



*Routledge Studies in the Political Economy of Welfare*

# **THE ROLE OF SOCIAL PARTNERS IN MANAGING EUROPE'S GREAT RECESSION**

**CRISIS CORPORATISM OR CORPORATISM  
IN CRISIS?**

Edited by  
Bernhard Ebbinghaus and J. Timo Weishaupt



# **The Role of Social Partners in Managing Europe's Great Recession**

This comprehensive study of the Great Recession and its consequences provides comparative analyses of the extent to which social concertation between government, unions, and employers varied over time and across European countries.

This edited volume – a collaboration of international country experts – includes eight in-depth country case studies and analysis of European-level social dialogue. Further comparisons explore whether social concertation followed economic necessity, was dependent on political factors, or rather resulted from labour's power resources. The importance of social partners' involvement is again evident during the Covid-19 pandemic.

Examining contemporary crises, this book will be of considerable interest to scholars and students of public and social policies, comparative political economy, and industrial relations – and more broadly to those following European and EU politics.

**Bernhard Ebbinghaus** is Professor of Social Policy in the Department of Social Policy and Intervention, University of Oxford, UK.

**J. Timo Weishaupt** is Professor at the Institute of Sociology, University of Göttingen, Germany.

## **Routledge Studies in the Political Economy of the Welfare State**

*Series editors: Martin Rhodes, University of Denver, USA, and Maurizio Ferrera, University of Milan, Italy*

This series presents leading edge research on the recasting of European welfare states. The series is interdisciplinary, featuring contributions from experts in economics, political science and social policy. The books provide a comparative analysis of topical issues, including:

- reforms of the major social programmes – pensions, health, social security
- the changing political cleavages in welfare politics
- policy convergence and social policy innovation
- the impact of globalisation

### **The Politics of Work-Family Policy Reforms in Germany and Italy**

*Agnes Blome*

### **Fighting Poverty and Social Exclusion in the EU**

*A Chance in Europe 2020*

*Edited by Matteo Jessoula and Ilaria Madama*

### **Business Interests and the Development of the Modern Welfare State**

*Edited by Dennie Oude Nijhuis*

### **Reforming the Welfare State**

*Carsten Jensen and Georg Wenzelburger*

### **The Role of Social Partners in Managing Europe's Great Recession**

*Crisis Corporatism or Corporatism in Crisis?*

*Edited by Bernhard Ebbinghaus and J. Timo Weishaupt*

For more information about this series, please visit: <https://www.routledge.com/>

# **The Role of Social Partners in Managing Europe's Great Recession**

**Crisis Corporatism or Corporatism  
in Crisis?**

**Edited by  
Bernhard Ebbinghaus and  
J. Timo Weishaupt**

First published 2022  
by Routledge  
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge  
605 Third Avenue, New York, NY 10158

*Routledge is an imprint of the Taylor & Francis Group, an informa business*

© 2022 selection and editorial matter, Bernhard Ebbinghaus and  
J. Timo Weishaupt; individual chapters, the contributors

The right of Bernhard Ebbinghaus and J. Timo Weishaupt to be  
identified as the authors of the editorial material, and of the authors  
for their individual chapters, has been asserted in accordance with  
sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or  
reproduced or utilised in any form or by any electronic, mechanical,  
or other means, now known or hereafter invented, including  
photocopying and recording, or in any information storage or  
retrieval system, without permission in writing from the publishers.

*Trademark notice:* Product or corporate names may be trademarks  
or registered trademarks, and are used only for identification and  
explanation without intent to infringe.

*British Library Cataloguing-in-Publication Data*

A catalogue record for this book is available from the British Library

*Library of Congress Cataloging-in-Publication Data*

Names: Ebbinghaus, Bernhard, editor. | Weishaupt, J. Timo, editor.

Title: The role of social partners in managing Europe's great  
recession : crisis corporatism or corporatism in crisis? / edited by  
Bernhard Ebbinghaus and J. Timo Weishaupt.

Description: Abingdon, Oxon ; New York, NY : Routledge, 2021. |

Series: Routledge studies in the political economy of welfare |

Includes bibliographical references and index.

Identifiers: LCCN 2021005897 (print) | LCCN 2021005898 (ebook) |

ISBN 9781032029740 (hardback) | ISBN 9781032029849 (paperback) |

ISBN 9781003186144 (ebook)

Subjects: LCSH: Corporate state—Europe—History—21st century. |

Crisis management—Europe—History—21st century. | Global

Financial Crisis, 2008–2009.

Classification: LCC JC478 .R65 2021 (print) | LCC JC478 (ebook) |

DDC 322/.3094—dc23

LC record available at <https://lcn.loc.gov/2021005897>

LC ebook record available at <https://lcn.loc.gov/2021005898>

ISBN: 978-1-032-02974-0 (hbk)

ISBN: 978-1-032-02984-9 (pbk)

ISBN: 978-1-003-18614-4 (ebk)

Typeset in Times New Roman  
by codeMantra

# Contents

<i>List of figures</i>	vii
<i>List of tables</i>	ix
<i>List of contributors</i>	xi
<i>Acknowledgements</i>	xiii
<i>Foreword</i>	xv
JELLE VISSER	
<b>PART I</b>	
<b>Concertation during times of crisis</b>	<b>1</b>
<b>1 Introduction: studying social concertation in Europe</b>	<b>3</b>
BERNHARD EBBINGHAUS AND J. TIMO WEISHAUPT	
<b>2 When governments include social partners in crisis corporatism: comparing social concertation in Europe during the Great Recession</b>	<b>24</b>
BENEDIKT BENDER AND BERNHARD EBBINGHAUS	
<b>PART II</b>	
<b>Preventing a crisis through pragmatic crisis management</b>	<b>51</b>
<b>3 Back to the future: Germany's turn to neo-corporatism in times of crisis</b>	<b>53</b>
J. TIMO WEISHAUPT	
<b>4 Wage autonomy, political reforms, and the absence of social pacts in Denmark</b>	<b>75</b>
BJARKE REFSLUND AND JENS LIND	
<b>5 Crisis management in the Netherlands: social concertation and constructive opposition</b>	<b>95</b>
MARC VAN DER MEER, ANTON HEMERIJCK, AND JOHANNES KARREMANS	

<b>6 Unilateral crisis prevention and crumbling social partnership in Poland</b>	121
JAN CZARZASTY AND ADAM MROZOWICKI	
 <b>PART III</b>	
<b>The perils of concertation in austere crisis contexts</b>	145
 <b>7 The rise and fall of social partnership in Ireland</b>	147
AIDAN REGAN	
 <b>8 The decline of social concertation or the crumbling pillars of legitimacy in Spain</b>	166
OSCAR MOLINA	
 <b>9 A biased pendulum: Italy's oscillations between concertation and disintermediation</b>	187
ARIANNA TASSINARI AND STEFANO SACCHI	
 <b>10 The crisis and the changing nature of political exchange in Slovenia</b>	212
MIROSLAV STANOJEVIĆ AND ALENKA KRAŠOVEC	
 <b>PART IV</b>	
<b>Crisis concertation in European perspective</b>	235
 <b>11 Conflict or cooperation? Explaining the European Commission's and social partners' preferences for low-level social dialogue</b>	237
VINCENT LINDNER	
 <b>12 Social concertation at a crossroad: crisis corporatism or corporatism in crisis?</b>	262
BERNHARD EBBINGHAUS AND J. TIMO WEISHAUP	
 <b>13 Postscript: social partnership facing the 2020 coronavirus pandemic</b>	279
BERNHARD EBBINGHAUS AND J. TIMO WEISHAUP	
 <i>Index</i>	295

# Figures

1.1	Unemployment rates for European Union and selected countries, 2007–2019	14
1.2	Public debt (as % GDP) for European Union and selected countries, 2007–2019	14
2.1	Best sufficiency model with three paths solution for extensive social concertation	39
2.2	Fourth path solution for extensive social concertation in Eastern Europe (without Slovenia)	43
3.1	Unemployment rate and GDP growth (in %), Germany 2000–2019	56
3.2	Public debt and public surplus/deficit (% GDP), Germany 2000–2019	57
3.3	Strike days in metal & engineering and service sectors, Germany 2008–2018	67
4.1	Unemployment rate and GDP growth (in %), Denmark 2000–2019	79
4.2	Public debt and public surplus/deficit (% GDP), Denmark 2000–2019	82
4.3	Wage increases (%), Denmark 2005–2016	83
5.1	Public debt and public surplus/deficit (% GDP), the Netherlands, 2000–2019	97
5.2	Unemployment rate and GDP growth (in %), the Netherlands, 2000–2019	98
5.3	Collective wage-setting in the Netherlands, 2003–2019	101
6.1	Public support for the Polish government, 2007–2019	124
6.2	Unemployment rate and GDP growth (in %), Poland, 2000–2019	127
6.3	Public debt and public surplus/deficit (% GDP), Poland, 2000–2019	127
7.1	Unemployment rate, GNI* and GDP growth (in %), Ireland, 2000–2019	151



viii *Figures*

7.2	Public debt and public surplus/deficit (% GNI*), Ireland, 2000–2019	152
8.1	Unemployment rate and GDP growth (in %), Spain, 2000–2019	168
8.2	Public debt and public surplus/deficit (% GDP), Spain, 2000–2019	169
9.1	Union density (%) and public trust in unions and employers' organisations in Italy	191
9.2	Public debt and public surplus/deficit (% GDP), Italy, 2000–2019	192
9.3	Unemployment rate and GDP growth (in %), Italy, 2000–2019	193
10.1	Public debt and public surplus/deficit (% GDP), Slovenia, 2000–2019	217
10.2	Unemployment rate and GDP growth (in %), Slovenia, 2000–2019	218
11.1	Unemployment rate (%), European Union and Eurozone, 2000–2019	243
11.2	Annual change in real GDP, European Union and Eurozone, 2000–2019	244

# Tables

1.1	Typology of the country case studies	12
2.1	Fuzzy-set calibration of outcome (extensive social concertation)	33
2.2	Extensive social concertation (fuzzy scores) by government cabinets, Europe 2008–2015	34
2.3	Codebook with calibration of conditions	35
2.4	Necessary and sufficient conditions for extensive social concertation (and non-outcome)	36
2.5	Best sufficiency models for governments with extensive social concertation in Europe	38
3.1	Government composition in Germany, 2005–2020	59
4.1	Government composition in Denmark, 2007–2019	77
5.1	Government composition and cooperation patterns in the Netherlands, 2006–2017	103
6.1	Government composition in Poland, 2007–2019	124
6.2	Single-employer collective agreements in Poland, 2004–2018	125
6.3	Main policy challenges and social dialogue in Poland, 2009–2019	129
6.4	Crucial national- and regional-level trade union protests, 2008–2019	134
7.1	Government composition in Ireland, 2007–2020	150
8.1	Government composition in Spain, 2004–2020	172
9.1	Government composition in Italy, 2008–2018	194
10.1	Government composition in Slovenia, 2008–2020	219
12.1	Trends in labour relations in selected European countries: 1990s vs. 2010s	271
13.1	Social partners and employment policy responses to Covid-19 pandemic in 2020	284



# Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

# Contributors

**Benedikt Bender** is Postdoctoral Researcher in the Institute of Political Science, Goethe University Frankfurt am Main, Germany.

**Jan Czarzasty** is Assistant Professor in the Institute of Philosophy, Sociology and Economic Sociology, SGH Warsaw School of Economics, Poland.

**Bernhard Ebbinghaus** is Professor of Social Policy in the Department of Social Policy and Intervention, University of Oxford, UK.

**Anton Hemerijck** is Professor of Political Science and Sociology at the European University Institute (EUI), Florence, Italy.

**Johannes Karremans** is Lise Meitner Fellow in the Department of Political Science, University of Salzburg, Austria.

**Alenka Krašovec** is Professor of Political Science at the Faculty of Social Sciences, University of Ljubljana, Slovenia.

**Jens Lind**, Professor Emeritus, Department of Sociology and Social Work, Aalborg University, Denmark.

**Vincent Lindner** is Doctoral Researcher in the Department for Macro & Finance, Leibniz Institute for Financial Research SAFE, Frankfurt/Main, Germany.

**Marc van der Meer** is Professor at the Tilburg Law School, Tilburg University, the Netherlands.

**Oscar Molina** is Associate Professor in the Department of Sociology, Universitat Autònoma de Barcelona, Spain.

**Adam Mrozowicki** is Associate Professor in the Institute of Sociology, University of Wrocław, Poland.

**Bjarke Refslund** is Associate Professor in the Department of Sociology and Social Work, Aalborg University, Denmark.

**Aidan Regan** is Associate Professor at the School of Politics and International Relations, University College Dublin, Ireland.

**Stefano Sacchi** is Professor of Political Science, Department of Management and Production Engineering, Polytechnic University of Turin, Italy.

**Miroslav Stanojević** is Professor of Industrial Relations at the Faculty of Social Sciences, University of Ljubljana, Slovenia.

**Arianna Tassinari** is Senior Researcher at the Max Planck Institute for the Study of Societies, Cologne, Germany.

**Jelle Visser**, Professor Emeritus, Universiteit van Amsterdam, the Netherlands.

**J. Timo Weishaupt** is Professor at the Institute of Sociology, University of Göttingen, Germany.

# Acknowledgements

During the first year of the Coronavirus pandemic, we were finishing this edited volume on the role of social partners during the preceding crisis – the Great Recession. From the start, our intention had been to study whether and how governments in Europe engaged with trade unions and employer associations in tackling an economic crisis following the 2008 financial market crash. When we applied for the project, we did not expect that a new crisis would come that quickly, though the Brexit referendum of 2016 changed this view quickly. As pointed out in the Postscript, the Great Recession has many lessons to offer on more or less inclusive policy responses of governments for the current and any future crisis.

The editors are grateful that this volume builds on the in-depth expert knowledge of country experts from eight European countries. This trans-European collaboration was facilitated by project funding for two workshops and additional support for the country reports undertaken by our international collaborators. As Principal Investigators, the editors are grateful to the German Science Foundation (DFG) for generously funding this project in two parts, one at University of Mannheim led by Bernhard Ebbinghaus (EB 434/3-1) and the other at University of Göttingen led by J. Timo Weishaupt (WE 4822/2-1) from 2016 to 2020. We also thank for a cost-neutral extension of the project, not least due to the Coronavirus pandemic.

The DFG also funded two doctoral researchers for three years. Indeed, it would not have been possible without the organizational support by Benedikt Bender at University of Mannheim and Vincent R. Lindner at University of Göttingen, and both contributed, *inter alia*, two chapters to the edited volume on country case comparison and the EU study, respectively. Benedikt Bender received his PhD from the University of Mannheim in 2020, based on a dissertation on organized interests and German labour market policy which has been published in German by Springer-VS in 2020. Subsequently, he became a postdoctoral researcher at Goethe-Universität Frankfurt/Main. In spring 2020, Vincent Lindner joined the Leibniz-Institute for Financial Research (SAFE) at Frankfurt/Main, where he will finalize his dissertation on EU social dialogue.

After Professor Ebbinghaus moved to the University of Oxford, Dr. Thomas Bahle assumed the administrative responsibility for the Mannheim project part for which we want to express our deep gratitude. At the Mannheim Centre for European Social Research (MZES), our thanks go to Dr. Philipp Heldmann and Beate Rossi for their administrative support. We also thank the Lorenz von Stein Foundation for financially supporting two project workshops with our country experts and commentators, held in 2017 and 2018 at the MZES. We are also grateful to Mario Daum, who assisted the PIs in developing the grant proposal. The project could not have been successfully concluded without the valuable support of numerous student assistants, including Florian Andersen, Luzia Hackenbroch, Jan Einhoff, and Jennifer Hogan (all Mannheim), as well as Friedrich Paun and Hauke Harden (Göttingen).

Finally, we would like to express our deep appreciation for the very constructive comments by Jelle Visser and Sabina Avdagic at our two project workshops, as well as the input by Lucio Baccaro and other participants at the 2019 Conference of Europeanists (CES) in Madrid and the 2019 SASE Meeting in New York City. Our research was also presented in colloquia at the Department of Social Policy & Intervention (University of Oxford), the Institute of Sociology (University of Göttingen), and the MZES. Finally, we thank Maurizio Ferrera and Martin Rhodes as Editors of the Routledge Studies in the Political Economy of the Welfare State for their support.

# Foreword

*Jelle Visser*

Do we need social pacts? Or, to pose the question differently, whom can European prime ministers (or the German chancellor) approach when there is a severe employment crisis? Are union federations and employer organisations still relevant actors in managing a crisis? The Covid-19 pandemic has sparked an economic crisis not seen since the Great Depression of the 1930s; in fact, the number of people in paid employment has collapsed far more than during any economic and financial crisis since 1945 (OECD 2020). If there is ever a time for serious social dialogue and concertation over policies and measures addressing this crisis – how to responsibly open up the economy, create safer workplaces, improve the position of essential workers, provide adequate income support for marginal workers, strengthen job retention schemes, and improve the resilience of labour markets – it is now.

The new comparative analysis presented in this book examines the role of the social partners in managing Europe's Great Recession in the years 2008–2012. The study investigates both the causes – when and why do governments involve business and labour in crisis management across Europe and what accounts for the variation across countries? – and their consequences – what are the results of such concertation efforts? It draws the net wider than the study of Social Pacts in Europe (Avdagic, Rhodes and Visser 2011) and investigates not only the formal agreements between government, unions, and employers, i.e. social pacts, but “any efforts by the government to include the social partners in policymaking and implementation by consulting, coordinating or negotiating measures in respect to economic and social policies that go beyond normal bilateral wage bargaining”. Social pacts are a potential outcome and thus a subset of such concertation efforts.

The results of the two studies are, however, fairly similar. Economic stress alone does not explain the pattern of social concertation or the conclusion of social pacts. General economic problems, such as unemployment, inflation, and rising public debts, are only part of the story and causally relevant only when combined with particular political and institutional conditions. The sobering conclusion from both studies remains that the acuteness or size of the crisis does not guarantee that government and social partners seek or achieve cooperation over the design of mutually beneficial solutions even



when such solutions can be identified. The second conclusion remains that social pacts in particular are exceptional, fragile, and contingent constructions, highly sensitive to the political and economic pay-offs they bring to the constituent parties and hard to repeat or transpose from one context or country to another. Policy concertation, at least in certain sectors or policy domains, follows a more established pattern, for instance in German industry, Denmark, or the Netherlands, relatively undisturbed it seems, in the short term at least, by power shifts. Changes in the distribution of power tend to be more relevant where such established patterns are missing, for instance in Poland, Italy, Spain, or Slovenia, and actual involvement of unions and employer organisations in managing the crisis tends to depend upon the political coalition in power or even the predilections of leading politicians.

The breakdown of two decades of social pacts in Ireland, documented in this book, is a powerful reminder of the conclusion that even where co-operative norms emerge as a result of earlier pacts, “in no case were norms strong enough to determine institutionalisation or neutralize the effects of power shifts, severe economic setbacks, or dissatisfaction with outcomes” (Avdagic, Rhodes and Visser 2011, 290). Even where concertation and social pacts can boost past success and seem routine, there are internal and external challenges which make any result from negotiations prone to failure, as is aptly demonstrated in the chapter on the Netherlands. It appears that compared with earlier crisis, social pacts must be “reinvented each time anew” and indeed, a comparison through time shows that across the OECD area the number of successful pact negotiations has declined (Visser 2020). The prediction is that the deinstitutionalization of policy concertation and social pacts will continue with the decline in membership, internal discipline, and organizational cohesion of the main trade union and employer organizations.

Facing the Covid-19 job crisis, the question “Why Social Pacts?” poses itself anew. What can trade unions and employers bring to the bargaining table? Expertise, better knowledge of detail, crucial social support, legitimacy for difficult or unpopular measures, trust, and compliance with policies that can only at high cost be created, imposed, and enforced by law. Lockdown and opening-up measures during Covid-19 show that governments cannot do this alone but need intermediaries. Negotiated policies enable governments and social partners to find tailored and fair solutions, and where this is so, they tend to command greater support (OECD 2019). Covid-19, together with the challenge of climate change, invites a new appreciation of human labour, control over resources, and the role of the state in setting priorities (*The Guardian*, 15 May 2020). In view of the scale of the challenge, it is time for unions, employers, and the government to jump over their shadows, sit together, and start working on a New Deal similar to the 1930s. This book contains many lessons of the complexities and limitations involved in tripartite negotiation, but also of the promises and improvement that such attempts at cooperation can bring.

## References

- Avdagic, S., M. Rhodes, and J. Visser (eds.) 2011. *Social pacts in Europe. Emergence, evolution and institutionalisation*. Oxford: Oxford University Press.
- Fraser, N., S. Neiman, C. Mouffe, S. Sassen, J.W. Müller, D. Rodrik, T. Piketty, G. Zucman, H.J. Chan, et al. Humans are not resources. Coronavirus shows why we must democratise work. *The Guardian*, 15 May 2020.
- OECD. 2019. *Negotiating our way up. Collective bargaining in a changing world of work*. Paris: Organisation for Economic Co-operation and Development.
- OECD. 2020. *Facing the job crisis. Employment Outlook 2020*. Paris: Organisation for Economic Co-operation and Development.
- Visser, J. 2020. *The institutional characteristics of trade unions, wage setting, state intervention and social pacts*. ICTWSS Database, version 6.1. Amsterdam, Amsterdam Institute for Advanced Labour Studies (AIAS). November 2019. Available at: [www.aias-uvanet.nl](http://www.aias-uvanet.nl).



# Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

## **Part I**

# **Concertation during times of crisis**



# Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

# 1 Introduction

## Studying social concertation in Europe

*Bernhard Ebbinghaus and J. Timo Weishaupt*

### 1.1 Why studying social concertation?

In times of economic crisis – most recently as a consequence of the Coronavirus pandemic since early 2020 – the question arises whether governments seek to include the social partners (trade unions and employer associations) into their crisis-response management or whether they unilaterally bypass them. When the global financial market crash in September 2008 triggered a prolonged economic crisis, all member states of the EU, except Poland, experienced negative growth rates in the following year. With growing mass unemployment, many European governments launched ad hoc stimulus packages during the first two crisis years. Soon thereafter, the Euro sovereign debt crisis led to a second wave of fiscal and economic crisis, hitting in particular Greece, other Southern and most Eastern European countries. In addition to rescuing financial institutions through bailouts, the preceding neo-Keynesian policies contributed to growing budget deficits, which subsequently – reinforced by push from international creditors – pressed governments to adopt austerity measures despite sluggish growth, mass unemployment, and rising poverty. In this edited volume, we explore the role of the social partners in dealing with the 2008/2009 financial and economic crisis and its aftermath in Europe. We not only seek to explain the cross-national variations in when (and why) social partners were part of crisis politics, but also assess how their inclusion (or lack thereof) has affected neo-corporatist arrangements in the respective countries.

When times were tough and problems “wicked” (Peters 2017), many European governments had pursued collective policymaking in the past, involving the social partners in social concertation. Such governments sought not only concluding a joint agreement on policy, but also sharing its implementation in order to increase the social and economic benefits for all sides. Since the 1970s, such tripartite policymaking and implementation has been known as “neo-corporatist” interest intermediation (Schmitter 1974), though these efforts became less frequent with the shift toward neoliberal policies during the 1980s. However, there had been signs of a “renaissance” of neo-corporatist efforts during the 1990s (Grote and Schmitter 1999),

especially – and quite surprisingly – in countries without strong corporatist tradition (Avdagic, Rhodes and Visser 2011b). Most prominently, numerous “social pacts” between governments and social partners were concluded in preparation of the Economic and Monetary Union (EMU) in several Southern European countries as well as Ireland (Molina and Rhodes 2011; O’Donnell, Cahill and Thomas 2010; Regini and Colombo 2011).

Given the self-imposed fiscal discipline, “competitive corporatism” (Rhodes 1998) was sought to restore global competitiveness in a number of continental European countries such as the Netherlands or Germany (Ebbinghaus and Hassel 2000; Visser and Hemerijck 1997) or contributed to adapting innovation-based competition in Northern Europe (Ornston 2013). Pragmatic policymakers relied on these joint solutions as they created legitimacy for tough but necessary choices, while resulting in economically desirable outcomes. Compared to earlier decades, these deals were no longer a political exchange of wage moderation for increased social benefits, but combined supply-side-oriented economic measures with negotiated welfare state restructuring (Ebbinghaus and Hassel 2000). Moreover, these efforts were also normatively in line with the European Social Model that embraces social dialogue as one of its key characteristics (Baccaro and Simoni 2008; Sapir 2006).

Given the extraordinary problem load since 2008, neo-corporatist scholars would expect national governments to seek collective solutions not only during the onset of the Great Recession, but also after the initial crash, when the situation remained notoriously precarious. Double-dip recessions, sluggish economic growth despite a “zero interest rate” policy by the European Central Bank (ECB), stubbornly high unemployment rates, and rising inequality were coupled with external shocks or long-term problems such as the so-called refugee crisis, global trade wars, climate change concerns, and the “Brexit” referendum in the UK. The crisis implications and austerity policies contributed to a rise in anti-EU, mostly anti-establishment right-wing populism, threatening the very foundations of modern democratic welfare capitalism. Despite the apparent need for concerted action, some scholars rather point to a “death” of social pacts (Culpepper and Regan 2014; Teague and Donaghey 2015) or the ineffectiveness of “PR corporatism” (Bernaciak 2013). Similarly, Hyman concludes that “the crisis seems to have made peak-level social dialogue very difficult in most countries” (Hyman 2010, 7). Others, in contrast, identify trends of corporatist conflict resolution (Eichhorst and Weishaupt 2013; Lesch and Vogel 2017), focusing on the resilience of corporatist arrangements (Dekker, Bekker and Cremers 2017; Luque Balbona and González Begega 2015), the “return” of trade unions as crisis facilitators during times of acute need (Lehndorff 2011; Urban 2015), or note the “ups and downs” in social dialogue (Molina and Guardancich 2017; Van Gyes, Terlinden and Vandekerckhove 2017).

In this edited volume, we investigate several key research questions in respect to societal crisis management during the Great Recession by way

of comparative analyses and selected country case studies. Our first question asks: *what explains cross-national variations in governments' decisions to involve the social partners in crisis management across Europe?* This implies also a second research question: *what have been the main consequences of such concertation efforts (or their failure or absence) on labour relations and the future of neo-corporatist policymaking?* Additionally, we address a third topic in the study of EU social dialogue: *when and why are the social partners involved at the EU level?* The evidence we provide is based on a mix of different methods, including a larger-N fuzzy set qualitative comparative analysis (fs/QCA) of 29 countries (27 EU members, including the UK but not Croatia, plus Norway and Switzerland), eight in-depth country case studies, one EU-level chapter, and a concluding comparison of the selected case studies, followed by a Postscript on the pandemic.

In the remaining parts of this introduction, we briefly outline the trajectory of a collectively organized policymaking and crisis management before 2008, while also defining key analytical terms such as neo-corporatism, social pacts, and social concertation. Thereafter, we provide an overview of the most common explanatory factors for collective crisis management. Based on the social science literature, we differentiate three lines of argument, including predominantly socio-economic (functionalist) factors; explanations focusing on politics, electoral competition, and political institutions; and those approaches investigating power resources, labour relations, and wage bargaining. We give also a rationale for our research design that is underpinning the empirical findings presented in this volume. Finally, we briefly outline the key findings for each country as well as the comparative analyses and the EU-level chapter.

## **1.2 From neo-corporatist theory to social pacts and social concertation**

Seeking to explain the revival of tripartite income policies in post-war advanced economies, “neo-corporatism” (Schmitter 1974) arose as an analytic concept in the 1970s. Neo-corporatism distinguished a new form of “liberal” corporatism for post-war Western democracies from the historical (and then contemporary Latin American) examples of state corporatism in authoritarian regimes. Schmitter and Lehmbruch (1979, 150) defined neo-corporatism as a system of interest intermediation, in which the organized interests, in particular trade unions and employer associations, are involved in both policymaking and its implementation. Neo-corporatism was thus understood as a *modus operandi* different to liberal pluralism or Marxist socialism (Wiarda 1997), as organized interests enjoyed preferential access to politics within a democratic political system. Empirically, societal corporatism tended to be most commonly institutionalized in non-majoritarian “consociational” democracies in Europe (Lijphart 1984) and



societies “sharing public space” (Crouch 1983). According to Schmitter’s (1974, 93–94) initial definition, neo-corporatism requires:

a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.

Following this definition, neo-corporatist interest intermediation was relatively contingent on a well-developed system of interest representation and supporting institutional arrangements. Many historical and comparative studies (Baccaro 2014; Berger and Compston 2002; Jahn 2016; Kenworthy 2003) documented varying degrees of neo-corporatism across advanced economies, and over time, showing ups-and-downs and slowly shifting country patterns.

The three prosperous post-war decades, labelled the “golden years” (Ferrera 2008), provided an environment in which corporatist arrangements could prosper. During the post-war reconstruction era, both Fordist mass production and mass consumption promoted demand-led growth, supported by the widely shared Keynesian economic paradigm (Hall 1993). Trade unions and employer associations were sought-after partners, given their organizational power. Through collective bargaining, the social partners were crucial players in wage-setting, balancing demand stimulus while managing inflation, thereby stabilizing capitalism during the heydays of the Cold War. As the power resources of both trade unions and employer associations were strong, Polanyian compromises could be reached, leading to more “industrial democracy” (co-determination, collective bargaining), an expansion of social and economic rights (social insurance often governed by trade unions or the social partners), and a regulatory state that bound markets, both nationally and internationally (cf., Rueschemeyer, Huber and Stephens 1992; Ruggie 1982; Stephens 1980).

Following the collapse of the gold standard in 1971 and the dual oil crises of the 1970s, Keynesianism was replaced with supply-side neoliberalism as macro-economic paradigm in the 1980s, starting most prominently in the US and UK (Hall 1993; Weishaupt 2011). Even though distinct “varieties of capitalism” (Hall and Soskice 2001) remained in place, the expansion of the welfare state came to a halt as a consequence of global competition, fiscal limits, and demographic challenges. Structural changes, competitive pressures on labour, the rise of service sectors, and capital liberalization contributed to a slow but continuous decline in union membership and an erosion of collective bargaining (Ebbinghaus and Visser 2000). In this new era, the social partners not only became weaker, but their societal role

were also questioned, leading to claims of the “end of organized capitalism” (Lash and Urry 1987). Many employers and governments saw in collective bargaining now a hindrance to more flexible and more decentralized wage-setting. Moreover, trade unions were regarded as status quo defenders, preventing more flexible labour markets and pushing for high labour costs, thereby lowering competitiveness and increasing disincentives to seeking work (Weishaupt 2011).

The unexpected renaissance of “social pacts” across Europe in the 1990s (Baccaro 2003; Fajertag and Pochet 2000) led to a revision of corporatist theory. Several studies (Pochet et al. 2010; Regini 2003; Traxler 2004) still saw these as neo-corporatist policymaking, even if these were more “lean” deals. A more differentiated view was adopted by the seminal study of Sabina Avdagic, Martin Rhodes, and Jelle Visser (2011b), investigating “social pacts” as formal agreements between governments and the social partners on mainly economic issues and measures that are implemented via legislation and/or collective agreements (Avdagic 2011, 24). Importantly, and in contrast to neo-corporatist arrangements of previous decades, social pacts in the 1990s and early 2000s were mostly discretionary rather than institutionalized, which allowed “policymakers to respond quickly to contingencies” (Avdagic, Rhodes and Visser 2011a, 11). The most notable cases include countries considered “mixed” market economies without a pronounced neo-corporatist legacy such as Ireland, Italy, Portugal, Slovenia, and Spain (cf. country chapters in Avdagic, Rhodes and Visser 2011b). Social pacts tended to be *ad hoc* in nature, they were less rooted in political decision-making, and they were mainly reform-oriented and problem-driven.

After the launch of EMU, the scope for social pacts seemed to have further narrowed during the 2000s, but some forms of social concertation continued nevertheless in several EU countries (Natali and Pochet 2009). Even though there were fewer formal social pacts, leading to encompassing structural reforms, governments continued to rely on social dialogue to jointly identify issue-specific policy solutions (Mailand 2020), while also encouraging the social partners to engage in bilateral agreements that go beyond wage-setting (cf. Baccaro and Heeb 2011; Ebbinghaus 2010; Jahn 2016; Weishaupt 2011). With the financial market crash of 2008 and the subsequent Euro sovereign debt crisis, the political economy context for political exchange has been further limited, while some governments have reached out to the social partners to engage in “crisis corporatism” (Molina and Guardiancich 2017, Urban 2015).

The structural conditions for tripartite policymaking, however, continued to erode. Not only are declining union membership and collective bargaining coverage a threat to the power resources of trade unions (Vandaele 2019), but employer associations in many EU member states also struggle with membership withdrawal, internal divisions, and alternative forms that no longer prioritize collective wage bargaining. This trajectory of the more recent past indicates a metamorphosis from deeply institutionalized

neo-corporatism to more discretionary political exchange. The structural and organizational foundations for collective agreements can no longer be taken for granted. The question is whether the increased obstacles for social concertation have been determinant during the Great Recession or whether the problem pressure has led to a revival of social pacts across Europe since 2008.

### **1.3 Explanatory factors for collective policymaking and crisis management**

When do governments seek social concertation that potentially leads to a social pact? We understand *social concertation* as any efforts by the government to include the social partners in policymaking and implementation, this involves consulting, coordinating, or even negotiating on matters of economic and social policies that go beyond normal bilateral wage bargaining. We follow Avdagic, Rhodes, and Visser (2011a) in their definition of *social pacts* and conceive this as the potential outcome of social concertation, thus as a more conditional subset of concertation efforts. Focusing on the main arguments put forward in the literature on corporatism, concertation, and social pacts, we group these into three analytically distinct categories: (1) *socio-economic factors*, in which social concertation seeks a pragmatic response to a specific need posed by crisis-related problems; (2) *political factors* such as the role of partisan politics, the effects of political systems, and strategic calculations of governments in favour of or against tripartite solutions; and (3) *labour relations factors* in line with the power resources of the social partners within national labour relation systems, which conditions both the room for manoeuvre and governments' perceived necessity to include them.

#### ***1.3.1 Political economy-based explanations***

According to neo-corporatist theory, governments seek concertation and in particular social pacts when these are interpreted as useful means to an end. A well-known example for a pragmatic, political economy or economics-based explanation for social pacts includes the wide-ranging structural reforms, necessitated by the run-up to EMU. While the content of social pacts differed across countries, at least two general trends are still identifiable during the 1990s (Avdagic, Rhodes and Visser 2011b). First, these package deals were broad in scope and included a wide range of policy measures. This allowed participating actors to accept painful cutbacks in some areas as they secured concessions in others (Rhodes 2001). Second, besides policy trade-offs, most social pacts of the 1990s were reached by closely coordinated legislative changes, including incomes policies, with the outcomes in collective bargaining rounds, typically associated with "competitive corporatism" (Rhodes 1998).

Based on the past “renaissance” of social pacts during the 1990s (Grote and Schmitter 1999), we may expect that the 2008 financial market crash and subsequent Euro sovereign debt crisis have increased the economic and fiscal pressures on governments to striking a deal with the social partners. Like a decade earlier, this would be an opportunity to achieve legitimation for the austere policies that would have to be adopted. Some scholars argue that governments of any ideological family should be interested in “blame avoidance” and thus seek legitimacy for painful reforms via burden sharing with the social partners (Castater and Han 2016, 2018; Hamann et al. 2015). The social partners, in turn, may follow the “logic of influence” (Schmitter and Streeck 1999), preferring to have a seat at the table, which gives them at least some voice in negotiations, while hoping to garner political capital in other (future) contexts. Based on this argument, we would expect the likelihood for concertation to augment because as the problem load increases, the stakes – and the fear of painful cutbacks – become larger ( $H_1$ ). We would thus expect governments in countries particularly affected by the crisis and at times of more severe economic pressure to engage in social concertation efforts.

However, there is also the opposite view. After the introduction of the Euro and especially during the Great Recession, these preconditions have significantly changed, making national package deals between government and social partners more difficult. More specifically, the tight coupling of social welfare promises and concession bargaining may no longer hold. Prior to the Great Recession, wage concessions had been made on labour’s presumption that current forgone earnings were either compensated via parallel tax and/or welfare reforms or could be recuperated in future wage negotiations when economic conditions improved. In times of austerity, the room for concessions was no longer present: workers had already accepted repeated concessions in bargaining rounds during the early 2000s, while crisis-struck governments had little financial leeway to engage in costly social compensation policies.

Accordingly, we can derive the second (contrarian) hypothesis that in times where the political struggles are over minimizing losses rather than securing gains, the likelihood of social pacts and concertation decreases during the crisis ( $H_2$ ). In order to confirm this hypothesis, an increasing problem load and fiscal contingencies should lead to less willingness to engage in consultations, let alone resulting in social pacts. In this context, also Eurozone membership, especially being under the umbrella of the Troika-supervised European Stability Mechanism (ESM), may restrict national governments’ scope of action and thus strongly narrow down or even completely take away the room for interest intermediation. According to this hypothesis, we expect that the economic and fiscal constraints would be larger for the (new) members of the Eurozone, and in particular those under the ESM, as this limits the scope for political exchange, making social pacts less likely.

### ***1.3.2 Politics and political system conditions***

Politics-based explanations typically focus on the political cost-benefit calculations of governments, given a specific political system. Political parties in government are assumed to pose the question: how will their decision to engage in concertation affect their electoral and legislative fortunes? From the perspective of party-political considerations, tripartite interest intermediation is an attractive option, if and when governments expect positive feedback from their constituencies (which then translate into votes) or if social concertation shifts votes in parliament on preferred policy proposals. These expectations about the returns of social concertation may vary by partisan ideology. There are some scholars (Ahlquist 2010; Alvarez, Garrett and Lange 1991; Hicks 1999) who argue that it is especially left-of-centre parties that seek alliances with the trade unions prior to far-reaching political decisions. Hence one hypothesis that arises is that social concertation during the Great Recession and its aftermath is more likely when social democratic or socialist parties are in government (H<sub>3</sub>).

By contrast, other scholars argue that it is not partisanship as such that matters, but structural conditions. For instance, Alexandre Afonso (2013) argues that governments resort to social dialogue and tripartite negotiations if their decision-making autonomy is compromised. This is especially the case under conditions of a minority government, where external support is needed, which may be garnered through pacts that provide additional legitimacy for governmental decisions. Similarly, grand coalitions with stark internal (ideological) conflicts that prevent governments to find a consensus could make social concertation a way to overcome a deadlock. Likewise, the existence and number of veto points in the political system is also important as it might limit the government's ability to unilaterally act (Tsebelis 2002). Taken together, these considerations lead to the hypothesis that minority governments, ideologically divided coalitions, and governments in political systems with many veto points are more willing to enter social consultation or social pacts to broaden their bases of societal support (H<sub>4</sub>).

### ***1.3.3 Power resources and collective bargaining systems***

From the perspective of the power resources approach, tripartite interest intermediations are a result of the (political) distribution of power between organized labour and capital (employers) and between these social partners and the government. For governments to seek tripartite solutions, organized interests must be politically relevant in terms of their power resources. This is established by their power to *disrupt* politics in such a way that it has painful consequences for the government. However, they can also mobilize significant support for jointly negotiated solutions, which creates legitimacy and ensures the smooth implementation of the agreements. The main power resources of labour unions include their membership base (measured as

union density), the degree of centralization, their representativeness, their electoral potential, and their ability to mobilize industrial action (Ebbinghaus and Visser 2000; Traxler, Blaschke and Kittel 2001). Similar conditions need to be met by employer associations; representativeness is measured not only in the number of firms but also their workforce that are represented and bound by an agreement. These considerations lead to a linear hypothesis about the relationship between labour relations strength and the likelihood for social pacts: the stronger the power resources of trade unions and employer associations, the more likely it is that governments include them in crisis management ( $H_5$ ).

However, there have been also some claims in recent research (Baccaro and Simoni 2008; Benassi and Vlandas 2016; Culpepper and Regan 2014; Regan 2017) that the relationship could be hump-shaped, as already suggested by Calmfors and Drifill (1988). This hypothesis ( $H_6$ ) assumes that more moderate levels of strength provide more incentives to engage in negotiations with the government than for the weakest and strongest organization. Recent research, the former having no impact as the social partners are too weak to force themselves at the table and the latter being able to oppose unilateral government action and/or seek bilateral, collectively agreed upon solutions (Avdagic 2011). Adopting an open research strategy, all these hypotheses are only guiding principles for potential explanations for the comparative and case study analyses in this volume.

#### 1.4 Comparative and selected case study analyses

We study social concertation across Europe during the Great Recession by using comparative cross-case and in-depth within case analysis. In this volume, we combine eight case studies and two systematic comparisons, including both small-N and large-N comparison. After this Introduction, Chapter 2 (Bender and Ebbinghaus) aims at a comprehensive comparison, studying through an fs/QCA social concertation in all 27 EU member states as of 2019 (including UK but not Croatia) as well as in Norway and Switzerland, both with corporatist traditions (Afonso 2013; Jochem 2009). Comparing these 29 countries provides a diverse set of cases, covering a range of differences in labour relations (Crouch 1993; Ebbinghaus and Visser 1997), varieties of capitalism (Hall and Gingerich 2009; Hall and Soskice 2001), and welfare state regimes (Arts and Gelissen 2002, 2010; Esping-Andersen 1990, 1999). This large-N comparison serves to systematically check our main hypotheses that build upon previous studies (Avdagic 2010; Avdagic, Rhodes and Visser 2011b) with respect to promoting (or hindering) factors for social concertation in the 1990s, now applied and extended for the crisis response during the Great Recession.

Building upon a preliminary analysis of five-year patterns of social concertation following the crash (2008–2012), published elsewhere (Bender and Ebbinghaus 2020), the authors analyse in their comparative study (Chapter 2)



government cabinets in existence during the Great Recession (at least during the years between 2008 and 2015). The main results from both the analysis of annual concertation efforts and when studying cabinet periods are that economic factors alone cannot explain the patterns of social concertation since 2008. Instead, it is several particular combinations of political opportunities and labour relations institutions that have been conducive to social concertation by cabinets facing the crisis. The most affected crisis countries, however, are hardly confirming the expectation of social concertation; the Troika and creditor pressures limit the scope for social concertation (Portugal is the exception). Mainly among those countries with a less severe recession, favourable political and labour relations conditions have been more inclusive in respect to social partner participation in crisis management. Separate paths are found for the Benelux countries, for Austria and Germany, and for Southern European countries. In addition, a particular path was found among Central and Eastern European countries, where particularly open economies facing slow growth engage in social concertation. The main findings indicate that the degree of economic openness, corporatist legacy, and left government participation are more relevant than in previous analyses, while economic pressure as such in combination with corporatist legacy hampers social concertation during the Great Recession.

The in-depth case studies comprise eight European countries that have been exposed either *more* (Ireland, Italy, Slovenia, and Spain) or *less* (Denmark, Germany, the Netherlands, and Poland) severely to the Great Recession. They have taken different paths in social concertation, though they all had some concertation tradition at least before 2008 (Avdagic, Rhodes and Visser 2011b). Each country case study discusses the response to the crisis since 2008, though the intensity and duration is specific to the country's economic situation and political development. In pursuing particular emphasis in the analysis of explanatory factors, we have relied on the insights of country experts. They were asked to contribute in-depth case studies based on several expert interviews and additional research in their respective countries. As shown in Table 1.1, these chapters cover the following

*Table 1.1* Typology of the country case studies

<i>Regime</i>	<i>Labour relations</i>	<i>Economy</i>	<i>Welfare state</i>	<i>Countries</i>
Nordic	Corporatism	Coordinated	Universalistic	Denmark
Continental	Social partnership	Coordinated	Conservative	Germany, Netherlands
Liberal	Voluntarist	Liberal	Liberal	Ireland <sup>a</sup>
Mediterranean	State-centred/ conflictual	Mixed	Conservative (latecomers)	Italy <sup>a</sup> ; Spain <sup>a</sup>
Eastern Europe	Precarious partnership	Mixed (transition)	Post-communist (latecomers)	Poland; Slovenia <sup>a</sup>

a Euro-countries most affected by the crisis in respect to enduring problem pressure.

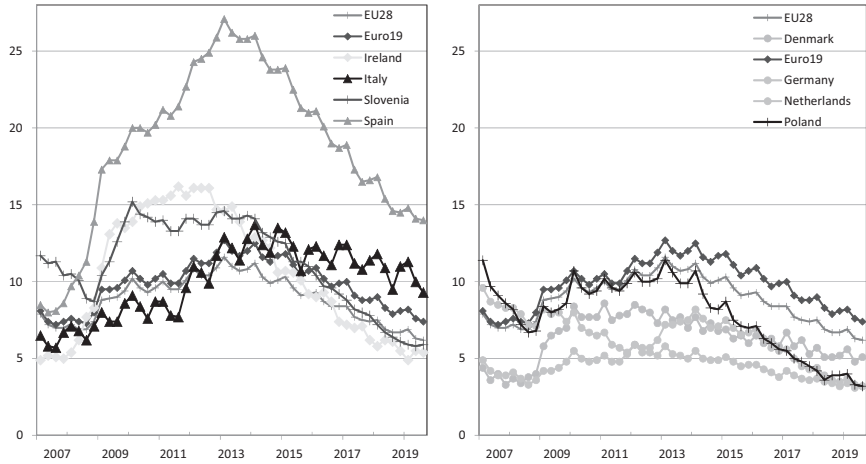
countries (authors): Denmark (Bjarke Refslund and Jens Lind), Germany (Timo Weishaupt), Ireland (Aidan Regan), Italy (Arianna Tassinari and Stefano Sacchi), the Netherlands (Marc van der Meer, Anton Hemerijck, and Jan Karremans), Poland (Jan Czarzasty and Adam Mrozowicki), Slovenia (Miroslav Stanojević and Alenka Krašovec), and Spain (Oscar Molina).

Our selection of country case studies was motivated by continuing to explore those cases included in the earlier social pact study (Avdagic, Rhodes and Visser 2011b); the selected eight countries provide enough variations in tripartite interest intermediation to expect different outcomes (Jahn 2016; Siaroff 1999). Prior to 2008, five of these countries (Ireland, Italy, the Netherlands, Slovenia, and Spain) had adopted substantial social pacts in order to manage the economic challenges, e.g. in the context of the Euro introduction, between the governments and the social partners (Avdagic, Rhodes and Visser 2011b). In the case of Germany, an export-oriented economy has had a long tradition of bipartite collective bargaining and more “indirect” corporatist interest intermediation (Siaroff 1999) in addition to some corporatist social security administration. Similarly, Denmark has been considered a stable medium-level corporatist system (Mailand 2020) with a division of labour between government and the social partners, relying on bipartite collective negotiations and corporatist participation, such as in labour market boards. Italy and Spain were two countries with notable social pacts in the 1990s (Molina and Rhodes 2011; Regini and Colombo 2011). Prior to the crash, Ireland and the Netherlands were considered to be success stories of the Celtic Tiger and Dutch Polder Model, respectively (Dekker, Bekker and Cremers 2017; O’Donnell 2004). Slovenia and Poland are two transition economies with rather different labour relations prior to 2008: Slovenia was a showcase of corporatism (Feldmann 2014), while Poland had rather weak (“PR corporatist”) labour relations (Bernaciak 2013).

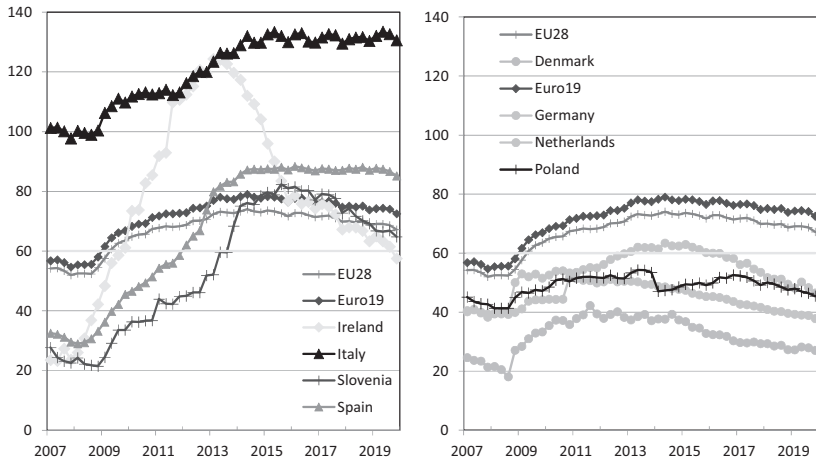
Among our eight case studies, we can observe the different crisis contexts: four countries were most affected by the Great Depression (Ireland, Italy, Spain, Slovenia) in contrast to the other economies that were only initially impacted and recovered quicker (Denmark, Germany, the Netherlands, and Poland). We deliberately excluded Greece from our case studies since it constitutes a rather extreme problem situation (see Chapter 2 for a large N comparison). For the eight countries covered in the case studies, Figure 1.1 shows the unemployment rates (Eurostat 2020b) before and since the 2008 crash. The crisis-ridden economies, particularly Spain had considerable long-term mass unemployment with peak around 25 per cent, followed by Ireland and Slovenia reaching around 15 per cent in the early 2010s, while Italy showed a more moderate wave of unemployment in line with the Eurozone average. The other countries were below the Eurozone and European average during the Great Recession, though Poland came closest, followed by Denmark, Germany, and the Netherlands.

As a consequence of bailing out the finance sector since 2008 and the sovereign debt crisis from 2010, the public debt (Eurostat 2020a) has increased





*Figure 1.1* Unemployment rates for European Union and selected countries, 2007–2019.  
Note: Eurostat (2020b)



*Figure 1.2* Public debt (as % GDP) for European Union and selected countries, 2007–2019.  
Note: Eurostat (2020a)

rapidly in the four crisis countries (see Figure 1.2). Italy's public debt had already been far beyond the Maastricht criteria of 60 per cent before the crash, but increased from 100 per cent to short under 140 per cent during the Great Recession. Most dramatically was the Irish debt shock, skyrocketing from 20 per cent to above 120 per cent within five years of the crash, though it also had a spectacular U-turn since the mid-2010s, reaching nearly 60 per cent by 2019. Spain is third in a more gradual but considerable increase from

40 per cent to 100 per cent and stagnating since the mid-2010s. Slovenia was slower to break the 60 per cent mark in the mid-2010s and a peak of above 80 per cent until it gradually improved. The other four countries remained below the overall EU-28 and Eurozone trends. Germany had the highest peak with 80 per cent, but followed a hump-shaped rise and decline pattern, followed by the Netherlands that was 20 per cent below Germany after the crash and with some delay reversed its course to under 60 per cent by 2018. Denmark stayed below the 60 per cent mark, though it is not a Eurozone country, while Poland performed best by having a longer period debt level of only around 40 per cent (in contrast to Slovenia's 80 per cent when it joined the Euro). The fiscal problem load thus varies considerable across these countries and over time.

The eight countries considered in this volume thus represent a diverse set of countries, four crisis-ridden economies with massive unemployment and skyrocketing public debt, and four "muddling through" countries with more moderate levels of stress; neither unemployment nor public debt exceeded European (or Eurozone) average. Do these countries build on earlier social pacts by treading the path of social consultation from 2008 onwards? And if they do not do so, which alternative strategies do the political and social actors choose? The conclusion will return to these questions, analysing the eight countries with the help of the country case studies, these were all solicited to follow a similar approach, though also highlighting their particularities. Each chapter provides an introduction into the main problems that the country faced and the political situation at the time. It then analyses the efforts by each government towards social concertation or the reasons to fail to do so since 2008. In conclusion, each chapter assesses the state of labour relations as a consequence of the social concertation efforts or failures during the Great Recession.

## **1.5 Social concertation in eight European countries**

Each chapter provides particular insights; we briefly discuss these in this introduction in the order in the volume. Germany as the largest economy within the Eurozone is a key player setting the agenda; its own domestic crisis management has multiple repercussions for others within the EU. Timo Weishaupt (Chapter 3) discusses why the social partners were in favour of "hoarding labour" and whether the crisis management builds on corporatist arrangements. He argues that the government engaged in informal social pacts and that corporatist arrangements were key in overcoming the crisis. The chapter asks to what degree was the social market economy still viable given the divergent interests between manufacturing and service sector. While the manufacturing sector re-emerged stronger from the crisis, the service sector faced more challenges. During the crisis the core labour relations features of the coordinated market economy have been reasserted themselves, while multipartite forums and platforms emerged to tackle

major challenges, and trade unions received broader popular legitimacy and support.

In Denmark (Chapter 4), there were no social pacts following the 2008 crash and through the crisis. The centre-right government instead relied on a clear separation between the government's crisis management and the bilateral cooperation between the bargaining partners, while the subsequent centre-left government failed in its attempts to reach a tripartite pact. Bjørke Refslund and Jens Lind argue that this development should be interpreted as continuity rather than a path departure. Even prior to the crisis, Denmark had shown a gradual decline in neo-corporatist policymaking, while bilateral relations remained strong. This is embodied in both unilaterally imposed cuts in the welfare state by the centre-right government and pragmatic wage bargaining by the social partners. The crisis management was thus more like "business as usual" without contentious austerity policies, but also no tripartite crisis deals.

The Dutch Polder Model faced its test during the Great Recession. Marc van der Meer, Anton Hemerijck, and Johannes (Jan) Karremans (Chapter 5) explore the origins, economic consequences, and political contingencies of a series of minor and major social pacts, negotiated under three consecutive but different government coalitions. In 2008, the social partners issued a joint declaration ("agreement to agree"), and in 2009 negotiated a bipartite social pact on wage moderation in return for unemployment insurance for part-time employees. Subsequently, under the new fiscal constraints, a new cabinet sought a deal on raising pension age, but this split the union movement. Rising unemployment and austerity exigencies led the government to cooperate with the "constructive political opposition" to meet the EU Fiscal Compact. After the 2012 election, a new minority government then negotiated a tripartite pact (the Mondriaan Agreement) the following year. Relative ad hoc transformative issue-linkage ensued in policy areas such as housing, health care, education, technology, and climate change, also sealing parliamentary agreement beyond the government coalition.

The last of the first set of case studies turns to Poland as an example of declining corporatism during a rather mild impact of the crisis. Jan Czarzasty and Adam Mrozowski (Chapter 6) study the disenchanting tripartite efforts during the post-2009 economic slowdown in Poland. Immediately during the 2008 crash, the social partners sought to press the government to adopt anti-crisis policies. However, with economic success, the cooperation between social partners and the Tusk government broke apart. The government refocused on financial stabilization, avoiding tripartite concertation. With the victory of the Law and Justice party in parliamentary and presidential elections in 2015, tripartite institutional reform remained "façade corporatism", while populist etatism was on the rise.

The second set of country studies discusses the more prolonged and severe crisis, and the reluctance of governments to use social concertation for crisis management and uncertainty of corporatist arrangements. Ireland had a

well-established social partnership before the crisis, thanks to centre-right coalitions and public service union cooperation that enabled 23 years of tripartite social pacts. Aidan Regan (Chapter 7) shows the subsequent collapse in response to the economic crisis. He argues that the success of the Celtic Tiger had been built on a “Faustian” bargain of tax-based incomes policy, while increasing public expenditures, which ultimately unravelled social partnership. When the crash occurred, the Finance Department asserted itself and successive centre-rights governments sought legitimation for their economic adjustment strategy via grand coalitions in parliament, but no longer via social concertation with trade unions and civil society except for public sector negotiations on austerity measures.

Spain experienced a resurgence of tripartite concertation during the first years of the new millennium, but with the onset of the sovereign debt crisis and the imposed crisis management, it showed considerable erosion. Oscar Molina (Chapter 8) discusses how and why the room for policy concertation has narrowed, though it had already low institutionalization prior to 2008 and was contingent on partisan composition. With the crisis, new tensions and obstacles occurred: Spain’s constitutional and institutional crisis affected the social partners and reduced various governments’ interest in involving them. Furthermore, collective bargaining, union power, and cooperative capacity further declined. He thus concludes that tripartite concertation will not disappear, but is expected to become increasingly sporadic and limited to a more limited range of policy areas.

Arianna Tassinari and Stefano Sacchi analyse in their study of Italy (Chapter 9) the oscillation between unilateralism and concertation during the Great Recession. At the onset, Italian concertation remained un-institutionalized and dependent on the colour of government. The centre-right cabinet eschewed concertation for crisis management, relying on informal consultation on employment measures, such as short-time work schemes. With the sovereign debt crisis, the financial markets and supranational institutions demanded structural reforms. From late 2011, the policymaking style of Italian technocratic or centre-left cabinets shifted to unilateralism, rejecting concertation and embracing “disintermediation”. However, from 2016, governments were forced to re-engage in ad hoc political exchange to seek legitimation and advance their reform agenda. This oscillation follows the variations in government strength and social partners’ power resources, though its future is uncertain.

The last country study by Miroslav Stanojević and Alenka Krašovec on Slovenia (Chapter 10) documents the stark changes from a post-communist showcase of neo-corporatism to its erosion since joining the Eurozone. Beforehand, restraint in income policy supported by trade unions was facilitated by incremental currency devaluation to boost its competitive export sector, and in return various (weak) centre-left governments involved the social partners in public policymaking. Slovenian neo-corporatism began to change when the country prepared for Eurozone membership.

After joining the “hard currency regime”, devaluation was no longer possible. After an early failure during the crisis, a sequence of two relatively successful exchanges appeared, but a double-dip recession led to a standstill. Given Slovenia’s unstable and weak governments and weakened (but radicalized) trade unions, labour relations remain fragmented.

## **1.6 The European perspective and outlook**

Not only across Europe (covered by our selected eight case studies), but also at the EU level, social partnership has been evolving during the Great Recession. Vincent Lindner (Chapter 11) describes the changes in EU “social dialogue” from the Barroso to the Junker EU Commissions. The social partners feed into European policy recommendations, particularly through making their arguments heard by the Commission in preparing these. The Junker Commission has been a more political actor than technocratic agency, taking unilaterally legislative initiatives to the displeasure of employers and supporting more social partnership. It remains a question for the future whether the new commission led by Ursula von der Leyen will reassert the political mission and rejuvenate social partnership by bringing Europe’s employers to the table through using the shadow of hierarchy, i.e. its potential regulatory clout.

In their conclusion (Chapter 12), the editors compare the evidence from the eight country case analyses. In those countries most affected by the economic crisis, governments were rarely and inconsistently seeking social concertation for crisis management, while in the countries with a less severe crisis pressure, ad hoc social concertation had been used and a return to normal labour relations was more likely. Within the Eurozone, the conditions for social concertation have become less favourable, and particularly where and when international institutions (such as the Troika) provided pressures, national governments had little opportunity and incentives to use social pacts for crisis management. Overall, the conditions for institutionalized corporatism and social concertation have been more contingent than during the previous decades due to an erosion of labour relations and the narrow space for political exchange under austerity conditions.

Finally, the postscript (Chapter 13), written by the editors during the first wave of the global outbreak of the Coronavirus pandemic, discusses to what degree the prior economic crisis offers lessons for the current and quickly evolving economic crisis. While the dangers of a global pandemic had been discussed by experts, even the most advanced economies and healthcare systems seemed ill prepared in 2020. As the Covid-19 virus spread from China globally, Europe became a second hotbed, starting in the countries hit by the Great Recession, particularly Italy and Spain. The economic impact of the closure of borders, social distancing policies, or full lockdown during the first wave has been severe, and calls for crisis interventions led governments in many European countries to take extraordinary measures during 2020. Among them were short-time working arrangements, changes

in non-working benefits, and tax deferral or loan schemes for the self-employed and business.

Also in the Covid-19-related crisis, the social partners have again a role to play in developing and implementing such measures with the government, though urgency has made broad consultation by the government difficult. As the containment measures were relaxed and then needed to be managed during subsequent infection waves, the social partners could potentially assume an important role in negotiating a safe return to work and the re-integration of those who have lost job or firm. Reflecting on the past and current situation, we conclude that in times of crisis, European countries are challenged to consider which role the social partners could bring to the table in coping with the economic and social challenges. Large crises such as the Great Recession bring out the best and the worst in corporatism. We find evidence for both, rediscovered crisis corporatism and the end of corporatism, at least as known before.

## References

- Afonso, A. 2013. *Social concertation in times of austerity. European integration and the politics of labour market reforms in Austria and Switzerland*. Amsterdam: Amsterdam University Press.
- Ahlquist, J.S. 2010. Policy by contract: electoral cycles, parties and social pacts, 1974–2000. *The Journal of Politics* 72 (2): 572–587.
- Alvarez, R.M., G. Garrett, and P. Lange. 1991. Government partisanship, labor organization, and macroeconomic performance. *The American Political Science Review* 85 (2): 539–556.
- Arts, W.A., and J. Gelissen. 2002. Three worlds of welfare capitalism or more? A state-of-the-art report. *Journal of European Social Policy* 12 (2): 137–158.
- Arts, W.A., and J. Gelissen. 2010. Models of the welfare state. In *The Oxford handbook of the welfare state*, ed. F.G. Castles, S. Leibfried, J. Lewis, H. Obinger and C. Pierson, 569–683. Oxford: Oxford University Press.
- Avdagic, S. 2010. When are concerted reforms feasible? Explaining the emergence of social pacts in Western Europe. *Comparative Political Studies* 43 (5): 628–657.
- Avdagic, S. 2011. The conditions for pacts: A fuzzy-set analysis of the resurgence of tripartite Concertation. In *Social pacts in Europe*, ed. S. Avdagic, M. Rhodes and J. Visser, 17–42. Oxford: Oxford University Press.
- Avdagic, S., M. Rhodes, and J. Visser. 2011a. Introduction. In *Social pacts in Europe: emergence, evolution, and institutionalization*, ed. S. Avdagic, M. Rhodes and J. Visser, 3–16. Oxford: Oxford University Press.
- Avdagic, S., M. Rhodes, and J. Visser, eds. 2011b. *Social pacts in Europe: Emergence, evolution, and institutionalization*. Oxford: Oxford University Press.
- Baccaro, L. 2003. What is alive and what is dead in the theory of corporatism. *British Journal of Industrial Relations* 41 (4): 683–706.
- Baccaro, L. 2014. Similar structures, different outcomes: Corporatism's resilience and transformation (1974–2005). *Review of Keynesian Economics* 2 (2): 207–233.
- Baccaro, L., and S. Heeb. 2011. *Social dialogue during the financial and economic crisis: Results from the ILO/World Bank inventory using a Boolean analysis on 44 countries*. Geneva: International Labour Organization.

- Baccaro, L., and M. Simoni. 2008. Policy concertation in Europe: Understanding government choice. *Comparative Political Studies* 41 (10): 1323–1348.
- Benassi, C., and T. Vlandas. 2016. Union inclusiveness and temporary agency workers: The role of power resources and union ideology. *European Journal of Industrial Relations* 22 (1): 5–22.
- Bender, B., and B. Ebbinghaus. 2020. Social concertation in Europe during the Great Recession: A fsQCA-study of social partner involvement. In *The European social model under pressure: Liber amicorum in Honour of Klaus Armingeon*, ed. R. Careja, P. Emmenegger and N. Giger, 33–50. Wiesbaden: Springer VS.
- Berger, S., and H. Compston. 2002. *Policy concertation and social partnership in Western Europe: Lessons for the 21st century*. New York: Berghahn Books.
- Bernaciak, M. 2013. Social dialogue revival or ‘PR corporatism’? Negotiating anti-crisis measures in Poland and Bulgaria. *Transfer: European Review of Labour and Research* 19 (2): 239–251.
- Castater, E.G., and K.J. Han. 2016. Deal or no deal: Why do social pact proposals fail? *West European Politics* 39 (6): 1251–1275.
- Castater, E.G., and K.J. Han. 2018. Trying not to lose: The electoral consequences of unilateral reform efforts and the social pact formation process. *European Journal of Political Research* 57 (1): 171–193.
- Calmfors, L., and J. Drifill. 1988. Bargaining structure, corporatism and macroeconomic performance. *Economic Policy* 3(6): 14–61.
- Crouch, C. 1983. Pluralism and the new corporatism: a rejoinder. *Political Studies* 31 (3): 452–460.
- Crouch, C. 1993. *Industrial relations and European state traditions*. Oxford: Clarendon Press.
- Culpepper, P.D., and A. Regan. 2014. Why don’t governments need trade unions anymore? The death of social pacts in Ireland and Italy. *Socio-Economic Review* 12 (4): 723–745.
- Dekker, R., S. Bekker, and J. Cremers. 2017. The Dutch polder model: Resilience in times of crisis. In *Talking through the crisis: Social dialogue and industrial relations trends in selected EU countries*, ed. O. Molina and I. Guardiancich, 189–212. Geneva: ILO.
- Ebbinghaus, B. 2010. Reforming Bismarckian corporatism: The changing role of social partnership in Continental Europe. In *A long goodbye to Bismarck? The politics of welfare reform in continental Europe*, ed. B. Palier, 255–278. Amsterdam: Amsterdam University Press.
- Ebbinghaus, B., and A. Hassel. 2000. Striking deals: Concertation in the reform of continental European welfare states. *Journal of European Public Policy* 7 (1): 44–62.
- Ebbinghaus, B., and J. Visser. 1997. Der Wandel der Arbeitsbeziehungen im westeuropäischen Vergleich. In *Die westeuropäischen Gesellschaften im Vergleich*, ed. S. Hradil and S. Immerfall, 333–376. Opladen: Leske + Budrich.
- Ebbinghaus, B., and J. Visser. 2000. *Trade unions in Western Europe since 1945*. London/New York: Macmillan Reference.
- Eichhorst, W., and J.T. Weishaupt. 2013. Mit Neo-Korporatismus durch die Krise? Die Rolle des Sozialen Dialogs in Deutschland, Österreich und der Schweiz. *Zeitschrift für Sozialreform* 59 (3): 313–335.
- Esping-Andersen, G. 1990. *The three worlds of welfare capitalism*. Cambridge: Polity Press.



- Esping-Andersen, G. 1999. *Social foundations of postindustrial economies*. Oxford: Oxford University Press.
- Eurostat. 2020a. Quarterly government debt [gov\_10q\_ggdebt]. <https://ec.europa.eu/eurostat/data/database> (accessed 28/9/2020).
- Eurostat. 2020b. Unemployment rates by sex, age and citizenship [lfsq\_urgan]. <https://ec.europa.eu/eurostat/data/database> (accessed 28/9/2020).
- Fajertag, G., and P. Pochet, eds. 2000. *Social pacts in Europe - new dynamics*. Brussels: ETUI.
- Feldmann, M. 2014. Coalitions and corporatism: the Slovenian political economy and the crisis. *Government and Opposition* 49 (1): 70–91.
- Ferrera, M. 2008. The European welfare state: Golden achievements, silver prospects. *West European Politics* 31 (1–2): 82–107.
- Grote, J.R., and P.C. Schmitter 1999. The renaissance of national corporatism: Unintended side-effect of European economic and monetary union or calculated response to the absence of European social policy? *Transfer: European Review of Labour and Research* 5 (1–2): 34–63.
- Hall, P.A. 1993. Policy paradigms, social learning and the state: The case of economic policy-making in Britain. *Comparative Politics* 25 (3): 275–296.
- Hall, P.A., and D.W. Gingerich. 2009. Varieties of capitalism and institutional complementarities in the political economy: an empirical analysis. *British Journal of Political Science* 39: 449–482.
- Hall, P.A., and D.W. Soskice. 2001. An introduction to varieties of capitalism. In *Varieties of capitalism: The institutional foundations of comparative advantage*, ed. P.A. Hall and D.W. Soskice, 1–68. Oxford: Oxford University Press.
- Hamann, K., A. Johnston, A. Katsanidou, J. Kelly, and P.H. Pollock. 2015. Sharing the rewards, dividing the costs? The electoral consequences of social pacts and legislative reform in Western Europe. *West European Politics* 38 (1): 206–227.
- Hicks, A.M. 1999. *Social democracy and welfare capitalism: A century of income security politics*. Ithaca, NY: Cornell University Press.
- Hyman, R. 2010. *Social dialogue and industrial relations during the economic crisis: Innovative practices or business as usual?* Geneva: ILO.
- Jahn, D. 2016. Changing of the guard: Trends in corporatist arrangements in 42 highly industrialized societies from 1960 to 2010. *Socio-Economic Review* 14 (1): 47–71.
- Jochem, S. 2009. Soziale Pakte in Europa. In *Interessenvermittlung in Politikfeldern*, ed. B. Rehder, T. Winter and U. Willems, 210–229. Wiesbaden: VS Verlag für Sozialwissenschaften.
- Kenworthy, L. 2003. Quantitative indicators of corporatism. *International Journal of Sociology* 33 (3): 10–44.
- Lash, S., and J. Urry. 1987. *The end of organized capitalism*. Cambridge: Polity Press.
- Lehndorff, S. 2011. Before the crisis, in the crisis, and beyond: The upheaval of collective bargaining in Germany. *Transfer: European Review of Labour and Research* 17 (3): 341–354.
- Lesch, H., and S. Vogel. 2017. Working together: Germany's response to the global economic and financial crisis. In *Talking through the crisis: Social dialogue and industrial relations trends in selected EU countries*, ed. O. Molina and I. Guardianich, 131–150. Geneva: ILO.
- Lijphart, A. 1984. *Democracies: Patterns of majoritarian and consensus government in twenty-one democracies*. New Haven, CT: Yale University Press.



- Luque Balbona, D., and S. González Begega. 2015. Austerity and welfare reform in South-Western Europe: A farewell to corporatism in Italy, Spain and Portugal? *European Journal of Social Security* 17 (2): 271–292.
- Mailand M. (2020) *Corporatism since the Great Recession: Challenges to tripartite relations in Denmark, the Netherlands and Austria*. Cheltenham: Edward Elgar.
- Molina, O., and I. Guardiancich. 2017. Comparative overview: National trajectories and good practices in social dialogue. In *Talking trough the crisis social dialogue and industrial relations trends in selected EU countries*, ed. O. Molina and I. Guardiancich, 1–58. Geneva: ILO.
- Molina, O., and M. Rhodes. 2011. Spain: From tripartite to bipartite pacts. In *Social pacts in Europe. Emergence, evolution, and institutionalization*, ed. S. Avdagic, M. Rhodes and J. Visser, 174–202. Oxford: Oxford University Press.
- Natali, D., and P. Pochet. 2009. The evolution of social pacts in the EMU era: What type of institutionalization? *European Journal of Industrial Relations* 15 (2): 147–166.
- O'Donnell, R. 2004. Ireland: Social partnership and the ‘Celtic Tiger’ economy. In *Where are national capitalisms now?*, ed. J. Perraton and B. Clift, 50–69. New York: Palgrave.
- O'Donnell, R., N. Cahill, and D. Thomas. 2010. Ireland: the evolution of social pacts in the EMU era. In *After the euro and enlargement: Social pacts in the EU*, ed. P. Pochet, M. Keune and D. Natali, 191–222. Brussels: ETUI.
- Ornston, D. 2013. Creative corporatism: The politics of high-technology competition in Nordic Europe. *Comparative Political Studies* 46 (6): 702–729.
- Peters, B.G. 2017. What is so wicked about wicked problems? A conceptual analysis and a research program. *Policy and Society* 36 (3): 385–396.
- Pochet, P., M. Keune, and D. Natali. 2010. *After the euro and enlargement: Social pacts in the EU*. Brussels: ETUI.
- Regan, A. 2017. Post-crisis social dialogue and economic governance in Ireland. In *Talking through the crisis: Social dialogue and industrial relations trends in selected EU countries*, ed. O. Molina and I. Guardiancich, 151–170. Geneva: ILO.
- Regini, M. 2003. Tripartite concertation and varieties of capitalism. *European Journal of Industrial Relations* 9 (3): 251–263.
- Regini, M., and S. Colombo. 2011. Italy: The rise and decline of social pacts. In *Social pacts in Europe. Emergence, evolution, and institutionalization*, ed. S. Avdagic, Martin Rhodes and J. Visser, 118–146. Oxford: Oxford University Press.
- Rhodes, M. 1998. Globalisation, labour market and welfare states: A future of “competitive corporatism”? In *The future of European welfare: A new social contract?*, ed. M. Rhodes and Y. Mény, 178–203. London: Macmillan.
- Rhodes, M. 2001. The political economy of social pacts: Competitive corporatism and European welfare reform. In *The new politics of the welfare state*, ed. P. Pierson, 165–194. Oxford: Oxford University Press.
- Rueschemeyer, D., E. Huber, and J.D. Stephens. 1992. *Capitalist development and democracy*. Chicago: University of Chicago Press.
- Ruggie, J.G. 1982. International regimes, transactions, and change: Embedded liberalism in the postwar economic order. *International Organization* 36 (2): 379–415.
- Sapir, A. 2006. Globalization and the reform of European social models. *Journal of Common Market Studies* 44 (2): 369–390.
- Schmitter, P.C. 1974. Still the century of corporatism? *Review of Politics* 36 (1): 85–131.

- Schmitter, P.C., and G. Lehmbruch. 1979. *Trends toward corporatist intermediation*. Beverly Hills: Sage Publications.
- Schmitter, P.C., and W. Streeck. 1999. *The organization of business interests. Studying the associative action of business in advanced industrial societies*. MPIfG Discussion Paper 99 (1). Köln: MPIfG.
- Siaroff, A. 1999. Corporatism in 24 industrial democracies: Meaning and measurement. *European Journal of Political Research* 36 (2): 175–205.
- Stephens, J.D. 1980. *The transition from capitalism to socialism, new studies in sociology*. Atlantic Highlands: Humanities Press.
- Teague, P., and J. Donaghey. 2015. The life and death of Irish social partnership: Lessons for social pacts. *Business History* 57 (3): 418–437.
- Traxler, F. 2004. The metamorphoses of corporatism: From classical to lean patterns. *European Journal of Political Research* 43 (4): 571–598.
- Traxler, F., S. Blaschke, and B. Kittel. 2001. *National labour relations in internationalized markets. A comparative study of institutions, change and performance*. Oxford: Oxford University Press.
- Tsebelis, G. 2002. *Veto Players: How political institutions work*. Princeton, NJ: Princeton University Press.
- Urban, H.-J. 2015. Between crisis corporatism and revitalisation: Trade union policy in the era of European financial market capitalism. In *Divisive integration. The triumph of failed ideas in Europe - revisited*, ed. S. Lehndorff, 269–294, Brussels: ETUI.
- Van Gyes, G., L. Terlinden, and S. Vandekerckhove. 2017. Belgian social dialogue since the crisis: The ups and downs of an organized system of industrial relations. In *Talking through the crisis: Social dialogue and industrial relations trends in selected EU countries*, ed. O. Molina and I. Guardiancich, 59–83. Geneva: ILO.
- Vandaele, K. 2019. *Bleak prospects: Mapping trade union membership in Europe since 2000*. Brussels: ETUI.
- Visser, J., and A. Hemerijck. 1997. *'A Dutch Miracle': Job growth, welfare reform, and corporatism in the Netherlands*. Amsterdam: Amsterdam University Press.
- Weishaupt, J.T. 2011. *From the manpower revolution to the activation paradigm. Explaining institutional continuity and change in an integrating Europe*. Amsterdam: Amsterdam University Press.
- Wiarda, H.J. 1997. *Corporatism and comparative politics: The other great "Ism"*. Armonk: M.E. Sharpe.