

Social Partnership: Anything Left?

The End of a Dinosaur or Just a Midlife Crisis?

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Introduction

Since the late seventies considerable changes have affected the economic, political, and social conditions of social partnership action. Growing uncertainties related to an increasingly intertwined world economy, the end of high growth rates, increased unemployment, the erosion of homogenous interests, etc. have given new fuel to the question of the decline of corporatism. Most recently, external incisive changes in social partnership are being underscored with watchwords such as "internationalization" and "globalization." Together with internal undermining tendencies of the system, such as calling into question the existence of chambers and the declining degree of the organization of labor unions, the question arises as to what survival potential and what future social partnership will have.

Forecasts of the future potentials of social partnership have lately become relatively pessimistic. Many sociologists, political scientists, and economists, though for different reasons, all predict its decline. Markus Crepaz, for example, uses the metaphor of the "end of a dinosaur" in order to express the failure of social partnership to meet the sociological needs of postmodern time.¹ According to his view the dinosaur called social partnership will die out because young people want a transparent and democratic system of decision making, and equal and fair access possibilities for men and women. The disappearance of "closed door compromises" of some "old boys" sitting around a green table, of paternalistic decisions over people's heads would, indeed, mean the end of social partnership since intransparency is one of its main characteristics and an important pillar for it to function. Diverging interests can only be harmonized into

some sort of compromise between capital and labor, if they are filtered internally within the associations. More democracy within the organization would make this filtering process much more difficult. It is much easier to dictate political positions to the members.

Political scientists stress the fact that social partnership is designed for a dual party system, which is progressively undermined by a third party or by more and several small parties. Consociationalism (*Proporz*) works well when posts have to be shared and compromises found among two parties only, but it becomes impossible when there are many rivaling parties. And it is no coincidence that Austria's third largest party attacks social partnership most heavily.²

Economists and many other social scientists finally claim the primacy of economics over politics. Economic forces, such as the mobility of capital and the competition for the influx of foreign direct investment and multinational enterprises, would force national governments and labor associations to give in to the demands of capital. According to this view, no room for maneuvering would be left for national economic policy making—neither for the government nor for the associations. The most prominent hypothesis of this view is the neoclassical convergence theory³: If the main economic variables, such as growth rates, interest rates, profits, wages, and prices, are forced to become alike, there is not much left for which to bargain and negotiate.

Even if it bears a certain irony that I, as a woman, endorse an institution hardly amenable to women (to put it lightly), I claim that social partnership is both economically and socially desirable, that it still exists and is worth maintaining.⁴ I agree with Manfred Prisching, who considers the legend of the “death of interest associations,” their “dispensability,” and “political deficit” to be false assessments in the public debate.⁵ Systems based on social partnership are institutional arrangements, and as such they are generally robust, slow to adapt to changing conditions; they only change drastically under very extreme shocks.⁶ They have fulfilled a significant stabilizing function and have carried out extensive adjustments.⁷

Austrian social partnership was founded after the war (the wage-price agreement, for example, in 1947, the Joint Commission in 1957) and is now some fifty years old. Though I generally agree with Markus Crepaz that there is a certain pressure of postmodern society, I want to point out that dinosaurs took a long time before they died out. Rather than facing death like a dinosaur, Austria's social partner-

ship is undergoing a sort of *midlife crisis* which can be characterized in the following way:

- I) the best times are over (one boasts of the past),
- II) fears of faltering potency (in view of progressing internationalization one perceives one's own impotence),
- III) these fears are glossed over by a flight forward (leaving the family and finding someone younger and more attractive in Brussels).

I will try to show that corporatist systems tend to perceive certain problems in a limited way. Using globalization as an example, I will demonstrate that the changed international conditions can also be interpreted in a different way than is presently common in Austria. It can be shown that it is less the economic constraints that reduce the scope of action for social partnership, but a perception conditioned by psychological, historic-institutional, and political factors which supply the social partners with limited political options only. I do not want to insinuate that no relevant changes have occurred in the economic conditions of the social partnership in the last decade. The liberalization of financial markets, the European Union, the opening of the East, for instance, represent enormous changes in the realms of action. However, in this paper, I want to concentrate on changed patterns of perception in Austria. In the process I want to show how the changed international conditions can also be interpreted in a more optimistic way. If, in my account, the wave of internationalization is depicted as too irrelevant, the reason is that the impotence of the social partners to act is overestimated in Austrian debates.

I. The Best Times are Over: Changed Conditions of Action Based on Social Partnership

I have reported in depth on the changed economic, social, and political conditions of action based on social partnership in the eighties in *Kurswechsel* 1990, together with Karl Hinrichs.⁸ There we listed the most important factors contributing to the weakening of the employees' side:

- 1) growing internationalization
- 2) greater uncertainty given the increased tempo of transactions
- 3) instability in the structure of branches, which makes collective bargaining agreements more difficult

- 4) the "end of mass production," which makes the markets more susceptible to fluctuations and demands increased flexibility of the employees⁹
- 5) new, quickly changing technologies, which interfere with plans of qualification demands and adequate formal training patterns
- 6) heterogeneous manpower, which impedes with a (unified) labor union lobby and the orientation toward an "abstract" employee (without professional and company identity)¹⁰
- 7) weakening of the labor associations. Since the management associations have always had a more heterogeneous composition than the workers' associations, and, in many countries, the entrepreneur associations only assume a consulting function in the elaboration of collective wage agreements, they are both less affected than the workers' associations.¹¹
- 8) markedly lower growth rates which aggregate distribution conflicts, for which status quo oriented arrangements of partnership are less suited
- 9) The departure from Keynesian economic policy—partly due to the emerging structural weaknesses of a purely demand-oriented policy—represents a clear paradigm shift in the economic political scene.¹²
- 10) The departure from an offensive employment policy and the resulting growing unemployment, implies a weakening of the position of employees in the corporatist negotiatory processes.
- 11) the "dissolution of the socio-moral milieu" and the "individualization of life states and life stories"
- 12) The growing split of the labor market in a "core" of employees maintaining "secure" labor and an increasing number of workers whose employment stability and continuity is seriously endangered, has significantly contributed to a "tighter" definition of collective interest.

For Austria the following items should be added to the list compiled at the time:

- 13) The decrease in employment in the nationalized industry, whose companies traditionally had strong labor unions, has reduced the degree of organization in labor unions.
- 14) The weakening of the two large parties and the emergence of a third large party in Austria can be interpreted as an institutional shock "from within." Social partnership was traditionally con-

ceived for two parties—a big coalition—with strong ties of party members to their camp. Through the dissolution of ties to a particular political camp and the emergence of a third large party, such traditional patterns of negotiation are being rocked. It is no coincidence that precisely this third party tries to chop away at the columns of social partnership, as the abolishment of obligatory membership in Austria's chambers, recently demanded by the Austrian Freedom Party (*Freiheitliche Partei Österreichs*) has shown.

II. Fears of Faltering Potency: Institutional Shocks—the New Challenges of the Nineties

In the nineties the type of shocks which systems based on social partnership are confronted with has changed significantly. Whereas in the seventies and eighties demand shocks (e.g. fluctuations in demand due to fluctuations in purchasing power) and supply shocks (e.g. oil shocks) dominated, the social partners today are confronted with structural, organizational, and institutional shocks. The creation of a European domestic market, the fall of the Berlin Wall, along with the opening up of Eastern Europe, the restructuring of companies from national to international firms and corporations, the liberalization of the capital markets, which has resulted in greater speculation in the financial markets, are only a few examples. The growing importance of these new developments represents a great challenge for existing institutional arrangements. Arrangements of social partnership are traditionally geared to absorbing demand shocks and have only reluctantly moved from "demand corporatism" to "supply corporatism."¹³ In this sense they have already ensured great adjustments. As Manfred Prisching put it, the legend of a "political deficit of associations" is a legend because "it borders on the inconceivable" of what social partnership has performed in the past decades.¹⁴ Recently, social partnership in Austria has mainly been confronted with two institutional shocks, one "from without" and one "from within." The institutional threat "from without" can be grasped with the watchword "globalization," the institutional threat "from within" can be illustrated with the "obligatory membership of the chambers."

The spillover of conservative ideology has not just hit Austria but also many other European countries. In this sense no country can evade "globalization" through the media and international policy.

Nevertheless, the way problems are perceived and the unanimous reaction of associations is unique in Austria.

Given recent internationalization and globalization, the opinion that (almost) nothing can be done anymore on the national level seems to be undisputed. Almost every interview with a politician, expert, or journalist contains, in numerous ways, the explanation that under the sway of internationalization nothing can be done. Regardless of the party or chamber affiliation of the interviewee, the arguments are almost identical. It is this sense of impotence, so common among fifty-year olds, which becomes evident in the Austrian debate.

Since intransparency prevails in social partnership arrangements, a certain autonomy for the leadership of the association must exist in order to negotiate autonomously, which is why so few democratic base elements are included. Since there is also little experience with discourse and no willingness to enter into conflict, the institutional shock of the debate of the EU-membership and internationalization had to be processed as inconspicuously as possible. As Austria had no counter-position to the EU on the part of labor, no fear of real wages being reduced, or of traditional collective bargaining areas being dissolved, the population was not informed on potential disadvantages of the EU. Therefore, a perfect EU-monologue was recited on the part of the large parties and associations, which was unique in an international comparison.¹⁵

This can be explained by the fact that when a line has been decided on it must be doggedly adhered to. Why social partnership decided for the uncompromising recognition of the conditions of capital can be accounted for the midlife-crisis sense of impotence. The accepted "constraints" were thus presented to scientists, heads of staff councils, members, media, etc.: We are a small country that does not want to remain behind Hungary. Provide us with arguments in favor of the EU. Alternative positions will not be taken note of, reports on the social consequences will be locked up, EU-opponents will no longer be invited to discuss. Scientists can only think within the given framework of pro-EU, pro-budget consolidation, etc. Of course, the scope of action is very limited under such premises. Of course, it is also not very intellectually stimulating when the results of thinking are already pre-given. But it is still proof of the fact that Austria ranks top as a corporatist nation in international comparison. The institutional shock resulting from the preparation for the consequences of joining the EU has been assimilated in an exemplary way: unanimity and

agreement among the social partners, stability, almost no conflict, just as if nothing had happened.

Globalization was seen as a given constraint. It was probably not analyzed how much globalization and internationalization were now different from earlier years. The fact that with the unanimous agreement to join the EU and the currency union, basic changes would take place in the balance of powers was, however, not acknowledged or addressed. With the issue of internationalization and globalization, also the language of capital was imported into Austria: efficiency instead of solidarity, economic state instead of welfare state, inefficiency of the public sector instead of its importance for businesses as an ancillary supplier for the private sector, elaborating a savings package instead of fighting unemployment. It was thus a whole ideology and not mere constraints that became rampant in the nineties.

I argue that the constraints with regard to internationalization and globalization are overestimated and that therefore national options for action are no longer perceived. This is an obvious deficit in political perception on the part of the social partners. The danger is that Austria is being drawn into a vicious circle of globalization ideology. As a result of the perception that "there is nothing we can do about it anyway" the representatives of the employees anticipantly and obediently think and define away alternatives, which finally confirms the thesis of globalization in the manner of self-fulfilling prophecy.

III. Flight Forward: The Path to Brussels

If the best times are over and nothing can be done about it anyway, why not give up your home and try to rejuvenate somewhere else? The speed and elan with which Austrian politicians, trade unions, and other associations built their offices in Brussels were unique. In many countries "Brussels" was used and still is abused as an excuse for domestic political impotence and failures. In Austria, however, the EU-phoria was outstanding, especially on the part of Social Democrats and labor associations.¹⁶

The Austrian argumentation can be formulated as follows in exaggerated terms. Here the fraternizing "we" stands for "Austria," in compliance with the Austrian diction which reflects a desire for consensus.

- 1) We became a member of the EU because we were actually already part of it. On the one hand, we have for a long time followed EU-

guidelines, now we are able to help design them. On the other hand, international competition limits us in one way or another.¹⁷

- 2) We will join the European monetary union, since we are already part of it anyway, and since it brings in fact only two changes: it excludes high budget deficits and the devaluation of currency, i.e. options the Austrian government and social partners never considered to begin with. It would thus make no sense to speak of a "loss of autonomy" through joining the EU and the monetary union.¹⁸ (Sometimes this point is also legitimized in a different way:) Through the monetary union nothing changes, since we already have something like a monetary union through the hard currency policy with Germany.

Note this false confusion of a fixed exchange currency system with a monetary union—a confusion which seems almost to exist only in Austria and even among economists and university professors of international economics such as Breuss.¹⁹ In a monetary union there are no possibilities to employ the exchange rate or the fear of devaluation as a disciplinary instrument. Even if Austria has not used this instrument for a while it was always a potential threat, a sword of Damocles hanging above the heads of the social partners during negotiations.²⁰ The shared fear of a devaluation of the currency disciplined both capital (in particular export oriented industries) and labor in negotiations.²¹ To abandon a fixed currency regime and to join a common currency regime means thus, definitely, a big change.

From the perspective of social partnership, there is unanimity with regard to the inventory and outline of its future prospects.

- 3) The future of Austrian social partnership lies in Brussels. Even if the social partners underscore their reduced influence on a national level, their weakening, on an international or supranational level they seem to feel stronger. In a more "modest" vein, the social partners are envisioned "as an extended arm of Austria, as an interest group representative of Austria in Brussels."²² In a "bolder" vein, there is hope that participating in the "social dialogue" will allow Austria to influence the rest of the world in the direction of solutions based on social partnership²³—Austria's social partnership as an emissary of the welfare state. In an "omnipotent" form, some even toy with the idea of a "Eurocorp-

oratism," i.e. an application of the Austrian model of social partnership to the rest of Europe.²⁴ The future assessment of the Austrian social partners thus seems to have something in common with what Sigmund Freud referred to as the Austrian psyche: a fluctuation between a minority complex and megalomania.

Such argumentation remains vague when it comes to explaining *how* this strong influence of the social partners, so weakened within the country, is to be exerted on an EU-level. Eduard Hochreiter and Heinz Handler, for instance, argue that an adjusted model of social partnership, based on the Austrian version, could be applied to the EU, if adequate institutional conditions were available.²⁵ Authors such as Günther Chaloupek place their trust in the likelihood of a "development of the presently existing particularist lobbyism at least in the direction of a certain centralization."²⁶

Is the future of social partnership in Brussels only wishful thinking? The "position paper on selected issues related to the government conference 1996," presented by the advisory board for economic and social issues on the topic of perspectives of social partnership on a European level, contains in any case a long list of wishes—addressed to whom? It states at the beginning that the possibilities for participating in the social dialogue are actually very limited. Since one can only contribute to very concrete issues, it is not possible to put together larger packages of measures. A *scambio politico*, a political exchange is thus not possible!²⁷ It is further demanded that the social dialogue be expanded not only to issues related to labor but also to social and economic policy, the internal strengthening of the European associations, the development of an autonomous political profile of the social partners vis-à-vis the EU-organs, and the creation of strong central associations.

IV. Why Brussels Is the False Bride

Because corporatism needs certain structural features, which cannot be found in Brussels, it is the "false bride" for Austrian social partnership. To refer to a large-scale supranational level and hope to implement the low scale political institutions there, seems hopeless to me. This does not mean that nothing should be done in Brussels, but rather that the focus of efforts should be in Austria.

1. *Social Partnership Is a Compromise Between Three Actors*

Neo-corporatist arrangements are typically the result of conflicts of interests and crises in which none of the actors can find acceptance for his ideas. "Normally they began as second-best compromises which no one really wanted or openly defended. Thus their general intransparency, their unequal distribution, and their precarious legitimacy."²⁸ Neo-corporatism is always a compromise between three actors: the state, which actually wants to regulate in an authoritarian way, the representatives of the enterprise, who really prefer an allocation through the market, and the representatives of the employees, who really want a redistribution of wealth. In neo-corporatism, the state cedes certain government authorities to the associations, the entrepreneurs are more strongly regulated than in the market, and the workers accept a small share of the wealth. But seen in terms of the entire economy, this compromise solution can be superior to a market solution given, the fact that there are less strikes and that long-term, predictable planning is possible.²⁹

With some restrictions, the future of social partnership should not lie in Brussels but in Austria. This presupposes that institutional changes for Austria are taken note of. In Austria the above mentioned compromise has become more difficult. In particular, the axis of state employee associations has become weaker. This is visible, for instance, in the fact that the government under Franz Vranitzky made declarations without consultations with the labor unions, a fact that would have been inconceivable in the Kreisky era. Also the ties between *SPÖ* (Austrian Socialist Party) and labor unions are less intensive than in the past. The compromise, however, is still possible, as the collaboration on the "savings package" for budget consolidation showed. This package, which involved great financial losses especially for the employees, would hardly have been possible without the social partners.

In Brussels, this compromise would not be possible at all, since, even if it had been clear who the actors are, none of the three actors would have been willing to or capable of compromising (see balance conditions under item 4).

2. Social Partnership Is a Repeated Game of Negotiations

"Since neo-corporatism does not meet any of the actors' preferences, but contains elements of all, it depends on explicit and repeated inter-organizational negotiations."³⁰

In game theory terms, social partnership can be seen as a way out of the prisoners' dilemma through repeated play. The suboptimal result of a non-cooperative, no-win-game can be improved either through cooperation or through repetition of the game. Typical prisoners' dilemmas are class struggles where either high wages, low profits and growth, or low salaries, high profits and growth can be obtained. In a single game, each player would want to attain the maximum for himself. In a repeated game a higher output could be an advantage for both.³¹

To maintain the willingness of all participants to negotiate, the negotiations have to take place frequently. Especially in times of great uncertainty the conditions of negotiations change drastically, however. In game theoretical terms, the states of the world change, which makes a repetition of the same game impossible. The uncertainty whether negotiations will be repeated in the future is much greater in Brussels than in Austria, where alone the personal continuity of negotiation partners serves to reduce uncertainty.

3. Social Partnership Maintains the Status Quo

"Neo-corporatism is both conservative by reflecting the existing ownership and power relationships and transformative by exposing them to explicit and repeated repetitions."³²

The conservative, status quo maintaining character of neo-corporatist arrangements has often come under attack from both the Left and the Right. The Left criticizes that social partnership, in the interest of capital, lulls the workers and does not have enough of a class struggle element. The Right mainly criticizes that social partnership does not respond flexibly enough to market demands and that its effect is "structure petrifying."

If Austrian social partnership would continue to succeed in maintaining the status quo, it would have an important future task of securing stability and absorbing international shocks. However, the position of the workers would be weakened, if suddenly a constant income substituted an increasing income with high growth rates, and

if cuts substituted increases in public subsidies, as, for instance, in the case of the savings package.

The status quo in Brussels, with regard to average income and social security, lies below that of Austria. Austrian social partnership claims that it will maintain the country's standard in Brussels. How?—see the following chapter.

4. Social Partnership Only Functions when There Is a Certain Balance of Power Relations among the Three Actors

Compromises between the three actors are only possible when a certain balance of power relations exists. "Labor and capital must mutually back each other, each strong enough to uphold the other, through organized collective action, from asserting one's own interests directly through social control and/or economic exploitation and each too weak to assert his own interests indirectly through the state through one-sided manipulation of state authorities."³³ In recent years the balance of power relations in Austria has clearly shifted to the detriment of workers and in favor of capital. In Brussels this imbalance is even more evident.

4.1. The State Should Neither Be Too Strong Nor Too Weak

If the state was strong and autonomous it would not need the associations to "ease the burden of the state," as e.g. its information and implementation capacities. Instead of a system based on social partnership, a "budgetary" system would emerge, as we can see, for instance, in France. If, by contrast, the state is not autonomous enough, due to the hegemony of capitalist interests, market forces and entrepreneurial interests would prevail instead of social partnership arrangements. The United States and Great Britain are typical examples of countries with a strong lobbyist orientation. Neither in countries with a budgetary system nor in countries with a market economy are the market relationships between organized class interests and the state apparatus balanced enough to enable neo-corporatism.

The Austrian state fulfills this condition historically. As a small, neutral country Austria is predestined to delegate state activity to associations. It is not by chance that it is the leading neo-corporatist country.³⁴ Brussels, by contrast, does not fulfill this condition. The Europarliament, even if its value should be enhanced, lacks the "European" citizens, though lately the EU has undertaken large efforts to create European citizens.³⁵ The EU budget is much too low to take

care of "state activities." As Philippe Schmitter stated, Europe will become a political construct that never existed historically. In any case it is a structure without a "head"³⁶ and is thus no "state" which the associations, whose function is to "ease the burden of the state," could appeal to.

4.2. Labor Must Be Strongly and Well Organized

For labor to be accepted by entrepreneurial associations and the state as a partner in negotiations, it must be structured adequately. This implies that the workers have a monopoly of representatives, a high degree of organization and centralization, effective possibilities of sanctions for disciplining their members, and a certain autonomy vis-à-vis their members. The Austrian labor unions have had to accept a marked reduction in the degree of organization over the last decades. Whereas in 1970 (adjusted in terms of retirement) around 62% of the workers were organized in labor unions, in 1990 it was only 46%. The unadjusted degree of organization in labor unions is higher, but at the same time it also shows a clearly downward trend. In 1996, the *Österreichische Gewerkschaftsbund* counted 1,535,053 members, three percent less than the year before. With 3,095,000 employees (including unemployed) the degree of organization in labor unions was 49.5% in 1996, which still ranks Austria in a top position of strong labor associations.³⁷ On a European level, a strong organization of the heterogeneous labor wage agreements is considerably less probable.³⁸

4.3. Capital Must Be Weak and Amenable to Negotiations

The interests of management are much more heterogeneous than that of labor, which is mainly interested in higher salaries and employment. Even though each enterprise seeks to maximize profits, a large construction firm has different ways to achieve this goal than a small shoemaker. Firms differ in terms of size, product range, sales markets, capital intensity, internal organization, and decision-making. Their interests can even be diametrically opposed. For instance, a construction firm prefers low import duties on steel, which is a cost factor for it, whereas a steel firm, by contrast, will prefer high duties and prices on imported steel, which is a competition product for it.³⁹

It is thus considerably difficult to organize a heterogeneous management and find it willing to negotiate with labor. In Austria the historically conditioned lack of big capital and the related weak capital side was a significant reason for organizing small and large companies

in associations and for the willingness of the workers to negotiate.⁴⁰ Management is considerably stronger elsewhere in Europe where the existing capital is larger than in Austria. Big corporations regulate their work relationships themselves. On the European level labor unions often lack management for negotiations!⁴¹

5. Social Partnership Is Most Likely to Be Found under the Following Conditions⁴²

Macro-corporatism is to be found wherever class hegemony is no longer a realistic option (e.g. in countries where social democratic parties are strong), where there are no strong cleavage lines within the classes (e.g. where interest groups are not split by religious, ethnic, or ideological conflicts), where the state is not very strong, i.e. in small, neutral countries or in large ones that were defeated, and in countries exposed to strong pressure from the outside, e.g. a high degree of openness of the economy.

Whereas Austria fulfills all the conditions of macro-corporatism, none of these criteria is met in the EU. In labor and management the EU shows religious differences (between strong Protestant countries, such as the Netherlands, and strong Catholic countries, such as Austria), a strong North-South divide. The degree of openness, measured in terms of $[\text{exports} + \text{imports}]/2$, in percent of the gross domestic product was an average of 27% per year between 1990 and 1993 in Austria and only 22% in the EU-15.⁴³ The common "outside threat," the "sitting in the same boat" of capital and labor, which Peter Katzenstein saw as being so crucial for corporatist countries, is lacking for developing a sense of "we" in Europe.⁴⁴

**V. The New Function of the Social Partners: A Case Study
Compromise on the *Sparpaket* (Savings Package)**

Labor and capital both agreed on a new social pact for reducing the welfare state without much public debate, strikes, or excitement. How difficult this was for labor and Social Democrats can be seen in the way this clear change in course taken by Austria's social partners was legitimized. If one reads the report compiled by the social partners on the consolidation of the budget in September 1995 (first version of the so called "savings package") one only learns that now is the right moment for consolidating the budget. We also learn a number of economic advantages of consolidation. There is the dilemma that all Keynesian arguments presented in the seventies for expanding the

budget deficit must suddenly all be forgotten. Even if the conditions have changed and Keynesian demand policy has become more difficult, the Keynesian theory still provides explanations for macro-relationships. Instead, arguments against high budget deficits must be presented. This includes all those arguments that were presented against Keynesians by neo-classics and monetarists in the sixties and seventies.

Keynesians are characterized by economic liberalism, skepticism vis-à-vis the state machinery, a lot of concern for efficiency and less concern for social issues. These arguments have been put forward by conservatives since the beginning of the "Crowding Out" debate in the fifties and sixties. The Left countered with a "Crowding In" debate, arguing in favor of an open economy in which higher interest resulting from budgetary deficits would be countered by high liquidity from outside the country. (Higher interest would even lead to desirable capital influx, putting pressure on interest rates for a downward revaluation.) Furthermore, the Left argued that inflation only appears when full employment is given, and even pulled out Lorenz von Stein's century old argument that a state without state debt is either not doing enough for its future (when it does not build an infrastructure), or is demanding too much of today (if it makes the present generation pay the full tab, even if it is only the next generation which will benefit). The Left also warned against consolidating the budget with the "savings paradox," which one can find in any textbook on economics. If the state tries to cut expenditures, it depresses the economy, unemployment rises, and state revenues decline. Paradoxically, because of tax losses in the wake of savings measures the state has a higher deficit than before.

With the "savings package" compromise, all these arguments had to suddenly be ignored by Austria's Left. Instead, the report calls for lower taxes so as to allow Austria to hold its ground in tax competition between the states for industries willing to settle in a given country. It did not occur to the advisory board that instead of following suit with Great Britain there was also the possibility of attracting business by isolation from social dumping through high taxes and an infrastructure provided by the state. Moreover, efficiency is promoted by providing public services so as to be able to remain competitive on an international scale. Low taxes, high efficiency (and little social benefits) to attract businesses—this is the bottom line of the report.

The list of advantages of budget consolidation culminates with the sentence "a quickly and efficiently consolidated budget would ensure that Austria remains a promising future international 'enterprise'."⁴⁵ Austria's social partners thus define themselves as managers in a company! This, too, is part of a conservative turn in politics: the economization of all realms. Politicians now become managers.

With the savings package the social partners proved that they were able to perform their function of "easing the burden of the state" in a very thorough way. No government had been able to legitimize and enforce such unpopular measures as, for example, cutting the yearly income of some university professors by about one fourth without the backing of the social partners.

However, we have to ask ourselves whether labor unions and social democrats are needed to opt for tax havens, real wage cuts, and redistribution of income from labor to capital. Is there anything left of social partnership which fights for workers' interests? Is the *Sparpaket* a demonstration of the existence of corporatist arrangements or a demonstration of the failure of trade unions? I will first give some empirical examples of the difficulties neo-corporatist arrangements have lately faced and then argue that social partnership still exists as a compromise and superior solution both of labor and capital.

VI. Austrian Social Partnership Given the Disequilibrium of Forces—Some More Recent Examples

The main problem of Austrian social partnership lies in a shift of power relations between capital and labor. Whereas capital is strengthened by "internationalization" and a politically conservative trend, the labor side is weakened by internationalization and a decline of members. A package which is well-balanced in the sense of social partnership can only be negotiated when negotiation partners with an equally strong threatening potential face each other.

1. Capital Becomes "Stronger"

The most important threat of social partnership seems to be a shift in the equilibrium of forces. Capital has become "too strong" and labor "too weak" through the liberalization of the capital markets and through political changes. Austrian entrepreneurs are suddenly toying with international capital. The fear of workers becoming radical has decreased since the fall of the Berlin wall and the opening of the east. Thus, once again, business is making more massive demands. For

instance, entrepreneurs have recently demanded an extension (!) of weekly working hours to 45 hours.

Hairdressers have refused to close collective agreements for almost three years.⁴⁶ The labor union section of the hairdressers has traditionally been poorly organized. The degree of organization in the sector of small businesses is 12%. 97% of the employed are women. There have repeatedly been problems in negotiating collective agreements. The last wage negotiations took place with an additional stipulation on a time limit. The new increases set down in the collective agreements were to average 3.8% as of 1 January 1996, and then there were to be further negotiations. The labor side has since then been procrastinating further negotiations. On 13 May 1996 the negotiations were blocked by the federal guild, which claimed that its members had no authority to negotiate. Such incidents have existed before. What seems to be new to me, though, is the fact that the federal master of the guild Franz Pfister turns to the public with demands such as the "abolishment of the vacation and Christmas money." The leadership of the entrepreneurs, by contrast, has kept itself in the background. The federal guild refuses to conduct further negotiations. The unions countered by offering free public hairdressing services in Vienna, two weeks later in Linz, and one week later in Innsbruck. The labor conflict has not been resolved by February 1998. In the cosmetics sector, there has been no new wage agreements since 1992. Negotiations are also becoming increasingly difficult among metal workers. Metal workers are wage leaders in Austria. Usually, the metal industry workers start the collective wage negotiations, followed by the metal handicraft sector. Wage increases are the same in both sectors. Claiming that they had lower productivity increases than the metal industry, the entrepreneur representatives of the metal handicraft sector refused, in 1997, a collective agreement with the same wage increases as for the metal industry. A joint strike of metal industry and craft workers finally resulted in the same wage increases. This aggressive way of reaching collective agreements shows that trade union, though they have lost some power, are still far from being obsolete in the Austrian wage negotiation process. It is, however, striking that such lower-level conflicts are no longer resolved internally but rather in public, and that the business associations have adopted a policy of "wait and see."

What is also striking is the fact that entrepreneurs pay less taxes in spite of increased income. As Otto Farny showed, Austria is already

a paradise of low tax rates.⁴⁷ With the 1988 tax reform, American principles of tax rate reduction were also striven for in Austria. The corporation tax rate was reduced from 55% to 30% (later raised to 34% again). Thus, companies are taxed less than in the United States (New York 39,9%), the Netherlands (35%), or Belgium (39%). With the 1993 tax reform, the tax on handicraft enterprises (*Gewerbsteuer*), the inheritance tax, and the special tax for banks were abolished altogether.⁴⁸ With regard to taxing of property, Austria falls below the level of Turkey, to the lowest rank of the OECD, and far below the EU-level.⁴⁹ Apart from this low tax burden, also tax evasions and tax debts must be taken into account. The evasion of sales tax and invested income tax is estimated at about 40 billion Schilling. In September 1995, the open tax debts amounted to about 54 billion Schilling, with 24 billion still being recoverable and the remaining amount irrecoverable.⁵⁰

Whereas between 1988 and 1996 the undistributed profits of corporations rose by 95%, the enterprise taxes on earnings and property have only risen by 38%. In comparison, the level of wage tax rose in this period by almost 50% in spite of numerous tax reductions.⁵¹ It is obvious that the capital side is becoming more flexible in evading potential financial burdens, the political side is giving capital more forthcoming treatment, and that all this is to the detriment of the workers. The tax declaration for enterprises has become more flexible in the nineties than ever before. Capital no longer fulfills its tax obligations.

2. *Labor Becomes Weaker*

Labor has not just become weaker due to the ever-stronger capital side and the drastically reduced number of members. Institutional changes, too, have been detrimental to labor. Austria's labor unions were once the only ones in the world which could bargain not only the nominal wage but also the real wage. The wages were controlled by the wage subcommittee, and in the price subcommittee prices were set down. For price increases in a number of products the entrepreneurs had to submit an application to the price subcommittee. As Ewald Nowotny et al. stated, in the late seventies a marked weakening of price regulation competence took place in the wake of increased imported goods for which an application was not obligatory.⁵² The study found that market prices lay well below the prices approved, which could be explained by evasions by means of discounts, etc. Rosner argued that

the price subcommittee never had a price control function. Nevertheless, the price subcommittee was a central part of Austria's economic and social partnership.⁵³ It was abolished at the beginning of the nineties and remodeled as a "price and competition committee," which did not process any applications for prices. Now there are only sector-related consultations on sales development, future prosperity, import shares, price development, etc. of the branch. The competition committee meets about once a month, whereas the price subcommittee convenes weekly.⁵⁴ Some of the functions of the early price subcommittee have been transferred to an independent arbitration committee, which is located in the ministry of economics. In the past, so-called *Gleitklauseln* (flexible clauses), according to which companies with public clients could raise prices in the case of wage increases, were approved by the price subcommittee, and passed on to the parity commission when an agreement could not be achieved. The independent arbitration commission now assumes such tasks. In this commission the ministries have stronger leverage than in the joint commission.

Given the fact that the committee convenes considerably less often, it can be assumed that communication between the social partners is substantially reduced. With regard to the price control, the unions suffered considerable losses in influence: first, through a reduced effectivity of price application approvals through imported goods and discounts, then through the abolishment of price increase approvals. Thus, the unions can no longer set down the real wages. This means substantial inroads into their scope of action since the seventies. The high real wage flexibility in Austria could be controlled to a much greater extent through control of nominal wages and prices than in the case that there was only one instrument left—wages. The Austrian unions have not only oriented themselves on average productivity and inflation rate in wage negotiations, they have also actively given shape to them. They could control inflation from three sides. First, from the aspect of avoiding cost-push inflation, given moderate wage demands, second, from the aspect of demand-pull inflation, given moderate approvals of price increases, and third, from the money supply induced inflation aspect, given the possibility of having a say in the committees of the central bank.

Here it must be stated that the planned economic and monetary union is a further step in the direction of weakened unions. The task of the fixed exchange rate system and the transition to a unified

currency means that the exchange rate is no longer available as a potential instrument for averting crises. Even if none of the social partners in Austria wish devaluation, the exchange rate can still serve as a potential threat and a fill-in for crises. A threatening devaluation is a disciplinary instrument both for labor, with its fear of inflation and real wage losses, and for business, with its fear of profit losses. In an economic and monetary union the exchange rate policy is no longer necessary. The budget consolidation demanded by Maastricht paralyzes a second presently existing instrument for warding off crises: fiscal policy. Thus, there only remains a third instrument for absorbing shocks: wage policy. The entire burden of adjustment is placed on wage policy in a monetary union. A monetary union thus represents a significant institutional shock and should be accepted as such by the social partners and not be played down.⁵⁵ The monetary union moves wage policy more to the fore than ever before. But also wage policy will change dramatically. For, as Schubert and Wehinger stated, the entire wage bargaining process will thus change. At present, unions orient themselves on the Austrian inflation rate. But what economic objective should serve as orientation for a monetary union?⁵⁶ The average EU-inflation rate which will be markedly higher than the Austrian one? The resulting wage agreements could be disadvantageous in competition for Austria, which has now become a region, and lead to a further increase in unemployment. Or should the unions orient themselves by to the amount of money targeted by the EU instead of following an inflation goal? Or should they continue orienting themselves by the Austrian inflation rate even though it cannot be controlled nationally, having become a sort of regional inflation? In the future one will have to consider what dimension nominal wage demands should be oriented by and what this means for real wage flexibility.

A further "debilitating element" of labor is the increase in illegal workers. Precarious and illegal employment conditions evade collective bargaining agreements and increase the danger of wage dumping.

VII. Social Partnership is Robust

1. *The Chamber Polls as a More Recent Case*

In spite of the shift in power relationships it is a legend to speak of the "death of social partnership." Institutions are robust and fairly enduring when it comes to survival. This is also true for Austrian social partnership. Recently they were radically threatened "from within" by

the calling into question of obligatory membership in the chambers. For "the Austrian chamber system is a central piece of social partnership," and without obligatory membership there are no chambers.⁵⁷ Every worker is a member of the chamber of labor, every self-employed person is a member of the business chamber. To abolish this would amount to the end of the Austrian model of finding consensus. This existential threat of both systems came mainly from those political forces which had hardly been represented in it before and which see themselves as belonging to a new "opposition culture."⁵⁸

In the spring of 1996 the members of the economic chamber and the chamber of labor were asked whether they support the maintenance of their respective chamber. The results clearly show that the foundations of Austrian social partnership are not so easily shaken. The business chamber directed the following question to its members in February of 1996: "Are you for the maintenance of the business chambers with their guilds, committees, trade groups, and professional associations as a common legal interest group for all entrepreneurs?" The participation of 36% in the poll corresponded to the normal participation in elections in the economic chambers. Of the 116,800 valid votes, 81,7% voted for maintaining the chamber (see table 1).

The members of the chamber of labor were asked a similar question in the first half of this year. In May and June of 1996 the members of the chamber of labor were asked: "Are you for continuing the chamber of labor as a legal lobby of all workers?" The poll was a considerably more delicate matter, since the work done by the experts of this chamber for the members is less transparent. In particular the questioning of the workers' chamber clearly shows the system-maintaining characteristics of Austrian social partnership. Whereas the questioning of entrepreneurs involved the normal (low) participation of members, the participation on the part of the workers' chamber was clearly above normal. The participation in the vote of the chamber of labor was 29% in 1994, whereas in the poll in 1996 it was almost twice as high, at 57,7%.⁵⁹

The realization of the poll in the chamber of labor shows that considerable forces were mobilized for it. In comparison to the chamber of labor elections it is striking that a large part of this poll took part in companies. This could also be proof that business was also interested in a high participation in the poll. Business, above all smaller companies, knows that it needs the chamber of labor for its concerns. Without the chamber of labor there is also no chamber of bu-

Table 1: Poll results regarding the maintenance of the chambers 1996

		votes casts	% participation	valid votes	YES votes	YES %
chamber of commerce						
Austria	322,090	117,290	36.42	116,800	95,460	81.7
of this in Vienna	69,816	15,146	21.69	15,110	12,730	84.2
chamber of labor						
Austria	2,318,862	1,544,670	66.60	1,529,467	1,385,815	90.6
of this in Vienna	599,993	346,333	57.70	343,232	302,300	88.1

Source: Press source of the Vienna Chamber of commerce and the author's own calculations.

siness. Thus, business must have been interested in a positive outcome of the chamber of labor poll!

2. Trade Unions Still Exist

Trade Unions complain that the entrepreneur side has become much more aggressive. The tone has become rougher. They have supported the big tax reforms to the advantage of capital, they have opposed neither Austria's EU-membership nor participation in the European Monetary System. There was only very modest and vague opposition which took issue with the Maastricht criteria to be fulfilled in requirement for membership in the Monetary Union. The Maastricht criteria of budget cuts and anti-inflation policy with high unemployment rates were gently contested with the slogan "the goal is good but the way to it is wrong."⁶⁰ This means that there is also no opposition to be feared from the side of trade unions to implement the Euro as planned. (Contrary to some Chinese philosophers the goal seems to be more important to trade unions than the way). In the last three years real wage increases were also negative. This was meant to help fulfill the Maastricht criterion of low inflation. Trade unions have thus supported the idea to make Austria very attractive for new investment and capital from abroad.

However, lately trade unions became aware that the more they gave in the less they achieved, since capital does not seem to play the same game as before. It is trying to change the rules of the game. Contrary to their Dutch counterparts they did not give in to regulation of part time jobs. For Americans, the European labor market regulations might sound bewildering. But part time jobs in Austria have to be done voluntarily in the sense that they are only allowed if it is the free will of the employee to work part time. Employees have the right to transform a part time job at any time into a full time job. Involuntary part time jobs are only allowed if firms can prove economic problems, in which case, people work part time rather than being dismissed and the *Arbeitsmarktservice* adds to the income of the employee. The re-negotiation of the welfare state is taking place much slower and much less radically than in the Netherlands.⁶¹ The budget cuts, though partly much more radical than in France and Germany, have passed without heavy strikes.

The way in which the institutional shocks of the nineties has been handled by the social partners shows that social peace is still the main asset provided by Austrian institutions.

VIII. The Future of Austrian Social Partnership

Austria's corporatism is still alive. If we believe in a midlife crisis we would at least predict another 50 years of life. If we follow the prediction of Philippe Schmitter and Jürgen Grote, we would expect the "Corporatist Sisyphus" to reemerge every twenty-five years.⁶² However, the future of the Austrian social partnership is not to be found in Brussels but in Austria. Social partnership is a national arrangement and national realms of action should be used more in the future. On a supranational level, the disequilibrium of forces is too large for social partnership arrangements. As an "emissary of the welfare state" they certainly have an important moral function in Brussels, but their political function is limited.

On the macro level the demands have become greater. In particular with regard to internationalization, the status quo-maintaining and petrifying effects of social partnership, however, take on a new meaning for a small country. An upward movement in the internationalization wave means growing uncertainty, greater fluctuations in output and employment, quicker reactions, and more intense overreactions of the economic subjects given the greater mobility of financial capital, real capital, and labor. This, however, also means that crises can appear too quickly and too drastically, which entails in particular high social costs. Social partnership can have a buffer effect on these excessively high and too quick fluctuations. Social partnership structures thus become all the more important for a small country in view of growing internationalization so as to protect it against extreme external shocks.

The stability-ensuring function through absorption of international shocks which is becoming increasingly important for small countries must therefore take place on the macro level and on the meso level. On the *macro level*, it is still important to reduce short-term fluctuations in output and employment by creating a climate of "trust" and of "consensus." That this will become more difficult in the future is undisputed. However, as the chamber poll showed, institutions prove to be considerably more stable than economic processes. This means that at least on a mid-term basis the macro-economic, crisis-absorbing, stabilizing function of social partnership will be maintained. As compared to less, or not at all, corporatist countries, at least Austria's relatively advantageous position remains in terms of a stable climate.

The orientation of wage policy will assume strategic importance in the future. The wage policy of the *ÖGB* was oriented in Austria on

average productivity. A high real wage flexibility will be even more important in the future, but at the same time more difficult.

On a *meso level*, sector-specific demands will also be important in the future. In addition to wage political aspects, mainly structural demands will be decisive. As a comparative study on steel, car, and tool machine industry has shown, corporatist structures have the advantage that they facilitate orientation after long-term calculi of action. They can create conditions for economic action, through short-term adaptation processes, which, in the long run, prove to be suboptimal for structural change, less "awarding," and thus more unlikely (for instance, in the realm of education, research, and development there can be an undersupply through the market).⁶³

On a *micro level* new demands arise given growing destandardization and heterogeneous labor interests. With the "end of mass-production," orientation by an "abstract worker" (without professional and company identity) has become increasingly problematic, since production-related labor interests, which can be highly irregular in companies, move to the foreground.⁶⁴ The heterogeneity of interests can only be found on a micro level. At the same time feedback to the central office is to be reinforced, total union goals are still to be reached and the threatening potential of a centralized organization is still to remain.

The main issue should remain how Austria can continue to follow its "Austrian way." A high level of employment (e.g. maximum 2% rate of unemployment), a satisfactory distribution of income, and ecologically acceptable businesses should all be points of departure for offensive considerations. Instead of defensively chasing after the alleged constraint of internationalization (i.e. the interests of capital), offensive strategies of breaking away from undesired effects of internationalization should be considered. EU-measures should not be as restrictive, so that they do not allow any national field of action. In issues related to the social realm, the national autonomy of tax and expenditure structures of the budget, national fields of action remain even within a monetary union. As long as perfect capital and labor markets do not exist, as long as we have an economy of imperfections and adjustment delays, adequate margins for a social economic policy remain.

If social partnership is to remain an economic and social partnership in the future, it is important to recognize new focuses of economic policy in a timely manner. An important prerequisite is

perceiving problems as such. Joining the EU and the Monetary Union, as well as membership in NATO, which is presently being discussed in Austria, all mean massive institutional shocks. It is not true that nothing has changed, as some "visionaries" of social partnership would lead us to believe. And it is also not true that nothing more can be done. There is an important task left for social partnership: to find a compromise in the process of renegotiating the welfare state in a peaceful way. This means that both labor and capital must get some share of the cake. It will be the moral, political, and economic function and task of trade unions to avoid a break down of the welfare state, social dumping and a fall back into the work relations of the nineteenth century. It will also be its task to convince capital that it is in both their interest that this does not happen. A task which can only be fulfilled with stronger support from the state.

Notes

1. Markus M. L. Crepaz, "An Institutional Dinosaur: Austrian Corporatism in the Post-industrial Age," *West European Politics*, 18.4 (October 1995): 64-88.
2. See e.g. Arend Lijphart, *Democracies, Patterns of Majoritarian and Consensus Government in Twenty-One Countries* (New Haven and London: Yale University Press, 1984); Gerhard Lehbruch, "Consociational Democracy, Class Conflict and the New Corporatism," in *Trends Towards Corporatist Intermediation, Contemporary Political Sociology*, vol. 1, ed. Philippe Schmitter and Gerhard Lehbruch (London and Beverly Hills :Sage, 1979), 53-62; Anton Pelinka, "Zur Entwicklung einer Oppositionskultur in Österreich. Bedingungen politischen Erfolges in den achtziger Jahren," *Österreichische Zeitschrift für Politikwissenschaft* 18 (1989): 141-9. Swedish corporatism is, for example, not consociationalist, due to its homogeneous society.
3. For an overview of the neoclassical convergence debate see Brigitte Unger, "Room for Manoeuvre. Choices Left for National Economic Policy," (Habilitation at the Wirtschaftsuniversität Vienna, 1998, forthcoming).
4. A look at the Norwegian and Swedish example of corporatist control shows that social partnership does not necessarily have to be a purely male alliance.
5. Manfred Prisching, *Die Sozialpartnerschaft, Modell der Vergangenheit oder Modell für Europa? Eine kritische Analyse mit Vorschlägen für zukünftige Reformen* (Vienna: Manz Verlag, 1996), 212.
6. Brigitte Unger and Frans van Waarden, eds., *Institutional Convergence*, forthcoming.
7. I, by contrast, argue that there is a "limited perception of problems on the part of associations." They often see problems one-dimensionally as "monolemma" and tend to blend out all alternative action from the political perception. Changed circumstances, as we are today experiencing, however, allow various ways of interpretation. Whereas, for instance, the Norwegian labor unions were caught up in the dilemma of having to decide between the alternative of joining the European Union or not, Austrian labor unions did not seem to be confronted with this problem. In a

monolemma there is no alternative of decision, but only one clear path. This path leads to Brussels.

8. Karl Hinrichs and Brigitte Unger, "Das Ende der Sozialpartnerschaft? Ein internationaler Vergleich der Entwicklung korporatistischer Systeme," *Kurswechsel* 1 (1990): 3-32.

9. Charles F. Sabel, *Work and Politics: The Division of Labor in Industry* (Cambridge: Cambridge University Press, 1982).

10. See Wolfgang Streeck, "Interest Heterogeneity and Organizing Capacity: Two Class Logics of Collective Action?," Discussion Paper FS I 89-4, Wissenschaftszentrum Berlin, (1989): 26ff.

11. See Franz Traxler, "Klassenstruktur, Korporatismus und Krise," *Politische Vierteljahresschrift* 28 (1987): 59-79; Frans van Waarden, "Emergence and Development of Business Associations. An Example of the Netherlands," in *Organizational Studies* 13/4 (Berlin and New York: Walter de Gruyter, 1992), 521-62.

12. Fritz Scharpf, *Crises and Choice in European Social Democracy* (Ithaca and London: Cornell University Press, 1991).

13. See Franz Traxler, "Sozialpartnerschaft am Scheideweg. Zwischen korporatistischer Kontinuität und neoliberalen Umbruch," in *Wirtschaft und Gesellschaft*, vol. 22 (Arbeiterkammer Wien, 1996), 25.

14. Manfred Prisching, "Die Sozialpartnerschaft," 212.

15. The discussion in Norway and the opposition of Norwegian labor unions in comparison to the EU-monologue being conducted in Austria demonstrate various discourse options that exist even in neo-corporatist arrangements. For a critique of Austrian EU-phemism see Erwin Weissel, *Der große EU-phemismus. Ein österreichisches Lehrstück der Manipulation* (Hamburg: Verlag Dr. Kovacs, 1996).

16. For a very appropriate account of the view of the Austrian social partners, in particular of the position of the labor associations, which differs substantially from other European countries, see Günther Chaloupek, *Entwicklung und Zukunft der österreichischen Sozialpartnerschaft*, Materialien zu Wirtschaft und Gesellschaft no. 59 (Vienna: Arbeiterkammer, December 1995).

17. See Günther Chaloupek, *Entwicklung und Zukunft der österreichischen Sozialpartnerschaft*, 26.

18. *Ibid.*, 26.

19. Fritz Breuss, "Was erwartet Österreich in der Wirtschafts- und Währungsunion der EG?," in *Monatsberichte des Österreichischen Instituts für Wirtschaftsforschung*, vol. 65, no. 10 (Vienna, 1992).

20. Austrians have a less drastic expression for it: "*Die Rute im Fenster.*"

21. There are similarities with the fall of the Berlin wall: even though Russians did not evade Austria as long as the wall stood, its existence alone and the shared fear of it was enough to discipline negotiations. For various options of action in a monetary union and a fixed exchange rate system or a hard currency policy see Brigitte Unger, "European Integration and Fiscal Policy Options," in *Convergence or Diversity? Internationalization and Economic Policy Response*, ed. Brigitte Unger and Frans van Waarden (Aldershot: Avebury, 1995), 57-80.

22. See Ewald Nowotny, *The Austrian Socialpartnership and Democracy*, Working Papers of the Economic Department, Wirtschaftsuniversität Wien (Vienna, 1991); Ewald Nowotny, "Wirtschaftsordnung und Sozialpartnerschaft im internationalen

- Wettbewerb," in *Wirtschaftspolitische Blätter* 41 (Vienna, 1994): 482-8.
23. See e.g. Günther Chaloupek, *Entwicklung und Zukunft der österreichischen Sozialpartnerschaft*, 27.
24. See Markus Marterbauer, "Vollbeschäftigung ist möglich: Bedingungen und Maßnahmen einer beschäftigungspolitisch orientierten Wirtschaftspolitik in Österreich und Europa," in *Der Countdown läuft*, ed. Gewerkschaft der Privatangestellten (Vienna), 45-66. Lately this hope got new and more solid support by the work of Gerda Falkner, who identifies some traits of European cooperation of labor and (doubtfully) identifies this as new Euro-corporatism. A work which—little surprisingly—is highly welcome by the Austrian trade unions. See Gerda Falkner, "The Transformation of Governance in the EU. Dilemmas of Corporatism," Paper for the 24th ECPR Joint-Sessions of Workshops (29 March - 3 April 1996, Oslo).
25. See Heinz Handler and Eduard Hochreiter, *The Austrian Economy in the Wake of Joining the EU*, CEPS Economic Policy Group, Country Paper Austria (1996), 16.
26. Günther Chaloupek, *Entwicklung und Zukunft der österreichischen Sozialpartnerschaft*, 27.
27. See Philippe C. Schmitter, "Still the Century of Corporatism?," *Review of Politics* 36 (1974): 85-131.
28. Philippe C. Schmitter, "Neo-Corporatism and the State," in *The Political Economy of Corporatism*, ed. Wyn Grant (London: Macmillan, 1985), 37.
29. See Franz Traxler and Brigitte Unger, "Governance, Economic Restructuring and International Competitiveness" *Journal of Economic Issues* 28.1 (March 1994): 1-23.
30. Philippe C. Schmitter, "Neo-Corporatism and the State," in *The Political Economy of Corporatism*, ed. Wyn Grant (London: Macmillan, 1985), 37.
31. For a game theoretical interpretation of the political events of the nineties, see Egon Matzner, "Was bisher geschah und wie es weitergehen könnte," lecture at the 29th Congress of the Association des Germanistes de l'Enseignement Supérieur, Dijon, May 1996.
32. Philippe C. Schmitter, "Neo-Corporatism and the State," 37.
33. *Ibid.*, 36.
34. See Philippe C. Schmitter, "Still the Century of Neo-Corporatism."
35. Armin von Bogdandy, "Konturen des integrierten Europa, Stand und Perspektiven der europäischen Integration," *Europa Archiv* 2 (1993).
36. Philippe C. Schmitter, "The Emerging Euro-Polity and its Impact upon Euro-Capitalism," manuscript, Stanford University (November 1992).
37. See *Statistische Informationen zur EU. Die Arbeitskräfteerhebung 1996*, Arbeiterkammer (Vienna, August 1997) and *Tätigkeitsbericht des Österreichischen Gewerkschaftsbundes* (Vienna, 1996).
38. See Berndt Keller, "European integration, workers' participation, and collective bargaining: A Euro-pessimistic view," in *Convergence or Diversity*, ed. Brigitte Unger and Frans van Waarden.
39. Frans van Waarden, "Emergence and Development of Business Interest Associations," 526.

40. See Franz Traxler, "Das Ende des Österreichischen Weges? Optionen und Restriktionen einer korporatistischen Makrosteuerung des Arbeitsmarktes," in *Regulierung—Deregulierung. Steuerungsprobleme der Arbeitsgesellschaft*, ed. Jürgen Feldhoff et al., Beiträge zur Arbeitsmarktforschung, (Nürnberg, 1988), 139-72.
41. See Philippe C. Schmitter, "The Emerging Euro-Polity"; Franz Traxler and Philippe C. Schmitter, "The Emerging Euro-Polity and Organized Interest," *European Journal of Industrial Relations*, 1.2 (1995): 191-218.
42. For the following list see Philippe C. Schmitter, "Neo-corporatism and the State," 45.
43. John Arrowsmith, "Economic and Monetary Union in a Multi-Tier Europe," *National Institute Economic Review* (May 1995):88.
44. Peter J. Katzenstein, *Small States in World Markets. Industrial Policy in Europe* (Ithaca and London: Cornell University Press, 1985).
45. *Gutachten zur Budgetkonsolidierung der österreichischen Sozialpartner* (Vienna), 11.
46. Interview with U. Legner, 25 July 1996 and again with Georg Kovarik 4 February 1998 both from the Österreichische Gewerkschaftsbund.
47. Otto Farny, "Analyse des Gewinnsteueraufkommens 1988-96," in *Wirtschaft und Gesellschaft*, vol. 22, no. 1, Arbeiterkammer (Vienna, 1996), 61-85.
48. *Ibid.*, 61, 72.
49. *Ibid.*, 74.
50. *Ibid.*, 80.
51. *Ibid.*, 82.
52. Ewald Nowotny, Alois Guger et al., *Studie zur Wettbewerbsintensität der österreichischen Wirtschaft* (Vienna: Schriftenreihe des Ludwig Boltzmann Instituts, 1978).
53. Peter Rosner, "Die wenig beachtete Umverteilung in Österreich," in *Wirtschaft und Gesellschaft*. 2 (Vienna, 1983): 237-49.
54. Interview with Georg Kovarik, 17 July 1996.
55. See Brigitte Unger, "European Integration and Fiscal Policy Options."
56. Helene Schuberth and Gert D. Wehinger, "The Costs of Monetary Union: Evidence for Austria," paper presented at the 8th Conference of the Society for Socioeconomics (SASE), Geneva, July 1996.
57. Manfred Prisching, "Die Sozialpartnerschaft."
58. See Anton Pelinka, "Zur Entwicklung einer Oppositionskultur," and Manfred Prisching, "Die Sozialpartnerschaft," 115.
59. Press source of the Vienna Economic Chamber and my own calculations, as well as approximations.
60. "Das Ziel ist gut, aber nicht der Weg dorthin."
61. See Gerhard Lehmbruch and Frans van Waarden, eds., *Renegotiation of the Welfare State* (Amsterdam: Amsterdam University Press, forthcoming).
62. Philippe C. Schmitter and Jürgen Grote, "The Corporatist Sisyphus: Past, Present and Future," *EU-Working Papers, European University Institute*, SPS No. 97/4, Florence (June 1997).

63. See Franz Traxler and Brigitte Unger, "Governance, Economic Restructuring."
64. Karl Hinrichs and Brigitte Unger, "Das Ende der Sozialpartnerschaft."