more recent debate about necessary and sufficient causes in comparative politics has shown (Ragin 2000; Seawright 2002), there do exist some formal research techniques to test on necessary or sufficient conditions that consider multiple causal conjunctures and approaches to estimate error probability. Though more formal research strategies could at least provide some noteworthy material for further discussion, given the complex interdependence of socio-economic and political factors in those policy areas where social pacts may matter for the probability for reform breakthroughs, we would be well advised to process them mainly as a means of further exploration of the research field. Whether social pacts can in any sense be regarded as truly independent variables (exogenous factors) or may rather be regarded as factors which can be seen as components of complex configurations which frame the context for reform policies in democratic nation states, is a main question, linked to theoretical, methodological, and empirical problems. Given that the rise of social pacts has coincided in a number of countries with European monetary integration, and given the important role of central government for competitive neoconcertation, inclusive rather than exclusive ways to understand

and explain why social pacts have been effective in some countries whereas they have failed in others, seem to offer promising paths for future research.

Fruitful approaches to a more systematic and less confirmative studies on the effects of social pacts could rely on classical comparative logics of inquiry as the method of difference or agreement. However, as in the case with more systematic procedures to test for necessary or sufficient conditions, such a research strategy had to rely on dichotomous classifications of complex real world phenomena. Whereas for qualitative as well as for quantitative formal methodology wage bargaining outcomes may rather adequately be measured by formal coding procedures, the outcome of welfare state reforms are a more complicated issue and even may be difficult to be coded in "fuzzy sets" (Ragin 2000). One would not only have to discriminate between reforms and "non-reforms", but also differentiate between different reform dimensions: consolidation (of social expenditure), retrenchment ("re-commodification"), or restructuring (of welfare state structures, cf. Siegel 2002). Hence it is questionable whether a unidimensional coding of welfare state reforms could offer a satisfying solution. As also the main exogenous factor in an X-centred analysis of social pacts generates huge measurement problems and dictates painful decisions in the research process, it would be a long way to a well-specified formal model and we don't know whether this way finally will lead to the desired solution, to estimate the effect of social pacts in some kind of multivariate analyses.

As a consequence, this paper ends with a plea for assessing the effects of social pacts by comparative case studies, combining comparisons over time and cross sections and by intense causal process tracing. Though such a strategy sets limits to the number of observations ("cases") an individual researcher can include in his studies and the inferences to be drawn, it does not preclude comparisons of a larger number of cases. A comprehensive effort of a handful of researchers, each analysing a handful of cases could be fruitful base for another type of "pooled analysis" in social sciences. Such a concerted action, or *research pact*, to assess the effects of social pacts, could indeed develop into a striking deal.

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Table 1: *Old and new concertation: an overview*

<i>Dimension of Comparison</i>	<i>Keynesian concertation</i>	<i>Supply-side concertation/ Social Pacts</i>
<i>main goals and issues</i>	<ul style="list-style-type: none"> • reduce inflationary pressures, inclusive macroeconomic coordination; income policy, wage moderation, extension and expansion of social rights 	<ul style="list-style-type: none"> • securing or regaining competitiveness; supply-side reform agenda; regulative reforms in labour market and social policy; reduce cost burden on factor labour; bringing public deficits and debts down; coordinated adaptation of national capitalisms
<i>Political Economy</i>	<ul style="list-style-type: none"> • at least some capital market restrictions do exist; volume and directions of financial markets transactions no major concern for governments • fight against inflation or stagflation most important goal of government • „Keynesian coordination“ (<i>Scharpf</i>) as main goal 	<ul style="list-style-type: none"> • Largely deregulated financial markets; volume of global and national financial markets transactions major concern of governments • fight against public deficits, efforts to foster employment growth prevail • only „monetarist coordination“ (<i>Scharpf</i>) possible; „institutionalised monetarism “ (<i>Streeck</i>)
<i>role of interest groups/interest group system</i>	<ul style="list-style-type: none"> • centralised or highly coordinated interest groups (unions & employers' associations) as a necessary precondition (e.g. wage restraint discipline) 	<ul style="list-style-type: none"> • relevance of interest groups systems/functional prerequisites uncertain; possible negative effects of strong unions (<i>Ebbinghaus/ Hassel</i>) or strong, defensively oriented unions; possibly negatively affected by employers' disorganisation
<i>wage and labour market policy</i>	<ul style="list-style-type: none"> • wage moderation as a means to contain inflation • increased social expenditure and decommodification as part of the corporatist exchange logic and compensation for wage restraint 	<ul style="list-style-type: none"> • wage moderation as a means for successful competition in international markets, keeping unit labour costs increases low; flexibilisation and partial deregulation of wage bargaining process (organised decentralisation); decoupling wage agreements in different sectors, i.e. private and public sector • flexibilisation and partial deregulation of employment law
<i>role of government</i>	<ul style="list-style-type: none"> • moderators and brokers • direct side-payments (extension of social/employment rights, fiscal compensation) 	<ul style="list-style-type: none"> • providing shadow of hierarchy • no direct fiscal compensation • “participatory” compensation: integration of interest groups into policy-making process
<i>logic of exchange</i>	<ul style="list-style-type: none"> • negotiation characterised by flat hierarchy • (short-term) positive sum games: externalisation of compensation costs unintended but accepted consequence 	<ul style="list-style-type: none"> • asymmetric negotiation/room of manoeuvre; hierarchical • sequential bargaining; one-way short-term cooperation • „Logic of information“ (<i>Culpepper</i>)?