With or without you? Concertation, unilateralism and political exchange during the Great Recession.
A comparative analysis of Italy, Spain, Portugal and Ireland.

By

Arianna Tassinari

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy

University of Warwick, Warwick Business School
August 2019
Table of Contents

List of Figures ................................................................. 10
List of Tables ........................................................................ 11
Acknowledgements ............................................................. 12
Declaration ........................................................................... 14
Abstract .............................................................................. 15
List of abbreviations .......................................................... 16

1 Introduction ........................................................................ 21
  1.1 Research motivation ..................................................... 21
  1.2 Research context ........................................................ 22
  1.3 Puzzle, research questions and research design ............. 24
  1.4 The argument and contributions in brief ....................... 26
  1.5 Thesis organisation .................................................... 28

2 Chapter 2. Literature Review ............................................. 31
  2.1 A brief history of social concertation: from corporatism to
governmental unilateralism? ............................................. 31
    2.1.1 The story so far: from corporatism to new social pacts ... 31
    2.1.2 Enter the crisis: concertation revival or decline? ....... 34
  2.2 Reviewing the debate: competing explanatory accounts for the rise and
fall of concertation ............................................................ 36
    2.2.1 Functionalist - structuralist explanations .................. 36
    2.2.2 Political and power-centred explanations .................. 41
  2.3 Discussion and emerging research questions ................... 48

3 Chapter 3. Theoretical framework: an actor-centred approach to
interest intermediation ....................................................... 52
  3.1 Introducing actor-centred historical institutionalism .......... 52
  3.2 An interest-based account of concertation and unilateralism. 55
    3.2.1 Conceptualising actors’ interests and incentives for political
exchange ........................................................................ 57
  3.3 A typology of interest intermediation in policy-making ....... 67
    3.3.1 Dimension 1: the substantive content of interest intermediation.. 68
    3.3.2 Dimension 2: structure of interest intermediation process ... 70
    3.3.3 Four types of interest intermediation ......................... 71
  3.4 Summary ....................................................................... 74

4 Chapter 4. Research design and methodology ..................... 76
  4.1 Ontology and epistemology: a critical realist approach to explanation ..
......................................................................................... 76
  4.2 Research design and methodology ................................ 78
    4.2.1 Research design ................................................... 78
    4.2.2 The comparative qualitative case study method ........... 83
    4.2.3 Retroductive theory-building .................................. 85
  4.3 Data collection and analysis ........................................... 87
    4.3.1 Data collection methods ....................................... 87
    4.3.2 Data analysis ..................................................... 90
5 Chapter 5. Introducing the cases: institutional, historical and macro-economic context ........................................ 96
  5.1 State traditions, institutional legacies and histories of concertation ... 96
    5.1.1 Italy ........................................................................................................................................... 96
    5.1.2 Spain ...................................................................................................................................... 100
    5.1.3 Portugal .................................................................................................................................. 104
    5.1.4 Ireland ..................................................................................................................................... 107
  5.2 Organised producer groups and their power resources .................. 111
    5.2.1 Union density and representativeness ..................................................................................... 111
    5.2.2 Employers’ organisation density ............................................................................................. 116
    5.2.3 Collective bargaining coverage ............................................................................................... 118
    5.2.4 Unions’ societal power resources ............................................................................................ 119
  5.3 The macro-economic context: from crisis to recovery ..................... 121
    5.3.1 Background to the crisis: diverse growth models, diverse fragilities ................................. 122
    ...................................................................................................................................................... 126
    5.3.2 The Eurozone crisis and its aftermath: a comparative overview of macro-economic pressures and exogenous conditionality over 2008-2018 .......................... 137
  5.4 Summary ................................................................................................................................. 137

6 Chapter 6. Interest intermediation in the Eurozone periphery through and beyond the crisis: an overview ..................... 141
  6.1 Italy: oscillating between unilateralism and resilient political exchange. .................................................. 142
    6.1.1 Italy: interest intermediation in the crisis period (2008-2014) .............................................. 142
    6.1.2 Interest intermediation in the post-crisis period (2015-2018) ............................................... 145
  6.2 Spain: from crisis unilateralism to cosmetic concertation ....... 147
    6.2.1 Interest intermediation in the crisis period (2008-2013) ....................................................... 147
    6.2.2 Interest intermediation in the post-crisis period (2014-2018) ............................................. 151
  6.3 Portugal: the resilience of concertation ........................................... 154
    6.3.1 Interest intermediation in the crisis period (2008-2014) ...................................................... 154
    6.3.2 Interest intermediation in the post-crisis period (late 2014-2018) ...................................... 158
  6.4 Ireland: from concertation to policy-oriented political exchange .................. 160
    6.4.1 Interest intermediation in the crisis period (2008-2013) ..................................................... 160
    6.4.2 Interest intermediation in the post-crisis period (2014-2018) ........................................... 163
  6.5 Comparative discussion and conclusions .......................................... 165

7 Chapter 7. Going it alone. Governmental unilateralism in crisis-responsive policy-making ......................................................... 170
  7.1 Case 1: Italy ............................................................................................................................. 171
    7.1.1 Berlusconi’s embedded unilateralism (2008-2011) .............................................................. 171
    7.1.2 Monti’s attempt at ‘unmediated democracy’ (2011-2012) .................................................... 177
    7.1.3 Renzi’s experiment in ‘disintermediation’ (2014-2015) ....................................................... 183
  7.2 Case 2: Spain ........................................................................................................................... 189
    7.2.1 Zapatero’s reluctant unilateral drift ...................................................................................... 189
    7.2.2 Rajoy’s authoritarian unilateralism ...................................................................................... 197
8  Chapter 8. Nothing to win, nothing left to lose. Concertation agreements in the crisis.............................................216
  8.1  Case 1: Portugal.................................................................217
      8.1.1  Socrates’ ‘bailout avoidance’ strategy and the 2011 Tripartite Agreement ...............................................................217
      8.1.2  Passos-Coelho’s austerity legitimation and the 2012 Compromisso.................................................................225
  8.2  Case 2: Ireland.................................................................234
      8.2.1  Fianna Fáil’s response to the fiscal crisis and the 2010 Croke Park Agreement ..............................................................235
      8.2.2  After the MoU: the Fine Gael-Labour government and the 2013 Haddington Road Agreement ...........................................244
  8.3  Comparative discussion and conclusions..................................249

9  Chapter 9. Back in from the cold? The uneven resilience of macro-political exchange in the post-crisis period.............257
  Introduction.............................................................................257
  9.1  Italy: the re-activation of macro-political exchange.................258
      9.1.1  The Italian recovery: economic and political context.............258
      9.1.2  Post-crisis interest intermediation under the centre-left PD cabinet (2015-2017).................................................................................260
  9.2  Spain: from unilateralism to cosmetic concertation...............269
      9.2.1  Economic and political context..........................................270
      9.2.2  Post-crisis interest intermediation under the centre-right PP cabinet .................................................................271
  9.3  Portugal: from cosmetic to substantive concertation...............279
      9.3.1  Economic and political context..........................................279
      9.3.2  Post-crisis interest intermediation under the centre-right PSD cabinet.........................................................................................280
      9.3.3  Post-crisis interest intermediation under the centre-left PS cabinet (2015 onwards)...........................................................284
  9.4  Ireland: the uneven legacies of social partnership...............290
      9.4.1  Political and economic context ..........................................290
      9.4.2  Post-crisis interest intermediation under the Fine Gael cabinet (2014-2018).................................................................291
  9.5  Comparative discussion and conclusions..................................299

10  Chapter 10. Discussion and conclusions.................................307
  10.1  Interest intermediation in the Eurozone periphery through the Great Recession: assessing continuity and change........308
      10.1.1  Continuity, disruption and convergence, or: is governmental unilateralism really the only game left in town?............308
      10.1.2  Blunting or aiding liberalisation? The reach and limits of negotiated adjustment in the crisis decade........................311
      10.1.3  Theoretical implications: assessing depth and trajectory of change.................................................................317
  10.2  Explaining variation in interest intermediation through the Great Recession ........................................................................321
10.2.1 Power and policy interests: an actor-centric account of concertation and unilateralism .......................................................... 323
10.2.2 What shapes actors’ choices? Crisis pressures, historical legacies and power resources ................................................. 327
10.2.3 Theoretical implications: theorising interest intermediation in hard times ................................................................. 333

10.3 Conclusions: summing up and looking forward ..................... 338
10.3.1 Summary of key findings and contributions ..................... 338
10.3.2 Limitations and suggestions for future research ................. 339
10.3.3 Political implications .................................................... 341

Bibliography ............................................................................. 343

Appendix .................................................................................. 377
1. List of interviewees by country ............................................. 377
   Italy .......................................................................................... 377
   Spain ...................................................................................... 379
   Portugal .................................................................................. 381
   Ireland .................................................................................... 383
2. Research ethics statement .................................................. 385
3. Model participants information sheet .................................. 386
4. Model participants consent form ........................................ 388
List of Figures

Figure 3.1 Typology of modes of interest intermediation ........................................ 72
Figure 5.1 Trade union density as % of salaried employees .................................. 112
Figure 5.2 Trade union density in private and public sector .............................. 113
Figure 5.3 Proportion of public sector workers in union membership ............... 113
Figure 5.4 Temporary employment as % of total employment ....................... 115
Figure 5.5 OECD Index of EPL strictness .......................................................... 115
Figure 5.6 Union density – temporary and permanent workers ......... 116
Figure 5.7 Proportion of temporary workers in union membership .............. 116
Figure 5.8 Employer organisations density by firm size ............................... 118
Figure 5.9 Collective bargaining coverage rates ............................................. 119
Figure 5.10 Levels of union distrust (2000-2010) ........................................... 120
Figure 5.11 Image of trade unions in public opinion (2018) ....................... 121
Figure 5.12 Annual real GDP growth rate ................................ ................ 124
Figure 5.13 Exports as % of GDP ................................................................. 124
Figure 5.14 Household consumption as % of GDP ...................................... 125
Figure 5.15 Current account balance as % of GDP .................................. 125
Figure 5.16 Nominal Unit Labour Costs (1999=100) .................................. 126
Figure 5.17 Government debt as % of GDP ................................................. 129
Figure 5.18 Government deficit as % of GDP ............................................. 129
Figure 5.19 Annual % growth of exports ................................................... 130
Figure 5.20 Total unemployment rate .......................................................... 130
Figure 5.21 Youth unemployment rate ......................................................... 131
Figure 5.22 10-year government bond yields, selected EZ countries (%) ........ 132
List of Tables

Table 4.1 Research design and logic of within-case and cross-case analysis..................79
Table 4.2 List of interviewees by country and category.....................................................89
Table 4.3 Case classification decision tree........................................................................93
Table 5.1 Employers’ organisation density.....................................................................117
Table 5.2 Crisis periods and characteristics in case study countries..............................127
Table 5.3 Comparative overview of country case study features......................................139
Table 6.1 Italy: interest intermediation in the crisis period (2008-2014).........................143
Table 6.2 Italy: interest intermediation in the post-crisis period (2015-2017)................146
Table 6.3 Spain: interest intermediation in the crisis period (2008-2013).....................148
Table 6.4 Spain: interest intermediation in the post-crisis period (2014-2017)..............152
Table 6.5 Portugal: interest intermediation in the crisis period (2008-2014)...............155
Table 6.6 Portugal: interest intermediation in the post-crisis period (late 2014 – 2018).................................................................159
Table 6.7 Ireland: interest intermediation in the crisis period (2008-2013) .................161
Table 6.8 Ireland: interest intermediation in the post-crisis period (2014-2017)........164
Table 6.9 Summative mapping of government - social partner interactions in crisis and post-crisis period.........................................................................................166
Table 7.1 Comparative overview of macro-economic, institutional and political factors in Italy and Spain (2008-2014).................................................................210
Table 8.1 Comparative overview of macro-economic, institutional and political factors in Portugal and Ireland (2008-2014).................................................................251
Table 9.1 Continuity and discontinuity in government – social partners interactions between crisis and post-crisis periods........................................................299
Table 9.2 Comparative analysis of conditions in post-crisis phase (2014-2018)...........302
Table 10.1 Assessment of forms and results of change in interest intermediation, 2008-2018..............................................................................................................310
Table 10.2 Comparative analysis of bargains in ‘crisis concertation’ agreements (2009-2013)...............................................................................................................313
Table 10.3 Comparative analysis of bargains in ‘post-crisis’ agreements (2014-2018)....316
Table 10.4 Modes of interest intermediation and their pre-conditions.............................322
Acknowledgements

First, I would like to thank my supervisors, Prof. Jimmy Donaghey and Dr. Manuela Galetto, who have believed in me from our very first encounter and have never ceased to trust me, support me and guide me since – both intellectually and personally. Thank you for not giving up on me even when I was at my most stubborn, and for being such generous and kind mentors.

I am extremely grateful to my examiners, Prof. Lucio Baccaro and Prof. Guglielmo Meardi, who kindly took the time to read this work in-depth and share their precious advice and criticism. If these pages will ever see the light of day in published form, it will be largely thanks to their rigorous and critical insights.

During my PhD, I benefited greatly from being a member of the Industrial Relations Research Unit, which has been a truly enriching intellectual home. My thanks go to all IRRU members past and present who have provided stimulating inputs for my research. May IRRU live long and prosper!

This research could have not been possible without the financial support of the UK Economic and Social Research Council (grant number ES/J500203/1), without the generous help of all my interviewees and of the many people in Italy, Ireland, Portugal and Spain who supported me during my fieldwork. In Italy, Roberto Pedersini facilitated my research visit at the University of Milan, which turned out to be a fundamental ‘critical juncture’ in my career. Stefano Sacchi hosted me at INAPP in Rome, opening several doors and assisting me to develop my thinking in important ways. Matteo Negri from CGIL Bologna helped me to gain valuable insights into Italian unionism from within. In Portugal, Alan Stoleroff hosted me at ISCTE-IUL and, over many enjoyable conversations, gave me precious guidance in navigating the intricacies of Portuguese politics. In Ireland, John Geary and Bill Roche facilitated my stay at UCD and gave me invaluable help in accessing contacts and understanding Irish industrial relations. In Spain, Oscar Molina and Ken Dubin both shared with me their insights and contacts and helped me grasp the complexities of Spanish politics and society.

Many people generously opened up their homes to me during fieldwork: Gaia and Luca in Lisbon, Francesca and Massimo in Rome, Julie, Vincenzo and his housemates in Dublin. Elly, Helena, Vera and my mother Stefania provided fundamental help with transcribing and translating interviews. Erika, Marcello, Rob, Stefano and Vincenzo all read parts of this thesis and provided feedback and encouragement when it was most needed. My friends Lorenzo Cini and Francesco Bagnardi from the Florence Labour
Politics Reading Group helped me with their kind and critical advice to prepare for the viva and instilled me with confidence to overcome the last hurdle. I am so grateful to all of you.

My time at Warwick has been enriched by a fantastic community of friends who provided joy, support and intellectual stimuli in equal measure. Special thanks go to my Fortress besties, Craig and Javi; to my WBS rocks, Miranda and Ying; to Stefano G, Rosa and their family; to my Teaching Centre friends, David, Iram, Pedro, Yiluyi and Mariko above all; to my adoptive family from PaIS and beyond – Ant, Alexis, Aya, Charlie, Cleme, Elisabeth, Fede, Gioia, Jack, Jasmin, Leo, Lorenzo, Maria, Mohammed, Seb, Somak, Te-Ann; to my union companions, Duncan and Myka, and to all the comrades from UCU and Warwick Anti-Casualisation for giving me a practical education in the meaning of solidarity.

Beyond Warwick, I would like to acknowledge my partner-in-crime Vincenzo Maccarrone for being the best friend and co-author there is; Fabio Bulfone, for having showed me that academic collaborators can also be friends, and precious ones at that; Kari Hadjivassiliou, for always encouraging me to pursue my path; and Prof. Georg Picot, who was the first person to believe in my academic potential and remains to this day a precious mentor.

Finally, I’m indebted to the people in my life who’ve always been there to hold me up in good and bad times: my cousin Sara and my friends Giulia, Diletta, Anna, Rudi, Morten, Rosa, Jonny, Jacopo, Alex; my family, and especially my parents Giorgio and Stefania, from whom I inherit the political passion and motivation that inspire me every day; and my brother Francesco, whom I miss in inversely proportional measure to the frequency of our conversations.

Last but not least, my biggest thank you goes to my partner, Frederic, who has been there every step of the way and without whom none of this would have neither happened nor been possible. No words can possibly express my love and gratitude to you. I can’t wait for the rest of our life together to begin, once this is all done.
**Declaration**

This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature.

Sections of Chapters 7 and 8 have been re-elaborated and included in a (yet unpublished) chapter jointly authored with Stefano Sacchi, for a book project funded by the Deutsche Forschungsgemeinschaft (DFG) titled “Crisis corporatism or corporatism in crisis?”.

This thesis has not been submitted for a degree in any other university.
Abstract

This thesis investigates the trajectory and causes of change in the dynamics of interest intermediation between governments, trade unions and employers’ organisations in European crisis-struck countries during the decade of the Great Recession (2008-2018). It does so through a comparative analysis of crisis-responsive policy-making processes in four Eurozone peripheral countries: Italy, Spain, Portugal and Ireland. The analysis employs theory-building process tracing and draws upon 94 original semi-structured elite and expert interviews. It adds to extant knowledge on social concertation and on the role of organised producer groups in the political sphere in three main ways.

First, by proposing an original typology of interest intermediation which distinguishes between its institutional form and its substantive content, this thesis rebuffs accounts emphasising convergence towards unilateralism as the dominant mode of policy-making under crisis conditions. Conversely, it uncovers previously overlooked cross- and within-country variation in the interactions between governments and organised producer groups during the Great Recession. Although unilateralism became more commonplace, it finds that both during the acute crisis phase (2009-2013) and in the post-crisis period (2014-2018) political exchange practices have remained selectively resilient as modes of policy-making for both problem-solving and legitimation purposes.

Second, the thesis contributes to theorising the logic of political exchange ‘in hard times’. It shows that where it has survived, tripartite concertation during the crisis has embodied a logic of ‘austerity corporatism’ aimed at facilitating or locking in retrenchment and liberalisation – thus marking a disjuncture between unions’ involvement in policy-making and their actual influence on policy outcomes. Unions’ participation in macro-concessionary bargaining is found to have been motivated primarily by a pursuit of their power-organisational interests, following a logic of influence.

Third, the thesis contributes to theory development by putting forward an actor-centred institutionalist account of interest intermediation to explain the oscillation between unilateral and negotiated crisis-responsive adjustment. It argues that both unilateralism and concertation are the result of the strategic, agential decisions of governments and organised producer groups about whether or not to engage in political exchange to pursue either their policy/problem-solving interests or their power/legitimation interests, both vis-à-vis domestic electorates and external stakeholders, market actors and creditors. The analysis reconstructs the motivations that the three actors have to engage or not in political exchange in crisis circumstances. The cross-case comparison shows that dynamics of interest intermediation are influenced but not determined by contextual macro-economic and institutional factors. Rather, actors’ contingent choices about whether or not to engage in political exchange are found to be crucially shaped by their relative balance of power and by the composition of the power resources they have available, and by their perceptions of prior legacies of concertation.

Overall, the thesis offers a theorisation of political exchange as an essentially unstable and endogenous phenomenon, which defies both functionalist and institutionalist, path-dependency focused explanations predicting either its inevitable demise or its immutable resilience.
**List of abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD</td>
<td>Ammortizzatori in deroga (Emergency social shock absorbers)</td>
</tr>
<tr>
<td>AENC</td>
<td>Acuerdo para el Empleo y la Negociación Colectiva (Agreement for Employment and Collective Bargaining)</td>
</tr>
<tr>
<td>ALMPs</td>
<td>Active Labour Market Policies</td>
</tr>
<tr>
<td>ASTI</td>
<td>Association of Secondary Teachers, Ireland</td>
</tr>
<tr>
<td>CAP</td>
<td>Confederação dos Agricultores de Portugal (Confederation of Farmers of Portugal)</td>
</tr>
<tr>
<td>CB</td>
<td>Collective bargaining</td>
</tr>
<tr>
<td>CBA</td>
<td>Collective bargaining agreement</td>
</tr>
<tr>
<td>CCOO</td>
<td>Confederação Sindical de Comisiones Obreras (Union confederation of Workers’ Commissions)</td>
</tr>
<tr>
<td>CCP</td>
<td>Confederação do Comércio e dos Serviços de Portugal (Confederation of Commerce and Services of Portugal)</td>
</tr>
<tr>
<td>CDS-PP</td>
<td>Centro Democrático e Social – Partido Popular (Democratic and Social Centre – Popular Party)</td>
</tr>
<tr>
<td>CEOE</td>
<td>Confederación Española de Organizaciones Empresariales (Spanish Confederation of Business Organisations)</td>
</tr>
<tr>
<td>CEPYME</td>
<td>Confederación Española de la Pequeña y Mediana Empresa (Spanish Confederation of Small and Medium Industry)</td>
</tr>
<tr>
<td>CES</td>
<td>Consejo Económico y Social de España (Economic and Social Council of Spain)</td>
</tr>
<tr>
<td>CES</td>
<td>Conselho Económico e Social (Economic and Social Council of Portugal)</td>
</tr>
<tr>
<td>CGIL</td>
<td>Confederazione Generale Italiana del Lavoro (Italian General Confederation of Labour)</td>
</tr>
<tr>
<td>CGTP</td>
<td>Confederação Geral dos Trabalhadores Portugueses</td>
</tr>
</tbody>
</table>
(General Confederation of Portuguese Workers)

CIGO
Cassa Integrazione Guadagni Ordinaria
(Ordinary Fund for Earnings’ Integration)

CIGS
Cassa Integrazione Guadagni Straordinaria
(Extraordinary Fund for Earnings’ Integration)

CIP
Confederação Empresarial de Portugal
(Business Confederation of Portugal)

CISL
Confederazione Italiana Sindacati Lavoratori
(Italian Confederation of Workers’ Trade Unions)

CNA
Confederazione Nazionale dell’Artigianato e della Piccola e Media Impresa
(Italian National Confederation of Crafts and Small and Medium Enterprise)

CNEL
Consiglio Nazionale dell’Economia e del Lavoro
(National Council of Economy and Labour)

CPA
Croke Park Agreement

CPCS
Comissão Permanente de Concertação Social
(Permanent Committee for Social Concertation)

CPSU
Civil and Public Services Union

CTP
Confederação do Turismo Português
(Confederation of Portuguese Tourism)

DC
Democrazia Cristiana
(Christian Democracy)

DPER
Department of Public Expenditure and Reform

DS
Democratici di Sinistra
(Left Democrats)

ECB
European Central Bank

EDP
Excessive Deficit Procedure
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMU</td>
<td>European Monetary Union</td>
</tr>
<tr>
<td>EOs</td>
<td>Employers' organisations</td>
</tr>
<tr>
<td>EPL</td>
<td>Employment Protection Legislation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EZ</td>
<td>Eurozone</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FEMPI</td>
<td>Financial Emergency Measures in the Public Interest</td>
</tr>
<tr>
<td>FF</td>
<td>Fianna Fáil</td>
</tr>
<tr>
<td>FG</td>
<td>Fine Gael</td>
</tr>
<tr>
<td>GIIPS</td>
<td>Greece, Ireland, Italy, Portugal, Spain</td>
</tr>
<tr>
<td>GRA</td>
<td>Garda Representative Association</td>
</tr>
<tr>
<td>HRA</td>
<td>Haddington Road Agreement</td>
</tr>
<tr>
<td>IBEC</td>
<td>Irish Business and Employers’ Confederation</td>
</tr>
<tr>
<td>ICTU</td>
<td>Irish Congress of Trade Unions</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IMPACT</td>
<td>Irish Municipal, Public and Civil Trade Union</td>
</tr>
<tr>
<td>INMO</td>
<td>Irish Nurses and Midwives Organisation</td>
</tr>
<tr>
<td>INTO</td>
<td>Irish National Teachers’ Organisation</td>
</tr>
<tr>
<td>ISME</td>
<td>Irish Small and Medium Enterprises Association</td>
</tr>
<tr>
<td>IR</td>
<td>Industrial relations</td>
</tr>
<tr>
<td>LMP</td>
<td>Labour Market Policy</td>
</tr>
<tr>
<td>M5S</td>
<td>Movimento Cinque Stelle (Five Star Movement)</td>
</tr>
<tr>
<td>MIP</td>
<td>Macro-Economic Imbalance Procedure</td>
</tr>
<tr>
<td>MNC</td>
<td>Multi-National Corporation</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>MS</td>
<td>Member States</td>
</tr>
<tr>
<td>NESC</td>
<td>National Economic and Social Council</td>
</tr>
<tr>
<td>NESF</td>
<td>National Economic and Social Forum</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OMT</td>
<td>Outright Monetary Transactions</td>
</tr>
</tbody>
</table>
| PCP     | *Partido Comunista Portugues*  
  (Portuguese Communist Party) |
| PD      | *Partito Democratico*  
  (Democratic Party, Italy) |
| PdL     | *Popolo della Libertà*  
  (People of Freedom) |
| PM      | Prime Minister |
| PNR     | Programme of National Recovery |
| PP      | *Partido Popular*  
  (Popular Party of Spain) |
| PSOE    | *Partido Socialista Obrero Español*  
  (Spanish Socialist Workers’ Party) |
| PS      | *Partido Socialista*  
  (Socialist Party of Portugal) |
| PSD     | *Partido Social Democrata*  
  (Social Democratic Party of Portugal) |
<p>| SIPTU   | Services Industrial Professional and Technical Union |
| SGP     | Stability and Growth Programme |
| SMEs    | Small and Medium Enterprises |
| STW     | Short-Time Work |
| TUI     | Teachers’ Union of Ireland |
| UGT     | <em>Unión General de Trabajadores</em> |</p>
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
</table>
| UGT          | (General Union of Workers of Spain)  
**União Geral de Trabalhadores** |
| UIL          | (General Union of Workers of Portugal)  
**Unione Italiana del Lavoro** |
| ULCs         | Unit Labour Costs |
| USB          | (Italian Union of Labour)  
**Unione Sindacale di Base** |
| VET          | Vocational Education and Training |
| VoC          | Varieties of Capitalism |
1 Introduction

1.1 Research motivation

In March 2002, when I was twelve, my parents took me to my first ever large trade union demonstration in Rome. It was the peak of what I later learnt had been one of the most intense confrontations between organised labour and the state in recent Italian history (cf. Baccaro and Simoni, 2004): the protracted battle between the main Italian union confederation, the CGIL, and the centre-right Berlusconi government over the liberalisation of Article 18 – a part of the 1970 Workers’ Statute regulating protection from unfair dismissals for workers on open-ended contracts. It was reported that three million people filled Rome’s Circo Massimo – possibly the largest ever union demonstration in Italian history (Rassegna Sindacale, 2012a). Eventually, the government partly backed down. Berlusconi’s labour law reform went ahead, facilitated by a concertation agreement concluded with the two other union confederations, CISL and UIL. But due to CGIL’s opposition, Article 18 remained untouched, and the centre-right government emerged – temporarily – politically defeated. That demonstration remained as a formative memory in my early political education: the memory of what I saw as a strong union movement, capable of asserting its will in the political sphere.

Fast forward to twelve years later, 25 October 2014 – almost six years into the financial and economic crisis which had engulfed Italy and the EU since 2008. Another CGIL demonstration was held in Rome. The deregulation of Article 18 was once again at stake, as the ‘rigidity’ of the Italian labour market was singled out by the EU, the ECB and international markets as a culprit of Italy’s stagnation. One million workers joined in protest against the labour law reform’s proposal of the centre-left Renzi government, the Jobs Act (Repubblica.it, 2014a). But the outcome this time was very different. A general strike in December 2014 by CGIL and UIL and several other mobilisations did not succeed in altering the government’s reform plans. CISL acquiesced but was not invited to the decision-making table either. Article 18 was effectively abolished for all new labour market entrants as the government’s reform was implemented, unilaterally, in February 2015, and the Italian labour movement suffered one of its deepest defeats ever, marking a peak in its marginalisation from policy-making (Rutherford and Frangi, 2016).

Trying to understand the process that leads – figuratively speaking – from that labour victory in 2002 to the historic defeat of 2014 is the driver that has motivated this research journey. How could organised labour, over the course of a decade, lose all this
influence in shaping public policy developments? How was it possible that governments could implement such major reforms unilaterally? These questions first emerged when I started studying the labour market reforms implemented in Southern Europe in the wake of the 2008 crisis (Picot and Tassinari, 2014, 2015, 2017). What started primarily as a political puzzle morphed then into a broader, theoretically driven desire to understand how the dynamics of conflict and compromise-building between governments, organised labour and employers’ organisations have mutated since the onset of the economic crisis which has engulfed the European Union from 2008 onwards. This thesis is the ultimate result of this journey of enquiry.

1.2 Research context

Since the beginning of the global economic and financial crisis in 2008, commonly known in the literature as ‘the Great Recession’ (Grusky et al., 2011; Bermeo and Pontusson, 2012), several EU Members States have been compelled to implement far-reaching liberalising and retrenching reforms of their welfare state, labour market and industrial relations institutions to face the combined problems of high public debts and deficit, growing unemployment and declining output (Vis et al., 2011; Clauwaert and Schomann, 2012; Heyes et al., 2012; Heyes, 2013; Marginson, 2014; Shahidi, 2015).

Pressures to implement structural reforms during the Great Recession have been particularly acute in countries belonging to the periphery of the Eurozone, the so-called ‘GIIPS’ – Greece, Ireland, Italy, Portugal and Spain – which experienced in the run-up to the crisis declining competitiveness and large current account balances vis-à-vis Germany and other countries of the core (Armingeon and Baccaro, 2012a; Hall, 2014; Johnston and Regan, 2016). Here, the crisis manifested itself, through different avenues of contagion, not only as an economic downturn but as an acute fiscal and sovereign debt crisis, threatening the very foundations of their demand-led or financialisation-led growth models (Becker and Jäger, 2012; Celi et al., 2018; Dooley, 2018b).

In the absence of mechanisms of external adjustment and of a lender of last resort in the context of the Economic and Monetary Union (EMU), from 2010 onwards the ‘GIIPS’ experienced intense pressures to implement austerity and internal devaluation to restore fiscal sustainability, ‘lost competitiveness’ and market confidence (Armingeon and Baccaro, 2012a; Meardi, 2014; Sacchi, 2015). In response, national governments implemented harsh fiscal consolidation and structural adjustment reform agendas which unleashed deep transformations in national systems of social protection, labour market
policy and collective bargaining, in a trajectory of liberalisation and marketisation (Meardi, 2014; Petmesidou and Guillén, 2014; Dukelow, 2015; Pavolini et al., 2015; Gioffi and Dubin, 2016; Koukiadaki and Kokkinou, 2016; Tavora and Gonzalez, 2016; Picot and Tassinari, 2017).

In terms of their depth and breadth, structural reforms implemented during the Great Recession resembled those which many European countries had implemented during the 1990s to meet the Maastricht convergence criteria and enter the EMU. However, the politics of reform processes between the two periods could not have appeared more different. During the EMU accession process, governments facing high debts and deficits, unemployment and inflation relied extensively on structured negotiations with trade unions and employers’ organisations to implement reforms of incomes policy, wage setting, employment protection and social security (cf. Ebbinghaus and Hassel, 2000; Fajertag and Pochet, 2000; Regini, 2000; Rhodes, 2001; Avdagic, 2010). These experiences gave birth to a large body of literature focused on explaining the resurgence and transformation of social concertation and tripartism as prevalent forms of policy making in Western European economies (cf. supra; Berger and Compston, 2002; Culpepper, 2002; Molina and Rhodes, 2002; Baccaro, 2003; Donaghey and Teague, 2005; Baccaro and Simoni, 2008; Avdagic et al., 2011).

In sharp contrast to these experiences of ‘negotiated adjustment’, several observers of reform processes in crisis-struck economies highlighted instead how during the Great Recession, governments of peripheral Eurozone countries faced with high macro-economic problem loads often cast aside mechanisms of tripartite social concertation to implement structural reforms and austerity measures unilaterally (Culpepper and Regan, 2014; Guillén and Pavolini, 2015; Luque Balbona and González Begega, 2015; Papadakis and Ghellab, 2014). Episodes of unilateral policy-making and overt exclusion of both unions and employers’ organisations from the policy process were observed not only in Italy, as recalled at the outset of this chapter (cf. Culpepper, 2014; Picot and Tassinari, 2015; Baccaro and Howell, 2017b), but across the whole Eurozone periphery – for instance in Greece (Voskeritsian et al., 2017; Vogiatzoglou, 2018), Spain (Molina and Godino, 2013; Gioffi and Dubin, 2016), Ireland (Regan, 2012a) and Portugal (Campos Lima, 2015; Luque Balbona and González Begega, 2015).

1 Unions and employers’ organisations are often denoted collectively in the industrial relations and comparative political economy literature by the term ‘organised producer groups’; a terminology that this thesis will also adopt.
1.3 Puzzle, research questions and research design

The shared interpretation emerging from the literature is that the Great Recession and the governance dynamics of the Eurozone crisis in particular had consolidated in crisis-struck countries a trend of marginalisation of social concertation, initiating a qualitatively new phase characterised by increased state unilateralism in the governance of welfare, labour market and industrial relations to enforce liberalisation and marketisation (Baccaro and Howell, 2017a; Broughton and Welz, 2013; Molina, 2014). The declining influence of unions in the sphere of politics echoes the numerous gloomy accounts about the decline of organised labour’s role in the governance of advanced capitalism and about European labour movements’ inability to mount effective political responses to the challenges posed by globalisation, neoliberalism and European integration (cf. Gumbrell-McCormick and Hyman, 2013; Hassel, 2015; Baccaro and Howell, 2017a; Lehndorff et al., 2018; Prosser, 2019).

Two main strands of explanation have been advanced to account for the predominance of unilateral adjustment and the marginalisation of social concertation in the recent crisis. First, the scale of adjustment and depth of reforms required to face the crisis shock were deemed too large and extreme for unions to be able to internalise them (Regan, 2012a; Luque Balbóna and González Begega, 2015). Second, governments were deemed to no longer need to include weakened and delegitimised union movements to legitimise their reform efforts, as the costs that labour could impose were no longer high enough for governments to warrant reaching compromises (cf. Culpepper and Regan, 2014). The role and preferences of employers’ organisations received less attention, but most works dealing with the issue assumed that, like governments, they had also lost incentives to engage in social concertation, as in a context of union weakness their preferences could be either effected through collective bargaining or market mechanisms, or transmitted directly to policy-makers without the need to forge compromises with organised labour.

Yet, the interpretation which characterises unilateralism as ‘the only game left in town’ in the wake of the crisis does not capture the full picture. It is true that most structural reforms during the Great Recession were implemented through unprecedented unilateralism. However, as will be discussed in this thesis, there have also been prominent cases where crisis-responsive structural adjustment has been tackled through tripartite or bipartite concertation between governments and organised producer groups. Furthermore, after the end of the acute period of the Eurozone crisis, practices of
tripartite ‘social dialogue’ have been tentatively re-activated across several Eurozone peripheral countries from 2014 onwards (Guardiancich and Molina, 2017).

These contradictory developments raise several questions. Why did governments facing crisis sometimes choose to exclude unions and employers’ organisations, and in other cases invited them at the table? And why did unions and employers’ organisations engage in such processes? In short: how can we make sense of the uneven dynamics of inclusion and exclusion of organised producer groups in policy-making during the ‘hard times’ of the Great Recession? The ultimate goal of this thesis is to address this puzzle. The thesis is guided by two research questions – one empirical and one explanatory:

**Q1:** How have the dynamics of interest intermediation between governments and organised producer groups evolved in the wake of the Great Recession across crisis-struck countries?

**Q2:** How can we account for variation in the dynamics of inclusion and exclusion of organised producer groups in economic and social policy-making throughout the successive phases of the Great Recession?

The thesis adopts a qualitative comparative case study design to address these objectives. It starts from the observation that extant explanations of social concertation encounter some limitations in understanding developments during the crisis period. On the one hand, the observed patterns of interest intermediation defy dynamics of institutional inertia and path-dependence. On the other, accounts focused on highlighting convergent trends towards unilateralism arising from either functional pressures or growing union weakness are not able to explain fully the observed variation and the occasional resilience of practices of negotiated policy-making.

To overcome these limitations, the thesis draws on the theoretical tools of actor-centred institutionalism. It adopts an extended conceptualisation of political exchange (Pizzorno, 1978; Molina and Rhodes, 2002), which distinguishes between its power-oriented and its problem-solving functions (cf. Hassel, 2009), to account for the diverse interests and motivations that governments, unions and employers’ organisations might have for engaging or not in mutual cooperation in the political sphere. The thesis contributes to the literature on interest intermediation by proposing an analytical typology to classify modes of interest intermediation and overcome the dichotomy between ‘concertation’ and ‘unilateralism’, which, it is argued, is inadequate to capture the different
forms and functions that government-producer group relationships can take and fulfil. This framework is then applied to analyse the dynamics of interest intermediation in crisis-responsive policy-making in four countries of the Eurozone periphery – Ireland, Italy, Spain and Portugal – over the Great Recession decade (2008-2018). These are chosen as exemplary cases to investigate diversity in interest intermediation dynamics, as they share both a common history of social concertation over the 1990s and a common experience of intense macro-economic problem loads and reforms pressures during the Eurozone crisis. At the same time, they are diverse in terms of institutional legacies of industrial relations, political circumstances and trajectories of economic recovery.

The cases are analysed through in-depth theory-building process tracing (George and Bennett, 2004) and then compared to identify more general patterns and causes of variation. The analysis relies on a database of 94 in-depth qualitative interviews conducted with key actors (policy-makers, trade unionists, representatives of employers’ organisations and expert informants) across the four countries over 2017-2018, as well as on documentary and newspaper analysis. The case studies support the development of an original explanatory account of the ambiguous fate of social concertation in the era of the Great Recession.

1.4 The argument and contributions in brief

Thanks to its rich qualitative evidence base, the thesis contributes to the extant literature on social concertation by uncovering previously overlooked variation in dynamics of interest intermediation in Eurozone peripheral countries over the decade of the Great Recession. The findings challenge empirically predictions of unilateral convergence. Rather, they highlight considerable cross-country and within-country variation in the dynamics of interaction between governments and organised producer groups in policy-making. Political exchange is found to be unevenly resilient across countries and policy areas: not dominant, but not dead either. However, the findings show that the scope of these ‘resilient’ forms of political exchange during the crisis decade has been very narrow, embodying a logic of concessionary ‘austerity corporatism’ geared primarily towards legitimising or locking in retrenchment and liberalisation, rather than expressing positive class compromises.

The thesis contributes to theory development by putting forward an agential, actor-centred institutionalist argument to explain the observed variation between unilateral and negotiated modes of adjustment over the crisis decade. It argues that both unilateralism
and concertation are the result of actors’ strategic decisions about whether or not to engage in political exchange at specific crisis junctures, and that these choices are shaped by their interest-driven considerations about whether political exchange can be functional or not to pursue either their policy/problem-solving interests, or their power/legitimation interests. The intensity of the adjustment pressures actors face, the composition of the power resources they have available and country-specific historical-institutional legacies of concertation all interact in influencing their strategic orientations, but do not determine them homogenously.

The analysis advances our understanding of contemporary dynamics of interest intermediation by uncovering the selective conditions under which organised producer groups continued to become involved in crisis-responsive policy-making. It shows that at the peak of the crisis period, in contexts where the legacies and outputs of past concertation were publicly delegitimised, governments tended to opt for unilateralism to pursue adjustment, as this maximised the legitimation they could extract both in the domestic arena and vis-à-vis external creditors and stakeholders. ‘Behind the scenes’ political exchange for circumscribed problem-solving purposes was activated only if producer groups could mobilise organisational and institutional power resources with the potential of hindering the smooth implementation of reforms.

Conversely, if past legacies of successful concertation could be easily mobilised, governments occasionally used public and visible political exchange with organised producer groups to project images of credibility and responsibility towards external creditors and stakeholders and generate domestic legitimation. The thesis additionally finds that when the intensity of exogenous pressures partly waned with the onset of the recovery, weakened governments tended to re-activate forms of power-oriented political exchange to placate domestic social conflict and moderate demands for re-regulation and austerity reversal, even in contexts where producer groups had been previously visibly marginalised.

Theoretically, the thesis partly confirms the continued relevance of prior insights highlighting the centrality of the domestic balance of power between governments, labour and capital in driving political exchange dynamics (Avdagic et al., 2011; Baccaro and Simoni, 2008; Molina, 2006). It however also adds to the extant literature by uncovering the novel importance of external legitimation vis-à-vis creditors and international market actors (cf. Streeck, 2014) as a driver of domestic interest intermediation dynamics in the era of financialised globalisation.
To sum up, the thesis shows that domestic dynamics of interest intermediation are influenced by contextual macro-economic and institutional factors, but ultimately depend on actors’ contingent agential and power-driven choices. What emerges is a theorisation of political exchange as an essentially unstable and endogenous phenomenon, which defies both functionalist and institutionalist, path-dependency focused explanations predicting either its inevitable demise or its immutable resilience.

1.5 Thesis organisation

The thesis is organised as follows. Chapter 2 reviews the literature on social concertation and corporatism before and during the Great Recession, seeking to situate this thesis and its guiding puzzle and research questions within the long-standing debate in comparative political economy and industrial relations about the relationships between governments, unions and employers’ organisations and their role in shaping trajectories of institutional change in welfare and labour market governance.

Chapter 3 proposes a theoretical framework and typology of modes of interest intermediation, centred on the concept of macro-political exchange, to theorise the possible competing logics of interaction between governments, unions and employers in macro-level policy-making. It draws a distinction between problem-solving and legitimation-oriented practices of political exchange, and proposes this as a non-functionalist, political and agency-focused conceptualisation of the phenomenon sensitive to historical variation.

Chapter 4 outlines the research design, methodology and data collection and analysis methods used in the thesis. It discusses the main ontological and epistemological assumptions underpinning the research; it explains the logic of comparative research design that motivates the case selection; and introduces the data collection and analysis methods utilised.

Chapter 5 is a background historical chapter that sets the scene for the analysis that follows. It introduces the historical-institutional context of the four cases with regard to previous legacies of concertation, institutional features and power resources of its industrial relations actors. It then reconstructs the various phases of development of the Eurozone crisis in the four cases, providing an overview of the nature of the crisis adjustment imperatives and of the specific dynamics and phases of its unfolding in each country context.

Chapter 6 is the first empirical chapter of the thesis. It applies the typology
introduced in Chapter 3 to map the evolution of domestic interest intermediation dynamics across the four case study countries over the 2008-2018 period, distinguishing between the crisis and post-crisis phases. It uncovers broad patterns of continuity and change in the dynamics of interest intermediation over the crisis and post-crisis periods, providing a rationale for the focused process-tracing analysis developed in the following three chapters.

Chapter 7 analyses and explains the logic of governmental unilateralism as a mode of policy-making in the crisis period. Focusing on the cases of Spain and Italy, the chapter analyses the processes leading to the strategic exclusion of organised producer groups by governmental actors in the acute crisis phase (2011-2014), and the political reasons motivating this outcome. Through this analysis, the chapter provides an agential theorisation of unilateralism as a deliberate political strategy and uncovers the legitimation and accumulation interests that motivate its occasional activation by governmental actors.

Chapter 8 analyses and explains the logic of concertative agreements concluded in the crisis period. Focusing specifically on the cases of agreements concluded in Portugal (2011-2012) and Ireland (2010, 2013), it analyses the interest-driven dynamics that explain their occurrence by looking at the interests and strategies of the three sets of actors involved. Through this analysis, the chapter theorises actors’ incentives to engage in ‘austerity corporatism’ under acute crisis conditions; emphasising the role of external legitimation concerns vis-à-vis creditors and investors as a crucial driver of governmental decision to seek negotiated adjustment in crisis times, and the importance of unions’ organisational interests in explaining their cooperation.

Chapter 9 moves forward chronologically to analyse the selective resurgence of practices of political exchange in the recovery period (2014-2018). Covering all four cases, the chapter identifies the distinct trajectories leading to the re-activation of visible or non-visible forms of political exchange between governments, unions and employers’ organisations. It uncovers the conditions and mechanisms underpinning this selective re-activation, and the factors that explain cross-country variation in its scope and content – which depend on the composition of the power resources that organised producer groups can mobilise in distinct policy areas.

Chapter 10 discusses the findings of the previous four chapters in a comparative perspective and addresses the two research questions. It draws together the main empirical and theoretical insights arising from the research with regard to: a) the patterns of continuity and change in dynamics of interest intermediation through the Great
Recession decade; b) the logic and content of political exchange processes over the period; c) the explanatory factors accounting for the observed variation between concertation, unilateralism and \textit{ad hoc} forms of political exchange as strategies of crisis-responsive policy-making. The chapter then concludes, identifying the limitations of this study and future horizons of research arising from it, and draws out the political implications of the findings.
2 Chapter 2. Literature Review

2.1 A brief history of social concertation: from corporatism to governmental unilateralism?

2.1.1 The story so far: from corporatism to new social pacts

Since the early 20th century and at least up to the end of the ‘Golden age’ of Fordist capitalism in the 1970s, the nature of the relationship between governments, unions and employers’ organisations (EOs) – what Schmitter (1977) described as the modes of ‘interest intermediation’ - was seen as central to understand the evolution of modern capitalism and its institutional diversity (cf. Crouch, 1993). As Streeck (2006: 5) observed, it was “in the interaction between these three collective actors (...) that the fundamental choices on the organisation of social life are made that are at the bottom of difference and diversity within industrial capitalism”.

For over five decades, scholars examined why governments would choose to engage unions and EOs in policy-making processes, rather than relying on decentralised market competition or pluralist lobbying (Crouch, 1993; Schonfield, 1965). The process of macro-political cooperation between the state and representatives of peak-level unions and EOs in the process of policy formulation and implementation, where governments negotiate and share their policy-making prerogatives with organised interest groups (Baccaro and Simoni, 2008; Ornston and Schulze-Cleven, 2015; Regini, 2003) leading to agreements on public policy (Compston, 2003: 791) became known in the industrial relations and comparative political economy literature as ‘social’ or ‘tripartite’ concertation.

This kind of macro-political coordination between governments, unions and employers’ organisations was identified in the 1970s and early 1980s as one of the distinctive characteristics of several Western European political economies. It set them apart from the pluralist decentralised model of the US and other Anglo-American liberal market economies and underpinned the redistributive social compromises that embedded the Fordist model of capitalist accumulation in Western Europe (Lehmbruch, 1977, 1984; Schmitter, 1989). The concept of concertation, however, had broader relevance and applicability besides the historically contextual experience of Western European economies dealing with inflationary pressures in the 1970s (Crouch, 1993: 233–259). Indeed, differently from the related concept of corporatism, which refers to a specific
structure for the organisation of interest representation in society (Schmitter, 1982: 262), the concept of social concertation (or ‘corporatism II’ – cf. Schmitter, 1982: 262) denoted a specific mode and process of interaction between governments and organised producer groups – i.e. a particular way of managing their conflicts and antagonistic interests through coordination of their actions in the political-policy-making sphere, “expressly in regard to the systemic requirements of the national economy” (Lehmbruch, 1984: 64, cf. also 1977).

In virtue of its processual nature, such a mode of coordinated interaction between governments and organised interest groups was identified as being compatible with a wide variety of institutional settings and models of industrial relations, beyond ‘classic’ corporatist countries (Baccaro, 2003), and for being amenable to the achievement of diverse policy goals aside from the primarily redistributive function it played in the 1970s (Rhodes, 2001; Molina and Rhodes, 2002).

The evolutionary trajectory of concertation and associated patterns of cooperation between governments, unions and EOs in macro-level policy-making since the 1970s has indeed been far from linear – and yet, the practice has never completely discontinued. Rather, social concertation has been declared dead and then seemingly resuscitated several times, in a cyclical pattern of ascent and decline that Philip Schmitter has famously described as a Sisyphus-like movement (Schmitter and Grote, 1997; Schmitter, 2015). Since the mid-1980, the advent of globalisation, neoliberalism and monetarism and the shift to a post-Fordist, post-Keynesian model of accumulation were interpreted as sounding the death knell for ‘organised capitalism’ (Lash and Urry, 1987) and its associated modes of macro-cooperation between governments and organised producer groups in socio-economic governance. Yet, social concertation underwent an apparent ‘revival’ in the 1990s, during the period of accession to the European Monetary Union (EMU), as a wave of tripartite agreements (so-called ‘social pacts’) were concluded between governments, unions and EOs in several EU Member States (including many that lacked the ‘traditional’ institutional pre-requisites associated with neo-corporatism) on a wide range of policy issues spanning from income policy and wage moderation to

2 The concept of corporatism describes institutional arrangements whereby strong, encompassing and hierarchical trade unions and EOs were integrated in economic governance and policy-making through the institutionalised sharing of power and responsibility, in exchange for moderation in the pursuit of their particularistic interests, especially in wage setting. According to Schmitter’s seminal definition (Schmitter, 1974: 93), neo-corporatism denotes “an ideal-typical institutional arrangement for linking the associationally organised interests of civil society with the decisional structures of the state” characterised by a number of structural features, i.e. the presence of a limited number of encompassing and monopolistic representative institutions, hierarchically ordered and thus able to internalise the competing demands of their associates and to exercise authority over them (Schmitter, 1974: 93).
structural reforms of welfare, pensions and labour market policy (Avdagic et al., 2005; Baccaro, 2003; Berger and Compston, 2002; Hamann and Kelly, 2007; Hancke and Rhodes, 2005; Natali and Pochet, 2009; Regini, 1997b).

In this phase, concertation was interpreted as a strategic alternative to wholesale liberalisation, through which European economies could address the macro-economic challenges posed by globalisation and European integration (Regini, 2000, 2003). From a tool of redistribution which would facilitate the forging of positive ‘class compromises’ (cf. Wright, 2000), as it had been the case in the ‘golden age’ of corporatist deals, concertation was understood as having turned into a mechanism for fostering national competitiveness through the negotiated, selective flexibilisation of industrial relations (IR) institutions and labour market policy, fiscal consolidation and wage moderation: what Martin Rhodes (1998, 2001) famously described as ‘competitive corporatism’.

The historical experience of new social pacts highlighted how concertation as a mode of interaction between governments and organised producer groups could be compatible with very different historical and macro-economic circumstances, and varying configurations of power relations amongst the actors. Social concertation was identified as an important channel through which organised producer groups could exercise influence on the policy process, even in post-Fordist contexts where organised labour had lost part of its prior strength, and partly shape the trajectory of institutional change in industrial relations, labour markets and welfare states in adverse circumstances (Donaghey and Teague, 2005; Molina and Rhodes, 2007; Regini, 2003).

The policy outcomes facilitated by social concertation in the 1990s and early 2000s however made it clear that such a mode of negotiated policy-making could be a handmaiden, rather than necessarily an alternative, to the process of liberalisation and restructuring of European welfare states, labour market policy and industrial relations institutions; often facilitating dualisation (Baccaro, 2014; Menz, 2004). Hence, in the words of Baccaro (2014: 223), “the new corporatism began to be perceived in some quarters, including left-of-center, not just as distributionally-neutral but as positively anti-egalitarian, namely as an institutional device which defends the privileges of labor market insiders at the expense of outsiders”.

After the phase of ‘new social pacts’ in the 1990s, the scholarly debate remained therefore open about the persistence of concertation as a practice of policy-making and about its effectiveness and legitimacy. The experiences of social pacts in the 1990s did not result in even institutionalisation across the EU (Avdagic et al., 2011; Natali and Pochet, 2009). In some countries, such as Ireland, the Netherlands or Spain, social
concertation became reasonably ‘routinised’ as a practice of policy-making and macro-level coordination in the decade after Maastricht (Avdagic et al., 2011; Donaghey and Teague, 2005; Natali and Pochet, 2009). In other countries such as Italy, Portugal or France, social concertation remained instead a highly unstable practice that was occasionally activated and de-activated, without any substantive degree of continuity (Avdagic et al., 2011; Natali and Pochet, 2009).

2.1.2 Enter the crisis: concertation revival or decline?

Against this background of periodical upswings and downturns, the onset of the global economic crisis in 2008 initiated the latest phase in the long-standing debate on the cycles of social concertation. From 2009, scholars started questioning to what extent governments had relied on tripartite concertation or other mechanisms of ‘social dialogue’ as modes of policy-making to tackle the challenges of the unfolding economic downturn from 2008 onwards.3

This literature noted contradictory trends over different phases of the crisis for what concerns the reliance on concertation as a mode of ‘crisis-responsive’ policy-making. Two distinct phases were usually identified: a first ‘responsive’ crisis phase (2008-2010) and a second ‘structural’ crisis response phase, starting from mid-late 2010 and coinciding with the onset of the Eurozone sovereign debt crisis, up to roughly 2013/2014. The initial crisis period (2008-2010) was identified as being associated with an acceleration of national-level concertation between governments and social partners across the EU as a reaction to the economic and social impact of the downturn (Baccaro and Heeb, 2011; Papadakis and Ghellab, 2014; Rychly, 2009). Indeed, from the end of 2008, in many EU Member States crisis-related concertation processes were activated to devise ‘defensive’ anti-crisis measures that could help support workers and firms in sectors negatively affected by the crisis - such as short-time work schemes, extraordinary wage supplements and re-training initiatives (Rychly, 2009; Sacchi et al., 2011).

The concept of ‘crisis corporatism’ (Bieling and Lux, 2014; Urban, 2012) was used to describe these processes by which trade unions, employers’ organisations and governments came together to form ‘defensive coalitions’ against the disruptive impact

---

3 In many of the works dealing with the recent crisis, the terms concertation, tripartism or social dialogue are used interchangeably or in very broad terms, to generically indicate the involvement of unions and employers’ groups in national level policy-making. Such terminological overlaps can produce analytical confusion, which this thesis will try to overcome (an issue that will be dealt with in Chapter 3). For the purpose of reviewing the literature, we can however accept this interchangeable usage of the concepts.
of the downturn and ‘share the pain’ of adjustment (Baccaro and Heeb, 2011). According to Urban (2012: 230), this practice was in most cases an ‘alliance of the weak’ in which government, unions and companies in the real economy, under pressure of the crisis shock, form a defensive emergency coalition against the destabilising effects of financial markets.

However, neither the emergence nor the solidity of such concerted responses to the crisis was homogenous across countries. Hyman (2010) noted how the emergence of comprehensive tripartite agreements in this initial ‘crisis response’ period had often proven extremely problematic, even in countries with institutionalised concertation practices. Freyssinet (2010: 24) similarly emphasised that the presence of historical traditions of tripartism were not sufficient to determine a reliance on social dialogue in crisis times.

A more path-breaking shift was then identified in the dynamics of tripartite concertation between the first and the second phase of the crisis, particularly in countries experiencing an intensification of their macro-economic problem load as the economic downturn of 2008-09 morphed into of a fiscal and sovereign debt crisis from mid-2010 onwards (Freyssinet, 2010; Papadakis and Ghellab, 2014). In this phase, long-term asymmetries in European integration dynamics, combined with the different crisis contagion avenues experienced by Eurozone countries, resulted in the emergence of a deep socio-economic divide between economically stronger countries with current account surpluses (the so-called ‘core’ of the Eurozone) and the ‘peripheral’ countries. In the periphery, growing current account deficits, difficulties in servicing sovereign debt and declining competitiveness led to insurmountable pressures for structural reforms aimed at internal devaluation and fiscal consolidation (Armingeon and Baccaro, 2012a; Becker and Jäger, 2012; Bieling and Lux, 2014; Regan, 2013a).

According to Bieling and Lux (2014: 166), ‘crisis corporatist’ arrangements survived only in countries belonging to the ‘core’ of the Eurozone, whilst they collapsed in peripheral countries faced with strong adjustment pressures – leading thus to a core-periphery divergence in the dynamics of tripartite concertation. Several observers have echoed this interpretation, identifying the sovereign debt crisis as a trigger for the unravelling of tripartite concertation and for the ‘death of social pacts’ in the troubled periphery of the Eurozone (Culpepper and Regan, 2014; Guillén and Pavolini, 2015; Luque Balbóna and González Begega, 2015; Papadakis and Ghellab, 2014).
2.2 Reviewing the debate: competing explanatory accounts for the rise and fall of concertation

In light of the seemingly ‘path breaking’ impact of the crisis on interest intermediation dynamics, institutionalist accounts focused on path-dependence and institutional reproduction of tripartite arrangements were found to have limited explanatory power to account for developments during the crisis (cf. Freyssinet, 2010), as tripartite social dialogue appeared to be marginalised – in some cases, almost overnight – even in context where it had become reasonably institutionalised prior to the crisis, such as in Spain or Ireland. Two alternative strands of explanations have been advanced so far to account for the supposed ‘growing irrelevance’ of concertation in the Eurozone periphery in the wake of the Great Recession: a functionalist-structuralist account, and a politics-focused account.

2.2.1 Functionalist-structuralist explanations

The first strand of explanations accounts for developments in concertation during the Great Recession in light of the intensity and nature of the macro-economic problem load and exogenous pressures for adjustment that countries faced. Functionalist-structuralist arguments have a long-standing history in the literature on social concertation, and share a tendency for explaining the shifting patterns of involvement of unions and EOs as being related to the capacity of concertative policy-making practices to fulfil specific macro-economic functions in a given historical and economic phase, emphasising its *instrumental* function (Traxler, 2010: 48). As such, these accounts place a strong focus on the explanatory role of contextual and macro-economic factors exogenous to the dynamics of interest intermediation itself.

2.2.1.1 Tracing the origins of structuralist-functionalist explanations of concertation

In the heyday of the ‘corporatist debate’ in the 1970s and early 1980s, the longevity of corporatist arrangements for the definition of income, fiscal and welfare policy in Western European countries was attributed to the function these fulfilled in supporting the Fordist model of capitalist accumulation and containing inflation (Crouch, 1993: 6; Schmitter, 1974: 111). In corporatist deals, encompassing trade unions would offer wage restraint and industrial peace in exchange for counter-cyclical fiscal policies and generous social benefits, enabling capitalists to secure the continued conditions for accumulation and helping governments to achieve low inflation and low unemployment. These arrangements linking corporatism and social democratic settlements were identified as
particularly important for small, open economies competing in globalised world markets (Katzenstein, 1985).

Similarly, functionalist arguments were advanced to explain the apparent demise of corporatism from the mid-1980s onwards. With the shift to post-Fordism and the advent of neoliberalism and monetarism, (neo)corporatist settlements were interpreted as coming under strain due to their loss of functionality in fulfilling governments’ and employers’ macro-economic goals in a changed macro-economic environment. As mass unemployment was no longer an insurmountable political problem, and central bank independence provided governments with a new tool to control inflation, wage moderation achieved through corporatist exchanges lost its usefulness for preserving macro-economic stability (Lash and Urry, 1987; Streeck, 1992, 2006). Furthermore, as domestic employers – especially in the exposed sectors – shifted their competitive strategies away from cost containment via wage moderation towards greater flexibility, both in the management of the workforce and in the movement of capital, investments and production, concertation was assumed to have exhausted its economic function, as employers could instead mobilise their structural power and the threat of disinvestment as a mechanism to achieve their policy goals (Compston, 1998: 5).

In the phase of ‘new social pacts’ in the 1990s, a large strand of literature emphasised instead the functional-economic logic that underpinned the re-activation of social concertation in the context of EMU convergence (Ebbinghaus and Hassel, 2000; Fajertag and Pochet, 1997, 2000; Hancke and Rhodes, 2005; Schmitter and Grote, 1997; Visser, 1999). In this literature, the presence of large macro-economic problem load – especially high inflation and high public deficit and debt (Avdagic, 2010) – was identified as a conducive condition to social pacting. First, by delivering wage moderation, social pacts were interpreted as mechanisms enabling governments to meet inflation targets and maintain competitiveness of their national economies in the context of EMU, which limited their capacity of absorbing economic shocks through national monetary policy (Fajertag and Pochet, 2000: 12). Centralised wage bargaining agreements were seen as an especially important functional equivalent for countries that lacked the necessary micro-foundations of coordination in labour market governance to internalise the need for non-inflationary wage growth in a monetary union (Hancke and Rhodes, 2005: 208). More broadly, the sporadic use of concertation by governments was interpreted by Varieties of Capitalism (VoC) scholars as a mechanism used by ‘mixed market economies’ for the resolution of distributive conflict emerging in the industrial relations arena, compensating
for the weakness of coordination at the micro- and meso-level (Molina and Rhodes, 2007: 236).

Second, social pacts facilitated the negotiated implementation of structural reforms to reduce public spending and flexibilise systems of labour market regulation and social protection under conditions of high deficit and high unemployment. These reforms acquired in this phase new relevance as ends of governmental action (Hassel and Ebbinghaus, 2000), necessary both to meet EMU convergence targets of fiscal consolidation and public debt reduction and to give impetus to employment creation through labour market flexibility. In short, competitive neo-corporatist deals in the 1990s were interpreted as functional for delivering macro-economic stability and reinforcing the conditions for competitiveness and economic growth through the establishment of a new wages-competitiveness nexus centred around labour market flexibility and wage moderation, which would support accumulation under conditions of globalisation and European integration (Donaghey and Teague 2005).

2.2.1.2 From pre-condition to obstacle? Macro-economic problem loads and concertation in the Great Recession

On the basis of these observations, one might have expected similar dynamics to lead to the re-activation of social concertation to face the severe downturn from 2008 onwards (cf. Baccaro and Heeb, 2011: 4). In the context of the Great Recession, however, functionalist-structuralist arguments have primarily been mobilised to account for the supposed marginalisation of social concertation. Contrary to the insights of the new social pacts literature, the presence of a high macro-economic problem load – in terms of high public debt and deficit and high unemployment – has been interpreted by observers as an obstacle to the activation of concertation in the recent crisis (Freyssinet, 2010; Hyman, 2010; Papadakis and Ghellab, 2014).

Various aspects of the macro-economic problem load facing Eurozone peripheral countries during the crisis have been highlighted as rendering social concertation supposedly superfluous or unviable. First, the unprecedented severity and urgency of macro-economic and fiscal problems that peripheral EZ countries faced during the Great Recession, especially in the acute phase of the sovereign debt crisis, implied that crisis management required fast and decisive policy interventions, thus leading governments to discard concertation as “a luxury that could not be afforded” (Papadakis and Ghellab, 2014: 3) – i.e. as an excessively slow mode of policy-making incompatible with the functional imperatives of rapid and decisive responses (cf. also Baccaro, 2015: 50).
Second, the exogenous adjustment pressures leveraged by international markets and supranational institutions on Eurozone peripheral countries during the Great Recession have been identified as qualitatively different and more acute than during the EMU convergence process in the 1990s, both in terms of intensity and in the degree of intrusiveness and interference exercised by the European institutions (cf. Armingeon and Baccaro, 2012b; Erne, 2015; Meardi, 2014). Scholars have pointed out how such pressures considerably narrowed down the space available for governmental discretion in policy-making in crisis-struck countries (Armingeon and Baccaro, 2012b; Sacchi, 2015; de la Porte and Heins, 2015; Meardi, 2014), pushing governments to converge onto comparable policy responses of liberalisation and internal devaluation involving the deregulation of employment protection institutions, decentralisation of collective bargaining, retrenchment of welfare systems and public sector pay cuts (Koukiadaki and Kokkinou, 2016; Meardi, 2014; Petmesidou and Guillén, 2014; Regan, 2014; Tavora and Gonzalez, 2016).

The convergence onto internal devaluation has in turn been seen as fundamentally calling into question the viability of concertative policy-making, for various reasons. First, concertation was identified as having become incompatible with the formulation of negotiated policy solutions in crisis-struck countries, as the specific content of the measures to be implemented was ‘imposed’ (Molina and Miguélez, 2013; Theodoropoulou, 2015) through policy conditionality exercised via the EU ‘New Economic Governance’ framework (Erne, 2015; Meardi, 2014), thus exhausting the space for ‘puzzling’ by national executives (cf. Zahariadis, 2016). Second, concertation was seen as having become incapable of delivering adjustments and structural reforms of the scale and depth required to achieve the ‘necessary’ degree of fiscal consolidation and internal devaluation imposed upon countries by the crisis dynamics. On the one hand, trade unions could not internalise or agree to the deeply adverse adjustment measures and extreme wage moderation that the circumstances required (Regan, 2012a; Baccaro, 2015). On the other, governments no longer had fiscal resources available to compensate them.

---

4 Pressures for fiscal consolidation and implementation of liberalising structural reforms were most explicit in countries subject to Memoranda of Understanding with the Troika of the European Commission, European Central Bank and the IMF, such as Portugal, Greece or Ireland (Petmesidou and Guillén, 2014; Theodoropoulou, 2015). Comparably intense pressures have however been leveraged also in countries without MoUs facing severe fiscal imbalances (such as Italy and Spain), through various channels including the Stability and Growth Pact (SGP), the new tools of EU macro-economic and policy governance introduced in the crisis phase (e.g. the ‘Six Pack’ of regulations, the EuroPlus Pact and the European Semester), and mechanisms of ‘implicit’ conditionality (Armingeon and Baccaro, 2012b; Sacchi, 2015; de la Porte and Heins, 2016; Erne, 2015).
in order to secure their compliance (González Begega et al., 2015; Luque Balbona and González Begega, 2015). In such a context, governmental unilateral intervention was thus interpreted as emerging as the only functionally viable crisis response strategy.

These contributions draw attention to the important role that macro-economic conditions and structural constraints arising from Eurozone crisis governance play in influencing the dynamics of domestic interest intermediation. These accounts seemingly contradict the insights of the ‘new social pacts’ literature, which identified high macro-economic problem loads (especially high public debt and deficit and high unemployment) as conditions favouring the activation of concertation (cf. Culpepper and Regan, 2014: 3). Focusing on this apparent contradiction can however be helpful to refine our understanding of the contingent and contextual relationship between macro-economic problems and concertative dynamics. Indeed, by emphasising the ‘exceptionalism’ of the Great Recession and of its governance dynamics, these accounts underscore the importance of understanding the specificities of the type and intensity of macro-economic problem load that countries face, and of the mechanisms through which pressures are leveraged in different historical periods, rather than considering all crises as functional equivalents.

However, if considered in isolation from other causal arguments, these perspectives encounter limits in accounting for the evolutionary dynamic of concertative practices over the last decade across Eurozone peripheral countries. The main problem relates to the issue of cross-national convergence, as it is assumed that economic problem loads and exogenous adjustment pressures arising from the contradictory process of European integration have homogenous impacts across different domestic contexts, placing ‘objective’ constraints upon domestic politics that contribute to shifting policy-makers towards similar responses. Such conceptualisations therefore downplay the potentially important role of domestic institutions and political configurations in mediating and shaping responses to ‘exogenous’ macro-economic shocks and to economic crises (Gourevitch, 1986). As such, they have limited capacity to explain possible variation in the dynamics of social concertation across crisis-struck countries facing comparable pressures.

Secondly, some of these accounts reflect a mostly apolitical understanding of concertation. The demise of concertation is conceptualised as a side-effect of the intensity of crisis-related adjustment pressures or as arising from the loss of its functionality for economic problem-solving, disregarding the possible causal role of political interests, power resources and strategic choices of domestic actors in shaping the dynamics of
interaction between governments and organised producer groups. This conceptualisation of concertation remains overtly focused on its economic problem-solving function, whilst disregarding the political logic which might motivate actors to engage in negotiations with each other even when the functional utility of such processes may be limited.

2.2.2 Political and power-centred explanations

Political factors are considered most systematically in a second strand of literature, which emphasises instead the role of endogenous political and power-related dynamics in accounting for the evolution of concertation during the Great Recession. This line of argumentation has an equally long lineage in the history of the literature on concertation and corporatism. Indeed, even though classical corporatist theory of the 1970s emphasised the structural attributes of interest groups conducive to the emergence of corporatist arrangements and the macro-economic functions that they fulfilled, the political nature of corporatism and concertation was highlighted already in the early corporatist scholarship.

2.2.2.1 Concertation as political exchange

Particularly notable in this regard is the seminal work of Alessandro Pizzorno (Pizzorno, 1978), who introduced the concept of political exchange to theorise the cycles of class conflict and the alternating dynamics of contestation and cooperation between governments and trade unions in the decade following 1968. Pizzorno (1978: 279) defined political exchange as a process in which governments were led to offer certain ‘goods’ (such as public spending or wage concessions) to trade unions on the ‘political market’ in exchange for consensus or support (as well as temporary wage restraint). The ‘political market’ between trade unions and the state, according to Pizzorno, was created historically as a result of the development of the welfare state and of other state activities such as labour market regulation, social security systems and income policies. As a result, the state increasingly “became the main structure in charge of the guarantee of long-term goals” for the labour movement (Pizzorno, 1978: 286), and thus became, for the representatives of organised labour, “the obvious ‘other side’ through which present restraint is traded for future security” (Pizzorno, 1978: 286). Political exchange was identified as a crucial way in which trade unions leveraged their power in the political arena (cf. Wright, 2000).

The type of political exchange underpinning concertation differs conceptually from the kind of exchange in collective bargaining and is inherently political, because what is threatened by trade unions if their demands are not met is not discontinuity of
production, but rather the withdrawal of consensus or social order more broadly (Pizzorno, 1978: 279). Its activation and stability were conceptualised by Pizzorno as being dependent, on the one hand, on trade unions’ capacity to leverage power by collectively mobilising their members; and on the other, on their capacity to aggregate effectively demands and dispersed interests (potentially foregoing present gains in exchange for future ones), whilst preserving their representational monopoly and exercising control over the expression of ‘unmediated’ membership demands.

Pizzorno’s seminal contribution helped to place the focus on the power-driven logic of concertation as a form of interaction amongst macro-political actors, which can fulfil an *expressive*-legitimating function besides an economic-instrumental one (cf. Traxler, 2010). This conceptualisation emphasised the mutable character of concertation and its susceptibility to shifts over time depending on the configuration of power relations amongst actors. In its original formulation, the emphasis was on the strength of organised labour and its capacity to withdraw social consensus as the fulcrum of the exchange. Government partisanship (especially left incumbency) and the nature of the relationship and linkages between unions, employers and political parties (Hyman and Gumbrell-McCormick, 2010) were also identified as important determinants of cooperation, with the common assumption that social-democratic parties would be more likely to engage in concertation with trade unions than their right-wing counterparts (Ebbinghaus, 1995; Hicks, 1999).

However, the subsequent literature examining the phenomenon of new social pacts in the 1990s highlighted how concertation could actually be compatible with *diverse* configurations of power amongst the actors – including scenarios of weakened labour movements and non-left governmental partisanship. A rich body of literature focused on the role of political and power-related dynamics in explaining cross-country diversity in the dynamics of concertation in the post-corporatist period (Avdagic et al., 2011; Baccaro and Lim, 2007; Baccaro and Simoni, 2008; Molina and Rhodes, 2011). These contributions often had the explicit goal of overcoming the limits of functionalist arguments, unable to account for the observed variation in the domestic dynamics of interest intermediation under similar exogenous pressures and macro-economic demands.

To this effect, Molina and Rhodes (2002) revisited Pizzorno’s concept of political exchange to analyse the logic of social concertation in the 1990s. Their argument highlighted how ‘new social pacts’ could be understood as a process of political exchange
which involved a different kind of trade-off than classic corporatist deals. In these new ‘competitive corporatist’ exchanges, weakened unions facing the challenges of globalisation and de-industrialisation agreed to lend political support and legitimacy to governments’ reformist efforts, accommodating employers’ demands for flexibilisation and wage moderation, in exchange for commitments to employment creation and for a ‘seat at the table’ in future processes of policy-making (Rhodes, 2001, 2003).

Molina and Rhodes (2002) stressed that the nature of these trade-offs, and whether or not such processes of exchange would be activated, was influenced not only by ‘functional pressures’ arising from the macro-economic context, but also by the configuration of power resources among actors and by the strategies they chose to pursue to advance their interests (cf. Molina, 2006). These were in turn influenced by institutional factors (such as the relative degree of ‘institutional integration’ and embeddedness of exchange dynamics in different policy areas), and by differences in policy-making styles of different countries. In a similar vein, Avdagic et al. (2011) also proposed a political reading of the social pacts phenomenon, arguing that their creation should be understood as driven by the interests and power resources of actors, rather than by functional demands or norms and ideas.

2.2.2.2  Actors’ power resources as drivers of concertation

Working within this broad understanding of the political nature of concertation, scholars then sought to identify specific conditions that would account for governments’ choice to activate concertation, and for unions and employers’ willingness to collaborate. Several contributions emphasised the role of ‘governmental weakness’ as a crucial factor explaining governments’ willingness to share their policy-making prerogatives with social partners (Avdagic, 2010; Baccaro and Lim, 2007; Baccaro and Simoni, 2008; Rathgeb, 2018). According to this literature, concertation constituted a political strategy that governments with weak or ideologically divided parliamentary majorities pursued to activate non-parliamentary channels of legitimation and consensus-building, and to protect themselves from the negative electoral consequences arising from the implementation of unpopular reforms (Hamann and Kelly, 2007, 2011). Concertation was thus understood as one of the ‘blame avoidance’ strategies that governments employed to implement politically risky structural reforms of welfare and labour market institutions (Pierson, 1994, 1998). According to this literature (cf. Rhodes 2001; Streeck 2006; Hamann and Kelly 2007), governments used social concertation as a de-politicised
channel of compromise-building, to pre-empt the politicisation of policy issues (especially, but not only, those arising from the process of European integration (Afonso, 2013: 45) and avoid the electoral costs of unpopular reforms (Hamann and Kelly, 2007; Castater and Han, 2018).

Alongside governmental weakness, the distribution of power resources amongst organised producer groups was further identified as an important determinant. Baccaro and Simoni (2008) and Baccaro and Lim (2007) placed attention on the relative strength of trade unions, and found that governments were more likely to strike deals with unions confederations which had been organisationally weakened – and thus incapable to unilaterally veto proposed reforms projects – but nonetheless were still able to exercise opposition and influence the process of policy implementation governments by withdrawing social consensus. Ebbinghaus (2010) additionally drew attention to the importance of organised producer groups’ institutional power resources; emphasising that governments’ willingness to engage in concertation was influenced not only by its own political weakness, but also by the extent to which unions and EOs could act as veto powers to reforms in specific policy areas in virtue of their routinised or institutionalised involvement in the governance of specific policy areas, welfare state and labour market institutions.

Avdagic et al. (2011) built on these insights to propose an explanatory model of concertation that identified actors’ perceptions of their relative power as the crucial factor explaining the outcomes of their strategic interactions in policy-making and macro-level wage negotiations. Concertation was likely to succeed in situations where actors shared a perception of relative but not excessively large power disparity amongst them, which increased the likelihood that one side would seek cooperation with the other and make concessions in negotiations. Avdagic et al. (2011) argued that both ‘objective’ aspects of power (i.e. organisational attributes, internal unity and ability to present a credible threat of exit), and actors’ ‘subjective’ interpretations of their own and others’ power attributes mattered in shaping actors’ decisions on whether to cooperate or not in policy-making.

Culpepper (2002) stressed instead the role of knowledge as a specific currency of exchange, arguing that new social pacts were best understood as operating through an informational logic, in which interest groups delivered, rather than the acquiescence of their members, information and problem-solving strategies that enabled governments to craft and implement policy reforms more effectively. Baccaro (2002a, 2002b) also emphasised how deliberative democracy within unions on the content of social pacts offers helped to
increase societal consent to otherwise potentially controversial reforms. More recent contributions (Castater and Han, 2016) similarly stressed that the capacity of unions and EOs to formulate and abide by coherent policy positions – favoured by their centralisation and unity – were important factors in determining the likelihood of success of social pacts proposals.

2.2.2.3 Power resources and concertation in the crisis: weaker unions, stronger governments?

With regard to concertation in the Great Recession, endogenous political dynamics and power-related arguments have been primarily developed in the extant literature to explain the demise rather than the emergence of macro-level cooperation between governments and organised producer groups. Two main lines of argumentation focused on the altered distribution of power resources among actors during the crisis can be identified: a first emphasising the depletion of unions’ power resources, and a second emphasising increased government strength.

As concerns unions’ power resources, Culpepper and Regan (2014) have argued in an important contribution to this debate that social concertation has been marginalised in the formulation of responses to the recent economic crisis in Europe because governments no longer had incentives to include weakened trade unions in policy-making. Focusing on the cases of Ireland and Italy, they argue that as a consequence of long-term secular trends of declining density and legitimacy in public opinion (aggravated by dualisation and incapacity to articulate inclusive solidarities in the post-industrial era), trade unions have lost in the crisis context both organisational power and capacity to influence public opinion. As a result, they can neither offer governments the ‘carrot’ of negotiated solutions (cf. Culpepper, 2002), nor can they act as veto players by using the ‘stick’ of mobilisation and protest; and remain therefore marginalised.

Analysing the Irish, Spanish and Italian cases, Baccaro (2015: 66) argued in a similar vein that unions’ loss of legitimacy, arising from their role in facilitating labour market dualisation in favour of insiders through social pacts in the previous two decades, contributed to reducing the appeal of social concertation for policy-makers during the recent crisis, both in terms of its effectiveness and with regard to the perceived equity of its outcomes. These arguments are echoed in works that highlight not only declining density but also the weakening of links between organised labour and social-democratic parties across Western Europe as a factor accounting for unions’ loss of power and influence in policy-making (Allern and Bale, 2017; Gumbrell-McCormick and Hyman,
In a related but more institutionally-focused argument developed with reference to Southern European countries, Molina (2014) attributes instead the increase in governmental unilateralism in the crisis context to the institutional weakness of unions and employers’ organisations (in terms of collective capacities for self-regulation) and to the limited institutional embeddedness of tripartite coordination mechanisms (cf. also Guardiancich and Molina, 2017). These ‘institutional weaknesses’ are interpreted as factors limiting the ability of social partners to put forward consensual responses to the crisis and to resist state interventionism in the sphere of industrial relations and labour market governance, thus facilitating their marginalisation (Pérez and Rhodes, 2015).

Other accounts emphasise instead increased executive autonomy in policy-making vis-à-vis Parliaments and domestic interest groups arising in the context of the Eurozone crisis governance and Europeanisation (Guillén and Pavolini, 2015; Petmesidou and Glatzer, 2015; Sotiropoulos, 2015) as explanatory factors accounting for the observed decline of concertation during the crisis. The concentration of power in Prime Minister’s Offices or Financial Ministries, which come to act as gate-keepers vis-à-vis international financial institutions (Guillén and Pavolini, 2015), governments’ ability to use ‘there is no alternative’ legitimisation strategies to justify their retrenchment and deregulatory policies (de la Porte and Heins, 2015; Fontana, 2011; Guillén and Pavolini, 2015; Natali and Pritoni, 2014), and the opportunity for governments to play two-level games (de la Porte and Heins, 2015) by moving the arena of negotiation to the European sphere, where domestic opposition forces are not represented (Moury and Standring, 2017), are identified as causal mechanisms that can reduce government incentives to include organised producer groups in domestic policy-making in the crisis conjuncture (González Begega et al., 2015). Unlike in the phase of EMU accession, therefore, the ‘Europeanisation’ of economic governance (cf. Erne, 2015) during the Great Recession has been read as an obstacle rather than as a catalyst for national-level cooperation between the state, labour and capital.

These contributions are helpful in providing the starting point for a non-functionalist, more nuanced account of the evolution of tripartite concertation in the crisis context, which builds on the rich literature on the political logics of concertation. Culpepper and Regan’s argument and related works which emphasise union weakness and loss of power resources are analytically important in drawing attention to how the balance of class forces between capital, labour and the state impacts on the politics of
social concertation.

However, this line of argumentation encounters some empirical and theoretical limitations. First, the secular decline in the organisational strength of organised labour across the EU is a trend which has been playing out, with considerable cross-country variation, already for over two decades (Vandaele, 2019). However, no dramatic shifts in union density took place in the first phase of the crisis which can account, in itself, for the rapid and short-term change in the dynamics of social concertation in crisis-struck countries. Unions’ legitimacy and levels of public trust have also varied and come under stress across advanced industrialised countries in the last thirty years, but overall remained relatively stable up to the crisis, and often not as low as it is commonly assumed (Frangi et al., 2017). Hence, *prima facie* these factors considered in isolation are inadequate to explain variation and volatility in concertation practices during the crisis decade. Second, this line of argumentation might overlook other mechanisms through which organised labour might be able to exercise power upon the policy process even under adverse conditions – for example, by relying on institutional power resources (Ebbinghaus, 2010) that do not depend on neither density nor on legitimacy in public opinion, and which might create incentives for governments to include in policy-making unions which might have suffered from declining organisational or societal power resources.

Contributions which emphasise the uneven impact of the European economic governance framework on the balance of power between the state, capital and labour at the national level (Erne, 2015) rightfully draw attention to the role of supranational EU governance structure in impacting on domestic political dynamics. In light of the extensive emphasis placed by the 1990s social pacts literature on governmental power (and specifically weakness) as a causal factor explaining the occurrence of concertation under conditions of Europeanisation, works that focus on changes in government’s agency and executive autonomy during the crisis as an explanatory factor are also helpful in drawing attention to the ways in which crisis governance dynamics might impact on the power resources of domestic policy-makers, and accordingly alter their incentives for choosing between concerted or unilateral approaches to reforms implementation.

However, whilst increased executive autonomy vis-à-vis interest groups may well be an important factor facilitating the marginalisation of concertation, it does not by itself cogently explain why would governments privilege a unilateral strategy of decision-making on potentially controversial issues such as, for example, labour market or welfare reforms, which may still carry with it risks of increased contestation and social conflict,
unless this was aimed at fulfilling other sets of interests. In short, the fact that governments *could* implement policies unilaterally during the crisis in virtue of the crisis governance dynamics does not explain, in itself, *why* they would choose to do so. Overall, both these accounts would benefit from a more thorough conceptualisation of the complex and nuanced drivers of governmental agency on one hand, and of organised producer groups’ power resources on the other.

2.3 Discussion and emerging research questions

As this brief review of the extant literature has shown, the debate on the fate of interest intermediation in the wake of the Great Recession is inserted within a long lineage of scholarship on concertation and social pacts. The review has highlighted that most recent works on the topic emphasise a trajectory of crisis-induced convergence across the Eurozone periphery, towards what Baccaro and Howell (2017a: 141) describe as “a new phase of the relationship between governments and the social partners characterised by governmental unilateralism.” Concertation is assumed to have collapsed in similar ways across countries struck acutely by the Great Recession and especially by the Eurozone crisis, either due to its exhausted function as a mode of macro-economic problem solving in the acute crisis context, or due to the changed balance of power amongst actors (weakened labour, stronger governments, empowered employers). Several extant works also interpret the sovereign debt crisis as a critical juncture marking a long-lasting shift towards a qualitatively new phase in the nature of interest intermediation between the state, labour and capital, characterised by a loss of influence of organised producer groups – unions in particular – on the policy process, and by a loss of relevance of concertative practices in shaping trajectories of policy and institutional change in peripheral European economies (cf. Hassel, 2015).

These interpretations echo broader trends in the recent comparative political economy (CPE) literature which emphasise, first, convergence towards liberalisation and decreased coordination in socio-economic governance across European political economies (Baccaro and Howell, 2017a); second, the increased centrality of the state as an actor enforcing its will in the governance of labour markets and industrial relations to facilitate liberalisation (Howell, 2016; Meardi, 2018; Molina, 2014; Rathgeb, 2018); and

---

5 It is important to note that Baccaro and Howell (2017) make this point about the Italian case. Similar interpretations have however been advanced about Ireland (Calpepper and Regan, 2014; Regan, 2012a); Spain ((González Begega and Luque Balbona, 2014; Molina and Miguélez, 2013) and Portugal (Rocha and Stokeroff, 2014).
third, how the driving forces of institutional change in contemporary advanced capitalism lie in other areas of political and economic life rather than in the sphere of industrial relations and organised interest intermediation. Different strands of literature point either to the sphere of electoral politics and electoral competition (Amable and Palombarini, 2009; Beramendi et al., 2015), to the sphere of lobbying and direct relationships between governments and business actors (rather than EOs) (Culpepper, 2010), or to the demand-side of the economy and to the different growth and accumulation models that countries pursue (Baccaro and Pontusson, 2016).

However, there are several reasons for subjecting accounts of ‘unilateralist convergence’ to closer empirical and theoretical scrutiny. First, at an empirical level, the extent to which structured forms of intermediation in policy-making have been effectively and definitively marginalised across Eurozone peripheral countries deserves closer investigation. Whilst it is unquestionable that the recent crisis did not unleash a wave of ‘new new’ headline social pacts, at the same time there are several ‘deviant’ observations – such as, for example, the tripartite agreements concluded in Portugal at the peak of the Troika bailout in 2011 (Campos Lima and Artiles, 2011; Tavora and Gonzalez, 2016)– which do not fit neatly with the ‘death of social pacts’ (cf. Culpepper and Regan, 2014) interpretation.

Furthermore, whilst most contributions on this topic were written at the ‘peak’ of the crisis period or in its immediate aftermath, very little is yet known in the literature, with the exception of a comparative review study by Guardiancich and Molina (2017), about how dynamics of interest intermediation in policy-making have evolved in the Eurozone periphery after the end of the crisis: thus making it difficult to evaluate whether arguments emphasising the marginalisation of concertation have withstood the test of time, or whether the crisis has instead led to a ‘revival of the corporatist Sisyphus’ (Schmitter, 2015). Hence, the extant literature would benefit from being reconsidered in light of more recent developments in social concertation in the post-crisis period.

Second, extant arguments which focus on crisis-induced convergence run the risk of over-emphasising discontinuity in modes of interest intermediation during the Great Recession, overlooking potential continuities and more subtle patterns of institutional conversion or adaptation (Streeck and Thelen, 2005). Conceptually, the extant literature suggests that social concertation is best thought of not as a binary condition which is either present or absent, but rather as a multi-faceted form of coordination which can take on variegated institutional forms subject to adaptation, evolution and contestation.
over time. Similarly to how the form and functions of concertation changed considerably in the passage from ‘classic’ to ‘competitive’ corporatism between the 1970s and 1990s, it is possible that processes of macro-political coordination between governments and organised producer groups during the recent crisis might have mutated institutional form or logic of operation, without however being completely abandoned.

Hence, whilst tripartite social pacts may well be (mostly) dead, this does not necessarily imply that the practice of macro-political coordination between governments and organised producer groups in policy-making, understood in its broader ‘Lehmbruchian’ sense, has suffered the same fate. This is an open question which remains to be empirically established. More nuanced conceptualisation of the forms that interest intermediation can take and more systematic comparative research on this issue are thus needed to identify the patterns of convergence, continuity and change in the dynamics of interactions between governments and organised producer groups in the wake of the Great Recession.

Finally, the review of the literature above has highlighted the need for further theoretical investigation on the causes of variation in the dynamics of intermediation amongst governments and organised producer groups in the decade of the Great Recession. First, whilst the macro-economic context and the set of economic and fiscal constraints which countries face are central to understand developments in dynamics of interest intermediation, theories overtly focused on the explanatory power of the macro-economic function (or lack thereof) of concertation are limited in their capacity to grasp the multiplicity of non-economic purposes that macro-political coordination between governments and organised producer groups might fulfil. Second, several of the ‘political’ explanations of concertation advanced in the literature tend to focus on very narrow aspect of actors’ interests and power resources, resulting in over-simplified and short-termist theorisations of the possible logics of interactions of governments and organised producer groups in the macro-political sphere. Third, whilst institutionalist accounts have not featured prominently in the extant literature, given the ‘path breaking’ marginalisation of concertation observed in several cases, most extant readings which emphasise crisis-induced discontinuity risk discounting the possibility that more subtle institutional adaptation in forms of socio-economic governance might be at play. Additionally, they potentially underestimate the potential role of long-term institutional legacies in shaping the evolution of interest intermediation dynamics beyond the immediate crisis impact. Finally, due to the shared diagnosis of unilateralist convergence that they start from, most
extant arguments face difficulties in accounting for diversity in modes of interaction between governments and organised producer groups across domestic contexts facing similar ‘structural’, economic and political conditions.

These issues call for a more thorough and holistic investigation of the phenomenon of concertation through and beyond the recent crisis; which can help to develop a nuanced theoretical account of the contemporary ‘shifting involvements’ of organised producer groups in macro-level policy-making.

There are two research questions which emerge as particularly relevant - the first empirical, the second explanatory – which the present thesis will address:

**Q1:** How have the dynamics of interest intermediation between governments and organised producer groups evolved in the wake of the Great Recession across crisis-struck countries?

**Q2:** How can we account for variation in the dynamics of inclusion and exclusion of organised producer groups in economic and social policy-making throughout the successive phases of the Great Recession?

The next chapter outlines the analytical-theoretical framework that this thesis will adopt to tackle these two research question.
3 Chapter 3. Theoretical framework: an actor-centred approach to interest intermediation

Building on the insights of the extant literature and taking stock of the limitations previously discussed, this chapter proposes an actor-centred institutionalist theoretical approach to address the research questions outlined in Chapter 2. The proposed approach builds on the insights of the rich literature on political exchange, and places the focus on the political agency and strategic choice of governments, unions and EOs as the primary driving forces of their interactions in the political sphere. It aims to adequately account for variation both over time and across distinct national contexts in the dynamics of interaction between governments, unions and employers’ organisations in crisis-responsive policy-making.

The chapter proceeds as follows. Section 3.1. introduces the actor-centred approach to historical institutionalism which provides the general theoretical foundation for the analysis. Section 3.2 presents the interest-based conceptualisation of political exchange which will be then employed to analyse theoretically the varying logics of interaction between governments and organised producer groups in the case studies. Finally, section 3.3 outlines a heuristic typology to conceptualise the different forms that interest intermediation between governments, unions and EOs can take. This will then be used to classify the ‘dependent variable’ in the empirical analysis and provide the basis for a nuanced analysis of continuity and change in interest intermediation over time.

3.1 Introducing actor-centred historical institutionalism

The theoretical approach that this research adopts is informed by the insights of non-deterministic, agent-centred historical institutionalism (Thelen and Steinmo, 1992; Scharpf, 1997; Crouch, 2007; Mahoney and Thelen, 2010a; Morgan et al., 2010; Bell, 2011). Historical institutionalism (HI) as an approach to the study of comparative political economy takes as starting point the notion that history and institutions matter significantly for structuring and shaping political and economic outcomes (Steinmo et al., 1992). Institutions are conventionally defined as sets of rules and expectations – formal or informal – which emerge over time as “political legacies of concrete historical struggles” (Mahoney and Thelen, 2010b: 7–8). Institutions constitute and shape collective actors and define particular arenas for interaction amongst them (Jackson, 2010: 70; 81), set expectations about appropriate rules of behaviour, and influence how actors come to define their preferences and develop their normative and strategic action orientations.
(ibid.). They also structure political conflict and contribute to distributing power resources amongst collective actors (cf. Hall and Taylor, 1996: 5–6); or in other words, as Mahoney and Thelen (2010b: 8) put it, they act as “distributional instruments laden with power implications”.

Different approaches within historical institutionalism differ however in the extent to which institutions are seen as constraining action. Actor-centred institutionalism departs from other variants of historical institutionalism in two main ways. First, it gives equal weight to actors’ agency and to the “enabling, constraining and shaping effects” that institutional structures and norms have on their actions (Scharpf, 1997: 34). Second, it is explicitly process-oriented, as it recognises the dynamic, interdependent and dialectically co-constitutive relationships that exists between actors and institutions (Bell, 2011: 891; Jackson, 2010: 64–65); rather than focusing on the static analysis of institutional configurations as containers and deterministic predictors of political and social processes.

More specifically, in contrast to approaches that stress strong path-dependency and self-reinforcing institutional inertia, actor-centred institutionalism is distinctive as it conceives social phenomena as being the result of strategic interactions between intentional actors, which are shaped and structured but not fully determined by the institutional settings where they occur (Scharpf, 1997). Institutions are seen as non-deterministic ‘contexts for action’ (Jackson, 2010: 81), which may constrain and shape collective actors’ goals, available courses of actions and resources, whilst also leaving space open for agency and discretion. As Morgan and Hauptmeier put it (2014: 197), “institutions do not determine preferences; they may shape them in significant ways, but actors can project a different future, leading them to act in new ways”.

This has important implications for the conceptualisation of institutional change in historical time. Indeed, actor-centred institutionalism emphasises the possibility for (gradual) institutional change arising from actors’ initiative (Streeck and Thelen, 2005). Institutions are seen in this approach as essentially plastic and ambiguous: although not ‘infinitely pliable’ (Jackson, 2010: 81), they are open to change and challenge, and can be interpreted and enacted by collective actors differently, depending on the situational context and on actors’ own value orientations, interests and goals in ways that can overcome path-dependency (Jackson, 2010: 78; Mahoney and Thelen, 2010b: 10–11). As both the meaning and functions of established institutions are potentially subject to re-invention, this implies that “the practical enactment of an institution is as much part of its reality as
its formal structure” (Streeck and Thelen, 2005a: 18), and that both aspects of institutions should be considered when assessing trajectories of continuity and change. In light of its non-deterministic conceptualisation of institutions, actor-centred institutionalism overcomes the limitations of variants of institutionalist theory which conceive of actors’ agency as fully determined by “rational” or material interests, incorporating thus some of the important insights about endogenous processes of preference formation of discursive institutionalism (Schmidt, 2008, 2010) without nonetheless posing exclusive attention on ideational dynamics.

This approach has implications not only for how institutional change is conceptualised (cf. Streeck and Thelen, 2005a) but also for how the causal drivers of strategic action are thought of – i.e. for how we explain why actors act the way they do. Actor-centred institutionalism recognises the central role of (collective) interests in motivating political and social action. Collective actors are conceived of as interest-driven and acting in pursuit of specific outcomes – i.e. not completely idiosyncratically (Scharpf, 1997). In broad terms, following Jessop’s formulation (2007: 30), the primary outcome that (collective) agents pursue is securing their own conditions of existence. Hence, “a situation, action or event can be said to be in an agent’s interest if it secures a greater net increase (or smaller net decrease) in the realisation of that agent’s conditions of existence than do any feasible alternatives in a given conjuncture” (Jessop, 2007: 30). This implies that interests exist outside agents’ accounts of them (Edwards, 2015: 179), and that collective actors’ interests are shaped significantly by the constitutive aims of the respective organisation, by the position they occupy in the institutional or class system, which defines their material interests, and by contextual-structural factors which might impact on their conditions of existence.

Nonetheless, the goals that collective actors pursue and the concrete content of their interests in given situations – i.e. their preferences – are not conceptualised as being objectively given or ascribable on the basis of actors’ formal characteristics, but rather as inherently relational, non-unitary and subject to contextual re-definition. Even in similar contexts and institutional settings, collective actors might respond differently to similar threats and opportunities, as the definition of interests in concrete contexts and the ensuing process of preference formation is the result of an ultimately open-ended process of articulation and interpretation of reality (Hall, 2005).

This non-deterministic conception of the relationship between context and action can be subsumed under the concept of ‘bounded agency’ (Scharpf, 1997: 37) or ‘bounded discretion’ (Bell, 2011: 884). This formulation foregrounds the causal role of agency and
discretion – essentially, of historical contingency - and the contextual situatedness of actors’ preferences. At the same time, it acknowledges that the institutional setting and the historically specific economic and political context within which actors operate have significant power-distributional implications and shape actors’ perceptions of their own dominant interests and preferences, and of the available courses of action.

Overall, an actor-centred historical institutionalist approach is well-placed to reconcile a historically and context-sensitive understanding of social phenomena with an analytical focus on the agential and power-driven dynamics which shape how policy, institutions and regulatory regimes evolve over time. This approach has implications for how to study interest intermediation in policy-making in the context of the Great Recession. In particular, it implies that as well as understanding the specific institutional and historical context within which concrete policy-making processes are embedded (i.e. the specific domestic institutional context and the historical-structural setting of the crisis), it is equally important to reconstruct the drivers and motivations underpinning actors’ intentional action and strategic orientation during crisis circumstances. The conceptualisation of actors' preferences as contextually defined implies that the situated meaning of actors' actions can only be uncovered empirically (Scharpf, 1997: 60), making reference “to the subjective “meaning” that this action has for the actor in question” (Scharpf, 1997: 19), thus posing limits to purely deductive approaches of analysis.

3.2 An interest-based account of concertation and unilateralism

In line with the actor-centric approach outlined above, this work holds that both interest intermediation between governments, unions and employers’ organisation and its side-lining (i.e. unilateral policy-making) should be understood as political, strategic-relational, interest-driven processes, rather than as functional or institutionally determined phenomena. Drawing on the insights from prior scholarship on corporatism and concertation (Molina and Rhodes, 2002; Pizzorno, 1978), this work argues that the main mechanism underpinning tripartite cooperation between governments and social partners in the political sphere is an interactional dynamic of interest-driven political exchange, whereby governments and autonomous organised collective actors exchange macro-political, non-economic goods in pursuit of their competitive or divergent but interdependent interests (Marin, 1990: 39; Pizzorno, 1978).

6 Marin (1990: 39) defines political exchange as “a form of mutually contingent, macropolitical and non-economic transaction between autonomous, organised, collective actors with divergent or competitive but functionally interdependent interests, the binding character of which cannot be based on law and contract”.

55
In its original Pizzornian formulation, political exchange denoted a strategy of resolution of cross-class distributional and power conflicts emerging in the sphere of politics (Wright, 2000: 963) which involved the trading off of policy influence vs. consensus between social-democratic governments and unions (Molina, 2006: 646). Pizzorno’s formulation of political exchange, based on the Italian experience in the early 1970s, referred to occasional exchanges fostered by state actors with the goal of limiting contestation in the political and industrial relations arena (Crouch, 1993: 53). As such, it differed from Marin’s concept of generalised exchange, that described ‘proper’ neo-corporatist systems such as the Austrian one, where such exchanges were a routinised modus operandi, which allowed trust among actors to develop over time (Crouch, 1993: 53). The Pizzornian concept of political exchange, more apt to capture the transient nature of this mode of state-society interaction, has since been applied broadly to indicate processes where governments trade off to unions and EOs certain concessions (e.g. public spending, generous social protection, flexibilisation, fiscal incentives or institutional power resources) in exchange for either political goods (e.g. consensus and restraint from protest) or macro-economic goods (e.g. wage restraint in the case of unions, investment and employment creation in the case of employers) (Menz, 2004; Molina, 2006; Molina and Rhodes, 2002; Regini, 1984b, 2003).

As Molina (2006) argues, the concept of political exchange is central to make sense of the eminently political and agential nature of concertation processes. Formal tripartite concertation is however only one possible form of political exchange, as this can also take place outside formal arenas – for example through behind-closed-doors negotiations. Of course, neither formalised concertation nor informal political exchange are necessary features of policy-making processes. Governments can also adopt a unilateral style of policy-making, where public policy is formulated and implemented without activating political exchange with organised producer groups. As governments retain policy-making prerogatives, their choice about whether or not to initiate processes of political exchange in decision-making is central in shaping dynamics of interest intermediation (cf. Afonso, 2013). However, governmental disengagement is not the only pathway through which unilateralism might emerge – as the strategic choices of unions and EOs might be equally crucial in producing a suspension of political exchange, in case they refuse to cooperate (Molina, 2006), or in shaping its content, depending on the policy issues on which they
are respectively willing to make concessions (Vatta, 1999).

3.2.1 Conceptualising actors’ interests and incentives for political exchange

As political exchange is intrinsically an interest-driven process, understanding its dynamics of activation or side-lining requires first a conceptualisation of the interests and goals that governments, unions and EOs pursue in the policy process. Whilst the content of the specific interests and preferences that governments, unions and EOs prioritise in concrete situations is contingent and only identifiable empirically, it is possible to define theoretically the potential, general interests that they might pursue to secure their continued conditions of existence, on the basis of the institutional position they occupy, of their position in the class-productive system, and of the organisational goals and different logics of actions that they embody. Building on insights from prior literature on political exchange – especially on Hassel (2009) – and on the logics of collective action of governments and organised producer groups in the political sphere (Schmitter and Streeck, 1999), I argue that we can distinguish analytically two distinct but inter-related types of interests that governments, unions and EOs can pursue in their interactions in the macro-political sphere: policy-related interests and power-related interests.

3.2.1.1 Governments’ accumulation and legitimation interests

Governmental interests can be theorised as being shaped by the goals and functions that the state fulfils within capitalist political economies. In general terms, the state in capitalist societies faces the task of reconciling two simultaneous objectives, often concealed by the fictitious separation between the economic and the political: capital accumulation and social stability (Polanyi, 2001). This tension can be formulated as the distinction between accumulation and legitimation imperatives facing state managers (Fraser, 2015; Habermas, 1973; Held and Krieger, 1983; O’Connor, 2002; Offe, 1976). This analytical distinction can be re-formulated as the distinction between ‘policy interests’ and ‘power interests’ proposed by Hassel (2009: 10), which echoes Heelo’s (1974) distinction between ‘puzzling’ and ‘powering’ in the process of policy-making.

On the one hand, as “managers of the state”, elected governments have to ensure that the right set of policies and institutions are in place to secure the continued conditions for capital accumulation (Lindblom, 1977; Offe, 1976) and enforce the constitutive norms of a capitalist economy (Fraser, 2015: 161). Hence, they seek to implement policy solutions that can ‘solve’ macro-economic problems, facilitate or stabilise the conditions for growth, and send positive signals to markets and creditors to
attract investment and positive credit ratings. Concretely, the task of securing the
conditions for capital accumulation can entail different policy strategies – which vary
depending on the historical period, the international macro-economic context and a
country’s established growth or accumulation model (Boyer, 2014; Jessop, 2001).

On the other hand, governments have to ensure the legitimacy of the socio-
economic and political order by mobilising the consensus and support of the population
of wage-dependants and voters, through legitimation processes that secure social peace and
establish the acceptability of a political and socio-economic order, of its normative
foundations (Schneider et al., 2017: 9) and of the rules upon which the exercise of state-
governmental power is based upon (Scharpf, 1997: 152). Two aspects of legitimacy of a
governance system can be distinguished (Scharpf, 1997: 152–153). Input-oriented legitimacy
is derived from the agreement of those that are asked to comply with a given decision;
output-oriented legitimacy depends on the effectiveness and perceived ‘justice’ of its
outcomes. Legitimation is necessary not only to secure the continued conditions of
existence of the capitalist state (cf. Fraser, 2015; Habermas, 1973), but also for the survival
of the government in office – which is normally dependent on societal consent for
securing re-election. Whilst accumulation and legitimation imperatives are not necessarily
in contradiction (Block, 1986), the tension between the pursuit of the two is an ever-
present feature of governmental action. This can be particularly acute at times of
economic crisis (Offe, 1976; Fraser, 2015), as the implementation of crisis management
policies necessary to address accumulation imperatives, such as austerity and
deregulation, might potentially trigger legitimation crises in domestic public opinion
(Dellepiane and Hardiman, 2015; Fraser, 2015).

The tension and inter-dependency between legitimation and accumulation
imperatives, however, is not contained within nor confined to the domestic arena. Under
conditions of deep international economic integration, financialised globalisation and
high capital mobility, governments are faced with the additional challenge of ensuring
legitimation vis-à-vis a range of external audiences. These include international markets
and finance capital actors (Streeck 2014: 167), which are equipped with the powers of
disciplining states in the interests of private investors (Fraser, 2015: 176), and
supranational organisations and international financial institutions which can evaluate
domestic policy options and send signals to international market actors. The evaluations
of domestic policy and politics by international market actors and supra-national
institutions such as the ECB or the IMF might impact the evaluation of a country’s credit-
worthiness (Mosley, 2003; Paudyn, 2013; Prosser, 2014; Woodruff, 2016), or influence investment decisions and the inflow of FDI (Appel and Orenstein, 2018; Prosser, 2014), with potentially adverse consequences on the front of accumulation in cases where external legitimacy and credibility is deteriorated (Streeck, 2014: 171). Governments of countries embedded in a common currency union such as EMU or with debt commitments to external creditors face even stronger imperatives to gain external legitimation, but this might in turn aggravate legitimation crises at home, calling into questions the legitimacy of the domestic democratic process (Crouch, 2004, 2011; Streeck, 2011).

3.2.1.2 Government’s incentives for political exchange

At an analytical level, we can identify various incentives for governments to engage in political exchange with unions and EOs to pursue their power and policy interests. With regard to power-legitimation interests, as both corporatist theory and the literature on social pacts highlight, political exchange with unions and employers’ groups can fulfil an expressive function (Traxler, 2010) and help governments to generate input-oriented and output-oriented legitimacy for their decisions (Scharpf, 1997; Baccaro, 2014). In relation to input legitimacy, subjecting decisions to negotiation with unions and EOs can increase their broader societal acceptability. In turn, mobilising consensus from unions and employers’ groups can help to shore up support for the government amongst their members, thus helping to secure re-election or pre-empt contestation (Hamann and Kelly, 2011), acting as a mechanism of blame avoidance (Weaver, 1986). Output legitimacy, which derives from the perception that policy decisions serve ‘the common good’, can also be enhanced if political exchange helps to deliver negotiated solutions with buy-in from across the spectrum of society. Political exchange might also be functional to generate credibility and legitimacy vis-à-vis external creditors and investors, by shoring up domestic political stability, reinforcing the credibility of commitments to reforms implementation, and thus helping to secure a predictable investment environment (Culpepper and Regan, 2014: 4).

As the literature on competitive corporatism (Rhodes, 2001) and on the ‘informational’ logic of pacting (Culpepper, 2002) emphasise, political exchange can also have an instrumental value (cf. Traxler, 2010) for problem-solving purposes, and help to deliver various macro-economic and policy goods useful to sustain economic growth and competitiveness – e.g. wage moderation, negotiated labour market flexibility, or
commitments to investment and employment creation. It can further facilitate the process of policy-making by equipping governments with specialised knowledge, information and negotiated solutions about policy areas of direct competence for labour and capital (Culpepper, 2002).

Unilateralism might however also be functional for governments to pursue these same interests. On the domestic legitimation front, suspending political exchange could enable governments to engage in credit claiming vis-à-vis the electorate and claim full responsibility for policy decision. Whilst most social pacts literature emphasises the blame avoidance function of concertation, Bonoli (2012: 101; 106–107) points out that under particularly harsh economic conditions, retrenchment as a policy objective can become compatible with vote seeking, and governments may seek to claim credit vis-à-vis the electorate for being responsible and capable of “making tough decisions” when needed. This incentive might be stronger for centre-right governments, more keen to pursue disempowerment of unions for electoral and ideological reasons (Klitgaard and Nørgaard, 2014). Unilateralism might also be used as a legitimation strategy when the involvement of unions and EOs in the policy process is perceived negatively in public opinion, either because of its low democratic accountability (lack of input legitimacy) or because of its dysfunctional or distributively skewed outcomes (lack of output legitimacy). Government might also use unilateral action to gain credibility vis-à-vis creditors and investors, by signalling governmental responsibility and commitment to the implementation of ‘difficult’ reforms regardless of domestic opposition (cf. Baccaro and Howell, 2017b: 121–122; Sacchi, 2013a: 205).

The pursuit of policy-accumulation interests might equally be facilitated by unilateral policy-making methods. Not engaging in political exchange might allow governments to deliver faster policy decisions or achieve a deeper degree of policy change by removing requirements to formulate compromises with ‘veto players’. By signalling commitment and capacity to bypass domestic veto players, unilateralism might also reassure creditors and investors about governments’ capacity to adapt the domestic policy environment to the requirements and needs of external investors.

Government’s choice of whether to opt for political exchange or unilateralism is likely to be affected by multiple factors, as highlighted by the extant social pacts literature. These include political conditions (e.g. relative governmental strength/weakness, partisanship and governments’ capacity to implement reforms autonomously) (cf. Baccaro and Simoni, 2008; Simoni, 2013; Afonso, 2013); macro-economic factors (e.g. the
intensity and type of macro-economic problem load faced, and the degree of exogenous pressures and conditionality) (cf. Avdagic, 2010; Baccaro, 2015); and the composition of social partners’ power resources, which affects their potential impact on governments’ ability to pursue their policy and power interests in autonomy and their relative capacity to provide either legitimation or policy knowledge to governmental actors (Ebbinghaus, 2010; Culpepper and Regan, 2014).

3.2.1.3 Unions and employers’ organisations: logic of membership and logic of influence

Trade unions and EOs, like governments, also face competing imperatives in their action as macro-political collective actors. Although there are analytical similarities in the types of interests that unions and EOs might pursue in their action in the sphere of politics, Offe and Wiesenthal (1980) point out that labour and capital’s logics of collective action in the political arena are distinct in virtue of the different positions they occupy in the class structure and of the different power resources they can command.

With regard to analytical commonalities, both trade unions and EOs act in the sphere of politics to fulfil their function as collective representative membership organisations: representing individual workers and sectoral unions in the case of peak-level union confederations, and representing individual firms and or/sectoral or territorial EOs in the case of peak-level EOs. As such, unions and EOs both have to pursue simultaneously their collective representative interests (i.e. advancing the concrete interests of their membership); and their organisational interests (i.e. advancing the interests of the organisation to secure its future survival and its sources of power) (Davidsson and Emmenegger, 2013; Schmitter and Streeck, 1999). Like for governments, this distinction can be re-cast in terms of policy and power interests (Hassel, 2009). These are inter-related – as the pursuit of policy-membership interests requires an ability to yield power resources and the ability to exercise and retain power is partly influenced by the organisation’s capacity to advance its representative interests.

The distinction between power and policy interests mirrors Schmitter and Streeck’s (1999: 344) two distinct logics - of membership and of influence - which underpin the political action of the collective organisations of capital and labour. According to Schmitter and Streeck, when following a logic of membership, unions and EOs act with the (short-term) goal of offering sufficient incentives to their members to secure their continued membership and mobilisation. Following a logic of influence entails instead acting with the (long-term) aim of gaining access to processes of policy-making or collective
bargaining and ensuring the organisation’s capacity of exercising adequate influence in them so as to extract resources (such as recognition or concessions) necessary for the organisation’s long-term survival.

Whichever logic of influence dominates in the strategies that unions and EOs pursue in the political is contingent on several factors – such as the composition of their membership, the macro-economic context, the organisations’ ideological-political traditions (which impact on how their interests are articulated and understood – cf. Hyman 2001), and the features of the political and institutional system in which they are embedded (cf. Crouch 1993). Tensions can arise between these two sets of interests and associated logics of actions. Indeed, for both unions and EOs, the pursuit of power-organisational interests can entail contradicting or foregoing the short-term expressed preferences of the membership in exchange for future gains, thus creating potential tensions between democracy and bureaucracy – especially acute for unions (Hyman, 2001: 156; Pizzorno, 1978: 84). This tension creates challenges, as it possibly produces gaps between the memberships’ preferences and the organisation’s strategy – which may lead in turn to a loss of representational monopoly and to the formation of new collective identities or other organisational forms advancing the otherwise ‘unmediated’ or unexpressed membership demands (Pizzorno 1978).

There are various strategies that unions and employers’ organisation can employ to manage this tension – for example, through internal hierarchy and control (Pizzorno, 1978: 297), through internal democratic-deliberative processes of interest aggregation (Baccaro, 2002b), or by pursuing relative autonomy from their membership, e.g. by relying on institutional recognition and support from the state (Vatta, 1999). Alternatively, unions and EOs might fashion themselves as membership-oriented organisations which rely primarily on structural or organisational power to pursue their goals, foregoing the prioritisation of influence on the political system through institutional channels.

3.2.1.4 Unions and employers’ organisations’ incentives for political exchange

EOs and unions might have strong incentives to engage in macro-political exchange with governments to pursue either their policy-membership interests or their power-organisational interests. First, political exchange may allow them to extract concrete policy concessions that advance the ‘material’ interests of the membership (either on the labour or capital side) and deal with emerging political challenges that might clash with their first-order preferences (cf. Molina, 2006; Paster, 2018). The definition of
what concretely constitutes ‘membership interests’ is however not ‘given’, but results out of agential processes of interest articulation, framing and re-definition, often involving intense intra-class power and discursive struggles (Offe and Wiesenthal, 1980; Hyman, 1999; Traxler, 2007; Martin and Swank, 2012). Besides the extraction of policy interests and material resources, macro-political exchange can also be functional to pursue power-organisational interests. Through political exchange with the government unions and EOs can gain recognition of their representative role, visibility in public opinion, channels of access or direct responsibility in the management of specific spheres of policy-making, access to materials resources, and the guarantee of continued involvement and ‘voice’ in policy-making (Molina, 2006: 658; Martin and Swank, 2012: 12; Vatta, 1999: 248).

There might however be equally cogent reasons for unions and EOs to choose not to engage in political exchange to pursue their power or policy interests. First, on the front of policy-related interests, unions or EOs might choose to exit concertation if they judge that they might be able to extract greater policy gains by using other strategies, such as mobilisation and general strikes (Hamann et al., 2012), direct access to policy-makers via party channels, or other forms of political action (Frege and Kelly, 2004a) in the case of unions; and structural and instrumental power in the form of direct lobbying or public campaigning (what Paster (2018: 675) calls ‘confrontation’) in the case of EOs (cf. also PC Schmitter, 2008; Culpepper, 2010). Depending on the partisan orientation of the government, on the power resources available and on the salience of the policy issue, this might be a more attractive option to advance policy interests than entering into compromises (cf. Paster, 2018: 686). If the possible long-term benefits arising from restraint (often necessary to participate in political exchange) appear to be outweighed by the short-term costs, or if the negotiated solutions appear precarious or unlikely to be delivered, then the actors may also have strong incentives to exit concertative arrangements (Vatta, 1999: 258).

Not engaging in political exchange might also be a functional strategy to pursue the organisations’ respective power interests. First, this strategy might enable the organisations to retain a greater degree of organisational autonomy from the state and the political system (Molina, 2006: 655). Second, refraining from engaging in political exchange might be functional to avoid possible tensions between the logic of membership and the logic of influence. Indeed, voicing membership demands directly rather than exercising hierarchical control to aggregate disparate interests for the purposes of political exchange might increase the organisation’s perceived legitimacy vis-à-vis its own members – and
hence its reputation in public opinion as a legitimate representative organisation, avoiding potential ‘crises of representation’ (Regini, 1997b: 270).

3.2.1.5 Conceptualising unions and employers’ organisations strategic orientations and power resources

Unions and EO’s choices about whether or not to engage in political exchange are likely to be affected by various factors. First, ideological orientation and historical-institutional legacies of the industrial relations system might have a significant impact (Crouch, 1993; Hyman, 2001; Frege and Kelly, 2004b), by shaping the nature of the relationships between states and organised interest groups (Crouch, 1993) and unions and employers’ own strategic orientation, willingness and ability to aggregate disperse membership interests (Hyman, 2001; Schmitter and Streeck, 1999; Vatta, 1999).

Second, the political environment often plays a role in shaping social partners’ strategic choices – as government partisanship and the presence or absence of organic links with the political party in power (Allern and Bale, 2012, 2017) might impact on the extent to which they can expect to have their representative interests satisfied by governments without the need to explicitly engage in political exchange.

Lastly, the composition of unions and EOs’ power resources might also affect their strategic orientation towards political exchange; as well as governments incentives to include them or not in exchange processes (Traxler, 2010: 52). On the basis of the extant literature (Wright, 2000; Silver, 2003; Lévesque and Murray, 2010; Gumbrell-McCormick and Hyman, 2013; Paster, 2015; Lehndorff et al., 2018) four main types of power resources that unions and EOs possess can be distinguished.

First, structural power resources. In the case of unions, these derive “from the location of workers within the economic system” (Wright, 2000: 962), and from the capacity of union members to cause economic disruption through the withdrawal of their labour (Silver, 2003). This is partly affected by the strategic centrality of the sector of operation, and partly by broader labour market conditions (e.g. unemployment levels). For EOs, structural power resources derive from the capacity of member businesses to withdraw investment and thus negatively affect economic performance (Culpepper, 2010; Paster, 2015); which in turn may be affected by the sectoral composition and relative size and ‘strategic importance’ of member firms (Traxler, 2007), and by the relative mobility of their investments.

The structural power arising from membership composition may impact on unions and EO’s attitudes towards political exchange (Gumbrell-McCormick and Hyman, 2013;
Traxler, 2007). For example, unions with high levels of structural power might prefer to pursue their interests through the channels of collective bargaining rather than political exchange. EOs comprising mostly large firms might also have weaker incentives to pursue political exchange to pursue their policy preferences than those with a high share of SMEs in their membership, which were found in prior studies to favour participation in concertation due to the lower structural power that their member firms can leverage (Vatta, 1999: 259–260).

Second, organisational or associational power resources. These are based on numerical strength of unions and EOs (usually measured through membership density), and on their ability to successfully mobilise (or control) their members for collective action to achieve shared goals (conventionally expressed through the degree of centralisation and internal articulation of the organisations). This impacts on their capacity to control labour market developments – one of the main power resources that organised producer groups can yield towards the state (Traxler, 2010: 52), or to mobilise members for political goals (for example through general strikes) (Hamann et al., 2012).

Prior literature has highlighted that whilst unions’ hierarchical control and organisational centralisation bear little relation with concertation (cf. Baccaro, 2003), unions with weakened but still sizeable organisational power resources are more likely to become involved in political exchange – as they might still be capable of imposing costs on political actors, but not unilaterally block reforms through mobilisation (Baccaro and Simoni, 2008). Conversely, unions with depleted organisational power resources theoretically pose fewer political threats to governments and should thus be more easily marginalised (cf. Culpepper and Regan, 2014). For EOs, Traxler (1993, 1995) noted that associational density and representativeness were also the main determinants of their capacity to exercise influence in policy-making, whilst internal fragmentation and incapacity to coordinate internal conflicts between different factions were found to be causes of exit from concertation (Vatta, 1999: 251, 258). At the same time, fragmented or organisationally weak employers’ organisations were found to be keen to participate in concertation to bolster their visibility and membership (Nonell and Medina, 2017); suggesting that the impact of internal fragmentation and density on employers’ strategies in the political sphere is empirically variable (cf. Paster, 2018).

Third, institutional power resources derive from the institutional prerogatives and the forms of institutionalised involvement or rights that unions and EOs enjoy in various spheres of socio-economic governance and policy-making, e.g. delegated governance of
specific policy areas, legislative support for collective bargaining, recognition of representativeness in law, institutionalised mechanisms of involvement in policy-making (cf. Ebbinghaus, 2010; Lehndorff et al., 2018), and from the extent to which such forms of involvement are entrenched and sanctioned either in law or in practice. These may result from prior organisational or structural strength, but may also bolster it or substitute it (Frege and Kelly, 2003: 9). Established institutional power resources might increase organised producer group’s willingness and likelihood to become involved in political exchange, first, by increasing their ability to act as veto powers, and second, by increasing their reliance on recognition by state institutions and institutional channels of access.

Fourth, societal power resources (Lehndorff et al., 2018) refer to organised producer groups capacity to influence successfully public opinion and build coalitions with other actors to pursue their goals; which will often depend on the degree of legitimacy or trust they enjoy amongst the public. Unions and EOs with depleted societal power resources might pursue participation in political exchange to recuperate visibility and recognition. However, their lack of legitimacy might at the same time reduce their capacity to offer useful goods to policy-makers, thus facilitating their exclusion (cf. Culpepper and Regan, 2014; Baccaro, 2015).

It is important to note that power differentials between the two sets of actors might also impact upon their strategic orientation. Leaving aside the debate about the differences in the relative ease of organisability and governability of capital and labour (Offe and Wiesenthal, 1986; Traxler, 1993), the organisation of economic and social relations of production under capitalism implies that employers are in an intrinsically advantageous power position with respect to labour, due to their command over the means of production and in virtue of the state’s own interest in sustaining the conditions for accumulation (Lindblom, 1977; Offe and Wiesenthal, 1980). This implies that macro-political exchange will often be tilted in the interest of capital – although labour’s collective organisation might go some way in re-balancing the equilibrium of power relations.

The structural and instrumental power of business (cf. Culpepper, 2010; Paster, 2015) might also reduce EOs incentives for engaging in macro-political exchange. First, employers’ interests are likely to be, to some extent, already advanced by governmental action; second, unlike individual workers, individual firms might have other means at their disposal to influence the trajectory of policy change (such as, for example, through their individual investment decisions, or via direct lobbying channels). Hence, collective action
in the political sphere is often a second-best solution for capital (cf. Offe and Wiesenthal, 1986; Schmitter and Streeck, 1999). However, the incentive structure in this respect might not be clear cut. First, the organisational interests of employers’ representative associations might lead them to favour engagement in concertation even if their individual members might have alternative channels of influence. Second, there might be collective goods valued by employers that can only be extracted through macro-political coordination. Third, the political organisation of labour and its connections with political power might prompt capital to organise collectively in order to counter its influence in the policy sphere (Paster, 2018).

Summing up, this discussion has highlighted that processes of intermediation between governments and organised producer groups are political, interest-driven and open-ended, and potentially geared towards the pursuit of both power and policy interests (cf. Hassel, 2009). Multiple factors might interact in shaping governments’, unions’ and employers’ strategic and contingent choices to engage or not in political exchange to advance their respective power and policy interests in the political sphere. These include the macro-economic context; country-specific historical and institutional legacies, which shape the opportunity structure and the field of forces within which actors operate; the power resources that actors have available; and their contextual interpretations and articulations of their interests. The empirical case studies will apply this conceptual model of interest-based political exchange to analyse crisis-responsive policy-making processes and identify a) the mechanisms leading to the selective activation or suspension of political exchange in different contextual conditions and b) the role played by macro-economic, institutional and political factors in shaping actors’ strategic decisions to engage or not in political exchange under crisis conditions.

3.3 A typology of interest intermediation in policy-making

To complete the definition of the conceptual-analytical apparatus guiding this research, it is also necessary to define how the ‘dependent variable’ is operationalised. To this end, this section introduces an analytic (Collier et al., 2008: 167) typology of *modes of interest intermediation* in policy-making. This conceptualises systematically the possible variation in the logics of exchange that underpin interactions between governments and organised producer groups in the policy-making process, and in the organisational-institutional forms that these take.

The proposed typology aims to overcome some of the analytical simplifications
affecting the extant literature. First, it expands the analytical focus of the study of interest intermediation beyond formalised agreements—the privileged objects of study in the social pacts literature. This focus often resulted in a narrow conceptualisation of the ‘explanandum’, usually expressed as a dichotomy between concertation and unilateralism. Consequently, bipartite or tripartite interactions not resulting in formal agreements were often disregarded in analyses, despite potentially entailing substantive processes of political exchange. Second, a more nuanced conceptualisation also counters the opposite tendency—i.e. the assimilation under the ‘social dialogue’ heading of “all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy”—as done by the ILO and scholars adopting its terminology (e.g. Guardiancich and Molina, 2017: 5). Such encompassing definitions have limited analytical value, as they treat as equivalent very different modes of interaction—with regards both to the nature of the process and to its outcomes.

The proposed typology classifies the phenomenon of interest based on two conceptual dimensions that can be considered as its defining characteristics (Bailey, 1994: 2). These are: 1) the substantive content of tripartite interactions (i.e. the type of political exchange that they entail); and 2) the structure through which the interactions take place. This typology will be applied to classify the ‘dependent variable’ in the case studies, so as to chart variation in how governments, unions and EOs interact in policy-making and provide the foundations for the theory-building analysis, which will seek to identify the conditions and causal processes leading to the emergence of different ‘types’ of interest intermediation.

3.3.1 Dimension 1: the substantive content of interest intermediation

The first dimension of the typology captures the substantive content of interest intermediation processes, classifying them on the basis of the logic of exchange involved. On the basis of the distinction between power and policy interests drawn above, the typology proposes a conceptual distinction between two ideal-typical forms of political exchange: policy-oriented and power-oriented.

Policy-oriented political exchange refers to cases where the actors engage in a process of bargaining over concrete policy options, primarily in pursuit of their respective ‘accumulation’ or representative interests. This kind of ‘problem solving’ or instrumental (cf. Traxler, 2010) political exchange entails the trading of policy-related goods, whereby concessions in one policy sphere are given by one party as part of an explicit or implicit
trade off, whereby the other actor(s) also make concessions or provide guarantees of acquiescence, cooperation in implementation or information-sharing. Empirically, this form of political exchange would be observed when a change in policy takes place as a result of a trade-off between governments, unions and EOs, or where unions and EOs give their approval to a governmental policy measure in exchange for concessions or compensation in another policy area of interest.

*Power-oriented political exchange* refers instead to those interactions where governments, unions and employers engage with each other in the policy-making process prioritising the pursuit of their respective power interests. In these cases of legitimisation-oriented or expressive (Traxler, 2010) exchange, governments involve trade unions or EOs in the policy process with the primary aim of achieving their consent, enlisting their cooperation or de-mobilising their potential opposition. On their part, unions and EOs are compensated for their consent or acquiescence primarily through ‘power-related’ concessions: for example, organisational or institutional prerogatives (such as access to or control over resources; representational or organisational monopoly over a certain sphere of action), or positional goods such as recognition as legitimate partners, visibility, right to (future) participation in governmental institutions/bodies or participation or oversight in policy implementation processes. What sets apart power-oriented political exchange is thus the ‘currency’ of what is traded and the absence of concrete policy concessions that directly result as an outcome of the process.

In practice, concrete processes of interest intermediation might entail the simultaneous pursuit of both *power* and *policy* interests – thus making the two types of political exchange difficult to disentangle neatly in empirical terms. However, this analytical distinction helps to identify the differential logics that might motivate interactions between governments, unions and EOs in the macro-political sphere.

On the basis of this insight, the typology distinguishes between those instances of interactions where a process of *policy-oriented political exchange* takes place between the parties (either through informal negotiations or formal agreements) with impact on the content of government policy decisions, and those processes of interaction that do *not* entail policy-oriented political exchange between government, unions and EOs. Cases where policy-oriented political exchange is absent may encompass interactions which are limited to non-binding consultation or exchanges of information between the actors, as well as interactions which may result in ‘symbolic’ or ‘expressive’ agreements or declarations of intent; but where there is no evidence of concrete trade-offs that impact
on government policy or result in substantive compensation for employers organisations or unions being granted. Whilst substantive political goods (visibility, recognition, consensus, institutional power) may still be exchanged between the actors in these cases (through processes of power-oriented political exchange), the impact on policy content is the discriminating criteria between the two sides of the typology. In practice, distinguishing empirically between instances of interactions that do and do not entail policy-oriented political exchange entails a level of discretionary judgement which cannot be solved with mechanistic measurements, but only with careful analysis of the content and process of these interactions.

3.3.2 Dimension 2: structure of interest intermediation process

The second dimension on the horizontal axis refers to the structure of the interest intermediation process. It distinguishes between intermediation processes which are structured and visible and those which are not. Structure, visibility and the associated degree of formalisation of processes of interest intermediation can be considered as a defining dimension of the phenomenon (Streeck and Kenworthy, 2005: 448), as they refer to the differing institutional forms that interactions between governments, unions and employers organisations take. In turn, these can have implications for their outcomes, functions and dynamics.

Traditionally, the corporatism/concertation literature have mostly paid attention to structured and visible forms of interest intermediation. However, insights from the growing literature on informal institutions and informal politics (Brie and Stölting, 2012; Helmke and Levitsky, 2004; Lauth, 2015) highlights the central and constitutive role that informal – i.e. non-formally codified – practices and interactions play in structuring and influencing the political process and its outcomes, alongside formal, codified institutional arrangements. For example, in their study of consultation mechanisms of domestic interest groups, Fischer and Sciarini (2013: 1496) distinguish between formal channels (i.e. official stages of the decision-making process that grant access to selected actors or all interested actors) and informal mechanisms (i.e. unofficial, ad-hoc or personal contact between representatives of the state administration and stakeholders).

Drawing on these insights, this typology distinguishes between cases where structured processes of interest intermediation are present or absent. Structured processes of interest intermediation are those that take place through institutional channels which are in some form codified and public in nature – such as official bodies (e.g. tripartite councils, commissions or forums) or formal dialogue tables, and whose eventual
outcomes are fixed in agreements which are formalised and public in nature. The condition for classifying a process of tripartite interaction and interest intermediation as structured is therefore the 'public', visible and codified nature of the procedure of interaction, of its scope – in terms of membership, remit and modalities of participation – and, if present, of its outcomes.

Cases where structured intermediation is absent may entail no interactions at all, or unstructured processes of interest intermediation, taking place through unofficial, non-formalised and non-public channels (such as behind-closed-doors meetings, arms-length negotiations and informal contacts). Whilst the functions and eventual outcomes of informal interest intermediation processes can be just as substantive as formal ones, what sets them apart is that, unlike tripartite agreements, they are not public and codified. As insights from the literature on informal institutionalism make clear, the degree of formalisation of a political process, in terms of the structures through which it takes place, does not proceed hand-in-hand with its degree of ‘institutionalisation’. Structured interactions – for example, occasional public social dialogue tables - can be ad hoc, irregular in their occurrence or non-effective in terms of constraining or enabling actors’ behaviour. Conversely, informal interactions between actors can be in some cases highly institutionalised in practice – in the sense that they can be a regular features of the political process, based on widely socially shared rules that significantly shape and condition actors' behaviours, strategies and expectations (cf. Helmke and Levitsky, 2004). Including both structured and unstructured practices and processes of interest intermediation allows therefore for a more comprehensive consideration of the variety of ways through which interest group politics takes place and evolves over time.

3.3.3 Four types of interest intermediation

As outlined in Figure 3.1, crossing these two dimensions we can distinguish between four conceptual ‘types’ of government – organised producer group interactions: substantive concertation (I), cosmetic concertation (II), ad hoc political exchange (III) and unilateralism (IV).
Starting from the top-left, *substantive concertation* (I) refers to processes of interest intermediation which are formalised with regard to process, and that involve substantive policy-oriented political exchange between governments and organised producer groups (whether in a tripartite set-up or involving only one side of industry).\(^7\) It approximates closely Baccaro and Simoni’s (2008: 1323) definition of social concertation as a process whereby governments “share their policy-making prerogatives with trade unions and employers’ associations, not just informally by incorporating their inputs but also formally by setting up a bargaining table and engaging in negotiations with them over public policy”. As such, it captures the majority of macro-political concertation processes which have received the most attention in the corporatism and social pacts literature. Following Compston (2003: 791), the category of substantive concertation is limited to cases where the interaction process results in “government commitments to adopt particular policies as opposed to discussions that do not lead to such commitments”.

\(^7\) Following Traxler (2010: 51), I consider bipartite concertation agreements involving the government side and one of the two sides of industry (e.g. only unions) as conceptually assimilable to tripartite agreements, because of their shared feature of concertation between organised interest groups and the state. Bipartite peak-level collective bargaining agreements between unions and EOs do not instead fit in these conceptual categories, as they do not involve the state/government as a negotiating partner.
In the bottom left quadrant, *cosmetic concertation* (II) describes instances where governments conduct processes of formalised interaction with organised interest groups, without however engaging in substantive policy-oriented political exchange over policy options and meaningfully sharing their policy-making prerogatives. This category approximates Ost’s (2000) concept of ‘illusory corporatism’, and what Regini (1997a; cited in Menz, 2008: 33) calls “Konzertierung ohne Tausch”; i.e. concertation without a trade-off. Non-binding agreements, tokenistic consultation processes that take place at the end of decision-making processes, and tripartite discussion tables which involve no meaningful bargaining over public policy but only consultative ‘rituals’ fall under this category. Cosmetic concertation therefore encompasses many of those instances of ‘tripartite cooperation’ that in the ILO definition are subsumed under the generic heading of ‘social dialogue’ (Trebilcock, 1994).

It is important to specify that cosmetic concertation can be associated with a high degree of institutionalisation (e.g. routine tripartite bodies and commissions embedded in constitutional arrangements). Likewise, cosmetic concertation can entail significant processes of power-oriented political exchange (what Traxler (2010: 52) defines as ‘symbolic exchanges’ fulfilling an expressive function); as governments can still receive legitimisation from such interactions, and unions and employers can on their part extract societal and institutional power resources by being publicly recognised as policy-making partners (Hassel, 2009: 11). The discerning factor between substantive and cosmetic concertation is therefore whether policy-oriented political exchange between the parties occurs or not, which can be detected empirically either from the presence of an agreement with concrete commitments on policy options, or from traceable influence arising from the process of intermediation on the content of government policy. If neither can be traced, the case would be categorised as an instance of cosmetic concertation.

In the top-right quadrant, *ad hoc political exchange* (III) refers to processes of interest intermediation which do not happen through formally sanctioned or codified channels – for example, via behind-closed-doors meetings, informal interactions, arms-length negotiations or via intermediaries – but that entail nonetheless a traceable process of political exchange between governmental actors and organised interest groups with influence over the policy process, even though this is not formalised in an explicit agreement. This category therefore allows us to recognise as instances of substantive

---

* Similar definitions for these type of processes have been offered by Fontana (2011: 661), who refers to them as ‘window-dressing concertation’; and Bernaciak (2013), who calls them ‘PR corporatism’. 

73
interest intermediation those negotiations that take place outside the confines of formal tripartite concertation or of official bargaining tables, but that might have functionally equivalent outcomes and be just as central to the political process as formal channels. The conceptual category of ad hoc political exchange can encompass informal agreements (cf. Compston, 2003: 791), as well as some cases of what would conventionally be defined as instances of ‘lobbying’ – if it is possible to reconstruct the presence of an implicit or explicit quid pro quo between the state and industrial relations actors that underlies the mutual granting of concessions.

The last category in the bottom-right quadrant is that of unilateralism. Unilateralism, akin to what Salvati (1982; see also Trigilia, 2008: 191–193) describes as government ‘by decree’, denotes those cases where governments do not enter into formal or structured process of interest intermediation with unions and employers in the policy process, and where they do not engage in any kind of substantive political exchange with organised interest groups – neither over policy options, nor by exchanging ‘power goods’ in visible and public processes of concertation. Even if informal interactions between governments and interest groups might take place (such as informal lobbying and other channels of pressure politics), if these are not visible and do not result in any substantive policy-related quid pro quo they would be classified as cases of de facto unilateralism. Whilst opposition or contestation on part of organised interest groups may be a common feature of unilateral policy-making processes, this is not a necessary condition: in fact, organised interest groups can also be active consenters to a unilateral policy decision (Korpi, 2006).

This typology has the advantage of being able to provide a more fine-grained analytical framework for recognising patterns of continuity and change over time in the modalities of interest intermediation: for example, by allowing us to trace whether similar dynamics of political exchange persist even despite changes in the institutional form through which they are expressed, or vice versa, whether substantive changes in the logic of interest intermediation take place even in conditions when they remain structurally similar.

3.4 Summary

This chapter has outlined the theoretical and analytical approach that will guide the remainder of this research. Section 3.1 and 3.2 have outlined a theoretical and analytical framework, based on an actor-centred historical institutionalist approach, which centres the concept of political exchange to understand variation in the dynamics of interest
intermediation between governments, unions and EOs in the political sphere across countries, policy areas and over time. As the illustration of the conceptual model has made clear, explaining variation in modes of interest intermediation amounts essentially to *explaining the strategic choices* that each set of actor makes about how to best pursue its distinct interests in policy-making processes; and more specifically, about whether or not to engage in political exchange with the other actors to do so. Explanation requires therefore not only reconstructing the interest-based preferences that governments, unions and EOs prioritise and pursue, but also identifying the contextual factors – economic, political and institutional - that shape their strategic considerations and preference formation in specific instances of policy-making. Finally, taking stock of the limitations of the extant literature in adequately capturing variation in the possible forms of interest intermediation in the macro-political sphere, section 3.3 has proposed a typological classification of the modes of interest intermediation between governments and social partners, that will be used to conceptualise the ‘dependent variable’ in the remainder of this study.

Chapter 4 will now outline the methodology and research design that this thesis will follow to tackle the research questions. The rest of the thesis will then proceed to apply the conceptual apparatus outlined in this chapter to develop a more nuanced empirical and theoretical understanding of concertation in the wake of the Great Recession.
4 Chapter 4. Research design and methodology

This chapter outlines the epistemological and methodological approach underpinning this study, and provides a rationale for the comparative research design and qualitative methods of data collection employed. First, it outlines the ontological and epistemological standpoint of this thesis. Second, it introduces the thesis’ comparative qualitative case study research design, and articulates the rationale of case selection. Finally, it discusses the qualitative strategy of data collection, involving both primary interview data and secondary documentary sources, and the main techniques of data analysis.

4.1 Ontology and epistemology: a critical realist approach to explanation

As outlined in Chapter 2, the primary goal of this study is to chart the evolution of concertation throughout the crisis decade of 2008-2018, and to develop an explanatory account of variation in the modalities and extent of involvement of unions and EOs in processes of crisis-responsive policy-making. The epistemological position which underpins this work is thus aligned with the goal of developing causal explanations (Hollis, 1994). However, this work departs from conventional positivist approaches, as it does not subscribe to the notion that causal explanations must entail identifying nomological laws (cf. Hall, 2003: 377).

Rather, the epistemological position of this study is informed by the tradition of critical realism (Bhaskar, 2011, 2014). Critical realism holds that it is possible to develop context-sensitive explanations by identifying the causal mechanisms producing specific social phenomena (Edwards, 2005: 268). The range of factors attributed potential causal power in a critical realist perspective are diverse, and include material factors (e.g. economic resources, material capabilities or institutional capacities), normative, discursive and ideational factors, and actors’ goal-oriented strategic actions (cf. Kurki, 2006).

Critical realism differs however from positivism, as causal mechanisms are not assumed to operate uniformly regardless of context, but rather as contingencies that may or may not be activated in given circumstances and institutional settings (Edwards, 2005: 268). Social reality is conceived as an open-ended system, hence not suitable for the positivist theory-testing approach, narrowly focused on the identification of empirical regularities (Hay, 2002: 86). The focus is instead placed on identifying the spatio-temporal properties of a given context which activate certain causal mechanisms and attribute causal properties to specific factors. This dovetails well with the focus of the present
study, which is concerned with identifying how the phenomenon of social concertation and interest intermediation evolves in the specific historical context of the Great Recession, and how the mechanisms leading to its activation vary across periods, national-institutional contexts and distinct policy spheres.

Critical realism departs from positivism also in its treatment of empirical observations. A critical realist ontology assumes that actors’ subjective interpretations, their experiences of social reality and the meanings they attribute to events and social structures are equally important to develop explanations about the social world, although social reality is not reducible to such constructions (Gorski, 2013). In this way, critical realism finds a ‘middle ground’ between positivist-realist and constructivist-interpretivist approaches to social enquiry.

The critical realist paradigm is compatible with the goals of this research and with the actor-centred historical institutionalist approach outlined in Chapter 3. First, like historical institutionalism, critical realism assumes that historical and geographical context matters considerably in shaping causality (Edwards, 2005: 267–268), and that social structures are only relatively enduring and subject to historical change (Hay, 2002: 86). Second, similarly to actor-centred institutionalism, critical realism assumes that there is an interactive relationship between structure and agency (Bache et al., 2012: 73). On one hand, structures – such as institutional legacies, material power resources or macro-economic conditions – are seen as constraining and enabling actors’ agency and their interests (Bache et al., 2012: 73; Bhaskar, 2014). At the same time, actors’ agency and strategic choices are also attributed potential causal power (cf. Kurki, 2006). Furthermore, critical realism emphasises that social structures, unlike natural structures, do not exist independently of the activities that they govern, or of the agents’ conceptions of what their activities are (Hay, 2002: 86). Hence, actors’ subjective interpretations are seen as playing an important role both in reproducing and enacting social reality, and in shaping how ‘objective’ forces impacts on their choices. This implies that the way in which structural factors condition actors’ agency and their interests is conceived of as fluid and context-dependent – similarly to non-determinist, actor-centred institutionalist approaches (Bell, 2011; Crouch, 2007).

At the level of epistemology, relationships of causality are not conceived in deterministic terms or attributed nomological character. Rather, critical realism emphasises the situatedness and fallibility of knowledge claims about the social world (Gorski, 2013: 669). This ‘epistemologically cautious’ (Outhwaite, 1987) position does not
 imply complete relativism, but rather accepting that to be valid, knowledge claims about the social world must be rooted in the historical and social context within which they are developed.

A critical realist perspective is also ‘critical’ in a normative sense (cf. Edwards, 2015). Indeed, through its notion of ‘explanatory critique’, critical realism provides an explicit rationale for a ‘critical’ function of social science as being endowed with an emancipatory objective (Gorski, 2013; Hammersley, 2014) – similar to the conception of intervention- and emancipation-oriented knowledge construction of historical materialism (Gramsci and Forgacs, 2000). From this stems an understanding of social enquiry as a value-relevant activity, central to the rationale of this research – which is motivated, as the Introduction clarified, not only by theoretical interests but also by a normative concern with understanding the conditions under which organised labour can retain an influential role in modern capitalist polities, with the ultimate purpose of advancing the conditions and interests of the working class.

4.2 Research design and methodology

This study adopted a comparative case study small-N research design to address its research questions (Thomas, 2011; Yin, 2013). Qualitative methods were used as the main technique of data collection. The thesis combined inductive theory-building process-tracing (Falleti, 2016; Trampusch and Palier, 2016) and structured and focused cross-case comparisons (cf. George and Bennett, 2004) as the methods of analysis. This methodological approach is consistent with the study’s ontological and epistemological standpoint – as it is oriented to the development of causal explanations, yet non-deterministic and sensitive to historicity, context and contingency (Falleti and Lynch, 2009; Falleti, 2016).

4.2.1 Research design

This study adopted a nested approach to comparative case study research design (Table 4.1) combining within-case process analysis with cross-case comparison. Given the substantive interest on the dynamics of interest intermediation at the national level of policy-making, the case studies were defined at the macro-, country-level, and selected across the population of Eurozone Member States to interrogate patterns of variation and convergence in interest intermediation dynamics across crisis-struck Eurozone countries. Four case studies were chosen for inclusion: Ireland, Italy, Spain and Portugal (see infra for case selection rationale). Within each country case, the sub-class of events
analysed were specific instances of crisis-responsive policy-making taking place in the decade since the onset of the Great Recession (2008 and 2018) in the spheres of labour market policy, collective bargaining and wage setting, and pensions policy. Individual policy-making processes were analysed as embedded within their respective country-level institutional, political and historical context, and within the institutional configurations of their respective policy areas. Without directly considering the EU-level of policy-making, the research design additionally considered how individual countries are embedded within the common institutional framework of the EU and the Eurozone.

Table 4.1 Research design and logic of within-case and cross-case analysis

<table>
<thead>
<tr>
<th>Supra-national context</th>
<th>E.U and Eurozone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country-level cases (comparative analysis)</td>
<td>Italy</td>
</tr>
<tr>
<td>Labour market policy; collective bargaining legislation; pensions</td>
<td>Labour market policy; collective bargaining legislation; pensions</td>
</tr>
</tbody>
</table>

Source: own elaboration

This design takes into account how the institutional characteristics of both the country-level industrial relations and political system and of specific policy spheres might matter in shaping dynamics of political exchange between governments and organised producer groups, by defining the spheres of interaction between the actors, shaping the power resources they have available and influencing how they define their interests in specific reforms processes. It also allows to incorporate a consideration of the role of supra-national institutions and European macro-economic governance processes in shaping dynamics of interest intermediation at the domestic level.

4.2.1.1 Case selection rationale

The process of case selection followed a strategy of theoretical, purposive sampling (Eisenhardt, 1989). This implied choosing cases considered theoretically relevant for the phenomenon of interest and apt for the development of new theoretical insights. The
logic of case selection was geared towards identifying a small number of ‘key’ (cf. Thomas, 2011) or crucial (Gerring, 2007) cases – i.e. cases that would clearly exemplify important aspects of the phenomena under analysis, but also diverse (Gerring, 2006: 89), i.e. able to illuminate variation on a number of dimensions or attributes of the cases considered theoretically relevant. The process of case selection to identify such key or crucial cases followed a number of subsequent steps.

First, the population of interest was defined as the fifteen countries that were members of the Euro area (EA15) at the onset of the crisis in 2008, given the substantive research interest in the dynamics of tripartite concertation in the Great Recession in countries subject to the new European macro-economic governance framework, and in drawing parallels with the relevant antecedent historical experience of concertation during the EMU convergence process. Second, given the research interest in understanding how interest intermediation evolves under adverse macro-economic conditions, the severity of the crisis shock was considered as a criterion of case selection. A sub-set of Eurozone countries was identified based on how they performed on a number of macro-economic indicators between 2008 and 2012 (GDP % change, change in unemployment rates in % points). Countries were selected that presented a combination of ‘adverse’ macro-economic conditions (i.e. GDP decline and unemployment increase of at least 2% over the period of interest) [IE, GR, ES, IT, CY, PT, SI].

The exposure to exogenous pressures for structural reforms was also considered as a criterion of theoretical relevance, given the research interest in investigating the impact of ‘exogenous’ pressures originating from the crisis conjuncture on domestic interest intermediation. Cases were identified that had received direct or indirect financial assistance from the EU during the crisis and had been subject to substantial exogenous pressures for structural reforms [IE, GR, ES, PT, CY, IT]. Limiting the analysis to countries facing severe ‘adverse’ exogenous pressures was deemed important to ensure comparability. However, in this dimension the exploration of diversity was also considered theoretically interesting – e.g. comparing countries subject to full-blown bailouts and that concluded formal MoUs with the troika [IE, GR, PT, CY] and those subject to ‘implicit’ forms of conditionality [IT, ES].

Finally, case-specific knowledge was used to identify cases with a substantial history of tripartite concertation in the previous two decades, especially during the period of EMU

---

9 These were: Austria (AT), Belgium (BE), Cyprus (CY), Finland (FI), France (FR), Germany (DE), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), Malta (MT), Netherlands (NL), Portugal (PT), Slovenia (SI) and Spain (ES).
convergence in the 1990s, and that could thus allow for a longitudinal investigation of how these arrangements had adapted or collapsed during the recent crisis. Again, in this dimension the exploration of diversity between cases was deemed theoretically interesting – for example comparing countries where extant literature (e.g. Natali and Pochet, 2009) had identified tripartite concertation as having become more institutionalised in the post-EMU period (i.e. ES, IE), and those where it was deemed to have remained more unstable (i.e. IT, PT).

Based on these criteria, four country case studies were selected: Italy, Spain, Portugal and Ireland. As Chapter 5 will show, all four countries were severely impacted upon by the crisis, and subject to strong exogenous pressures for fiscal consolidation and structural reforms in several policy areas. Hence, they were theoretically apt to investigate the development of interest intermediation ‘in hard’ times’. Additionally, all four featured extensively in the literature on ‘new social pacts’ in the 1990s as examples of ‘competitive corporatism’ in traditionally non-corporatist settings (Avdagic et al., 2011; Baccaro and Simoni, 2008; Campos Lima and Naumann, 2011; Regini, 2003), and were thus theoretically well-suited to investigate how these institutional and political arrangements have performed and been subject to transformation in the recent crisis phase. Given the comparable structural pressures that they have faced, they are also well-suited to explore whether the crisis has brought about a convergence trend away from concertation, or whether divergent trends of institutional adaptation can be identified.

As Chapter 5 will illustrate, despite their comparability, the cases are also diverse on several dimensions – such as the institutional legacies of industrial relations, social concertation and welfare system; models of economic growth and natures of the macro-economic problem load faced during the crisis; type of conditionality they were subject to; and trajectories in the emerging recovery. Coupled with considerable variation in political circumstances (analysed in Chapters 7-9), this diversity offered rich empirical

---

10 This case selection excludes from the analysis the case of Greece, perhaps the ‘peripheral’ Eurozone country whose trajectory during the crisis has received most attention from academic literature and public debate so far. This is theoretically justifiable because Greece represents, in many respects, an ‘exceptional’ case for what concerns the extremely severe nature of its crisis performance and the political dynamics which have characterised its process of crisis management and structural adjustment, and this makes it inherently difficult to insert in a comparative research design. Furthermore, Greece’s involvement with the programme of financial assistance from the institutions of the ‘Troika’ is still ongoing and thus makes an analysis of the political dynamics of the crisis phase inherently difficult as, in many respects, these are still unfolding and subject to ongoing change. Finally, Greece did not feature in the literature on ‘new social pacts’ in the 1990s as it did not develop any substantial social partnership arrangements in that historical phase. Therefore, it is not well suited for inclusion as a case in an analysis which seeks to understand the fate of neo-corporatist arrangements in the present historical phase.
material to investigate how different configurations of theoretically relevant factors may have led to different outcomes in the dynamics of interest intermediation.

Despite not being explicitly based upon the principles of most-similar or most-different research design (Gerring, 2006; Ragin, 1982; Tarrow, 2010), this strategy of case selection ensured robustness by avoiding a common pitfall of comparative case study research, i.e. the choice of cases based on the so-called ‘dependent variable’ (Geddes, 1990) – as the nature of the ‘outcome of interest’ (i.e. the dynamics of interest intermediation during the crisis) was empirically determined in the process of analysis.

4.2.1.2 Selection of policy areas of interest

The analysis focused on developments in three core policy areas that, taken together, encompass the core areas of regulation of employment and welfare institutions in advanced industrial countries: labour market policy (conceptualised here as encompassing employment protection legislation, unemployment benefits and other work-related income support measures, such as short-time work schemes, and active labour market policy), collective bargaining and wage-setting policy, and pensions policy.

The choice of focusing on these three policy areas was motivated by substantive and theoretical reasons. First, in substantive terms, these are the main three policy spheres on which most structural interventions implemented during the period of the crisis have been concentrated – and thus offer rich empirical material to investigate the nature of adjustment processes under austerity. Second, labour market policy, collective bargaining/wage setting and pensions are the core policy areas of interest and concern for both employers’ organisations and trade unions, and thus stand at the centre of their interactions with governments. Third, reforms in all three areas were at the centre of concertation processes in the 1990s. Hence maintaining this focus maximises the scope for comparability with the insights of the extant literatures on this topic.

Lastly, these three spheres of policy capture both of the core logics and drivers of government intervention in the age of austerity: i.e. fiscal consolidation and reduction of public spending (particularly relevant for redistributive policies such as pensions and unemployment benefits and for wage setting in the public sector) on the one hand; and interventions to increase competitiveness (relevant for regulatory policies such as EPL, reforms of collective bargaining and of the regulation of wage setting institutions in the private sector) on the other. Focusing on different policy areas within each country further allows to investigate whether the nature of the policy field and the differential
constellations of actors’ interests and power resources in each influences the nature of the dynamics of political exchange, and the likelihood of compromise or agreement between governments, employers and unions being found (as suggested for example by Molina and Rhodes (2002)).

4.2.2 The comparative qualitative case study method

4.2.2.1 Within-case analysis: inductive process-tracing

The rationale for adopting a small-N comparative case study research design was both theoretical and substantive. The case study method allows for the development of holistic explanatory accounts through the intensive analysis of the interaction of multiple factors in one or a few cases (Ragin and Becker, 1992; Thomas, 2011), combining a rich exploration of the historical, institutional and political context within which social events unfold with a qualitative analysis of actors’ contextual choices and motivations for action.

The specific approach to case study analysis followed in this study drew on the method of process tracing, and specifically on the variant of theory-building, inductive process tracing (cf. George and Bennett, 2004; Falleti, 2016). This involves a theoretically informed examination of historical cases and processes to “identify the causal chains between the observed events” (Trampusch and Palier, 2016: 9), attaching special importance to understanding and specifying the causal processes and mechanisms that link determinants to the outcomes of interest (Hall, 2006: 25); whilst bearing in mind that these mechanisms may vary in their operation across different contexts (cf. Falleti and Lynch, 2009).

This kind of process-tracing is theory-guided, as researchers are guided by extant theory and by their ontology in identifying “the relevant events that constitute the sequence or process of interest” (Falleti, 2016: 457); but also enables inductive generation of novel theoretical inference by uncovering causal mechanisms connecting causes and effects which are not necessarily fully specified by extant theory (Falleti, 2016: 458). Process-tracing is also sensitive to the interplay between structure and agency as it “provides a way to learn and to evaluate empirically the preference and perceptions of actors, their purposes, their goals, their values and their specification of the situations that face them” (Vennesson, 2008: 233), whilst situating them within their material-historical context.

This approach to process-oriented case analysis embraces a probabilistic conception of causality (Trampusch and Palier, 2016: 6), emphasising the complexity of the cases and accounting for the interplay of structural conditions, agency and interpretations (Moses and Knutsen, 2012). It is thus theoretically consistent both with a
critical realist ontology, which holds a non-deterministic view of causality; and with an actor-centred historical institutionalist framework, which highlights the crucial role of institutionally situated actors’ agency in shaping outcomes. It is also appropriate for the goals of this research, which aims to identify the specific causal processes leading to different dynamics of interest intermediation by considering the complex interactions between multiple factors – i.e. the macro-economic and historical context of the Great Recession; the national institutional and historical legacies shaping the arenas of interaction and the power resources available to each set of actors; and the strategic choices and perceptions of the actors in concrete settings, which shape how they define and pursue their interests.

4.2.2.2 Cross-case comparison

This study combined within-case analysis with cross-case comparison. The approach followed in the multiple case studies was that of ‘structured and focused comparison’ (George and Bennett, 2004: 67), whereby the same research questions were asked of each case, to make systematic comparison possible in the second phase of the analysis. The rationale for applying a comparative logic to case study enquiry was two-fold. First, cross-case comparison was substantively necessary to achieve the first research goal – i.e. identify patterns of temporal and cross-national variation in interest intermediation dynamics across crisis-struck countries. Second, cross-case comparison was deemed useful for theory-building. The logic of case comparison adopted here departed from conventional positivist approaches to the comparative method (Lijphart, 1971; Przeworski and Teune, 1970), focused on the identification of the causal properties of single independent variables assumed to be operating invariantly across cases. Instead, this study embraced a more holistic approach to comparative enquiry, as advocated for example by Ragin (Ragin, 1982; Ragin and Becker, 1992), where what is compared are not individual variables but cases in their complexity, with the goal of building accounts which have theoretical value in virtue of the conceptual categories that the analysis generates and “in the grouping of the cases into sets that represent distinctive causal trajectories” (Hall, 2003: 390).

The comparison of multiple cases in a small-N design was thus chosen for its capacity to yield more rich theoretical insights, by preserving the complexity-focused

11 The alignment between ontology, epistemology and methodology pursued here follows Hall’s (2003) advice on the matter and complies with Trampusch and Palier (2016: 13)’s recommendations for “good process tracing”
nature of within-case analysis but adding to it further depth (George and Bennett, 2004: 18). Indeed, case comparison allowed to investigate how causal trajectories, causal mechanisms and the role of different factors varied depending on the national and historical context, and to identify the potential multiple causal pathways leading to similar outcomes. More specifically, cross-case comparison was used in this study to:

a) identify the empirical and theoretically relevant similarities amongst cases displaying similar outcomes – and thus formulate conjectures about the potential common determinants of specific modalities of interest intermediation;

b) investigate whether the causal processes leading actors to engage in either political exchange or unilateralism in crisis-responsive policy-making were similar across cases displaying similar outcomes – thus contributing to building theoretical insights about the causal mechanisms at play in shaping interest intermediation under crisis conditions; and

c) to disentangle the role that country-specific institutional and political factors played in shaping actors’ strategic choices in the presence of ‘comparable’ exogenous economic and political pressures arising from the Eurozone governance framework.

4.2.3 Retructive theory-building

With regard to the relationship between theory and data, this thesis’ approach followed what Schmitter (2008) calls a logic of discovery, prioritising the goal of theory building (George and Bennett, 2004: 75). This approach is consistent with the theoretical and ontological underpinnings of this study. Indeed, as Scharpf (1997: 27) points out, the process of deductive hypothesis testing requires reducing drastically the complexity of theorised explanations, by reducing the range of independent variables considered. This contrasts with the actor-centred institutionalist idea of understanding intentional action in its situated complexity. To preserve complexity, this study adopted instead a retroductive or abductive approach to theory building (Glynos and Howarth, 2007). Retroduction involves an iterative movement between ‘data’ and theory, starting from the empirics to then develop theoretical constructs that best explain the relationships identified in the data, building upon existing theories, then verifying how these theoretical constructs perform in making sense of the phenomena, and revising them in an iterative process.

In practice, this approach implied starting the case analysis by reconstructing and analysing inductively the causal processes and chains of events at play in each case, considering the interplay of ‘objective’ factors (e.g. institutional and macro-economic
factors) and the role of actors’ subjectively defined interests and motivations. Drawing on existing theoretical constructs, conjectures were then developed to explain the patterns of variation and the chains of events observed, comparing the relative usefulness of different theoretical lenses to make sense of the observed empirical processes. In this iterative process, theories of political exchange and actor-centred historical institutionalist approaches to the study of policy-making were identified as the most promising theoretical constructs to interpret the phenomena. The comparison of multiple cases allowed identification of the common or similar causal processes at play in cases displaying similar outcomes, and the factors consistently associated with the activation (or non-activation) of these causal mechanisms, thus contributing to theory development.

The organisation of the material in the thesis reflects this approach to retroductive theory building based on the combination of within-case and cross-case analysis. Chapter 3 has introduced the retroductively-derived theoretical concepts that provide the analytical lens to interpret the cases, theorise the process of interest intermediation and classify the outcome of interest. The following chapters then apply these concepts flexibly to develop more nuanced theoretical insights. Chapter 6 presents a comparative mapping of all the cases to identify empirical patterns of temporal and cross-country variation in the value of the ‘dependent variable’ – i.e. in the mode of interest intermediation in crisis-responsive policy-making processes, to address the first research question of this study.

Chapters 7-9 then engage in theory-building process-oriented analysis to explain observed variation. Each chapter analyses cases matched on the basis that they present comparable outcomes – i.e. similar dynamics of interest intermediation – in distinct phases of the crisis, and combines within-case and comparative analysis to identify the cross-case similarities in the causal processes and factors associated with specific outcomes. Hence, Chapter 7 and 8 identify the causal processes leading respectively to unilateralism or crisis concertation under acute crisis conditions, by comparing the cases where each of these outcomes was respectively most predominant (Italy and Spain for unilateralism; Ireland and Portugal for crisis concertation). Chapter 9 then compares all four cases to identify the common causal processes leading to the (re-)activation of political exchange in the post-crisis period – an outcome observed across all four cases, although with case-specific variation.

The process-tracing analysis in chapters 7-9 focuses on the most theoretically relevant policy-making episodes that best illustrate the dynamics of interest. In these analytical chapters, the retroductively-derived conceptual framework of interest-driven
political exchange outlined in Chapter 3 is applied flexibly to interpret the dynamics of interest intermediation, but the analysis remains open to identifying contingent factors that account for specific patterns of variation. Finally, Chapter 10 draws out the more general theoretical insights about the evolution of interest intermediation in the wake of the Great Recession, derived on the basis of the case comparisons undertaken in chapters 7-9.

4.3 Data collection and analysis

4.3.1 Data collection methods

This study employed two main methods of data collection: semi-structured ‘elite’ interviews (Richards, 1996; Tansey, 2007) and qualitative documentary analysis (Wesley, 2010). These were complemented with descriptive statistics drawn from international and national databases. The choice to use qualitative data collection methods was aligned with both with the process-tracing method and the critical realist ontology introduced above, and with the actor-centred theoretical approach guiding the study, which implies that the process of explanation necessarily requires an understanding of the motivations guiding actors’ intentional actions, “inevitably based” on actors’ subjectivities, preferences and perceptions of reality (Scharpf, 1997: 60). Qualitative interviews combined with analysis of contemporary documents were thus the most appropriate data collection method to reconstruct the orientations and motivations of the actors involved in the policy-making processes under analysis.

To gain a contextual understanding of each case study, in line with the principles of ‘slow’ comparative research (cf. Almond and Connolly, 2019), two fieldwork visits were conducted in each of the case study countries (a first ‘pilot’ visit and a more extended visit), spending in total between two and four months in each country. The total period of qualitative data collection extended over 18 months – from February 2017 until July 2018. During these fieldwork visits, qualitative semi-structured interviews were conducted with key informants and ‘elite’ actors – i.e. actors occupying positions of responsibility within the relevant organisations that were either directly involved in or had significant insights to share about the processes of policy-making under analysis (cf. Hochschild, 2009). The remaining fieldwork time was spent collecting documentation and literature sources in the local language, and attending relevant events (e.g. demonstrations, picket lines, seminars, public events held by local trade unions and employers’ organisations and policy talks) which allowed to gain in-depth understanding
of the local context.

4.3.1.1 Semi-structured elite interviews

The main method of data collection was semi-structured qualitative interviews with ‘elite’ actors (policy-makers and governmental actors, trade unions and employers’ organisations representatives, and experts). The interviews aimed primarily to acquire an in-depth understanding of the action orientations and motivations of the organisations/bodies that interviewees represented in various critical episodes of decision-making during the crisis period, and to reconstruct their subjective interpretations of specific events. These accounts were thus not analysed with the purpose of identifying an underlying ‘truth’, but rather to gain an understanding of the actors’ situated worldviews. In this respect, divergences in the interpretative accounts offered by different actors about the same policy-making processes were not inherently considered as a threat to validity (Mosley, 2013), but rather as a source of theoretical insights.

The interviews also served a more ‘fact-finding’ function, as they often provided factual information about the dynamics of specific policy-making processes and about the sequencing of events that complemented the (often partial) factual narratives reconstructed through documentary or newspaper sources. Inevitably, the factual accounts that different actors offered of the same processes often presented discrepancies – either due to ‘recall’ issues, or because the actors sought to downplay, emphasise or paint in a favourable light the role of their respective organisations in the processes under analysis (all common issues in elite interviews, as highlighted for example by Richards (1996) and Mosley (2013). As these ‘factual’ discrepancies were considered more problematic from the point of view of reliability and validity, in the analysis these were addressed through the triangulation of different sources (comparing consistency between the accounts of multiple interviewees, and comparing interview data with the content of primary documentary sources or newspaper accounts) (Mosley, 2013: 22–25).

To gain access to relevant interviewees, a process of purposive snow-ball sampling (Tansey, 2007) was followed, using both personal and institutional networks, and relying on referrals from previous interviewees. All interviews with the exception of two were conducted in person, and in the language of the interviewee(s) wherever possible. Most interviews were one-to-one, with the exception of three interviews which included 2 or 3 participants from the same organisation. In total, 89 qualitative interviews with 92
respondents were conducted, ranging from 40 minutes to 160 minutes in length, with an average length of 60 minutes. In the vast majority of cases, these were tape-recorded and transcribed. When interviewees did not give consent for recording, detailed notes were taken. Two additional respondents provided written answers to questions via email, bringing the total of respondents to 94.

Two main principles guided the process of interviewee selection. First, I attempted to gather interview data pertaining to the whole period of interest (2008-2018) as comprehensively as possible. This effort required, in many cases, attempting to gain access to individuals that were no longer in office. In some cases, it was not possible to gather the same wealth of interview data regarding all periods of interest. Secondly, I attempted to achieve an even numerical balance between each category of interviewees (government officials, MPs and policy-makers; representatives of peak-level unions and of employers’ organisations with national-level roles). Whilst gaining access to representatives of employers’ organisations proved generally more challenging than to other interviewees, the final sample included a good spread from across the various categories. The ethical processes followed with regard to informed consent and a sample of the materials used in the interviews are outlined in the Appendix.

The table below summarises the interviews conducted in each country by interviewee type. A full list with anonymised details of the interviewee’s roles and identifying codes for each interview is included in the Appendix.12

Table 4.2 List of interviewees by country and category

<table>
<thead>
<tr>
<th>Country</th>
<th>Trade unions</th>
<th>Employer orgs.</th>
<th>Policy-makers, MPs and party representatives</th>
<th>Experts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>12 (6 CGIL, 2 CISL, 3 UIL, 1 USB)</td>
<td>5 (2 Confindustria, 1 Rete Imprese, 1 CNA, 1 Confartigianato)</td>
<td>10</td>
<td>4</td>
<td>31</td>
</tr>
<tr>
<td>Spain</td>
<td>9 (5 CCOO, 4 UGT)</td>
<td>3 (2 CEOE, 1 CEIM)</td>
<td>6</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td>Portugal</td>
<td>7 (3 CGTP, 4 UGT)</td>
<td>4 (1 CIP, 2 CCP, 1 CTP)</td>
<td>7</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Ireland</td>
<td>7 (ICTU, UNITE, Impact, SIPTU, INTO)</td>
<td>5 (Ibec, American Chamber of Commerce)</td>
<td>5</td>
<td>5</td>
<td>22</td>
</tr>
</tbody>
</table>

4.3.1.2 Documentary sources and secondary sources

Besides interview data, the analysis also drew on several primary documentary sources. In Spain, two interviewees had covered two different roles over time (e.g. Ministry or party official and trade union officers), and hence are counted twice in the tables (but not in the total).

---

12 In Spain, two interviewees had covered two different roles over time (e.g. Ministry or party official and trade union officers), and hence are counted twice in the tables (but not in the total).
sources, collected both online or in physical copy. These included press releases, policy
documents, policy position papers, copies of public speeches, records of parliamentary
debates, and interviewees’ own notes of meetings or copies of correspondence which
they shared with me voluntarily. These documentary sources were consulted to
reconstruct historical processes, corroborate accounts from the qualitative interviews and
reconstruct the policy positions of the relevant actors.

To reconstruct the chains of events for each country case, a comprehensive
chronological archive was collected comprising country-specific updates from
Eurofound’s European Industrial Relations Observatory / Eurwork; and articles from
national news sources covering the ten-year period of interest. All news items related to
national-level policy developments in labour market policy, collective bargaining,
pensions and welfare policy which included any mention of unions or employers’
confederations were gathered and organised chronologically. These country-specific news
archives were compiled using targeted keyword searches of the ‘Nexis’ database, which
collects a variety of news sources (newspapers and news agencies) from each country; as
well as using targeted key-word searches of the web archives of selected major news
sources in each country (Repubblica, Corriere della Sera and Sole 24 Ore in Italy; El País and
El Confidencial in Spain; Público and Jornal do Negócios in Portugal; The Irish Times and RTE
in Ireland).

Several sources of secondary data were also consulted (e.g. the European
Commission LABREF database; the ETUI Reforms’ Watch database); and data drawn
from comparative statistics databases (OECD, Eurostat, ILO), the ICTWSS database;
national statistical agencies, and national and international survey data (e.g. ESS,
Eurobarometer) were compiled to produce descriptive statistics of relevance to the case
studies (see Chapter 5).

4.3.2 Data analysis

The process of qualitative data analysis involved several stages and steps. I outline
here the main analytical steps followed to categorise and classify the ‘dependent variable’
of the study (i.e. to classify instances of policy-making according to the typology outlined
in chapter 2), and to analyse the qualitative data for the purposes of within-case and cross-
case analysis.

4.3.2.1 Categorisation of the dependent variable

The first substantive analytical task involved assigning single instances of crisis-
responsive policy-making in the case study countries to the typology categories outlined in Chapter 3, to identify patterns of continuity and variation in modalities of interest intermediation across cases and over time. The approach and analytical steps followed in this task, whose results are reported in Chapter 6, are now briefly outlined.

1. Identification of the ‘population’ of policies and initiatives in scope.

First, the ‘population’ of policy measures and governmental initiatives which constituted the corpus of the analysis was identified. Rather than taking country-years as the units of analysis, individual instances of policy-making were chosen as the basic units of analysis, to be sensitive to the potential divergences in policy-making dynamics between different policy spheres. Through a systematic review of secondary sources (the European Commission LABREF database, the ETUI Reforms’ Watch inventory and Eurofound’s Eurwork database), triangulated with national primary sources (government websites and parliamentary legislation online archives), the main government policy initiatives on the topics of labour market policy, collective bargaining and wage-setting and pensions undertaken over the 2008-2018 period were identified. Processes of discussion and consultation with the social partners on these topics were also included even if they did not lead to concrete policy decisions. In the analysis, each policy initiative is uniquely identified with a code (country code and number, e.g. IT1, IT2, etc.), with the numbers identifying the temporal sequence of the measures.

2. Categorisation of cases in typology

The second step was the systematic classification of each case in its respective typological category, based on the analysis of primary and secondary sources. Sources were collected and analysed using the QDA software Nvivo11. To classify each policy-making episode in the typology, systematic steps were followed, asking the same ‘questions’ of each case:

- **Evidence of interaction**: Is there evidence (textual or interviews evidence) that a process of interactions between governments, unions and employers took place in the context of a given policy decision / policy initiative? If not, the case is classified as an instance of *unilateralism*. If yes, the following questions were asked.

- **Timing**: Did this interaction take place *before* or *after* the content of the measure / policy initiative had been set and passed into legislation?
• **Structure:** Was the interaction structured, public and visible, or non-structured (informal) and non-public in nature?

• **Content and outcomes:** Is there textual or interview evidence of any trade-offs or compromises arising from the interest intermediation process which have an impact on the content of government policy or that result in tangible policy concessions being given to unions / employers? Are these trade-offs formalised or implicit?

On the basis of the answers to these questions, cases were classified according to the decision-tree summarised in Table 3 below. Primary interview evidence with key actors involved in reforms’ processes (government actors, unions and employers) was used to reconstruct instances of ‘informal’ interactions, which could not be traced through documentary sources. The careful triangulation of different sources allowed to establish with reasonable certainty the nature of the interaction process in each instance.

The second challenge was ascertaining the ‘impact’ that interactions between governments and organised interest groups had on policy content. As Compston (1997: 736) argues, the influence of organised interest groups on policy is, in some respects, an ‘intangible’ phenomenon, hence hard to operationalise. Furthermore, relying on interview evidence poses various risks in this regard – such as potential ‘credit claiming’ (i.e. unions and employers claiming to have had more influence on a given policy content than is the case), or the contrary (i.e. governmental actors downplaying influence of interest groups). However, careful process tracing and triangulation of sources was used to uncover with the greatest degree of possible accuracy influence on policy content arising from policy-oriented political exchange. Techniques followed to this end involved comparing multiple actors’ accounts from interviews and with their respective policy positions as outlined in documentary sources or newspaper evidence; comparing the evolution of government policy plans and unions and employers’ policy positions over time; and verifying the correspondence of final policy outcomes with the initial preferences expressed by governments, unions and employers’ organisations in relevant documentary sources, in line with the so-called ‘preference attainment approach’ used in the interest group literature (Dür, 2008).
Table 4.3 Case classification decision tree

<table>
<thead>
<tr>
<th>Any interaction between governments, unions and employers on policy content?</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unilateralism</strong></td>
<td><strong>Timing of interaction</strong></td>
<td></td>
</tr>
<tr>
<td>Before policy content is defined by government</td>
<td>After policy content is defined by government</td>
<td></td>
</tr>
<tr>
<td><strong>Dimension 1:</strong> Is the process structured and visible?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Dimension 2:</strong> Does it impact on policy content / are policy concessions granted as a result?</td>
<td>Yes</td>
<td>Substantive concertation</td>
</tr>
<tr>
<td>No</td>
<td>Cosmetic concertation</td>
<td>Unilateralism</td>
</tr>
</tbody>
</table>

*Source: own elaboration*

The last challenge pertained to the analytical classification of ambiguous cases. These included instances where a policy-making process entailed a visible and structured intermediation with the social partners, but no agreement or consensus materialised, leading ultimately to a unilateral decision by the government. These were generally classified as instances of ‘cosmetic concertation’ (visible interaction without policy-oriented political exchange taking place). Other hard-to-categorise cases included instances where there was evidence of bilateral lobbying efforts by single interest groups. In these cases, I considered whether or not there was initial coincidence between the government’s policy positions and those of the lobbying group, and if there was a traceable *quid pro quo* in concessions between the group and policy-makers. If a group had its preferences satisfied but there was no traceable *quid pro quo* underpinning this policy decision, then this was not classified as an instance of political exchange. In the analysis (Chapters 6 and ff.), all efforts have been made to discuss with maximum transparency the reasoning through which individual cases have been classified, bearing in mind that the process of classification of cases into analytical categories necessarily entails a degree
of subjective analytical judgement.

4.3.2.2 **Thematic analysis of interview data**

After this first typological analysis of the individual cases, the qualitative data was analysed thematically. The interview transcripts and related documentary sources were analysed to reconstruct the actors’ motivations, intentions and reasoning underpinning their strategic choices in various instances of policy-making. Following the approach of thematic analysis (Miles and Huberman, 1994), the data were analysed following three iterative stages of coding in Nvivo11.

A first stage of data-led open coding identified the main sub-themes emerging from the interviews, producing a large amount of informant-centric codes proceeding on a country-case by country-case basis. In the second stage, these descriptive codes were re-organised through axial coding and grouped into analytical thematic categories by interrogating the similarities and differences amongst the underlying phenomena and the concepts that each code referred to. The relationships between each identified category and its sub-categories were clarified, and ‘nascent concepts’ (cf. Gioia et al., 2013: 20) with similar meaning grouped under one category. Lastly, in a process of selective coding (Strauss, 1987: 33), a few emergent themes were identified as most fruitful in terms of theoretical relevance. The analytical-theoretical categories selected were identified retroductively in iteration between data and theory. At this stage of the coding process, the same analytical-theoretical categories were applied across all case studies, to enable the subsequent process of cross-case comparison.

This process of thematic qualitative data analysis, combined with the case-specific process tracing, supported the identification of causal mechanisms at play in each case. How the empirical findings are written up in the subsequent chapters reflects the combination of thematic interview analysis and process tracing adopted in the study. The single case studies are written up chronologically to reconstruct the processes and causal mechanisms at play in key decision-making processes during different crisis phases. The comparative analyses and discussions are instead based around the central analytical-theoretical themes emerging from thematic and comparative analysis.

---

13 For example, at this stage of the analysis I applied theoretical constructs from my developing model of political exchange as coding categories (e.g., using the categories of *power interests* or *policy interests* to categorise the motivations that actors expressed they were pursuing in various stages of policy-making); whilst also using theoretical categories that had emerged inductively from prior stages of data analysis.
4.4 Summary

This chapter has provided an account of the ontological, epistemological and methodological approach that this research has followed. Section 4.1 has outlined the critical realist paradigm informing this study and its non-deterministic conception of causality, and elucidated its compatibility with the actor-centric historical institutionalist theoretical approach that the research embraces. Section 4.2 has then discussed the methodological choices made in designing and carrying out the research. It outlined the rationale for the chosen comparative case study research design, the logic of case selection, and the rationale underpinning the choice of using inductive theory-building process tracing. Section 4.3 then introduced the methods of data collection and data analysis employed in the study and discussed the main practical and analytical choices made in the research process. The next chapter (Chapter 5) introduces the institutional-historical background of the four case studies. The following four chapters (Chapters 6-9) will present the empirical findings of the research.
5 Chapter 5. Introducing the cases: institutional, historical and macro-economic context

This chapter provides a descriptive introduction to the institutional, political and macro-economic context of the four case study countries in the run-up to and during the decade of the Great Recession, and sets the scene for the process-oriented analysis of the following chapters. First, section 5.1 introduces the main historical-institutional features of the case study countries, focusing on their legacies of industrial relations and of their historical patterns of interaction between the state and organised producer groups. Second, section 5.2 introduces comparatively the characteristics and the organisational, institutional and societal power resources of unions and employers’ organisations across the four countries. Lastly, section 5.3 provides a comparative overview of the macro-economic context of the four countries in the pre-crisis period and during the economic and sovereign debt crisis, contextualising their specific ‘crisis stories’ within the broader context of Eurozone-level developments, and outlining the main impacts of the crisis with relevance for the dynamics of domestic interest intermediation.

5.1 State traditions, institutional legacies and histories of concertation

5.1.1 Italy

Italy’s pattern of state-society relationship was shaped by the deep Catholic Church-state cleavage in the process of 19th century state formation, by its late industrialisation and by the profound regional disparities between Northern and Southern Italy (Crouch 1993). Rivalry between the state and the Church made the latter jealous of sharing its political space, and hence reluctant to grant organised interest groups a substantive role in the national political arena. This historical legacy was never completely undone, despite the corporatist experiments under Fascism and the dominance of Christian Democracy post-WWII (Crouch, 1993: 302–307), and contributed to the development of a fragmented and often adversarial system of industrial relations, characterised by the co-existence of multiple union confederations and employers’ organisations, frequently in mutual competition.

There are three major union confederations in Italy, whose fragmentation along ideological and strategic lines reflects the split between communist-socialist and catholic traditions of unionism (Hyman, 2001: 144–145) (see infra for density figures). The largest is the CGIL (Confederazione Generale Italiana del Lavoro – Italian General Confederation of Labour), historically linked to the Italian Communist Party (PCI) with a left-Socialist
minority. After the PCI’s demise in 1991, the CGIL has been formally party-independent, but maintained close relationships with its successors – first the DS (Left Democrats) and then the PD (Democratic Party), formed in 2007 from a merger of the DS and the former ‘left’ faction of the former Christian Democracy (DC).

The other two major confederations are the CISL (Confederazione Italiana Sindacati Lavoratori – Italian Confederation of Workers’ Unions) and the UIL (Unione Italiana del Lavoro – Italian Union of Labour). The CISL until the 1990s entertained close links with the ruling Christian Democracy (DC) party (Hyman, 2001: 53; 145–146). After the DC’s disintegration in the early 1990s, CISL became close to its successors, particularly the PD’s catholic faction (cf. Ceron and Negri, 2017). UIL, secular and composed mostly of moderate Socialist and republicans, is considerably smaller and has sought to differentiate itself by asserting its political independence (Hyman, 2001: 146).

The CGIL, which originally embraced a ‘class struggle orientation’, followed a path of progressive ‘social-democratisation’ since the 1970s (Hyman, 2001: 148–151), but has remained the most oppositional confederation. CISL and UIL have instead a more ‘economic’ orientation, emphasising the extraction of concrete gains in the employment relationship and embracing a more moderate stance in bargaining. The relationships between CGIL, CISL and UIL have undergone alternate phases of occasional unity and deep divisions (cf. Baccaro et al., 2003a; Mariucci, 2004). Their representative monopoly has been challenged since the 1990s by the growth of grassroots unions such as the Cobas and the USB (Unione Sindacale di Base), oriented towards workplace organising and opposed to the ‘concertative’ strategies of the main unions. These however remain quantitatively minoritarian.

The structure of employers’ representations is also fragmented (Vatta, 2007: 225). The largest peak-level EO is Confindustria, historically the main signatory of tripartite social pacts. Confindustria’s membership comprises mostly manufacturing employers and a significant share of service sector employers – both large firms and SMEs. Confindustria grew considerably over the 1990s, incorporating within its ranks also the newly privatised previously state-owned companies, which play an increasingly important role (Vatta, 2007). Large manufacturing firms have traditionally been the dominant voices, and membership heterogeneity has been a prime cause of internal tensions over policy preferences. Several other sectoral peak-level employers’ confederation (e.g. the commerce employers’ confederation Confcommercio and the craft employers’ confederations CNA and Confartigianato) co-exist, with partly overlapping membership
domains. Whilst very active in sectoral collective bargaining, these organisations have however traditionally played a less prominent role in tripartite concertation, despite being signatories of most social pacts during the 1990s (Vatta, 2007).

Due to the absence of mechanisms granting official legal status to unions and EOs and giving *erga omnes* legislative validity to collective bargaining agreements, IR actors in Italy retain considerable autonomy in collective bargaining and wage-setting. High coverage levels (see Figure 5.9 below) have historically posed an obstacle to the state unilateral intervention in IR (Regalia and Regini, 2018). Up to the crisis, the state played nonetheless a substantive role in labour market regulation – especially of individual and collective employment rights, enshrined in the 1970 Workers Statute, and in providing financial support to the productive system (e.g. through the system of short-time work schemes – *Cassa Integrazione Guadagni*) (Molina and Rhodes, 2007).

Following the wave of industrial conflict beginning in 1968, Italian IR actors and unions in particular accumulated considerable institutional power resources, becoming involved in the administration of national social security bodies and various welfare programmes (Regini and Regalia, 1998: 495; Vatta, 2007: 210; Natali and Pritoni, 2014: 251), which gave them powers often exceeding their associational density. Up to the crisis, unions and EOs were also formally involved, both locally and nationally, in the management of key institutions at the interface between the labour market and the industrial relations sphere, such as short-time work schemes and so-called bilateral funds (*enti bilateralì*) providing income support and training measures in cases of industrial restructuring in several sectors. Furthermore, union-based workplace representative structures (RSU) regulated by the 1970 Workers Statute (*Statuto dei Lavoratori*) are well-established and enjoy considerable legal powers (Gumbrell-McCormick and Hyman, 2013: 23). Unions also enjoyed a right to statutory institutional involvement in collective dismissal processes.

In the sphere of politics, however, the absence of institutionalised mechanisms of inclusion of unions and EOs in policy-making left concertation on an uncertain institutional footing (Vatta, 2001: 118). The 1948 Constitution introduced a nation-wide, cross-sectoral tripartite institution of social dialogue, the National Council for Economy and Labour (*Consiglio Nazionale dell’Economia e del Lavoro*, CNEL), comprising representatives of all unions and business associations. However, the CNEL only has

---

14 For example, Italy is one of a handful of EU Member States without a statutory minimum wage in place, and no automatic or routine administrative extension mechanisms for sectoral CB agreements exists (although extensions are routinely implemented by the Courts) (Schulten, 2014).
non-mandatory consultative functions, and plays no substantive nor formal role in facilitating concertation (Vatta, 2001: 110).

Hence, the occurrence of concertation and ‘political exchange’ has historically been sporadic and ad hoc, usually coincident with periods of high economic uncertainty or political instability (cf. Baccaro and Lim, 2007). After the experiences of occasional political exchange over incomes policy in the 1970s (Regini, 1984a), extreme governmental weakness during the early 1990s, following the collapse of the post-WWII party system, was a major driver behind the re-activation of tripartite social pacts (Baccaro and Lim, 2007). Minority or technocratic cabinets repeatedly used pacts to regulate incomes policy and generate societal consensus for structural reforms during the period of EMU accession (Regini, 1997b, 2000; Regini and Colombo, 2011): first in 1992 (leading to the abolition of the automatic pay indexation system, the “scala mobile”); then in 1993, introducing a two-tier collective bargaining system and setting up a framework for voluntary incomes policy. In 1995, a bipartite social pact between government and unions was concluded on the thorny issue of pensions reform (Baccaro, 2002a), followed by further tripartite pacts on employment policy and labour market flexibilisation in 1996 and 1998 (Vatta, 2007: 209).

These agreements were at the time regarded as having played an important role in facilitating the process of EMU accession and of structural reforms of the labour market and welfare system (cf. Ferrera and Gualmini, 2004), and in ensuring stability and predictability in Italian IR (Baccaro and Lim, 2007: 36). Through participation in tripartite concertation, social partners also extracted extensive institutional power resources and recognition of their macro-political role (Molina, 2006: 658). However, after the EMU period, concertation in Italy did not become institutionalised, and no formalised tripartite institutions were established to sustain it. Rather, it remained a political practice, activated selectively by governments to overcome vetoes and societal opposition to structural reforms (Carrieri, 2008). Its activation remained thus dependent on government weakness and on favourable (i.e. centre-left) government partisanship.

In the 2000s, the consolidation of a more bipolar party system and the resulting increase in government strength reduced governments’ reliance on concertation as a legitimisation tool (Negrelli and Pulignano, 2010: 156). In the pre-crisis decade, legislative interventions in labour market policy without social partners’ consensus became more common, especially under the majority centre-right Berlusconi government in 2001-2006, which rejected concertation in favour of non-binding ‘social dialogue’ and established a
conflictual relationship with the CGIL. Employers’ preferences for liberalisation via legislation also played a role in accounting for this change (Baccaro and Lim, 2007: 37).

The dominant negative perception of concertation’s outcomes amongst Italian policy-makers further reduced its appeal and its ‘output legitimacy’. After the repeated failure of concertation agreements in the post-EMU context (first in 2002 and then in 2007), the practice became increasingly discredited due to its poor policy and macro-economic outcomes. As Molina and Rhodes (2007: 804) point out, “fully fledged, tripartite concertation was increasingly blamed for Italy’s lacklustre economic performance”. The persisting problems in Italy’s productivity performance associated with the two-tier bargaining system set up through the 1993 tripartite agreement (Baccaro and Pulignano, 2016) also contributed to create a perception of policy failure around the legacies of concertation amidst many political actors.

5.1.2 Spain

Spain’s system of state-society relationship was shaped by the deep State-Church cleavage in the process of state formation; by the long experience of the Fascist dictatorship (Crouch, 1993); and by its belated ‘authoritarian industrialisation’ process in the 1960s (Köhler and Jiménez Calleja, 2018). Despite their façade, corporatist structures under Franco (1939-1975) were organisationally weak and devoid of substantive economic role, and state authoritarianism dominated the regulation of labour relations (Meardi et al., 2015: 403). Post-transition, these factors contributed to the emergence of a conflictual industrial relations system, characterised by organisational fragmentation, frequent strike activity, and high levels of state intervention—the in particular through extensive statutory procedural regulation of industrial relations and employment protection (Köhler and Jiménez Calleja, 2018; Molina and Rhodes, 2007); leaving ample scope for potential state unilateral intrusions (Molina, 2014; Afonso, 2019).

The labour movement which emerged after the democratic transition process of 1976-1978 was organisationally weak and divided along ideological-party lines. Two dominant confederations emerged at the national level: the post-communist CCOO (Comisiones Obreras – Trade Union Confederation of Workers’ Commissions), formed as a clandestine labour organisation in the late 1950s and most embedded amongst industrial workers during the democratic transition; and the socialist UGT (Unión General de Trabajadores – General Workers’ Union), originally founded in 1888 and then re-organised in the post-democratic transition, which had close ties with the Spanish Socialist Party,
PSOE (Köhler and Jiménez Calleja, 2018: 71). CCOO and UGT were initially strategically divided, as CCOO embraced a model of oppositional and class-oriented unionism which contrasted with UGT’s more pragmatic attitude, oriented towards seeking state support to compensate for its initially weak mobilisation capacities (Molina and Rhodes, 2011: 178). However, since the 1990s, the political and ideological differences between them shrunk, leading CCOO and UGT to their current substantive unity (Köhler and Jiménez Calleja, 2018: 74).

Employers’ organisations are comparatively less fragmented, with only one peak-level employers’ confederation, CEOE-CEPYME, comprising both large employers and SMEs within its associational structures (Nonell and Molins, 2007). After its inception in 1977, CEOE was organisationally weak, and since sought to centralise and monopolise the employers’ representative function, first by incorporating SME representative association CEPYME, and then through participation in social concertation, whilst its component sectoral and territorial organisations retain autonomy in CB (Nonell and Medina, 2017: 184). Internal conflicts between the dominant large firms and SMEs over policy positions became increasingly frequent during the 1990s (Nonell and Molins, 2007: 296), often leading CEOE to settle on fairly ‘conservative’ positions in terms of LMP preferences (Nonell and Medina, 2017: 187). This fuelled dynamics of competition and fragmentation in the representation of large export-oriented or FDI-dependent firms, which constituted since the 1990s separate business interest associations (such as the Instituto Empresa Familiar or the Círculo de Empresarios) to push more explicitly for the internationalisation and liberalisation of the Spanish economy and for the interests of export-oriented firms (Nonell and Medina, 2017: 188).

State recognition and support has been very important to shore up the relative organisational weakness of IR actors after the transition. The legal status of the ‘most representative’ unions and employers’ organisations was sanctioned in the 1978 Constitution, granting them a right to participate in the formulation of economic and social policy at various levels of government, to conclude generally applicable CB agreements, as well as access to public subsidies (Nonell and Molins, 2007: 281).15 State recognition as a ‘representative’ social actor depends on the organisation meeting certain representativeness criteria. Precisely, an association should organise minimum of 10% of potential members (employees or firms) to be a party to a collective bargaining agreement or a social pact at the national level and at least 15% to be recognised as a negotiating party at the territorial level (autonomous, provincial or local) (Nonell and Molins, 2007: 281). For unions, representativeness depends on the support they receive in works council elections, rather than on the number of members – making these a very important source of power resources for Spanish unions (Rodríguez et al., 2016).
support for collective bargaining was also important – in particular the statutory extension of CB agreements to the relevant geographical and sectoral constituency, and the principle of *ultra-actividad* (providing for the continued validity of a CB agreement upon expiry until its renewal or renegotiation) (Fernández Rodríguez et al., 2016: 270). Spanish unions and EOs also had, up to 2015, extensive institutionalised involvement in the management and provision of workplace training programmes, which constituted an important source of funding.

Despite the majoritarian features of the Spanish electoral system, which up to the crisis used to grant government greater stability, concertation has been nonetheless an important avenue of legitimisation in recent Spanish political history. Successive executives of various colours used extensively tripartite pacts (first and foremost the 1978 Moncloa Pacts) to stabilise the democratic transition and provide a framework for socio-economic adjustment – centred around wage moderation - up to 1986 (Meardi et al., 2015: 403). However, concertation was discontinued in 1986, and the institutional foundations of Spanish ‘corporatism’ remained fragile. An official tripartite body for concertation, the *Consejo Económico y Social* (Economic and Social Council), was established in 1991, but only with consultative functions and with the capacity to issue non-binding recommendations on government law proposals.

Actors’ strategic orientations remained therefore more important in shaping the activation of concertation. CEOE initially embraced it, finding it useful to consolidate its organisational monopoly at the national level and demobilise the union grassroots (Meardi et al., 2015: 404–405); but over time grew increasingly disinterested as the neoliberal turn of PSOE’s economic policy in the second half of the 1980s gave them a realistic prospect of achieving greater gains (in terms of wage moderation and labour disciplining) through unilateral action (Molina and Rhodes, 2011: 182). Unions’ engagement remained instead more variable depending on the political conjuncture and on their strategic orientation (Molina, 2006). In 1988, CCOO and UGT jointly rejected the experiences of concessionary corporatism of the 1980s, and shifted instead to prioritising peak-level bipartite negotiations with EOs (Molina, 2006: 653).

Several bipartite agreements were signed over the 1990s and 2000s, indirectly supported by the state, which combined cooperative wage settlements with mutual concessions between unions and EOs on labour market policy and became relatively institutionalised and ‘depoliticised’ (Molina, 2006; Molina and Rhodes, 2011). Through peak-level wage agreements, IR actors aimed to strengthen bipartite sectoral collective...
bargaining and hence establish a strong self-regulatory sphere (Pérez, 2010; Molina, 2014). However, the extensive statutory regulation of industrial relations left the system still susceptible to the possible threat of unilateral state intervention.

Due to the absence of institutionalised mechanisms of tripartism, concertation also remained strongly dependent on the state; and used occasionally by governments for political-instrumental reasons, especially in situations of weakness (Molina, 2014: 375; Meardi et al., 2015: 404–405). After 1995, occasional bipartite and tripartite agreements including the government were reached to address issues of structural labour market and welfare state reform by governments with weak parliamentary majorities in need of preempting union protests. This was especially the case for the right-wing PP government of Aznar in the late 1990s, and the minority Socialist government of Zapatero in 2004-2011 (Molina and Rhodes, 2011). These covered topics such as the reform of the pension system, which became a topic of regular negotiations through the framework of the Toledo Pact16 (Colàs-Neila, 2018); and the regulation of temporary work and ALMPs (Molina and Rhodes, 2011: 201–202). The last pre-crisis tripartite agreement was concluded in 2006 under the PSOE government of PM Zapatero, which tried to make tripartite social dialogue one of its ‘signature features’ to legitimise its social policy reforms, although with limited concrete results. Consequently, at the onset of the crisis concertation was looked upon favourably by the governing party but had declining output legitimacy in terms of outcomes.

By participating in concertation agreements since the late 1990s, the social partners – especially unions – were able to consolidate their institutional power resources, both in the national political arena and in several institutions of welfare and labour market governance (Köhler and Jiménez Calleja, 2018: 75), and compensate for their organisational weakness (Molina and Rhodes, 2011: 190). However, as concertation was driven primarily by government interests and dynamics of political exchange, its success in policy-making remained crucially dependent on the resources (financial, institutional or organisational) available for the exchange process (Oliet Palá, 2004), thus making its foundations fragile.

---

16 The Toledo Pact was set up in 1995 to deal with the topic of pensions reform in a consensual manner. It entails a permanent commission of the Parliament, in charge with developing recommendations for reforms; and tripartite consultations with the social partners (Colàs-Neila, 2018: 420–421).
5.1.3 Portugal

Portugal’s industrial relations system and pattern of state-society relationships were shaped by the experiences of late democratisation after the end of the authoritarian corporatist dictatorship of the Estado Novo (New State) (1933-1974), and by the legacies of the revolutionary period of 1974-75 that followed the regime’s collapse after a military coup d’état. The experience of the authoritarian regime had not laid solid ‘corporatist’ foundations. The dictatorship’s compulsory system of occupational and sectoral interest representation was fragmented, as peak-level confederations were forbidden, and collective bargaining heavily state-directed (Barreto, 1993: 10–13). This left long-lasting legacies of fragmentation, with a large number of individual sectoral unions and employers’ associations, characterised by organisational weakness and dependence on the state to support collective bargaining (Barreto, 1993: 30; Naumann and Campos Lima, 2007: 259, 264).

The revolutionary period of 1974-1975 and the mass anti-capitalist mobilisations left a legacy of extensive, pro-labour state regulation of employment relations, with restrictive protection against dismissals, extensive direct regulation of working conditions, statutory ‘wage ceilings’ in collective bargaining and a statutory minimum wage, and legislative CB agreements extension mechanisms (Barreto and Naumann, 1998: 403). Labour relations became also infused with a high degree of politicisation and conflictuality – both at workplace level and in the political sphere – that continued to shape industrial relations well beyond the establishment of constitutional parliamentary democracy in 1976 (Barreto and Naumann, 1998: 395; Stoleroff, 2000: 452).

On the unions’ front, the conflicts of the transition period left profound ideological divisions between Communist and Socialist/social-democratic components. The largest confederation, CGTP-IN (Confederação Geral dos Trabalhadores Portugueses, General Confederation of Portuguese Workers), emerged after 1974 as the heir of Intersindical, the illegal peak-level union coordinating body established in 1970 as an opposition force to the regime (Barreto, 1993: 26). The Portuguese Communist Party (PCP) exercised hegemonic control within it from the onset. Consequently, even after democratisation, Intersindical – known as CGTP from 1977 – embraced a radical, ‘class and mass’ struggle model of unionism centred mostly around workers’ mobilisation, rather than on representative action at workplace level (Stoleroff, 2014).

The much smaller moderate confederation, UGT (União Geral dos Trabalhadores, General Workers’ Union), was instead formed as a split from CGTP-IN in 1978, on
initiative of activists from the Socialist Party (PS) and the centre-right Social-Democratic Party (PSD);\textsuperscript{17} with the stated aim to ‘democratise’ the union movement against Communist hegemony (Stoleroff, 2000: 459). Due to its narrow organisational base, limited to white collar occupations and the public sector, UGT adopted a more pragmatic, compromising strategy to affirm its role in collective bargaining and gain recognition from the state as a reliable partner; and has maintained organic links with both PS and PSD. Although Portuguese unionism has evolved over time from being primarily a political movement into an “institution of economic representation”, party linkages and ideological rivalries continue to shape union strategy, especially their attitude and relations towards the state (Stoleroff, 2000: 452).

On the employers’ front, three main peak-level confederations emerged post-transition: the CIP (Confederation of Portuguese Industry), the CAP (Confederation of Portuguese Farmers), the CCP (Confederation of Portuguese Commerce and Services); followed in 1994 by a fourth, the CTP (Confederation of Portuguese Tourism). CIP, formed in 1974 to “protect employers against the anti-capitalist menace of the revolutionary movement” (Naumann and Campos Lima, 2007: 266), acquired a central political role as the voice of employers, pushing for liberalisation of the surviving ‘revolutionary’ economic and regulatory policies (Barreto and Naumann, 1998: 407). None of the four main cross-sectoral employers’ confederations have dedicated structures for SMEs. In virtue of its membership composition, dominated by micro-enterprises, CCP pays however particular attention to SME needs, whilst CIP is mainly oriented towards large companies, dominant in manufacturing (Naumann and Campos Lima, 2007: 266).

In the context of post-transition political instability and economic crisis, tripartite concertation was a key mechanism for managing adjustment and political conflict. An institutionalised body for tripartite concertation, the Standing Committee for Social Concertation (Comissão Permanente de Concertação Social, CPCS), was set up in 1984, when Portugal was facing a deep economic crisis and undergoing the first stages of integration in the EU. Formally integrated within the Economic and Social Council (Conselho Economico e Social), a consultative body tasked with emitting non-binding opinions on government’s legislative proposals, the CPCS was set up deliberately to support tripartite concertation (concertation agreements also do not have binding legal status and are subject to implementation by the government/Parliament). The CPCS includes four

\textsuperscript{17} Despite the name, the PSD is a centre-right party more similar to the German CDU in orientation.
government representatives (with the Prime Minister as chair), alongside the main social partners, appointed by law: the four main employers’ organisations (CIP, CCP, CAP, and CTP from 1994), and the two union confederations (Naumann and Campos Lima, 2007: 262). CGTP only joined the CPCS in 1987, marking a crucial step in its ‘normalisation’ and integration in the democratic system (Stoleroff, 2000: 465).

The ‘institutionalisation’ of social concertation constituted an attempt by the Portuguese political class to stabilise state-society relationships and capital-labour conflict in the post-revolutionary period (Stoleroff, 2000). The two ‘cartelised’ political parties of the bloco central (‘centrist bloc’), PS and PSD, used it to consolidate the ‘governmental arch’ (Freire, 2017: 190) by fostering strong relationships with UGT and employers’ organisations, whilst marginalising the influence of the PCP and CGTP. This moderate-centrist bloc spearheaded a reformist liberalising agenda in the process of European integration from the mid-1980s onwards.

Between 1986-2008, twenty tripartite agreements were concluded, in a ‘stop-and-go’ pattern. Except in six cases, CGTP-IN refused to sign them, despite participating in the Committee’s proceedings – thus normalising the conclusion of ‘partial’ agreements (Campos Lima and Naumann, 2011). The first incomes policy agreement, brokered by the centre-right PSD Cavaco government in 1986, established the foundations for wage moderation in collective bargaining; followed by similar agreements in 1990, 1992 and 1996, that controlled inflation and facilitated labour cost reductions in the EMU accession process (Royo, 2002; Campos Lima and Naumann, 2011).

After 1999, incomes policy lost its centrality and agreements were reached (and exceptionally subscribed by CGTP) with the minority PS government on vocational training, health and safety, and reforms to the system of social security. Following a hiatus under the centre-right Barroso government in 2002-2004 and a unilateral reform of the Labour Code in 2003, the return to power of the PS in 2006 led to new agreements on the National Minimum Wage increase (2006), and on industrial relations and labour law reform (2008). The latter introduced the most far-reaching liberalisation of labour law since the democratic transition (providing for the decentralisation and weakening of sectoral collective bargaining and facilitating individual dismissals) (Campos Lima and Naumann, 2011). It was strongly opposed by CGTP, but its eventual success set a significant precedent for labour law liberalisation-via-concertation, thus increasing its perceived output legitimacy vis-à-vis policy-makers.

Overall, despite its relative ‘routinisation’, concertation in Portugal has historically
been subordinated to the government’s political needs (Ramos de Almeida et al., 2016; Sá, 1999a). Campos-Lima and Naumann (2011) argue that the main driver of concertation in Portugal, since its inception, has indeed been a perception of governmental weakness vis-à-vis growing societal or political opposition, even on part of majority governments; and its main function the neutralisation of CGTP-IN (and, indirectly, of the PCP)’s opposition to the government agenda and the bolstering of government legitimacy.

With the partial exception of CGTP, Portuguese IR actors remained nonetheless invested in concertation. Institutional recognition as CPCS members granted them legitimacy and institutional power resources – such as access to several other consultative bodies and financial support from the state (Naumann and Campos Lima, 2007: 262). More generally, action in the political sphere to extract concessions have become defining features of Portuguese IR actors’ strategic orientation, to compensate for their organisational weakness (Royo, 2002, 2012), limited autonomy and self-regulatory capacity in collective bargaining (which is voluntary and plays a minor role compared to statutory regulation) (Barreto and Naumann, 1998; Tavora and Gonzalez, 2016). Even for CGTP, which maintains an oppositional position in concertation, participating in the CPCS is important to gain visibility and political recognition. Hence, despite its limited institutionalisation (cf. Natali and Poche, 2009), these factors give tripartite concertation in Portugal relatively stronger foundations than in Spain or Italy.

5.1.4 Ireland

Despite its Catholic composition, Ireland was strongly influenced in the development of its polity by British colonial rule and developed therefore a pattern of state-society relationship similar to that of the United Kingdom – where the state kept organised interest groups at arms’ length, with no overt hostility but no organic incorporation either (Crouch, 1993: 311). Ireland developed a mostly ‘voluntarist’ and adversarial system of industrial relations (Von Prondzynski, 1998), with a locally fragmented union structure and weak statutory regulation of collective bargaining rights, effectively absent in the private sector (Maccarrone et al., 2019).

However, the legacies of the independence struggle contributed to making nationalism rather than class politics the main historical cleavage in Irish society, marking divergence from the British trajectory (Doherty, 2001). The combination of nationalist politics, a strong tradition of Catholic conservatism and small population size contributed to the development of a centralised and highly institutionalised industrial relations system.
at the national level, with various state institutions (such as the tripartite Labour Court) playing a key role in mediating industrial relations conflicts (Von Prondzynski, 1998: 57; 62–63). This created a *sui generis* dualism between relative centralisation of industrial relations at the national level, with marked influence of ‘corporatist tendencies’ until the crisis, and fragmentation and voluntarism at the local level (Doherty, 2001; Von Prondzynski, 1998).

These features are reflected in the structures of the Irish labour movement, which comprises one single central umbrella body, the Irish Congress of Trade Unions (ICTU), made up of around 60 sectoral unions. Its membership is mostly dominated by large general unions, such as SIPTU, and public sector unions such as IMPACT (now Fórsa); but also comprises several craft unions as well as British-based unions organising in the Republic. Although its organisational fragmentation was reduced over the 1970s-80s following several union mergers, the legacies of British-style decentralised organisation historically made the articulation of collective strategies within ICTU challenging (Hardiman, 1992). Internal strategic divisions within ICTU have been recurrent – especially between the more pragmatically-oriented Irish-based general unions, keen to collaborate with government, and the more workplace-bargaining oriented British-based unions; and between the more moderate public sector unions and their private sector counterparts (Baccaro and Lim, 2007).

Irish employers are also comparatively well-organised. The main confederation, IBEC (Irish Business and Employers’ Confederation) was formed in 1993 from the merger of two pre-existing confederations and represents employers across most sectors of the Irish economy. The Irish Small and Medium-Sised Enterprises Association (ISME) was formed in 1994 as a breakaway from IBEC, perceived to be overtly concerned with the interests of large companies (Traxler and Walshe, 2007: 198), but was not recognised as a social partner due to IBEC’s opposition. In virtue of the high presence of US multinationals, the American Chamber of Commerce Ireland (AmCham) also plays an important role as a lobby group in the landscape of business representation – for example, successfully lobbying the government against the introduction of statutory union recognition legislation (Traxler and Walshe, 2007: 199).

Despite its liberal economic model, Irish industrial relations were characterised from the late 1980s by a *sui generis* reliance on ‘concertative’ mechanisms, tying together peak-level wage negotiations and public policy agreements. Various attempts to establish a centralised wage determination system took place already over 1970-1981 (Teague and
Donaghey, 2015: 423), encouraged by the government which aimed to secure non-inflationary wage growth and industrial peace (Von Prondzynski, 1998: 64). To achieve coordination between wage increases and economic policy, in 1975 for the first time the government granted unions and EOs budgetary concessions in exchange for agreeing to a specified pay increase, followed by the first ‘National Understanding’ in 1979, which combined a wage agreement with various provisions on economic and social policy. These experiences, although unsuccessful in preventing industrial unrest, set the precedent for a style of bargaining “between the government and interest groups in which the subject matter for negotiation included aspects of government policy and parliamentary initiative” (Von Prondzynski, 1998: 65), laying the foundations for what became known, from 1987 onwards, as the Irish system of ‘social partnership’.

Irish social partnership was inaugurated by the 1987 tripartite agreement brokered with ICTU and the Federation of Irish Employers (IBEC’s predecessor) by the weak government of Fianna Fáil (the historically dominant party in Irish politics, of socially conservative orientation but with a catch-all class base - (cf. Dunphy, 2000). The so-called ‘Programme of National Recovery’ (PNR) combined in one package guidelines for wage increases and issues of economic and social policy, with the aim of tackling the disastrous economic situation facing Ireland at the time (with very high public debt and unemployment).

As Teague and Donaghey (2015: 424) argued, the PNR marked a ‘watershed moment’ in Irish political economy, inaugurating a concerted style of industrial relations which continued, through various phases, until 2009. Seven successive multi-year social partnership agreements, centred around a pay deal, were concluded since. These played a significant role in supporting the Irish growth model in the 1990s, based around economic openness and incoming FDI, and in facilitating Ireland’s entry into EMU (Teague and Donaghey, 2015: 425). In essence, social partnership agreements combined a policy of wage moderation, the containment of welfare expenditure and very low corporate tax rates, traded with concessions on personal income tax breaks and commitments to employment creation (Ó Riain and O’Connell, 2000). This strategy of competitive corporatism helped the government to curb inflation and control public expenditures, maintain external competitiveness by keeping labour costs low, and secure industrial peace, in turn making Ireland attractive for incoming FDI (Regan, 2012b).

Governmental weakness was identified an important driver of social partnership agreements (cf. Baccaro and Lim, 2007). This was particularly important for the minority
Fiáonna Fail government in 1987, which faced the prospect of implementing austerity measures and wanted to pre-empt the opposition of the powerful public sector unions (Roche, 2007). Whilst most closely associated with Fiáonna Fail, which entertained close relationships with the unions due to its cross-class electoral base (Hardiman, 1992), social partnership agreements were nonetheless concluded by governments of varied orientations, including centre-right Fine Gael and the neoliberal Progressive Democrats (Teague and Donaghey, 2009a).

The social partnership machine was supported by various tripartite consultative body, such as the National Economic and Social Council (NESC, originally established in 1973), and the National Economic and Social Forum (NESF, set up in 1993) which included representatives of the major economic and social interests and acted as institutional arenas for consultations, negotiations and development of ‘consensus’ over public policy (O’Donnell and O’Reardon, 2000). These bodies supported the seeming ‘institutionalisation’ of social partnership over time (cf. Natali and Pochet, 2009). However, over the years the consultation arena grew to include a disparate array of civil society actors from the community and voluntary sector and other business groups such as the Small Firms Association and the Chambers of Commerce. Whilst praised in some circles as a marker of a new ‘deliberative governance’ model (O’Donnell and O’Reardon, 2000), these developments also attracted criticism for reducing the effectiveness of the process (Teague and Donaghey, 2009a).

ICTU and its component unions were mostly (although not unanimously) favourable to social partnership, which bolstered their public status by granting them involvement in national-level decision-making, compensating for their declining density (strongly affected by the high unemployment of the 1980s) in the private sector (Donaghey and Teague, 2007), thus making a Thatcher-style attack against organised labour more unlikely (Teague and Donaghey, 2015: 426). Irish unions’ choice to rely primarily on influence through social partnership (Donaghey and Teague, 2007) contributed however to very uneven development of unions’ power resources, with extremely weak density in the private sector and low organisational capacity at workplace level, high density only in the public sector, and high dependence on institutional power resources arising from state support and public recognition related to involvement in social partnership (McDonough and Dundon, 2010; Gumbrell-McCormick and Hyman, 2013: 45). Irish employers also found the centralised wage bargains useful to secure industrial peace and orderly conduct of pay bargaining.
Despite its seemingly high degree of institutionalisation (Natali and Pochet, 2009), the stability and self-reinforcing cycle of the social partnership machine ran into its first hiccups from the early 2000s. Teague and Donaghey (2015) identify two main factors associated with its increasingly problematic performance. First, after EMU entry had been achieved, the relaxation of macro-economic constraints made budgetary discipline and wage competitiveness less strict – thus contributing to increasing laxity in public spending and wage growth. Second, the developing financialisation of the Irish economy in the 2000s (see below) led to upward pressures on prices (cf. Ó'Riain, 2018: 39). Rising cost of living, in turn, prompted unions to advance ambitious pay demands to maintain purchasing power (Teague and Donaghey, 2015: 428). The process of benchmarking between private and public sector pay had knock-on effects on the public sector wage bill, thus leading to a worsening budgetary position.

As a result, by the beginning of the financial crisis, social partnership as a system of centralised wage setting and economic and social policy making had seemingly exhausted its capacity to ensure economy-wide wage moderation, leading to increasing disenchantment on the employers’ part from 2005 onwards (Teague and Donaghey, 2015: 430). At this point, the perception of ‘policy failure’ was not yet fully explicit among the Fianna Fáil government. Indeed, the last social partnership agreement, ‘Towards 2016’ was concluded in 2006 and its wage component renegotiated just weeks before the explosion of the financial crisis in 2008 (Teague and Donaghey, 2009b). However, the output legitimacy of the social partnership edifice had started to be called into question – and its fragility would become fully apparent from 2009 onwards.

5.2 Organised producer groups and their power resources

Domestic dynamics of interest intermediation are influenced not only by institutional and historical legacies, but also by the balance of power between the actors and by the power resources they have available. This section provides a comparative overview of key indicators of the organisational and societal power resources of organised producer groups in the case study countries.

5.2.1 Union density and representativeness

As everywhere in Western Europe (Gumbrell-McCormick and Hyman, 2013; Vandaele, 2019), unions in Italy, Spain, Portugal and Ireland suffered progressive density decline since the late 1970s – partly motivated by structural changes in the economy (tertiarisation, shrinking size of manufacturing and agriculture, periods of high
unemployment); and partly a consequence of democratisation (in Spain and Portugal), privatisation of public sector enterprises and labour market liberalisation. Yet, significant cross-country differences persist. At the crisis onset in 2008, overall union density (Figure 5.1) was comparably higher in Italy and Ireland (33% and 30% respectively) than in Portugal and Spain (around 20% and 17% respectively); against a European average of around 28% (Visser, 2019). Over the crisis decade, Italy was the only country where density did not decline. With regard to absolute number of union members, Italy also stands out as the only country where this has grown between 2010-2019 (+10%), compared to a decline of -4.8% in Portugal, -3.6% in Spain, -2.5% in Ireland (Vandaele, 2019: 13).

Figure 5.1 Trade union density as % of salaried employees

Overall density figures conceal nonetheless variation in membership composition and sectoral density. The density gap between the private and public sector (Figure 5.2), present everywhere, is especially marked in Ireland and Portugal. Public sector employees have considerable (and generally growing) weight as a component of overall union membership – accounting for around 40-50% of employed members (Figure 5.3), with implications for unions’ strategic orientations and relationships towards the state.
Figure 5.2 Trade union density in private and public sector

Source: ICTWSS 6.0 (2019). Years reported: IT, 2008; ES, PT, IE, 2013

Figure 5.3 Proportion of public sector workers in union membership


Especially in Ireland, the disproportionate weight of public sector membership

18 The estimates for Italy in 2008 are consistent with recent data from Italian public sector bargaining agency ARAN which report in 2015 a trade union density rate in the public sector of 49%.
within ICTU contributed to the growing perception of public sector workers constituting a privileged sectional interest (Geary, 2016: 134). Italy is instead peculiar due to the considerable weight of pensioners as a proportion of total union members (according to estimates by Feltrin (2018: 117), since 1991 pensioners account for 40-50% of all union members in Italy). This contributed to fostering a perception of Italian unions being overly concerned with the representation of the interests of the older component of the population (Carrieri and Feltrin, 2016), but also gave them, historically, veto powers in the field of pensions policy (Natali and Pritoni, 2014).

An additional challenge to unions’ representativeness, facing especially Southern European unions, has been the inclusion of ‘atypical’ workers (Gumbrell-McCormick, 2011). Southern European labour markets have been characterised since the 1990s by growing segmentation and temporality (see Figure 5.4), arising from the liberalisation of atypical employment (Figure 5.5). Pre-crisis dualism in EPL between permanent and temporary employees was not actually as deep as the mainstream narrative would hold;19 but contributed nonetheless to foster a public discourse that depicted unions as defenders of labour market ‘insiders’ (cf. Rueda, 2007) and facilitators of labour market dualisation (Emmenegger et al., 2012). This compounded unions’ challenges in recruiting fixed-term, temporary agency or pseudo-self-employed workers (Figure 5.6). Despite various attempts to re-orient organising strategies towards atypical workers (Pulignano et al., 2016), the confederal unions tend in Southern Europe to have low perceived legitimacy among younger workers, especially in Spain (Köhler and Jiménez Calleja, 2018; Mattoni and Vogiatzoglou, 2014).

19 In fact, considerable EPL liberalisation for open-ended employees had taken place in Spain already during the 1990s (cf. Guillen 2010).
Figure 5.4 Temporary employment as % of total employment

Source: Eurostat

Figure 5.5 OECD Index of EPL strictness

Source: Stats.OECD
5.2.2 Employers’ organisation density

Comparative historical data on the associational density of employers is sparse and
often unreliable (Nonell and Medina, 2015: 108). The latest available figures for employers’ organisations density (from the ICTWSS dataset (Visser, 2019) and the European Company Survey (ECS) 2013), reported in Table 5.1, paint however a scenario of progressive erosion of EO’s density over the last 20 years. Estimates from the 2013 ECS (which however excludes micro-firms, predominant in Southern Europe) show that, in all four countries, less than half of employees of companies with more than 10 employees worked in firms affiliated to an EO (and only one third in Ireland).²⁰ Historical density data from the ICTWSS also sketches a declining trend, especially in the private sector, particularly marked in Spain and Ireland when compared to density figures in the mid-1990s/2000s. Figure 5.8 shows marked differences in employer associability depending on firm size – confirming the dominance of large firms in the membership of EOs. Overall, these figures suggest that employers’ organisations also face challenges in retaining their organisational power resources; which might have implications on their strategic orientations and reliance on institutional power resources.

Table 5.1 Employers’ organisation density

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. EO density as % of all employees (public and private sector)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>71.2</td>
<td>72</td>
<td>69.6</td>
<td>68</td>
<td>64.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td>72</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td>58</td>
<td>65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td></td>
<td></td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. EO density in private sector as % of employees in private sector employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>64</td>
<td>65</td>
<td>62</td>
<td>60</td>
<td>56</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td>72</td>
<td></td>
<td></td>
<td>32.5*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td></td>
<td></td>
<td>38</td>
<td></td>
<td>34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>39</td>
<td>56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. EO density as % of employees in private sector firms with 10+ employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


²⁰ Italian survey data based on employees of all firms (including micro firms) give a higher figure of 66.7% of employees working in affiliated organisations in 2015 – but this is down from 83.6% in 2005, suggesting therefore a downward trend in employers associability (Bergamante and Marocco, 2018: 24).
Figure 5.8 Employer organisations density by firm size

<table>
<thead>
<tr>
<th>Employees in firms (10+ employees) affiliated to employer organisation as a share of total employees by firm size (2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESP</td>
</tr>
<tr>
<td>10-49 employees</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>


5.2.3 Collective bargaining coverage

Collective bargaining (CB) coverage provides an alternative measure of unions’ possible influence and effectiveness in the labour market; although it largely reflects differences in the institutional- regulatory frameworks of industrial relations and in employers’ associational density (Hayter and Visser, 2018; Vandaele, 2019). Italy, Spain and Portugal have comparatively high coverage, associated with multi-employer bargaining at the sectoral level. Since 2000, this has remained stable in Italy and marginally declined in Spain and Portugal. In Ireland, where single-employer bargaining is instead predominant, CB coverage has declined by 12 percentage points over 2000-2014.

Coverage rates do not however correspond precisely to social partners’ autonomous joint regulatory capacity in the sphere of CB. Whilst these are well consolidated in Italy, especially since the 1993 accord (cf. Colombo and Regalia, 2016), in both Spain and Portugal, high coverage is strongly dependent on the statutory extension of CB agreements – thus making it vulnerable to state legislative intervention (Afonso, 2019; Molina, 2014).

Stable coverage levels also conceal underlying weaknesses in the CB system. In Italy
a growing share of employers applies sectoral CB agreements without being affiliated to an employer organisation (26% of employees in 2015 worked in firms that followed this route (Bergamante and Marocco, 2018: 28)). Hence, whilst coverage of multi-employer bargaining remains high, this might conceal a growing fragmentation of EOs and the proliferation of so-called ‘pirate’ CBAs applied for contractual dumping reasons (which equates to a form of opting out). In Spain, instead, a fairly stable overall coverage rate conceals a threefold growth in the number of firm-level CBAs post-2012, often used by employers in low-wage, low-value added sectors (such as externalised services) as a form of contractual dumping (Godino and Molina, 2019: 5–6).

*Figure 5.9 Collective bargaining coverage rates*

5.2.4 Unions’ societal power resources

The last relevant aspect of IR’ actors power resources to consider is *societal power resources* – i.e. the capacity of organised producer groups to influence public opinion and command trust among the public, crucial for their ability to fulfil a ‘legitimating’ function for governments (cf. Culpepper and Regan, 2014). The Eurobarometer survey provides comparative longitudinal data on levels of public trust/distrust in unions; whilst comparable data are not available for employers’ organisations. However, this source of power is arguably more relevant for unions than employers, in virtue of their potential function in mobilising mass societal consensus or opposition.
Figure 5.10 shows that levels of public distrust in unions were broadly stable (cf. Italy or Ireland) or even declining in the run-up to the crisis (cf. Spain or Portugal) (in line with findings by Frangi et al. (2017)). Cross-country differences were however marked in the levels of public distrust in unions before 2008-2009. Distrust was particularly high in Italy (54% in 2007), possibly arising from the divisions sowed among the three confederations by the centre-right Berlusconi government over 2001-2006 (Negrelli and Pulignano, 2010: 155), from the unions’ perceived role in facilitating the marginal flexibilisation of the labour market from 1997 onwards, and from the repeated failures of concertation post-EMU (Baccaro and Pulignano, 2016). In Spain, distrust levels declined from 2004 in coincidence with the period of social dialogue under the first Zapatero government. In Portugal, after a growth in the period of unilateralism under the centre-right Barroso government, they fell to around 40% in coincidence with the 2006 minimum wage agreement. In Ireland, instead, levels of distrust remained comparatively low up (around 30%) up until 2007.

Figure 5.10 Levels of union distrust (2000-2010)

Source: Eurobarometer 2000-2010.21

---
21 Data retrieved from the European Commission: http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Chart/getChart/chartType/gridChart/themeKy/18/groupKy/96/savFile/201
At the crisis onset, however, the scenario changed: distrust levels peaked everywhere between 2007 and 2010 to over 60%, indicating a dramatic decrease in unions’ legitimacy in public opinion, with negative implications for their role in the political sphere. The depletion of unions’ societal power resources did not however evolve in similar ways over the crisis decade. A break in the Eurobarometer data series between 2010-2018 does not allow to chart trends during the crisis, but the picture in 2018 (Figure 5.11) seemed less bleak than in 2010. ‘Only’ 48% and 42% of respondents in Italy and Spain respectively indicated having a negative perception of unions; whilst figures were strikingly low, compared to 2010, in Portugal (23%) and Ireland (20%). These findings indicate the temporal fluctuations and the partial recovery in the public standing of unions in public opinion.

Figure 5.11 Image of trade unions in public opinion (2018)

The macro-economic context: from crisis to recovery

The level of institutionalisation of tripartite interest intermediation and the

---

22 The Eurobarometer did not include a question on trust in unions after 2010; in 2018, a question measuring public attitudes towards unions was re-inserted, but with a different phrasing asking whether trade unions make the respondents think of something positive or negative.
characteristics and composition of actors’ power resources are crucial factors influencing patterns of relationships between governments and organised producer groups. However, the macro-economic context and model of accumulation that countries pursue also impact significantly on government policy priorities and goals, on the balance of domestic class power, and on the weight of different cross-class coalitions within distinct political economies. This section provides a bird’s eye overview of the growth models and macro-economic context of the four countries in the run-up to and during the Great Recession decade.

In mainstream accounts of the Eurozone crisis, Italy, Spain, Portugal and Ireland are usually grouped together, alongside Greece, under the common category of ‘problematic’ peripheral Eurozone economies (so-called ‘GIIPS’) (Armingeon and Baccaro, 2012a: 254; Dooley, 2018b: 15; Parker and Tsarouhas, 2018: 3). Although rooted in shared problems arising from structural asymmetries and flaws in the Eurozone’s institutional design (Celi et al., 2018; Hall, 2012; Matthijs and Blyth, 2015), their crisis experiences had nonetheless differing trajectories of development; reflecting country specificities in growth models and varieties of capitalism (Hall, 2012; Johnston et al., 2014; Regan, 2017), trajectories of pre-crisis Europeanisation and financialisation (Dooley, 2018b) as well as crisis policy responses (Bermeo and Pontusson, 2012; Pérez and Matsaganis, 2017).

5.3.1 Background to the crisis: diverse growth models, diverse fragilities

Italy, Spain, Portugal and Ireland entered the crisis with substantive but differing fragilities in their growth models and productive structures. The three Southern European economies had reinforced during the first decade of EMU their demand-led growth models, centered around household consumption (Figure 5.14). In Spain and Portugal, growth had become, over the 2000s, increasingly credit-led, sustained through reduced costs for external borrowing and cross-border banking loans (Dooley, 2018b; Pérez and Rhodes, 2015). In Spain, public debt and deficit were well within the Stability and Growth Pact (SGP) parameters (60% and 3% of GDP respectively) up to 2008. Credit inflows and low interest rates fueled however a construction and real-estate bubble, which was at the heart of the economic and employment growth ‘miracle’ in the crisis run-up (Buendía, 2018; López and Rodríguez, 2011), but also a source of considerable ‘financial fragilities’ (Woodruff, 2016: 92).

In Portugal, credit inflows from the core led to growing public and household indebtedness, and redirected investment to non-tradable sectors of the economy such as
retail and construction (Dooley, 2018a: 81; Reis, 2013: 13–14), causing ‘overheating’ in
the economy but no substantive growth (Figure 5.12) (Blanchard and Portugal, 2017: 6;
Dooley, 2018b: 93; Reis, 2013). The sluggish pre-crisis growth performance meant that
Portuguese public finances were already exceeding the SGP criteria at the crisis onset.

In both countries, access to cheap credit and increased capital inflows also
contributed to domestic prices growth. Coupled with weak productivity performance and
increased international competition in low-value-added manufacturing exports (Dooley,
2018a: 85), this contributed to deteriorate their relative competitiveness standing vis-à-vis
the Eurozone core in terms of Unit Labour Costs (see Figure 5.16), to worsening export
performance and growing current account imbalances (Figure 5.15).

In Italy, low interest rates post-EMU did not create asset price bubbles, but relaxed
pressures for fiscal consolidation by lowering the cost of public debt (Pérez and Rhodes,
2015), which remained well in excess of the SGP threshold (99% of GDP in 2007) (Figure
5.17). Like its Southern neighbours, Italy also experienced deterioration in its current
account balance post-EMU (Figure 5.15), as external competitiveness and exports
performance in manufacturing were hampered over the 2000s by weak productivity
growth and low innovation capacity – partly aggravated by the process of labour market
flexibilisation (Burroni et al., 2019) and by the impossibility of competing on prices within
the EMU institutional setting (Baccaro and Pontusson, 2016). Continuing wage
moderation weakened however domestic demand (ibid.), contributing to sluggish GDP
growth (Figure 5.12).

Ireland, instead, had consolidated over the 1980s-1990s an FDI-led, export-oriented
growth model, centered primarily around the MNC sector in ICT and pharmaceuticals
(Brazys and Regan, 2017), contributing to a greater relative weight of exports in GDP
and robust growth figures (Figure 5.12, Figure 5.13). However, exports had slowed down
since the early 2000s (Dooley, 2018b: 109) and domestic demand, fuelled by unregulated
financialisation and a real estate/property bubble, became the main growth driver
between 2003-2008, leading to high domestic price and relative ULC increases (Dooley,
2018b; Ó’Riain, 2018) (cf. Figure 5.14, Figure 5.16).
Figure 5.12 Annual real GDP growth rate

Source: World Bank Open Data (World Bank national accounts data, and OECD National Accounts)

Figure 5.13 Exports as % of GDP

Source: World Bank Open Data (World Bank national accounts data, and OECD National Accounts)
Figure 5.14 Household consumption as % of GDP

Source: World Bank Open Data (World Bank national accounts data, and OECD National Accounts)

Figure 5.15 Current account balance as % of GDP

Source: Eurostat (bop_gdp6_q)
5.3.2 The Eurozone crisis and its aftermath: a comparative overview of macro-economic pressures and exogenous conditionality over 2008-2018

Engaging in depth with the rich literature on the economic-cum-sovereign debt crisis in Eurozone peripheral countries is beyond the scope of this work. This section sketches a stylised account of the macro-economic problems and adjustment pressures facing Italy, Spain, Portugal and Ireland during the Great Recession (2008-2018) to highlight the contextual factors relevant to understand the evolution of dynamics of interest intermediation. Broadly speaking, the decade of the Great Recession (2008-2018) can be divided in two periods of roughly equal length: an acute ‘crisis period’ (2008-2013) and a slow-burning ‘post-crisis’ period (2014-2018) (see Table 2). Within the ‘crisis period’, two different phases can be distinguished: a first phase of economic downturn associated with the impact of the global financial crisis (roughly covering the period 2008-2010), which affected most EU economies; and a second phase of fast-burning sovereign debt crisis, specific to the Eurozone periphery, which unfolds between late 2010/2011 until late/early 2014 and which coincides with an intensification of exogenous conditionality.

---

23 For extensive treatment of the topic, see: (Armingeon and Baccaro, 2012b; Dooley, 2018b; Hall, 2012, 2014; Hopkin, 2015; Johnston et al., 2014; Nölke, 2016; Regan, 2017)
market speculative pressures and with the provision of external financial assistance for Portugal, Ireland and Spain.

Table 5.2 Crisis periods and characteristics in case study countries

<table>
<thead>
<tr>
<th></th>
<th>First crisis phase</th>
<th>Second crisis phase</th>
<th>Post-crisis phase</th>
</tr>
</thead>
</table>

Source: own elaboration

5.3.2.1 The first crisis phase: economic downturn and emerging fiscal crisis

As Figure 5.12 showed, all four countries were strongly affected by the impact of the global financial crisis of 2007-2008. In the first phase of the crisis (2008-2010), the main source of problem pressure was the sudden GDP collapse arising from demand fall-off, leading to a deteriorated employment performance and to a worsening position of public finances. The specific avenues of crisis contagion and the intensity of the problem load were however varied, mediated by the specificities of their growth models and domestic institutions.

In Italy, the crisis began as a downturn in the second half of 2008, with a sharp GDP contraction (~5.5% in 2009) triggered by the collapse of external demand for exports (Figure 5.19). The extensive use of cushioning measures between 2008-2010 (especially the expansion of short-time work) (Sacchi et al., 2011) limited the rise in open unemployment (Celi et al., 2018: 99) (cf. Figure 5.20). The centre-right Berlusconi government maintained a fairly fiscally conservative stance in this first period, abstaining from implementing any substantive counter-cyclical stimulus measure, but the situation
of public budgets deteriorated nonetheless due to the downturn severity.

In Spain, the collapse of the construction sector in 2008-09 and the associated GDP decline (-3.6% in 2009) caused instead a massive unemployment increase (facilitated by the high rates of LM temporality). Public deficit shot up, reaching an unprecedented 11.1 percent in 2009, primarily due to the kicking-in of automatic stabilisers and reduction in revenues from construction, and, to a lesser extent, due to the expansionary fiscal policy pursued by the PSOE government over 2008-09 (Buendía, 2018: 65).

In Portugal, GDP decline during the initial crisis phase was less severe than in the rest of the euro area, but its high net foreign borrowing left it exposed to financial crisis dynamics. After a small counter-cyclical budgetary expansion in 2008/09 implemented by the centre-left PS cabinet, from 2009 a sudden stop in capital flows contributed to a very rapid increase in government debt and deficit (cf. Figure 5.17, Figure 5.18) (Reis, 2013).

In Ireland, the crisis initially manifested itself as a financial crisis, which led to a drying up of liquidity in the banking sector over 2008 and to the sudden bursting of the construction bubble (Regan, 2014). A sudden collapse in GNP (as the MNC sector was less affected) and rapid unemployment growth over 2008-2009 ensued (Dellepiane and Hardiman, 2011). The financial crisis quickly morphed into a fiscal crisis, due to the Fianna Fail’s government’s decision to guarantee the liabilities of three domestic banks in October 2008 (Laffan, 2017: 181) and to the collapse of tax revenue from capital gains and real estate sales, on which the Irish state had become increasingly dependent (Ó’Riain, 2018: 43).

In this initial crisis phase, the policy priorities in governments’ crisis response strategies varied. In Ireland, fiscal consolidation aimed at reducing public debt and deficit came to the top of the domestic policy agenda already in 2009 following the bank bailout (Dellepiane and Hardiman, 2011; Roche et al., 2017). In Italy, Spain and Portugal, instead, the main policy goals over 2008-2009 remained combating the unfolding employment crisis and supporting domestic demand through ‘protective countermoves’ against market pressures (Woodruff, 2016: 93). Fiscal consolidation became a top priority only from 2010 onwards, following substantive pressures from the EU authorities leveraged through increasingly precise policy recommendations and the activation of Excessive Deficit Procedures (Pavolini et al., 2015: 64).
Figure 5.17 Government debt as % of GDP

Source: Eurostat (udgg)

Figure 5.18 Government deficit as % of GDP

Source: Eurostat; *not shown: Ireland 2010, -32.1%
Figure 5.19 Annual % growth of exports

Source: World Bank Open Data (World Bank national accounts data, and OECD National Accounts)

Figure 5.20 Total unemployment rate

Source: Eurostat
5.3.2.2 The second crisis phase: from downturn to sovereign debt crisis

From 2010, the economic downturn and fiscal crisis morphed into a Eurozone-wide sovereign debt crisis. Speculative pressures from the financial markets on the sovereign bonds of Ireland, Portugal, Spain and Italy intensified in the wake of the Greek debt crisis and bailout in May 2010, leading to rapid increases in the interest rates on government bonds and in the spread with the benchmark German bonds (Figure 5.22) (Baldwin et al., 2010). This made refinancing sovereign debt increasingly difficult and, by making repayments more costly, unleashed self-fulfilling predictions of debt unsustainability (Woodruff, 2016: 93). The exposure of core Eurozone countries’ banks to the large and increasing public and private debt stock accumulated in the periphery threatened the stability of the Eurozone as a whole, leading the ECB to intervene by buying peripheral debt through the Securities Market Programme (Baldwin et al., 2010). However, this intervention was not sufficient to abate market pressures.
Despite implementing substantive austerity packages, Ireland and Portugal continued experiencing rapid increases in the risk premium for their government bonds, and successive downgrading of their credit ratings (Wanna et al., 2015). Faced with the prospect of losing access to the secondary market, they were both forced to recur, in November 2010 and May 2011, to international financial assistance from the Troika of the ECB, European Commission and IMF to avoid a sovereign default. Their Memoranda of Understanding (MoU) with the lenders came with detailed and wide-ranging conditionality attached regarding not only the extent of fiscal consolidation, but also structural liberalising reforms measures in several policy fields, including industrial relations, labour market and social policy (Moury and Freire, 2013; Regan, 2014; Theodoropoulou, 2015).

Spain and Italy, on their part, did not receive full-blown bailouts, but also became exposed from March 2010 to increasing international financial markets speculation about the sustainability of their sovereign debt stocks, intensifying pressures for fiscal
consolidation from other members of the Eurogroup (Jones, 2012; Pavolini et al., 2015). The large sizes of their economy made the prospect of a bailout particularly dangerous due to the potential destabilising effects for the EZ as a whole. As a result, in summer 2011 they were subject to what Sacchi (2015) has described as ‘implicit conditionality’ – as the ECB requested explicitly the implementation of specific policy measures as a condition for the purchase of their sovereign debt stocks on the secondary market. In June 2012, Spain was then additionally forced to request external financial assistance from the Troika to support the restructuring and recapitalisation of its ailing banking sector (cf. Quaglia and Royo, 2015), becoming subject to explicit conditionality which however was limited to the financial and banking sector (Pavolini et al., 2015: 65).

Alongside the continuing pressures from the financial markets, the architecture of the new Eurozone economic governance (NEG) which took shape from 2011 onwards with the introduction of the Six-Pack, the Fiscal Compact, the Two Pact and the Euro Plus Pact considerably increased EU surveillance mechanisms on Member States’ domestic policy choices and fiscal policy, empowering the Commission not only to issue detailed country-specific recommendations (CSRs), but also to trigger sanctions in case of MS non-compliance (de la Porte and Heins, 2016; Erne, 2015).

In all four countries, the onset of the sovereign debt crisis and the intensification of exogenous conditionality shifted the nature of crisis management policy response from conjunctural to structural. In the context of strong exogenous adjustment pressures, the main government policy objective became rapid fiscal consolidation and implementation of structural reforms that could increase competitiveness and reassure international market actors and creditors to restore external credibility. These pressures remained strong even after the end of the ‘fast burning’ phase of the sovereign debt crisis in summer 2012 - following Draghi’s infamous ‘whatever it takes to save the Euro’ declaration, which paved the way for unlimited bond purchases by the ECB through the Outright Monetary Transactions (OMT) programme (Hodson, 2013; Jones, 2013; Heijden et al., 2018).

In the absence of adjustment mechanisms based on exchange and interest rates alterations, the NEG prescribed a style of crisis management centred around austerity and internal devaluation (Matthijs and Blyth, 2015). This orthodoxy was based on a skewed understanding of the crisis which attributed its causes to fiscal recklessness, inefficiency and lack of competitiveness arising from excessive pre-crisis wage growth in

24 For a comprehensive overview of the new Eurozone Economic Governance mechanisms of surveillance, see de la Porte and Heins (2016).
the Euro-periphery; disregarding the role of the ‘core’ countries and of EMU’s flawed design in causing the imbalances at the root of the Eurozone troubles (Matthijs, 2014: 105).

Hence, the policy recommendations issued either through the MoU, through ‘implicit conditionality’ or through the European Semester CSRs placed the focus on reduction of public spending (with considerable implications for welfare states, pensions and social security reforms); and on decreasing wages and other sources of labour market ‘rigidities’ to relaunch external competitiveness and export-led growth (Lehndorff, 2014; Theodoropoulou, 2018).

In Italy, Spain and Portugal, the implementation of liberalising structural reforms of the regulatory frameworks of labour market (especially employment protection legislation (EPL) for permanent contracts), industrial relations and collective bargaining became thus a central component of the crisis response, often in coincidence with the long-standing preferences of domestic policy actors and employers (Clauwaert and Schomann, 2012; Meardi, 2014; Moreira et al., 2015; Picot and Tassinari, 2017). In Ireland, where EPL and IR were already considerably more liberalised (see above), the focus of adjustment was placed primarily on reducing public spending through retrenchment and tightening of activation in the welfare and unemployment benefits system, and through containment of wages in the public sector (Dukelow, 2015; Dukelow and Considine, 2014). However, the MoU also included recommendations (strongly advocated for by specific segments of domestic employers) for the liberalisation of specific sectoral wage-setting mechanisms (cf. Maccarrone, 2018).

The social and economic consequences of austerity and internal devaluation were deep and highly regressive (Hopkin, 2015; Pérez and Matsaganis, 2017), leading to increased income inequality and poverty risks, wage stagnation, and to a deepening of the recession due to the depressing effects on domestic demand. The political knock-on effects were also very strong. Whilst domestic policy-makers and employers in the periphery used in various junctures the external pressures in order to pursue and legitimise home-grown policy goals (Cioffi and Dubin, 2016; Moury and Standring, 2017), the intensity of conditionality and increased intrusiveness of the EU authorities fostered a growing perceived tension between national democracy and sovereignty on one hand, and market rule and technocracy on the other (Streeck, 2011). In turn, this fuelled domestic political contestation, electoral instability and, in Italy and Spain, deep changes in the party-political system, with a considerable growth of challenger ‘populist’ parties.
(Hernández and Kriesi, 2016; Hutter and Kriesi, 2019).

5.3.2.3 The ‘post-crisis’ period

Whilst the timings of the economic and Eurozone crisis are well established in the literature, identifying the contours of the ‘post crisis’ phase is more complex. Guardiancich and Molina (2017: 7) take the second half of 2013 as marking the beginning of the ‘post-crisis’ period for the EU28, as on average positive rates of economic growth start being recorded then. Here, instead, a country-specific periodisation is adopted, defining the ‘post-crisis’ period as marked by the combination of two conditions: first, the exit of the country from mechanisms of explicit conditionality and from their respective Memoranda of Understanding, if present; secondly, the sustained return to positive rates of GDP growth. Hence, the first year of the ‘post-crisis’ period is marked as 2014 for Ireland (which exited its bailout in 2013), and Spain and Portugal (which exited their bailouts in 2014), whilst in Italy is postponed to 2015.

Whether the term ‘post-crisis’ is appropriate for all four countries is in itself debatable. First, EZ peripheral countries remained subject, well beyond 2014, to various post-programme monitoring mechanisms or surveillance exercised through European economic governance framework – especially the Macro-Economic Imbalance Procedure (MIP). Secondly, the legacies of the crisis period continued to exercise their effects in the form of fragile or unbalanced economic growth and, especially in the cases of Italy, Spain and Portugal, persisting fiscal consolidation pressures. Hence, ‘post-crisis’ is used here as a shorthand to indicate the non-acute phase of the Great Recession decade.

In Italy, the crisis downturn and deep austerity measures of 2011-2012 unleashed a ‘slow burning’ recession, with a prolonged drop in GDP, investment, consumptions and a rise in unemployment (Celi et al., 2018: 97). Italy’s productive capacity collapsed by 25% over the period of the Great Recession (ibid.), with internal demand depressed by low levels of spending and consumption. Even as GDP and employment creation rates returned positive from 2014, growth remained slow and job creation mostly concentrated in low-value added segments of the economy, against a background of still very high youth unemployment and emigration (Fana et al., 2016), high rates of exposure to poverty risk and endemic wage stagnation. Employment creation, labour market reform and encouragement of productivity growth remained thus highly salient issues on the government policy agenda beyond 2012. The high debt-to-GDP ratio and relatively high ULC growth also continued creating concerns amongst EU authorities and other
Eurozone Member States about the macro-economic solidity of Italy’s positions. Continued progress in structural reforms thus remained central for Italy to gain credibility vis-à-vis external stakeholders, leading to the implementation of further LMP interventions up until 2015/2016.

In Spain, growth rates turned positive in 2013 after five years of recession. Although its growth model remains prevalently demand-led (Álvarez et al., 2019), positive export performance, primarily in traded services (including tourism) has been an important driver of the Spanish recovery story (Xifré, 2016).25 Despite having decreased considerably since their 2013 peak, unemployment levels remained however very high (especially for young people), and the Spanish economy continued to be plagued by the problem of low wages, in-work poverty, engrained labour market segmentation (with almost 90% of job creation concentrated in the atypical segment of the labour market), widespread economic insecurity and growing income inequality fuelled by the uneven distribution of the gains from export growth (Álvarez et al., 2019; OECD, 2017c). The positive growth performance allowed the government to pursue a moderately expansionary fiscal policy since 2015-16. However, even after exiting its banking sector MoU in 2014, Spain’s fiscal space remained constrained. As of 2018, Spain was still subject to an Excessive Deficit Procedure (EDP) and threatened with sanctions for failing to comply with its deficit reduction targets (Hodson, 2017: 127).

In Portugal, austerity and wage reductions arising from the MoU continued to depress domestic demand (Storm and Naastepad, 2015), resulting in a recessionary dynamic until 2013, which reinforced pressures to stick to the structural reforms path. Portugal eventually exited the Troika bailout programme in May 2014, and economic and employment growth turned moderately positive from 2014. The improvement in export performance (including tourism) is credited as having been the main engine of the recovery (OECD, 2017a). As domestic demand remained comparatively low, this shift contributed to rebalancing the current account (Arnold, 2015; Blanchard and Portugal, 2017; OECD, 2017a). However, like its Southern European neighbours, Portugal’s

25 Despite the IMF (Salas, 2018), OECD (OECD, 2017c) and the Bank of Spain (Banco de España, 2016) identifying strong export performance as a sign of success of the labour market reforms and wage moderation pursued during the crisis, it is important to note that the empirical link between internal devaluation (especially ULC decline) and export-performance in the Spanish recovery is strongly contested in the literature (cf. Xifré, 2016; Álvarez et al., 2018). These studies show that ULC deflation does not necessarily lead to increased price competitiveness, but rather results in increased profit margins. Positive export performance is thus primarily explained by positive trends in external demand and collapse in internal demand, rather than by internal wage and price devaluation (Álvarez et al., 2019; Uxó et al., 2016).
economy continues facing several fragilities. Domestic investment levels remained low (partly due to the pre-crisis legacies of high corporate indebtedness), making the economy dependent on incoming FDI (OECD, 2017a: 61) and on tourism, further reinforcing the significance of the low-wage sector in Portugal’s growth model. The social impacts of the crisis were also acute. Income inequality and poverty levels had arisen considerably during the crisis (cf. OECD, 2017a: 17); unemployment levels remained comparatively high, especially amongst young people; and labour market segmentation stayed endemic, as reflected in the still high share of temporary contracts and in persisting issues of low employment quality and low wages.

After its strict compliance with the MoU, Ireland exited the bailout programme at the end of 2013, and experienced an impressively fast economic recovery, which earned it the nickname of ‘Celtic phoenix’ (Regan and Brazys, 2018). GDP growth turned positive in 2014, and remained robust in years to follow. The Irish recovery has been staggering compared to other peripheral countries, and primarily led by a massive inflow of FDI, especially in the internationally-traded service sector sector, facilitated both by low corporate tax rate and by the activist efforts of the Irish state (Brazys and Regan, 2017; Regan and Brazys, 2018). The legacies of the crisis remain nonetheless problematic. Years of wage stagnation and tax hikes under austerity contributed to decreasing consumer confidence and purchasing power. Even though unemployment started declining in 2014, the fruits of the recovery have been very unequally distributed – as the FDI-led growth model has primarily benefited high-skilled workers in the relatively small internationally traded MNC sector, leaving behind the vast majority of the domestic sector, where wages have remained stagnant over the last decade and much employment created has been of low quality (Regan and Brazys, 2018: 6–8). This skewed recovery has fuelled income inequality and job polarisation. The exceptionally high levels of youth unemployment also prompted a rapid increase of emigration rates, and the increase in the cost of living (partly precipitated by the clustering effects of MNCs in small urban areas) has led to an emerging housing crisis which has surfaced as a major policy challenge.

5.4 Summary

The overview of the institutional and macro-economic context of the four case

---

26 It is worth noting that the figures for 2016 were severely distorted by a statistical accounting ‘disruption’ in 2016 related to the reporting activities of a small number of multinational firms (Oireachtas, 2016) – what some commentators named a case of ‘Leprechaun economics’.
study countries developed in this chapter provides the background to the process-oriented, actor-centric analysis developed in the empirical chapters that will follow. The comparative institutional-historical overview of the four cases highlighted significant parallelism and some important sources of variation in the domestic context of interest intermediation at the onset of the crisis (cf. Table 5.3).

Despite their shared experiences with ‘new social pacts’ in the 1990s (cf. Natali and Pochet, 2000, 2009; Avdagic et al., 2011), the trajectories of institutionalisation of concertation between the four countries and associated policy outcomes had diverged after the conclusion of the EMU accession process, thus lending it different degrees of institutional ‘solidity’ and output legitimacy. Whilst tripartite policy-making practices enjoyed a relatively high degree of institutionalisation in Portugal and Ireland at the crisis onset, their institutional footing was much weaker in Spain and Italy. Institutionalisation did however not co-vary with policy-makers perceptions of concertation’s results and its output legitimacy, which were more variegated: negative in Italy, moderately positive in Portugal, and mixed in Spain and Ireland – where policy-makers’ reliance on concertative practices was increasingly not matched by its policy and macro-economic outcomes.

The four countries differed also with regard to the features of organised producer groups and to the composition of their power resources. Italian producer groups had relatively high organisational and institutional power, but very low legitimacy in public opinion. Spanish and Portuguese unions and EOs were organisationally weaker but had well-established links with governing political parties (in the case of unions) and were strongly reliant on institutional power resources arising from state support and recognition. Irish social partners, for their part, had a profile of polarised power resources: weak in terms of density, with the exception of public sector unions, but with substantive institutional power resources and high legitimacy in public opinion arising from involvement in the social partnership machinery.
Table 5.3 Comparative overview of country case study features

<table>
<thead>
<tr>
<th></th>
<th>Italy</th>
<th>Spain</th>
<th>Portugal</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Concertation legacies and institutional set-up</strong></td>
<td>Low institutionalisation; no dedicated tripartite concertation body; negative policy-makers perceptions; low output legitimacy</td>
<td>Low institutionalisation; tripartite body only for consultation; positive policy-makers perception; low output legitimacy</td>
<td>High institutionalisation; dedicated tripartite concertation body; positive policy-makers perception; high output legitimacy</td>
<td>High institutionalisation; dedicated tripartite + social partnership institutions; positive policy-makers perceptions; declining output legitimacy</td>
</tr>
<tr>
<td><strong>Unions' organisational power resources</strong></td>
<td>Medium density; high membership in public sector &amp; among pensioners; divisions among main confederations</td>
<td>Low density; unity among main confederations</td>
<td>Low density, concentrated in public sector; divisions among main confederations</td>
<td>Medium density, concentrated in public sector; internal divergences within ICTU</td>
</tr>
<tr>
<td><strong>EO's organisational power resources</strong></td>
<td>Medium density; medium fragmentation; low inter-organisational competition</td>
<td>Low density; medium fragmentation; some inter-organisational competition</td>
<td>Low density; medium fragmentation; limited inter-organisational competition</td>
<td>Low density; low fragmentation; limited inter-organisational competition</td>
</tr>
<tr>
<td><strong>Unions and EO's institutional power resources</strong></td>
<td>High (autonomy and self-regulation in CB; management of STW schemes; unions' role in collective dismissals)</td>
<td>Medium (routinised involvement in social dialogue; management of VET schemes; state support for CB coverage)</td>
<td>Medium (routinised &amp; institutionalised involvement in social dialogue; state support for CB coverage)</td>
<td>Medium (routinised involvement in social partnership; no statutory regulation of CB)</td>
</tr>
<tr>
<td><strong>Unions' societal power resources</strong></td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>
These features make it difficult to draw out precise expectations regarding the trajectories of tripartite concertation through the various phases of the crisis. The political pre-conditions for its activation were clearly not positive in Italy, given the low legitimacy of concertation practices, whilst they were more conducive in Spain and Portugal, despite the organisational weakness of the social partners. Given the high degree of social partnership institutionalisation in Ireland, it could have also been expected that it would have been relied upon to deal with the acute crisis impact, or at least resuscitated once the intensity of the macro-economic problem load subsided from 2014 onwards. However, as the next chapters will illustrate, institutional legacies and macro-economic context interacted in complex and unpredictable ways with power-based dynamics to shape modalities of interest intermediation throughout the crisis period, defeating both institutional path-dependence and functionalist macro-economic expectations.
Chapter 6. Interest intermediation in the Eurozone periphery through and beyond the crisis: an overview

This chapter begins to address the first empirical research question guiding this thesis: how have dynamics of interest intermediation between governments, unions and employers’ organisations in crisis-responsive policy-making evolved across Eurozone peripheral countries during the successive phases of the Great Recession? To do so, it presents the results of a systematic mapping of interest intermediation dynamics between governments, unions and employers’ organisations in key crisis-responsive policy-making episodes over 2008-2018 in each of the four case study countries (Italy, Spain Portugal and Ireland).

The analysis focused on all major episodes of policy-making in the three policy areas of interest: labour market policy, regulation of wage-setting and collective bargaining, and pensions. Following the analytical procedure outlined in Chapter 3, each policy-making episode was assigned to one of the four typological categories of interest intermediation defined in Chapter 2: substantive concertation, cosmetic concertation, ad hoc political exchange or unilateralism. This mapping exercise uncovers the broad patterns of continuity and change in government-organised interest group relations over the successive phases of the Great Recession, distinguishing between the crisis and post-crisis period. This ‘bird’s eye’ overview provides the empirical basis for the detailed process-oriented analysis of chapters 7-9.

The results highlight that the evolving nature and intensity of the macro-economic problem load and policy conditionality facing peripheral EZ countries over the successive phases of the crisis decade are associated with profound transformations in the dynamics of interest intermediation between governments, labour and capital. In most cases, the onset of the sovereign debt crisis in 2010-11 was associated with an exhaustion of substantive concertation and an increase in the incidence of governmental unilateralism in policy-making. Yet, the macro-economic conjuncture did not appear to have deterministic and homogenous effects over macro-political interactions between governments and organised producer groups. Substantive cross-country variation is observed even during the acute crisis period in the way in which unions and employers’ groups were involved in or excluded from policy-making in formal terms, or were able to extract marginal concessions through ad hoc forms of political exchange. The trajectories of interaction in the post-crisis phase are just as diverse, painting a landscape of differential resilience of political exchange and formal concertation across the Eurozone
periphery, which contrasts with accounts identifying crisis-induced convergence towards governmental unilateralism. This underscores the importance of considering the role of political and agential factors in accounting for variation.

6.1 Italy: oscillating between unilateralism and resilient political exchange

The Italian case is characterised by oscillation between different modes of interest intermediation over successive phases of the Great Recession, shifting from the progressive exhaustion of formal and visible concertation in the crisis period (Table 6.1), to its unexpected re-activation in the ‘post-crisis’ period (Table 6.2).

6.1.1 Italy: interest intermediation in the crisis period (2008-2014)

In the first crisis period (2008-2010), the centre-right Berlusconi government relied on a peculiar mix of ad hoc political exchange and unilateralism to tackle the emerging challenges of the crisis. Since the early 2000s, the Italian centre-right had openly rejected the practice of concertation, embracing instead a style of ‘light’ social dialogue whereby the role of social partners was reduced to consultation and, at most, passive consensus-giving, whilst the decision-making authority of the executive was not meaningfully shared. As the crisis hit Italy in 2008, the Berlusconi government, in line with its previous approach, did not start any formalised processes of interlocution with the social partners.

Rather, it pursued a strategy of behind-the-scenes ad hoc political exchange with its social partners ‘of reference’ – especially CISL, Confindustria and SME employers’ organisations. In exchange for their political support and collaboration in the management of the employment impacts of the downturn at the local level, the government funded through general revenue the expansion of short-time work schemes (IT1, 2008 Anti-Crisis decree27, in line with the joint demands of unions and EOs.

Berlusconi’s policy-making style shifted towards unilateralism with the intensification of the fiscal crisis over 2010-2011. Various structural reforms were implemented without overt consultation with the social partners (IT3, 2010 Pensions reform28; IT4, Art. 8 Law 138/201129, although, as Chapter 7 will show, the government

---

29 Decreto-Legge 13 agosto 2011, n. 138, “Ulteriori misure urgenti per la stabilizzazione finanziaria e per
attempted to obtain behind-the-scenes consensus from CISL and Confindustria. The latter measure, implemented under the pressure of ‘implicit conditionality’ from the ECB (Sacchi, 2015), was especially controversial, as it sanctioned by law the possibility of disorganised decentralisation of collective bargaining against the joint preferences of the social partners (Bulfone and Afonso, forthcoming).

Table 6.1 Italy: interest intermediation in the crisis period (2008-2014)

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IT2: 2010, L. 183/2010 (Collegato Lavoro)</td>
</tr>
<tr>
<td>Cosmetic concertation</td>
<td>Unilateralism</td>
</tr>
<tr>
<td></td>
<td>IT7: 2013, D.L. 76/2013 (Fixed-term contracts liberalisation)</td>
</tr>
<tr>
<td></td>
<td>IT8: 06/2014 Law. 78/2014 (Poletti decree)</td>
</tr>
<tr>
<td></td>
<td>IT9: 12/2014 Law 183/2014 (Jobs Act delegation law)</td>
</tr>
</tbody>
</table>

Source: author's elaborations on LABREF, Eurofound, documentary sources and interview data

The policy-making style of the technocratic Monti cabinet, which replaced Berlusconi in November 2011 following the intensification of the sovereign debt crisis, also followed a trajectory of attempted unilateralism. In December 2011 it implemented in complete unilateral fashion a far-reaching pensions reform (IT5, Fornero pensions reform30), amounting to significant retrenchment. This was drawn up in a climate of emergency and justified as necessary to avoid an impending sovereign default.

When tackling the issue of labour market reform in early 2012 (IT6, the so-called Fornero labour market reform31), the government chose instead to open a process of visible

---


31 Legge 28 giugno 2012, n. 92 “Disposizioni in materia di riforme del mercato del lavoro in una prospettiva di
consultation with the social partners to the design of the reforms’ contents. This consultation was public and tripartite in nature, resembling somewhat pre-crisis concertation ‘rituals’. However, the scope of shared policy-making prerogatives was very narrow. When agreement was not reached (due to CGIL’s opposition) on the government’s proposal to reform EPL for open-ended contracts, the executive proceed unilaterally without seeking to reach compromises with the other organisations. Given the limited scope for policy-oriented political exchange in the consultation process and the lack of impact that the dialogue with the social partners had on the content of the reforms, ultimately pushed through unilaterally, this is classified as an instance of cosmetic concertation with regard to the process of policy-making.

Following the end of the fast-burning phase of the sovereign debt crisis in 2012, pressures to implement structural reforms partly abated in urgency but remained nonetheless considerable. The centre-left led cabinet of PM Letta, who came into power after the 2013 general elections, stated its intention to adopt a more dialogical approach with the social partners, but still did not negotiate on the content of its main labour market intervention, a marginal liberalisation of fixed term contracts (IT7). 32

Unilateralism was also the policy-making method of choice of the Renzi’s centre-left led coalition government, who replaced Letta in office in March 2014. The Renzi cabinet adopted two significant reforms in the sphere of LMP: the Poletti Decree33 (IT8) in June 2014, which de-regulated temporary employment contracts; and the Jobs Act34 (IT9), which first became Law in December 2014 and was then implemented through eight law-decrees throughout 2015, combining a far-reaching deregulation of EPL for open-ended contracts with a reform of unemployment benefits and short-time work schemes (Picot and Tassinari, 2015, 2017; Sacchi, 2018). In both cases, the government...
relied on experts for the design of the reform and completely excluded social partners’ organisations from the policy process (Rutherford and Frangi, 2016: 12). Consultation was limited to occasional bipartite meetings behind closed doors with single organisations (in particular, the employers’ confederation Confindustria and the moderate union CISL), solely with the purpose of defining technical details of the reform to avoid implementation problems.

6.1.2 Interest intermediation in the post-crisis period (2015-2018)

Renzi’s unilateral policy-making continued in the first phase of the weak recovery, throughout 2015, as the government proceeded to draw up the Jobs Act implementation decrees (Table 6.2, IT10). The embrace of unilateralism was part and parcel of Renzi’s political project, which sought to reject the logic of structured political exchange with organised interest groups in the name of ‘disintermediation’, seeking to establish a direct relationship of consensus with the electorate. However, this policy-making style encountered its limits. In 2016, in fact, the Renzi government re-activated several processes of political exchange – both structured and informal - with unions and EOs in several policy areas (Table 6.2).

First, a behind-closed-doors process of ad hoc political exchange led by the Ministries of Labour and Economic Development led to some revisions of the Jobs Act in Autumn 2016, specifically to relax the rules governing access and durations of STW schemes for firms in economic difficulties (IT11). Second, in spring 2016 the government started a process of visible concertation with CGIL, CISL and UIL on revisions to the 2011 pensions reform. This negotiation resembled ‘old school’, public and formalised concertation processes. Eventually, a substantive concertation agreement was signed in September 2016 between the government and the unions (IT12), providing for several

35 The Jobs Act was transposed into legislation through several implementation decrees approved over the course of 2015: Decreto Legislativo 4 marzo 2015 n. 22 (on new unemployment benefits and income support measures); Decreto Legislativo 4 marzo 2015 n. 23 (on new norms on compensation for dismissals for open-ended contracts); Decreto Legislativo 15 giugno 2015 n. 80 (on work-life balance measures); Decreto Legislativo 15 giugno 2015 n. 81 (on new regulations on labour contracts and new rules for re-definition of job roles); Decreto Legislativo 14 settembre 2015 n. 148 (on the re-regulation of social shock absorbers); Decreto Legislativo 14 settembre 2015 n. 149 (on new norms for labour inspections); Decreto Legislativo 14 settembre 2015 n. 150 (on active labour market policies); Decreto Legislativo 14 settembre 2015 n. 151 (on new rules for the long-distance control of workers). The text of the decrees are available at: http://www.jobsact.lavoro.gov.it/documentazione/Pagine/default.aspx?page=1 (accessed 8 August 2019).


37 Verbale Incontro Governo, CGIL, CISL e UIL, 28 settembre 2016. Available at:
‘corrective’ interventions to the 2011 pensions reform for which the government made available €6 billion.

Table 6.2 Italy: interest intermediation in the post-crisis period (2015-2017)

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT12: 2016 Memorandum on pensions</td>
<td>IT11: D.L. 185/2016 (Jobs Act revisions - STW schemes)</td>
</tr>
<tr>
<td></td>
<td>IT15: 2017 Incentives for firm level bargaining and occupational welfare</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cosmetic concertation</th>
<th>Unilateralism</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT17: 2017 Pensions reforms dialogue table</td>
<td>IT10: 2015 Jobs Act implementation decrees</td>
</tr>
<tr>
<td></td>
<td>IT16: 2017 D.L. 25/2017 (‘vouchers’ abolition)</td>
</tr>
</tbody>
</table>

Source: author’s elaborations on LABREF, Eurofound, documentary sources and interview data

A comparable dynamic took place in the sphere of public sector collective bargaining, where national level bargaining had been suspended and wages frozen since 2010 (Bordogna, 2016: 93). Through an agreement between the government and CGIL, CISL and UIL reached in early December 201638 (IT13) the unions extracted concessions from the government for public sector wage increases and new bargaining rules in the public sector. These two cases are both classified as instances of substantive concertation because they were public and structured, and underpinned by a traceable quid pro quo on policy options with material concessions granted to unions.

The Gentiloni government, which replaced Renzi in January 2017, also refrained from overt unilateralism. Rather, it continued a process of engagement with unions and employers both through ad hoc, non-public political exchange (on the topic of revisions to STW schemes39 (IT14) and several concessions of fiscal incentives for second level

---

38 Ministro per la Pubblica Amministrazione, 2 dicembre 2016 “L’accordo (versione testuale)”. Available at: http://www.funzionepubblica.gov.it/articolo/ministro/02-12-2016/laccordo (accessed 27 August 2018).

bargaining and occupational welfare (IT15) (cf. Mallone et al., 2019), and through public concertation process on the topic of pensions, which however did not lead to an agreement (IT17).

The re-activation of political exchange from 2016 onwards – both structured and behind closed doors – after a phase of unilateralism counters some of the received wisdom in the literature (Baccaro and Howell, 2017b; Culpepper and Regan, 2014) and will be further investigated in Chapter 9. Overall, the trajectory of the Italian case shows that the political dynamics leading to the affirmation of governmental unilateralism are not necessarily permanent, but subject to reversal, thus focusing our attention on the roots of unilateralism as a political strategy on the one hand; and on the sources of continuity and resilience of political exchange practices through phases of economic and political instability on the other.

6.2 Spain: from crisis unilateralism to cosmetic concertation

Spain is characterised by a profound rupture in dynamics of tripartite interest intermediation during the Great Recession. A first period of attempted substantive concertation (2008-2011) was followed by the exhaustion of political exchange and concertation practices in the ‘acute’ crisis phase (2012-2014), where unilateralism dominated. Some formal concertation practices have been nonetheless revived in the post-crisis period (mid-2014-2018), but without substantive policy-oriented exchange.

6.2.1 Interest intermediation in the crisis period (2008-2013)

During the initial crisis period (2008-2011, Table 7), the centre-left Zapatero attempted repeatedly to rely on formal concertation to support its Keynesian crisis-responsive policy agenda, to continue the tradition of social dialogue inaugurated during its prior term in office (2004-2008). In July 2008, the government, employers and the main trade union confederations (CCOO and UGT) signed a statement committing to joint action for promoting employment and economic recovery (ES1).

work schemes\textsuperscript{41} and facilitate access to unemployment benefits for the long-term unemployed\textsuperscript{42}, negotiated through a process of \textit{ad hoc political exchange} with the unions.

\textbf{Table 6.3}Spain: interest intermediation in the crisis period (2008-2013)

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ES8: R.D.L. 7/2011 (Collective bargaining reform)</td>
</tr>
<tr>
<td>Cosmeti{c concertation}</td>
<td></td>
</tr>
<tr>
<td>ES1: Tripartite Declaration of principles for the promotion of the economy, employment, competitiveness and social progress\textsuperscript{43}, Agreement of 29 July 2008</td>
<td>ES5: 2010, Austerity Plan 2011-2013</td>
</tr>
<tr>
<td></td>
<td>ES10: R.D. Ley 20/2012 (UB retrenchment)</td>
</tr>
<tr>
<td></td>
<td>ES11: Ley 23/2013 (Pensions reform)</td>
</tr>
<tr>
<td></td>
<td>ES12: R.D. Ley 16/2013 (working time flexibility)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source:</strong> author’s elaborations on LABREF, Eurofound, documentary sources and interview data</td>
<td></td>
</tr>
</tbody>
</table>

However, as the conditions of the Spanish economy worsened, ‘consensual’ policy-making became increasingly hard to maintain. In July 2009, tripartite talks over a social pact for employment promotion measures broke down, due to growing divergences in positions between the CEOE (which demanded a reduction of social security contributions and a relaxation of dismissal protection rules), and the government and unions on the other (El País, 2009a, 2009b; Eurofound, 2010). However, bipartite social dialogue between unions and government delivered in September 2009 an agreement on


\textsuperscript{42} Real Decreto-ley 10/2009, de 13 de agosto, por el que se regula el programa temporal de protección por desempleo e inserción. Available at: https://www.boe.es/eli/es/rdl/2009/08/13/10 (accessed 8 August 2019).
This oscillation between activation and suspension of structured concertation continued for the duration of Zapatero’s government, as the crisis morphed into a fiscal-sovereign debt crisis. In early 2010, the cabinet attempted and failed to reach an agreement with the social partners on the issue of LMP reforms. The commitment to respecting social dialogue was overcome by the intensification of the fiscal crisis. In May 2010, as a result of mounting pressures from the Eurogroup, the cabinet introduced unilaterally an austerity plan (ES5) to reduce the growing public deficit, followed by the implementation via executive decree of a first LMP reform in June 2010, following failure in social dialogue negotiations (ES6; R.D.L. 10/2010). This is classified as a case of cosmetic concertation – as public and visible tripartite interactions took place prior to the reform, but without an underpinning policy-oriented political exchange.

CCOO and UGT reacted to what they perceived as an act of unilateralism with a general strike in September 2010, achieving the restoration of social dialogue. A tripartite agreement was eventually concluded in February 2011 between the government, CEOE, CCOO and UGT (ES7, Social and Economic Agreement for Growth, Employment and Guaranteed Pensions), covering the reform of the pensions system, the development of ALMPs and industrial policies.

The agreement was a clear case of concession bargaining (Pérez, 2014: 3), as the unions agreed to lend legitimacy to the government’s reforms whilst accepting the logic of fiscal balance of the public pensions system and the increase in the pensionable age. However, it was underpinned by substantive policy-oriented political exchange. In pensions, unions extracted two tangible concessions: first, the changes introduced were primarily parametric rather than structural; secondly, the timing of the reform implementation was delayed to 2027. Furthermore, the agreement contained provisions


46 Acuerdo social y economico para el crecimiento, el empleo y la garantia de las pensiones. 2 February 2011. Available at: https://www.ccoo.es/7d6fa511bc3bd5c38caed0a838071a8b000001.pdf (accessed 8 August 2019).

47 In fact, by signing the agreement the trade unions changed their view about the increase of retirement age (which was increased from 65 to 67 years old), which they had considered unacceptable after the presentation of the first proposal of the government (EIRO, 2011b).

48 ES-TU2.
in ALMPs aligned with unions’ demands for ‘expansionary’ protective measures. The ALMP intervention replaced a pre-existing extraordinary unemployment benefit with a less generous one with stricter activation requirements (Picot and Tassinari, 2017: 471). For governmental actors, creating a new ALMP programme was a costly commitment, given the intense fiscal consolidation pressures at the time, and was part of a political exchange process. The government also accepted to leave the issue of collective bargaining reform to autonomous negotiations amongst the social partners. Due to this policy-oriented quid pro quo, this is classified as an instance of tripartite substantive concertation.

This phase of substantive concertation was however short-lived. As CCOO, UGT and CEOE could not reach an agreement on the issue of CB reform, on which the ECB was insisting Spain should intervene as a matter of urgency, the government intervened through legislation in July 2011 (ES8; R.D.L. 7/2011). At face value, this might be considered as a case of unilateralism. However, reconstructions of the reforms’ process suggest that the reform content (which allowed for decentralisation to firm-level bargaining, whilst retaining the possibility for sector-level collective agreement to reserve core subjects for negotiation) was shaped by a process of behind-the-scenes ad hoc political exchange between government and unions. Whilst formal agreement was not found, government officials described the “core” of the reform as being “fundamentally agreed upon” with the unions (despite their vocalised opposition). In exchange, the unions offered social peace and refrained from staging a general strike against the weakened cabinet.

The November 2011 elections, won by the centre-right Partido Popular (PP) of Mariano Rajoy, marked a deep change of phase in interest intermediation dynamics. For the following 3 years, all structural reforms were implemented without formal consultation with the social partners. First, the PP government proceeded to implement unilaterally a major LMP reform (ES9; R.D.L. 3/2012) which implemented radical EPL deregulation for open-ended contracts and collective bargaining, paving the way for disorganised decentralisation and explicitly breaching the autonomy of the industrial relations actors (Cioffi and Dubin, 2016; Picot and Tassinari, 2017). This was followed

---

49 ES-GOV3.
50 ES-GOV2.
52 ES-GOV3.
by a unilateral retrenchment in unemployment benefits (ES8). In 2013, the government then proceeded to implement unilaterally a new pensions reform54 (ES9), which anticipated the implementation of changes foreseen in the 2011 ‘negotiated’ reform, and further retrenched pensions’ expenditure. The complete absence of social partners’ consultation was unprecedented in the pensions field, which had historically been characterised by a tradition of consensual politics (cf. Chapter 5).

6.2.2 Interest intermediation in the post-crisis period (2014-2018)

The phase of aggressive unilateralism pursued by the PP government at the peak of the crisis phase was followed, from mid-2014 onwards, by a period of re-activation of formal interlocution with unions and employers (Table 6.4). However, these have been mostly devoid of concrete content.

In July 2014, the Minister of Labour started a tripartite social dialogue process with the social partners, leading to the conclusion of a tripartite agreement on proposals to promote economic growth and employment (ES13).55 Despite the stated commitment to restart social dialogue, however, this remained primarily at the level of intentions. The only concrete measures included in the agreement was the creation of an extraordinary programme of activation for employment (PAE) (subsequently formalised in a tripartite agreement signed in December 2014 – ES14).56

This does not meet the criteria for being classified as substantive concertation. First, the PAE aimed to facilitate the labour market reinsertion of long-term unemployed individuals through measures that both unions and employers’ organisations already supported. The agreement did not therefore entail a compromise over policy content; but was rather a symbolic act of “dialogue for dialogue’s sake”.57 Furthermore, the actual sharing of policy-making prerogatives by the government in terms of programme implementation was very narrow. Hence, due to the absence of a traceable quid pro quo with a concrete impact on reform content, this is classified as an instance of cosmetic concertation.

57 ES-TU1.
Table 6.4 Spain: interest intermediation in the post-crisis period (2014-2017)

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES19: 2017, Social Agreement for the Minimum Wage Increase</td>
<td>/</td>
</tr>
</tbody>
</table>

Cosmetic concertation

| ES13: 2014, Agreement on proposals for tripartite negotiations to strengthen growth and employment | / |
| ES14: 2014, Agreement on the extraordinary programme of activation for employment | / |
| ES15: R.D. Ley 4/2015 (Reform of the System of Professional Training for Employment) | / |
| ES16: 2016-2017: Dialogue table on employment quality (Mesa de diálogo sobre calidad de empleo) | / |
| ES17: 2017: Agreement on Emergency Plan for Youth Employment (Acuerdo “Plan de Choque para el empleo juvenil”) | / |
| ES18: 2017: Dialogue table over social security reform (Mesa de diálogo sobre la reforma de la seguridad social) | / |

Source: author’s elaborations on LABREF, Eurofound, documentary sources and interview data

A similar pattern of superficial engagement was replicated in 2015, when the government implemented unilaterally a reform of the system of vocational training for employment58 (ES15) that significantly reduced unions and employers’ responsibilities for the management of the system of vocational training for employment. The reform was preceded by a long social dialogue process between mid-2014 and March 2015. Due to the dismantling of their role in VET provision, both unions and employers’ organisations

---

strongly opposed the reform. However, the government refused to engage in political exchange over the proposals, and eventually implemented it unilaterally (Eurofound, 2015b). Like other cases of failed social dialogue, this is thus classified as an instance of cosmetic concertation.

Following the inconclusive elections of 2015, which sanctioned the fragmentation of the Spanish party system and failed to deliver a clear majority to any party, the second general election held in 2016 led to the formation of a minority government by the PP. The new political phase, characterised by extreme government weakness, consolidated a pattern of cosmetic concertation as the dominant mode of interlocution between the governments and organised producer groups.

From late 2016, the government activated several social dialogue tables on employment quality and temporality, employment creation, and revisions to the pensions reform (Table 6.4 - ES16, ES17, ES18). These were supposed to serve a policy coordination function, but progress remained extremely limited, with no significant concessions extracted and poor coordination between the issues. Hence, these are all classified as cases of cosmetic concertation – as policy-oriented political exchange remained substantively absent.

The only instance of substantive concertation in the post-crisis phase took place in December 2017, when a tripartite agreement to increase the minimum wage was signed by the government and the social partners (ES19). Besides being a formal agreement, it was underpinned by a policy-oriented quid pro quo. The government made concessions to the unions (progressive yearly increases in the national minimum wage to reach €850 by 2020) but compensated the reluctant employers’ organisations by increasing the threshold for compulsory social security contributions, and making the wage increase conditional on favourable economic conditions. Overall, despite this re-activation of formal and visible social dialogue, the sharing of the policy space has remained limited, and labour law and CB continue being excluded from the scope of dialogue.

Two noteworthy points emerge from this reconstruction. First, Spain shares with Italy a marked shift towards unilateralism in the acute crisis conjuncture. Second, like in Italy, this was subject to reversals in the post-crisis phase, at least for what concerns the form and structure of interactions. However, the substantive content of these interactions has narrowed down so much that what appears to be ‘resilient’ is only the symbolic and

---

ritualistic component of interactions. Overall, Spain appears thus as an example of crisis-induced ‘hollowing out’ of tripartite interest intermediation practices, which have survived only for legitimation purposes. Both the logic of unconstrained temporary unilateralism during the crisis, and the political dynamics leading to the re-activation of cosmetic concertation in the recovery phase will be analysed in Chapters 7 and 9 respectively.

6.3 Portugal: the resilience of concertation

The trajectory of Portuguese interest intermediation over 2008-2018 could be described as a ‘punctuated equilibrium’: with relative continuity in the institutionalised practice of formal tripartite concertation (albeit with changes in its substantive content), punctuated by episodes of unilateralism during the bailout (2011-2014).

6.3.1 Interest intermediation in the crisis period (2008-2014)

The initial crisis period (2009-2011) saw an alternation between cosmetic concertation and \textit{ad hoc political exchange} as dominant policy-making modes (cf. Table 6.5). As two tripartite agreements were already awaiting full implementation when the crisis hit (the 2006 Agreement on the Minimum Wage\textsuperscript{60} and the 2008 Agreement on the Labour Code reform\textsuperscript{61}), the centre-left PS cabinet of José Socrates had little inclination to introduce new ones. Instead, it deliberated on crisis-responsive measures in relative autonomy, using the Standing Committee for Social Concertation (CPCS) only post hoc, once the substance of the policy decisions had already been determined.

Some \textit{ad hoc political exchange} took place in 2009, as unions and employers extracted through bilateral negotiation channels concessions aligned with their policy priorities (PT1, 2009 Employment and Investment Initiative\textsuperscript{62}, PT2, 2009 Minimum wage increase\textsuperscript{63}). However, most other measures in this phase were decided upon through cosmetic concertation, as the governments engaged in consultations with the social partners over

employment-support measures (e.g. PT3, 2010 Employment Initiative \(^64\)) only after their content had already been approved by the executive.

Table 6.5 Portugal: interest intermediation in the crisis period (2008-2014)

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>/</td>
<td>PT1: 01/2009 Employment and Investment Initiative (Iniciativa Investimento e Emprego)</td>
</tr>
<tr>
<td></td>
<td>PT2: D.L. 5/2010 (increase in National Minimum Wage)</td>
</tr>
<tr>
<td>Cosmetic concertation</td>
<td></td>
</tr>
<tr>
<td>PT3: 01/2010 Employment Initiative 2010 (Iniciativa Emprego)</td>
<td></td>
</tr>
<tr>
<td>PT5: 01-10/2010 Negotiations over Employment Pact (‘Pacto para o Emprego’) (failed)</td>
<td></td>
</tr>
<tr>
<td>PT8: 03/2011: Tripartite agreement for Competitiveness and Employment (Acordo Tripartido Para a Competitividade e Emprego)</td>
<td></td>
</tr>
<tr>
<td>PT12: 01/2012, Tripartite Compromise for Growth, Competitiveness and Employment (Compromisso para o Crescimento, Competitividade e o Emprego)</td>
<td></td>
</tr>
<tr>
<td>Unilateralism</td>
<td></td>
</tr>
<tr>
<td>PT6: 09/2010 PEC 3 (Cuts to public servants pay, freezing of social pensions)</td>
<td></td>
</tr>
<tr>
<td>PT9: 07/2011, Lei 49/2011 (Taxation of Xmas allowance)</td>
<td></td>
</tr>
<tr>
<td>PT10: 09/2011, Lei 53/2011 (Reduction of severance pay)</td>
<td></td>
</tr>
<tr>
<td>PT11: 10/2011 State Budget 2012 (non-remunerated working time increase)</td>
<td></td>
</tr>
<tr>
<td>PT13: 03/2012, D.L. 64/2012 (Unemployment benefits reduction)</td>
<td></td>
</tr>
<tr>
<td>PT14: Lei No. 23/2012 (LMP reform)</td>
<td></td>
</tr>
<tr>
<td>PT15: Resolution of Council of Ministers 90/2012 (restrictions on extension of CBAs)</td>
<td></td>
</tr>
<tr>
<td>PT16: Lei no. 69/2013 (reduction of severance payment for new hires)</td>
<td></td>
</tr>
<tr>
<td>PT17: Lei 27/2014 (EPL deregulation for open-ended contracts)</td>
<td></td>
</tr>
<tr>
<td>PT18: Lei 55/2014 (alterations on duration and validity of CBAs)</td>
<td></td>
</tr>
</tbody>
</table>

Source: author’s elaborations on LABREF, Eurofound, documentary sources and interview data

As the government agenda shifted to austerity in March 2010, the scope for substantive political exchange narrowed even further. The government still attempted to initiate social concertation: first to legitimise its first two austerity packages (PT4, PEC I

---

...II65, then to negotiate (without success) a social pact on employment-promoting measures in summer 2010 (PT5, Employment Pact,66 and finally in December 2010 to gain endorsement for its “Initiative for Competitiveness and Employment” (PT7)67, which included proposals for reducing employers’ dismissal compensation costs. However, due to the growing distance in policy preferences between the actors and to the government’s unwillingness to negotiate meaningfully on policy content, these processes were all instances of cosmetic concertation – as the measures were presented formally to the social partners only once the content had already been substantively set by the executive.

Despite being emptied of substantive political exchange, tripartite negotiations continued as the government sought to obtain social partners’ endorsement for its LMP reforms programme. As the risk of a sovereign debt crisis intensified in early 2011, the PS cabinet asked the social partners to subscribe a Tripartite Agreement for Competitiveness and Employment (eventually signed in March 2011 by all social partners in the CPCS, except CGTP-IN) on structural LMP reforms (PT8)68, in the hope that this would reassure creditors’ about Portugal’s capacity to undertake structural adjustment.

The 2011 Tripartite Agreement is also categorised as an instance of cosmetic concertation, as the analysis did not uncover traceable and substantive policy-oriented political exchange. First, the social partners were not given the chance to input meaningfully on the content of the proposed measures prior to signing.69 Second, the agreement did not include any substantive policy trade-off between the parties – as the far-reaching liberalisation of LMP, favouring employers’ interest, was not compensated with any substantive policy concessions to organised labour, besides a vague commitment to ALMPs expansion (Campos Lima 2015, 2016; Cardoso and Branco 2018).

After the conclusion of the MoU in May 2011 and a change in cabinet, the centre-right PSD-CSD executive of PM Passos-Coelho declared its desire to “go beyond the Troika” in the MoU implementation (Moury and Standring, 2017: 13). Accordingly, the first

---

66 The process of negotiations for the Pacto de Emprego (Employment Pact) started already from early 2010 (Antena 1, 2009) and continued until Autumn 2010, without however bearing results.
69 PT-TU2.
labour market policy interventions in summer 2011 (PT9, Taxation of Xmas allowance\textsuperscript{70}; PT10, Reduction of severance pay\textsuperscript{71}; PT11, Working time increase\textsuperscript{72}) were taken unilaterally without any consultation with the social partners (Eurofound, 2011b).

After this spell of unilateralism, the PSD-CSD government however reverted to formalised tripartite concertation. In September 2011 it presented to the CPCS a proposal for a new tripartite agreement, the ‘Compromise for Growth, Competitiveness and Employment’ (PT11),\textsuperscript{73} meant to act as blueprint to implement the major LMP liberalising measures foreseen by the MoU. In January 2012 the agreement was eventually signed by all employers’ confederations and UGT (Eurofound, 2012d). The Compromise included LMP reform measures that mirrored but also went further than those included in the 2011 Agreement. This is classified as another instance of cosmetic concertation, as the bulk of the agreement’s content was set in stone by the MoU, and the measures outlined within were not altered in any substantive way by the social partners’ interventions. According to UGT interviewees, this mainly amounted to an attempt at ‘damage limitation’, signalling disjuncture between participation in concertation and actual union influence over policy content.

The policy-making style of the Passos-Coelho government subsequently turned more unilateral, and several LMP measures were implemented despite the explicit opposition of the social partners (Branco and Cardoso, 2017; Campos Lima, 2015; Ramos de Almeida et al., 2016). In particular, the labour market reform implemented following the blueprint of the Compromisso (PT14\textsuperscript{74}) went beyond what was foreseen in the agreement, marking a substantive defeat for the signatory union (Campos Lima, 2015, 2016). Several further liberalising measures in LMP, EPL and CB bargaining regulation were implemented over the course of 2012-2014 without any consultation with the social partners, and occasionally even against the positions of the employers’ organisations (see


Table 5 – PT15, PT16, PT17, PT18).

6.3.2 Interest intermediation in the post-crisis period (late 2014-2018)

The scenario changed again in the following ‘post-crisis’ phase (Table 6.6). As soon as Portugal exited the bailout programme in June 2014, the centre-right government re-activated concertation, with a tripartite agreement providing for the first increase in the minimum wage after four years (PT19). This is characterised as a case of substantive concertation, because a traceable process of policy-oriented political exchange took place: the minimum wage was increased in line with unions’ demands, and employers were compensated with a reduction in social security contributions. Furthermore, through a process of ad hoc political exchange, the Passos-Coelho cabinet also relaxed the rules for the extension of collective bargaining agreement, in line with the demands of unions and employers’ organisations (PT20).

Following the election of the minority centre-left Costa cabinet in Autumn 2015, substantive concertation through the channels of the CPCS resumed in earnest. Several agreements covering the issue of minimum wage increases (PT 21, PT 23) and labour law reform (PT27) were concluded (without CGTP’s endorsement), underpinned by policy-oriented political exchange. Unions extracted concrete concessions, especially the minimum wage increases, partial re-centralisation of CBAs (PT23) and partial re-regulation of fixed-term employment contracts (PT27), whilst employers were

compensated through reductions of their social security contributions and by the government’s commitment to not substantively re-regulate EPL for open-ended contracts.

Table 6.6 Portugal: interest intermediation in the post-crisis period (late 2014 – 2018)

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT19: 09/2014 Tripartite agreement on minimum wage increase</td>
<td>PT20: Resolution of Council of Ministers nº 43/2014 (relaxation of criteria on CB extension)</td>
</tr>
<tr>
<td>PT21: 01/2016 Tripartite agreement on minimum wage increase</td>
<td>PT22: 2015, re-establishment of 35 hours working time in public sector</td>
</tr>
<tr>
<td>PT23: Compromise for a medium-term agreement (December 2016/January 2017) (minimum wage and labour law revisions)</td>
<td>PT24: Resolution of the Council of Ministers nº 82/2017 (CB re-regulation)</td>
</tr>
<tr>
<td>PT27: 03/2018 Agreement on labour law reform</td>
<td></td>
</tr>
</tbody>
</table>

| Cosmetic concertation | | |
| Cosm/G | / | |

<table>
<thead>
<tr>
<th>Unilateralism</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PT25: D.L. 156/2017: Minimum wage increase</td>
<td></td>
</tr>
</tbody>
</table>

Source: author’s elaborations on LABREF, Eurofound, documentary sources and interview data

The Costa government has so far explicitly refrained from intervening unilaterally to pursue the re-regulation of labour market policy and law; repeatedly choosing to defer the issue of labour law re-regulation to deliberation in the formal tripartite concertation arena. In the post-crisis phase, therefore, we can see that substantive concertation continues to play a central role in Portuguese labour and welfare politics.

What emerges as the characterising trajectory of the Portuguese case, therefore, is the peculiar resilience of occasional cosmetic concertation practices during the peak of the crisis phase, and its substantive re-activation during the post-crisis recovery following a phase of deep unilateralism. The political logic underpinning these practices of resilient tripartite interest intermediation and their occasional suspension and re-activation will be the object of further investigation in Chapters 7 and 8.
6.4 Ireland: from concertation to policy-oriented political exchange

The Irish case is characterised by a unique divergence between policy areas in the modes of interest intermediation between governments, unions and employers’ groups over the crisis decade. In the fields of labour market policy (especially with regard to unemployment benefits and ALMPs) and pensions, the advent of the crisis in 2008 marked a clear shift from encompassing social partnership to \textit{unilateralism}. However, substantive concertation between unions and the state has remained resilient in the sphere of public sector pay and restructuring, both through the crisis period and in its aftermath. Finally, the sphere of industrial relations and collective bargaining regulation has been characterised by a peculiar pattern of intermittent \textit{ad hoc political exchange} between the actors, predominantly through informal channels.

6.4.1 Interest intermediation in the crisis period (2008-2013)

The last pre-crisis social pact, ‘\textit{Towards 2016}’, had been concluded in 2006, and then renewed in 2008 with the conclusion of a new national wage agreement\textsuperscript{84} by the new centre-right Fianna Fail (FF)-Green coalition government. Yet, when the financial crisis hit the Irish banking sector in summer 2008, the nature of the interactions between governments, unions and employers changed drastically. As it has been well documented in the literature, social partnership was indeed one of the first and main casualties of the Irish crisis (Doherty, 2011; Regan, 2012a; Teague and Donaghey, 2015).

In the first crisis phase (Table 6.7), the FF-Green coalition government adopted fiscal consolidation as its main policy priority to confront the severe fiscal crisis. The bulk of the adjustment process focused on reduction of public sector expenditure, which, together with excessive welfare expenditure, came to be seen amongst policy-makers and public opinions as the main culprit of the fiscal problems (Roche et al., 2017). The government first intervened unilaterally in February 2009 by introducing a pensions levy for public sector workers (aimed at reducing by €1.4 billion the public pay service bill) (IE1, 2009 \textit{Financial Emergency Measures in the Public Interest Act}).\textsuperscript{85} Then, it attempted to negotiate measures to achieve public sector expenditure reduction with the unions. However, the space for negotiations was extremely narrow. As agreement was not found,


in late 2009 the government introduced emergency legislation to override the Non-Payment of Wages Act for the public sector, paving the way for unilateral pay reduction implemented in early 2010 (IE2: 2010 Financial Emergency Measures in the Public Interest Act). This also entailed a reduction of the National Minimum Wage. The content of these measures was not agreed upon and the scope for policy-oriented exchange non-existent. However, as formal consultations had taken place beforehand, this is classified as a case of cosmetic concertation.

At the same time, in December 2009, the employers’ confederation IBEC formally withdrew from the national private sector pay bargain, in order to be able to engage in localised wage devaluation to face the crisis’ impact (Regan 2014). With the employers’ exit from the private sector pay deal and the unilateral imposition of public sector pay cuts, national tripartite social partnership came officially to an end.

Table 6.7 Ireland: interest intermediation in the crisis period (2008-2013)

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
<th>Cosmetic concertation</th>
<th>Unilateralism</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE9: 2013 Public Service Stability Agreement 2013–2016 (Haddington Road Public Sector agreement)</td>
<td>IE8: 2012 Industrial Relations Amendments Act</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cosmetic concertation</td>
<td>Cosmetic concertation</td>
<td>Unilateralism</td>
<td></td>
</tr>
</tbody>
</table>

Source: author’s elaborations on LABREF, Eurofound, documentary sources and interview data

From then on, interest intermediation dynamics took a distinctive pattern. With regard to public sector adjustment, structured negotiations were surprisingly re-activated in 2010, in a bipartite form involving only the government and the public sector unions. After the failure of the agreement of December 2009 and the unilateral interventions in

---

early 2010, the government sought to achieve a negotiated deal with the public service executive of ICTU to further reduce the public sector wage bill. The negotiations resulted in an agreement, signed in June 2010 (IE4, 2010 Croke Park Agreement). This is classified as an instance of substantive concertation because, despite being concluded under the threat of unilateral government legislative intervention, it did encompass a policy-oriented political exchange. The government agreed to not impose compulsory redundancies and further pay cuts, in exchange for the public sector unions agreeing to maintain industrial peace and co-manage a process of public sector restructuring to deliver €3 billion savings through voluntary redundancies and redeployment.

The severe fiscal consolidation undertaken over 2009-2010 was however not sufficient to prevent a bailout. At the end of 2010, Ireland was forced to enter a MoU with the Troika. The negotiation of the bailout led to the electoral collapse of the FF-Green coalition in the general elections of early 2011. The main centre-right opposition party Fine Gael (FG) came to power in coalition with the Labour Party. FG was ideologically hostile to social partnership, preferring a style of centralised-decision making, and the Troika presence allowed the executive to consolidate its autonomy in policy-making, already facilitated by the super-majority that the FG-Labour coalition commanded in government. For the duration of the bailout, unilateralism remained the prevalent mode of policy-making in most spheres of public policy. In welfare policy and ALMPs, a series of structural reforms of the activation and unemployment benefits systems (IE6; IE7) were implemented in compliance with the MoU without any consultation nor negotiation with the social partners.

However, unilateralism did not dominate across the board. In the sphere of public sector adjustment, bipartite concertation practices remained resilient. The Department for Public Expenditure and Reform (DPER), guided by a Labour Minister, coordinated closely with the public sector unions to implement the 2010 Croke Park Agreement. Then, in 2013, when the government was pressured by the Troika to deliver a further set of public sector savings, it again decided to negotiate these with the public sector unions, rather than proceeding unilaterally. A deal was eventually accepted by the unions, under

the very credible threat of unilateral legislative intervention, resulting in the so-called ‘Haddington Road’ agreement (IE9)\(^90\).

The 2013 Haddington Road Agreement was a clear example of ultra-concession bargaining. Unions were forced to accept real-term pay cuts and increases in working time of between 1.5 and 2.5 hours per week. However, they extracted concrete policy concessions in exchange for their consent and the resulting industrial peace. First, they obtained that the pay cuts would be applied only to civil servants earning above €65,000 – thus protecting the lowest paid members from a direct loss of remuneration. Secondly, the government agreed that the public sector pay cuts were not permanent but only temporary, and that if the economic conditions improved, the pay deal could be renegotiated sooner than 2016. Due to the occurrence of a traceable policy-oriented exchange, this is again classified as a case of substantive concerntation.

The government intervened also in the sphere of wage-setting (Maccarrone et al., 2019). In 2012, under pressures from the Troika and from a coalition of domestic service sector employers, the government intervened to reform the system of sectoral minimum-wage setting (JLCs and EROs), which set pay levels in some low-paid sectors, introducing an ‘inability to pay’ clause for employers which allowed for derogation from the sector-wide wages standards (IE8).\(^91\) The Act, which had been strongly pushed for by employers’ organisations through bilateral lobbying channels, was not formally discussed with the social partners. However, interviews with employers’ representatives and policy-makers suggested that this move, as well as being aligned with the policy-preferences of both IBEC and FG, was part of an implicit quid pro quo to compensate employers for the reinstatement of the National Minimum Wage, which the Labour partners in the coalition had strongly pushed to introduce in the 2011 Social Welfare and Pensions Act (IE5).\(^92\) For this reason, both are classified as instances of ad hoc political exchange.

6.4.2 Interest intermediation in the post-crisis period (2014-2018)

After Ireland’s exit from the bailout in 2013, public and formal social partnership was not reinstated, and bilateral lobbying remained the dominant mode of interaction between the governments, employers’ groups and unions in public policy issues (Table


6.8). However, some forms of policy-oriented political exchange were re-activated following the Troika’s departure in 2013. Informal interlocutions with IBEC and ICTU led to various revisions to collective bargaining and wage-setting legislation that stabilised the system of industrial relations dispute resolution (IE13)\(^93\), strengthened minimum wage legislation (IE12)\(^94\) and partly re-introduced the system of sectoral wage-setting that the 2012 Act had stripped back.

In the sphere of public sector pay, \textit{substantive concertation} between the government and the public sector unions also continued. As economic conditions drastically improved from 2014 onwards, the government agreed to start an early renegotiation of the 2013 Haddington Road Agreement, in line with the concession that unions had extracted in that deal about the pay cuts being only ‘temporary’. This led to the conclusion of a first pay restoration agreements in 2015 (IE11, \textit{Landsdowne Road Agreement})\(^95\) followed by a further restorative public sector wage deal in June 2017 (IE15, \textit{Public Service Stability Agreement 2018-2020}).\(^96\)

\textbf{Table 6.8 Ireland: interest intermediation in the post-crisis period (2014-2017)}

<table>
<thead>
<tr>
<th>Substantive concertation</th>
<th>Ad hoc political exchange</th>
<th>Cosmetic concertation</th>
<th>Unilateralism</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE13: 2015 Workplace Relations Act</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textit{Source: author’s elaborations on LABREF, Eurofound, documentary sources and interview data}


Finally, the new FG minority government which came into power in 2016 also set up two new arenas of ‘public’ and visible social dialogue involving ICTU and IBEC: the Labour Employers’ Economic Forum (LEEF) and the National Economic Dialogue (NED). These are only consultative bodies, without any substantive impact on policy-making, in line with FG’s intention to remain as far as possible from the social partnership legacy, and are considered by all key actors involved – unions and employers alike – as “talking shops”. For this reason, they are classified in the typology as instances of ‘cosmetic concertation’. Nonetheless, they are indicative of a partial shift in attitude on part of the new minority FG government, which in light of its weakness in Parliament has been led to pursue a more dialogical attitude, at least on the surface.

Overall, the patterns emerging from the Irish case reveal an interesting divergence between distinct policy areas in the dynamics of interest intermediation – signalling a growing divide between the problem-solving and the legitimation functions that political exchange can serve. The legitimising function that social partnership used to serve appears to have been side-lined, and unilateralism has come to be predominant in the sphere of public policy strictu sensu (especially in unemployment benefits, ALMPs and other employment policy issues). However, dynamics of structured and visible concertation between the state and the public sector trade unions persisted in the sphere of public sector adjustment, with direct policy impact. In the area of industrial relations and collective bargaining regulation, marginal forms of ad hoc political exchange have also continued taking place, collaborating to maintain overall stability in the IR system and avoid industrial unrest. Therefore, it appears that the brokering of compromises between organised labour (or at least its moderate segments), EOs and the state for problem-solving purposes remains an important stabilising mechanism of the Irish political economy, even though the institutional forms through which this takes place have been deeply transformed since the end of social partnership in 2009. The reasons and logic driving this peculiar pattern of discontinuity in structure and partial continuity in the functions of political exchange will be examined in Chapters 8 and 9.

6.5 Comparative discussion and conclusions

As the case-specific mapping has highlighted, the evolution of interest intermediation in our sample of Eurozone peripheral countries through the successive phases of the Great Recession is far from linear. Whilst each country displays its own specific trajectory of variation, some common themes emerge from the cross-case
comparative analysis (Table 6.9).

Table 6.9 Summative mapping of government - social partner interactions in crisis and post-crisis period

<table>
<thead>
<tr>
<th></th>
<th>First crisis period</th>
<th>Second crisis period</th>
<th>‘Post-crisis’ period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Italy</strong></td>
<td>2008-2010 Ad hoc political exchange</td>
<td>2011-2014 Unilateralism</td>
<td>2015-2018 Ad hoc political exchange + substantive concertation</td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
<td>2009-2010 Cosmetic concertation</td>
<td>2011-2014 Cosmetic concertation / unilateralism</td>
<td>2015-2018 Substantive concertation</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>2008-2010 Cosmetic concertation / ad hoc political exchange</td>
<td>2011 – 2013 Unilateralism</td>
<td>2014-2018 Cosmetic concertation</td>
</tr>
</tbody>
</table>

Source: own elaboration

The first observation is that the interactions between governments, unions and employers’ organisations in crisis-responsive policy-making have everywhere been subject to considerable variation and instability over the last decade. Overall, political dynamics and context-specific contingencies arising from the economic cycle appear to have impacted more on the politics of interest intermediation than path-dependent effects arising from pre-crisis institutional legacies. This suggests that interest intermediation between governments and organised interest groups is an inherently political and historically contingent phenomenon, subject to contestation and transformation over time, rather than being fully institutionally predetermined.

The second main finding relates to the non-deterministic role of the economic context – specifically, the evolution of the crisis and its intensity over time – in shaping the nature of governments’ interactions with organised labour and capital. As Table 10 shows, the first crisis responsive phase was characterised by a considerable degree of cross-country variation in the modes of interaction between the three actors. Whilst in Spain and Portugal the centre-left cabinets of Zapatero and Socrates attempted to involve
the social partners – at least formally - in the negotiation of their crisis responsive packages (although with varying outcomes), the centre-right in Italy eschewed concertation, relying instead on ad hoc political exchange. The Irish centre-right government instead only maintained concertative policy-making practices in public sector collective bargaining reforms. Across all four cases, the intensification of the crisis and the shift from economic downturn to sovereign debt crisis in the second ‘fast burning’ phase was then associated with a notable emergence of unilateralism as a dominant method of policy-making. In Ireland, where the fiscal crisis of the state manifested earlier than in the other four countries, this happened already from 2009, whilst in Italy, Portugal and Spain the shift took place only over 2010-2011.

Does this pattern lend confirmation to functionalist accounts (i.e.: intensification of macroeconomic problem load equals a passage to unilateralism)? A nuanced observation of country-specific trajectories would actually disconfirm this reading. Despite the comparable macro-economic conditions facing the four countries, the analysis uncovers country-specific divergences in how governments chose to involve unions and employers during the most ‘acute’ crisis phase, and to what ends. The two most striking examples in this respect come from the two countries subject to a full-blown bailout with the Troika: Portugal and Ireland. In Portugal, unilateralism occasionally gave way to the re-activation of tripartite cosmetic concertation, which was relied upon in multiple instances by cabinets both of the centre-left and the centre-right in the most acute phase of the sovereign debt crisis to legitimise harsh structural reforms packages. In Ireland, substantive concertation on the topic of public sector restructuring continued to co-exist alongside unilateralism in labour market and pensions policy for the whole duration of the MoU. Both Italy and Spain, on the other hand, went through a phase of unconstrained unilateralism between 2011 and 2014-15, where both cosmetic and substantive concertation were all but suspended.

The variation in how governments, unions and employers interacted in the implementation of austerity and structural reforms throughout the crisis decade shows that whilst the macro-economic context clearly shapes executives’ room for manoeuvre and strategies of policy-making, agency plays a central role, even under conditions of economic duress, in shaping the form that politics takes. In other words, the cross-sectional and temporal variation highlighted points to the importance of looking at the interaction of the macro-economic context with political dynamics to understand how domestic systems of interest intermediation and the macro-political role of unions and
employers’ organisations evolve over time. Identifying the political and historical specific conditions associated with different ‘logics’ of intermediation in crisis-responsive policy-making emerges therefore as the key theoretical question that the remainder of this study will tackle.

The last set of emerging findings relate to the questions of continuity, change and ‘convergence’ across countries. First, by applying a typology that distinguishes between and combines together the structure and the content of interest intermediation processes, the analysis shows that both aspects need to be considered when evaluating patterns of continuity and change. Apparent continuity or isomorphism in the institutional forms of concertation can be associated with significant differences in the purpose for which it is mobilised – whether for legitimation or problem-solving (see the cases of Portugal or Spain). Conversely, discontinuity in the institutional form through which governments deal with organised interest groups can be associated with partial continuity in the functions that political exchange fulfils (see Ireland or Italy). The emergence of within-country differences in modalities of interest intermediation between distinct policy areas also shows that meso-level analysis attentive to the specific political dynamics in specific policy fields may be more fruitful to conceptualise the trajectory and causes of change in interest intermediation practices than broad-sweeping, country-level macro-analyses.

Secondly, the mapping analysis in this chapter has shown the limits of accounts which identify a cross-country convergence towards governmental unilateralism as the ‘only game left in town’ for what concerns dynamics of macro-political interaction with organised interest groups in Eurozone peripheral countries. In all four countries, governmental unilateralism was subject to reversals as countries transitioned in the ‘post crisis’ phase. The analysis additionally highlighted the re-activation of some forms of ‘visible’ political exchange from 2015 onwards – whether substantive or cosmetic. At a minimum, this suggests that employers’ groups and unions still have a role to play in the macro-political sphere in peripheral European political economies. However, it remains to be unpacked what this role is – as there are clear divergences in the scope and substantive content of such processes of exchange.

The remainder of the thesis subjects these emerging themes to closer analytical scrutiny, to develop a comprehensive causal account of the observed variation. The following three chapters develop an in-depth investigation to account and explain this variation. Each chapter ‘zooms in’ on specific cases that are particularly illustrative of each modality of government-social partner interactions (unilateralism, substantive and
cosmetic concertation, and *ad hoc* political exchange) over different phases of the crisis, and uses these as a way to uncover the causal processes associated with the emergence of each of them.
7 Chapter 7. Going it alone. Governmental unilateralism in crisis-responsive policy-making

Why and under what conditions do governments facing acute economic crises choose to pursue structural adjustment unilaterally rather than in cooperation with organised producer groups? The comparative overview of Chapter 6 showed that instances of unilateral policy-making were commonplace across all four countries during the crisis period (2008-2014). Italy and Spain were highlighted as the two where governmental unilateralism in the implementation of crisis-responsive reforms during the ‘acute’ crisis phase was most prominent and consistent. Hence, they are analysed here as illustrative cases to explore the causal processes leading to the onset of governmental unilateralism as a prominent mode of policy-making during the Eurozone crisis, providing the empirical basis to theorise its political logic and determinants.

The core argument of the chapter is that whilst governments’ choice to pursue reforms unilaterally at the height of the Eurozone crisis was clearly affected by the adverse macro-economic context and ‘exogenous conditionalities’ arising from the new Eurozone economic governance framework, unilateralism was a deliberate, political interest-driven strategy of adjustment pursued by governmental actors to pursue their legitimation and accumulation interests, rather than an ‘accidental casualty’ of the crisis’ structurally adverse circumstances.

As Chapter 5 showed, Italy and Spain had different track records of social concertation in the decade preceding the crisis: non-institutionalised and perceived negatively in public opinion in Italy, more routinised and positively relied upon by policy-makers in Spain. In light of this difference, in the initial crisis period (2009-2011) governmental actors used different modes of interest intermediation with organised producer groups to face the crisis impact: informal practices of selective ad hoc political exchange in Italy, and visible concertation in Spain. Yet, by the onset of the sovereign debt crisis in 2011, executives in both countries had come to deliberately embrace unilateralism as their preferred method of crisis-responsive policy-making, and explicitly reject political exchange.

The chapter proceeds as follows. First, the histories of interest intermediation over the crisis period (2008-2014) in Italy and Spain are analysed through in-depth process tracing. Selected key episodes of crisis-responsive policy-making undertaken over 2008-2014 are reconstructed to identify the constellations of actors’ interests, contextual conditions and causal pathways associated with the progressive drift towards
governmental unilateralism in the ‘acute’ crisis phase. Section 7.3 then develops a comparative discussion of the findings arising from the two cases and concludes.

7.1 Case 1: Italy

Against a background of low institutionalisation and low legitimacy of visible and formal concertation (see Chapter 5), interest intermediation in Italy morphed progressively towards unilateralism as the intensity of the crisis grew after 2008. In the first crisis phase (2008-mid 2011), the Berlusconi government sought to use forms of \textit{ad hoc} political exchange with segments of organised producer groups outside of the formal concertation arena to deal with the crisis impact. This strategy, however, became exhausted as the nature of the ‘necessary’ crisis response shifted from conjunctural to structural in 2011. During the sovereign debt crisis (mid-2011-2014), Berlusconi’s ‘embedded unilateralism’ and \textit{ad hoc} political exchange gave way to the unconstrained unilateralism, embraced by the technocratic and centre-left cabinets of PM Monti and PM Renzi. The political logic of these different styles of interest intermediation is now analysed in-depth.

7.1.1 Berlusconi’s embedded unilateralism (2008-2011)

The centre-right Berlusconi government was elected in April 2008 with a large parliamentary majority including his party, People of Freedom (PdL), and the right-wing Northern League. The political pre-conditions for the activation of formal practices of concertation in policy-making were not favourable. As outlined in Chapter 5, the poor track-record of concertation post-EMU had decreased its output legitimacy vis-à-vis policy-makers and public opinion. Divisions on the social partners’ side posed additional obstacles. Over 2001-2006, Berlusconi had adopted a strategy of ‘divide and rule’ of the unions’ front by establishing privileged relations of dialogue with the two moderate unions, CISL and UIL, whilst marginalising the CGIL. In response, the CGIL had adopted a ‘politicised’ strategy of opposition to the government, which contrasted with CISL and UIL’s ‘pragmatic’ bargaining approach. The growing divergence in policy positions between union confederations on the question of EPL liberalisation for ‘atypical contracts’ and on firm-level bargaining (Baccaro et al., 2003b; Baglioni, 2003; Negrelli, 2007) also damaged their reputation among political actors as reliable partners.

\footnote{Parts of this section are included, adapted, in a forthcoming book chapter co-authored with Stefano Sacchi and presented at the 2019 Council for European Studies Conference in Madrid (20-22 June) (Tassinari and Sacchi, 2019).}
able to deliver consensus on difficult reforms.

Against this background, the Berlusconi government inaugurated its term in 2008 declaring its intention to maintain a “solid social dialogue” with social partners (ANSA, 2008c); which however entailed, in the government’s vision, only non-binding consultations, where the government would “not renounce its prerogatives” whilst seeking “real dialogue and confrontation, which would be difficult to reconcile with the rituals of the Green Room” (ANSA, 2008e). Concertation was thus rejected in favour of a policy-making method that could be described as a form of ‘embedded unilateralism’ (cf. also Tassinari and Sacchi, 2019): i.e. a practice where the government retained autonomy in decision-making, but within a framework of regular informal dialogue and behind-closed-doors interactions with selected organised producer groups, aimed at generating consensus around the government policy agenda.98

7.1.1.1 Early crisis management: the expansion of short-time work scheme

As the first signs of economic slowdown emerged over summer 2008, Berlusconi opted for fiscal prudence over expansionary stimulus measures (Hopkin, 2012), aiming to encourage productivity through tax cuts on overtime work, and pushing for a reform of the collective bargaining system (negotiated bilaterally by unions and employers over 2008) that would encourage firm-level bargaining. In this phase, occasional consultation meetings over economic policy were held with the social partners, without opening formal negotiation process.99

Divisions among social partners emerged in 2008 on the issue of collective bargaining reform100 and on political strategy. The CGIL (then still close to the main centre-left party, the PD) had adopted an oppositional stance towards the Berlusconi cabinet, organising protests against the absence of substantive policy responses to the

98 According to the then Labour Minister Sacconi (IT-GOV9), this approach was underpinned by the government’s liberal-Christian, unitarist vision of the appropriate relationships between the state and civil society organisations. This was characterised by the principle of ‘subsidiarity’: giving space and encouraging forms of societal auto-organisation in the socio-economic sphere, both on the side of capital and of labour; whilst foreseeing a ‘light’ role for state intervention and regulation. This implied, in their view, refusing formalised practices of concertation that would make decision-making processes excessively ‘rigid’ or grant ‘corporatist-style’ veto powers to given organisations; whilst nonetheless recognising their important societal role.

99 IT-GOV9; IT-TU9; IT-TU10.

100 By September 2008, CISL and UIL had reached consensus with Confindustria for an agreement that would revise the system of inflation-based wage increases calculation and allow greater space for opening clauses in second-level bargaining. CGIL remained however opposed (Il Sole 24 Ore, 2008). Eventually, in February 2009 an agreement for organised decentralisation and flexibilisation of collective bargaining was signed by Confindustria, CISL and UIL and ratified by the government, without CGIL’s support, leading to considerable tensions.
downturn (ANSA, 2008d). CISL and UIL, conversely, maintained a dialogical approach, to consolidate their role as moderate unions ready to collaborate even with the centre-right to advance workers’ interests.  

When Italy entered officially into recession in Autumn 2008, unions and EOs asked the government to make resources available to extend coverage of short-time work schemes and strengthen the patchy system of unemployment income support (ANSA, 2008a, 2008b; CGIL, 2008). In response, the government initiated bilateral informal exchanges with selected social partners organisations (including CISL, UIL and most employers’ organisations) over their proposals. This informal intermediation produced the first substantive crisis-responsive policy measure - the D.D.L 185/2008, so-called ‘Anti-Crisis’ decree, in December 2008, which was de facto consensual and significantly shaped by behind-closed-doors interactions between the government and its selected social partners of reference.

The Anti-Crisis decree aimed to cushion the employment impact of the crisis and strengthen income protection. The main innovation was the discretionary extension of coverage of pre-existing short-time work schemes: the CIGO (Cassa Integrazione Guadagni Ordinaria - Ordinary Fund for Earnings’ Integration) and the CIGS (Cassa Integrazione Guadagni Straordinaria – Extraordinary Fund for Earnings’ Integration). These acted as functional equivalent to the patchy unemployment benefits system (Mulé, 2013, 2016; Sacchi et al., 2011). ‘Emergency social shock absorbers’ (ammortizzatori in deroga - AD), funded through general revenue and the European Social Fund, expanded coverage to firms previously excluded due to size or economic sector and to non-standard dependent workers. The length of CIGO and CIGS was also extended virtually indefinitely (Sacchi et al., 2011). This measure guaranteed continuity of employment relationships, providing income maintenance to workers and helping SMEs to overcome the downturn.

In terms of overall policy design, there was no explicit exchange between the concession of fiscal resources for STW schemes and unions’ concessions in other policy areas (e.g. collective bargaining decentralisation). Rather, what emerged was a cross-

---

101 IT-TU1; IT-TU9.
102 These included a controversial ‘secret’ dinner meeting with CISL, UIL and Confindustria at Berlusconi’s residence in November 2008 which intensified tensions with the CGIL, prompting it to call a general strike for December 12 (Repubblica, 12/11/2008). For further info on the CGIL general strike, see: http://www.rassegna.it/articoli/sciopero-generale-i-lavoratori-con-la-cgil .
103 IT-TU9; IT-TU10; IT-GOV9.
104 In particular, Pérez and Rhodes (2015: 24) argue that the AD were part of a quid pro quo between the government and the moderate unions (CISL and UIL) agreeing to a further decentralisation and flexibilisation of collective bargaining (which took place around the same time with an agreement signed in February 2009 by Confindustria, CISL and UIL and then ratified by the government in April).
class consensus – described by Labour Minister Sacconi as a “shared vision” – between the government and the ‘moderate’ social partners on the necessary crisis response (cushioning output decline and limiting unemployment increases), fostered through informal dialogue.\textsuperscript{105}

The use of informal intermediation practices to devise this ‘temporary fix’ to the crisis was functional for all actors to pursue first and foremost their short-term policy interests. For the government, this intervention fulfilled multiple problem-solving functions: it successfully contained unemployment, shored up the weak unemployment benefits system, hence securing social peace, supported firms affected by external demand collapse, and sustained aggregate demand (Sacchi, 2013a). Enlisting social partners’ collaboration was also crucial for implementation, as national and regional authorities needed their ‘know-how’ about local situations of firms’ crisis and about the functioning of the STW system on the ground, and unions’ cooperation in preventing local occupational crises from escalating into social unrest.\textsuperscript{106} On their part, employers could secure industrial peace and access financial support that, in many cases, they had not paid for. Unions, whilst protecting members from unemployment, increased their institutional power resources at the local level, as regional tripartite agreements were required to authorise the disbursement of the funds and the competences of bipartite funds (enti bilaterali) were strengthened.

Secondly, the expansion of CIG allowed the government to pursue its power interests by temporarily stabilising its consensus base and neutralise CGIL’s opposition. In the words of the then-Labour Minister,

\textit{CGIL assumed the role of exercising social opposition to the policies of the Berlusconi government, which forced us to seek other sources of consensus. (…) It was obvious that at that point we had to look for the consensus that was possible (…). So we worked to build a social bloc that I wouldn’t call of necessary support, but certainly of dialogue.}\textsuperscript{107}

Indeed, the expansion of STW schemes to crafts and commerce consolidated the government’s support among SME owners, who made up around 30% of its electorate,\textsuperscript{108} and enabled the formation of a cross-class social bloc of support with long-standing roots

\textsuperscript{105} IT-GOV9.
\textsuperscript{106} IT-GOV9.
\textsuperscript{107} IT-GOV9.
\textsuperscript{108} Author’s calculations based on ESS data waves 1-8; see appendix.
in the Italian state-supported models of capitalism (Molina and Rhodes, 2007), united around demanding fiscal support to face the crisis (Sacchi, 2018). This incremental policy solution also postponed the need to devise politically costly structural reforms that could have upset the precarious equilibria of interests within the governing coalition – which grew increasingly internally divided as the crisis unfolded (Hopkin, 2012).

7.1.1.2 Structural crisis response: the 2011 collective bargaining reform

This strategy of informal interest intermediation, rooted in both policy and power interests, ran into difficulties as the crisis intensified. Over 2010, in response to growing pressures for fiscal consolidation and interventions on the pensions system from the European Commission, the Berlusconi government enacted unilaterally various parametric measures aimed at reducing pensions’ expenditure by increasing the statutory pensionable age for public sector workers, despite union opposition (Natali, 2015). The main area of conflict centred then around the reform of collective bargaining. On this issue, Confindustria, CGIL, CISL and UIL had re-gained some unity, reaching in June 2011 an Interconfederal Agreement on Representativeness on second-level bargaining. While allowing for further CB decentralisation (Negrelli and Signoretti, 2014), the agreement safeguarded the existence of national-level sectoral agreements (Meardi, 2014). The government, which had strong preferences for decentralised bargaining, considered it unsatisfactory.109

Meanwhile, the deepening of the Eurozone crisis intensified exogenous pressures to implement structural reforms in this area. In August 2011, the ECB elect and incumbent presidents, Draghi and Trichet, wrote to the Italian government asking for structural reforms of collective bargaining, of the labour market and of the pensions system as a condition for purchasing Italian government bonds (Meardi, 2014; Sacchi, 2015). In response, the Berlusconi government took the occasion to approve in August 2011 an emergency austerity budget (Decree-Law 148/2011) that included a significant reform of collective bargaining in its Article 8 (Meardi, 2014; Sacchi, 2013a).

Article 8 allowed company-level agreements to derogate from national sectoral CBAs and employment law on several subjects, including regulations on unfair dismissals. This constituted a considerable decrease of coordination, at least on paper (Baccaro and Howell, 2017b; Meardi, 2014). As well as partly complying with the ECB requests, the decentralisation of collective bargaining to firm-level was a long-standing preference of

109 IT-GOV4; IT-GOV9.
the Berlusconi government, which saw it as necessary to address Italy’s low productivity problem,\textsuperscript{110} and was supported by the main Italian export employer, automotive manufacturer FIAT, that a few months earlier had concluded a ‘separate’ agreement in derogation from the national metalworking collective bargaining agreement in one of its plants (Ichino and Leonardi, 2011).

The formulation of Article 8 was not subject to formal consultation with the social partners. However, the government still attempted to practice its ‘embedded unilateralism’ approach, seeking to obtain informally the assent of its key social partners of reference. The Labour Minister claimed that the specific design of the reform was formulated explicitly to obtain their endorsement, by leaving to firm-level collective bargaining the possibility of flexibilising EPL, leaving labour law untouched and respecting the bargaining autonomy of the social partners, whilst complying with the ECB requests for deregulation. The government hoped in this way to avoid confrontation with the unions on the symbolic issue of Article 18.\textsuperscript{111} Behind closed doors, both Confindustria and CISL were also offered limited input on the text of the norm,\textsuperscript{112} which however did not alter its overall framework.

This attempt to build a support coalition through \textit{ad hoc} political exchange was eventually unsuccessful. The CGIL maintained its opposition; and both CISL and Confindustria declined to back Article 8 publicly. Confindustria’s refusal to engage in political exchange over Article 8 had several motivations. Confindustria stood to lose institutional power resources from a process of disorganised decentralisation of CB and had no interest in initiating direct confrontation in the industrial relations sphere with CGIL at a time of economic crisis.\textsuperscript{113} Furthermore, by summer 2011 Confindustria’s leadership had lost trust in the executive’s capacity to face the sovereign debt crisis, and therefore did not want to lend it support, rather preferring to accelerate a change in government. Eventually, therefore, a unilateral intervention was deemed necessary by the government to pursue its policy goals and comply with the ECB requests.\textsuperscript{114}

\textsuperscript{110} IT-GOV9.
\textsuperscript{111} Labour Minister Sacconi (IT-GOV9) explained the government’s intentions in the following terms: “We were being asked to overcome Article 18 [regulating dismissal compensation for open-ended contracts] by both the European Commission and the ECB. We said, look, we’ll do it, but in a subsidiary version through article 8. Which means: local bargaining can derogate from legislation, so we do it in a form that respects intermediate bodies [representative organised interest groups] and social dialogue”.
\textsuperscript{112} CISL reported in interviews that they used their limited input in a logic of ‘damage limitation’, to limit the power to subscribe ‘derogation’ agreements only to ‘representative’ organisations rather than spurious yellow unions (IT-TU9); whilst Confindustria sought to ‘normalise’ the exception of the FIAT separate agreement of 2010 (IT-EOS).
\textsuperscript{113} IT-EO5.
\textsuperscript{114} IT-GOV9.
The fallout from Article 8 was substantive. The reform was judged to be excessively timid by international stakeholders, as it did not tackle EPL legislation as requested in the ECB letter of August 2011. De facto, its deregulatory reach was also held back by CGIL, CISL, UIL and Confindustria, which in line with their shared preference for stability in collective bargaining, signed in September 2011 a joint declaration ruling out the use of firm-level agreements to lower employment and pay standards. This move triggered FIAT to exit Confindustria in protest - thus further weakening the organisation’s fragile unity.

The 2011 reform marked the failure of Berlusconi’s attempted ‘embedded unilateralism’ strategy, as the ‘implicit consensus’ that the government had been attempting to forge through ad hoc political exchange over 2008-2011 crumbled apart. When the nature of the crisis changed from a conjunctural downturn to a full-blown sovereign debt crisis, the incremental approach of Berlusconi was no longer compatible with the implementation of the structural reforms of pensions and labour markets asked of Italy. In November 2011, Berlusconi resigned after the total collapse in market confidence in the government’s capacity to face the crisis and comply with the ECB and European Commission’s reform requests (Hopkin, 2012: 44). He was then promptly replaced by a technocratic cabinet led by former EU commissioner Mario Monti, which continued firmly on the path of unilateralism.

7.1.2 Monti’s attempt at ‘unmediated democracy’ (2011-2012)

The technocratic cabinet of PM Monti came into office in November 2011, as Italy’s position on the international markets was extremely compromised by its spiralling sovereign debt. Monti’s cabinet was non-partisan in its composition, and backed by a large (and divided) cross-bloc parliamentary coalition comprising the PdL, the centre-left Democratic Party (PD), and other minor centrist parties. Monti proposed a reform agenda which largely followed the blueprint of the ECB letter of summer 2011, based on extreme fiscal consolidation (especially in pensions) and structural reforms, including in labour market policy. The open disavowal of concertation practices characterised the government’s modus operandi, which alternated between unilateralism and cosmetic concertation.

7.1.2.1 Emergency crisis response: the 2011 Fornero pensions reform

Monti’s government adopted in its first months a policy-making style of unrestrained unilateralism, that Culpepper (2014) described as an attempt at ‘unmediated democracy’. In December 2011, it implemented an austerity budget of €30bn (so-called
‘Save Italy’ decree) which included a major pensions reform (the so-called “Fornero pension reform”, Law 214/2011). This abolished seniority pensions, introduced a single increased retirement age (66 years and seven months in 2018) for both public and private sector workers, rolled out contributory pension scheme across the board and introduced periodic adjustments of retirement age in line with life expectancy increases (for details, see Natali, 2015; Sacchi, 2013b). The reform was drawn up in only two weeks, with no negotiation with the social partners prior to approval, in sharp discontinuity with the ‘old politics’ of Italian pension reforms, where unions in particular enjoyed ‘veto powers’ role (cf. Chapter 5; Natali and Rhodes, 2008).

Government actors ascribed this mode of policy-making both to the ‘objective urgency’ of the crisis situation, as Italy really appeared to be “on the edge of the cliff” – i.e. on the verge of default, as well as to “problems of timing”, i.e. to the need to implement the reform very quickly, which did not allow for a lengthy process of consultation with the social partners. In this respect, the Fornero reform appears as a ‘textbook example’ of crisis-induced unilateralism. However, according to government actors, the marginalisation of concertation also acquired a signalling value vis-à-vis the financial markets. Specifically, it acted as a devise to demonstrate the government’s resolve to act responsibly and implement the structural reforms necessary to reassure creditors and EU institutions without being constrained by the veto powers of domestic interest groups – unions in particular. In the words of a PD MP,

In that situation, the lack of consultation of trade unions constituted also a symbolic element of the emergency and extraordinary content of the measures adopted, which was useful for the image of the country to the eyes of the European institutions.

Aligned with the government’s concerns over re-establishing Italy’s creditworthiness, Confindustria decided to lend its “full support” to the Fornero pension reform, seen as necessary for the country to “send a signal” to international markets. CGIL, CISL and UIL remained opposed to the reform, as it hurt directly their core membership constituency: pensioners. Hence, they called a general strike of three hours against the reform on 12th December 2011, which had however little following and no impact on its content. This mobilisation failure reflected unions’ difficulties in adjusting to circumstances where previous channels of influence in the macro-political sphere were

115 IT-GOV1; IT-GOV3.
116 IT-GOV6.
117 IT-EO1.
closed. As described by a CGIL officer,

That was one of the moments of greatest difficulty for Italian trade unions… because we did not have a negotiating table, these guys made a reform of pensions in one week… (...) it was hard for us to intervene in a context where there was neither a confrontation, nor a table, nor a transparent process, nor the time necessary to bring a trade union action to life.118

The choice to only stage a three-hours strike was interpreted by governmental actors as signalling an implicit acceptance of the ‘objective constraints’ posed by the situation of public finances.119 This corroborated feelings of public discontent towards the confederal unions as ineffective opposition actors, which would continue to compromise their societal power resources in successive years.120

7.1.2.2 The 2012 labour market reform

After the unilateralism of the pensions reform, the government adopted a seemingly more dialogical policy-making style as it moved to tackle labour market policy reform in 2012, which had the stated aim of achieving a ‘re-balancing’ between ‘good’ and ‘bad’ flexibility and security through a mix of liberalisation of EPL for open-ended contracts and recalibration of protections for atypical workers. Between January and March 2012, the government opened a dialogue table with the social partners on the contents of what eventually became the “Fornero labor market reform” (Law 92/2012) (for details, see Picot and Tassinari, 2017; Sacchi, 2013b).

The government’s decision to engage in cosmetic concertation on the LMP reform was clearly motivated by the pursuit of power-legitimation interests. First, the President of the Republic had warned the government against introducing a labour market reform via legislative decree to avoid the escalation of social tensions after the pensions reform, which had led to a significant deterioration in social trust and threatened the government’s survival. This legitimising dimension of social dialogue was openly acknowledged by the former ministry of Labour, which she defined as nothing more than “a show”.121 Second, the nature of the reform, which touched upon many areas of direct competence of unions

118 IT-TU2.
119 IT-GOV1.
120 This problem was particularly acute for CGIL, which was later accused by segments of its own membership of not having exercised a stronger opposition against the policies of the Monti government because of their historic linkages with the main centre-left party, the PD, which at the time supported the government (IT-TU2).
121 IT-GOV3.
and employers, was deemed ‘too delicate’ by government actors to be approached unilaterally.\textsuperscript{122} Third, the fragile composite parliamentary majority of the government included the PD – who still maintained strong links to the CGIL, and therefore risked being alienated by a fully unilateral stance.

The process of consultation involved numerous trilateral meetings between January and March 2012. Despite adopting a more dialogical method, the government retained nonetheless a top-down approach in the management of talks, reserving the prerogative to intervene unilaterally should satisfactory agreement not be reached with the social partners. The social partners repeatedly complained that the process of consultation was not substantive, as they were not given written proposals or drafts of the legislation text to consult, but were rather ‘talked at’ by the government’s technocratic policy-makers “\textit{as if in a university seminar}”.\textsuperscript{123} Eventually, the talks failed due to the impossibility of reconciling the governments’ reform plans with, on the one hand, employers’ preferences for outright liberalisation of dismissal protection and their opposition both to the reform of short-time work and the re-regulation of temporary contracts; on the other, CGIL’s opposition to EPL de-regulation and requests for re-regulation of temporary contracts.

The process came to a head in March when Monti demanded a speeding up of the process and a firm commitment to the liberalisation of dismissal protection, as he was about to embark on a trip to China with the aim of attracting prospective investors to Italy (\textit{La Repubblica}, 2012).\textsuperscript{124}Whilst CISL, UIL and Confindustria gave their tepid endorsement to the government’s proposals before the start of the parliamentary approval process, the CGIL maintained its official opposition, due to the proposed changes to Article 18 of the 1970 Labour Statute which regulated compensation (until then through reinstatement) for unfair dismissals for employees on open-ended contracts (\textit{Rassegna Sindacale}, 2012b). Hence, the talks ended without an agreement being reached prior to the start of the Parliamentary approval process, and Monti decided to proceed without unanimous consent from the social partners.

Several interviewees noted Monti’s desire to have the labour market reform ‘in the bag’ before his trip to China as a crucial factor leading to the speeding up of negotiations. However, deeper political motivations underpinned this choice. Indeed, Monti and his Ministers saw the capacity to go beyond established veto powers to pursue structural reforms as a ‘signal’ that could help the government acquire legitimation both at home

\textsuperscript{122} IT-GOV3.
\textsuperscript{123} IT-TU7; IT-TU10.
\textsuperscript{124} As confirmed by several interviewees: IT-GOV1, IT-GOV3, IT-TU7; IT-TU10.

180
and abroad. Domestically, Monti had a long-standing distrust towards concertation, which he denounced repeatedly as a source of blockages and rent-seeking in policy-making, and even as ‘the source of the evils against which we are fighting’ (Corriere della Sera, 2012). Concertation legacies, and trade unions’ role in policy-making in particular, were often singled out by Monti as the culprits of the structural problems of the Italian economy which had produced the crisis situation by ‘resisting change’ (Il Sole 24 Ore, 2013). Unilateralism came thus to be seen as functional by actors within Monti’s government to attract domestic support and consensus for the liberal reformist project that its government was pursuing, which was indeed based around a discourse of technocratic ‘responsibility’ (cf. Mair, 2010; Sacchi, 2018: 34).

Externally, Monti’s resolution to achieve a major structural reform in LMP also became part and parcel of the government’s attempt to gain credibility vis-à-vis international stakeholders, both financial markets and the European institutions. As stated by the former Minister of Labour:

\[ I \text{ never saw my role as "we need to teach the unions a lesson"… but in a way maybe Monti would have wanted it to appear more; I remember there were situations where he would have wanted me to take a tougher confrontational stance, because we needed to show to the Financial Times that we were against the trade unions}.^\text{125} \]

Indeed, Monti’s unilateralism bought him considerable credit amongst the international financial press, who shared a negative judgement about the role of unions in Italian politics. For example, when Monti decided to proceed unilaterally with the reform in Parliament at the end of March 2012, the Wall Street Journal (2012a) saluted the decision with great plaudits:

\[ \text{“Italian Prime Minister Mario Monti has walked away from negotiations with Italy’s labor unions and announced that he is going to move ahead with reforming the country’s notorious employment laws -- with or without union consent. If Rome is spared the fate that recently befell Athens, mark this as the week the turnaround began.”} \]

Nonetheless, despite its anti-concertation attitude, Monti did not manage to completely circumvent the policy preferences of unions and employers’ organisations in

\[^{125}\text{IT-GOV3.}\]
the process of parliamentary approval. First, due to the joint opposition of both employers’ organisations and unions, based on their shared organisational interests in the current institutional set-up, the reform ended up not abolishing short-time work schemes – and actually expanded their realm of applicability by instituting sectoral bilateral funds, co-managed by the social partners, dedicated to income support in cases of firms’ crisis not covered by ordinary schemes (Sacchi, 2018: 34).  

Second, the weakness arising from divisions within the government’s supporting parliamentary majority meant that the government had to water down its initial plans for what concerned the extent of deregulation of Article 18. Thanks to the links – still strong at the time - between the ruling faction of the PD and the CGIL, an outright deregulation of dismissal protection would have been difficult for the PD to support. However, a split in the PD or the withdrawal of its parliamentary support to the government would have threatened the viability of the Monti cabinet. This gave the CGIL a window of opportunity to influence government policy via its connection with the PD. As the CGIL threatened a general strike against the reform (Il Fatto Quotidiano, 2012), PD leader Bersani pushed for a more moderate formulation of the changes to Article 18, retaining the principle of reinstatement in a limited number of cases and leaving more spaces for judges’ discretionary interventions (Repubblica.it, 2012). Eventually, Monti had to accept the PD’s requests in order to get the reform through Parliament, to the great discontent of Confindustria, whilst the PD was able to claim this as a victory (Fornero, 2013: 20).

The ‘watering down’ of the deregulatory extent of the EPL reforms, publicly denounced by Confindustria in the international press, did indeed affect negatively Italy’s external reputation. ‘Surrender, Italian Style’ was the title in the Wall Street Journal (2012b) following the revisions to the Article 18 reform. Policy-makers became convinced that having ‘succeeded’ to unions’ pressures had reduced the symbolic value of the Fornero reform vis-à-vis external stakeholders (Fornero, 2013; Sacchi, 2018).

Overall, the Monti government approach can be characterised as unilateral, as the government did not let the lack of social partners’ consent stop its interventions. However, it is noteworthy that even at times of strong exogenous pressures and with a government hostile to concertation, background dynamics of pressure politics continued operating. This can be related to two factors: first, the existence of shared organisational

---

126 IT-EO2; IT-EO3; IT-EO4.
127 Confindustria’s President Emma Marcegaglia gave at the time a scathing interview to the Financial Times, slamming it as ‘a very bad text’ (Dinmore, 2012).
interests between unions and employers for the defence of the *status quo* in the field of social shock absorbers. Secondly, governmental weakness caused by coalitional fragmentation, which forced the cabinet to grant concessions to unions’ demands in order to secure parliamentary support for its reform from the centre-left main party.

### 7.1.3 Renzi’s experiment in ‘disintermediation’ (2014-2015)

After the general elections of 2013, Monti’s government was briefly replaced by a grand coalition led by Enrico Letta from the Democratic Party (PD). Following a change of leadership within the PD in December 2013, the premiership passed to new leader Matteo Renzi in February 2014. The economic problem-load faced by Renzi’s government remained high. In 2014, Italy was forecast to record negative GDP growth for the third year in a row, with record-high youth unemployment and unresolved long-standing problems of competitiveness and low productivity, repeatedly flagged up under the European Commission’s Macroeconomic Imbalance Procedure (European Commission, 2014a).

PM Renzi had the stated ambition of implementing an ambitious programme of ‘structural reforms’ to overcome the political paralysis which had characterised the Letta government (Salvati, 2016: 8). Renzi was the expression of a different component of the PD from his predecessor: more centrist-liberal in political orientation, and explicitly determined to mark a *visible* disjuncture with the tradition of incremental, negotiated policy-making that had come to be seen as characterising the Italian trajectory for the previous twenty years (Bordignon, 2014; Piattoni, 2016; Salvati, 2016).

Similar to Monti, this ‘reformist’ commitment included an explicit rejection of the practice of concertation, which Renzi denounced as leading to the defence of particularistic privileges and having slowed down the progress of Italy’s structural reforms over the previous twenty years. In contrast with the ‘old guard’ of the PD, Renzi stated his readiness to enter into conflict with unions if necessary (Corriere della Sera, 2014), and attempted to adopt a policy-making style that came to be known in the Italian public debate as ‘*dis-intermediation*’. This described a style of decision-making whereby the responsibility and source of legitimacy for policy decisions would be placed firmly within the government’s executive authority, backed up by the technical input of its team of ‘experts’ and by the establishment of a direct relationship of consensus-seeking with the electorate, reducing the role of the social partners to mere ‘consultants’ (cf. Tassinari and Sacchi, 2019).

In the words of the representative of SME association Rete Imprese Italia,
Renzi, and especially his collaborators set up from the beginning the relationship with the social partners as a non-relationship, in the sense that he started a generalised disintermediation which went beyond trade unions... then some social forces were recognised by Renzi and his Ministers as interlocutors, not with whom to concert decisions, but with whom to develop a relationship that in our case turned out to be one of consultation.\(^{128}\)

This attitude translated in the approach that Renzi’s cabinet adopted to tackle its main policy interventions, especially in labour market policy.

### 7.1.3.1 The 2014 labour market reforms

To address quickly the high unemployment problem, Renzi started his term with an intervention deregulating EPL for temporary contracts, the so-called ‘Poletti decree’, adopted in March 2014 and then converted into law in June 2014 (L. 78/2014). The decree deregulated the use of fixed-term contracts and apprenticeships, which the 2012 LMP Fornero reform had partly re-regulated (Picot and Tassinari, 2015: 127) against the firm opposition of employers’ organisation, that had seen such re-regulation as an excessive limitation to flexibility in hiring practices.\(^{129}\)

The government proceeded unilaterally - with no tripartite discussions nor public consultation processes with neither unions nor employers’ organisations. However, employers’ organisations in both industry and services expressed their preferences for the relaxation of rules governing temporary contracts through bilateral lobbying channels; and these were taken up by the government in the text of the law (Il Sole 24 Ore, 2014).\(^{130}\)

Overt unilateralism also characterised the government’s policy-making approach in tackling its major labour market reform project, the Jobs Act. Initially, this aimed to address issues relating to the negative performance of the Italian labour market and the high incidence of segmentation and youth unemployment by modernising the system of ALMP and unemployment benefits, whilst major interventions on EPL were not part of the government’s plans (Picot and Tassinari, 2015; Sacchi, 2018).

Renzi relied exclusively on experts for developing the reforms’ content over 2014. Although CISL and UIL had expressed cautious endorsement of the government’s initial

\(^{128}\) IT-EO4. The word used by the interviewee in Italian was ‘consulenza’, which could translate both as consultation and as consultancy.

\(^{129}\) IT-EO3; IT-EO4.

\(^{130}\) IT-EO1; IT-EO2
reform plans, and willingness to start dialogue with the government on its content,\textsuperscript{131} the government opted for not involving them formally, and the same happened with the main employers’ organisations. In this phase, Renzi followed most clearly its ‘disintermediated’ style of policy-making – also thanks to the high levels of consensus that the government enjoyed after the European elections of May 2014, where the PD had attracted an unprecedented 40.8% of the vote.

Over summer 2014, the pressure on Italian policy-makers to intervene also on EPL intensified, as the ECB and European Commission started doubting Italy’s capacity to deliver on its fiscal consolidation commitments (Sacchi and Roh, 2016). The implementation of a structural labour market reform deregulating dismissal protection became at this point a crucial terrain for the government to gain credibility in international circles, demonstrate capacity to deliver and, in the process, achieve some budgetary flexibility within the constraints of the Stability and Growth Pact.

The proposals to deregulate Article 18, aligned with the policy proposals that Confindustria had transmitted to the government in May 2014,\textsuperscript{132} turned the reform into a harsh terrain of confrontation with the unions, especially CGIL and UIL, whilst CISL maintained its position of discrete assent. As the reform delegation law was being approved in December 2014, CGIL and UIL staged a general strike in opposition, that despite high participation did not impact on the government’s plans (Picot and Tassinari, 2015; Repubblica.it, 2014b). Eventually, the reform was voted through Parliament in December 2014 and then implemented through successive law decrees over the course of 2015.

Following this ‘peak’ of unilateralism, the phase of Jobs Act implementation involved limited consultations, in the form of occasional bipartite \textit{ad hoc} meetings with selected organisations (especially, although not limited to, Confindustria, Rete Imprese Italia and CISL).\textsuperscript{133} These remained however strictly informal and not public, with the sole purpose of fine-tuning the technical details of the reform for problem-solving purposes. In fact, both on the issue of dismissals and on the reform of social shock absorbers, the social partners’ issue-specific knowledge was necessary to avoid possible

\begin{itemize}
\item \textsuperscript{131} In the words of a former PdL MP (IT-GOV4): “At the time, CISL and UIL tried to say ‘don’t treat everyone in the same way, we are not the same, there are trade unions which are ready to do certain things… but Renzi never considered this.’”
\item \textsuperscript{133} IT-GOV2; IT-GOV5; IT-EO1; IT-EO4.
\end{itemize}
problems in the phase of implementation. Whilst resulting in some minor modifications to the texts, these interactions did not alter substantively the overall reform framework. In the words of a UIL officer,

*The text of the decrees in most cases was broadly already decided. Simply, they presented to us what they wanted to do and asked us to react exclusively from a technical perspective. The attitude was along the lines: “let it be clear that this is not a negotiation”.*

In terms of content, Renzi’s Jobs Act amounted to an unprecedented liberalisation of EPL for open-ended contracts for both individual and collective dismissals, whilst also delivering a substantive expansion of the unemployment benefits system and a deep transformation of the system of short-time work schemes (CIG). This included the phasing out of general-revenue-funded extraordinary social shock absorbers (AD) whilst expanding short-time work compensation to previously excluded firms and workers through "solidarity funds", financed by social contributions. This trajectory of ‘embedding flexibilisation’ (Picot and Tassinari, 2017) contrasted directly with the preferences of two out of the three main unions (CGIL and UIL) due to the liberalisation of EPL.

The changes introduced to STW schemes were also not completely appreciated by Confindustria, as the reform limited their duration, abolished their usage in cases of company closure, and made costs for employers proportional to length of usage, so as to reduce the burden on the taxpayers (Sacchi, 2018: 38). This deprived large employers of an important tool on which they had relied – especially since the crisis onset – to manage situations of industrial restructuring without labour unrest. However, on most other substantive issues, the Jobs’ Act encountered the approval of all main employers’ organisations, especially due to its interventions on EPL flexibilisation.

The reasons behind Renzi’s choice of overt unilateralism and disavowal of concertation can be traced back to the pursuit of its external and domestic power—
legitimation interests. In the relationship with international stakeholders, creditors and prospective investors, like it had been the case for Monti, the marginalisation of concertation and the overcoming of the veto powers of organised interest groups in policy-making – and especially unions’ disempowerment – became an instrument of external legitimation and generation of market confidence. Indeed, Renzi’s capacity to marginalise union opposition was considered at the time by international commentators as “the ultimate test of his credibility” (Financial Times, 2014), and his main policy advisors perceived strongly “a necessity to give a signal, to say enough with that [i.e. the concertation] method which has become a slowing down factor...”\(^{138}\)

Through overt unilateralism, Renzi was also hoping to gain legitimation in the domestic political front. At a time when the government enjoyed high levels of consensus in public opinion, depicting unions as obsolete and illegitimate bodies became a deliberate component of Renzi’s consensus-building strategy, which aimed to create a coalition of social groups centred around support for EU integration and for a pro-market reformist agenda. This strategy was based on attracting support from the skilled middle and upper-classes, as well as from some segments of highly-skilled atypical workers: all groups that fell outside of Italian unions’ traditional constituencies and that Renzi thought could be mobilised through an anti-union, anti-concertation discourse.

The rejection of visible forms of political exchange was additionally motivated by policy-related interest, as formal concertation was deemed counterproductive by governmental actors for the purpose of ‘problem-solving’. The perception of the negative historical legacies of concertation in building consensus among the social partners around structural reforms of LMP over the 2000s (as already noted by Regini (2003) and Molina and Rhodes (2007)) significantly shaped the government’s approach. In the words of Renzi’s main advisor,

*For us the problem was also in the history of concertation, in the sense that a weak political system that hid behind the concertation method to delegate its choices to the sharing of responsibility with the social partners ended up, due to its weakness, in becoming a victim of those criss-crossed vetoes which became a slowing down factor rather than a help to build reforms... Our vision was to scrap a ritual in which every part had a veto (...) and put the shadow of hierarchy directly on the table and say, it is politics who has to decide, we can have an open confrontation, but the*\(^{138}\) IT-GOV2.
Marginalising organised producer groups from the visible and formal aspects of the policy process was therefore perceived as necessary to deliver reforms that would address some of the long-standing ‘rigidities’ of the labour market and welfare system and devise ‘structural’ responses to Italy’s prolonged stagnation, paving the way for liberalisation of its political economy. This project involved overcoming the veto power of the CGIL around EPL deregulation; and tackling the embedded ‘distributive coalitions’ (Molina and Rhodes, 2007; Sacchi, 2013a) in the sphere of social shock absorbers, defended by the joint organisational interests of unions and employers’ organisations. Renzi’s advisors perceived that these had historically “skewed” the protective focus of the Italian labour market protection and welfare system towards open-ended employees in large firms, at the supposed detriment of other workers. In this logic, interactions with organised producer groups were deemed only functional in their informal dimension, to minimise possible problems in the reform implementation, without allowing any veto power.

The implications of Renzi’s overt ‘disintermediation’ were however not neutral in terms of costs and benefits for different organised producer groups, and this is reflected in their very differentiated responses to it. The union front was split: CGIL and UIL, more ideologically distant to Renzi’s liberalising project and hence unable to assert their influence through bilateral channels, opted to exercise open opposition against the government through the joint general strike in December 2014 and several other initiatives. These included three Referenda organised by CGIL to abolish key parts of the Jobs Act in 2016/2017, which eventually did not go ahead but mounted a significant challenge against the PD’s policy agenda. Conversely, CISL adopted a position of quiet, behind-the-scenes consent. According to several interviewees, the informal exchanges with the PD government in this phase were very valuable for CISL, as they enabled it to extract some minor corrective concessions on the content of the reform (especially on the topic of social shock absorbers), and also engage in credit-claiming vis-à-vis its membership about its supposed impact on the reform’s contents, thus helping to corroborate organisational legitimacy. Overall, however, divisions on the union front limited their capacity to acquire a significant role on the political sphere over 2014-2015.

For its part, Confindustria and the other main employers’ organisations expressed

---

139 IT-GOV5.
140 IT-GOV2; IT-GOV5; IT-GOV7.
141 IT-GOV8; IT-GOV10.
open satisfaction with the contents of the Jobs Act. As bilateral lobbying channels had been sufficient to have their main policy preferences satisfied, even in the absence of formalised tripartite intermediation mechanism, employers' organisations did not openly lament Renzi’s marginalisation of concertation. Some of the EOs representing SMEs in the services and craft sector did express some concern in interviews around the ‘philosophy’ of disintermediation, which they perceived as lessening the role of intermediate bodies.\textsuperscript{142} On the whole, however, the EOs interviewed welcomed the “modernisation”\textsuperscript{143} introduced by Renzi in the dynamics of social dialogue, and the overcoming of unions’ prior perceived ‘veto powers’ against structural reforms.

7.2 Case 2: Spain

In Spain, tripartite interest intermediation dynamics over the two phases of the crisis varied considerably. Building on a successful concertation record in the pre-crisis period (cf. Chapter 5), the centre-left PSOE government of Zapatero attempted repeatedly to use visible tripartite concertation to face the downturn over 2008-2011. The limited successes of this strategy came however to be associated, during the sovereign debt crisis (2011-2014), with the broader judgement of policy failure attached to Zapatero’s record, giving way to a deliberate strategy of unilateralism embraced by the centre-right cabinet of the PP led by Mariano Rajoy over 2012-2014, which shifted Spain in a similar trajectory to Italy, despite their differing starting points in terms of concertation legacies.

7.2.1 Zapatero’s reluctant unilateral drift

The centre-left PSOE cabinet led by PM Zapatero started its second term after winning the April 2008 general elections. The political pre-conditions were, in principle, more conducive than in Italy to activate crisis-responsive concertation. As outlined in Chapter 5, during its first term (2004-2008) Zapatero’s cabinet had concluded several tripartite agreements with the main social partners (CEO-ECEPYME, CCOO and UGT), and “social dialogue had established itself since the first legislature as one of the fundamental elements of the [PSOE] political project”\textsuperscript{144} These successful concertation experiments had facilitated the consolidation of solid relationships with organised producer groups, facilitated by the long-standing links between PSOE and UGT. After its re-election, the

\textsuperscript{142} IT-EO2; IT-EO4.
\textsuperscript{143} IT-EO3.
\textsuperscript{144} ES-GOV2.
PSOE cabinet was thus determined to maintain continuity in formal and visible social dialogue. However, the government’s attitude towards concertation changed dramatically over 2009-2010 in line with the mutating macro-economic and political outlook.

7.2.1.1 Early crisis management: from the Plan E to the 2010 labour market reform

Zapatero’s early crisis response policy was informed by Keynesian ideas (Ban, 2016: 191–192), leading the government to launch in November 2008 a large anti-crisis fiscal stimulus (so-called Plan E). Until early 2010, the cabinet sought to face the downturn with counter-cyclical demand- and income-supporting measures, with an approach of “continuity and concertation”. The Banco de España and the ECB criticised this stance, advocating instead a neoclassical response involving fiscal consolidation and deregulation of labour markets (cf. Banco de España 2009 cited in Ban, 2016: 193).

To deal with this emerging tension, Zapatero repeatedly attempted over 2009-2010 to reach agreement with the social partners over the content of labour market reforms to face the employment crisis. Governmental actors believed that a tripartite agreement would help to shore up governmental support vis-à-vis the growing macro-economic problem-load and pressures for austerity and deregulation. Power interests were dominant over problem-solving motivations: in the words of a senior government official, “the key was the agreement itself”. Until May 2010 Zapatero therefore prioritised preserving consensus – maintaining that “never there would be a labour reform without agreement with the unions”.

Over 2009, a profound cleavage emerged between CEOE’s positions on the one hand, which advocated deregulation, increased employer flexibility and reduction of dismissal costs to favour employment creation, and the unions and government on the other. The PSOE cabinet remained reluctant to deregulate EPL, privileging instead an expansion of protections aligned with the preferences of the unions and its core electoral base (centred around dependent employees in production and the public sector, and welfare state recipients). CEOE thus refused to subscribe to the first agreement proposed by the government in July 2009.

145 ES-GOV2.
146 ES-GOV2.
147 ES-GOV2.
148 ES-GOV3.
149 ES-GOV2.
150 Author’s calculations based on ESS data, waves 1-8.
151 This rigid stance was significantly shaped by the leadership style of the then-President, Diaz.
Attempts to reach a tripartite agreement with CEOE, CCOO and UGT over a labour market reform plan continued in early 2010 (El País, 2010b). Meanwhile, CEOE, CCOO and UGT had concluded a bipartite centralised collective bargaining agreement (Agreement for Employment and Collective Bargaining 2010-2012, AENC I in short)\(^2\), which included guidelines on wage moderation for sectoral collective bargaining over 2010-2012. The consensus on wage moderation did not however find a parallel in labour market regulation. CEOE continued pushing proposals for greater flexibility in entry, reducing dismissals costs and employers social security contributions (Diaz Ferran, 2010; El País, 2010a), against the opposition of both unions and cabinet.

Following the precipitation of the Greek sovereign debt crisis in March 2010, pressures by the European Commission, the ECB and the bond markets eventually led the Spanish executive to confront the issue of austerity and LMP reform, to re-assure the international financial markets about Spain’s solvency and prospects for economic recovery. First, Zapatero implemented – with a razor-thin parliamentary majority – an austerity package in May 2010 (including freezes to public servants’ salaries and pension levels). He then became convinced of the necessity of undertaking a structural supply-side LMP reform to re-gain international markets’ confidence.\(^3\) This position was also domestically supported by CEOE, the Banco de España and other business lobby groups.

In May 2010, the government proposed an LMP reform that would “encourage employment creation” by reducing dismissal compensation for permanent contracts and moderately re-regulate temporary contracts. Agreement with the social partners was not found, as CEOE deemed the government plans to not be sufficiently liberalising,\(^4\) whilst the unions found dismissal deregulation unacceptable. In early June 2010 the drawn-out process of cosmetic concertation eventually came to an end, and government pushed

---


\(^3\) ES-GOV2; ES-GOV3; ES-GOV6.

\(^4\) According to interviewees (ES-GOV3; ES-TU8; ES-EO2), the possibility of reaching a compromise was further hindered by conjunctural factors that negatively affected mutual trust amongst the actors. First, the credibility and legitimacy of CEOE’s President Díaz Ferrán was negatively affected by an unfolding financial scandal involving its firms, which led to internal questioning about its leadership and reduced the cohesion of CEOE in negotiations. Second, the capacity of the team surrounding Labour Minister Corbacho to successfully broker agreement in the social dialogue arena was also questioned by several observers – as Corbacho allegedly lacked experience on labour issues and did not have strong links with neither the unions nor CEOE that allowed him to successfully persuade them to reach an agreement.
ahead through a Royal Law Decree, approved by Parliament in June 2010 (R.D. Ley 10/2010).

The failure of Zapatero’s cosmetic concertation strategy signalled the growing tension between the government’s legitimation interests, which prioritised the preservation of the legacy of negotiated tripartite policy-making, and its problem-solving interests – which made the implementation of structural reforms imperative to face the unfolding crisis of market confidence. The latter eventually dominated, leading to a hardening of the government’s position on the issue of LMP reform.  

The 2010 reform was however criticised by CEOE as excessively timid (elEconomista.es, 2010), thus decreasing its capacity to generate external market confidence. On their part, CCOO and UGT responded with a general strike (the first since 2002), held on 29 September 2010, which contested the method of decision making (the guiding slogan was ‘Así no’, ‘Not in this way’) – as much as the reform’s content. Although data about participation rates were contested, the 29S general strike constituted a substantive political defeat for Zapatero’s cabinet. In the words of a senior PSOE government official,

_The strike was very symbolic because it was a clear rupture of the trade unions with the Zapatero government. It had that symbol of being the first general strike that had much mediatic and much political impact._

Both on the front of domestic and external legitimation, the process and outcomes of the 2010 labour market reform emerged thus as a resounding defeat for the government. Taking stock of the political costs it had suffered, Zapatero’s cabinet decided thus to attempt once more to recuperate tripartite social dialogue to implement the remaining crisis-responsive structural reforms.

### 7.2.1.2 The 2011 Social Agreement on Pensions

In Autumn 2010, the government attempted again to reignite social dialogue over pensions, employment policy and collective bargaining reform. Changes in leadership facilitated this process. The post of Minister of Labour passed in September 2010 to Valeriano Gómez – who had close links with the unions and a reputation of being a “great

---

155 ES-GOV2.
156 Unions declared a 70% strike participation rate (20Minutos, 2010), which contrasts with survey-based estimates setting it at only 14% of the workforce (Luque Balbosa and González Begega, 2016: 57).
157 ES-GOV3.
The leadership of CEOE also changed. Engulfed by bankruptcy scandals, hard-liner Díaz Ferrán resigned and a new president with a more ‘dialogical’ attitude, Rossell, was elected in December 2010. A tripartite agreement was eventually concluded in February 2011 (‘Acuerdo social y económico para el crecimiento, el empleo y la garantía de las pensiones’; Social and Economic Agreement for Growth, Employment and Guaranteed Pensions). The unions agreed to accept changes in pensions (including an increase in the pensionable age to 67) in exchange for expansion in ALMPs and for a commitment by the government to not intervene unilaterally with a reform of collective bargaining, leaving the issue of CB decentralisation to be negotiated autonomously by the social partners.

The coincidence of power and policy interests of the three actors facilitated the Agreement’s conclusion, which expressed an ‘alliance of the weak’. For the government, re-starting social dialogue after the general strike was the “last shot” to try and salvage the ‘Socialist legacy’ of tripartism. Beyond the symbolic aspect, governmental actors also hoped that a tripartite agreement would enable them to reconcile the contrasting imperatives of complying with the strong exogenous pressures for structural reforms originating from the European Commission, whilst maintaining domestic political leadership and re-consolidating a base of social support to avoid a political crisis. In the words of a senior PSOE government official,

PM Zapatero and the government wanted to re-gain political initiative (…) Now everyone was very conscious of the seriousness of the situation. In that new context we said “we have to continue taking policy measures, and these measures have to be more substantive, we have done a labour reform that everyone has told us goes in the right direction but stops too short, so we are going to try and do more reforms”. Which was for sure what Germany was telling us, what the European Council was telling us, what everyone told us: more reforms. So there were these elements: regaining the political initiative by recuperating social dialogue in a new context in order to do the reforms that they asked us.”

For their part, unions and CEOE had shared power-oriented interest to recuperate

---

158 ES-GOV2; ES-GOV3.
159 Full text of the agreement available at: https://www.ccoo.es/7d6fa511bc3bd5c8eac9a838071a8b000001.pdf (accessed 8 July 2017).
160 ES-GOV2.
161 ES-GOV3.
162 ES-TU8.
a visible political role. Given their reliance on concertation as a source of institutional power (cf. Chapter 5), concluding a tripartite agreement allowed them to demonstrate they still maintained legitimacy as actors in policy-making. This was particularly important for CEOE, which needed to regain credibility after the scandals of Díaz Ferrán’s presidency. In terms of policy interests, unions also saw the tripartite agreement as a mechanism of damage limitation, that attenuated the extent of pension retrenchment and delayed its implementation, whilst offering political support to the PSOE government in challenging times.¹⁶³

The cabinet was however not unanimous about this strategy. Ministry of Economy officials were keen to implement a radical decentralisation of collective bargaining and fiscal consolidation, in line with the Commission’s requests, and were not enthusiastic about the compromises which concertation required.¹⁶⁴ The dialogical line of the Ministry of Labour temporarily dominated – partly thanks to the fact that in early 2011 market pressures on Spanish sovereign debt had momentarily attenuated, giving the cabinet some “breathing space” to decide with some autonomy how to comply with the Commission’s recommendations to increase pensionable age.¹⁶⁵ However, the 2011 Agreement was not perceived as important in itself to reassure external stakeholders. Rather, governmental actors perceived that the European Commission valued reforms more than the method through which these were accomplished. In the words of a PSOE government official,

*We did not think that the agreements were going to be valued very much outside. Outside they were interested in the reforms, it did not matter how the government did them. (…) There was a certain resistance, a certain fear outside that the reforms might be limited because of the fact that they were negotiated with unions. That was not easy, we had to demonstrate that we were going to do things. (…) In this regard, the agreements in themselves were not valued very highly, almost the opposite.*¹⁶⁶

Substantive concertation, therefore, was only possible to the extent that it did not

¹⁶³ ES-TU2.
¹⁶⁴ In the words of PSOE’s then Secretary of State for Employment (ES-GOV3): “The ministry of Labour was just in the middle, and it was very costly because we had to marry the logic of social dialogue with the logic of our own governing partners, especially on pensions and collective bargaining (…) It was almost harder to convince our colleagues in government in the ministry of the Economy than the employers, because they (Ministry of economy officials) spent their time in negotiations with Europe and they came back saying ‘Europe says this, this and this’. But we were the ones who had a negotiation table with the unions and they were not there. So this game on two fronts was very costly, but we did it.”.
¹⁶⁵ ES-GOV3: “There was space, the EU was there, but it was not a continuous vigilance over what we were doing (…) I told them we had reached a social dialogue agreement over the basic themes for the EU, which was to move pensionable age to 67. And with that they gave us a breather”.
¹⁶⁶ ES-GOV2.
hinder compliance with exogenous conditionality. The tripartite agreement of February 2011 illustrates the intensifying tension between the government’s domestic legitimation interests and the problem-solving imperatives arising from the macro-economic context.

7.2.1.3  The 2011 collective bargaining reform

The tension between concertation and compliance with exogenous pressures resurfaced later in 2011, when the government was forced to tackle the issue of collective bargaining reform. The European Council recommendations on Spain’s National Reform Programme of 2011 had identified features of the Spanish CB model – “the automatic extension of collective agreements, the validity of non-renewed contracts and the use of ex post inflation indexation clauses” – as factors contributing to “wage inertia, preventing the wage flexibility needed to speed up economic adjustment and restore competitiveness” (European Council, 2011: 3). Hence, they pushed for a decentralisation of collective bargaining that would allow firms to more easily adapt to the economic conjuncture and pursue internal devaluation.

To respect the commitments made to secure social partner’s consent in the 2011 agreement, the government initially gave them time to reach an autonomous agreement on the content of CB reform. This ‘dialogical’ stance had, again, an ideological-symbolic significance, but also arose from a legitimation concern with maintaining good relationships with producer groups, increasingly crucial to shore up the government’s fragile support base.

However, unions and employers could not find agreement. CCOO and UGT opposed plans to give primacy to firm-level bargaining, as well as the proposed creation of non-union ad hoc committees which would be allowed to negotiate collective solutions in the absence of union workplace representatives (cf. on this Cioffi and Dubin, 2016: 130). For its part, CEOE was internally fragmented on sectoral collective bargaining. Whilst generally welcoming the increased workplace level flexibility arising from CB decentralisation, its constituent sectoral associations were divided between those advocating a radical decentralisation of CB (e.g. automotive employers’ organisation ANFAC), and others that instead privileged maintaining primacy of sectoral bargaining.167 This internal fragmentation impeded brokering a compromise.168

---

167 The commitment of some sectoral employers’ associations to preserve industry-wide bargaining, especially in highly organised manufacturing sectors such as chemistry or metal, is testified by the fact that in Autumn 2012 new national agreements with “reserved themes” for industry-level bargaining were negotiated to prevent deregulation through disorganised firm-level bargaining (Cioffi and Dubin 2016, p. 131).

168 In this phase, parts of CEOE’s leadership also judged that the political benefits of reaching an agreement with the PSOE would have been against their interests, as the approval ratings of PSOE were
Following social partners’ incapacity to agree, the government intervened with a legislative decree in July 2011 (RD Ley 7/2011). The decision to proceed without their consent was significantly influenced by the macro-economic climate. The increase in the spread between Spanish and German government bonds during summer 2011 created “pressures from all sides”, pushing the government to implement measures that would reassure markets and secure ECB support for purchasing Spanish bonds via the OMT. Domestically, tensions within the government over the depth of liberalisation were also intensifying, as the Ministry of the Economy officials “asked for everything that the employers were asking for and much more”, and social partners’ inability to reach agreement made the political benefits of social dialogue increasingly hard to sell to the “hardline” components of the cabinet, who favoured a more interventionist approach.

The 2011 reform established the precedence of firm-level collective agreements over industry-wide agreements, except in cases where this was explicitly overruled in the industry-level agreements themselves. Whilst overturning the primacy of sectoral agreements, the government stopped short of pursuing wholesale disorganised decentralisation, maintaining space for a kind of ‘collectively-regulated’ internal devaluation. This compromise position allowed the government to ‘save’ sectoral collective bargaining – in line with the Labour Minister’s and unions’ policy preferences – whilst partly complying with the Commission’s recommendations.

Reconstructions of the policy process from interviews reveal that the fundamental core of the reform text was significantly shaped by a behind-the-scenes process of political exchange between the cabinet (and in particular the Ministry of Labour) and the unions: saving sectoral bargaining, in line with unions’ preferences, in exchange for unions’ restraining from another strike. According to a PSOE government official,

\[
\text{In the end there wasn’t an agreement because the unions wanted an approach that was more directly in favour of sectoral bargaining than what the reform did, whilst in the end the government had limitations which meant that an agreement wasn’t signed. But really, the core of the reform was negotiated.}^{171}
\]

This was however insufficient to stave off the public opposition of both unions and CEOE to the 2011 reform, who jointly protested the breach of their autonomy in declining and the prospect of a new centre-right government would have been more conducive to the realisation of its policy interests (ES-EO2; ES-GOV3).

169 ES-GOV3.
170 ES-GOV3.
171 ES-GOV2.
collective bargaining governance and the government’s legislative intervention on a topic they considered as their institutional prerogative.\textsuperscript{172}

Eventually, as in 2010, the government suffered considerable political costs for its policy-making strategy. On the one hand, in virtue of its ‘compromise’ content, the reform was considered by the Banco de España, large business lobby groups and European institutions alike to be not sufficiently far-reaching in the extent of liberalisation,\textsuperscript{173} thus reducing the government’s credibility and leaving it subject to even more intense exogenous pressures. These materialised in the form of a letter from ECB President Trichet and the President of the Banco de España Fernández Ordoñez sent to Zapatero in August 2011 requiring more radical interventions.\textsuperscript{174} On the other, its overt unilateral implementation accentuated the public perception that Zapatero was betraying his core base of support and his Socialist credential (cf. Molina and Godino, 2013).

Zapatero’s reluctant drift towards unilateralism became therefore another factor accelerating the collapse of PSOE’s crisis-management strategy, leading to a resounding electoral defeat in the general elections of November 2011 and to the ascent to power of the centre-right Partido Popular (PP).

7.2.2 Rajoy’s authoritarian unilateralism

The election of the centre-right government of the Partido Popular (PP) of Mariano Rajoy in November 2011 marked profound discontinuity in the dynamics of government – social partner interactions in Spain. The PP came to power with a programme centred around the implementation of drastic fiscal consolidation measures and liberalising structural reforms (cf. Ban, 2016; Cioffi and Dubin, 2016). Between late 2011 and 2014, taking advantage of its absolute parliamentary majority, the Rajoy government implemented its neoliberal policy agenda in a completely unilateral fashion.

Differently from the Italian centre-right, PP’s attitude towards concertation had not been hostile prior to the crisis. Although relationships with unions under the PP

\textsuperscript{172} ES-GOV3: “They always negated an intervention of the government. So for them the decree was bad because they always rejected that the government should have capacity of intervention on the topic of collective bargaining. Both unions and the employers (...) Therefore clearly they said that they were in disagreement with the decree. Well, at least they didn’t do a strike. (...) Some sectors of the unions and of the employers’ organisation spoke well of the Decree, but not in public. Their public position was against.”

\textsuperscript{173} ES-GOV3.

\textsuperscript{174} The letter to Zapatero from Trichet and Fernández-Ordoñez, dated 5 August 2014, was only de-classified in 2014. It contained criticisms to the CB reform of June 2011, and requested for the government to revise it to include “significant measures to improve the functioning of the labour market”, including measures to ensure the “effective decentralisation of wage negotiations” and “reduce the possibility for industry-level agreements (...) to limit the applicability of firm-level agreements”; as well as “exceptional action to encourage private sector wage moderation”. Full text available at: https://www.ecb.europa.eu/pub/pdf/other/2011-08-05-letter-from-trichet-and-fernandez-ordonez-to-zapateroen.pdf (accessed 17 August 2019).
government of Aznar (2000-2004) had grown tense due to the attempted liberalisation of labour market policy, the PP leadership had no stated hostility towards tripartism per se. Yet, in late 2011, the macro-economic and political context was not favourable to social dialogue. The risk premium on Spain’s sovereign bonds remained high, creating a credible risk of a bailout, and Spain continued receiving recommendations through the European Semester for further liberalisation and fiscal consolidation (cf. European Council, 2011: 3). In this context, PM Rajoy wanted to proceed quickly to implement reforms that would send a strong signal to external stakeholders and financial markets about Spain’s intentions of complying with recommendations from the European Commission and the ECB and avoid the threat of a bailout.175 Even more than its Italian counterparts, the PP cabinet embraced unilateralism to implement its labour market and pensions reforms programme.

7.2.2.1 The 2012 labour market reform

The PP cabinet intended to implement far-reaching liberalising reform in both EPL and collective bargaining legislation, going further than Zapatero’s reforms – slammed by the EU and the Banco de España for being excessively timid. After the November 2011 election, Rajoy invited CEOE, CCOO and UGT to agree amongst themselves on proposals for LMP reforms that would follow the policy trajectory indicated by the government (which aligned both with the Semester recommendations and with the preferences of domestic business lobby groups).

These bipartite negotiations had mixed results. CEOE, UGT and CCOO found agreement on collective bargaining, and signed in January 2012 a second intersectoral peak-level agreement (AENC II) for 2012-2014 which laid out the conditions for an organised decentralisation of collective agreements176 and set wage bargaining guidelines amounting to considerable wage moderation.177 However, this compromise stopped short of meeting the PP’s policy preference for a radical devaluation of ULCs and for the wholesale decentralisation of collective bargaining to firm-level. Furthermore, the social

175 ES-GOV4.

176 The agreement allowed a greater use of opening clauses on a wider range of issues—working time, remuneration systems, shift work and work organisation. These opting-out clauses could however only be applied in case of a persistent drop of revenues. Through this move, the social partners aimed to create greater space for firm-level bargaining, whilst sanctioning the continued importance of sectoral national agreements for setting framework conditions for wage-setting.

177 UGT officials (ES-TU9) explained they subscribed to this concession bargaining agreement in a logic of damage limitation given the severity of the crisis: “It is hard to say this for a trade unionist, but we agreed to lose purchasing power in exchange for measures that would protect employment”.

198
partners did not put forward proposals in the sphere of EPL reform, where their positions remained excessively distant. The government decided therefore to proceed with its own reform, disregarding the content of AENC II.

The government attributed responsibility for this unilateral move to the social partners’ incapacity to agree amongst themselves and take responsibility for painful reforms. From the social partners perspective, it was instead the government that deliberately disregarded their positions. Regardless, it is clear that Rajoy’s conception of ‘social dialogue’ was very hierarchical. Eventually, the reform was pushed through in Parliament in February 2012 (R.D.L. 3/2012 of 10 February 2012). The government used a Royal Decree, an ‘emergency’ legislative measures that does not require the issuing of opinions from the tripartite Economic and Social Council (CES). The space for formal tripartite institutions to intervene was therefore null.

The 2012 LMP reform was a case of neoliberal deregulation (Picot and Tassinari, 2017: 13), strongly skewed towards employers’ interests. It allowed firms to introduce unilaterally ‘internal flexibility’ at workplace level, created a new employment contract without any protections for the first year, reduced dismissals compensation, sanctioned the absolute priority of company over sector-level agreements, and introduced the possibility for employers to reduce wages without union consent in several circumstances. It also abolished the so-called ‘ultra-actividad’, providing for the automatic extension of expired collective agreements until the negotiation of new ones.

This deregulatory agenda was enthusiastically pursued by the PP government. Policy-makers maintained considerable room for manoeuvre in designing its specific content, and were keen to claim ownership against narratives of ‘exogenous imposition’. In the words of a senior PP official in the Ministry of Employment,

*I can assure you that the reforms that have been done by this Ministry are those that we thought were necessary (...) it is false that in Spain reforms were imposed in the field of social and labour policy through the financial intervention. (...) We...

178 ES-GOV4. “The first thing that President Rajoy did when he took power in November 2011 was to call the social partners and ask them to send him a proposal for labour market reform. Something they, even though they had proposals very complete, eventually they didn’t do. So the President had to launch our reform independently [...] so we wanted the labour reform to be made through social dialogue but they renounced because of the situation of the Spanish economy.”

179 ES-EO1.

180 ES-GOV1.

181 Commenting on a famous declaration made by the PP government’s Finance Minister De Guindo in late 2011, a UGT official (ES-TU5) summarised the government’s approach in the following terms: The government itself, through de Guindos (Finance Minister) was the one who said to Juncker: “Look, we’re gonna do a reform that you’ll like a lot, it will be very aggressive, we will change collective bargaining and reduce dismissal compensation”. In such a short sentence everything is summed up, and the PP already had this all written.
Several interviewees from CEOE remarked, in contrast, that the reform was not a direct expression of the preferences of organised employers: “it was not a reform of CEOE, it was a reform of the Popular Party”. Rather, its domestic sources of inspiration were identified by several interviewees as having originated from other segments of the business and policy community, including senior economists within the BdE; conservative labour law scholars and judges (cf. Pérez de los Cobos y Orihuel and Thibault Aranda, 2010) (some of whom were subsequently appointed to key positions within the Ministry of Employment), law firms engaged in advising large employers on firm-level collective bargaining, and business actors and lobby groups operating outside the framework of CEOE, such as the Instituto para la Empresa Familiar (IEF) and the newly formed Consejo Empresarial para la Competitividad (CEC).

In the narrative of government interviewees, the unilateral implementation of the 2012 reform was presented as necessary to respond to the intense macro-economic problem load and send a strong signal to the international markets about Spain’s compliance with fiscal consolidation and internal devaluation. In the words of the former Secretary of State for Employment, What mattered was the context. We were in a macro-economic crisis, 40,000 dismissals, a threefold increase in youth unemployment, 1,700 jobs per day destroyed… we had to take significant measures, and at that point the social dialogue said to us: “you are on your own”. But the Spanish government could not decide not to do anything, we had to do what we had to do and we did it, unfortunately not with the full degree of social agreement that we would have liked.

However, unilateralism was not only an involuntary side effect of crisis conditions, but also part of a deliberate governmental strategy to pursue power and policy interests.

182 ES-GOV4.
183 ES-E02; ES-E03.
184 ES-GOV3; ES-E02; ES-EXPR; ES-TU9.
185 The CEC was a business lobby group and “think tank” formed in February 2011 by 17 large export-oriented Spanish MNCs operating in strategic sectors (including large banks such as Santander, La Caixa, BBVA; retail giants such as Mercadona Mango and El Corte Ingles; transport conglomerates such as Ferrovial; and energy giants such as Repsol, Acciona and Iberdrola); and headed up by César Alierta, the President of telecommunications giant Telefónica. The CEC was formed with the stated task of presenting proposals to favour the recuperation of competitiveness of the Spanish economy, and to promote abroad the image of the Spanish economy as an attractive FDI destination.
186 ES-GOV4.
First, after Zapatero’s failed attempts over 2008-2011 to find tripartite compromises over structural reforms, concertation had become criticised in public discourse as a symptom of the government’s incapacity to face the crisis decisively. This perceived failure created a negative legacy which reduced concertation’s appeal as a domestic and external legitimating instrument for Rajoy.

Second, unilateralism allowed PP to mark its distance from PSOE, strongly associated with social dialogue and collaboration with CCOO and UGT. As Spanish unions were at this point increasingly unpopular in public opinion – partly due to their own internal corruption scandals and to the growth of the Indignados movement since May 2011 – the government had little to risk in alienating them.

Third, whilst Zapatero had tried using concertation to balance exogenous pressures with the preservation of its domestic support base, Rajoy did not face a similar dilemma. The PP’s policy preferences for deregulation and fiscal consolidation aligned closely with the content of the exogenous conditionalities. Hence, using social dialogue to ‘square the circle’ between external pressures and domestic legitimation was not necessary.

On the contrary, unilateral interventions in LMP enable the PP to pursue its policy interests unconstrained, and implement its preferred adjustment strategy, rooted in a long-term project of neoliberal transformation of the Spanish economy involving internal devaluation and disciplining of organised labour for the purpose of FDI attraction and export-orientation (cf. Cioffi and Dubin, 2016). As well as requiring the disempowerment of organised labour by reducing EPL and diminishing unions’ power resources in collective bargaining, the government’s reform strategy also clashed partly with CEOE’s preferences over collective bargaining. For the PP, introducing greater market-based coordination required overcoming the ‘rigidities’ introduced by sectoral collective bargaining – seen as a factor limiting competition and keeping labour costs unnecessarily high. In this respect, the government saw CEOE as a conservative, anti-competitive actor.187 In the words of a senior PP government official,

\begin{quote}
CEOE represents above all large firms and they do not desire that new competitors enter the market, with more competitive working conditions, as they might put at risk their market power. (…) So, in the end, we had to lead a bit against everyone, we wanted to do a reform that transformed the country even when this necessitated
\end{quote}

\footnote{ES-GOV5.}
For this reason, the government decided to ignore the contents of the AENC II agreement. Besides being a power-oriented strategy, therefore, unilateralism also fulfilled an accumulation rationale: it was a vehicle to achieve a structural transformation of Spanish capitalism that would fulfill the preferences of large export-oriented firms and small businesses relying on low-cost competitiveness strategies, by making internal devaluation “structural”.189

Despite both being partly marginalised, the reactions of organised labour and employers to the 2012 reform were very different. CCOO and UGT were strongly opposed to the reform, contesting both the style of decision-making190 and the entirety of its content. Their response was however difficult to orchestrate. The unions’ strategy of damage limitation through ‘responsible’ concession bargaining, pursued by concluding the AENC II agreement with CEOE in January 2012, had proven ineffective to prevent unilateralism. This failure left them exposed to criticism from their membership and other actors on the left, such as the Indignados and 15-M social movement, which accused them of capitulating to the employers’ demands (Gago, 2012: 1087).

Deprived of a major source of institutional power, the unions first organised in February 2012 public demonstrations, calling for the government to re-open negotiations. As these attempts to re-activate voice channels bore no results, CCOO and UGT re-oriented towards contestation, organising a second joint general strike on 29th March 2012. According to available estimates, more people (around 23% of the workforce) participated than in 2010 (Luque Balbona and González Begega, 2016: 57). Union actors reported however difficulties in mobilising members in the climate of widespread economic insecurity.191 The general strike failed to impose political costs on the government, which thanks to its majority was sufficiently isolated from pressures arising from popular contestation, and did not impact on the content of the reform.

After then, CCOO and UGT attempted to re-consolidate their societal power resources by joining forces with other anti-austerity civil society actors, such as the

---

188 ES-GOV4: “If we had been mere transmitter belts of the orders of the employers, we would not have ruled for the priority of application of firm-level CBAs, because many large firms that are very well protected by their sectoral CBAs did not like that we did that. We did that to dynamise competition in the markets.”

189 ES-TU9.

190 ES-TU5.

191 ES-TU5. “We organised two general strikes, but with a certain unease, because of the economic situation of workers...they had the sword hanging over their heads as they could be fired if they missed two or three days of work, there were widespread situations of pressure and fear, widespread dismissals in firms, it is evident that in these conditions people do not join the general strike. The uncertainty that was generated in employment relations was formidable.”
Indignados and the 15M movements, leading to some episodes of joint mass mobilisation (such as the general strike of November 2012 and the so-called Mareas of public sector workers against austerity). They also pursued alternative routes of intervention in the political sphere: first launching a challenge of unconstitutionality against the 2012 labour market reform to the Constitutional Tribunal (Gómez, 2012); then presenting a formal complaint to the ILO to denounce their exclusion from policy-making (Landa Zapirain, 2015: 8). None of these strategies did however impact on PP’s unilateral course of action.

The position of CEOE-CEPYME was, on the other hand, more nuanced. Overall, CEOE evaluated the reform content positively. As stated by the then-general secretary of CEOE in 2013, “whilst it would have been desirable to reach an agreement between the government and the social partners in the framework of social dialogue, besides this the employers’ organisations cannot deny that this reform has represented a substantial step in the process of modernisation of our labour law” (Lacasa, 2013: 194). Several interviewees from CEOE confirmed that even though the reform “did not obey to organised employers’ interests”, it had implemented many of the organisation’s long-standing policy preferences regarding the reduction in the costs of dismissals (El País, 2011), the simplification of administrative processes for the authorisation of collective dismissals, and, most importantly, the increased possibility to adapt working conditions at the company level.

CEOE’s evaluation of the changes to collective bargaining was more lukewarm. Whilst broadly positive about the abolition of ultra-actividad, which they saw as a source of inflexibility in bargaining, CEOE recognised its importance for the renewal of contracts. In recognition of this, CEOE, UGT and CCOO signed, in May 2012, an agreement committing to preserving ultra-actividad when considered appropriate by the negotiating partners (Lacasa, 2013: 203). CEOE was instead more negative about the priority attributed to company level agreements. As peak-level employers’ organisation, CEOE-CEPYME worried that their own organisational raison d’etre and institutional

---

192 ES-EO2.
193 ES-EO1.
194 ES-EO1.
195 A CEOE interviewee (ES-EO1) argued that the pragmatic preference of employers for de facto stability in collective bargaining was demonstrated by the fact that there was only one known case of a company who had taken advantage of the new ultra-actividad clause following the reform in order to worsen the terms and conditions of employees at the expiry of the collective agreement, reducing them to the statutory minima outlined in legislation. From the employers’ perspective, the main value of the end in ultra-actividad lied thus in the impact that the possible threat of expiry of a collective agreement could have on the balance of power relations in the re-negotiation processes of new collective agreements; forcing unions to speed up negotiations or engage in concession bargaining in order to maintain at least a collective agreement, however disadvantageous (Clauwaert and Schomann, 2012; Fernández Rodríguez et al., 2016).
power resources, closely tied to the administration of the collective bargaining machinery at sectoral and provincial level, would be undermined in the case of a demise of two-level bargaining, and perceived this intervention as an intromission into their own sphere of competence.

Employers in several sectors, especially those with high SME density or with long-standing tradition of sectoral collective bargaining led by large domestic firms, such as chemicals and steels, echoed the defence of sectoral and provincial-level bargaining; concerned that the absolute prevalence of firm-level bargaining would open the scope for unfair downward wage competition or greater industrial unrest\(^{196}\) (Fernández Rodríguez et al., 2016).

Nonetheless, CEOE was not willing to intervene more forcefully against the government’s intervention on this matter, for two reasons. First, some segments of its membership (such as export-oriented manufacturing sectors like automotive or firms in the low-value added segment of the service sector) did welcome the decentralisation, for different reasons.\(^{197}\) These internal membership divisions challenged CEOE to speak with a unified voice, thus limiting its capacity to react against the government’s intromission in collective bargaining governance.

Second, CEOE’s leadership was not willing to openly oppose a reform that, besides the issue of CB decentralisation, had met all their key demands. Therefore, organised employers preferred to adopt a strategy of ‘quiet consent’, akin to that followed by Confindustria towards the Renzi government in Italy: letting the PP government pursue its reform agenda and reap its benefits on all major LMP issues, whilst attempting to maintain stability in collective bargaining through bipartite negotiations at sectoral or inter-confederal level.

7.2.2.2 The 2013 pensions reform

Following the 2012 LMP reform, the PP government maintained its unilateral approach, reinforced by the extremely unfavourable macro-economic context. In June 2012, the government was forced to request through the European Stability Mechanism a €100 billion bailout to support the recapitalisation of its ailing banking sector (European...
In exchange for financial assistance, Spain was subject to a Memorandum of Understanding containing several explicit policy recommendations (European Commission, 2012: 54 and ff.). These included a commitment to intervene again on the pensions system, to comply with the Country Specific Recommendations of the European Semester of July 2012. The MoU noted that the ‘positive’ effects of the 2011 pensions reform on public deficit were limited due to the deteriorating situation of the Spanish economy and recommended an accelerated introduction of the ‘sustainability factor’ originally foreseen in the 2011 reform, as well as further increases in retirement age, to achieve fiscal consolidation (European Commission, 2012: 46).

In 2013, the government proceeded to implement a new pensions reform drawn up and implemented unilaterally, with no consultation with the social partners bar some informal interactions. To bypass opposition, the Rajoy government adopted instead a strategy of technocratic de-politicisation. First, in April 2012, a Law was passed (L.Org. 2/2012) enabling the government to revise the implementation of the changes introduced by the 2011 reform. In late 2012 the government then eliminated the automatic indexation of pensions to inflation (R.D. Ley 28/2012). Finally, in March 2013, through a royal law decree (R.D. Ley 5/2013), the government restricted considerably the conditions of access to voluntary and involuntary early retirement, and established an independent committee of experts to formulate proposals for a more comprehensive structural reform of the pensions system.

CCOO and UGT repeatedly called upon the government to activate social dialogue within the framework of the so-called Toledo Pact of 1995 to negotiate the parameters of the new system. However, the government deflected the political responsibility for the formulation of the reforms’ content onto the expert committee. On the basis of the

---

200 Real Decreto-ley 5/2013, de 15 de marzo, de medidas para favorecer la continuidad de la vida laboral de los trabajadores de mayor edad y promover el envejecimiento activo. Available at https://www.boe.es/eli/es/rdl/2013/03/15/5/con (accessed 8 January 2017).
201 The Toledo Pact was set up in 1995 to deal with the topic of pensions reform in a consensual manner. It entails a permanent commission of the Parliament, in charge with developing recommendations for pension and social security reforms; and tripartite consultations with the social partners (Colás-Neila, 2018: 420–421). The Toledo Pact was however frequently disregarded during the crisis period.
202 The independence of the experts’ committee came to be questioned due to its composition. The group included, amongst others, several experts nominated by the social partners organisations, but also several representatives of organisations with direct interests in the provision of private pension funds. The member of the expert group who represented UGT (ES-EXP5) denounced publicly that “(…) everything had been calculated and organised in advance. The government had already taken the decision to reform pensions.
experts’ proposals, the PP government eventually introduced its structural pensions reform to Parliament in September 2013. After the government ignored a negative opinion on the reform issued by the tripartite Economic and Social Council, the text was eventually converted into law in December 2013 (L. 23/2013) with the sole votes of the PP. This mode of unilateral policy-making was unprecedented in the Spanish pensions field, historically characterised by a tradition of ‘consensual politics’ due to the institutional legacy of the Toledo Pact. As all major reforms of the pension system since the democratic transition had previously been preceded by broad tripartite social agreements, the rupture was even more far-reaching than that operated in the sphere of labour market policy (cf. on this topic Pérez, 2014).

The new reform anticipated from 2027 to 2019 the entry into force of the “sustainability index” originally foreseen by the 2011 reform (which would adjust the pension amount based on difference in life expectancy between cohorts), and introduced several paradigmatic changes to the method of pensions’ indexation to limit expenditure (ETUI, 2016). These changes could reduce the initial pension amount by an estimated 5% every 10 years, and possibly pave the way for a considerable loss of pensions’ purchasing power (ETUI, 2016).

Governmental actors again motivated unilateralism as arising from an inescapable problem-solving imperative: the necessity to act decisively to address the fiscal sustainability of the social security system. The trajectory pursued by the pensions reform was aligned with the broader agenda of budgetary consolidation that the PP government had been following since taking power, further reinforced by the MoU of June 2012. However, whilst recognising the role of exogenous conditionality in driving the pensions reform, PP representatives were keen to emphasise how the content of the reform did not emanate directly from the European Commission, but had a high degree of domestic ownership. In the words of PP’s Secretary of State in the Employment Ministry:

_We changed the proposal of pensions reform that the European Commission presented us (…) we did not like the one that they wanted to do and we changed the proposal; we did the reform that we considered appropriate._

What it did was to use a group of experts to surround of ‘scientism’ a proposal that more or less had already foreseen: cutting pensions.” (8/08/2016, cited in https://www.lainformacion.com/economia-negocios-y-finanzas/espaa/el-experto-que-voto-en-contra-del-informe-de-pensiones-el-gobierno-lo-tenia-todo-organizado-de-antemano_so9vd3xywssker51u4k4). Similar remarks were made by the same expert (ES-EXP5) also in personal interview with the author (May 2018).

---

203 ES-GOV1.
204 ES-GOV4.
Implementing a far-reaching reform was thus presented, once again, as a marker of ‘responsible’ governmental conduct to re-establish creditors confidence. Whilst an agreement with the social partners could have signalled domestic ownership of the reform agenda, Rajoy considered the process of political exchange necessary to broker a tripartite social agreement excessively risky, as it could have potentially compromised the speed and depth of the reform.\textsuperscript{205}

PP was also aware that the possibility of reaching a compromise with unions and employers was very low. On the employers’ side, positions were internally fragmented, and several distinct proposals were advanced by different business think tanks and lobby groups which reduced the authoritativeness of CEOE’s own position.\textsuperscript{206} On the side of labour, after the schism created by the 2012 labour market reform, the unions’ willingness to make concessions to the government were extremely low.\textsuperscript{207}

Strong in its parliamentary majority, the government thought it could withstand the popular backlash arising from another unilateral intervention. This turned out to be a miscalculation. The 2013 pensions reform significantly alienated pensioners, a key electoral group of reference for the PP (roughly 20\% of its electorate),\textsuperscript{208} and became one of the most politically contested issues in the recovery period (see Chapter 9).

The positions of the unions and of CEOE on the pensions reform were distinct, but less polarised than on LMP. The unions were, overall, opposed, as they contested the necessity of a further and more radical reform than that already introduced via tripartite agreement by the PSOE in 2011.\textsuperscript{209} For its part, CEOE was more positive about the de-linking of pensions from the inflation index and the strengthening of the contributory element for pensions’ calculations (RTVE, 2013). Employers and unions were instead aligned in opposition to the procedural aspects. Both criticised the legislative proposal for breaking off with the tradition of the Toledo Pact. The social partners used the Economic and Social Council (CES) channels to issue their official assessment on the reform, and passed in September 2013 a consultative opinion expressing their unanimous negative evaluation. The CES judgment criticised partly the reform content, for reducing the purchasing power of pensions, but focused primarily on criticising the process of

\textsuperscript{205} ES-GOV4.
\textsuperscript{206} See, for example, the proposals by the Circulo de Empresarios and the Instituto de Estudios Economicos (Mars, 2013), and CEOE’s President Rossell declaration to the press that CEOE did not have its own proposal on the pensions reform (El Mundo, 2013).
\textsuperscript{207} IT-TU9.
\textsuperscript{208} Authors’ calculations based on ESS data waves 1-8.
\textsuperscript{209} ES-TU2; ES-TU4.
policy-making for disregarding the legacy of concerted decision-making in this policy field.  

The government was able to ignore the CES’ opinion and proceed with the implementation of the reform by counting solely on its parliamentary majority, which is indicative of the CES’ limited effectiveness as a formal institution of tripartite consultation. However, CEOE’s negative assessment contributed to deepen the breach between the PP government and the organised employers’ front. The unity of UGT, CCOO and CEOE in expressing disapproval is indicative of their shared, cross-class concern about the loss of access to social dialogue channels, which constituted an important source of institutional power resources for both sides. These shared organisational interests shaped in important ways the development of interest intermediation practices in the post-crisis phase (as Chapter 9 will discuss).

7.3 Comparative discussion and conclusions

The comparative analysis of the Italian and Spanish pathways towards unilateralism highlights several empirically and theoretically noteworthy insights. As Table 7.1 highlights, the drift towards governmental unilateralism took place in similar ways despite differing starting institutional and political conditions in the two cases. In fact, Italy and Spain differed with regard to the relative institutionalisation and the prior perceived success of formal and visible social concertation in delivering negotiated reforms (negative in Italy, more positive in Spain); and had governments of opposite partisan orientation (centre-right in Italy, centre-left in Spain).

Despite these differences, governments in both countries attempted to activate dynamics of macro-political exchange with organised producer groups in the first crisis phase (2008-2011), primarily with the goal of pursuing their power interests and consolidating their social blocs of support in devising crisis-responsive measures under conditions of high macro-economic problem loads. These attempts at negotiated interest intermediation took different forms: visible and formal through cosmetic concertation under Zapatero in Spain, informal through behind the scenes ad hoc political exchange

---

210 A similar remark was made by the CEOE’s President Rossell in December, just prior to the reform’s approval in Parliament (Europa Press, 2013).

211 A PP’s government official (ES-GOV4) criticised CEOE’s stance: “…We also did not get on with the employers’ organisation. CEOE, which rightly asks that salaries are linked to productivity, voted in the CES against the pensions reform which we did in 2013, which established that pensions increased as a function of the financial possibilities of the social security system. So, it was a bit strange having a situation where the same employers that reclaim to have wage increases linked to the financial situation of the firm did not like it that the State Administration reclaimed the same principle when having to pay for pensions. So in that context it was very complex to find agreements.”
under Berlusconi in Italy.

These different approaches can be accounted for in light of the differing degrees of input and output legitimacy that visible concertation enjoyed in the two countries. In Italy, organised interest groups suffered already from low legitimacy in public opinion at the onset of the crisis (cf. Chapter 5), and formal concertative practices were perceived as having failed to deliver negotiated structural reforms in the decade following EMU accession. This created a ‘negative legacy’ which disincentivised Italian political actors of all partisan orientations from relying explicitly on concertation as a tool of crisis-responsive policy-making. Hence, Berlusconi’s cabinet rejected visible and formal concertation. Instead, he sought to use background dynamics of informal exchange and dialogue with selected organised interest groups to devise an incremental response to the crisis – which required the cooperation of producers group to be implemented – and to orchestrate a moderate social bloc of support for its policy agenda. In Spain, conversely, the positive legacies of concertation’s outcomes under the first Zapatero government (2004-2008) made reliance on visible and formal social dialogue an easier route to pursue to attempt to withstand the disruptive impact of the economic crisis.

Despite their different institutional forms, this common reliance on political exchange practices in the first crisis period testifies to the fact that in both countries, the dynamics of interest intermediation with organised interest groups had become relatively embedded as mechanisms of coordination between the political and the productive-economic sphere, in light of the entrenched institutional power resources of organised producer groups in several policy areas and to their links with the political system. Hence, for both Berlusconi and Zapatero, despite the deep substantive and ideological differences in their policy agendas, activating mechanisms of macro-political exchange was a way to maintain continuity with the reformist strategies they had pursued in the pre-crisis phase, and to try and hold together their respective social blocs of support in a context where the strength and unity of their cabinets was diminishing under the weight of exogenous pressures.
Table 7.1 Comparative overview of macro-economic, institutional and political factors in Italy and Spain (2008-2014)

<table>
<thead>
<tr>
<th></th>
<th>Italy</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic context</strong></td>
<td>Economic downturn (GDP decline); high public debt; limited unemployment growth</td>
<td>Negative GDP growth; sovereign debt crisis (2011-12); high public debt and deficit; persisting unemployment</td>
</tr>
<tr>
<td><strong>Exogenous conditionality</strong></td>
<td>Excessive Deficit Procedure</td>
<td>ECB letter (2011); EDP; EU Semester recommendations</td>
</tr>
<tr>
<td><strong>Concertation legacies &amp; institutional set-up</strong></td>
<td>Low institutionalisation; negative policy-makers perception; low output legitimacy</td>
<td>Low institutionalisation; positive policy-makers perception; limited output legitimacy</td>
</tr>
<tr>
<td><strong>Unions &amp; EOs organisational power resources</strong></td>
<td>Unions: medium density; inter-confederal divisions EOs: medium density, fragmentation between competing EOs (size / sectors)</td>
<td>Unions: low density, inter-confederal unity EOs: low density, fragmentation within CEOE (size/sector); competition with other business lobby groups</td>
</tr>
<tr>
<td><strong>Unions &amp; EOs institutional power resources</strong></td>
<td>High (institutional role in management of STW schemes; consolidated autonomy in CB governance)</td>
<td>Medium (routinised involvement in social dialogue; no institutional role in management of UB/STW schemes; state-supported collective bargaining)</td>
</tr>
<tr>
<td><strong>Unions societal power resources</strong></td>
<td>Low (high levels of union distrust)</td>
<td>Medium (average levels of union distrust)</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Ad hoc political exchange</td>
<td>Unilateralism</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------</td>
<td>---------------</td>
</tr>
</tbody>
</table>

How, then, can we explain the common drift towards unilateralism characterising both countries in the second crisis phase, from 2011 onwards? The case histories show that the intensification of the crisis played an important contextual role – as already highlighted in some of the extant literature (cf. González Begega et al., 2015). The shift in macro-economic context from a conjunctural downturn to a structural sovereign debt crisis brought about a qualitatively new set of macro-economic problems in the form of intensified pressures from the financial markets and unprecedentedly intense exogenous policy conditionality. In this context, incremental responses to the crisis that shored up previous policy legacies (such as fiscal stimulus and unemployment benefits expansion in Spain, or short-time work schemes expansion in Italy) were no longer adequate to face the macro-economic problem load. This put established mechanisms of political exchange, centred around maintenance of the status quo, under considerable pressure.

However, the intensification of the crisis in itself does not explain why political exchange was abandoned, as the analysis of Chapter 6 has highlighted how other countries facing similar conditions continued relying on concertative practices to devise structural responses to the crisis. The analysis of the two cases highlighted indeed that the rejection of political exchange by the Monti and Renzi cabinets in Italy and by Rajoy in Spain was not an involuntary side-effect arising from the deterministic impact of the crisis intensity, but rather the result of deliberate agential choices motivated by both power and policy interests of governmental actors. The analysis highlighted common conditions at play in the two cases which contributed to shaping government choice for unilateralism.

With regard to the problem-solving function of political exchange, both Italy and Spain presented features which made this a difficult route to pursue to devise structural responses to the crisis. First, in both countries organised producer groups suffered from internal divisions and cleavages (in Italy, this was especially marked on the unions’ front, whilst in Spain divisions were concentrated within the employers’ camp). The divergences in policy positions within and between organised producer groups and their different degrees of resistance to the restructuring of collective bargaining and labour market governance in a direction of liberalisation made it difficult to find consensus amidst organised labour and capital (especially in the field of labour market policy).

Second, in both countries macro-political exchange – and visible concertation in particular – had come, by 2011, to be associated with a situation of policy stalemate, perceived as an obstacle to structural reforms. This negative perception of concertation’s
outputs had longer standing roots in Italy, whilst it took shape in Spain over the course of Zapatero’s second term, between 2008 and 2011, as social dialogue repeatedly failed to deliver ‘adequate’ responses to the crisis. By 2011, in both countries policy-makers that came to power shared a perception of macro-political exchange with organised producer groups as inadequate and ineffective to pursue structural reforms, guarantee compliance with exogenous conditionality arising from market pressures and from the new Eurozone governance framework, and re-establish the conditions for accumulation.

Hence, the Monti, Renzi and Rajoy cabinets embraced unilateralism to try and fulfil their problem-solving, accumulation-related interests. Unilateralism enabled them to comply more fully with the policy recommendations arising from the Eurozone governance mechanism for far-reaching LMP deregulation and fiscal consolidation in pensions, overcoming the resistances and necessary compromises that would have arisen from formal intermediation with organised producer groups. In a context where the pre-crisis growth strategies of the Italian and Spanish political economies were showing their limits in full light, unilateralism additionally enabled cabinets in both countries to attempt and initiate processes of structural adjustment geared towards the pursuit of new accumulation pathways, characterised by a shared trajectory of liberalisation and export-orientation. This required doing away with some embedded traits of the prior labour market governance models, defended by unions and by segments of domestic capital, which the new governments perceived as dysfunctional (especially in the sphere of collective bargaining in Spain, and in the set-up of EPL and mechanisms of income support for industrial crises in Italy). To the extent that interactions with ‘friendly’ organised producer groups took place to facilitate reforms implementation, as in the Italian case during the second phase of the Jobs Act, these were strictly of a technical rather than political nature.

Unilateralism was also embraced by Monti, Renzi and Rajoy to pursue governmental power interests and achieve legitimation, both in the international and domestic arenas. With regard to the external dimension of legitimation, given that concertation had been associated with a perception of indecisive and excessively gradual policy responses, unilateralism – and especially the exclusion and disciplining of organised labour – became during the sovereign debt crisis a mechanism of external credit claiming through which governments could seek to acquire credibility vis-à-vis international market actors and European institutions. Domestic policy-makers became convinced that implementing reforms unilaterally would shore up their ‘reformist’ credentials abroad, testify the
government’s intent to tackle the crisis decisively and thus help to generate market confidence, which in turn would assist with the international ratings on sovereign debt.

Domestically, the logic was similar: unilateralism was used by governments of both the centre-left and the centre-right to consolidate their social blocs of reference and mark their distance from the cabinets that had preceded them. In a context where organised producer groups suffered from declined legitimacy and growing fragmentation, both Renzi and Rajoy made the explicit choice of seeking distance from them in the public political arena to gain domestic consensus. This was most path-breaking in the Italian case, where the strategy of the Renzi government created an unprecedented deep rupture between the main centre-left party (the PD) and its historically allied union, the CGIL (Mattina and Carrieri, 2017).

Interestingly, differing governmental partisanship was compatible with a unilateral strategy. Indeed, despite the ideological differences in their political projects, the common trajectory of liberalisation pursued by the Italian centre-left and the Spanish centre-right during the Eurozone crisis shifted their key locus of consensus-seeking towards segments of the workforce and of capital that were not fully represented by established social partners organisations, such as high-skilled employees, managers and the self-employed in the case of Italy under Renzi, or SME owners and large export-oriented MNCs in the case of Spain under Rajoy. In both cases, the reform projects pursued during the Eurozone crisis period tilted the balance of class forces strongly in favour of capital, and did thus not attract the overt hostility from employers’ organisations. Yet, organised employers’ groups partly lost their status of privileged visible interlocutors of the government, whilst lobbying channels and direct relationships of ‘quiet politics’ (Culpepper, 2010) with individual firms or business lobby groups acquired importance.

This analysis helps to put in focus the political nature of unilateralism as a governmental strategy rooted in the pursuit of specific legitimation and accumulation interests. It is however important to note that in both countries, governmental unilateralism was not seamless and unconstrained. In Italy, conditions of government weakness under Monti still offered unions a window of opportunity to mediate and cushion the extent of labour market liberalisation. In both countries, the autonomy of the social partners in the sphere of collective bargaining (more pronounced in Italy than in

212 These strategies of consensus-seeking have been interpreted in the extant literature as being part of different ‘social bloc’ projects (cf. Amable and Palombarini, 2009, 2014) pursued by Renzi in Italy and Rajoy in Spain; a ‘bloc bourgeois’ project in the former (Picot and Tassinari, 2017; Bulfone and Tassinari, 2018), and a ‘neoliberal rupture’ project in the latter (Bulfone and Tassinari, 2018).
Spain) also allowed unions and employers’ organisations to put in place mechanism to limit the disruptive impact of governmental unilateral legislation and attempt to salvage sectoral collective bargaining. This focuses attention on the importance of considering the composition of the social partners’ power resources in distinct policy areas to better understand the limits that unilateralism can encounter, and the conditions under which political exchange might be re-activated in the post-crisis period. These themes are analysed further in chapter 9.
Chapter 8. Nothing to win, nothing left to lose.
Concertation agreements in the crisis.

Contrary to expectations of crisis-induced convergence, the comparative mapping of Chapter 6 highlighted that governmental unilateralism, despite being an important feature of crisis-responsive policy-making in all countries under analysis, was not the only strategy of crisis management pursued during the Eurozone crisis. Rather, the analysis highlighted that in some cases and selected policy areas, governments in crisis-struck countries also relied occasionally on negotiated forms of policy-making to implement austerity and liberalisation. The question that this chapter aims to address is thus the following: why and under which conditions did governments engage in ‘crisis concertation’ as a structural adjustment strategy, and which institutional and interests’ constellations make this possible?

Chapter 6 showed that practices of ‘negotiated’ adjustment, which have received limited analytical attention in the literature so far, took place most prominently during the ‘acute’ crisis period in the two countries subject to Memoranda of Understanding with the Troika: Portugal (where two tripartite agreements were concluded to facilitate the implementation of structural labour market reforms in 2011 and 2012); and Ireland (where bipartite agreements between peak-level unions and governments concluded in 2010 and 2013 were used to implement structural adjustment in public sector wage-setting and labour relations). These two cases are therefore analysed here as illustrative examples to identify the causal processes and conditions leading to the occurrence of ‘crisis concertation’ during the Eurozone crisis.

The chapter puts forward an agential interpretation of concertation in hard times. It argues that experiences of crisis concertation, whilst facilitated by country-specific historical-institutional legacies, are not solely the product of path-dependent dynamics of institutional reproduction, but arise from actors’ contingent and strategic choices to engage in political exchange to pursue their distinct power and/or policy interests at critical junctures. The analysis identifies several shared features across the cases relating to historical legacies, union strategic orientation and actors’ power resources’ composition which facilitated this common outcome.

The chapter proceeds as follows. First, the dynamics of interest intermediation in Portugal and Ireland over 2008-2013 are analysed through in-depth process tracing; to identify the conditions and causal mechanisms leading to the conclusion of the main
‘crisis concertation’ agreements in the two countries. Section 8.3 then discusses comparatively the findings, identifying the main theoretical insights, and concludes.

8.1 Case 1: Portugal

With a recent history of frequent and relatively institutionalised concertation agreements subscribed with the moderate component of organised labour and the main employers’ organisations (cf. Chapter 5), Portugal stands out for the unusual resilience of formal and visible tripartite concertation agreements in the acute crisis phase. Both the centre-left PS government (2009-2011) and the centre-right PSD government (2011-2015) chose, at different junctures during the crisis period, to rely on cosmetic concertation as a method of policy-making to implement structural reforms of labour market policy. The processes leading to the conclusion of the two crisis concertation agreements (briefly discussed in chapter 6) are now analysed in greater depth.

8.1.1 Socrates’ ‘bailout avoidance’ strategy and the 2011 Tripartite Agreement

The centre-left PS government of PM Socrates was elected for a second term in office in 2009, forming a minority cabinet after losing its parliamentary majority. As recalled in Chapter 5, during its first term in office over 2005-2009 Socrates’ cabinet had brokered several tripartite agreements with the four main employers’ organisations and the second largest, moderate union confederation UGT. This recent concertation track record meant that Socrates had ‘successful’ experiences of concertation to draw upon and replicate in its second term; but also limited interests to conclude new agreements at the crisis onset – given that the previous two agreements on the minimum wage (2006) and labour reform (early 2008) were still awaiting full implementation.

8.1.1.1 Early crisis management: the failure of cosmetic concertation under austerity pressures

In the initial phase of the crisis, the policy response of the Socrates government revolved around ‘protective’ measures that aimed to prevent employment destruction and increase social protection coverage. In January 2009, the government put in place the Iniciativa Investimento e Emprego (Investment and Employment Initiative), which included an extension of the unemployment allowance receipt period, loosening of UB eligibility criteria, and training subsidies, implementing many of the policy demands of the unions. As these measures were widely regarded as “‘non controversial’”, the government did not deem it necessary to seek a tripartite agreement to support them, relying instead on ad hoc

\[\text{217 PT-GOV6.}\]
political exchange to shape its policy response.

As the intensity of Portugal’s economic crisis intensified over 2009-2010 and the situation of public finances worsened (Chapter 5), the European Commission activated in 2009 an Excessive Deficit Procedure, requiring the reduction of the Portuguese public deficit to below 3% by 2013; and issued several recommendations over 2009-2010 to implement liberalisation in labour market policy to boost fledgling competitiveness. Market pressures on Portuguese sovereign bond also intensified considerably after the Greek debt crisis exploded in March 2010. This worsening outlook put the implementation of severe fiscal consolidation and liberalisation of labour market policy on the government agenda.

Over 2010, the Socrates’ government repeatedly engaged in consultations with the two main union confederations (CGTP and UGT) and the main employers’ organisations (CIP, CCP, CTP and CAP) to discuss its employment policy initiatives and define the content of the first two austerity packages implemented in 2010 (PEC I & PEC II). These consultation processes remained however ‘cosmetic’ in character, as consultation was initiated only once the main policy details of proposed initiatives had already been set.

The ‘cosmetic’ nature of social dialogue processes over 2009-2010 was rooted in the growing tension between the government’s power and policy interests. In terms of power interests, the weak minority PS government needed to maintain visible consultation with the social partners to attempt to legitimise its austerity policies and diffuse the potential opposition that the CGTP could mobilise in the public arena (cf. Stoleroff, 2014). In this regard, its practices were in continuity with its pre-crisis strategy of consensus-generation (cf. Campos Lima and Naumann, 2011: 148–151).

However, until the end of 2010, the government’s capacity to implement fiscal consolidation in pursuit of its policy interests was not actually conditional on social partners’ collaboration. In the name of political stability, the centre-right opposition party PSD had lent its support to the minority PS government to allow it to pass its austerity packages through Parliament (De Giorgi et al., 2015: 59). Therefore, whilst consultation with unions and EOs was desirable to increase input legitimacy, the implementation risks arising from the absence of explicit social partners’ agreement were, at this stage, relatively low. The intensification of the sovereign debt crisis from March 2010 also implied a change in the timing and tempo of policy-making, which the government increasingly struggled to reconcile with substantive, lengthy consultations.

The government attempted to conclude another social pact on employment policy
reforms in summer 2010, which again failed. Whilst employers’ confederations and UGT had been keen to conclude a social pact (Ramos de Almeida et al., 2016: 27), over 2010 the implementation of the austerity packages polarised distance between the government and organised producer groups on several policy issues, making agreement on LMP harder to broker. CGTP and CCP, the service sector employers’ organisation, were the first to withdraw from negotiations. CCP’s exit signalled a split on the employers’ front between manufacturing and services with regard to policy preferences. Service sector employers, more reliant on domestic demand, were concerned about the impacts of austerity on purchasing power, and opposed liberalisation measures (such as the deregulation of Sunday opening hours) which they saw as harmful for SMEs. On its part, manufacturing employers’ confederation CIP started advancing demands unacceptable for UGT, such as delaying the minimum wage increase scheduled for 2011 or the coming into force of the new Social Security Code, that foresaw increased employer contributions for fixed-term contracts to reduce labour market temporality (Jornal de Negócios, 2010c, 2010d).

In late September 2010, the government presented proposals for a third austerity package (PEC 3) to be implemented as part of the 2011 State Budget, which included a 5% cut to public servants pay and freezing of social pensions. The Finance Minister also aired the possibility of delaying the foreseen minimum wage increase (Jornal de Negócios, 2010e). As these measures questioned the commitments undertaken by the government in previous tripartite agreements, UGT’s trust in the government was undermined, with General Secretary Proença declaring that “if the Government unilaterally violates the agreements as it sees fit, we do not think it is worthwhile to conclude agreements with the Government” (Jornal de Negócios, 2010e).

UGT also struggled to stomach public expenditure cuts directly affecting its core membership in the public sector (cf. Chapter 5). Under pressure from its public sector unions, UGT’s leadership eventually shifted its strategy from collaboration to opposition towards the government’s austerity package. In October 2010, UGT’s general secretary declared that the “Pacto de Emprego was dead” (Jornal de Negócios, 2010b). The union abandoned the talks following the proposals for the 2011 State Budget and decided to join the anti-austerity general strike which had been called by CGTP on 24 November 2010 (Jornal de Negócios, 2010a). This was the first joint general strike since 1988.

---

214 PT-EO2; PT-EO3.
Despite contested turnout estimates,\textsuperscript{215} the strike was very disruptive, especially in public services and transport, and inaugurated an intense cycle of protest. This juncture appeared to mark the deepest crisis yet in the relatively consensual tradition of interest intermediation between governments and the moderate wing of the union movement which had characterised Portuguese politics since the mid-1980s. By November 2010, the likelihood of a tripartite agreement could not have looked thinner.

8.1.1.2 Facing the sovereign debt crisis: the March 2011 Tripartite Agreement

Despite these challenges, the government renewed its efforts to conclude a tripartite agreement over labour market policy, eventually succeeding in March 2011. The decision to recur again to visible forms of tripartite political exchange at the height of the sovereign debt crisis can be explained in light of the inter-relationships between the government policy and power interests, affected by the increasingly adverse macro-economic context and political scenario, and of the change in strategic orientation of organised producer groups.

The 2011 Agreement emerged as the result of ‘textbook’ conditions for concertation: a weak centre-left government facing an extremely high macro-economic problem load. In terms of policy imperatives, the PS government was facing at the time unprecedented exogenous pressures. The third austerity package had not been sufficient to avoid downgrading of Portugal’s credit rating in December 2010, nor to prevent a spike in the risk premium for long-term government bonds (cf. Chapter 5). By early 2011, Portugal thus faced the prospect of being forced to ask for financial assistance to avoid a sovereign default. The topic of structural labour market reform gained thus new urgency for the PS cabinet. As in Italy and Spain, demonstrating commitment to the European institutions for implementing austerity measures and structural reforms of the labour market became of tantamount importance for Socrates to re-generate market confidence and attempt to avoid a bailout.\textsuperscript{216}

These problem-solving imperatives combined with shifts in the domestic balance of power, which weakened the government both in public opinion and in Parliament. First, the general strike of 24 November 2010 marked a significant intensification of social conflict (Accornero and Pinto, 2015: 498–499). Unions – especially public sector

\textsuperscript{215} Unions claimed 80% participation of the workforce in contrast to government estimates of 20% (Tremlett, 2010). Official government figures estimated 28.6% turnout in central administration (Costa et al., 2015: 60).

\textsuperscript{216} PT-GOV2.
categories – started forging alliances with ‘new’ protest movements of youth and precarious workers in opposition to austerity (Accornero and Pinto, 2015). In this scenario of unusual mass mobilisation, government’s incentives to reach a concertation agreement to de-mobilise opposition and limit political instability grew stronger. UGT’s extraordinary participation in the general strike, motivated by its membership-oriented policy interests, made rapprochement all more urgent for governmental actors, as it created risk of fractures within the ‘Socialist’ family and made it impossible to downplay the strike’s significance as the sole expression of the ‘radical’ component of the labour movement. Second, by early 2011, the PSD was considering terminating its Parliamentary support to the PS cabinet, as favourable opinion polls made the prospect of early elections increasingly attractive (Magalhães, 2012: 313).

In March 2011, therefore, the PS government was extremely weak. Attempting to avoid a bailout, Socrates negotiated with the EU a fourth austerity package, which nonetheless faced likely parliamentary defeat. In this context, re-activating an extra-parliamentary channel of support was one of the last available avenues of attempted legitimisation to avoid both general elections and a bailout, although actors involved declared having “the notion that perhaps that was a bit too late”.217

Labour Minister André (a former UGT official) invested substantive political capital to broker a tripartite agreement.218 First, the social partners were asked in the CPCS to approve a joint tripartite declaration219 ahead of a meeting of the European Council on 11th March, expressing commitment to achieve a tripartite agreement on structural LMP reforms “to send a message even before the agreement to try to stop the worst.”220 On March 22nd, the Tripartite Agreement for Competitiveness and Employment (Acordo Tripartido Para a Competitividade e Emprego)221 was then eventually signed by the government, the four employers’ confederations and UGT, whilst CGTP remained opposed (Eurofound, 2011a).

Domestically, the government hoped that the agreement would neutralise parliamentary opposition to the austerity package, whose defeat would have accelerated

217 PT-TU4.
218 PT-TU6.
219 Declaração Conjunta sobre um Acordo Tripartido para a Competitividade e Emprego, 9th March 2011, available at:
220 PT-TU4.
221 Acordo Tripartido Para a Competitividade e Emprego, available at:
the path towards a bail-out. The 2011 Tripartite Agreement also served a signalling function for the purpose of external legitimation. By projecting an image of domestic social consensus, the PS government hoped to demonstrate its ability to meet its “obligations” without the need for outside help, thus restoring the confidence of investors and EU institutions. This interpretation of the 2011 Agreement as a last-ditch attempt to increase the PS government credibility and avoid the bailout has been confirmed by representatives from the PS, CIP, CCP and UGT in interviews. According to a UGT official,

*The first agreement in 2011 intended (...) to send the message internally and to the world that we have the capacity to maintain social cohesion and to implement our own policies without the needs to have a foreign intervention or of the international institutions*.222

In the Tripartite Agreement (TA) (see Text Box 1), the Government committed to implementing by the end of March 2011 a wide-ranging LMP reform that would in principle balance deregulation in EPL and collective bargaining with measures to strengthen economic growth and active inclusion. The overall balance, however, weighed heavily in the direction of liberalisation over recalibration (Cardoso and Branco, 2018). The measures in EPL and CB would considerably increase employer discretion at firm level and reduce individual dismissal protections. These were supposed to be ‘counter-balanced’ by strengthening of ALMPs and by measures aimed at employment creation. However, whilst the timing for the implementation of the deregulatory measures was clearly outlined, the recalibratory measures only had the status of programmatic ambitions, rather than concrete policy proposals.

The 2011 TA was insufficient to avoid a bailout. After the fourth austerity package was defeated in Parliament at the end of March 2011, the PS government resigned and asked for assistance from the Troika, leading to the conclusion of a Memorandum of Understanding in May 2011 for a €78 billion bailout. Although the PS government did not survive to implement it, the 2011 TA fulfilled nonetheless some important legitimation and problem-solving functions for incoming governmental actors. First, social peace. The frequency of strikes and popular protests had increased markedly in early 2011 (Accornero and Pinto, 2015: 500–503), culminating in the large *Geração à Rásca* mobilisation of 12 March 2011. The concertation agreement thus helped the government

---

222 PT-TU2.
to divide and weaken the extra-parliamentary opposition front, by removing UGT from the emerging protest coalition of unions and social movement actors.

Secondly, the 2011 TA fulfilled problem-solving functions, acting as a blueprint during negotiations with the Troika over the MoU contents, and facilitating its successive implementation. Whilst the MoU foresaw additional liberalising measures beyond those outlined in the 2011 TA, the relatively close match between two increased ‘domestic ownership’ of the reforms, shaping their subsequent implementation (Kougias, 2018: 18; Tavora and Gonzalez, 2016: 263).

Text Box 1 Summary contents of 2011 Tripartite Agreement

<table>
<thead>
<tr>
<th>Contents of 2011 Tripartite Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengthening economic competitiveness</strong></td>
</tr>
<tr>
<td>o Promotion of entrepreneurship through reduction of business costs</td>
</tr>
<tr>
<td>o Favouring firms’ access to finance and credit</td>
</tr>
<tr>
<td>o Administrative simplification to facilitate exports and business creation</td>
</tr>
<tr>
<td><strong>Employment creation and labour market inclusion</strong></td>
</tr>
<tr>
<td>o Increase efficiency of Public Employment Services</td>
</tr>
<tr>
<td>o Internships provision for unemployed young people</td>
</tr>
<tr>
<td>o Employer subsidies and social insurance rebates for hiring young people and long-term unemployed</td>
</tr>
<tr>
<td>o Reform of system of professional qualifications and VET</td>
</tr>
<tr>
<td><strong>Labour law and collective bargaining liberalisation</strong></td>
</tr>
<tr>
<td>o Facilitation of firm-level bargaining over working time and work organisation</td>
</tr>
<tr>
<td>o Possibility for non-union representative bodies to engage in firm-level collective bargaining in large firms (&gt;250 employees)</td>
</tr>
<tr>
<td>o Simplification of administrative procedures for reducing working time in cases of firms’ crisis and removal of obligation for unions’ approval for renewal of working time reduction measures</td>
</tr>
<tr>
<td>o Cap to maximum dismissal compensation for new hires (20 days per seniority year, max 12 months of retribution in total)</td>
</tr>
</tbody>
</table>

The positions of organised producer groups were differentiated along well-established lines. For its part, CGTP protested that the 2011 TA did not involve meaningful negotiations: “there was no dialogue, there was an attempt to attract trade unions to
accept an imposition that came from outside.” UGT also acknowledged that the main value of the agreement was symbolic rather than substantive; but defended its consent as motivated by the imperative of securing social peace and avoiding a bailout.

What we were conscious of was the need to have an agreement. Sometimes what is relevant in an agreement, more than the exact content [sic], it’s the image. The government had already asserted some proposals, namely on the decentralisation of collective bargaining... And even if in a normal condition perhaps we would never agree with some of the other measures, we managed to somehow get an understanding with the employers. I think it was easier for them because they were also aware that if the IMF and the Troika came to the country that would mean difficult times for companies soon. And so, they tried to get them also on some of the aspects that for them would be relevant, and we shared the view that the bigger value at the time was having social peace. I think none of the parties involved thought it was a perfect agreement, but all of the parties at the time thought it was a necessary agreement. There was no coincidence of positions, but there was a common ground in the end.

This pursuit of policy interests in a logic of damage limitation was a strong driver of UGT’s participation. According to UGT, the agreement had managed to ‘balance’ deregulation with measures aimed at encouraging growth, thus ‘positively’ influencing the design of the MoU.

It proved useful to have negotiated in 2011 (...). Since we had a very recent consensus with the government and the employers, we were able to put a brake on some of the proposals from the Troika. And mainly on subjects like dismissals and certain subjects like collective bargaining... [...] Another aspect is that the agreement produced consensus on subjects like employment policy, like macroeconomic policies, support for companies to access credit, investment and so on. So, it was a very broad agreement that we consider to be balanced, even if we lost many things in labour law... [...] We managed to somehow stop some of the proposals even in that area and we had a set of proposals that we consider to be adequate, to break some of the austerity and to have even in a small part more growth and more employment generation, and so that was the idea of that

223 PT-TU5.
224 PT-TU1.
agreement.\textsuperscript{225}

For their part, employers’ organisations had fewer difficulties to lend their support, as the bulk of the measures foreseen were largely aligned with their policy preferences for greater flexibility in entry and exit.\textsuperscript{226} Hence, the relative costs of agreement were considerably lower. Employers’ organisations also reported sharing the intent of projecting an image of domestic “responsibility” and social stability for the purposes of external legitimation, in an attempt to avoid a bailout which they saw as disadvantageous for domestic business interests.\textsuperscript{227}

8.1.2 Passos-Coelho’s austerity legitimation and the 2012 *Compromisso*

After the PS cabinet collapse and the MoU negotiation, a new centre-right government, led by PM Passos-Coelho and comprising a coalition of centre-right PSD and the liberal right-wing CDS was elected in June 2011. The contextual conditions did not appear as conducive to crisis concertation as under the prior cabinet. Whilst the macro-economic problem load remained high, the MoU was by this point in place, limiting governments’ incentives to bargain over policy options or gain a mandate for implementation. Second, the PSD-CDS government enjoyed a comfortable parliamentary majority, and its ideological orientation was broadly aligned with the liberalisation trajectory outlined in the Memorandum, reducing in theory the need to ensure ownership of the reforms and curb discontent from the electorate through concertation. Yet, the government policy-making strategy remained characterised by an unusual oscillation between unilaterality and reliance on formal cosmetic concertation.

8.1.2.1 Early unilateralism and political contestation

In its first months in office, the PSD-CSD government embraced a policy-making style similar to Rajoy’s in Spain, implementing unilaterally several liberalisation measures on working time and dismissal compensation and introducing exceptional taxation of the Christmas allowance (Eurofound, 2011b). In parallel, however, the government still engaged in institutionalised, formal tripartite concertation practices. Interestingly, despite their broad hostility to unions, even the most neoliberal actors within the PSD-CDS government refrained from explicitly attacking social concertation or from openly delegitimising the role of trade unions in the policy process. Rather, the government

\textsuperscript{225} PT-TU2.
\textsuperscript{226} PT-EO1; PT-EO3.
\textsuperscript{227} PT-EO1; PT-EO2.
reiterated the value of ‘social dialogue’ to implement the MoU without excessive social tensions. In September 2011, the government presented to the CPCS a proposal for a new tripartite agreement. In the government’s intentions, this was to be in continuity with the 2011 Agreement and constitute the blueprint to implement the bulk of the of the MoU measures in labour market and employment relations sphere, facilitating implementation. In the words of the then State Secretary for Employment,

*We always took the view that their (the social partners) inputs would be very important. We had many meetings (…) to understand each other’s views, to discuss how to move forward, always with a view of sort of involving them as much as possible… there was a very strong view in terms of promoting, supporting social dialogue. And that had to do with the fact that this was a very difficult period with the adjustment program, and this made the importance of social dialogue even bigger (…) I think it has to do with the awareness or the understanding that the extent of the reforms and the adjustments was particularly significant. And for this to be sort of implemented for the country to move forward and not to end up in some sort of big social problems, the involvement of the social partners would be important.*

Cosmetic social dialogue was however insufficient to guarantee social peace. The ambiguous oscillation between formal consultation and unilateral decision-making escalated tensions with unions in Autumn 2011. In October 2011, the government presented to Parliament the State Budget for 2012, which had not been negotiated with the social partners and became heavily contested because it exceeded the Troika’s requirements in the scale of public spending cuts. Alongside measures to freeze pensions, reduce social benefits and abolish annual bonuses for public sector workers and pensioners, the package foresaw a 30 minutes increase in daily working time in the private sector without compensation \(^2\) and a reduction in public holidays (Eurofound, 2011c). The government also used its majority to introduce unilaterally Law 53/2011, which, in

\(^{226}\) PT-GOV3.


\(^{230}\) PT-GOV3.

\(^{231}\) The proposal to increase working time was proposed by the government as a quid pro quo for a reduction in employers’ social security contributions, which had been demanded in the MoU but that had attracted very strong opposition (Eurofound, 2012c). The government believed that the increase in working time could be a budget-neutral substitute for this measure, and have a positive impact on competitiveness. It was also presented as a ‘fair’ measure affecting private sector employees, which had so far been largely sheltered from the wage and bonus cuts which had affected public employees (Eurofound, 2012c).
line with the MoU, reduced severance payments for new hires from 30 to 20 days per year of service, eliminated three months minimum severance payment and capped maximum severance payments to 12 months.

The unilateralism in the formulation of the 2012 State Budget, which included several topics deemed of direct competence to unions and employers organisations, led to a breakdown of social dialogue and an escalation of opposition by CGTP and UGT, which once again joined forces to call a highly participated joint general strike on 24 November 2011.

8.1.2.2 The 2012 Compromisso

From then on, economic and political conditions interacted to shape the government’s strategic re-orientation towards political exchange. First, in terms of power interests, the success of the general strike and the intensification of popular protest in the Autumn generated anxieties about political instability within the cabinet. The PSD feared the political costs arising from a continued direct confrontation with UGT, with whom it maintained organic links (in the form of an organised faction – the Trabalhadores Social Democratas). The vocal opposition exercised by UGT also prompted the PS to call on the cabinet to drop its proposals on working time increases, which UGT identified as its main ‘red line’ (Eurofound, 2012c), thus intensifying parliamentary opposition.

Concerns around external legitimation vis-à-vis creditors and markets also contributed to changing the government’s attitude in interest intermediation. The shadow of the tumultuous implementation of the Greek bailout package loomed large on the Portuguese experience, and growing social unrest jeopardised the government’s ambition for a smooth implementation of the MoU. The second Troika review visit conducted in November 2011 highlighted that “strict implementation” of the structural reforms outlined in the MoU was needed to “restore external competitiveness” and “bolster confidence in the sustainability of public finances” (IMF, 2011). The negative growth forecasts for 2012 (-3%) also reduced market confidence, leading to a rapid growth between October and December 2011 of the risk premium on Portuguese government bonds (see Figure 23, Chapter 5), surpassing the previous peak of June 2011. Hence, reassuring the Troika and the markets around commitments to adjustment gained renewed urgency.

In December 2011, the government thus decided to renovate its efforts to achieve

---

232 PT-GOV4.
233 PT-TU1.
a tripartite agreement which would smoothen the implementation of the structural reforms component of the MoU. In the government view, securing UGT’s support in particular was important for legitimation purposes: to achieve social peace at home and avoid the internal strife that had characterised the experience of the Greek bailout. As stated by a PSD MP:

[Under the MoU] You have to do this, you have to do that. Otherwise if we don’t fulfil those goals we don’t receive the pay-check for the next quarter. So, it was very difficult. So, it was important that at the social level we had some kind of agreement that sustained some kind of social tranquillity, social peace, so it was very important. And we can make also this kind of contrast with what had happened, for instance in Greece. In Greece they don’t have any kind of agreement. The government and the employers and the trade unions don’t negotiate anything, they cannot reach agreement. So, it was very, very difficult. So, for a situation that was from the beginning very difficult, we need to have something to make it smoother in a social term. So, the social agreement was very important for that.\footnote{234 PT-GOV4.}

At this stage, both unions still expressed opposition to the proposals. The General Secretary of CGTP, Carvalho da Silva, abandoned a December meeting describing the government proposals as ‘social terrorism’ (Eurofound, 2012d), whilst the General Secretary of UGT, Proença, declared he would not sign any agreement which increased daily working time. The employers’ organisations expressed more positive positions, albeit with some criticism on specific policy measures. However, given both unions’ opposition, this phase of talks ended in failure.

Rather than proceeding unilaterally, the government held several bilateral meetings with the social partners, leading eventually to the conclusions of a tripartite agreement on 18 January 2012, the Compromise for Growth, Competitiveness and Employment (Compromisso para o Crescimento, Competitividade e o Emprego). This was signed by all employer confederations and UGT, which consented after the government abandoned its proposal of working time increases. CGTP remained instead opposed, arguing that the Compromisso was unacceptable and would damage fundamentally the interests of Portuguese workers (Eurofound, 2011b).

In terms of content, the 2012 Compromisso included measures that mirrored but also went further than those included in the 2011 TA (see Text Box 2).
Similar to the 2011 TA, it comprised three main components: measures for stimulating economic growth; active labour market policies; and EPL and CB structural reforms. Like in 2011, liberalisation in labour law was packaged with ‘compensatory’ measures in ALMPs and training and with several economic stimulus and administrative simplification measures to “favour entrepreneurship”. The ALMP measures were however less substantial than those foreseen in the 2011 TA, and remained largely not implemented. The EPL and CB measures, on the other hand, corresponded closely to

<table>
<thead>
<tr>
<th>Headline contents of 2012 Tripartite Compromise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active labour market policies and labour market inclusion</strong></td>
</tr>
<tr>
<td>o Proposals to allow combination of part-time employment and unemployment benefits receipt</td>
</tr>
<tr>
<td>o Strengthening of training programmes for the unemployed</td>
</tr>
<tr>
<td>o Implementation of system of training cheques for workplace training</td>
</tr>
<tr>
<td><strong>Labour law</strong></td>
</tr>
<tr>
<td>o Diminishment of annual leave entitlement</td>
</tr>
<tr>
<td>o Abolition of four days of public holidays</td>
</tr>
<tr>
<td>o Facilitating working time flexibility through individual banks of hours</td>
</tr>
<tr>
<td>o Reduction of minimum additional compensation for overtime work by 50%</td>
</tr>
<tr>
<td>o Broadening of grounds for legitimate dismissals</td>
</tr>
<tr>
<td>o Reduction of dismissal compensation costs</td>
</tr>
<tr>
<td><strong>Unemployment benefits</strong></td>
</tr>
<tr>
<td>o Reduction of maximum duration and amount of unemployment insurance for new recipients</td>
</tr>
<tr>
<td>o Progressive reduction in unemployment insurance amount after first 6 months of receipt</td>
</tr>
<tr>
<td><strong>Collective bargaining / IR</strong></td>
</tr>
<tr>
<td>o Possibility for non-union “representative structures” of workers to negotiate firm level agreements (e.g. on functional flexibility, working time organisation and compensation) in large firms (&gt;150 employees – down from 250 threshold in 2011 TA).</td>
</tr>
<tr>
<td><strong>Implementation:</strong> Government commitment to not introduce change or further measures without reaching prior agreement with signatory parties.</td>
</tr>
</tbody>
</table>
the labour market reforms effectively implemented by the government later in 2012 (Law No. 23/2012 of 25 June 2012) that led to a deep overhaul of Portuguese labour law (Campos Lima, 2015).

The value of the 2012 _Compromisso_ to advance the government’s legitimation interests was considerable. First, according to key governmental actors interviewed, managing to get at least one of the two main unions to make the “impossible choice” (Gago and Moury, 2017) of agreeing to such a far-reaching programme of liberalisation was useful for governmental actors to enhance the external credibility of the Portuguese government’s capacities of overcoming domestic veto powers and signal commitment to fully delivering the MoU in a timely fashion. According to the former President of the tripartite Economic and Social Council (CES):

> It was a show for Europe, achieving this agreement because during the bailout period it was so complicated, how it’s possible to put social partners to agree with a reform of labour law of this kind… it was very complicated. So when we managed, many in Brussels were very positively surprised…

According to the then Secretary of State for Employment,

> (...) We always fought very hard. It was always very unclear whether we’ll be able to succeed. In the end we were able to pull it through and it was really an important victory for the government from a political perspective (...) I think there was a credibility factor, from the fact that the contents of the tripartite commitment, were indeed consistent with the international memorandum. (...) To be able to, at the time of crisis with so many difficult measures, to have one of the two main union confederations on board I think it conveyed a message to the international discussion that Portugal would be able to move forward and not become a second Greece or something like that.

Secondly, concluding a concertation agreement was seen by policy-makers as useful for preserving a positive image of Portugal to the eyes of external market actors and investors as a functional and stable country, “open for business”, committed to sorting out its economy and not affected by social problems. Again, impression management – especially “not appearing like Greece” - was a very important driver. According to a

---

235 PT-GOV2.
236 PT-GOV3.
former government official,

The role of the social partners is always very, very, important because it's better to reach agreements and to have social peace then to have strikes and to have social problems, to have an environment where is difficult to attract people or investment. Because the success that the country is experiencing on tourism now… it is also the kind of image that the country has that helps growth. So, if we have an image as a country where people solve problems talking and negotiating gets one thing across, but instead if we have a terrible image of insecurity, of social problems that's another different thing. That’s the main difference between what happened in Portugal and what happened in Greece.\textsuperscript{237}

Employers’ organisations interviewed argued that their support for the agreement was also rooted in the pursuit of their policy interests. First, they saw the Compromisso as functional to reinstate the confidence of creditors and foreign investors, thus laying the foundations for a recuperation of accumulation conditions. In the words of a CIP representative,

\textit{It was very important to show to everyone that we had a majority in Parliament, we had a social consultation agreement, we had social peace, we showed that we are a good place to invest money, we showed that we are willing to make sacrifices in order to pay our debt.}\textsuperscript{238}

Second, the agreement gave them a channel to ensure the implementation of several liberalising policy measures outlined in the MoU on labour law and collective bargaining which were strongly opposed by the unions. According to CIP, the tripartite agreement was useful to identify ways to achieve the objectives of internal devaluation in ways that would be acceptable to UGT – thus increasing certainty over their implementation.

[In the 2012 agreement] we were finding out ways to improve or to replace some of the measures foreseen in the MoU because trade unions didn’t agree upon many things. So for example, we wanted to have one thing that was foreseen in the MoU of May 2011, and that was the reduction of social contributions for employers. So the Government came up with the idea… since we cannot devaluate money, the

\textsuperscript{237} PT-GOV4.  
\textsuperscript{238} PT-EO1.
only thing that we could devaluate was the price of work. So we tried to do this and have the half-an-hour day law, that didn’t pass. So we decide to cut on holidays. We also did some changes in overtime, and we tried to impose that change into collective agreements. [...] This was all negotiated in social consultation and the monitoring of the agreement was made in social consultation. We wanted the measures, we had to find a way to get them.239

For CCP, the two concertation agreements were instead important to try and secure policy concessions that would support businesses through incentives and facilitated access to credit, to partly mitigate the adverse impacts of austerity on internal demand. Employers also highlighted that having the Compromisso in place proved valuable when the Constitutional Court intervened over 2012/2013 to block or alter some of the provisions introduced by the government in the 2012 Labour Code (Tavora and Gonzalez, 2016: 257). Indeed, the agreement provided a framework through which the employers could enter in dialogue with the government to secure alternative provisions that would still guarantee the achievement of their policy priorities over issues such as working time flexibility and dismissal criteria.240

Whilst government and employers’ organisations interests to engage in political exchange are easier to identify, UGT’s motivations to participate in this ultra-concession bargaining were more complex. On one hand, UGT saw the agreement as a way to defend its membership from possibly worse outcomes. According to former UGT General Secretary, given that the Memorandum included “extremely dangerous” provisions in terms of labour law, “for UGT, this was a defensive agreement: to avoid worse damages and to allow a climate to negotiate in the future the changes to labour law”.241 The preservation of voice, following a power-oriented logic of influence, was also important. UGT officials argued that subscribing the agreement in 2012 allowed them to keep voice channels open over the subsequent implementation of the MoU, and continue negotiating with the government over the content of reform measures for the following two years to attempt to ‘avoid the worst’ and “try and save what was possible”. In the words of two senior UGT officials:

“It’s clear that we did not manage to stop the changes to the dismissal compensation, but the measures that the Troika wanted to impose were profoundly changed in the 2012-2015 period due to that tripartite negotiation. So, to analyse the 2012

239 PT-EO1.
240 PT-EO1; PT-EO2; PT-EO4.
241 PT-TU4.
After the Agreement, in 2012-2013, there were intense negotiations that managed to change completely the measures and to act as an obstacle to the Troika. The Troika came with a cavalcade [sic] of measures, and the agreements stopped this cavalcade, because it was very strong.”

UGT also shared the government and employers’ assessment about the importance of maintaining social peace in the country, to avoid a “Greek-style situation” and thus contribute to an orderly exit from the crisis.

“The position of the main union CGTP was instead very different. In line with its class struggle-oriented model of unionism, CGTP opposed the agreement and launched several protests against the proposed reforms package it entailed, including a general strike on 22 March 2012. Nevertheless, the PSD/CDS coalition went forward with the labour reform envisaged in the Compromise, with external support from the Troika and acquiescence from the other social partners (Eurofound, 2012a). The reforms implemented following the blueprint of the two concertation agreements were judged by several commentators as marking an all-round defeat for organised labour (Campos Lima, 2015, 2016; Leite et al., 2014).”

After the 2012 Compromisso was concluded, the dynamics of negotiated policy-making in the Portuguese case evolved once again. From mid-2012 until the exit from the bailout in 2014, the policy-making style of the Passos-Coelho government turned more unilateral. No further agreements were concluded and a number of measures in

242 PT-TU3.
243 PT-TU4.
244 PT-TU2.
245 Tavora and Gonzalez (2016) have argued that the extent of labour market liberalisation in Portugal was not as far reaching as in other Southern European crisis countries – namely Greece and Spain; lending some support to the hypothesis that the social concertation agreement might have indeed played a role in ‘mitigating’ the potential deregulatory force of the MoU. However, establishing this counterfactual is empirically difficult within the confines of the research design of this thesis.
LMP were implemented against the explicit opposition of the social partners (Branco and Cardoso, 2017; Campos Lima, 2015; Ramos de Almeida et al., 2016), leading to a new intensification of social conflict in the second period of the bailout.

The Portuguese case shows therefore that far from being a de-politicised routine, tripartite concertation maintained a high political significance during the crisis and was used by governmental actors for political and strategic reasons at key critical junctures, primarily for purposes of legitimation – both domestic and external. Despite its occasional de-activation and the subsequent shifts to unilateral policy-making, it has remained a relevant form of conflict settlement in the dynamics of Portuguese politics, and its legacies have continued to play an important role also in the post-crisis phase – which will be analysed in Chapter 9.

8.2 Case 2: Ireland

At the onset of the crisis, Ireland had a highly institutionalised tradition of tripartite social partnership (cf. Chapter 5), which then collapsed in 2009 as Ireland’s economic and fiscal crisis intensified. Over the crisis period, dynamics of interest intermediation in Ireland varied significantly across policy areas (as shown in Chapter 6). On issues of labour market policy and unemployment benefits, successive Irish cabinets adopted post-2009 a unilateral policy-making style, restricting interactions with unions and employers’ organisations to bilateral lobbying channels. However, substantive concertation in the form of peak-level bipartite agreements between governments and public sector unions remained a central strategy of crisis-responsive adjustment in the sphere of public sector labour relations even after the end of tripartite social partnership.

Two bipartite peak-level agreements on public sector restructuring were concluded at the peak of the crisis, in 2010 and 2013. Although focused on public sector pay and conditions rather than on LMP or pensions policy, both can be considered as functional equivalents of the tripartite ‘crisis-responsive’ agreements concluded for instance in Portugal and Spain. First, public sector pay setting had been a stable centrepiece of the social partnership agreements concluded since 1987 – hence putting this policy sphere firmly within the remit of social concertation. Second, the nature of the Irish crisis and institutional legacies was such that fiscal consolidation through restructuring of public sector labour relations, rather than liberalisation of EPL or CB, was the most significant component of crisis-responsive adjustment. These agreements therefore do not just concern the Irish state as an employer, but relate to crucial public policy issues central to
crisis management, thus concerning the government in its executive capacity. In light of this, they are analysed here as illustrative examples of crisis concertation.

8.2.1 Fianna Fáil’s response to the fiscal crisis and the 2010 Croke Park Agreement

At the onset of the financial crisis, the Irish coalition government led by Taoiseach Cowen comprised the centre-right party Fianna Fáil (FF) as the main party, alongside representatives of the Green Party and the Progressive Democrats. In September 2008, in response to the unfolding banking crisis, the cabinet decided to undertake a bank guarantee to underwrite the public liabilities of three domestic banks. Coupled with a dramatic GDP collapse caused by the bursting of the housing-construction bubble, this move landed the Irish state in full-blown fiscal crisis already in late 2008 (see Chapter 5). Cross party-consensus emerged around the necessity of implementing austerity, which affirmed itself as a home-grown policy preference prior to being exogenously ‘imposed’ from the Troika bailout (Hardiman and MacCarthaigh, 2017; Roche et al., 2017). The reduction of the public sector pay bill in particular came to be seen as the central mechanism through which fiscal consolidation was to be achieved and through which markets and investors’ confidence could be restored (Kinsella, 2017: 40).

Various factors account for this specificity of the Irish crisis policy response. First, from late 2008, a policy discourse had emerged within Ireland that identified excessive wage drift in the public sector under social partnership as a key contributing factor to the unfolding fiscal crisis (cf. O’Connor, 2008; The Irish Times, 2008). This contributed to politicising labour relations in the public sector to unprecedented levels (Regan, 2013b: 10). The reduction of public sector wages was thus construed as necessary to achieve internal devaluation and restore the deteriorated competitiveness of the Irish economy. The focus on reducing public sector pay arose also from the ‘red lines’ to the adjustment strategy set by the long-lasting alliance between government and key segments of the business sector – the MNC sector in particular (Hardiman and Regan, 2013). The option of raising revenue by increasing taxation was firmly off the table as that would have incurred risks of damaging Ireland’s FDI-led accumulation model. The burden of adjustment was thus shifted onto the public sector, and the main policy objective became the reduction of the public sector wage bill.

8.2.1.1 The collapse of social partnership and the FEMPI bills

In this context, the government intervened by implementing the so-called ‘pensions levy’ in March 2009, through the first Financial Emergency Measures in Public Interest bill
(FEMPI). The levy corresponded to an average deduction of 7% of salary for all public servants and constituted “the first permanent cut in public service pay rates” in the history of the Irish state (MacCarthaigh, 2017: 167). This measure was implemented unilaterally, as the public sector unions at the time “could not contemplate acceptance of anything remotely on the scale of what the government envisaged”; and judged that recommending members to accept a direct pay cut “would have been the end of the trade union movement”.246 The structure of the pay cuts were nonetheless shaped by behind-the-scenes discussion with the unions.247

Despite its apparent unilateralism, therefore, the first FEMPI Act did not mark a watershed in the relationships between the government and the public sector unions. According to key actors involved, the government remained intentioned to achieve a negotiated approach to the management of public sector pay reduction.248 At this point, social partnership was still formally in place. Just before the economic collapse in 2008, a new national wage agreement (Towards 2016: Review and Transitional Agreement 2008/2009) had been negotiated, agreeing on a ‘pay pause’ in both private and public sector in light of what seemed at the time a temporary economic downturn. The framework of social partnership was thus used after the imposition of FEMPI in early 2009 to negotiate a concerted long-term solution for public sector spending retribution.

The decision to continue pursuing negotiated adjustment was strongly shaped by governmental power interests. The main governing party, Fianna Fáil, had deep historical connections to social partnership, and strong individual links with the leadership of the main unions within ICTU. As the cabinet approval ratings worsened due to the growing macroeconomic problem load and one of the junior parties in the government coalition (Progressive Democrats) disbanded in 2009, the incentives to avoid an open conflict with the unions and attempt instead to shore up its support base grew even stronger.

Unions’ decision to continue seeking a negotiated solution over public sector pay cuts was also rooted in their power and policy interests, especially in an awareness of the labour movement’s growing weakness. In terms of organisational power resources, in 2009 ICTU struggled to articulate an anti-austerity mobilisation strategy able to unite public and private sector workers. Plans for coordinated industrial action failed in early 2009 due to the reluctance of private sector unions to involve members in a campaign that they saw as being to the primary benefit of the public sector.249 When the large public

246 IE-TU4
247 IE-TU4.
248 IE-TU2.
249 IE-TU4.
sector union IMPACT also failed to secure a strike mandate in March 2019, the ICTU leadership decided to call off industrial action, taking stock that the union movement was “a shambles”, and to return instead to negotiations with the government. This position of organisational weakness led the union leadership to internalise the necessity for retrenchment and prioritise a strategy of damage limitation through institutional negotiating channels. Whilst partly arising from the embedded pragmatism of the main Irish public sector unions – a significant legacy of social partnership – this strategic shift towards engagement in political exchange was also motivated by membership-oriented concerns about the need to make concessions to avoid job losses in the context of a worsening fiscal situation.

However, the negotiations over public sector cost reductions over 2009 were severely hindered – and eventually failed – due to developments in the political climate altering actors’ strategic considerations. Over 2009, as the state of public finances worsened, the parliamentary opposition and outlets in the popular press started attacking the social partnership system, and public sector unions in particular, as responsible for having “bankrupted” the Irish economy through excessive wage growth (e.g. The Irish Times, 2008; Ruddock, 2009b; White, 2009). This campaign discredited social partnership as a source of dualisation benefiting only public sector workers (cf. Carey, 2009; O’Hanlon, 2009; Ruddock, 2009a); and impacted strongly on public opinion, as testified by the spike in distrust in unions – cf. Chapter 5). In the words of former SIPTU leader,

They (the press) took an approach which was very in your face anti public servant.  
(…) And for the earlier years of the recession they were cheerleaders for what was happening. And there was a lot of acceptance of it in the general population… the narrative was very clear, they’re the cause of your problems, the trade unions are in looking after themselves.

In October 2009, Minister for Finance Lenihan announced plans for the 2010 State Budget, which included proposals to apply a further €4 billion retrenchment and cut the minimum wage. ICTU attempted to orchestrate industrial action to oppose. A first day of public sector strike action took place in November 2009. However, hostile coverage in the media undermined the effectiveness of the union’s campaigns. In the words of a

250 IE-TU4.
251 IE-GOV3.
252 IE-TU6.
senior union leader, “by now the establishment and the right were well organised and they quite literally in the media took us off the pitch. They demonised public service workers…” 253

As levels of public trust in unions plummeted, in late 2009 ICTU put forward its proposal to tackle public sector costs reduction through a concession bargaining deal which, according to IMPACT’s leader, would have been “very common in the private sector”254. This involved a short-time work scheme for public servants involving twelve days of unpaid leave, and several concessions on working time and public sector reorganisation. The proposal came “very close to acceptance”, 255 but was eventually rejected by the government.

The government’s decision to suspend political exchange was motivated by both policy and power interest considerations. On the one hand, government’s officials did not have confidence in the unions’ capacity to deliver the scale of cuts required to face the fiscal crisis. 256 On the other, the hostile public opinion climate changed the political opportunity calculus for the government about the desirability of concluding a deal under the social partnership framework for domestic legitimisation purposes. By this point, “social partnership was seen as part of the problem, so it was hard for it to be part of the solution”. 257 This rapid delegitimisation of concertation’s outputs created ‘negative legacies’ resembling those operating in the Italian case.

Following the failed negotiations, the government imposed progressively tiered wage cuts for civil servants (between 5% and 10%) through a second FEMPI legislative act. As a result, social partnership formally collapsed: all meetings between government and unions stopped, and private sector employers formally exited the 2008 wage agreement which had remained in place up until that point. At this point, the path towards unilateralism in crisis management seemed to have been opened for good.

8.2.1.2 Experimenting with austerity corporatism: the 2010 Croke Park Agreement

The emerging anti-social partnership discourse and the negative experiences in negotiated adjustment in the first crisis phase did not however lead to an across-the-board embrace of unilateralism. Rather, in early 2010 the FF government decided once again to try negotiate an agreement with the public sector unions on the management of

253 IE-TU4.
254 IE-TU3.
255 IE-TU3.
256 IE-GOV3
257 IE-GOV1. This same formulation was used in the popular press from mid-2009 onwards (cf. Ruddock, 2009a)
public sector restructuring.

The decision to re-activate political exchange channels was significantly motivated by governmental power interests, especially by anxieties around the prospect of instability caused by industrial unrest. In a country usually characterised by industrial peace, the unions’ public sector campaigns of 2009-2010 did not go unnoticed. Despite their low legitimacy in public opinion, unions’ disruptive capacity in the public sector remained high, thanks to their high density (around 60%) (cf. Chapter 5). Between late 2009 and early 2010, a one day strike and various work-to-rule events took place in segments of the public service against the pay cuts, including a high-profile strike action in the passport offices conducted by CPSU in March 2010 (MacCarthaigh, 2017: 192). The prospect of widespread industrial unrest affecting key services (e.g. transport, education and health) led government officials to value the prospect of having an agreement in place that could guarantee an orderly management of the retrenchment process. As a senior civil servant in the Taoiseach department recalled,

(…) We had a strike and it was a very comprehensive strike and I think the political system was frightened by that because that was the first sign of resistance to the adjustment and it increased the appetite which was already there to put some sort of agreed framework in place.²⁵⁸

Governmental actors perceived industrial action as potentially very damaging in economic terms, in terms of social cohesion, and especially with regard to external legitimation. The desire to project abroad a “good image” of the country and achieve an orderly management of retrenchment that would set Ireland apart from other ‘problematic’ crisis countries became a strong driver for the re-opening of negotiations. To pursue legitimation, government thus invited the unions to negotiate a public sector agreement that would allow for the further reduction of costs without compulsory redundancies. In the words of a senior civil servant,

We all knew that we needed some process, that having industrial actions, strikes, lack of co-operation or not having the unions involved in helping us find the solutions, will be damaging and will be dangerous. And obviously in this period we saw what was happening in Greece, and what’s happened to the rest of them, Spain and Portugal, where there were economic problems, bank problems, all problems of

²⁵⁸ IE-GOV5.
the crisis. But then also IR problems and protests and disputes. So we thought the crisis here had enough dimensions without having an industrial relations, strike dimension to it as well. So we start to engage then with the possibility of doing a further...what became known as the Croke Park Agreement.\(^{259}\)

Unions’ decision to accept this proposal and re-engage in political exchange was again shaped primarily by an awareness of their weak organisational power resources. Public sector unions were increasingly convinced that they would have not been able to sustain prolonged industrial action in a context where the necessity of austerity had been accepted by the bulk of the Irish public: “we were going to have a guerrilla campaign of industrial action but by now the argument [for austerity] had been won intellectually by the establishment... And nobody was terribly anxious to be the first [to go on strike] because whoever was first everybody knew the government would have to bury, beat into the ground“.\(^{260}\) Public sector unions therefore chose the path of negotiation as their preferred way to pursue their policy interests and shelter their membership from the adjustment costs.

A process was orchestrated whereby negotiations took place through a new institutional architecture, brokered by the Labour Arbitration Committee, which gave union guarantees about the fact that any agreement reached would have been actually carried through by government.\(^{261}\) This solution set the institutional formalities of the process apart from the old social partnership machinery, thus allowing the government to visibly distance itself from its ‘toxic’ legacy. Although the institutional structure had changed, there were considerable continuities in the modus operandi. According to a senior government official, “it was social partnership morphed into collective agreement just to deal with public sector unions and the Government.”\(^{262}\) The networks and relationships of the social partnership era continued to shape how actors engaged with each other, as “underneath it all we still had people who were moulded in the industrial relations era, who did know each other and understood where each other was coming from,”\(^{263}\) thus providing the basis for an orderly, predictable conduct of negotiations. As recalled by a former senior civil servant in the Taoiseach office,

It was impossible to reconvene what had been done in that framework (of social partnership) so we had secret talks about finding a way back and that was then

\(^{259}\) IE-GOV2.
\(^{260}\) IE-TU4.
\(^{261}\) IE-GOV3
\(^{262}\) IE-GOV2.
\(^{263}\) IE-GOV3
put into the industrial relations machinery. But in fact it was still negotiating the old way. We just rang the head of the Labour Relations Commission to tell him what the script was to deliver what became the Croke Park Agreement.\textsuperscript{264}

This process led to the conclusion of the so-called Croke Park Agreement (CPA) in May 2010, a bipartite agreement between the government and the public sector executive of ICTU. CPA was a ‘defensive’ concession bargaining deal which conformed to the necessities imposed by the markets of stabilising Irish public finances (Hardiman and Regan, 2013). In short, unions agreed to guarantee industrial peace, and to collaborate in implementing a programme of far-reaching public sector reforms to enhance productivity and reduce headcount, in exchange for a promise of no further pay cuts and no compulsory redundancies.\textsuperscript{265} In terms of content, the overall scope for political exchange was very limited, as \textit{de facto} the unions had to accept the pay cut that had been carried out unilaterally a few months before, to secure a commitment that the same would not be done again in the future.

\textit{[\ldots]} What was going to be negotiated was again the concession bargaining but it was the concession bargaining without the pay cut bit because that had already been done. All we were asking them to do now was accept something that had been done unilaterally before.\textsuperscript{266}

In subscribing the agreement, the key policy objective of the union leadership was to protect employment at all costs. In the words of ICTU’s chief negotiator, “job loss you can’t come back from, people losing their jobs it’s very difficult to come back. You can at least find a pathway to restore pay”\textsuperscript{267}. The concessions that unions had to make were numerous: staff redeployment, reduction in staff numbers, creation of a unified public sector labour market external recruitment process, increased flexibility and enhanced productivity in work practices, as well as a reform of bonus payment system, a recruitment embargo in the health and education sectors, reduced pay and conditions for new entrants, and the obligation to be bound by determinations by third-party agencies (the LRC and the Labour Court) in negotiations (Geary, 2016: 136). The agreement was recommended by SIPTU and approved by membership by a majority of two to one.

\textsuperscript{264} IE-GOV5
\textsuperscript{265} IE-TU4; IE-TU3.
\textsuperscript{266} IE-GOV3
\textsuperscript{267} IE-TU6.
The government extracted multiple benefits from CPA. First, CPA fulfilled an important problem-solving function. The agreement offered the government a unique window of opportunity to implement a far-reaching programme of HRM and working practices reforms in the public sector, “some of which had been under the management side’s wish list for a very long time”\textsuperscript{268}, which would have otherwise been “unthinkable”\textsuperscript{269} without union collaboration, given the high levels of union density in the public sector and thus the potential for resistance. A senior civil servant recalled:

\begin{quote}
In previous negotiations we’d have paid 1% for every line of the deal that was written... And instead what we were getting we were negotiating a major concession bargain where not only were we getting massive concessions out of the unions but we were taking money off them as well, it was unthinkable compared to even two years before.\textsuperscript{270}
\end{quote}

Second, the agreement’s industrial peace clause helped to quell the threat of social and industrial unrest in the process of public sector retrenchment, fulfilling government’s legitimization and accumulation interests at once. The government’s desire to avoid industrial unrest was not related to the domestic political costs that unions’ mobilisation

---

\textsuperscript{268} IE-GOV5
\textsuperscript{269} IE-GOV3
\textsuperscript{270} IE-GOV3.
could impose on the government, given their weak societal power resources, but rather
to the external legitimacy costs of disruption in key services through targeted public sector
strikes. In the government’s view, these instances of industrial unrest had very potentially
negative impact on investors’ perceptions. Avoiding them was seen as necessary to bolster
external confidence and reassure the MNC sector that Ireland remained stable and open
for business. In the words of a senior civil servant:

The reaching of the Croke Park agreement and its successful balloting [...] was a
fundamental building block to our subsequent recovery [...] the fact that the Irish
public service wasn’t out demonstrating in the street every second week was a huge
part of how we sold our recovery story to the world.271

Interestingly, some union leaders echoed the government’s view about the external
value of social peace to shore up legitimacy vis-à-vis markets and investors and thus re-
launch conditions for growth.

There was a huge merit vis-à-vis the international perception and the perception of
the markets, there was a huge merit in stability and the understanding that these
unions weren’t going to launch a major attack [...] What we were trying to do is
we’re trying to convince the creditor countries and the markets that we weren’t
Greece, and we weren’t Spain, and we weren’t Portugal, and we weren’t even Italy.
What we were trying to convince them, which was true at the end, was that our
economy was actually sound. [...] And the last thing that neither our
establishment or those of us in the trade union movement wanted, was to be part of
failures.272

Concluding an agreement for the orderly management of public spending
retrenchment was however insufficient to avoid the deterioration of Ireland’s macro-
economic situation. Over 2010, Ireland’s struggled to reduce its deficit in line with the
SGP 3% criteria, thus creating market anxieties about creditworthiness. The situation
deteriorated due to knock-on effects from the Greek bailout and to the continuation of
the banking crisis (Laffan, 2017: 181–183). In September 2010, the government decided
to recapitalise Anglo-Irish bank for the cost of €30 billion, leading to a spike in public
deficit up to 30.9% of GDP (cf. Chapter 5). Ireland found itself closed off from the

271 IE-GOV3.
272 IE-TU4.
international bond markets and was eventually forced by the ECB, which was highly exposed to Ireland’s banking system (Laffan 2017 pp. 182-183), to ask for a bailout in November 2010 for the value of €67.5 billion.

The CPA commitments and targets were included in the government’s ‘National Recovery Plan’, a four-year austerity and structural reforms programme formulated by the government in November 2010 which acted as a blueprint for negotiations of the MoU with the Troika. CPA then remained in place as the guiding programme for the delivery of public sector savings. In the words of IMPACT’s leader, “the Troika came to a view very, very quickly that Croke Park agreement is taking costs out of the public service, they said ‘leave it alone... that’s part of the system that’s working’”. 273

Union leaders defended having put in place this kind of “defence line” before the conclusion of the Memorandum as a remarkable achievement. As certain red lines had been ‘locked in’ by the pre-existing agreement, they saw CPA as an important base to prevent the imposition of potentially harsher measures in the MoU, such as compulsory redundancies or widespread outsourcing. 275 As in Portugal, the conclusion of a macro-concessionary agreement prior to the MoU contributed thus to increase the domestic ‘ownership’ of the adjustment program (cf. Laffan 2017, p. 185), which had in turn implications for the subsequent trajectory of implementation.

8.2.2 After the MoU: the Fine Gael-Labour government and the 2013 Haddington Road Agreement

After the MoU conclusion, Fianna Fáil was obliterated in the general election held in February 2011, and the centre-right Fine Gael (FG) and centre-left Labour proceeded to form a coalition government. The FG-Labour government committed to implement the bailout programme whilst renegotiating specific issues deemed particularly unpalatable, such as the minimum wage cuts introduced in 2010.276 A new government Department for Public Expenditure and Reform (DPER) was put in place to oversee the programme of public sector reforms, guided by the Labour Party’s minister Howlin, and became the locus of authority for the implementation of CPA.

Fine Gael was historically hostile to unions and social partnership. However, the presence as a minority coalition partner of the Labour Party, with whom several ICTU unions had established institutional linkages, offered unions a channel of political access.

273 IE-TU3.
274 IE-TU4.
275 IE-TU7.
276 IE-GOV4.
This became significant in shaping the subsequent dynamics of macro-level interest intermediation – both on the topic of public sector restructuring and on other policy issues. Whilst in several areas of public policy the FG-Labour government adopted a unilateral policy-making style, excluding both unions and employers’ organisations from any formal access to policy-making channels (cf. Chapter 6), on the issue of public sector restructuring there was continuity in the use of structured and visible negotiations as a tool of crisis management, clearly observable in the process leading to the conclusion of the second public sector agreement, the so-called ‘Haddington Road’ Agreement, in 2013.

In 2012, almost two years into the MoU, Ireland was faced with a still negative economic outlook. Whilst the worst of the Eurozone sovereign debt crisis was arguably over since summer 2012, the expected growth upswing had failed to materialise. This jeopardised the government’s capacity to deliver the MoU commitments on levels of public spending reductions. A shortfall of around €1 billion in public finances was identified, putting on the horizon the prospect of a fresh round of public sector cuts (Eurofound, 2012b). Once again, the government opted to deal with this issue through a structured dialogue process. Union leaders received early warning throughout 2012 about the prospect of new pay cuts, demonstrating a high degree of collaboration between the state machinery and the public sector unions in continuity with the prior social partnership experience.

According to union leaders, the presence of a Labour Minister in DPER was crucial in shaping the government’s negotiated approach. Nonetheless, the negotiations were difficult, as the unions were effectively asked to give up some of the red lines that had been previously set in CPA about avoiding new pay cuts, and to get involved in “a most unsavoury discussion” over what would be the content of the necessary cuts: effectively, taking up a role as ‘co-managers’ of retrenchment.

A new deal, termed ‘Croke Park II’ (CPII), was ironed out, which included a continuation of the pay freeze, pay cuts for higher earners (above €65,000), cuts to premium pay and allowances, and extended working hours (Geary, 2016: 136–137), to deliver savings of €300 million in 2013 and a total of €1 billion by end of 2015 (Eurofound, 2013). When put out to ballot to union members in May 2013, CPII was

---

277 IE-TU3.
278 IE-TU3: “Unlike 2009 and 2010 the government said we want to negotiate with you, we don’t want to legislate unilaterally. And that was because the Labour Party were in the government, they preferred a collective agreement.”
279 IE-TU7.
rejected by unions whose members would have lost more from the proposed terms of the deal, such as teachers’ union INTO and nurses’ union INMO, as well as by the membership of the largest union in ICTU, SIPTU. Hence, according to ICTU’s aggregate balloting rules, the deal was rejected.

The rejection of CPII by the unions’ membership represented the highest point of difficulty for the leadership of Irish public sector unions. The government responded to the failure of CPII by asking the Labour Relations Committee to convene union by union negotiations to attempt concluding separate deals (Eurofound, 2013). Meanwhile, to force the dynamic of negotiation, the government used the ‘shadow of hierarchy’ allowed by its legislative power, drawing up a new FEMPI Act which could have been used to alter wages and conditions of employment unilaterally in case of agreement failure. This implied that many of the ‘concessions’ that the government had included in CPII – such as the temporary nature of the proposed pay cuts – would have been taken away. The concrete threat of unilateral intervention shaped the decisions of the majority of public sector union leaders to conclude new deals and recommend them to their membership.

In the words of a former DPER official,

> The new FEMPI Bill (...) really went deep, basically we could impose changes in terms and conditions of employment on public servants without their consent, we could just do it, we could increase their hours, we could change the rules. Like it went further than any of the previous FEMPI Acts. And my major role in, at the very end game of that negotiation was [...] to sit down and a series of trade union officials were brought in to me and I would talk them through the provisions of the legislation [...] And they all went madly back and tried to negotiate a deal.\(^{280}\)

Eventually, the 2013 Haddington Road Agreement (HRA) was concluded in July 2013 and approved by all but three unions (ASTI, TUI and UNITE) of ICTU’s Public Sector Committee (Eurofound, 2013). In terms of content, HRA went further and deeper than CPA, as it included further pay cuts for higher earners, as well as across-the-board increases in working time and changes to allowances.

\(^{280}\) IE-GOV3.
HRA was an ultra-concession bargaining agreement. Compulsory redundancies were avoided, but unions had to give up some of the limited gains extracted through CPA. Nonetheless, they obtained two significant concessions. First, the direct pay of those earning below €65,000 was protected in exchange for increases in working time, thus ensuring a partly progressive distribution of the pay cuts. This had important distributional consequences in terms of impacts on the membership and on the perceived fairness of the compromise; and it was considered as the lesser of two evils. In the words of IMPACT’s leader, “it was literally a pragmatic view that people above 65,000 can afford another pay cut but people below it can’t (…) and if increasing working time delivered a tangible benefit to the other side even though it was really unpopular at least nobody was going to lose their house or their apartment because they had another pay cut.”

The second key concession extracted was the possibility of opening an early renegotiation of the agreement in case of early economic recovery. Maintaining open this channel of future voice and negotiation not only ensured the continued relevance of public sector unions as bargaining partners, but also proved very important in practical terms during the recovery.

The decision of the Irish government to stick to the path of negotiations rather than proceeding unilaterally was again the product of a combination of power and policy interest. First, the government was acutely aware of the risk of political instability that a unilateral imposition of pay cuts would have implied. The Labour Party, which had strong formal links with SIPTU, wanted to avoid a direct clash with the unions; and a unilateral intervention might have threatened the very viability of the governing coalition, by putting the Labour Party in a politically unsustainable position. In the words of a key government official, “It would take us a day to write a FEMPI Bill, you know, that’s all it would take. […] but there was always that political constraint. The government probably would have fallen in
those circumstances. So we had to try.”

Second, DPER officials were aware of the symbolic and substantive value of industrial peace that the Croke Park Agreement had delivered so far, and worked hard to persuade other parts of government of the benefits of pursuing a negotiated approach to retrenchment.

There were people within Finance who at this point were [saying]... why didn’t we just do it unilaterally, wouldn’t that be faster, wouldn’t it be simpler and it would be much easier to put a budget together if you’d done a fast and simple FEMPI Act. None of this negotiation bit, right. Talks about talks. So persuading them that the benefits of industrial peace were such to the country that it was really important that we try, that was an important part of that dialogue on our side of the fence.

For the unions’ part, the acceptance of the terms of HRA was motivated by a logic of ‘damage limitation’, and an awareness of the risks that rejection of the agreement would have posed to their policy interests and power resources. In a ‘logic of membership’, union leaders feared adverse implications for members arising from rejection of the agreement – such as the possibility of permanent pay cuts or large-scale outsourcing of jobs. However, most relevant in shaping their strategic orientation was the pursuit of their power interests, following a ‘logic of influence’. Union leaders feared that a campaign of resistance through industrial action could have unleashed a new wave of political attacks against public sector unions and create fissures with Labour Party, further reducing their role in the political sphere (cf. Geary, 2016: 137). In light of their weak position in terms of societal power resources, the major Irish unions were highly dependent on preserving some of their institutional power resources accumulated during the years of social partnership. According to former General Secretary of SIPTU, “the big imperative for the trade union leaders who brought the negotiation around was to remain relevant”.

Preserving institutional access to policy-making through macro-concessionary bargaining was thus seen as a safer route than contestation to advance organisational interests:

We saw how marginalised the unions have become in Britain under Thatcher. We

---

282 IE-GOV2.
283 IE-GOV3.
284 IE-GOV4: “I understood what will happen if we didn’t do an amended agreement. And my own union members in the public service would have been the first to pay the price, because their jobs were the easiest to outsource. And why did we stick with it? Because it was the only feasible formula to get through it.”
285 IE-GOV4.
saw if I can call it the Greek model of standing outside throwing stones, how effective is that. There would have been elements within the unions that wanted to run up a flag, throw stones, we shouldn’t be sitting down with them… and we just felt it was a cul-de-sac. So I suppose the trade union leadership backed ultimately by the votes of the members was of the view, you’re better off trying to shape it than washing your hands being pure and standing outside. And I suppose there was a view well, look, if there was a model of protest that was successful point it out.²⁸⁶

Although not directly involved in these bipartite deals, employers’ organisations also expressed their appreciation for the preservation of industrial peace guaranteed by the two public sector agreements. This was seen as crucial both by domestic employers (represented by IBEC) and by the MNC sector (represented primarily by the American Chamber of Commerce) to guarantee stable and predictable business conditions for external investors.²⁸⁷ The imposition of pay restraint and the modifications to pensions provisions in the public sector was also praised by IBEC as a positive example that facilitated the implementation of similar measures in the private sector, guaranteeing a certain degree of ‘burden sharing’ across the economy that limited discontent amongst private sector employees.²⁸⁸

Overall, the experiences of CPA and HRA demonstrate the remarkable continuity in the dynamics of structured and visible concertation in Ireland’s public sector adjustment process, despite the change in institutional form from the social partnership tripartite machinery. Both process and content of the two agreements highlight however the objective limits placed on the scope of substantive policy-oriented political exchange in crisis conditions: as peak-level agreements were turned into a tool of austerity co-management rather than a vehicle for forging positive class compromises.

8.3 Comparative discussion and conclusions

The comparative analysis of the Irish and Portuguese cases provides an empirical basis to understand the political logic of ‘crisis concertation’ practices during the acute crisis period and identify the conditions accounting for their occasional occurrence. The analysis has shown that whilst it might be the case that governments “don’t need unions anymore” (Culpepper and Regan, 2014) to implement structural reforms under crisis

²⁸⁶ IE-TU3.
²⁸⁷ IE-EO1; IE-EO5.
²⁸⁸ IE-EO3.
conditions, under specific circumstances they may still *choose* to engage in political exchange with organised producer groups to carry out structural adjustment - often enforcing these processes through the direct use of the shadow of hierarchy. How to account for this partly surprising resilience of concertative practices in the context of the Eurozone crisis?

The comparative analysis highlights that Portugal and Ireland shared a number of characteristics at the onset of the crisis (Table 8.1). Both had recent histories of relatively institutionalised tripartite concertation post-EMU, governments in power with strong links with the moderate segments of the labour movement, and unions (or at least parts of the labour movement, in the case of Portugal) highly reliant on institutional power resources arising from participation in social concertation arenas to compensate for their low or lopsided density. These pre-conditions and institutional legacies could facilitate the activation of structured and visible interest intermediation processes to face the crisis shock, which could build on pre-existing ties of trust and collaboration between the actors.

However, the two cases’ analyses showed that the conclusion of ‘crisis concertation’ deals was not simply the result of institutional path-dependency shifting the dynamics of interest intermediation towards the established avenue of ‘corporatist’ settlements in the face of disruptive exogenous shocks. Rather, it highlighted how the process of structural adjustment in both countries was riddled with acute conflicts, and how ‘negotiated’ reforms were interspersed with episodes of governmental unilateralism akin to those analysed in Chapter 7. Rather than outcomes of institutional inertia, the analysis showed that these experiences of ‘crisis concertation’ were the result of agential, interest-driven political choices geared towards the pursuit of power and policy interests of both governmental actors and organised producer groups.

In both cases, cabinets facing the crisis recurred to formal and visible concertation processes to reconcile their *problem-solving* and their *legitimation* imperatives under exogenous pressure and solve the dilemma of how to deliver the scale of adjustment necessary to re-establish market confidence and facilitate the recovery of capital accumulation, whilst ensuring social peace. The relative importance of these two drivers of political exchange varied across the two cases.
<table>
<thead>
<tr>
<th></th>
<th>Portugal</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic context</strong></td>
<td>Economic downturn (GDP collapse); high deficit and public debt</td>
<td>Sovereign debt crisis (high deficit and public debt); economic downturn (GDP collapse)</td>
</tr>
<tr>
<td></td>
<td>Sovereign debt crisis (high deficit and public debt)</td>
<td>2nd crisis phase (late 2010 - 2013)</td>
</tr>
<tr>
<td><strong>Political context</strong></td>
<td>Minority centre-right cabinet (PS)</td>
<td>Centre-right coalition government (Fianna Fáil, Green Party, Progressive Democrats)</td>
</tr>
<tr>
<td></td>
<td>Strong organisational links between PS and UGT</td>
<td>Strong informal links between FF and ICTU</td>
</tr>
<tr>
<td><strong>Exogenous conditionality</strong></td>
<td>Excessive Deficit Procedure</td>
<td>Excessive Deficit Procedure</td>
</tr>
<tr>
<td></td>
<td>High institutionalisation; positive policy-makers perceptions from post-EMU period; contested output legitimacy</td>
<td>High institutionalisation; positive policy-makers perceptions; declining output legitimacy</td>
</tr>
<tr>
<td></td>
<td>Unions: low density (concentrated in public sector); inter-confederal divisions between UGT and CCOO</td>
<td>Unions: medium density (concentrated in public sector); internal fragmentation within ICTU</td>
</tr>
<tr>
<td></td>
<td>EOs: low density; medium fragmentation</td>
<td></td>
</tr>
<tr>
<td><strong>Unions &amp; EOs institutional power resources</strong></td>
<td>Medium (routinised &amp; institutionalised involvement in social dialogue; state support for CB coverage)</td>
<td>Medium (routinised involvement in social partnership; no statutory regulation of CB)</td>
</tr>
<tr>
<td></td>
<td>Low (high levels of union distrust)</td>
<td>Low (occasional involvement in social dialogue; no statutory regulation of CB)</td>
</tr>
<tr>
<td></td>
<td>Cosmetic concertation</td>
<td>Substantive concertation / unilaterialism</td>
</tr>
<tr>
<td><strong>Outcomes</strong></td>
<td>Cosmetic concertation</td>
<td>Substantive concertation / unilaterialism</td>
</tr>
</tbody>
</table>

Table 8.1 Comparative overview of macro-economic, institutional and political factors in Portugal and Ireland (2008-2014)
The *problem-solving* function of political exchange for governments was more prominent in Ireland than Portugal. In Portugal, the broad trajectory of the crisis-responsive structural reforms to be implemented were largely set by the ‘recommendations’ of the European Commission and by the commitments undertaken in the MoU with the Troika, which reduced the scope for ‘puzzling’ (cf. Zahariadis, 2016) and were aligned and shaped by the policy preferences of policy-makers from the PSD-CDS government (cf. Moury and Standring, 2017). The institutional features of the policy field on which adjustment was focused - labour market policy and collective bargaining legislation – were additionally characterised by a low degree of sharing of institutional prerogatives between the state and the social partners (see Chapter 5). Hence, the government did not need to enlist cooperation of organised producer groups to implement its intended reforms of labour law and CB legislation, as it had at its disposal the necessary legislative tools to intervene unilaterally to achieve internal devaluation (Afonso, 2019), as it did repeatedly over 2012-2014. For this reason, to the extent that concertation processes were activated, these remained cosmetic in nature, geared towards the pursuit of government’s power interests (see below).

In Ireland, conversely, problem-solving interests were more significant in driving the government’s engagement in political exchange to implement public sector retrenchment. Like in Portugal, the broad trajectory of policy change was also set by exogenous conditionality and by the government’s own policy preferences rather than open for deliberation. What differed, however, was the composition of unions’ power resources. Whilst unilateral pay cuts could be implemented through legislation, the high density of Irish public sector unions meant that delivering the deep structural public sector transformation that the government needed to achieve its savings targets would have been impossible without union cooperation. As Geary (2016: 143) also observes, there were thus obvious policy goods that the government extracted from political exchange with the unions, which “could have only been dreamed of” in normal times.

The *legitimating* function of political exchange was instead equally prominent in both cases, both domestically and, most crucially, vis-à-vis external stakeholders. With regard to domestic legitimation, in Portugal the choices of the Socrates and Passos-Coelho cabinets to conclude tripartite agreements despite their different partisan orientations were driven by the shared interest to secure social peace and appease societal opposition to adjustment. For the weak minority Socrates cabinet, concertation was a key mechanism to shore up its domestic support base and by-pass opposition in the parliamentary arena.
– following a well-established strategy of legitimation of Portuguese executives (Moreira, 1999; Ramos de Almeida et al., 2016; Sá, 1999b). The Passos-Coelho cabinet was not weak in parliamentary terms, but had nonetheless a strong interest in demobilising the emerging protest movements and weakening the joint opposition front between unions and the emerging new social movements which was gaining momentum over 2011-2012. As a catch-all party, the PSD was also keen to not alienate UGT, with whom it maintained organic links.

Securing social peace domestically, and specifically avoiding industrial unrest, was also relevant in the decision of the Irish governments to engage in political exchange with the unions. Enlisting union cooperation was important for political parties in government which maintained connections with the union movement (especially Labour and, to a lesser extent, Fianna Fáil). However, the political costs that the publicly weakened Irish labour movement could impose on the political system were fairly limited. As social partnership had been successfully demonised by the media, there was limited value in the domestic legitimation that Irish governmental actors could derive from public and visible concertation. Indeed, in most other areas of public policy, after 2009 successive governments explicitly refrained from engaging in any form of interaction that resembled old tripartite social partnership.

This points therefore to the primary significance of the *external* dimension of legitimation. In both cases, the analysis highlighted that concertation – whether cosmetic or substantive - acquired a novel purpose under conditions of heightened exogenous conditionality: the generation of markets’ and creditors’ confidence. In both cases, cabinets chose to use concertation agreements to generate market confidence and project externally – to the benefit of creditors, investors and other European stakeholders – a positive image of credibility, stability and commitment to structural reforms. This happened both *prior* to the conclusion of the MoUs (in an attempt to avoid bailouts) and directly *after* (to facilitate their smooth implementation and a speedy ‘return to the markets’).

Besides their concrete outcomes of austerity, internal devaluation and quelling of industrial unrest, in themselves valued by international markets and investors, social concertation agreements which committed social partners to the co-management of austerity and liberalisation were thus used by governmental actors as ‘impression management’ devices, functional to project an image of their countries as fundamentally different from the paradigmatic ‘problematic’ Troika country: Greece. Governments were
keen to show that Portugal and Ireland could, unlike Greece, be responsible ‘good pupils of austerity’, who would take the ‘tough decisions’ early on, without social and industrial strife. Whether concertation agreements actually had any impact on either market confidence or on external stakeholders’ perceptions of Ireland and Portugal cannot be tested through the present research design. What mattered in shaping the activation of political exchange, however, was that governmental actors believed that these agreements mattered to this hypothetical external audience of creditors, investors and international stakeholders.

Unions’ incentives for choosing to subscribe to disadvantageous ‘crisis concertation’ agreements which directly contradicted their first-order policy preferences can also be understood through an actor-centred, interest-focused perspective. In both cases, the unions that subscribed to crisis concertation agreements were moderate organisations with established track-records of collaboration with policy-makers through institutional channels. Hence, they articulated their policy/membership-oriented interests in crisis conditions as being best pursued through a strategy of ‘damage limitation’. Participating in macro-concession bargaining agreements was seen as a necessary sacrifice to ‘avoid the worst’, attenuate and smoothen the costs of adjustment for members and attempt to maintain a degree of ‘domestic ownership’ and control over the restructuring programme. Signatory unions in both countries also shared governmental concerns for projecting an outward image of stability to creditors and investors; signalling a notable internalisation of the austerity imperative and, especially in the Irish case, an acceptance of the established model of accumulation which made the delivery of industrial peace crucial to secure the conditions for growth (in the form of incoming FDI).

Power interests also played an important role. In both countries, unions that subscribed to these agreements shared an awareness of their relative organisational and societal weakness in the crisis juncture, and of their reliance on institutional power resources. This led them to prioritise the safeguarding of institutionalised channels of access to government via the avenues of concertation and macro-concession bargaining in pursuit of their organisational interests.

Interestingly, this strategic orientation towards political exchange as a power-driven strategy had different roots. In Ireland, the reliance of ICTU’s public sector unions on institutional power resources resulted primarily from declining societal power resources and incapacity to articulate alliances with private sector workers – which limited unions’ capacity to make full political use of their otherwise high organisational power. In
Portugal, instead, the driver for UGT to engage in concessionary political exchange was not organisational weakness *per se*, as the labour movement in its entirety still retained a considerable capacity for mobilisation, despite low levels of absolute density. Rather, the incentive arose out of dynamics of competition *within* the union movement. To be able to compete with CGTP, which commanded greater organisational density and higher mobilisation capacity (in line with its ‘mass and struggle’ model of unionism), UGT’s main available path to remain relevant and secure its organisational survival was to privilege its institutional role and maintain channels of access to the political system via concertation (in line with its historical strategic orientation – cf. Chapter 5).

Whilst the imposition of liberalisation via exogenous conditionality might in theory have reduced employers’ incentives to engage in political exchange, given the systematic empowerment of their preferences arising from the orthodoxy of internal devaluation, the analysis has shown that this was not necessarily the case. In Portugal, employers’ organisations retained a keen interest in engaging in political exchange to smoothen the implementation of austerity and liberalisation. Employers’ decisions to participate in the two tripartite agreements, which concerned topics of direct relevance to their competences, was primarily motivated by the pursuit of their policy-related interests. As well as securing social peace, EOs were keen to ensure that the implementation of the MoU would be aligned as much as possible with the (internally fragmented) priorities of domestic capital; and to increase the chances that their preferred liberalising measures would actually be implemented rather than stopped due to opposition from unions and the electorate.

In Ireland, instead, IBEC had no direct stake in the bipartite public sector agreements. As social partnership had exhausted its function of securing wage moderation in the private sector, IBEC chose to pursue its immediate policy interests through bilateral lobbying channels. This did however not imply hostility towards peak-level concertation. Indeed, both IBEC and AmCham expressed support for crisis concertation agreements, highlighting the positive contribution that these made to ensuring social peace and preventing industrial unrest. Again, this was seen as valuable for generating stability and hence market and consumer confidence, thus facilitating conditions for accumulation.

Overall, this analysis suggests that several conditions were conducive to the occurrence of concertation in the peak crisis period. First, the presence of a high macro-economic problem load, and especially the threat of exogenous intervention. Second, a
history of successful past experiences of ‘competitive corporatism’, which not only created institutionalised routines enabling structured engagement between the parties, but also shaped the strategic orientation of moderate unions, making them prioritise the preservation of institutional power resources to pursue their policy and power interests, thus increasing their willingness to engage in concession bargaining. Third, the possibility for policy-makers to mobilise prior legacies of ‘pragmatic’ concessionary concertation that could be functional to project positive images of stability and responsibility towards external stakeholders to generate market confidence. These conditions and the exchange logic underpinning these instances of ‘crisis concertation’ agreements will be revisited in the final chapter (chapter 10). However, it is worth highlighting that whilst certain causal regularities have been uncovered, the case histories have also shown the complexity and contingency of the political-agential dynamics shaping interest intermediation outcomes, which leave the process open-ended rather than mechanistically determined by macro-economic contextual factors or institutional legacies.

Introduction

This chapter investigates how the interactions between governments and organised producer groups in policy-making processes evolved in the four case study countries from 2014-2015 onwards, as they embarked on their respective pathways towards fragile economic recovery. To what extent have dynamics of interest intermediation observed during the crisis phase persisted in the post-crisis period, and to what extent have they changed?

The chapter analyses key policy-making episodes across the four cases in labour market policy, collective bargaining and pensions, covering the period from 2014/2015 up to the first half of 2018. The temporal cut-off point, dictated by practical reasons of data collection, coincides with changes in cabinet in Italy and Spain. The new executives (Lega-Five Star Movement in Italy, PSOE in Spain) which came into power in May and June 2018 respectively are thus excluded from this analysis. As the mapping of chapter 6 anticipated, the onset of the recovery did mark a change of phase – although not in similar ways across all countries. In Italy and Spain, after few years of unilateralism, different forms of macro-political exchange – including, in both cases, visible and formal intermediation processes – were re-activated as the countries started exiting the acute crisis phase from 2014/2015. In Portugal and Ireland, instead, the forms of interaction observed during the crisis (visible tripartite concertation in the former; narrow bilateral concertation in the public sector in the latter) persisted after the end of 2014, but the content and nature of exchanges altered substantively.

The chapter puts forward a political-agential account to explain the selective resilience of political exchange in Eurozone peripheral economies after the crisis. Governmental power interests, and especially common conditions of governmental weakness, are identified as the main factors accounting for governmental choice to re-activate formal and visible concertation processes post-crisis. The analysis highlights how governments sought to maximise the legitimising potential of political exchange processes by brokering agreements in policy areas of high political salience but with a low degree of polarisation in the positions of unions and employers’ organisations. Whilst the demands and campaigns of unions were crucial in determining the degree of politicisation of different policy issues, the chapter highlights that in most cases, the policy interests of employers have been pivotal in shaping the substantive scope of concertation agreements
in the recovery period. Concertation practices have mostly been used to preserve the *status quo* in favour of employers or the state and prevent the emergence of more far-reaching demands for re-regulation or restoration of pre-crisis entitlements on part of organised labour.

9.1 Italy: the re-activation of macro-political exchange

As shown in Chapter 7, the Great Recession in Italy reinforced the trend, already emergent in the prior decade, of progressive abandonment of formal and visible social concertation by governmental actors. Over 2011-2014, cabinets of centre-right (Berlusconi), technocratic (Monti) and centre-left composition (Renzi) eschewed concertation to implement far-reaching LMP and pensions reforms, confining interactions with social partners’ organisations strictly to the informal and non-public sphere.

Monti’s and especially Renzi’s political projects aimed at achieving a neoliberal reconfiguration of the Italian political economy, with the stated goal of overcoming prior institutional legacies to create a new model of policy-making which would underpin a structural modernisation of Italian capitalism in a more liberalised and market-oriented trajectory. Pursuing this goal, however, required a high degree of government strength to overcome the ‘veto powers’ that organised producer groups could exercise thanks to their entrenched institutional power resources in selected policy areas such as pensions and labour market regulation.

After 2015, however, the relationships between the government and the social partners took an unexpected ‘concertative turn’ (Sacchi, 2018), as the Renzi government re-initiated processes of public social concertation on the issue of pensions reform, and significantly slowed down its unilateralism in the sphere of labour market policy. The following section reconstructs the process leading to the re-activation of concertative practices from 2016, and the interest-driven dynamics explaining their outcomes.

9.1.1 The Italian recovery: economic and political context

Italy nominally exited its recessionary situation in 2015, when it recorded positive rates of both economic and employment growth (cf. Chapter 5). The various structural reforms disciplining organised labour undertaken by Renzi had been functional for Italy to gain some room for fiscal manoeuvre thanks to the implementation of Quantitative Easing (QE) by the ECB and the introduction of the ‘structural reform clause’ in the rules
of the Stability and Growth Pact in early 2015 (Sacchi, 2018: 39). Italy’s economic situation remained however fragile, with sluggish growth due to persistently low domestic demand, poor export and productivity performance (OECD, 2017b), and low quality employment creation. Over 2015-2016 Italy was additionally affected by a small banking crisis, which increased financial market’s concerns over a possible second sovereign debt crisis. Italy remained therefore subject to intensive macro-economic surveillance from the European institutions (via the European Semester’s Macroeconomic Imbalance Procedure). Consequently, the policy choices available to Italian policy-makers continued being constrained by the imperative to uphold fiscal consolidation and not undo the ‘progress’ achieved in structural reforms to sustain the competitiveness of the economy.

The slow recovery over the 2015-2016 impacted negatively on the political standing of the Renzi government. Whilst Renzi had presented his liberalising LMP reforms as necessary to overcome Italy’s long-standing structural problems, the persistently poor growth performance made these ‘sacrifices’ harder to sell to the public. From mid-2015 onwards, the political context shifted from a situation of relative government strength to one of political weakness. After having won an unprecedented 40% of votes in the 2014 European elections, Renzi’s Democratic Party (PD) lost 2 million votes in the regional elections of spring 2015 (Huffington Post, 2015); and the approval ratings of the Prime Minister fell from 74% in June 2014 to 41% in June 2015 (Atlante Politico, 2015). Conversely, the approval rating for challenger opposition parties – especially the catch-all populist Five Star Movement and, later on, the far-right Lega Nord – started growing considerably.

Over 2016, the government position deteriorated further. In January 2016, Renzi called a constitutional referendum, to be held later that year, on the issue of reform of the Italian political system. As the referendum approached, the government became increasingly weakened. First, Renzi suffered some defections from the parliamentary PD group to the opposition. In spring 2016 the PD then registered a highly negative performance in the local elections (Repubblica.it, 2016). The projected rates of support for the government proposals in the referendum also started decreasing over 2016 (Atlante Politico, 2016), thanks to the concerted opposition of the main opposition

---

290 Over 2015-2016, the Jobs Act initially appeared to be leading to an ‘employment-rich’ recovery, largely thanks to the impact of the generous hiring subsidies that were introduced to incentivise firms to take advantage of the new open-ended contracts with decreased dismissal protections (Bovini and Viviano, 2018). However, this impact was rather short-lived.
parties and of the main union, CGIL, with the reform proposals eventually being voted down in the vote held in December 2016.

The situation of governmental weakness continued also for the Gentiloni cabinet, which replaced Renzi’s government after the referendum in December 2016, remaining in office until the General Election of March 2018. Supported by a composite parliamentary majority comprising the PD and moderate segments of the centre-right, Gentiloni’s government was essentially a care-taker government presiding over a divided coalition and threatened by the continuing growth in the poll of the opposition parties, which eventually won the 2018 election.

9.1.2 Post-crisis interest intermediation under the centre-left PD cabinet (2015-2017)

The situation of governmental weakness, arising from a decline in consensus and a growth in public support of populist ‘challenger parties’, made it increasingly hard for Renzi to push through with his ‘disruptive’ policy agenda, especially in areas where the government was brought to clash with the institutional power resources of unions and employers’ organisations. This impacted significantly on Renzi’s attitude towards interest intermediation. From the second half of 2015, the unilateral policy-making style slowed down, opening the path for a more explicit re-activation of macro-political exchange with producer groups from 2016 onwards for the purposes of consensus generation. In this way, governmental actors hoped to secure the survival of the PD-led grand coalition, fend off the ‘threat’ arising from the growing popularity of the Five Star Movement and the Lega Nord and attempt to salvage the core of the structural liberalising measures implemented in the prior phase.291

9.1.2.1 Slowing down unilateralism: the minimum wage reform that never was

The first signal of discontinuity with unilateralism took place in late 2015, when the government decided to refrain from introducing a potentially path-breaking reform of minimum wage setting originally foreseen in the Jobs Act delegation law.292 The process surrounding this decision illustrates the important role played by tripartite political exchange under conditions of government weakness in shaping policy outcomes during the post-crisis phase. The issue of low wages and in-work poverty had become increasingly salient in Italy during the crisis period, as wages stagnated. In this context,

291 IT-GOV7.
292 IT-GOV5; IT-GOV8.
the Five Star Movement was the first party to advance proposals to introduce legislation providing for a national statutory minimum wage in 2013,\(^{293}\) presenting it as a pro-outsider measure. Renzi’s PD then took up this idea as part of its LMP agenda.

Intervention by law on the minimum wage would however have been unprecedented in Italy, where wage setting is completely delegated to the sphere of autonomous sectoral collective bargaining. As both union density and coverage of collective bargaining in Italy remain high by comparative standards (cf. Chapter 5), unions did not have incentives to advocate for direct governmental intervention in the sphere of minimum wage setting. Rather, they united to oppose the proposal with the employers’ confederations, that had an identical position on the issue and saw it as an interference in their sphere of autonomous competence, possibly leading to the dismantlement of sectoral collective bargaining, to a loss of control over wage developments and to a weakening of their institutional power resources in the IR sphere.\(^{294}\)

Keen to maintain good relationships with Confindustria, in late 2015 the Renzi government decided to refrain from intervening unilaterally. Instead, it left space to the social partners to reach an autonomous agreement on the issue of collective bargaining.\(^{295}\) Policy-makers hoped that leveraging the threat of unilateral legislation on the minimum wage would have been sufficient to make the social partners reach an agreement in favour of collective bargaining decentralisation.\(^{296}\) Even when the original ‘deadline’ set by the government for the social partners to reach agreement (end of 2015) passed, the threatened unilateral intervention did not materialise. The government essentially renounced legislating on this issue.\(^{297}\) Instead, it opted for incentivising firm-level


\(^{294}\) IT-TU10; IT-TU6; IT-EO5. The opposition to the introduction of a NMW was well expressed in the following quote from a Confindustria official (IT-EO5): “What’s lacking is a coherent thought that accompanies this evocative image of the legal minimum wage (...) I see it as a topic that is stirred up in order to dismantle the system (of collective bargaining). But once you’ve dismantled the system and you say that firms only have to respect the minimum wage and that’s it, then we need to know what happens (...) Once you have destroyed the associations that stipulate national collective bargaining agreements and you have destroyed national collective bargaining agreements themselves, then you need to ask yourself whether the world you have created is better or worse than what was there before”.

\(^{295}\) The reform of collective bargaining was necessary because the previous system for the renewal of sectoral CB agreements and the calculation of wage increases according to programmed inflation had ‘expired’ at the end of 2014, and a new ‘contractual model’ for the renewal of sectoral collective bargaining agreements had to be agreed upon.

\(^{296}\) IT-GOV8.

\(^{297}\) For the sake of completeness, it is important to highlight that the issue has since re-surfaced on the public policy agenda. In line with the M5S 2018 electoral manifesto, the introduction of legislation for a statutory minimum wage has been included in the programme of government of the M5S-Lega Nord cabinet, which came to power in May 2018. Different legislative proposals on the issue (one by the M5S, one by the PD) have been introduced in Parliament; and processes of social dialogue between the government, unions and employers’ organisations on the issue are currently ongoing (cf. Testorio, 2019)
bargaining through a generous provision of tax reliefs on productivity premia and occupational welfare provisions negotiated through firm-level agreements, included in the 2016 and 2017 Budget Laws, in line with the stated preferences of Confindustria, the banking employers’ confederation ABI and CISL (Mallone et al., 2019: 55–56).

Although there was no formal concertation process underpinning the decision not to legislate on the statutory minimum wage, dynamics of political exchange played a significant role in bringing about this preservation of the status quo. The power interests of the government, driven by its growing weakness, were crucial in motivating its adoption of a more dialogical approach. Interviewed advisors of the Renzi cabinet explained that as government popularity in public opinion declined over 2015, they understood that they needed to attempt to construct a new working relationships with organised producer groups to build a broader base of societal consensus for the government.\(^{298}\) Intervening unilaterally on an issue which directly pertained to the spheres of social partners’ competence and where both sides of the labour – capital divide were united in opposition (as a key policy-maker stated, “we understood immediately that unions and firms were firmly opposed”)\(^{299}\) was seen as a counter-productive move, that would have jeopardised crucially this effort at consensus-building. In the words of Renzi’s main policy adviser,

\[That was the phase of social dialogue, after the pars destruens we needed the pars construens, and all the social partners were opposed… and so I pushed to take it [the reform of the minimum wage] off the table as a signal of goodwill. So as to say, OK, we have closed the Green Room [the room where tripartite social concertation meetings historically took place]; now let’s open a new page (…) and it seemed that we’d be starting off on the wrong foot if we immediately asked that… but still with the weapon of the shadow of hierarchy that I could brandish, saying: we will do it [the minimum wage reform] if you don’t hurry up [in finding an agreement]. But that [threat] was over time less and less effective, because we were losing support.\(^{300}\)

The united mobilisation of institutional and political power resources by unions and, crucially, employers’ organisation was thus sufficient, under conditions of governmental weakness, to moderate the scope of unilateral intervention.

\(^{298}\) IT-GOV5.  
\(^{299}\) IT-GOV2.  
\(^{300}\) IT-GOV10.
9.1.2.2 Bipartite concertation on pensions and public sector bargaining (2016-17)

As the Constitutional referendum drew closer, the government then activated processes of formal concertation with the three main confederal unions on a key issue at the top of the unions’ policy agendas: pensions reform. The decision to seek a concertation agreement was directly motivated by the government’s desire to enlist the active support of unions in light of the upcoming referendum, and especially by the imperative of toning down the opposition of the CGIL (which actively campaigned for a ‘no’ vote).

On politically ‘salient’ areas of LMP, no compromise was possible, as the positions of the actors were very distant. Whilst the CGIL had been collecting signatures in 2016 to abrogate key provisions of the Jobs Act (in particular the deregulation of dismissal protection for open-ended employees), the other unions had adopted a more accommodating attitude. Conversely, Confindustria opposed any kind of policy reversal in the sphere of EPL, a position that the government upheld. Pensions emerged instead as the issue area where an agreement could be brokered that would allow the government to engage in credit claiming, generate consensus, appease the CGIL opposition, and not contradict the preferences of the employers’ organisations for preserving the status quo.

The political salience of the pensions issue at the time was very high. Indeed, since its unilateral implementation by the Monti cabinet in 2011 (cf. Chapter 7), the Fornero pension reform had remained one of the most hotly contested measures in Italian politics, due to the unpopular increase in the retirement age and the reduction of flexibility in access to pensions it had introduced (cf. Fornero, 2015; Raitano, 2013).

Demands for reversal were advanced both by the main opposition parties (especially the Lega Nord) and by the three unions confederations, which still commanded sizeable power resources on this policy sphere thanks to the very high share of pensioners in their membership (cf. Chapter 5). On this issue, CGIL, CISL and UIL had developed a common platform of demands for the revisions to the Fornero reform (CGIL et al., 2014, 2015), launched

---

301 IT-GOV2.
302 The pension reform in 2011 created immediate problems for a considerable number of workers who had exited the labour market early due to the crisis with the plan of accessing early retirement and were then left, upon implementation of the reform, without access to income (the so-called ‘esodati’). The issue of the ‘esodati’ became highly mediatised in the Italian public debate, contributing to a very negative perception of the 2011 reform and leading successive governments to implement various corrective interventions to address the issue, excluding various groups of workers from the scope of applicability of the new norms (cf. Fornero, 2015: 453).
303 CGIL, CISL and UIL, ‘Cambiare le pensioni, dare lavoro ai giovani’ (Translation: Changing pensions, giving jobs to young people). Available at: http://www.cgil.it/admin_nv476834/wp-content/uploads/2016/01/Pieghevole_PREVIDENZA-1.pdf
with several high-profile events of membership consultation at the end of 2015 (CGIL.it, 2015) and then pushed with several public mobilisations in spring 2016 (CGIL.it, 2016).

Given the substantive share of pensioners in the PD’s own electoral base,\(^{304}\) this became an important terrain of consensus-seeking for the weakened Renzi government. In Spring 2016 the cabinet decided to start a process of visible and formal social dialogue with the unions over the issue of revisions to the pensions system. According to a CGIL officer,

\[\text{Renzi passed from total disintermediation… so much that we spent a year}\]
\[\text{wondering ’ah what can the unions do as a political subject’, having all these}\]
\[\text{internal debates… to holding ten discussion tables in the space of three weeks in}\]
\[\text{the last month before the Constitutional Referendum…}\] 

The negotiation resulted in an agreement between the government and CGIL, CISL and UIL, in the form of a joint memorandum signed in September 2016 (Ministero del Lavoro e delle Politiche Sociali, 2016).\(^{306}\) The agreement foresaw some corrective interventions to the pensions system to be implemented over the following three years, for which the government made available 6 billion € in the 2017 Budget Law (Eurofound, 2016b; Jessoula, 2017), with a second phase of corrective interventions planned for the following year. The consensus-seeking function behind the re-activation of public and visible concertation with the unions on the issue of pensions was openly acknowledged by governmental actors. In the words of one of Renzi’s main advisers,

\[\text{Being aware of the fact that in order to get a political prize it would have been}\]
\[\text{necessary to have an agreement with the unions, the government’s policy unit invested}\]
\[\text{a lot on the theme of pensions (…) And there the real dialogue started, this time}\]
\[\text{not technical, but political, of exchange. And so we had the famous grand meetings,}\]
\[\text{for the first time open to journalists (…). So re-activation of the public dimension}\]
\[\text{of the dialogue. At the end of the day, that was the gain that we wanted to make}\]
\[\text{on the politically heavy theme of pensions; basically, we had to get out the money,}\]
\[\text{and so it’s clear that if I have to spend money I want to take something home from}\]
\[\text{the point of view of consensus}.\] 

\(^{304}\) Pensioners made up roughly one third of the PD electorate in this period (author’s calculation based on ESS data, waves 6-8).

\(^{305}\) IT-TU2


\(^{307}\) IT-GOV2.
On their part, unions also benefited from this process. Besides meeting some of their policy preferences, the 2016 agreement allowed them to re-gain some of their depleted societal power resources by giving them a small win that they could use for credit claiming vis-à-vis their membership and public opinion more broadly (cf. CISL, 2016).\textsuperscript{308} Their legitimacy was also boosted by being again admitted ‘at the table’ as legitimate interlocutors by a government which had, until a few months before, sought to exclude them.

A comparable dynamic took place in the sphere of public sector collective bargaining, where national level bargaining had been suspended and wages frozen since 2010 during the economic crisis. The unions extracted concessions from the Renzi and then Gentiloni government on the issue of public sector wage increases and new bargaining rules in the public sector, first through an agreement between the government and CGIL, CISL and UIL reached on the eve of the Constitutional referendum in November 2016,\textsuperscript{309} and then continuing into 2017.

9.1.2.3 Behind-closed-doors negotiations over ‘social shock absorbers’ and occupational welfare

Negotiations with the social partners took place over 2016-17 also in the sphere of ‘social shock absorbers’, i.e. short-time work schemes and other income protection measures for workers at risk of redundancy, leading to some significant policy reversal. These negotiations were different from those in pensions, as they took place through mechanisms of \textit{ad hoc political exchange}, rather than through public and visible concertation, and involved employers’ organisations (Confindustria \textit{in primis}) as well as unions.

The issue of ‘social shock absorbers’ had lower political salience than pensions, as it affected a much smaller number of recipients, but was an issue area where the positions of unions and employers’ organisations coincided on several fronts. Before the Jobs Act, large Italian employers relied extensively on short-time work funds to manage large restructuring cases without industrial conflict. The old system provided a long period of income protections to workers at risk of redundancy and granted social partners considerable institutional power resources in managing the funds. The Jobs Act had then considerably tightened the rules for firms to access short-time work schemes to prevent them from being used as a form of state aid to prevent company failures, as well as limited

\textsuperscript{308} By way of example of credit-claiming, CISL leader Furlan saluted the agreement as a “cultural and political turning point” marking the end of disintermediation, and vindicated that it was “the most substantive agreed upon intervention on pensions since 2007” (CISL, 2016).

\textsuperscript{309}\textit{Accordo sul Pubblico Impiego, 30 November 2016. Available at: }http://www.funzionepubblica.gov.it/articolo/ministro/02-12-2016/laccordo (accessed 8 August 2018).
their duration. This move aimed to shift the focus of unemployment protection from job security to security in the labour market and reduce the role of the social partners in their management at the local level (Sacchi, 2018).

The reforms were to come into full force from 2017, but their goals clashed both with the reality of the still fragile Italian recovery and with the substantive delays in the implementation of the new ALMP system. This created the risk of potentially leaving large pools of workers with sole access to the ‘ordinary’ unemployment benefits (less generous than what would have been the case under the old STW system) as a form of income protection without ALMPs to facilitate relocation in case of redundancies.

In light of these problematic aspects, over 2016 Confindustria and the three main unions started exercising pressures on the government to introduce some derogations from the new stricter rules, with the stated rationale that this would help ‘smoothen’ the otherwise harsh transition towards the new ‘post-Jobs Act’ system of unemployment income protection. The shared organisational interests of unions and employers facilitated the formation of a coalition in favour of partial policy reversal. In September 2016, Confindustria, CGIL, CISL and UIL presented to the government a document with requests to loosen the rules governing access to extraordinary short-time work scheme funds in cases of large industrial restructuring (Confindustria et al., 2016). This was articulated as part of broader proposals, encapsulating an exchange between the unions and Confindustria, to develop a new system of ‘anticipatory’ management of large industrial crises which would foresee a central role of organised producer groups in managing re-training for workers made redundant.

On this issue, due to its lower political salience and the low number of workers

---

310 The unions agreed to endorse an anticipatory management of the occupational consequences of restructuring cases, foreseeing a system whereby employers and unions could conclude firm-level agreements to organise training activities for workers at risk of redundancy from the beginning of the short-time working period, rather than only at the end. This position was strongly advocated for by Confindustria (IT-EO1; IT-EO5), who wanted to increase employers’ certainty around the management of redundancies in cases of restructuring. In exchange for this concession, to which unions had previously been opposed, Confindustria agreed to endorse the unions’ requests for longer duration of short-time work schemes.

311 Crucially, the joint Confindustria-CGIL-CISL-UIL document also included a proposal to entitle ‘bilateral funds’ (sectoral funds jointly set up and managed by the social partners organisations for the provision of training activities) to receive the 0.30% contribution to the now discontinued mobility indemnity (phased out by the Jobs Act from January 2017) in order to provide such outplacement activities to redundant workers. Governmental actors interpreted this as an attempt by the social partners to advance their joint organisational interests and acquire new institutional power resources, by seeking to (re-) secure the management of this sizeable pot of financial contributions from firms (IT-GOV7; IT-GOV5). This proposed solution, supported by Confindustria and CISL, was not endorsed by the CGIL, who saw it as going against the principles of universality in the provision of unemployment benefits (IT-TU8).
potentially affected, political exchange took place behind closed doors. The core team of Renzi’s policy advisers was initially opposed to relaxing the rules on short-time work schemes, which they saw as dismantling a key pillar of the Jobs Act.\footnote[312]{\textit{IT-GOV5; IT-GOV10; IT-GOV7; documentary evidence (email exchanges seen by the author).}} However, officials within the ministerial bureaucracy in charge of managing tripartite dialogue tables on local industrial crises endorsed the social partners’ preference for relaxing the rules. Post Jobs Act, these actors faced considerable difficulties in solving high-profile cases of industrial restructuring, as the absence of fiscal resources to smoothen the exit of redundant workers through ‘social shock absorbers’ heightened the chances of social and industrial conflict. Consequently, they exercised pressure ‘from the inside’ to achieve policy reversal in line with the preferences of the social partners.\footnote[313]{\textit{IT-GOV7.}}

Following a behind-closed-door process of negotiation involving the Prime Minister’s Office, the Ministry of Labour and the social partners, the government agreed to introduced in Autumn 2016 some minor corrective interventions to the Jobs Act (D.L. 185/2016), for the value of €370 million euros, that prolonged temporarily the duration of short-time work schemes and other forms of unemployment benefits by 12 months for workers affected by restructuring processes arising from complex industrial crises (Il Sole 24 Ore, 2016). The concessions granted were important to secure the continued support of Confindustria, CISL and UIL for the upcoming referendum and to limit potential societal tensions at local level in cases of large restructuring (that could have high media resonance and potentially reinforce the image of the Renzi government as ‘out of touch’ with the needs of the working population).\footnote[314]{\textit{IT-GOV7.}}

\subsection*{9.1.2.4 Concertation under Gentiloni: fending off the ‘populist menace’}

This dialogical approach continued then over 2017 with the Gentiloni government (supported by the same majority as Renzi’s). Gentiloni granted further extension of various income protection measures for workers in areas of complex industrial crisis for the whole of 2017 and 2018 (D.L. 244/2016; D.L. 50/2017; Law 205/2017), and met other social partners’ requests with regard to the anticipated management of redundancies (introducing so-called ‘outplacement agreements’ - ‘\textit{accordo di ricollocazione}’). Public concertation tables between the Gentiloni government and unions continued also on the pensions issue, leading to further corrective interventions in the
2017 Budget Law (Raitano, 2018) which were substantively negotiated with the unions and formalised in a further agreement in November 2017 (Government of Italy, 2017).

Governmental power interests following the defeat of the government in the 2016 Referendum were at the root of Gentiloni’s dialogical policy-making style. Several interviewees recognised that the change in the political phase after December 2016 played a crucial role in shaping interest intermediation, marking “a before and after, on the terrain of disintermediation”.315 In the words of one of Renzi’s advisers,

[quote]
Now (March 2017) the climate has completely changed and it is the government that runs after the unions, on the Jobs Act sometimes we have gone back… the attitude has really changed. For example the dialogue table on pensions has been done on purpose to establish a very close relationship with the unions and design with them the improvements on pensions.316
[/quote]

In light of the growing popularity of right-wing (Lega Nord) or ‘populist’ (Five Stars Movement) challenger parties, bringing the confederal trade unions and the main employers’ organisations back into the fold of governmental policy-making constituted a last-ditch and ultimately failed defensive attempt on part of the moderate centrist bloc led by the PD to fend off the threat of defeat at the 2018 general elections at the hand of ‘populist’ forces. The attempt was to unite domestic employers with the ‘moderate’ segments of organised labour to forge a coalition in favour of an economically liberal policy agenda.

The hope that the re-activation of public concertation and ad hoc processes of political exchange could help centrist forces to mobilise support in public opinion was, however, founded on an overestimation of the effective capacities of consensus mobilisation that unions and employers’ organisations could command. In fact, the change in the Renzi government’s attitude towards the social partners over 2016 – from unilateral to dialogical - was not beneficial for its approval ratings.317 The Gentiloni cabinet was also not able to turn around the fate of the centre-left by attempting to mobilise the support of unions and employers’ organisation. In the elections of 2018, the PD registered its lowest result ever, opening up a new political phase in Italian politics with the coming to power of the far-right-populist coalition of the Lega and Five Star

315 IT-TU12.
316 IT-GOV2.
317 In the words of a high-ranking union executive from CGIL (IT-TU8), "Renzi overestimated our capacity to influence the voters".

268
A decade after the crisis onset, therefore, interest intermediation dynamics in Italy remain as volatile as before. The shift towards unilateralism attempted by Monti and Renzi appears to have been conjunctural rather than structural, as practices of political exchange have been re-activated in several policy areas under conditions of government weakness since 2015, leading to significant instances of policy reversal. The still high institutional power resources of organised producer groups in the governance of the industrial relations and wage-setting system, and unions’ concentrated capacity to mobilise consensus among pensioners continue to make their cooperation useful for policy-makers to tackle complex issues of socio-economic governance (cf. Regalia and Regini, 2018). However, whilst centrist political forces have attempted to use formal interest intermediation as an ‘anti-populist’ practice, the chances for a future revival of substantive concertation appear scant in light of the progressive exhaustion of the unions’ and employers’ organisations ability to influence public opinion – especially as the centre of gravity of Italian politics shifts further towards the right.

9.2 Spain: from unilateralism to cosmetic concertation

As Chapter 7 showed, during the crisis period tripartite concertation in Spain had come under increasing pressure under the centre-left Zapatero cabinet in 2008-2011; and was then deliberately rejected by the centre-right Rajoy cabinet from 2012 onwards. Rajoy embraced unilateralism as his policy-making style of choice to implement liberalisation and retrenchment in LMP and pensions. This approach was justified by virtue of the ‘exceptionalism’ of the crisis situation, and used to pursue a radical process of neoliberal restructuring of the Spanish political economy (cf. Cioffi and Dubin, 2016). However, this strategy of unilateral interventionism required considerable government strength, and became harder to justify as economic conditions improved and Spain exited its bailout.

From 2014, governmental unilateralism was indeed partly reversed, as the increasingly weakened centre-right cabinet attempted to rekindle concertation in several policy areas. Numerous tripartite dialogue tables were initiated, but these were primarily instances of cosmetic concertation. The only substantive agreement was reached on the topic of minimum wage increase in late 2017. Hence, whilst the formal aspect of interest intermediation displayed discontinuity with the dynamics of the crisis period, the substance of intermediation did not change substantively - as policy-oriented political exchange remained, for the most part, suspended over 2014-2018.
9.2.1 Economic and political context

As reconstructed in Chapter 5, Spain’s recovery started at the end of 2013, when growth rates turned positive after five years of recession. The positive export performance contributed to creating a policy discourse, both within the government and amongst employers’ organisations, in favour of maintaining continuity with the strategy of internal devaluation and wage moderation pursued during the crisis period (cf. Alcelay, 2016). However, the contribution of exports to employment creation and inclusive growth remained limited, with most new jobs concentrated in low-end, low-wage services (Tacero et al., 2017). Rather than being passed onto export prices or investments, savings arising from wage devaluation mainly resulted in higher corporate profits (Álvarez et al., 2019), contributing to a marked increase in inequality (OECD, 2017c: 33). Spain’s fiscal space also remained constrained by an Excessive Deficit Procedure, which remained open until 2018.

The persistence of stark social and economic inequalities and widespread labour market insecurity (cf. Chapter 5) despite the return of positive growth levels fostered political tensions. Issues of poor employment quality, low wage growth and loss of purchasing power had become increasingly politicised since 2012-2013 by union campaigns, social movements mobilisation (such as the Indignados movement, the so-called Marías and several other anti-austerity platforms), and challenger parties of the radical left. The unpopularity of austerity policies also led to growing levels of public dissatisfaction with the political system (Fernández-Albertos and Kuo, 2016). As a consequence, the dynamics of political competition in Spanish politics experienced significant upheavals, with the rapid growth since 2014 of two new ‘challenger’ parties (Podemos on the radical left, Ciudadanos on the centre-right) which upset the established two-party system, and since 2016-17 an intensification of long-standing regionalist and nationalist cleavages (Clua-Losada, 2018; Hutter et al., 2018; Vidal, 2018).

These political upheavals reduced government strength. According to Eurobarometer, levels of public trust in the majority PP government oscillated between 9% and 11% over 2014-2015318 and at the 2014 European elections the PP recorded its worst-ever performance, receiving only 26.1% of the vote (Lancaster, 2017: 924). Party system fragmentation led to inconclusive results in both the 2015 and 2016 General

318 The data are taken from the Eurobarometer time series (available at: https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Chart/index, accessed 5 May 2019). The relevant Eurobarometer question is the following: “For each of the following media and institutions, please tell me if you tend to trust it or tend not to trust it. The (NATIONALITY) government”. Possible answers include “tend to trust”, “tend not to trust”, “don’t know”.
Elections. In 2016, the PP managed to increase its vote share from 28% to 33%, eventually forming a minority government supported externally by Ciudadanos. The second PP government, still led by PM Rajoy, was however extremely weak, plagued by the Catalan independence crisis from October 2017 and by corruption scandal which led to its eventual collapse in June 2018, when it was substituted by another minority government led by PSOE’s leader Sanchez.

9.2.2 Post-crisis interest intermediation under the centre-right PP cabinet

In this scenario of growing governmental weakness, from mid-2014 onwards the PP government abandoned its prior unilateral approach and established several tripartite concertation tables with the employers’ confederation CEOE-CEPYME and the two main unions, UGT and CCCO, on various labour market and welfare policy issues. PP’s governmental actors denied ever having been explicitly hostile to social dialogue and explained this change of approach in light of the improved macro-economic scenario: "what had changed [since 2014] was the context, not our ambition".319 In July 2014, the first headline tripartite agreement since the ascent of power to the PP was signed ("Tripartite agreement on proposals for tripartite negotiations to strengthen economic growth and employment").320 This included several proposals to promote an “inclusive and job-rich recovery”, but no substantive compromises on concrete policy issues.

Whilst unions were keen to regain a role in national level social dialogue after years of exclusion, the ‘cosmetic’ nature of social dialogue created frustration. In the words of a senior CCOO official, “This is not a revival of social dialogue. Because this agreement is… as I call it, poetic. (…) It’s a declaration of ‘we’ll try to do’ or ‘we’ll try but we haven’t done very much or nearly nothing’”.321 The former deputy leader of UGT slammed it as an “empty carcass (…) an agreement more of procedure than of contents”.322 The only concrete policy outcome arising from this was an extraordinary programme of activation for employment (PAE), to facilitate the labour market reinsertion of the long-term unemployed through ALMP measures – which however was already agreed upon by both sides and thus did not entail policy-oriented compromises. Interviewees from both unions and employers’ side were unanimous in characterising the re-activation of concertation as a “strategy of marketing by

319 ES-GOV4.
321 ES-TU1.
322 ES-TU9.
the government”, purely “instrumental” and used by the government for power-related purposes, to demobilise union opposition and broaden its base of support ahead of the approaching general election.

9.2.2.1 Cosmetic concertation during the Rajoy II cabinet: employment policy and pension reforms

The use of tripartite social dialogue as a legitimation strategy became even more explicit once the PP lost its Parliamentary majority following the 2016 elections. The Rajoy II government was forced to seek compromises with opposition forces in Parliament to pass legislative measure. It thus attempted to use tripartite social dialogue as an additional mechanism to broaden its base of consensus, diffuse societal opposition and overcome policy deadlock. In November 2016, the government, CEOE, CCOO and UGT issued a joint statement declaring their shared intention to give “a new start to social dialogue and concertation”. From early 2017, several tripartite social dialogue tables were then set up to discuss possible solutions to the labour and social policy issues that emerged as the main ‘sticking points’ of the Spanish economic recovery: employment quality and high labour market temporality, employment creation, and revisions to the pensions’ reform. All social partner organisations interviewed reported however that the progress achieved in any of these “thousands or millions of reform meetings in this tripartite structure” was extremely limited, with no significant compromises found, poor coordination between the issues, and a substantive paralysis of the policy-making process.

The dialogue table on employment creation resulted in September 2017 a joint memorandum with some proposed agreed measures to combat youth unemployment. Like in the case of the PAE in 2014, this was not underpinned by a substantive policy-oriented exchange, because the content found both CEOE and the unions already in agreement. The table on employment quality, which dealt with the most controversial topic – the possible reform of rules on fixed-term contracts and dismissal legislation to combat the persistently high levels of temporality in the labour market, did not bear any

---

323 ES-TU1
324 ES-TU9; ES-E01.
326 ES-E01.
327 Plan de Choque por el empleo juvenil. 28 September 2017. Available at: https://www.ccoo.es/0fc3a57742961dbece08399346472b45000001.pdf (accessed 10 August 2019).
328 ES-TU7; ES-E03.
concrete results.\footnote{ES-TU7; ES-TU8.}

The limited capacity of political exchange processes to produce policy-oriented compromise had various causes. Legacies of the prior unilateral policy-making period hindered progress, as unions’ trust towards the cabinet had been undermined by the direct attacks that the PP government had pursued against organised labour during its first mandate. In the words of a UGT official, which echoed similar declarations by several others, “the same actors that had the absolute majority are not capable in this moment to hold an open and consensual dialogue, because the arrogance of that majority is continuing up until now”\footnote{ES-TU5.}

Polarisation in actors’ policy preferences and interests, rooted in fundamental divergences about Spain’s post-crisis accumulation model, also hindered the brokering of any compromises. Since 2012, both unions had jointly been demanding the abrogation of the PP’s LMP reform, demanding instead substantive re-regulation of EPL and a re-centralisation of collective bargaining, with the stated goal of altering the low-wage, low-quality model of employment creation that had characterised the Spanish recovery until then.\footnote{ES-TU1: “We are exiting from the recession, employment is growing, but where is it growing? In services, in hospitality… there is no growth in industry or in sectors with high technological value. The rate of temporality is still very high, and even with the unemployment rate we are still talking of about 17% or so. Therefore there is a total absence, on part of the government, of a plan to change in the model of production over what sectors they want to promote, or about whether they actually want that this country belongs to the periphery. There is a total lack of policies that can help to improve the conditions of Spanish society… and the employers are following the policy of Don Tancredo [i.e. acting as immobile statues]; they follow the government.”}

CEOЕ, on its part, was equally rigid in the opposite sense. Having gained substantive concessions during the crisis on issues of dismissal costs, regulation of temporary employment and internal flexibility, CEOЕ opposed any policy reversal in these areas, which would have jeopardised their competitiveness strategies founded on low labour costs. In the words of a CEOЕ interviewee, “(...) the economy is recovering, and employer’s organisations hope not to change. We prefer to remain now in this situation”.\footnote{ES-EO1.}

Especially after the Rajoy II government lost its parliamentary majority, CEOЕ embraced thus tripartite concertation as a mechanism that could help them fulfil their policy interests and prevent re-regulation in EPL at the initiative of left-wing forces in Parliament by defending the principle that major policy changes should be negotiated in social concertation.\footnote{ES-EO3.} Unions strongly criticised this strategy, which they saw as motivated by employers’ desire to ensure effective policy inertia whilst maintaining their own

\footnotesize{329} ES-TU7; ES-TU8.
\footnotesize{330} ES-TU5.
\footnotesize{331} ES-TU1: “We are exiting from the recession, employment is growing, but where is it growing? In services, in hospitality… there is no growth in industry or in sectors with high technological value. The rate of temporality is still very high, and even with the unemployment rate we are still talking of about 17% or so. Therefore there is a total absence, on part of the government, of a plan to change in the model of production over what sectors they want to promote, or about whether they actually want that this country belongs to the periphery. There is a total lack of policies that can help to improve the conditions of Spanish society… and the employers are following the policy of Don Tancredo [i.e. acting as immobile statues]; they follow the government.”
\footnotesize{332} ES-EO1.
\footnotesize{333} ES-EO3.
lobbying channels with the government.³³⁴ “According to them [CEOE] we have made progress during the crisis and now social dialogue is gonna make us take steps back. [...] in general they continue thinking that their role in social dialogue is important, but they know that if social dialogue produces results they have to lose some ground in all that stuff that has fallen from the sky for them in the last few years”.³³⁵

For its part, the PP government was instead resolute in upholding employers’ positions, stating that revisions of the 2012 reform constituted a ‘red line’ that could not be crossed (El Confidencial, 2016).

9.2.2.2 The failed social dialogue over the pensions’ reform

Interest intermediation in the pensions’ sphere also remained purely cosmetic over 2017-2018. PP’s unilateral pensions reform of 2013 had become hotly contested in public opinion, as it had led to projected substantive reductions in the real value of the average pension (Díaz-Giménez and Díaz-Saavedra, 2017). In response, a large social movement of pensioners demanding the abolition of the 2011 and 2013 reforms had emerged since 2014 across several Spanish regions (so-called ‘Marea pensionista’), and in 2017 morphed into a national-level umbrella organisation (the Coordinadora Estatal por la Defensa del Sistema Público de Pensiones – National Coordination for the Defense of the Public Pension System).

The pensions-related problem-load remained high: despite the harsh retrenchment introduced during the crisis, the system was still in deficit due to adverse demographic trends and falling revenues from social security contributions (Cos et al., 2017). These factors forced the new PP government to confront again the pensions’ reform question. To reduce political contestation, from early 2017, the government started negotiations with all parliamentary political forces through the framework of the Pacto de Toledo (Colàs-Neila, 2018), to seek a compromise solution that would address the long-term problem of “fiscal sustainability” of the pensions system.

Simultaneously, the government established a tripartite social dialogue table with

³³⁴ ES-TU5: “They (CEOE) act as a lobby with the government, they are constantly introduced in the ministries, in the interest groups… and they want to maintain that. So they go to the social dialogue tables without positions, or with purely formal positions, but afterwards they comply with what the government says. They have other channels of intervention, and social dialogue interests them for nothing more than giving a band to the government and to make sure that the reforms are not pushed back.”

³³⁵ ES-TU5.
CCOO, UGT, and CEOE-CEPYME. Unions and EOs welcomed it as it gave them back institutional channels of access suspended during the crisis period. Progress, however, was non-existent throughout 2017 and early 2018, primarily due to the polarisation of positions between the parties. The government opposed revisiting the 2013 reform (Publico.es, 2017), whilst CCOO and UGT demanded substantive revisions and a reinstatement of inflation-aligned indexation. CEOE, for its part, echoed the government’s demands for measures to increase the ‘fiscal sustainability’ of the system through expenditure reduction (El País, 2017) but opposed categorically any increase in employers’ contributions to finance the deficit, advocating instead reduction of employers’ costs (La Información, 2017; CEOE, 2018: 16–17). As a result of these diverging positions, tripartite negotiations were repeatedly suspended during 2017 and 2018.

This led to a hardening in unions’ positions. UGT and CCOO accused the government of lacking “political willingness” to reach a compromise, and of using the dialogue table instrumentally, “to say that the problem of pensions is being dealt with through social dialogue, transmitting a message of tranquility to public opinion that does not respond to actual reality” (UGT, 2017a). In response to the lack of action by the government, attempting to maintain visibility over this salient policy issue, CCOO and UGT launched in Autumn 2017 a wave of cross-country pensioners’ mobilisation to demand the derogation of the 2013 reform (UGT, 2017b). They sought to join forces with the grassroots pensioners’ movement of the Coordinadora Estatal, which had organised increasingly large public protests from late 2017 and mobilised hundreds of thousands of pensioners across the country in February-March 2018 demanding ‘decent pensions for all’ (El Diario.es, 2018; Gómez, 2018).

The relationships between CCOO and UGT and the pensioners’ movements were however complicated, as the Coordinadora Estatal also demanded the abolition of the 2011 reform, which CCOO and UGT had negotiated with PSOE’s Zapatero government (see Chapter 7). CCOO and UGT were thus heavily criticised by the pensioners’ movement for their ‘complicity’ in previous reforms, and accused of trying to instrumentally ‘appropriate’ the grassroots mobilisation for their own power goals (elEconomista.es, 2018; Ruiz, 2019). The unprecedented scale of the grassroots mobilisation of

---

337 ES-TU4; ES-TU2.
339 Some interviewees from the union movement (ES-TU8; ES-TU9) vindicated that the confederal unions had been the first to mobilise over the issue of pensions; and that the attempt to
pensioners obfuscated CCOO and UGT’s campaigning efforts, leading them to lose part of their prior societal power resources over the pensions’ public debate.\textsuperscript{340}

 Eventually, the increasing political salience of the issue (Rodríguez-Pina, 2018) forced the government to grant concessions to the pensioners’ demands, as the ongoing mobilisation threatened to create significant electoral costs for the PP, whose base of support was highly reliant on the pensioners’ vote. In a last-ditch attempt to contain its electoral losses, the government conceded in April 2018 to re-introduce the indexation of pensions in line with inflation for 2018 and 2019, leading to a 3% increase of minimum pensions rather than the planned 0.25% (Alberola and Gómez, 2018). However, policy reversal took place through a parliamentary agreement with the Partido Nacional Vasco (PNV) rather than as a result of tripartite intermediation, as the depletion of unions’ societal power resources over the pensions issue dramatically reduced the incentives for the government to conclude a tripartite agreement including the unions for legitimization purposes.

9.2.2.3 The 2017 Minimum Wage Agreement

Against this background of cosmetic concertation, the only LMP issue over which the parties could reach a tripartite agreement with concrete policy commitments was the topic of minimum wage increase. In December 2017, after a very fast negotiation and just two days before the Catalan regional elections, the government and the social partners concluded a tripartite agreement providing for a negotiated increasing of the national minimum wage (NMW) for the 2018-2020 period).\textsuperscript{341} The choice to broker an agreement on the NMW was motivated by political-power seeking dynamics, rather than problem-solving imperatives.

The issue of minimum wage setting had also acquired growing political salience in the early recovery period. When the PP came into power in 2011, the NMW, which applies (since 1963) to workers uncovered by collective bargaining, was set at €641 per month – around 44% of the median wage (Schulten, 2014: 9), one of the lowest relative levels in the EU15, thus covering only 1.7% of full-time workers according to union estimates (CCOO and UGT, 2015). During the crisis, the NMW had lost purchasing

\textsuperscript{340} ES-TU7.

power after being frozen twice and only being increased by 0.5% in 2013 and 2015.

As their bargaining power in sectoral collective bargaining was substantively weakened (cf. López-Andreu, 2019), in the post-crisis context unions ramped up their campaigns for a re-valuation of the minimum wage, which they saw as a mechanism to recuperate lost purchasing power and put upward pressures on collectively agreed wages.342 From 2015, CCOO and UGT led joint campaigns advocating for annual increases of 10-11%, with the goal of approximating the NMW to the target of 60% of the average wage (CCOO and UGT, 2015). In 2016, they advanced demands for an immediate increase to €800 per month for 2017 and commitments to progressive increases to reach €1000 by 2020 (El Diario.es, 2016). However, in 2016 the government chose to bypass social dialogue; negotiating instead an 8% increase (up to €707 monthly) directly with the main opposition party, PSOE, in exchange for its parliamentary support for the 2017 Budget. This created considerable tensions with both CEOE-CEPYME, irritated by the formal lack of consultation, and with the unions, who considered the increase insufficient and organised public mobilisation against the government.

In December 2017, therefore, the government (weakened at the time by the unfolding Catalan crisis) opted to use visible concertation to legitimise its decision and stabilise its relationship with the social partners. The government committed to a progressive yearly increase of the NMW which partly met union demands – 4% in 2018, 6% in 2020, to reach €850 per month by 2020. Employers were compensated by increasing the threshold for compulsory social security contributions and making future wage increases conditional on favourable economic conditions (at least 2.5% GDP growth in the year of reference, and annual employment creation of 450,000 jobs). Employers consented, as the planned rates of NMW increases did not have implications for the level of wage increases negotiated through sectoral collective bargaining, and sufficient guarantees were put in place so as to neutralise its potentially adverse employment effects.343

The process of political exchange in the sphere of the NMW fulfilled therefore the power interests of the PP government, allowing it to engage in affordable credit claiming vis-à-vis the electorate on an issue of growing political salience, tone down the resonance of PSOE’s and Podemos policy demands on labour market policy issues, and reduce unions’ scope for opposition. Through continued participation in visible concertation

342 ES-TU3; ES-TU7.
343 ES-EO3.
tables, both unions and employers’ organisations were also able to gain visibility and recognition of their political role in public opinion, instrumental to shore up their organisational legitimacy and consolidate their depleted institutional and societal power resources (cf. Köhler and Jiménez Calleja, 2018; Pérez de Guzmán et al., 2016). The scope of the compromises reached through social concertation was however substantively shaped by employers’ preferences and policy interests. Consenting to a moderate and circumscribed increase in the NMW allowed employers’ organisations to partly pre-empt the emergence of more far-reaching demands in public opinion for LMP re-regulation (thus helping them to defend their crisis gains), whilst also extracting substantive compensation for their costs. Politically, concertation also helped to shore up the legitimacy of the minority centre-right cabinet, helping to delay its collapse and the ascent to power of the left, which employers feared would unleash a strong push for re-regulation in LMP and more substantive wage revaluation.344

Overall, the analysis shows that whilst crisis-induced unilateralism in Spain was only temporary, at least in its formal dimension, in the post-crisis period interest intermediation has become emptied of substantive content and increasingly subjugated to the pursuit of power interests of governmental actors. In a context of political instability, tripartite concertation in its ritualistic, symbolic dimension acted as an institutional legacy that governmental actors could fall back upon to attempt to navigate deadlocks in politically salient policy areas and project an appearance of stability and social consensus. Having lost organisational and societal power during the crisis, UGT and CCOO remained willing to participate in such processes to restore their depleted institutional power resources. However, their inability to impose significant political costs on the government through contestation meant that the scope of policy-oriented political exchange has been set by the policy interests of employers’ organisations, which have used concertation to block policy changes adverse to their accumulation strategies based on low-cost competition. In a political context of persisting fragmentation and polarisation, it is therefore likely that visible forms of concertation in Spain will continue to be driven by short-term power interests, rather than acting as mechanism capable of solving distributional conflicts between labour and capital and of embedding the Spanish economic recovery into a long-lasting societal compromise.

344 This prospect did indeed materialise when in late 2018 the new centre-left minority cabinet of the PSOE, led by PM Sanchez, negotiated with radical left party Podemos an unprecedented 22% increase in the NMW for 2019, without gaining the consent of employers’ organisations.
9.3 Portugal: from cosmetic to substantive concertation

During the Eurozone sovereign debt crisis, social concertation in Portugal underwent alternating fortunes. As shown in Chapter 8, in the run-up to the bailout and in its early implementation period the centre-left PS Socrates government and the centre-right PSD-CDS Passos-Coelho government concluded two tripartite ‘cosmetic concertation’ agreements to legitimise the implementation of structural labour market and collective bargaining reforms included in the MoU. After securing social peace with the 2012 Compromisso, however, the Passos-Coelho cabinet implemented unilaterally several changes to the regulatory framework of collective bargaining and dismissal compensation (see Chapter 6), disregarding the contents of prior tripartite agreements (Moury and Standring, 2017; Tavares and Gonzalez, 2016) and marginalising the standing committee for social concertation (CPCS) in the policy-making process (Ramos de Almeida et al., 2016).

This phase of governmental unilateralism was nonetheless relatively short-lived. As Portugal exited the bailout programme in mid-2014, the centre-right government re-activated tripartite social concertation, leading to a first post-crisis tripartite agreement on the national minimum wage in October 2014. From late 2015, the new centre-left minority cabinet led by PM Costa continued in the same trajectory, concluding various concertation agreements which also paved the way for negotiated minimum wage increases and revisions to labour law.

9.3.1 Economic and political context

As recalled in Chapter 5, after Portugal’s exit from the bailout programme in 2014, its macro-economic problem-load remained high. As domestic demand was suppressed by years of austerity and weak wage growth (Arnold, 2015; Blanchard and Portugal, 2017), the Portuguese recovery remained strongly dependent on incoming FDI (OECD, 2017a: 61) and service sector exports (especially tourism), thus reinforcing reliance on a low-wage competitiveness model. Fiscal space was constrained, due to the requirements arising from the Eurozone governance framework and from the SGP’s Excessive Deficit Procedure to stick to an agenda of fiscal consolidation. Portugal also continued receiving recommendations (through the Troika’s Post-Programme Surveillance visits and the European Semester to maintain its “reform momentum” in structural LMP reforms (European Commission and DG ECFIN, 2016: 6) and not undermine progress made under the Troika to preserve the “competitiveness gains” achieved through internal
The social impacts of the crisis – income inequality, high unemployment levels, endemic labour market segmentation and low wages (OECD, 2016: 12, 33, 44) – contributed to fuelling strong societal demand for strengthening social protections and reinstating lost purchasing power. In this context, the Passos-Coelho government faced a scenario of growing political instability. Domestic political contestation had heightened during the bailout, leading to the emergence of large anti-austerity protests movements (‘Geração à Rasca’ and ‘Que Se Lixe a Troika’), increased labour unrest, and a generalised rise in political disaffection (Accornero and Pinto, 2015; Dias and Fernandes, 2016; Fernandes, 2016). Over 2013-2014, public trust in the government reached its lowest levels in a decade, oscillating between 10% and 14% (cf. Eurobarometer), and the governing coalition became weakened by internal divisions which threatened its stability. With the general election approaching in 2015, this situation of governmental weakness led the executive to change its approach in interest intermediation. After the end of the bailout in May 2014, the government initiated formal negotiations with the national social partners organisations in the CPCS on two issues: revisions of collective bargaining regulations and increases to the national minimum wage.

9.3.2 Post-crisis interest intermediation under the centre-right PSD cabinet

9.3.2.1 Ad hoc political exchange on collective bargaining

In the sphere of collective bargaining, the Passos-Coelho cabinet had implemented over 2012-2013 unilateral several measures of decentralisation (Campos Lima, 2016; Tavora and Gonzalez, 2016). One especially controversial measure was the tightening of representativeness criteria for issuing decrees extending the applicability of collective bargaining agreements (CBAs) to the respective regional and sectoral domains.

345 For example, both the Troika and the Commission repeatedly warned the Portuguese government against re-centralising or increasing coverage of sectoral collective bargaining and against increasing minimum wage levels beyond productivity growth, so as not to harm competitiveness (European Commission, 2014b: 4, 2015b: 28). Limited progress in fostering firm-level wage setting, minimum wage growth exceeding productivity and persistently high labour market segmentation were repeatedly flagged up in Portugal’s European Semester CSRs as issues to be addressed (European Council, 2014: 106–107, 2015: 97, 2016: 113, 2017: 97). The Commission even aired the possibility of requesting further interventions in labour law to reduce excessive rigidity in EPL for open-ended contracts (Diario de Noticias, 2018), in line with demands by employers in export-oriented sector for further labour law alterations that can guarantee “greater flexibility in working time patterns” (Renascença, 2016) and “attract foreign investment” (Dinheiro Vivo, 2017).

346 The data are taken from the Eurobarometer time series (available at: https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Chart/index, accessed 5 May 2019). The relevant Eurobarometer question is the following: “For each of the following media and institutions, please tell me if you tend to trust it or tend not to trust it. The (NATIONALITY) government”. Possible answers include “tend to trust”, “tend not to trust”, “don’t know”.

280
Resolution 90/2012 had introduced the requirement that employers’ organisations had to cover at least 50% of employees in the respective area (economic and geographical) for the agreement to be extended. This change fulfilled the specific policy preference of policy-makers from the junior coalition partner party, the centre-right liberal CDS, who opposed extension mechanisms as anti-competitive measures defended by “unrepresentative and monopolistic” employers’ organisations. It attracted instead the joint opposition of all employers’ organisations, who favoured extension mechanisms as a way to ensure “an equal playing field” in their respective sectors and avoid being undercut by smaller firms or new entrants on the market, and of unions, for whom extension mechanisms were crucial to maintain high rates of CB coverage.

In 2014, the government wanted to intervene again on the regulation of collective bargaining to implement an outstanding item on its liberalising policy agenda: shortening the length of validity of sectoral CBAs. Keen to recuperate collaborative relationships with organised producer groups in light of the approaching end of its mandate, the government recurred to a policy-oriented political exchange to pursue this reform. The relaxation of the criteria for granting extensions became the main currency of exchange which facilitated the conclusion of an informal tripartite agreement in the CPCS in June 2014 between the government, UGT and the four EOs (Journal online, 2014b).

In line with the preferences of the social partners (cf. Bulfone and Afonso, forthcoming), the government agreed to introduce alternative criteria for granting extensions. Under the new rules (implemented through Resolution 43/2014 in June 2014), CBAs could be extended if at least 30 percent of the affiliates of the signatory employers’ association were SMEs (Tavora and Gonzalez, 2016), thus paving the way for a pick-up in CB coverage. In exchange, UGT and the employers’ organisations agreed to the introduction of new limits to the duration of CBAs and to the period of validity of expired ones (implemented with Lei 55/2014 (Eurofound, 2014)). The duration of CBAs was reduced from 5 to 3 years; and their validity after expiry reduced from 18 to 12 months.

The agreement allowed the government to patch up relationships with the employers’ camp, which had staunchly opposed the restrictions on CB extensions introduced in 2012; and fulfilled the organisational interests of employers’ organisation,

347 PT-GOV3.
348 PT-EO1.
349 PT-TU4; PT-TU6; PT-EXP1.
which feared an erosion of their institutional role in collective bargaining.\textsuperscript{350} UGT’s consent enabled it to re-gain a seat at the concertation table – central to its institutional power resources (as already discussed in Chapter 8). UGT motivated its agreement arguing that these measures could help to ‘dynamise’ collective bargaining by giving new impetus to the renegotiation of expired contracts (Jornal de Negócios, 2014). CGTP, instead, condemned the intervention as a further attack on the framework of collective bargaining (tvi24, 2014); with leader Armenio Carlos slamming the agreement as a “golpe” (i.e. a coup) carried out by the “new Troika” comprising the government, UGT and the employers organisations (Jornal ionline, 2014a).

\textbf{9.3.2.2 The 2014 Minimum Wage agreement}

In September 2014, the first tripartite agreement of the post-MoU period was concluded, leading to the first increase in the statutory national minimum wage (NMW) since 2011.\textsuperscript{351} The use of social concertation to negotiate statutory minimum wage increases was not new in Portugal (Centeno et al., 2011: 11). As the government retains legislative discretion in setting the NMW level, both the rate of increase and the method for its determination have historically been affected by the political cycle. Since 2011, the NMW had been unilaterally frozen to €485 per month as part of the Troika conditionality, contributing significantly to wage devaluation (Afonso, 2019). As of 2014, the Portuguese NMW stood at 55\% of the median wage (Stats.OECD). The September 2014 tripartite agreement foresaw instead a moderate 4\% increase. The agreement was endorsed by all employers’ confederations and by the moderate union confederation, UGT.

The political process leading to the conclusion of the 2014 NMW agreement exemplifies the dynamics of power-driven political exchange in this phase. The issue of low wage employment had become highly politicised during the MoU aftermath. Both trade unions and the radical left-wing opposition parties, the Left Bloc (BE) and the Portuguese Communist Party (PCP), had initiated campaigns calling for NMW increases to facilitate the recuperation of purchasing power lost during the crisis. In the face of these emerging demands, the weakened government hoped that concluding a social concertation agreement would help to mitigate the potential electoral costs of its austerity policies, by sending a signal of discontinuity with the prior phase. In the words of the

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{350} PT-EO1; PT-EO3.
\end{itemize}
\end{footnotesize}
then Secretary of State for Employment, for the government the NMW agreement represented “a sign that we have delivered our commitments and this is a new era. We can have social recuperation, side by side with a good economic performance.”

Patching up relationships with the social partners was also important for the incumbent cabinet to strengthen its support base. As the election approached, governmental actors were aware of the need to restore relationships with UGT – with whom, as recalled in Chapter 8, the PSD maintained organic links via the faction of the Trabalhadores Social-Democratas (Social-Democratic Workers). Since 2012, UGT had been increasingly alienated by the unilateral measures implemented by the centre-right government, and had adopted a more conflictual strategy (for example, participating in another general strike alongside CGTP in 2013). This raised fears amongst the PSD leadership for its possible adverse effects on electoral consensus. The potential electoral significance of the 2014 NMW agreement was recognised explicitly by interviewees. In the words of a former UGT leader, “the government knew that the Troika measures could have extremely negative electoral impacts… (…) and that the electoral impact could be safeguarded through an agreement.”

Contrary to UGT, CGTP refused to sign the agreement, arguing that the proposed increase did not go far enough to address the deterioration in living standards caused by three years of missed increases (Lopes, 2014). However, the consent of one union confederation was sufficient to legitimise the agreement.

Whilst governmental power interests were crucial in leading to the re-activation of concertation, the policy interests of employers’ organisations were central in setting the parameters for the substantive content of the agreement. Employers’ organisations were willing to accept the moderate 4% increase, as they recognised that after a long freeze this could help to reinstate internal demand. However, they used their veto power to prevent more substantive increases. Furthermore, by signing up to a concertation agreement, they were able to extract compensation from the government, in the form of a 15-months long reduction of 0.75% in social security contributions (so-

352 PT-GOV4.
353 PT-GOV4
354 PT-GOV4.
355 PT-TU1.
356 PT-EO1; PT-EO2. In the words of a UGT representative (PT-TU4), “…at that time even the employers said, “even from the economic point of view if we want to sell to someone we have to increase the minimum wage”. and it was not easy but it was easier than usual perhaps than another agreement on other subjects. (…) Because we had in the memorandum (…) a very strong increase in taxation and so its impact on internal demand, on the economy was even worse than what’s estimated by the Troika. So that’s also one of the reasons why the employers were in favour of increasing it”.
357 PT-EO2; PT-EO3.
called *Taxa Social Unica*, TSU) for all firms with workers earning the NMW. In sum, the process of political exchange underpinning the 2014 tripartite agreement arose out of a ‘marriage of convenience’ between the interests of the three actors. The agreement fulfilled the legitimation interests of the government; met some of the union policy demands, enabling the government to partly pre-empt and demobilise popular contestation; allowed UGT to engage in credit-claiming; and provided a moderate boost to internal demand, without however substantively deviating from employers’ preferences for continued wage moderation.

9.3.3 Post-crisis interest intermediation under the centre-left PS cabinet (2015 onwards)

Despite a radical change in political scenario, similar dynamics of tripartite negotiations continued under the new centre-left minority government of the Socialist Party (PS), which came to power after the 2015 General Election. Although the PS obtained only 32% of the vote, PS leader Costa eventually managed in December 2015 to form a minority government with the external support of the radical left parties, BE and the PCP (the so-called ‘geringonça’, or ‘contraption’ government – (Fernandes et al., 2018; Freire, 2017). As a weak minority cabinet, the PS government had to broker compromises with the left in Parliament to pass legislation. In turn, its left-wing orientation created anxieties – domestically and abroad – about the implications this would have for Portugal’s fiscal commitments and carefully curated image as the ‘good pupil of austerity’. Tellingly, the President of the Republic, Cavaco Silva, warned that this government “would put into doubt the trust and external credibility” gained by Portugal over the bailout period (Fernandes and Jalali, 2017: 129).

These two factors posed challenges for the Costa government. On the one hand, its programmatic commitments and dependence on the radical left required the government to pursue a policy-making agenda of discontinuity with austerity. The government also made an explicit commitment to grant new prominence to substantive social dialogue, presenting this as a hallmark of discontinuity with the centre-right approach (Government of Portugal, 2015: 18). On the other hand, heightened scrutiny from the EU institutions and pressures from domestic employers to not deviate from the prior policy path of internal devaluation and fiscal consolidation constrained considerably its available space for manouevre (Fernandes et al., 2018). Tripartite social concertation proved useful for the government to navigate this tension.
9.3.3.1 The 2016 and 2017 Minimum Wage Agreements

From 2016 onwards, the PS government invested considerable political capital to conclude formal tripartite agreements, even though it could have used its supporting parliamentary majority to deliver LMP re-regulation. Costa had several reasons for privileging political exchange with organised producer groups. First, brokering tripartite agreements was seen as functional to secure the consent, or at least appease the opposition of domestic employers’ organisations to the new centre-left cabinet. Portuguese employers’ organisations were concerned that the new government would pursue unilateral re-regulation in the sphere of EPL, wage-setting and working time flexibility, in line with the preferences of the radical left, undoing the significant gains they had extracted during the crisis. Through social concertation, the government was thus hoping to appease their worries, pre-empt their opposition and shore up its base of support across class divides. Second, the government hoped that securing the support of UGT and of employers’ organisations would help neutralise the opposition of the centre-right in Parliament, and thus reduce its reliance on its radical left allies. Governmental actors assumed that the PSD would not have opposed policy measures which had gained the consent of employers’ organisation and of its linked union confederation.

The government intention was thus to use concertation to mobilise extra-parliamentary channels of support and demobilise potential opposition from employers, giving stronger foundations and longer-term sustainability to its reform agenda. In the words of the PS’ coordinator of Labour and Social Security issues,

> In the sphere of the labour market, we need to remove from our legislation some of the Troika input, and that has to be made within some social consultation. (…) tomorrow if I want I can go to the Parliament and approve legislation. It’s not my problem, because I have a majority for that. But I don’t have a social majority at this moment… in this tension with employers and with Europe and IMF, I don’t want changes tomorrow that are going to be removed in the next year or two years, so I prefer to go step-by-step in the way of reform rather than saying tomorrow, ‘okay, we are going to make all these changes in one way.’

Minimum wage setting emerged as the main policy area where viable tripartite agreements were concluded.

---

358 PT-EO1; PT-EO2.
359 PT-GOV5; PT-GOV6.
360 PT-GOV5.
agreements could be brokered without excessive political costs. This issue retained high political salience. The programme of government included the goal of raising the NMW to €600 by 2019 (a commitment arising from the confidence-and-supply agreement between PS and the PCP). Increasing the NMW was also one of the key demands of CGTP, which was pushing for an immediate increase to €600, alongside the repeal of all ‘Troika-induced’ labour law measures. At the same time, it was a policy area where the government had reasonable chances of gaining employers’ consent.

Indeed, in January 2016, the government, the four employers’ confederations and UGT concluded a tripartite agreement to increase the minimum wage to €530. Like in 2014, the preferences of employers’ organisations set the parameters of the acceptable rate of increase. In exchange for their consent, the government conceded a reduction in social security contributions for workers earning the minimum wage – essentially subsiding part of increased employers’ costs through public finances. Like in 2014, CGTP was opposed to this compensatory measure and did not subscribe the agreement. BE and PCP also opposed the norm in Parliament, claiming that the compensation of the employers’ side was not warranted. The 2016 NMW was thus passed with the votes of the main opposition party, the PSD.

A similar bargain underpinned the negotiations for the setting of the minimum wage for 2017. The government wanted to negotiate an increase through social concertation to keep employers on board and legitimise the measure vis-à-vis sceptical external observers – first and foremost the vigilant EU authorities, worried about the potential negative employment impacts of the measure (Jornal de Negócios, 2017c). For their part, the employers’ confederations had expressed reservations at the proposals of further minimum wage increases for 2017, arguing that these should be balanced to avoid the risk of harming competitiveness and investments (CIP) and combined with a compensation of employers’ costs (CCP). Eventually, employers consented to another 5% increase (up to €557 per month). A tripartite agreement was concluded between the government, UGT and the four employers’ organisations in December 2016.

In exchange for their consent, employers obtained several concessions. First, they were granted another 1.25% decrease in social security contributions for employees receiving the minimum wage; second, they secured a commitment that the government

---

361 Interview with PS MP, November 2017.
362 PT-EO1; PT-EO2.
would not implement changes to labour law without a prior concertation agreement. This commitment went some way in meeting employers’ demand for freezing current labour legislation (Eurofound, 2017c) and appeased their concerns that the left-wing coalition may intervene unilaterally to introduce EPL re-regulation. To this effect, the signatories committed to concluding another agreement in the near future to deal with issues of labour market regulation and collective bargaining, through a process that would fully take into account employers’ preferences. Once again, employers’ policy interests were the main determining influence for the substantive content of policy-oriented exchange.

This process of political exchange allowed the PS government to balance temporarily its legitimation and policy interests. The cabinet could deliver on a key electoral promise with high political salience, boosting its approval ratings whilst toning down CGTP’s demands and securing the acquiescence of UGT and, crucially, of employers’ organisations. Furthermore, social concertation enabled the government to conjugate its agenda of ‘social recuperation’ with the demands arising from the EU Semester, the Troika post-programme surveillance and domestic employers to not undo the “progress” made in reducing unit labour costs and flexibilising the EPL framework. By committing to negotiate future LMP reform plans in social concertation rather than through Parliament, the government effectively ‘tied its own hands’ and moderated the demands for re-regulation in EPL advocated by BE, PCP and CGTP, which could have put Portugal in a path of conflict with the EU, whilst shifting the responsibility for this decision on the social concertation arena.

9.3.3.2 The 2018 labour market reform agreement

Despite growing pressures from CGTP and its left-wing allies to intervene on labour law reform through parliamentary channels, the Costa cabinet maintained its commitment to negotiate through social concertation, in line with the employers’ demands (Jornal de Negócios, 2017a). Over 2017, the PS voted down, together with the centre-right opposition parties, various legislative proposals by BE and the PCP that aimed to undo some of the LMP measures introduced during the bailout (Diario de Noticias, 2017; Lopes, 2017; Público, 2017).

364 The use of concertation to hold back re-regulation created considerable frustration amidst the left factions of the PS (with an interviewee – PT-GOV5 - stating that social concertation was being used as a mechanism of ‘blackmail’ by the employers’ groups); from BE and PCP (who denounced the instrumental use of concertation as a mechanism to disempower Parliament); and from CGTP, who accused the PS of “acting in a logic of complicity with established interests, namely, the large employers and big companies” (PT-TU6).
A process of tripartite negotiations on the issue of labour legislation was then started in November 2017 (Jornal de Negócios, 2017d). In March 2018, the government presented to the social partners its proposals to combat labour market precarity and relaunch collective bargaining (Government of Portugal, 2018), which foresaw measures to disincentivise the use of temporary contracts, increase CB coverage, and discontinue individual working time accounts (banco de horas). These proposals were opposed by the employers’ organisations and criticised by international organisations for the possible “dangers” they posed for employment creation and competitiveness (Jornal de Negócios, 2017b; Público, 2018).

After two months of negotiations, a tripartite agreement between the government, UGT and the four employers’ confederations was eventually reached in the CPCS. The process of political exchange was driven by the imperative of gaining employers’ consent. The agreement involved measures that re-regulated the use and maximum duration of fixed-term and temporary agency contracts to disincentivise their excessive use. However, employers were granted an extension in the maximum duration of very short employment contracts (common in sectors such as agriculture and tourism), and an extension in the probationary period for first-time job seekers and LTUs. The parameters for sanctions for excessive use of temporary contracts were also stipulated on the basis of sector-wide average trends, to accommodate specific sectoral needs, meeting the requests of the service sector, tourism and agricultural employers’ confederation.

In collective bargaining, the agreement stipulated the end of individually-negotiated working time accounts (banco de horas), but it granted a one-year long transition period and allowed them to continue being stipulated via firm-level agreements. These concessions to employers’ requests for maintaining some internal and external flexibility were sufficient to gain their approval (Martins, 2018a). Besides these concessions, however, employers consented to the agreement for what it did not touch upon - as the core of the LMP reforms introduced under the Troika were not altered. No re-regulation of EPL for permanent contracts was introduced, the terms of expiry of CBAs were not reinstated, and various measures which had favoured a decrease in labour costs (e.g. cuts to the

---

365 Individual working time accounts allowed firms, subject to individual agreement with the worker, to increase working time for up to 2 hours a day without overtime compensation (Eurofound, 2018).

compensation of overtime or reduction in holidays allowance) were not reversed.

Like in the case of the NMW agreements, this process of political exchange enabled the government to reconcile its policy agenda with its power interests – muting the potential opposition of employers and reducing its dependence on its left-wing allies in Parliament. Indeed, the centre-right PSD, decided to abstain on the Parliamentary vote on the Bill (no. 136/XIII) introducing the provisions of the agreement, so as to not contradict the outcomes of social concertation. Thanks to the PSD abstention, which neutralised the vote against of BE and PCP, the Bill was passed in July 2018 (Martins, 2018b).

The agreements on the NMW and the 2018 labour law reform delivered substantive benefits also for UGT and the employers’ organisations. By brokering a compromise on popular policy proposal such as the minimum wage increase and temporary contracts re-regulation, UGT was able to engage in credit-claiming vis-à-vis its membership, whilst limiting the influence that its rival CGTP could exercise via the Parliamentary arena through its links with the PCP.

For their part, domestic employers groups managed to steer the government’s regulatory LMP agenda in a direction that allowed them to preserve the main gains extracted during the MoU period in the sphere of EPL and working time flexibility (which they considered the most crucial for their competitiveness strategies); whilst also extracting significant compensations for the costs incurred from the NMW increase. Besides these concrete gains, the continued participation in tripartite concertation gave both sides public recognition and visibility – thus helping to shore up their institutional power resources. The organisation that was instead the most disadvantaged was CGTP, which repeatedly condemned concertation as a regressive mechanism used by the employers as a “bunker” to “attempt to impede any alteration of labour law, with the complicity of the government”, and opted instead for a strategy of open contestation (through strikes and public demonstrations) and using its links with the PCP to push for modifications to labour law in Parliament.

The trajectory of post-crisis interest intermediation in Portugal displays considerable continuity in the formal aspects of concertation. However, after having been substantively emptied of policy-oriented exchange during the crisis period, concertation in the recovery has seemingly regained its function of mediation between the interests of

367 PT-EO1.
368 PT-EO3.
369 PT-TU7.
the state, capital and segments of organised labour. Even under a left-wing government, however, the content of political exchange remains strongly shaped by the preferences of capital – as concertation acts in the present phase as a moderator of re-regulation, favouring the preservation of the status quo in favour of capital. This, in turn, has led to intensifying tensions between the sphere of concertation and the Parliamentary arena which might, in the long run, affect negatively the input and output legitimacy of concertative practices.

9.4 Ireland: the uneven legacies of social partnership

As Chapter 6 and 8 highlighted, tripartite concertation in Ireland had been deliberately abandoned as a policy-making and wage-setting practice from 2009, and was delegitimised as a contributor to the policy and macroeconomic imbalances at the root of the Irish crisis. During the Troika bailout period, the legacies of social partnership survived only in the public sector (Chapter 8). In all other public policy spheres, all practices of formal concertation were suspended, and unilateralism dominated as the main form of policy-making. Bilateral lobbying became the main channel through which unions and employers’ organisations exercised their influence over the policy process (with little success for the former, and more for the latter).

After the exit from the bailout in late 2013, some of these trends continued, at least formally. Substantive tripartite concertation remained absent from Irish politics, whilst bipartite concertation has continued being used as a problem-solving mechanism to manage adjustment in the public sector and attempt to preserve industrial peace in the recovery period. Other forms of behind-the-scenes ad hoc political exchange between the government and the social partners have however led to partial policy reversal and re-regulation in the sphere of industrial relations and collective bargaining governance.

9.4.1 Political and economic context

As discussed in Chapter 5, Ireland successfully exited its bailout programme in 2013. Whilst Irish growth performance has been buoyant since 2013, the strong but highly skewed FDI-led economic recovery fuelled income inequality and job polarisation, which, alongside the damaging effects of five years of intense austerity, had sizeable impacts in the political sphere. Both parties in the Fine Gael/Labour coalition, which had been in power since 2011, suffered bad results in the local and European elections of 2014, leading to a leadership change in the Labour Party and a major cabinet reshuffle (Courtney and O’Malley, 2014). Irish popular resistance to austerity during the MoU
period had been comparatively muted in comparison to other bailout countries such as Greece and Portugal, also due to the public sector unions strategy of conciliation and industrial peace discussed in Chapter 8 (cf. also Geary, 2016; O’Connor, 2017).

However, 2014 saw the emergence of a novel wave of resistance against one of the last austerity measures outlined in the MoU which remained to still be implemented: the introduction of water charges (Hearne, 2015; O’Connor, 2017; Trommer, 2019). A large cross-societal coalition of opposition to the water charges formed, the Right2Water campaign – which included the nationalist opposition party Sinn Fein, a wide array of civil society organisations, radical left groups and some of the main private sector trade unions – such as Unite, Mandate, the Communication Workers’ Union and the CPSU – many of which had been historically opposed to social partnership. Notably, ICTU and the largest union, SIPTU, did not support the protest platform. A wave of protest actions and large demonstrations were held across the country over 2014, testifying to a growing shift in public mood against austerity (cf. Hearne, 2015) and contributing even further to weaken the cabinet which had implemented the MoU.

Following its declining popularity, the FG/Labour coalition was eventually voted out of office at the General Elections in 2016. Fine Gael fell from 76 to 49 seats, whilst the Labour Party experienced almost complete annihilation – dropping from 37 to only seven seats, whilst Fianna Fáil recovered part of the seats it had lost in 2011, jumping back to 44 seats. The balance of forces in the Irish parliament was such that no party was able to form a majority government. Eventually, a minority FG cabinet was formed, supported in Parliament by a confidence and supply agreement with Fianna Fáil. After the incumbent Taoiseach (PM) Enda Kenny resigned in 2016, he was replaced by the new FG leader Leo Varadkar, who became Taoiseach in June 2017 continuing to preside over a fragile government.

9.4.2 Post-crisis interest intermediation under the Fine Gael cabinet (2014-2018)

The turn from austerity to recovery, combined with a scenario of growing government weakness, impacted on the dynamics of interest intermediation. On the one hand, no change from the crisis period occurred in the institutional forms of interest intermediation: bipartite concertation continued being used in the public sector, whilst no formal and substantive tripartite concertation processes have been reinstated in the formulation of public policy. However, governmental weakness and the growing imperative to ‘stabilise’ the recovery by responding to emerging social demands have favoured the re-activation of forms of ad hoc policy-oriented political exchange through
behind the scenes intermediation amongst the government and IR actors and some symbolic social dialogue fora.

9.4.2.1 Bipartite concertation for public sector industrial peace: the Landsdowne Road and PSSA agreements 2015-2018

In the sphere of public sector bargaining, the government continued using peak-level bipartite concertation to manage the adjustment process in the recovery. However, the substantive content of the exchange changed direction: from managing austerity and pay cuts to dealing with the emerging pressures around pay restoration. Indeed, as recalled in Chapter 8, a key concession that unions had extracted in the 2013 public sector Haddington Road Agreement was that the pay cuts introduced would be temporary and could be subject to revisions once the fiscal and economic situation improved. The end of the MoU and a return to economic growth weakened the austerity imperative which had been used to justify concessionary bargaining and led to the emergence of long-suppressed demands for pay restoration from 2014 onwards. As a DPER official put it,

“It’s just natural pressure within the system. The FEMPI measures were like price control mechanism, and while people accepted that those price controls had to be there… but price control mechanisms only work for so long, the underlying economic pressures build up (…) and people now were working much harder jobs for less money in difficult circumstances”.370

The specificities of the Irish recovery trajectory – characterised by an unequal distribution of gains and a spiraling crisis in cost of living and housing – intensified the urgency of these demands, leading to a change in the public mood as testified by the unexpected success of the Right2Water campaign over 2014. With the elections approaching, the weakened government – and especially the Labour party – “were very keen that there would be a deal on the public service side”.371 After a fast negotiation period, a new bipartite peak-level agreement, the Public Sector Stability Agreement, 2013-2018, also known as the Landsdowne Road Agreement (LRA) was concluded and then formally approved by ICTU in September 2015 (Eurofound, 2015a).

The agreement implied a spending commitment of €566 million over 3-years, and provided an average payment of €2000 for most civil servants as a partial reversal of the pay cuts endured over 2010-2013. The pay restoration was weighed in favour of those on

370 IE-GOV3.
371 IE-GOV3.
lower pay bands, which helped to secure the support of most unions (with the exception of the secondary teachers’ union, ASTI, and the gardaí (police force), which rejected it. For its part, the government obtained not only a commitment to continued industrial peace, but also the preservations of most of the concessions it had extracted in the previous period over work organisation, especially working time. According to a senior official from the Department for Expenditure and Reform (DPER),

\[\text{The priorities for us were, we had to keep the hours, the concessions we’d got on working time saved us a fortune of money and would continue to save us money ad infinitum, right, so, the productivity concession. So fundamentally our goal was to keep them, that was the priority… and anything else we could save would be great.}^{372}\]

The LRA was supposed to stay in place until September 2018. In 2016, however, with the new minority FG government in place, pressure over public sector pay resurfaced with growing strength. Industrial disputes broke out in various segments of the public sector, especially amongst those groups which had not accepted the LRA in 2015. The GRA (representative association of the police force) rejected a proposed deal on pay restoration worth €30.5 million, and gardaí threatened to take (illegal) strike action in November 2016 (Eurofound, 2016a). Eventually, the gardaí were awarded a special pay restoration deal (worth a further €20 million) to be implemented from January 2017, following a recommendation by the Labour Court (Eurofound, 2017b).

This ‘anomaly’ award outside the LRA framework created discontent due to the perception that the gardaí had received special treatment, leading other public sector unions to also demand faster pay restoration than what LRA provided for. With the looming prospect of large-scale public sector industrial action, the government agreed to anticipate some of the pay awards included in the LRA (Eurofound, 2017b). Talks then started between ICTU and DPER in January 2017, leading to the conclusion of a further restorative public sector wage deal in June 2017 (Public Service Stability Agreement 2018-2020), which expedited the restoration of most pay cuts (Eurofound, 2017a). The agreement was ratified by ICTU in September, but rejected by the teachers’ unions, leading to continued tensions between different segments of the public sector over the trajectory of pay restoration.

As during the crisis period, the specific organisational power resources of Irish

---

372 IE-GOV3.
public sector unions were crucial to shape the process of political exchange. Their disruptive powers increased the incentives for the government to seek a negotiated settlement, and the militancy of some ‘unruly’ sectors of the trade union movement – such as the police force or the teachers’ unions – could be used by ICTU as a ‘stick’ with which to extract concessions from the government over pay restoration. In the words of IMPACT/Fórsa’s General Secretary,

> We told the government (…) we can guarantee chaos whether it’s the guards or whether it’s nurses or whether it’s teachers, we will guarantee that there will be chaos. And eventually in the middle of that chaos you’re going to come back to us and you’re going to ask us to help solve it. And they understood that (…) and then the guards went off and threatened strike and almost immediately afterwards I sat with the senior civil servant and we said ‘what are we going to do, you’re going to have to give us more money’ and he said ‘we know’.373

The government’s continued reliance on negotiated adjustments for pay restoration in the public sector was indeed motivated by both legitimation and problem-solving interests. On the one hand, the agreements in 2015 and 2018 allowed the government to retain most of the restructuring measures introduced during the crisis, whilst shunning demands for more extreme policy reversals and pay restoration. On the other, they helped to secure social peace for the weak minority cabinet and avoid industrial unrest in the public sector - which, as recalled in Chapter 8, was seen by the Irish government as crucial for not undermining accumulation and remaining attractive for FDI.

9.4.2.2 Ad hoc political exchange in industrial relations regulation

Whilst the process of managing public sector pay restoration resembled closely the practices of macro-concession bargaining pursued during the crisis period, in the sphere of labour legislation the end of the MoU changed the substantive content of interactions between the government and organised producer groups.

Whilst formal concertation fora remained suspended, informal channels of interlocution between governmental actors, ICTU and IBEC on the issue of industrial relations regulation were re-activated after the end of the MoU. In the last months of the FG-Labour Kenny cabinet, under the initiative of the Labour Party, government ministers started a process of informal dialogue with IBEC and ICTU to revise and

373 IE-TU3.
stabilise the industrial relations framework which had been subject to considerable upheavals during the Troika period. Labour Party ministers in the Coalition government were keen, after presiding over years of austerity, to recuperate credibility vis-à-vis the electorate and strengthen their relationships with the trade unions by securing some progressive changes in the sphere of pay, employment rights and wage setting regulation before the end of the legislature – in line with what they saw as the “historic responsibility” that the Party had to fulfil. However, the Labour Party was not the only party keen to recuperate relationships with organised producer groups before the elections. According to the then Employment Minister, “it didn’t take us much to convince Fine Gael of the necessity of this [re-introduction of sectoral wage setting mechanisms], because they understood that there would have been a political price to be paid… and that this was important in terms of maintaining good relationships with the Labour Party and with the trade union movement”.

To this effect, Labour Party ministers brokered an informal process of exchange between the government, ICTU and IBEC which led to the introduction of various pieces of IR-focused legislation – including the statutory introduction of the Low Pay Commission to regulate the setting of the minimum wage, a reform of the ‘right to bargain’ legislation, and the re-introduction of a system of sectoral wage-setting for low paid sectors – which had been struck out by two decisions of the High Court in 2011 and the Supreme Court in 2013, respectively, and formalised in the Industrial Relations Act 2015.

The logic of policy-oriented exchange underpinning this partial and moderate re-regulation of labour legislation was the following. The IR Act 2015 fulfilled key unions’ demands by reinstating sectoral wage-setting mechanisms, and reintroducing the ‘right to bargain’ legislation allowing workers to bring claims to the Labour Court about terms and conditions in companies where employers do not recognise collective bargaining. The re-regulation of sectoral wage-setting mechanisms was tolerated by IBEC as the criteria for extension set in the new legislation were quite strict and new opt-out options for employers were introduced (cf. Maccarrone et al., 2019). It also met the demands of an important segment of large domestic service sector employers (such as in security and

374 IE-GOV4.
375 IE-GOV4.
376 The pre-existing right to bargain legislation had been made practically ineffective after the Supreme Court sentence in the Ryanair vs IALPA case in 2007. Hence, this measure was a return to the status quo ante rather than a substantive increase in CB rights. It should also be noted that the number of cases undertaken under the new legislation remain very low, to the extent that the former chairman of the Labour Court Kevin Duffy has publicly noted its ineffectiveness.
cleaning) who had an interest in retaining a level playing field in conditions and remuneration across the sector. The institution of the Low Pay Commission also granted indirectly the unions’ and employers’ organisations an institutionalised role in the minimum wage setting process – which was appealing to employers to maintain influence over the process and avoid ‘excessive’ increases.

Whilst marginally strengthening individual employment rights, however, the Bill respected a key ‘red line’ set by IBEC and AmCham: not to introduce a collective right to collective bargaining or right to access to workplaces for trade unionist. For their part, as a result of this Bill, the Labour Party – and by extension the government as a whole – hoped to re-gain some recognition amongst working class sections of the population likely to benefit from the re-regulation introduced – which however failed, as the successive electoral annihilation of Labour demonstrates.

9.4.2.3 Cosmetic concertation fora: National Economic Dialogue and the Labour-Employers Economic Forum

The final set of notable changes in the dynamics of tripartite interest intermediation in the recovery period was the re-establishment of some formal channels of tripartite consultation. Between 2015 and 2016, two new arenas of ‘public’ and visible social dialogue involving ICTU and IBEC were set up: the National Economic Dialogue (NED), a yearly event bringing together government with social partners’ organisations and a wide array of civil society organisations to discuss policy initiatives and government priorities, and the Labour Employers’ Economic Forum (LEEF) – described by Minister for Public Expenditure and Reform Donohue as a tripartite “formal structure for dialogue between representatives of employers and unions to discuss economic and social policies insofar as they affect employment and the workplace” (Eurofound, 2016a).

The NED came onto the agenda again on the initiative of Labour Party governmental actors, keen “to create some kind of a forum where voice was given in a formal way to the concerns of major civil society organisations like the Irish Congress of Trade Unions, like IBEC and others”. The LEEF then was set up by the FG-Labour government as a more focused space where issues directly concerning labour market, employment and economic policy could be discussed.

Although their architecture partly mirrored the National Economic and Social Council from the social partnership era, governmental actors were keen to emphasise

---

377 IE-EO3; IE-GOV4.
378 IE-GOV4.
how these fora were not aimed at reaching agreements nor getting involved with any issues around pay-setting but were to be purely consultative bodies. Accordingly, most key actors involved – unions, employers and governmental actors alike – regarded them as “talking shops”, “tokenism” or “fig leaves” devoid of any substantive impact on policy. In the words of a senior ICTU officer, “a cynic might say that it’s there purely to tick the boxes in terms of the European Semester”.379

The choice to put in place only ‘cosmetic’ consultative arenas rather than more substantive mechanisms of policy negotiation arose from the government’s power interests, and specifically from FG’s intention to remain as far as possible from the ‘toxic brand’ of social partnership. Interestingly, both IBEC and the representatives from the public sector unions actually argued in favour of a re-activation of tripartite policy coordination for the orderly management of industrial disputes and to tackle specific policy challenges and labour market issues (but not national pay setting). These included pensions, skills formation, Brexit and the emerging housing crisis, which required coordination across tax policy, public spending, infrastructural investment, and pay-setting in order to be solved.382 In the words of a senior IBEC representative,

We’ve probably been arguing to the government for about three years now that there is a vacuum in terms of a co-ordination of public policy around the workplace and related issues. […] Politicians accept that something is needed. They know that they can’t go ahead, particularly as we’ve got this recovery but also these competitive pressures, and rising expectations. Because the crisis managed expectations, and now that the crisis is over expectations are exploding. And I think they accept that they need a co-ordinated mechanism but I think they’re nervous, that something that’s seen as ’social partnership mark two’ won’t go down well with the electorate and the public. And that the media will be very critical of them…383

However, employers’ organisations and unions recognised that the legitimacy of their interventions in public policy was still tarnished by the ‘negative legacies’ of social partnership that had been mobilised at the beginning of the crisis, and which made its potential re-activation very politically costly, especially for Fine Gael.

379 IE-GOV2; IE-TU1; IE-TU6; IE-EO4.
380 IE-TU1.
381 IE-GOV2.
382 IE-E01; IE-E04; IE-TU1; IE-TU3.
383 IE-E01.
Hesitations around the re-activation of political exchange on a substantive scale were not limited to political actors. Divisions on this issue have also grown since the crisis within the union movement – especially between the large public sector unions such Forsa/IMPACT, and unions such as Unite, Mandate and the various teachers’ union. The rift pertains to whether to continue investing political capital to seek to revive concertation-like practices with the government, to recuperate institutional power resources, or whether to embrace instead a more campaigning and workplace-organising oriented strategy, to reduce dependence on recognition granted by the political system and re-acquire organisational strength in the IR sphere. These strategic dilemmas within the labour movement, which reveal more deep-seated divisions about the ultimate acceptance of Ireland’s FDI-led growth model, have therefore acted so far as a stalling factor, leading ICTU’s leadership to refrain from openly calling for a re-activation of social partnership at the national level. Instead, it has preferred leaving the public sector unions to manage their own bipartite concertation with the government in relative independence.

Considering the trajectory of developments ten years after the crisis onset, the future outlook of interest intermediation in Ireland appears highly uncertain. Although social partnership remains politically delegitimised, various forms of macro-political exchange have continued playing an important role in shaping the trajectory of the Irish recovery. This is most obvious in public sector bargaining – where peak-level agreements have been crucial to guarantee industrial peace and continue ensuring that the conditions for FDI inflows remain in place. However, the sustainability of such a selective dynamic of political exchange appears limited, as the demands of private sector workers in the domestic sector over issues such as housing, cost of living and employment quality remain mostly unaddressed.

In a context of growing political fragmentation and governmental weakness it is therefore possible that the need for policy coordination with organised labour and employers to address complex policy challenges, alongside the imperative of finding a new societal compromise to ‘embed’ again the Irish FDI-led growth model, might lead to a re-activation of policy-oriented tripartite exchange besides the public sector alone. Whilst IBEC and sections of the union movement are inclined towards pursuing this trajectory, the political conditions might however still not be favourable to make this a

384 IE-TU5; IE-TU6.
385 IE-TU6.
viable option.

9.5 Comparative discussion and conclusions

In all four cases, the passage from crisis to recovery has marked a qualitative change in the dynamics of interest intermediation. The patterns of continuity and discontinuity between the crisis and recovery period are not uniform across the board (see Table 9.1 below). In Italy and Spain, the analysis highlighted discontinuity between crisis and recovery in the form of interest intermediation practices, as in both countries public and visible processes of concertation have been re-activated. However, whilst concertation has been underpinned by substantive political exchange in the Italian case, signalling discontinuity at the level of substantive content, it has remained only cosmetic in Spain, in keeping with the trends observed during the crisis.

Conversely, in Portugal and Ireland, the analysis highlighted more continuity at the formal level. In Portugal, tripartite social concertation has continued being routinely used in labour market and social policy-making. In Ireland, bipartite concertation has remained the norm in the public sector, whilst no formal tripartite concertation has been re-activated in any aspect of labour market or social policy-making. At the level of substantive content, however, in both countries changes have occurred: in Portugal, concertation has shifted from being solely cosmetic to being again underpinned by substantive policy-oriented exchanges, whilst in Ireland, processes of ad hoc political exchange on the topic of LMP and IR regulation have been occasionally re-activated, even in the absence of formalised channels of interaction.

<table>
<thead>
<tr>
<th>Substantive content</th>
<th>Formal aspect of intermediation</th>
<th>Continuity</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Ireland (public sector)</td>
<td>Spain (pensions, LMP regulation)</td>
</tr>
<tr>
<td></td>
<td>Continuity</td>
<td>Portugal (LMP regulation)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ireland (LMP regulation)</td>
<td>Italy (pensions)</td>
<td></td>
</tr>
<tr>
<td>Change</td>
<td></td>
<td>Italy (LMP regulation)</td>
<td></td>
</tr>
</tbody>
</table>

Source: own elaboration

This overview shows that the crisis period did not lead to cross-country
convergence towards unilateralism. Rather, what emerges is an oscillation between different modes of interest intermediation – with forms of political exchange being occasionally revived, albeit not equally across all policy areas. As this variation appears to be related to country-specific patterns of distribution of power resources across policy-areas, in order to make sense of it we must consider comparatively the political dynamics shaping the logic of tripartite interest intermediation across domestic contexts.

The comparative analysis of the cases highlights several common conditions and contextual factors associated with the selective re-activation or resilience of macro political exchange in the recovery period (see Table 9.2 below). First, and most obviously, the change in macro-economic circumstances associated with the end of the acute Eurozone crisis period modified considerably the political and structural constraints facing governments in policy-making. The attenuation of explicit policy conditionality with the exit from the bailout programmes (in the cases of Portugal, Ireland and Spain) and the softening of exogenous market pressures (in the case of Italy), facilitated by the ECB’s Quantitative Easing, moderately increased the space for governmental discretion in policy-making, allowing for some expansionary protective policies and mild attenuation of austerity. In itself, these circumstances could make macro-political exchange easier to initiate. However, the observed cross-country variation indicates that there was no functional connection between the attenuation of exogenous pressures and the re-activation of tripartite concertation. Rather, the causal mechanisms at play connecting the onset of the recovery with the re-activation of political exchange were first and foremost of a political nature – primarily related to governments’ pursuit of their legitimation and problem-solving interests.

As the case analyses have shown, across all countries the passage from crisis to recovery unleashed the expression of diverse societal demands for policy reversal in various areas of labour market, social policy and wage-setting which had been the object of deregulation or retrenchment during the crisis period. The adverse socio-economic impacts of the crisis period also had spill over effects in the political sphere, leading to a reconfiguration of the dynamics of party-political competition which resulted in a scenario of increased governmental weakness and coalitional instability across all countries. Simultaneously, the end of the ‘acute’ crisis period deprived governments of the main justification they could mobilise during the crisis to motivate unpopular structural reforms – i.e. ‘there is no alternative’ arguments which emphasised the imperative of compliance with exogenous pressures for the purposes of restoring market
confidence and the conditions for macro-economic growth.

In this context of governmental weakness and emerging societal demands associated with the uneven and contested trajectory of the recovery, the activation of political exchange was a mechanism through which embattled governments of Eurozone peripheral countries could pursue their legitimation interests and seek to prop up or expand their own base of societal consensus – by securing the consent or acquiescence of either unions (as in the case of the centrist or centre-right governments in Italy, Spain or Ireland), or of employers’ organisations (as in the case of the left-wing Costa government in Portugal). This legitimation driver explains why in the immediate post-crisis period processes of visible and formal concertation focused on the most highly salient and politically visible policy issues – e.g. pensions in Italy or Spain, the minimum wage in Portugal and Spain, or public sector pay in Ireland.

Political exchange with unions and employers’ organisations also enabled governments of centre-left and centre-right orientation to pursue their problem-solving interests and mediate between the competing imperatives facing them as their countries embarked on the pathway out of crisis. On the one hand, governmental actors faced the imperative of appearing responsive to the electorate’s demands for selective policy reversal and re-regulation. On the other, they sought to maintain commitments for fiscal consolidation and deficit reduction undertaken with the European institutions, and to avoid deviating from the established path of internal devaluation and undermine the “gains” made in external competitiveness during the crisis period.

Political exchange was thus functional for ‘squaring the circle’ between these competing imperatives, as it allowed governmental actors to identify concessions about the re-regulation of LMP or the expansion of welfare spending or public sector pay, thus securing social peace and electoral consensus, whilst simultaneously limiting the extent of re-regulation and policy reversal, thus retaining the core of the structural reforms undertaken during the crisis and not attract employers’ opposition.

This careful balancing of competing imperatives explains why the concessions granted through political exchange focused on policy issues that either had no direct impacts on external competitiveness (e.g. pensions spending in Italy or public sector pay in Ireland), or that responded directly to employers’ demands (e.g. relaxation of STW schemes in Italy; relaxation of criteria for CB expansion in Portugal), or respected their ‘red lines’ (e.g. no substantive re-regulation and re-centralisation of EPL and CB in Portugal or Spain; no granting of collective bargaining rights in Ireland).
### Table 9.2 Comparative analysis of conditions in post-crisis phase (2014-2018)

<table>
<thead>
<tr>
<th>Economic context</th>
<th>Italy</th>
<th>Spain</th>
<th>Portugal</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slow recovery; high public debt; high unemployment; wage stagnation</td>
<td>Export-led recovery; high public deficit; high LM segmentation; high unemployment; wage stagnation</td>
<td>Export-led recovery; high public debt; high LM segmentation; high unemployment; wage stagnation</td>
<td>FDI-led recovery; high inequality; high public debt; cost of living &amp; housing crisis</td>
<td></td>
</tr>
<tr>
<td>Weakened centre-left led coalition government (Renzi 2015-16; Gentiloni 2017-18)</td>
<td>Weakened right-wing government (Rajoy 2014-15); minority right-wing government (Rajoy 2016-18)</td>
<td>No formal links with organised producer groups</td>
<td>Weakened centre-right (FG) - Labour coalition government (2014-16); minority centre-right FG government (2016-present)</td>
<td></td>
</tr>
<tr>
<td>Weakened links between PD and CGIL; strong links between PD, CISL &amp; Confindustria</td>
<td></td>
<td></td>
<td>Organisational links between PSD, PS and UGT; and between PCP and CGTP</td>
<td></td>
</tr>
<tr>
<td>Macroeconomic Imbalance Procedure; EU Semester recommendations</td>
<td>Post-programme surveillance; Excessive Deficit Procedure; EU Semester recommendations</td>
<td>Post-programme surveillance; Excessive Deficit Procedure; EU Semester recommendations</td>
<td>Post-programme surveillance; EU Semester recommendations</td>
<td></td>
</tr>
<tr>
<td>Low institutionalisation; negative policy-makers perceptions from pre-crisis &amp; crisis period</td>
<td>Low institutionalisation; negative policy-makers perceptions from crisis period</td>
<td>High institutionalisation; positive policy-makers perceptions from crisis management period; declining output legitimacy</td>
<td>Low institutionalisation; low input &amp; output legitimacy from pre-crisis period; positive policy-makers perceptions of bipartite agreements from crisis period</td>
<td></td>
</tr>
<tr>
<td>Unions: medium density (high among pensioners); inter-confederal unity on selective topics</td>
<td>Unions: low density; organisational unity</td>
<td>Unions: medium density; high organisational PR (CGTP); inter-confederal divisions &amp; competition</td>
<td>Unions: medium density (high public sector, low private sector); intra-confederal divisions</td>
<td></td>
</tr>
<tr>
<td>Unions &amp; EOs organisational power resources</td>
<td>EOs: low density; unity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unions &amp; EOs institutional power resources</td>
<td>(STW schemes, pensions) EOs: medium density; moderate inter-organisational competition / fragmentation</td>
<td>over EPL &amp; pensions reforms; fragmentation over CB reform</td>
<td>EOs: low density; some inter-organisational competition</td>
<td>EOs: medium density; competition from other business organisations</td>
</tr>
<tr>
<td>Unions societal power resources</td>
<td>Medium (consolidated autonomy in CB governance; reduced role in management of STW schemes)</td>
<td>Low (no routinised involvement in social dialogue; no institutional role in management of UB/STW schemes; state-dependent collective bargaining)</td>
<td>Medium (routinised &amp; institutionalised involvement in social dialogue; state support for CB coverage)</td>
<td>Medium (routinised involvement of public sector unions in public sector bargaining; no institutional channels of tripartite social dialogue; no statutory regulation of CB)</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Selective re-activation of ad hoc political exchange</td>
<td>Re-activation of cosmetic concertation</td>
<td>Re-activation of substantive concertation</td>
<td>Bipartite substantive concertation (public sector) Ad hoc political exchange (LMP regulation)</td>
</tr>
</tbody>
</table>

Outcomes:
- Selective re-activation of ad hoc political exchange
- Re-activation of cosmetic concertation
- Re-activation of substantive concertation
- Bipartite substantive concertation (public sector)
- Ad hoc political exchange (LMP regulation)
Interestingly, the negotiated increase of the statutory minimum wage emerged in Portugal and Spain as the one ‘consensual’ area of labour market policy where a ‘progressive’ compromise could be brokered amongst governments, unions and employers organisations. In Italy, on the other hand, no such compromise was possible, as intervention on the NMW would have contradicted both the policy and the power interests of unions and employers organisations. Hence, the government pursued instead a concertation agreement in the equally politically salient but less controversial sphere of pensions policy.

Whilst the combination of governments’ legitimation and problem-solving drivers helps us understand the common logic driving governmental actors’ decisions to re-engage in macro-political exchange in the recovery, the comparative analysis shows that the composition of organised producer groups’ power resources and the preferences of employers’ organisations shaped significantly the substantive content of macro-political exchange across different policy areas. In fact, as the case analyses showed, processes of substantive concertation or ad hoc political exchange were primarily observed in those policy areas where social partners’ organisations commanded specific power resources that made their cooperation necessary for governments to fulfil their problem-solving and/or legitimation imperatives.

Unions’ organisational and societal power resources arising from high density in certain sectors or segments of the electorate were one important factor mediating the selective re-activation of concertation. For example, in Italy, high density amongst pensioners granted unions high societal power resources and authoritativeness on the issue of pensions policy, whilst in Ireland high union density in the public sector made their cooperation necessary for the government to secure an orderly management of the pay restoration process and guarantee industrial peace. Conversely, in policy areas where unions’ authoritativeness in policy-making was less strong or openly delegitimised (e.g. determination of taxation and social policy in Ireland; issues of EPL and labour market segmentation in Italy – cf. Chapter 5 and 7), political exchange remained suspended.

Institutional power resources were also equally important in driving the activation of policy-oriented political exchange processes. In Italy, unions and employers could mobilise their joint institutional power resources in the sphere of collective bargaining and management of industrial crises to achieve policy-reversal in short-time work schemes and prevent legislative intervention on the minimum wage. In Portugal, on the other hand, the high institutional power resources commanded by UGT and the four
employers’ organisations in function of their highly routinised involvement in tripartite social concertation made it necessary for the left-wing government to engage them in substantive, visible political exchange to increase the societal legitimacy of its reforms programme and limit their potential opposition – thus granting employers a privileged channel through which to put a brake on the extent of LMP re-regulation. Conversely, in Spain, unions and employers’ organisations shared interests in preserving their weakened institutional power resources kept the practice of cosmetic concertation alive. However, the low organisational and societal power resources that unions commanded, due to their declining membership and challenged public legitimacy, considerably limited the extent of policy concessions they could extract from the right-wing PP government.

For what concerns the substantive content of macro-political exchanges in the recovery, the analysis highlighted that agreements have mostly been concentrated in policy areas of high political salience in the respective country, and have focused on reversing some of the structural reforms introduced in the crisis period – either with regard to austerity and fiscal consolidation, or with regard to de-regulation and internal devaluation. However, whilst these policy reversal have often fulfilled demands advanced by unions, the analysis highlighted that, in general, the scope of policy reversal was crucially shaped by the preferences of employers’ organisations, especially with regard to their expressed policy priorities for the preservation of external competitiveness.

Tellingly, concessions were circumscribed to issues where employers’ organisations either consented to or explicitly advocated for policy reversal. For instance, in Italy and Ireland, visible political exchange processes have primarily dealt with controversial distributive policy issues with high political salience but little impact on employers’ costs (e.g. reverting cuts to public pensions or to public sector pay), while contested regulatory issues with potential high relevance for employers’ organisations (e.g. EPL or mechanisms for minimum wage setting) have either remained the purview of unilateral policy-making, or have been objects of very circumscribed ad hoc political exchange. In Spain and Portugal, conversely, there has been considerable public and visible dialogue activity on some highly salient LMP regulatory issues (e.g. the issue of minimum wage setting and the regulation of fixed-term employment), but the scope of re-regulation has been substantively limited in line with employers’ preferences (for example, leaving untouched the issue of EPL for open-ended contracts or the regulatory framework of collective bargaining).

These findings highlight how, although tripartite political exchange has remained
surprisingly resilient after the shock of the Eurozone crisis period, the balance of class power relations underpinning such processes of exchange remains, in the current post-crisis recovery, heavily skewed in favour of capital. Conversely, the first-order preferences of organised labour in Eurozone peripheral countries remain, on the whole, mostly disempowered: unions have been able to extract only marginal compensatory gains through engagement in political exchange with governmental actors, as their participation requires a considerable moderation of demands in order to maintain the process of dialogue going. Whilst preserving channels of institutional intervention might thus be useful for unions to tackle the problematic legacies of crisis-induced structural adjustment measures and retain institutional power resources, especially in contexts of hostile governmental partisanship, excessive reliance on concertation practices might risk turning into an obstacle for organised labour to achieve deeper policy change. Overall, these findings raise doubts about the capacity of social concertation to facilitate a substantive recuperation of labour and social rights in the post-crisis phase.
10 Chapter 10. Discussion and conclusions

This thesis has investigated the evolution of interest intermediation practices between governments and organised producer groups throughout the decade of the Great Recession (2008-2018) in four crisis-struck countries of the Eurozone: Italy, Spain, Portugal and Ireland. This thesis aimed to address two research questions: one empirical ‘how’ question and one explanatory ‘why’ question:

**Q1:** How have the dynamics of interest intermediation between governments and organised producer groups evolved in the wake of the Great Recession across crisis-struck countries?

**Q2:** How can we account for variation in the dynamics of inclusion and exclusion of organised producer groups in economic and social policy-making throughout the successive phases of the Great Recession?

This chapter addresses these in turn and outlines the thesis’ main contributions. Section 10.1 focuses on the first research question. First, it assesses whether the findings highlight a trajectory of continuity or of crisis-induced change in interest intermediation in the Eurozone periphery. Second, it analyses the bargains underpinning cosmetic and substantive concertation agreements concluded during the Great Recession decade, to understand how the logic and substance of ‘corporatist exchange’ have evolved.

Section 10.2 addresses the second research question. Through a macro-comparative analysis of the four cases, it reconstructs the interests driving actors’ decisions to engage in or reject political exchange during different phases of the Great Recession, and identifies the main causal factors shaping actors’ strategic orientations towards political exchange under crisis conditions. The analytical merits of an actor-centred approach to the study of interest intermediation and the main contributions that the thesis makes to theories of social concertation and state-producer groups relations are outlined. Finally, section 10.3 concludes by summarising the thesis’ findings and discusses its limitations, prospects for future research and political implications.
10.1 Interest intermediation in the Eurozone periphery through the Great Recession: assessing continuity and change

10.1.1 Continuity, disruption and convergence, or: is governmental unilateralism really the only game left in town?

The first aim of this research was to assess how dynamics of interest intermediation among governments and organised producer groups in crisis-struck countries of the Eurozone periphery have evolved throughout the long decade of the Great Recession (2008-2018). The findings presented in Chapters 6-9 challenged empirically accounts that treat the crisis as a critical juncture marking the inauguration of a new phase of governmental unilateralism across Eurozone peripheral countries (cf. Luque Balbona and González Begega, 2015), and that identify the liberalising, supply-side focused trajectory of policy responses to the crisis as symptomatic of a homogenous ‘secular decline’ in concertation and in unions’ role in policy-making in non-CME countries (cf. Hassel, 2015: 253).

Whilst it is undoubtable that the industrial relations and LMP institutions of Eurozone peripheral countries have been reformed along a shared liberalising trajectory in response to the crisis (cf. Armingeon and Baccaro, 2012a; Heyes et al., 2012; Baccaro and Howell, 2017a), this thesis has argued that the picture with regard to the direction and depth of change in interest intermediation practices is more complicated. Chapters 6-8 showed that the politics of crisis-responsive adjustment in the ‘acute’ period of the Great Recession have not been homogenous across the Eurozone periphery. The crisis has neither revived the ‘corporatist Sysiphus’ (Schmitter, 2015) nor marked the ‘death of social pacts’ (Culpepper and Regan, 2014). Rather, crisis-responsive measures have been implemented both through unilateral policy-making and through tripartite and bipartite agreements involving the government as a negotiating partner, highlighting that liberalisation and retrenchment are compatible with diverse modes of interest intermediation, and that social concertation can, under certain conditions, facilitate these processes.

Chapter 6 and 9 have additionally shown that the crisis has not marked a neat ‘before’ and ‘after’ in dynamics of domestic interest intermediation. Indeed, various forms of macro-political negotiation involving unions and EOs have been re-activated in the post-crisis period across all four countries under analysis. Even where the exclusion of organised producer groups from key-decision making tables at the crisis peak was most severe, such as Italy and Spain, these processes have been subject to reversals. Furthermore, modes of interest intermediation throughout the whole crisis decade have
varied not only across countries and over time, but also across policy areas within each country. Hence, the findings suggest that governmental unilateralism is not the only game left in town. Yet, this does not imply that domestic interest intermediation has remained unmutated over the crisis decade.

Table 10.1 summarises comparatively the forms and outcomes of change in interest intermediation observed in Italy, Ireland, Portugal and Spain over the 2008-2018 period, generalising from the detailed variation patterns analysed in the empirical chapters. Using the classificatory typology introduced in Chapter 3, which distinguishes between the institutional form and the substantive content of interest intermediation modes, we can discern patterns of continuity and transformation across both dimensions of the phenomenon. This offers a more nuanced account of change than what comparative institutional analysis solely focused on institutional form would allow for.

This analysis draws on the conceptual terminology of Dølvik et al. (2018) and Streeck and Thelen (2005a), distinguishing between different possible forms of change in the two dimensions, and between the possible results of change. With regard to the forms of change, a distinction is made between stability (no institutions are introduced anew or altered in their functioning); adaptation (minor changes observed either in formal set-up or in the functioning of existing institutions); reconfiguration (more far-reaching changes observed either in the formal set-up or in the functioning of existing institutions); and abrupt changes (where new institutions are introduced or old ones completely discontinued or repurposed). With regard to possible results of change, the analysis distinguishes between continuity, incremental change and transformation.

The comparative overview of Table 10.1 shows that change in dynamics of interest intermediation has occurred throughout the crisis decade in all four countries, but not with the same depth and outcomes. With regard to institutional form, practices of formal and visible concertation between governments and organised producer groups have been subject to temporary suspensions in all four countries. In Ireland, Italy and Spain there have also been direct attempts to dismantle or displace tripartite institutions. However, these attempts have resulted in transformative change only in Ireland, where the pre-existing institutions of social partnership have been replaced by bipartite concertation in the public sector and new institutional arenas for occasional cosmetic social dialogue in public policy (cf. Chapter 9). In Italy, prior forms of tripartite concertation have instead been reconfigured, moving towards a combination of occasional formal bipartite or tripartite tables and informal behind-the-scenes intermediation processes. In Spain, by
2018 pre-existing practices of tripartite social dialogue tables on discrete policy issues have been re-activated, substantively unchanged from the pre-crisis status quo. Portugal also showed a picture of remarkable formal stability in the formal institutions of tripartite social concertation over the crisis decade.

Table 10.1 Assessment of forms and results of change in interest intermediation, 2008-2018

<table>
<thead>
<tr>
<th></th>
<th>Forms of change in dimensions of interest intermediation over 2008-2018 period</th>
<th>Overall results of change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Italy</strong></td>
<td>Reconfiguration (Attempted disruptive transformation in crisis phase; then adaptation of pre-existing forms of intermediation – informal exchanges &amp; ad hoc tripartite social dialogue tables)</td>
<td>Adaptation (Shrinking in scope of political exchange to limited policy areas; broad continuity in functions – mix of legitimation &amp; problem-solving)</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td>Abrupt change (new institutions) (Disruptive transformation - abandonment of tripartite social partnership; shift to bipartite negotiations with public sector unions &amp; cosmetic dialogue in public policy)</td>
<td>Reconfiguration (Partial shift in scope of political exchange – from income &amp; public policy to public sector; narrowing down of functions – only problem-solving)</td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
<td>Stability (Continuity in institutionalised tripartite concertation, only occasional suspensions)</td>
<td>Adaptation (Partial change in scope of political exchange – broad policy areas but only parametric changes; broad continuity in functions – mostly legitimation)</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>Stability (Attempted disruptive transformation in crisis phase; then ‘survival and return’ of pre-existing forms of intermediation – ad hoc tripartite social dialogue tables)</td>
<td>Reconfiguration (De facto exhaustion in scope of policy-oriented political exchange; narrowing down of functions – only legitimation)</td>
</tr>
</tbody>
</table>

Source: own elaboration

With regard to the substantive content of interest intermediation processes, these have instead been adapted or reconfigured in all four countries. Change over the crisis decade has been deeper in Spain and Ireland. In Spain, policy-oriented political exchange has been practically exhausted, and cosmetic concertation restricted to legitimation purposes (cf. Chapter 9). In Ireland (Chapters 8-9), the scope of macro-political exchange has shrunk, shifting from over-arching incomes and social policy to the negotiation of public sector pay and conditions only, and its function limited to problem-solving purposes. In Italy and Portugal, instead, the content and functions of political exchange have undergone less deep adaptation. In Italy (cf. Chapters 7-9), the scope of macro-political
exchange has shrunk to a narrower set of policy areas and to primarily parametric or defensive changes in policy content, but retained its double function of legitimation and problem-solving. In Portugal, social concertation has remained broad in scope (in terms of topic areas object of negotiations) and retained its primary function of legitimation, but the extent of concessions extracted by organised producer groups has also shrunk to primarily defensive or parametric changes (cf. Chapters 8-9).

This overview shows that the Great Recession has been associated with significant changes in interest intermediation dynamics between governments and organised producer groups in Eurozone economies. However, considering the status quo at the end of the 2008-2018 period, nowhere has macro-political exchange as a mode of policy-making and socio-economic governance been completely marginalised. Rather than being fully discontinued, prior practices of interest intermediation have evolved, adapted to the new political and macro-economic circumstances, and re-purposed to fulfil different functions: primarily the legitimation and management of austerity during the crisis and the stabilisation of political and accumulation regimes in conditions of post-crisis volatility. These findings suggest that organised producer groups still have a role to play in the post-crisis political economy and in the policy-making dynamics of Eurozone countries – albeit considerably reduced when compared to the 1990s ‘new social pacts’ phase. Simultaneously, the findings confirm that policy concertation in its tripartite form is best thought of as a “temporary and unstable phenomenon” (Hassel, 2015: 247), rather than as a permanent feature of socio-economic governance.

10.1.2 Blunting or aiding liberalisation? The reach and limits of negotiated adjustment in the crisis decade

Having established that formal and structured practices of political exchange have continued to play a role – albeit reduced – in policy-making throughout the Great Recession, an overall assessment requires also considering how the substantive content and policy outputs of political exchange processes have evolved. Chapters 7 and 9 showed that the exchange logics underpinning the formal concertation agreements concluded over the crisis decade varied across countries and over time. This section proposes a comparative analytical classification to systematise the observed variation in the trade-offs underpinning substantive and cosmetic agreements concluded during the acute crisis (2009-2013) and post-crisis periods (2014-2018).

This analysis enables us to establish whether new logics of corporatist exchange have emerged during the Great Recession, or whether there is continuity with the logic
of ‘competitive corporatism’ (Rhodes, 2001). Interrogating the kind of class compromises (Wright, 2000) which these agreements entail and the extent to which they have managed to ‘blunt’ (cf. Fraile and Baccaro, 2010) or embed (Thelen, 2014) liberalisation is crucial to adjudicate the capacity of macro-political exchange to re-balance class power dynamics in the contemporary historical phase.

10.1.2.1 The logic of macro-political exchange in acute crisis times

Table 10.2 proposes a heuristic taxonomy that classifies the compromises underpinning formal and visible concertation agreements (both substantive and ‘cosmetic’) concluded during the acute crisis period (2009-2013), on the basis of two dimensions. The first dimension distinguishes between the main target/objective of governmental intervention that the agreement aimed to facilitate. The empirical analysis identified two broad types of policy goals underpinning crisis concertation deals, which, although interrelated, may lead to different types of compromises:

1) *retrenchment* through intervention in *distributive* policy areas – e.g. public expenditure reduction, e.g. in pensions, public sector pay or unemployment benefits;

2) *internal devaluation* through intervention in *regulatory* policy areas – e.g. flexibilisation of EPL, decentralisation of CB, changes in wage-setting mechanisms.

The second dimension distinguishes the kind of concessions offered to organised producer groups in exchange for their collaboration with, or assent to, the above government goals. In ‘crisis concertation’ agreements, the main actors to which compensation was offered in exchange of consent were unions, whilst EOs tended, in most cases, to be already aligned with the goals pursued by governments. We can distinguish between three possible types compensatory concessions offered to unions during the crisis period:

1) *direct mitigation* of the depth of foreseen change, through defence – partial or total - of the status quo (e.g. preservation of employment levels or delaying the entry into force of reforms);

2) *lateral compensation* - through the provision of alternative forms of protections for the affected population in other policy areas; or for other segments of the workforce/population not directly affected by the main reform target (e.g. ALMPs or job
creation incentives for ‘outsiders’ in case of reforms targeting ‘insiders’) – akin to what
the social policy literature would describe as recalibration (Ferrera, 2005);

3) future-oriented concessions - i.e. the guarantee of having channels open either for a
future restoration of conditions or for future involvement in overseeing or negotiating
policy, preserving the organisation’s ‘voice’ and institutional power resources.

Table 2 shows the heuristic classification obtained by crossing these two
dimensions. This overview illustrates variation in the bargains underpinning crisis
concertation agreements.386

Table 10.2 Comparative analysis of bargains in ‘crisis concertation’ agreements (2009-2013)

<table>
<thead>
<tr>
<th>Dimension 2: compensation for unions</th>
<th>Dimension 1: target of intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributive sphere</td>
<td>Regulatory sphere</td>
</tr>
<tr>
<td>(main goal: retrenchment)</td>
<td>(main goal: internal devaluation)</td>
</tr>
</tbody>
</table>

- **Mitigation** (distributive bargaining for safeguarding status quo for affected target group)
  - Ex: IE (Croke Park 2010, Haddington Road 2013)
  - ES (2011 Agreement)
  - No examples observed.

- **Lateral compensation** (integrative bargaining through provision of alternative protections)
  - Example: ES (2011 Agreement)
  - Example: PT (2011 and 2012 Agreement - on paper)

- **Future-oriented compensation** (guarantee of future voice channels)
  - Example: IE (Haddington Road 2013)
  - Example: PT (2011 and 2012 Agreements - in practice)

Source: own elaboration

Whilst the agreements concluded in Ireland (2010 and 2013) and Spain (2011)
mainly aimed at retrenchment (in public sector pay and pensions respectively), the main
target of Portugal’s 2011 and 2012 tripartite agreements was internal devaluation via LMP
liberalisation. Forms of concession also varied. In Ireland, unions secured mitigation in
depth of public sector retrenchment (i.e. avoidance of compulsory redundancies,
progressive distribution of pay cuts), and future-oriented concessions (i.e. involvement in the
management of restructuring and guarantees for future renegotiation in case of changed
macro-economic circumstances). In Spain, unions obtained mitigation in the depth of

---

386 Some of the agreements could be classified under multiple categories, as they entailed multiple forms of compensation.
pension reforms (i.e. parametric rather than structural changes and delay in implementation) and lateral compensation (i.e. strengthened ALMPs for the unemployed). In Portugal, unions obtained – on paper – commitments to mitigation in the depth of liberalisation (e.g. no compulsory 30 minutes increase in working time) and lateral compensation (through expansion of ALMPs and incentives for job creation). However, these ‘recalibratory’ measures were never implemented. UGT’s main achievement was rather future-oriented compensation – i.e. the possibility of continuous involvement in overseeing MoU implementation.

This overview shows that the agreements concluded in the crisis amounted to macro-concessionary bargaining: mostly defensive in content (Spain, Ireland) or actively disadvantageous for organised labour (Portugal). In most cases, concessions extracted by unions were focused on the immediate protection of their core members from the costs of retrenchment. Only in one case (Spain 2011) the bargain entailed a ‘solidaristic’ trade-off between pensioners and the unemployed. Overall, the extent of recalibration facilitated by crisis concertation practices was extremely limited. Rather than being obstacles to liberalisation, crisis concertation agreements facilitated its implementation through a marginal smoothening of its adverse impacts – either over time or across components of the workforce.

10.1.2.2 The logic of macro-political exchange in the post-crisis period

Table 3 below analyses comparatively the policy trade-offs underpinning the concertation agreements concluded during the immediate post-crisis period (2014-2018) across the four countries, applying the bidimensional analytical schema introduced above. As Chapter 9 showed, the logic of policy-oriented exchange partly evolved with the onset of the ‘recovery’. Governments continued facing the imperative of maintaining fiscal prudence and not straying substantively from internal devaluation. However, the relaxation of explicit conditionality and the return to growth increased marginally room for manoeuvre in policy choices. This is reflected in the main targets of intervention and policy goals underpinning agreements in the recovery period (dimension 1), which can be distinguished between:

1) Protective expansion through interventions in the distributive sphere aimed at reinstating fully or partly welfare, pensions or wage entitlements reduced during the crisis;

2) Re-regulation through interventions in the regulatory sphere aimed at partly
expanding or re-instating protections or coordination mechanisms reduced during the crisis, for example in EPL, collective bargaining extensions, wage-setting mechanisms.

In the empirically observed cases, governments never aimed to reverse fully reforms implemented during the crisis, but rather to implement measures that would partly respond to but also moderate the emerging societal and union demands for policy reversal. The types of concessions granted to social partners (dimension 2) in post-crisis agreements reflect this renewed compromise-forging function of concertative practices, as they were targeted at both unions and employers’ organisations, with the aim of balancing their competing preferences. Here, we can distinguish between concessions involving:

1) *Direct recuperation* (partial or total) of prior entitlements, prerogatives or protections modified during the crisis;

2) *Lateral compensation* through the provision or introduction of new forms of regulation/protection (for unions) or of new entitlements or incentives (for employers) in other policy areas than the one constituting the main target of the original intervention; or benefitting other groups than those originally affected;

3) *Future-oriented concessions*, i.e. the guarantee of future channels of ‘voice’ and involvement in the definition and implementation of policy initiatives).

Table 10.3 illustrates the diversity in the policy goals and concessions traded in post-crisis concertation agreements. The agreements concluded in Ireland and Italy post-2014 focused on *distributive* issues of relevance for unions (e.g. reinstatement of public sector pay or of reduced pensions entitlements), which did not require granting of specific concessions to employers’ organisations. In Spain and Portugal, conversely, agreements were concluded primarily in the *regulatory* sphere of LMP and collective bargaining, where distances in preferences between unions and EOs were deeper – thus requiring concessions for both sides.

With regard to concessions, unions extracted some *direct recuperation*, e.g. through the reinstatement of frozen or cut pay (Ireland and Italy); marginal expansion of reduced pensions entitlement (Italy); increase of frozen minimum wage entitlements (Spain, Portugal); or partial re-regulation of temporary contracts and collective bargaining extension mechanisms (Portugal). In exchange for their consent to partial re-regulation contradicting their preferences, employers’ organisations in Spain and Portugal were offered *lateral compensation*, e.g. social security contributions discounts, concessions on
functional and working time flexibility or get-out clauses providing exemptions from the new rules.

Table 10.3 Comparative analysis of bargains in ‘post-crisis’ agreements (2014-2018)

<table>
<thead>
<tr>
<th>Dimension 2: compensation for unions and employers’ organisations</th>
<th>Distributive sphere (main goal: moderate protective expansion)</th>
<th>Regulatory sphere (main goal: moderate re-regulation)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Future-oriented concessions</strong> (guarantee of future voice channels)</td>
<td>IE (2015 and 2018 Public Sector Agreements)</td>
<td>2014: ES 2014 Acuerdo de propuestas para la negociación tripartita (both unions and EOs) PT: 2017 NMW Agreement (both unions &amp; EOs)</td>
</tr>
</tbody>
</table>

Source: own elaboration

Future-oriented concessions also remained an important mechanism to induce social partners’ cooperation. Whilst being an established component of the bargaining logic of Irish public sector unions, this aspect of the exchange acquired new relevance in Spain and Portugal post-crisis. Employers’ organisations in particular were induced to consent to post-crisis agreements providing for partial re-instatement of minimum wages or other labour rights by the offer of future guaranteed involvement in shaping the pathway of labour market policy-making or minimum wage setting.

This analysis shows that the exchange logic of post-crisis concertation partly evolved from the extreme macro-concessionary bargaining of the crisis period. In most cases, post-2014 agreements entailed some partial recuperation of lost entitlements for organised labour (alongside side compensations for EOs). However, the restricted scope
of policy reversals has not altered significantly the overall trajectory of crisis-induced liberalisation. The major liberalising reforms introduced during the crisis, especially EPL deregulation, have remained out-of-bounds for post-crisis concertation, and the scope of concessions extracted by unions was strongly shaped by employers’ preferences. The guarantee of future voice mechanisms via social concertation in Portugal and Spain also provided employers’ organisations with a further source of institutional power resources that they could mobilise to prevent future re-regulation. Hence, the analysis suggests that the balance of power underpinning instances of ‘recovery concertation’ has remained, overall, strongly skewed in favour of capital.

10.1.3 Theoretical implications: assessing depth and trajectory of change

This complex picture of cross-country and temporal variation in interest intermediation dynamics has several theoretical implications for our understanding of institutional change under crisis conditions and for debates on the evolution of interest intermediation in advanced capitalist economies.

10.1.3.1 Institutional change and continuity in the Great Recession

First, in line with the insights of historical institutionalist scholarship (cf. Streeck and Thelen, 2005a; Jackson, 2010), these findings highlight that even in the presence of disruptive ‘exogenous shocks’ such as the Great Recession, change in forms of socio-economic and political governance is not necessarily path-breaking, but can be adaptative and evolutionary, with dynamics of subtle continuity and ‘resilience’ of old institutional legacies at play across disruptive ruptures. This underscores the importance of not automatically equating crisis moments with full discontinuity, and of interrogating the possible sources of resilience of pre-existing institutions and practices.

The findings highlight the analytical value of distinguishing between the institutional forms through which socio-economic and political practices take place on the one hand, and their substantive content and functioning on the other (Baccaro, 2014; Baccaro and Howell, 2017a). This is necessary to apprehend their full complexity and ascertain the actual depth of transformations. In some respects, the comparative overview summarised in Table 10.1 reinforces Streeck and Thelen’s observation that “formal institutions do not determine the uses to which they may be put” (2005a: 17); and that “(…) major change in institutional practice may be observed together with continuity in institutional structures” (2005a: 18). This is clearly the dynamic at play in Spain, where surface stability in the institutional structures of social dialogue has been accompanied by transformation in its content and the functions it
At the same time, the analysis shows that the reverse is also possible: there can be continuities in the functions that established practices of interest intermediation fulfil, even if the formal institutional structures through which they are channelled undergo transformative change. This is the case in Ireland or Italy — where macro-political exchange between governments and organised producer groups continues to play an important role in stabilising specific aspects of the country’s accumulation models (for example, securing social peace for the purposes of FDI attraction in Ireland), or as a background channel of consensus generation and smoothening of emerging distributive conflicts between different components of domestic social coalitions (as in Italy). These findings underscore the importance of analysing socio-economic governance practices in depth to gain a full understanding of their functioning, as arrangements that may look similar in institutional form might actually function differently or have distinct political significance – or vice versa, act as functional equivalents even when formally diverse.

Finally, these results advance our understanding of the significance of the crisis for trajectories of institutional change across European political economies. The observed variation suggests that the Great Recession has not acted as a trigger of cross-country convergence in the governance of policy-making processes – confirming the insights of other contributions highlighting cross-national diversity in the politics and trajectories of crisis-induced policy change (Dolvik and Marginson, 2018; Gavris and Heyes, 2019; Hall, 2018; Heyes et al., 2012; Picot and Tassinari, 2017; van Kersbergen et al., 2014). Whilst uncovering some common causal mechanisms which underpin the activation or marginalisation of political exchange in different phases of the crisis conjuncture (see section 9.2 below), overall the thesis has shown that over the crisis decade modes of interest intermediation in EZ peripheral countries have evolved along distinct trajectories, rather than following one common script. The identification of distinctive national pathways of development in interest intermediation dynamics resonates with accounts (cf. Meardi, 2018) highlighting the continuing relevance of endogenous political dynamics and domestic institutional legacies, specific state traditions and actors’ power resource in shaping national trajectories of adjustment in the face of common exogenous pressures.

10.1.3.2 Theorising within-country variation in political exchange: policy shapes politics

With regard to the content and substance of political exchange processes, the analysis returns an even more fine-grained picture of cross-country and within-country variation.
The analysis revealed substantive differences across policy spheres in the scope and content of structured macro-political exchange processes. The concertation agreements concluded over regulatory issues, especially on LMP and collective bargaining regulation, were considerably fewer than those struck on ‘distributive’ policy issues (e.g. pensions or public sector pay). Through macro-political exchange in the distributive sphere (e.g. in the case of public sector pay negotiations in Ireland, or in the pensions agreement in Italy or Spain), unions were also able to extract more significant ‘protective’ or restorative concessions than in the regulatory sphere.

These insights suggest that social concertation should not be considered only as a general feature of national industrial relations ‘models’, but rather as also embedded in, and shaped by, the specific features of distinct policy fields within countries. This echoes the insight, well-established in the public policy literature, that policy shapes politics (Lowi, 1972) – i.e. that the characteristics of a policy field partly shape the kind of political conflicts that emerge within it.

This perspective helps to understand why agreements over the crisis decade were easier to reach in ‘distributive’ than ‘regulatory’ policy areas. In the former, the costs of retrenchment could be more easily progressively distributed, or their effects partly delayed into the future, so as to provide partial compensation to ‘losers’. Cyclical cost-cutting measures were also easier to reverse once economic circumstances changed. Instead, in regulatory areas such as LMP and collective bargaining, compensation for ‘losers’ was harder to devise, as policy changes tended to be immediate in their effects, and harder to revert once in place in virtue of the ‘structural’ nature of the interventions. In regulatory policy areas, of greater salience for business’ material interests, employers’ organisations also preferred wherever possible to exercise their influence via direct access to policy-makers (what Culpepper (2010) calls practices of ‘quiet politics’), only recurring to concertation when the possibility of re-regulation became politicised in the recovery period. Future analyses of concertation should thus consider more systematically how dynamics of interest intermediation are shaped by the characteristics of the policy sphere concerned, which offer different opportunity structures for crafting compromises or avoiding politicisation.

10.1.3.3 The logic of ‘austerity corporatism’ and liberalisation

The analysis showed that concertation agreements concluded post-2008 under intense adjustment pressures differed partly from the ‘competitive corporatist’ social
pacts of the 1990s (Rhodes, 2001, 2003). The goals of negotiated adjustment shifted from enabling long-term processes of welfare recalibration and labour market flexibilisation, as in the 1990s, to facilitating short-term processes of deep fiscal consolidation and deregulation in the acute crisis phase (2008-2013), and to managing and moderating the depth of policy reversals in the recovery period (2014-2018). This new variant of ‘austerity corporatism’ was underpinned by a logic of concessionary bargaining which presents some affinities with the logic of competitive corporatism, but pushes it further to its limits. On the one hand, the extent of sacrifices required of organised labour to maintain a seat at the concertation table deepened; on the other, the scope of pro-worker compensations that unions could extract shrunk, and often reduced to guarantees of (intangible) future influence, rather than concrete policy concessions.

These findings lend support to critical assessments of the outcomes of macro-corporatist practices of policy-making in the age of liberalisation (cf. Baccaro, 2014, 2015; Las Heras and Ribera-Almandoz, 2017; Stoleroff, 2019). The content of ‘austerity corporatist’ agreements concluded in the acute crisis phase echoes Baccaro’s (2014: 224) assessment that social concertation, despite remaining formally distinct from market-based mechanisms of governance and facilitating outcomes that might not be achieved purely through market forces, is still compatible with neoliberal policy goals. Indeed, even the exchanges underpinning post-crisis concertation do not indicate substantive deviation from liberalisation. The concessions extracted by unions through concertation since 2014 did not tackle the core of deregulation and remained firmly within the bounds of employers’ preferences. In some cases, concertation in the recovery was even actively mobilised by EOs to prevent policy reversal contrary to the interests.

In short, the findings indicate that under conditions of highly unbalanced class power relations, the institutionally resilient forms of political exchange are compatible with liberalisation, and can even be embraced by policy-makers and employers to facilitate it. Recognising persisting diversity in institutional forms and governance modes across capitalist economies must therefore go hand in hand with a consideration of the “force field in which institutions are embedded” (Baccaro, 2014: 224), equally central in shaping their concrete outcomes.

It remains to be seen whether strategies of ‘recuperation at the margins’ through concertation pursued by unions post-crisis will amount over time to a more substantive path-departure. For now, these results suggest that what is at stake in processes of interest intermediation between governments and organised producer groups in Eurozone
peripheral countries are no longer path-defining, “fundamental choices on the organisation of social life” (Streeck, 2006: 5), but rather choices at the margins about how to distribute adjustment costs more or less equitably or limit the depth of deviation from the liberalisation path.

Yet, despite being shadows of their former corporatist selves, practices of macro-political exchange – whether visible or behind-the-scenes – have neither disappeared nor evolved homogenously across crisis-struck countries. The next section focuses on identifying the factors and mechanisms that explain this selective and uneven resilience of macro-political exchange, and that have oriented the choices of governments, unions and employers’ organisations in navigating the strategic dilemmas posed by crisis circumstances.

10.2 Explaining variation in interest intermediation through the Great Recession

The thesis’ second objective was to develop a comprehensive explanatory account for the observed variation in the dynamics of interest intermediation between governments and organised producer groups through the Great Recession decade. The rationale for this inquiry stemmed from the observation (Chapter 2) that functionalist-structuralist interpretations appeared to have limited explanatory power in accounting for the differentiated dynamics of inclusion/exclusion of organised producer groups in crisis-responsive policy-making across countries facing comparable macro-economic pressures. In contrast, this thesis aimed to develop an actor-centric, political and agential account to understand the evolution of interest intermediation ‘in hard times’ (Chapter 3).

The findings demonstrate the validity of such an agential account. Table 10.4 below summarises the main theoretically-relevant conditions, identified through the analysis of Chapters 6-9, shared across cases with similar dynamics of interest intermediation over different phases of the Great Recession. This comparative overview shows that dynamics of interest intermediation were not determined neither by structural macro-economic conditions nor by institutional features. Country-specific institutional legacies and the adverse macro-economic context did shape the power resources and courses of actions that governments, unions and EOs had available, but did not determine their choices in homogenous ways.
<table>
<thead>
<tr>
<th>Examples (concrete cases observed)</th>
<th>Institutional legacies of concertation</th>
<th>Intensity of macro-economic problem load</th>
<th>Presence &amp; intensity of exogenous conditionality</th>
<th>Features of governmental actors</th>
<th>Features of organised producer groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2011-2015); (2011-2014); (in social and public policy here, 2009-2013)</td>
<td>Mixed institutionalisation (high IE &amp; ES; low IT) Negative public perception of concertation legacies</td>
<td>High</td>
<td>High (implicit conditionality IT/ES; MoU IE)</td>
<td>Mixed strength (majority government ES; grand coalitions IT &amp; IE) Mixed partisanship (centre-left/technocratic in IT; centre-right in ES; grand-coalition IE)</td>
<td>Low unions legitimacy in public Mixed union density (medium in ES; high only in public Ireland) Divisions between EOs or from competing organisations</td>
</tr>
<tr>
<td>(2009-2014); (2015-2018)</td>
<td>Mixed levels of institutionalisation (high ES; low PT) Mixed public perception of concertation legacies (positive PT; negative ES)</td>
<td>High (PT during crisis) or medium (EZ NEG in ES post crisis)</td>
<td>Weak governments (coalition in PT; minority government ES) Mixed partisanship (centre-left &amp; centre-right PT; centre-right ES)</td>
<td></td>
<td>Low unions legitimacy in public Low union density Weakened / divided EOs Selective institutional P.R. of unions &amp;/or EOs</td>
</tr>
<tr>
<td>(2008-2011; 2015-2018) (2015-2018)</td>
<td>Mixed levels of institutionalisation (low IT; high IE pre-crisis) Negative public perception of concertation legacies</td>
<td>Medium</td>
<td>Weak governments Mixed partisanship (centre-left &amp; centre-right IT; grand coalition IE)</td>
<td></td>
<td>Low unions legitimacy in public Mixed density (high in public IE; very high in public sector pensions in IT) Selective institutional P.R. of unions &amp;/or EOs</td>
</tr>
</tbody>
</table>
The case histories have shown that political actors retained discretion about how to pursue reforms, and occasionally chose to engage in political exchange even when they did not necessarily need to. Likewise, organised producer groups retained some space of strategic manoeuvre in choosing how to interact with decision-makers in the political sphere – whether through collaboration and engagement in political exchange, contestation or ‘quiet lobbying’.

In contrast to functionalist readings of interest intermediation, the thesis has thus argued that both practices of policy-making based on political exchange and unilateralism should be understood as the result of agential processes, driven by the interest-based choices of governmental actors and organised producer groups about how to best pursue their power or their policy interests (cf. Hassel, 2009). The next two sections summarise the main findings about the interest-driven motivations of governments, unions and employers’ organisations to engage or not in political exchange in crisis conditions (10.2.1) and about the crucial factors shaping these choices (10.2.2). The theoretical implications of these findings are then discussed (10.2.3).

10.2.1 Power and policy interests: an actor-centric account of concertation and unilateralism

10.2.1.1 Governmental drivers of (non) engagement in political exchange

The thesis’ findings have shed light on the motivations underpinning government choice to engage or not in political exchange in acute crisis conditions. First, contrary to the expectations of extant works (cf. Culpepper and Regan, 2014), the findings of Chapters 8 and 9 have shown that during the Great Recession governments continued to rely occasionally on political exchange to pursue both power and policy interests in crisis-related adjustment, even when facing weakened union movements.

The legitimating function of political exchange – both domestically and vis-à-vis external stakeholders and market actors – was a particularly prominent driver of government engagement in negotiations with organised producer groups during the acute crisis period (as demonstrated by the Portuguese case in Chapter 8), and acquired even greater prominence in the recovery (as shown by the Spanish and Italian cases in Chapter 9). The use of concertation to ensure domestic social peace, generate consensus from extra-parliamentary channels and reduce the political-electoral costs of unpopular reforms at times of governmental weakness is a well-established finding in the extant literature (cf. Baccaro and Simoni, 2008; Hamann and Kelly, 2011; Castater and Han, 2018). In addition, the thesis highlighted the central role that governments’ external
legitimation interests vis-à-vis international market actors and creditors played in shaping their choice of policy-making methods in the acute crisis conjuncture, a factor previously not extensively considered in studies of social concertation. In Ireland and Portugal (Chapter 8), governments occasionally used concertative practices, even when these where domestically discredited as in Ireland, to demonstrate to external stakeholders, investors and creditors a shared societal commitment to the smooth implementation of structural reforms, bolster credibility and project an image as ‘good pupils’ of austerity.

This external-facing dimension of legitimation acquired particular relevance during the sovereign debt crisis, when crises of confidence by investors and international markets regarding state capacity to ensure stable conditions for capital accumulation or to fulfil debt repayment commitments could unleash currency speculative attacks or self-fulfilling liquidity crises (De Grauwe and Ji, 2013; Woodruff, 2016), pushing countries towards the verge of default. In these conditions, domestic interest intermediation practices acquired a novel function as a ‘costly signal’ (cf. Hassid et al., 2007) that governments could send to market actors and EU authorities to prove their commitment to structural reforms and fiscal consolidation, and hence gain the confidence necessary to ease pressure on sovereign bonds or obtain some leeway in fiscal constraints.387

Conversely, the problem-solving function of political exchange remained relevant only in policy areas where organised producer groups retained specific organisational or institutional power resources, which either gave them power to act as veto players in specific reforms processes (as in the case of public sector unions in Ireland – see Chapter 8); or made their cooperation necessary to provide policy-makers with the information and technical know-how necessary for successful implementation (as in the case of short-time work schemes reforms in Italy – Chapter 7). In cases where the publicly legitimating function of political exchange was completely exhausted and cooperation of organised producer groups sought solely for such problem-solving purposes, governments opted to initiate ad hoc political exchange through informal channels, rather than visible concertation processes with a public-facing dimension (as in Italy during the first crisis period – cf. Chapter 7; or in Ireland in relation to changes to industrial relations legislation in 2015 – cf. Chapter 9).

Expanding on the insights of the extant literature, the analysis of Italy and Spain in

387 The terminology of ‘costly signals’ comes from signalling theory (Hassid et al., 2007: 2); and expresses the idea that in situations of interaction between two parties where there are incentives and expectations of deception, the incurrence of a cost by the signaling party becomes a means of demonstrating sincerity or commitment to the other party.
Chapter 7 also showed that not only political exchange but also unilateralism was the result of executives’ deliberate choices to pursue specific interests, rather than an involuntary side-effect emerging from structural constraints leading to the unavoidable “exhaustion” of the resources needed for political exchange (Luque Balbona and González Begega, 2015). As well as facilitating deeper liberalisation and structural adjustment functional to advance accumulation interests, the pursuit of governmental power interests was shown to be particularly important as a driver of unilateral policy-making. Indeed, due to long-term processes delegitimising social partners’ involvement in the political sphere and changed political equilibria under crisis conditions, the exclusion of organised interest groups from policy-making turned in certain cases from constituting a political risk to representing a possible source of political rewards for governmental actors. This method was used both to generate consensus at home among specific components of the electorate and capital outside the constituencies of established organised producer groups, and to generate credibility vis-à-vis creditors, investors and financial markets abroad about governments’ capacity to overcome veto players and pursue liberalisation in line with markets’ and creditors’ preferences (Baccaro and Howell, 2017b: 122). The chronological analysis of the Italian and Spanish cases (chapter 9) showed however that such deliberate attempts at dis-intermediated policy-making were not risk-free, and became often subject to reversals as the balance of power arising from economic and political circumstances shifted.

10.2.1.2 Unions and employers’ interests in political exchange

Although not as pivotal as the choices of sovereign governmental actors, the analyses have shown that the strategic orientations of unions and employers’ organisations were also relevant in shaping dynamics of interest intermediation.

With regard to unions, the pursuit of policy interests – especially in a logic of membership-oriented ‘damage limitation’ under crisis conditions – was a significant driver for deciding to participate in concession bargaining agreements. However, as the analysis above has highlighted, the concrete policy concessions extracted through political exchange during the crisis were often limited (as in the case of Ireland or Spain) or actively disadvantageous (as in the case of Portugal). This suggests that this driver of engagement in political exchange, considered in isolation, would be insufficient to understand unions’ logics of action under crisis conditions.

Rather, the findings have shown that the pursuit of power interests, and specifically
the attainment of organisational survival and the retention of influence and established institutional power resources, was a crucial motivation for unions to participate in political exchange during the crisis. This was the main rationale for Portugal’s UGT and Irish public sector unions to subscribe to macro-concessionary bargaining agreements (cf. Geary, 2016; Stoleroff, 2019), and for CISL and UIL’s informal cooperation in ad hoc political exchange in Italy. Conversely, Portugal’s CGTP, Spain’s CCOO and UGT and the Italian CGIL chose strategies of contestation to pursue their power interests during the crisis period. Whilst this was a long-standing orientation for CGTP (Stoleroff, 2019), Italian and Spanish unions changed tack once they realised that the legitimation and policy goods that they could extract through engagement in crisis corporatism were extremely limited and potentially damaging, as acquiescence to austerity had damaged their legitimacy vis-à-vis membership and the broader public and increased competition from grassroots unions and social movements (cf. Andretta, 2017; Cillo and Pradella, 2019; Köhler and Jiménez Calleja, 2018; Pérez de Guzmán et al., 2016; Sánchez Mosquera, 2018).

The analysis has additionally shown that these strategic orientations were not fixed over time – thus demonstrating the theoretical validity of accounts capable of taking into consideration the contingency of actors’ interest-driven strategic choices. For example, Chapter 9 showed that Spanish and Italian unions chose to re-engage in concertation with governmental actors in the post-crisis period. This was motivated primarily by a pursuit of power interests. Given the limited results achieved through contestation strategies, their concern to regain recognition in the political sphere to shore up their depleted institutional power resources drove them to re-engage in concertation, even when the policy concessions on offer were limited (as in Italy) or almost completely absent (as in Spain).

As for employers’ organisations, the findings highlighted that during the crisis their incentives to engage in policy-oriented political exchange were often reduced, as many of the policy preferences held by the most powerful segments of domestic capital – especially export-oriented employers – were already satisfied by the agenda of liberalisation and wage devaluation advocated through the Eurozone new economic governance mechanisms. As a result, Irish, Italian and Spanish employers’ organisations in several junctures during the crisis opted for maintaining direct channels of access to policy makers to assert their policy preferences, rather than seeking tripartite social dialogue which would have required them to moderate their policy requests. In the Irish case, the
extreme crisis situation also furnished domestic employers with tools to secure wage devaluation, thus facilitating their complete disengagement from centralised wage bargaining (which instead remained important in Italy and Spain).

There were nonetheless still instances when EOs sought to engage in political exchange with unions and governmental actors during the crisis decade. The analysis uncovered three main mechanisms leading to this. First, EOs occasionally used visible concertation to maintain domestic social peace when they considered it necessary to show to external investors and creditors that the country was ‘open for business’ (as in the case of Portugal). Second, EOs occasionally pursued political exchange – visible or behind closed doors – to stop or revert policy decisions adverse to their preferences, or to extract resources from the political system. This dynamic occasionally took place during the acute crisis period (for example in Italy and Portugal with regard to STW scheme or CB extension mechanisms), and became even more prevalent post-crisis, when EOs in Spain and Portugal used social concertation to prevent or moderate substantive policy reversals and re-regulation in EPL. Third, EOs were also occasionally driven to engage in visible political exchange to pursue their power interests: either to re-gain political visibility and recognition in public opinion as representative organisations, or to lend support to politically friendly governments. This dynamic was particularly prominent in Spain and Portugal, where competition either between employers’ organisations in different sectors, as in Portugal (Lisi and Loureiro, 2019) or between EOs and other business interest association, as in Spain (Bulfone and Afonso, forthcoming; Nonell and Medina, 2015) drove EOs to participate in formal concertation to defend their specific institutional power resources.

10.2.2 What shapes actors’ choices? Crisis pressures, historical legacies and power resources

Having established the agential, interest-driven motivations shaping dynamics of interest intermediation, this section reviews the specific factors that shaped governments’ and organised producers’ groups choices about whether to engage or not in visible concertation, ad hoc political exchange or unilateralism to pursue their power and policy interests at different junctures over the crisis decade.

10.2.2.1 Macroeconomic factors

The comparative analysis (cf. Table 4) confirmed that macro-economic conditions were important but not determining in shaping governments’ choice to engage or not in political exchange. In the acute crisis phase (cf. Chapters 7 and 8), high macro-economic
problem loads and exogenous pressures for structural reforms and fiscal consolidation were important contextual factors that restricted the available space for discretion for policy-makers, empowered them to partly insulate themselves from domestic political pressures, and made compromises between labour and capital harder to craft due to the depletion of resources available for exchange and the unprecedented depth of concessions expected of organised labour. However, the impacts of macroeconomic troubles and Eurozone-governance conditionality on interest intermediation dynamics were not homogenous across the board (cf. Chapter 6), nor clearly correlated with their ‘objective’ intensity or severity. Likewise, the relaxation of macro-economic problem loads and exogenous policy conditionality in the recovery (Chapter 9) provided conducive conditions for the re-activation of political exchange, but domestic political conditions significantly mediated how this happened, in what policy areas, and how substantive these efforts were.

The type of policy conditionality in place could be hypothesised to have played a role in shaping government choice – as the two countries with a Memorandum of Understanding with the Troika, Portugal and Ireland, were also those where ‘crisis concertation’ was used most prominently to generate external legitimation and secure domestic social peace (Chapter 8). This coincidence could be attributed to the supposed preferences of the lenders for domestic social dialogue (a practice routinely recommended in the MoU documents).

However, the case histories did not uncover substantive evidence that the presence of the MoU in itself exercised a decisive influence on government’s attitudes. Firstly, the first crisis concertation agreements in both Portugal and Ireland pre-dated the MoU, and in both countries, concertation remained afterwards a selective practice rather than an institutionalised method to manage MoU implementation across the board. Second, the European authorities issued equivalent recommendations to ‘respect domestic social dialogue’ to Spain and Italy in the various EU Semester communications, but with no impact on social partners’ involvement in policy-making; suggesting that such recommendations were mostly window-dressing and carried in fact limited weight. Finally, the conclusion of an MoU in Spain post-2012 did not lead to any re-activation of concertation – if anything, the opposite (cf. Chapter 7). This suggests that the presence of an MoU as such did not exercise causal powers on government choices, but was rather a contextual condition that might have played into the strategic calculations of domestic actors at certain critical junctures, without however determining them.
10.2.2.2 Political factors: partisanship and government strength

The comparative analysis of the cases showed that political factors played a more substantive role in shaping governments’ decision to engage (or not) in political exchange with organised producer groups under crisis conditions. Government partisanship in itself was not a consistent predictor – as unilateralism was occasionally embraced by both governments of the centre-left and the centre-right, and vice versa for concertation. The presence of prior party-unions linkages and ideological proximity (i.e. left-wing partisanship) in particular appeared to be no longer sufficient to secure unions’ influence in the policy process (cf. Hyman and Gumbrell-McCormick, 2010; Mattina, 2018).

The presence of weak governments, conventionally defined as either minority governments or governments presiding over ideologically divided coalitions (Rathgeb, 2018: 16), was instead more consistently associated with the initiation of either cosmetic or substantive concertation (cf. Avdagic, 2010; Baccaro and Lim, 2007). The case histories showed that government weakness as a driver of power-related political exchange acquired particular importance in the post-crisis period (Chapter 9), as conditions of political instability and fragmentation of party systems led incumbent governments facing challenges from populist or ‘anti-systemic’ parties to seek visible rapprochement with the social partners in a last-ditch attempt to generate electoral consensus. However, the relationship between government weakness and political exchange was not one of sufficient causality – as even ‘formally’ weak governments at the peak of the crisis (such as the technocratic Monti coalition in Italy, the grand coalition of Renzi in Italy or the grand coalition of FG and Labour in Ireland) attempted occasionally to pursue reforms unilaterally. This indicates that government weakness and strength as respective drivers of concertation or unilateralism are contingent on other contextual factors.

10.2.2.3 Historical-institutional legacies

With regard to the role played by institutional legacies of concertation, let us recall that all the cases under analysis were non-corporatist countries, where the experience of social concertation had emerged as political, non-routine responses to macro-economic problems between the late 1980s and early 1990s, with differing degrees of institutionalisation (cf. Chapter 5). As expected, the relative levels of institutionalisation of concertation at the crisis onset did not consistently predict its resilience or decline during the crisis decade. Indeed, tripartite social partnership in Ireland was discontinued in 2009 despite being highly routinised. Experiences of successful tripartite social dialogue
in Spain in the early 2000s did also not lead to path dependency in negotiated policy-making in the crisis conjuncture. Conversely, the prior ‘stop and go’ history of social concertation in Portugal did not prevent policy-makers from successfully mobilising tripartite social concertation during the crisis. This highlights how institutional legacies *in themselves* do not dictate actors’ behaviours, and could be subverted or re-purposed depending on context and goals.

The case histories highlighted that rather than the prior relative levels of *institutionalisation* as such, what mattered more in shaping governments’ choices about whether or not to initiate formal and visible social concertation, especially during the acute crisis phase, were political actors and public opinion’s collective perceptions of *concertation’s legacies*. As discussed in Chapters 7 and 8, in Italy, Spain and Ireland fully fledged tripartite concertation had come to be perceived in public opinion, either in the run-up to the crisis or in the first crisis phase, as a dysfunctional obstacle to growth and structural reforms, associated with either unfair or ineffective policy outcomes such as dualisation, labour market segmentation, skewed welfare spending distribution or growing wage inequalities (Molina and Rhodes, 2007; Regan, 2013b; Teague and Donaghey, 2009a). Governmental actors in these countries had thus strong incentives to be seen as openly discontinuing such practices to generate consensus among the electorate and gain credibility from external stakeholders. Concertative practices were thus either repackaged in new and less-overt institutional forms, if they provided useful problem-solving function (as in Ireland and, to some extent, in Italy), or suspended altogether (as in Spain over 2012-2014).

In Portugal, conversely, tripartite concertation retained an overall positive reputation among policy-makers of all partisan orientations, as it had been used repeatedly over the prior thirty years both to provide support to centrist parties against radical left forces, and to facilitate processes of labour market liberalisation (cf. Chapter 5; Stoleroff, 2019). This was possible because in case of opposition by the main union CGTP, concertation agreements were signed anyway by the moderate confederation UGT, and carried symbolic weight nonetheless (Campos Lima and Naumann, 2011). Hence, Portuguese governments could gain domestic political legitimation by concluding visible ‘stabilising’ concertation agreements even with the weaker union UGT and extract external credibility as a ‘good pupil’ of austerity by achieving the ‘impossible feat’ of getting unions to sign up to painful reforms (cf. Chapter 8). This difference in the public perception of concertation’s historical legacies accounts for the relative stability in the
institutional forms through which political exchange during the crisis was organised in Portugal, which contrasts with the other three cases.

10.2.2.4 Organised producer groups’ power resources

The power resources of organised producer groups also played an important role in shaping dynamics of political exchange. The depletion of social partners’ societal power resources – i.e. a decline in the legitimacy and trust that they enjoyed in public opinion – appeared to go hand in hand with negative perceptions of concertation’s legacies in shaping governments’ decision to visibly exclude them from policy-making; as shown by the Italian, Spanish and Irish cases in Chapters 7 and 8 respectively. Even in contexts where party-union links were comparatively strong prior to the crisis, such as between the Italian Democratic Party and the CGIL (Mattina, 2018) or in Ireland between the major unions and Fianna Fáil (Dooley, 2018b), the mounting of negative public perceptions about unions’ role in policy-making contributed to leading previously close political actors to attempt to recede these links in the belief that this would be beneficial for electoral consensus. This precipitated the weakening of channels of unions’ political influence (cf. Allern and Bale, 2017) and contributed to reducing the predictive power of partisanship as a driver of union inclusion. At the peak of the crisis, the depletion of societal power resources seemed thus to matter more as a driver of unions’ marginalisation than low density and lack of organisational power to mobilise societal opposition (also highlighted in the literature as factors driving union exclusion – cf. Culpepper and Regan, 2014). For example, Italian unions experienced marginalisation from visible forms of policy-making despite having stable and relatively high union density (cf. Chapter 5).

However, the presence of ‘negative’ legacies of concertation and low levels of union legitimacy did not always co-vary, nor did they have consistent effects on political exchange dynamics across countries and over time. For example, Portuguese cabinets continued to seek visible intermediation with UGT even when public levels of union distrust shot up from 2010 (cf. Chapter 5) – as concertation was still respected and considered useful by governmental actors to attempt to generate legitimation abroad and diffuse the front of domestic opposition by dividing UGT from CGTP. Weakened and delegitimised unions were also occasionally involved in policy-making ‘behind the scenes’ during the crisis (cf. Italy in the first crisis phase – Chapter 7). Similarly, although the re-activation of tripartite policy coordination in Ireland has not yet been possible due to its ‘toxic brand’, Irish policy-makers found it useful to salvage certain aspects of the social
partnership machinery (whilst changing its institutional form). Chapter 9 has also shown that when the balance of forces mutated in the recovery, policy-makers facing political instability in both Italy and Spain were equally ready to recuperate practices of visible social dialogue that they had previously cast aside, even inviting delegitimised unions back at the table.

These findings highlight that institutional and historical legacies do not exercise causal effects in isolation but provide contexts and opportunities for action that actors can mobilise in different ways, and possibly override, depending on the field of forces in which they are inserted and of the interests that they pursue. Additionally, they highlight that the relative significance of different aspects of actors’ power resources may change depending on the circumstances and sphere of action. Hence, it is necessary to consider in a more nuanced fashion the variegated power resources that unions and employers’ organisations could leverage beyond the sphere of public opinion, which might help to account for variation in the resilience of negotiated methods of policy-making across different policy areas.

In this regard, the analysis showed that policy-oriented political exchange in the crisis and recovery period was (re-)activated in policy areas where unions retained either high levels of density granting them specific organisational power and capacity to cause disruption and mobilise opposition against specific reforms (e.g. in the case of pensioners’ unions in Italy – cf. Chapter 9, or of public sector unions in Ireland, cf. Chapters 8–9); or where they maintained institutional power resources that granted them specific know-how and capacity to control or disrupt attempted processes of policy change, often by forging alliances with EOs (e.g. in the case of short-time work schemes and wage-setting reforms in Italy, or in the case of CB extension mechanisms in Portugal).

The composition of unions’ and employers’ organisations power resources also shaped dynamics of interest intermediation by influencing their strategic orientations and willingness to collaborate. Unions and employers’ organisations that were organisationally weak (or weakened), internally fragmented or that had historically relied on institutional power resources to exert influence in the political sphere and attain their policy goals were found to have greater incentives to continue engaging in political exchange to uphold their organisational interests. This was most clearly the case for Portuguese employers’ organisations, Portugal’s UGT and the Irish public sector unions (Chapter 8 and 9), for whom reliance on institutional power resources increased willingness to engage in crisis concertation. However, the depletion of societal and – in the case of Spain –
organisational power resources also helps to explain the occasional collaborative stance of Italian and Spanish unions and employers’ organisations, especially in the recovery period (Chapter 9), when the re-activation of institutional channels of access to the political system became important to recuperate visibility after years of exclusion, and, in the case of employers, attempt to pre-empt policy change adverse to their interests.

10.2.3 Theoretical implications: theorising interest intermediation in hard times

10.2.3.1 The value of actor-centred historical institutionalism and the centrality of agency

At the highest level of abstraction, the agential account of interest intermediation that the thesis has proposed demonstrates the theoretical value of actor-centred institutionalist approaches to the study of political economy and industrial relations. The research has shown how actors’ interest-driven strategic orientations towards political exchange and the field of forces within which they moved were shaped significantly both by the macro-economic circumstances that they faced and by prior institutional-historical legacies in concertation and industrial relations. At the same time, it highlighted that political and power-driven agential dynamics were determining in shaping processes of interest intermediation in crisis-responsive policy-making.

This agential perspective enables a conceptualisation of change and transformation that overcomes path-dependency or institutional inertia. Combined with a longer-term, macro-level appreciation of the role of historical legacies and material, macro-economic circumstances, the theoretical argument of this thesis contributes to developing an account of interest intermediation dynamics which partly overcomes the explanatory limitations of functionalist, apolitical arguments identified in Chapter 2, whilst also overcoming the narrow political short-termism characterising works solely focused on the function of concertation with regard to the electoral cycle (e.g. Castater and Han, 2018; Hamann and Kelly, 2011).

10.2.3.2 Theorising the multiple functions and determinants of political exchange

With regard to theories of concertation, the findings demonstrate the continued analytical relevance of the Pizzornian concept of interest-driven political exchange to make sense of the diverse logics of interaction between governments and organised producer groups in advanced capitalist economies. In contrast to arguments (cf. Culpepper, 2002) emphasising how processes of tripartite interest intermediation in the post-Fordist context embodied informational rather than exchange logics, this thesis echoes the insights of Molina and Rhodes (2002), Baccaro (2003) and Hassel (2009) in showing that
political exchange between the state and organised producer groups is a multiform process, adaptable to diverse macro-economic circumstances and configurations of forces, that can entail the swapping of different kind of ‘goods’ between the parties – including ‘symbolic’, power-related goods.

The findings highlight the theoretical importance of being analytically attentive to the multiple functions – expressive or instrumental (cf. Traxler, 2010) – that political exchange processes can be mobilised for, to understand their ‘surprising’ resilience in adverse circumstances. To make sense of the strategies of policy-makers vis-à-vis organised producer groups it is especially necessary to consider the multiplicity of potential ‘goods’ that governments – especially weak cabinets – might extract from engaging in political exchange even with seemingly weakened unions or employers’ organisations. Expressive, symbolic and power-oriented processes of political exchange aimed at legitimation might have limited policy impacts, but can nonetheless have political significance as stabilisers of social conflict at times of turmoil (cf. Meardi et al., 2015), or as signals to demonstrate social peace for market actors. They should thus not be underestimated or discounted as irrelevant. Indeed, such expressive forms of cosmetic concertation aimed at securing socio-political stability might acquire even greater relevance in the post-crisis recovery, as centrist governments in the Eurozone periphery face the challenge of ‘anti-systemic’ parties (Hopkin, forthcoming) and might thus be led to seek again the support of organised producer groups to avert legitimation crises triggered by neoliberal crisis responses which pursued their exclusion in first place.

Whilst showing the importance of domestic governmental power interests in shaping the politics of crisis responsive policy-making, the thesis has also highlighted the growing significance of external legitimation concerns as drivers of government choice in the sphere of domestic social concertation. This insight calls for developing a more systematic appreciation of the international political-economic dimension of industrial relations processes under conditions of European integration, globalisation and financialisation.

The extant literature on social concertation already recognised and dealt extensively with the important role that Europeanisation (Afonso, 2013) and the fiscal and political constraints of EMU integration played in inducing domestic cooperation amongst otherwise uncooperative actors, acting as a ‘vincolo esterno’ (Dyson and Featherstone, 1996; Featherstone, 2001; Ferrera and Gualmini, 2004). However, the findings of this thesis shed light on a qualitatively new dimension of the inter-penetration between domestic
political dynamics and the international political economy in shaping state-organised producer groups relationships.

The findings highlighted how in the acute crisis period European authorities, creditors and international market actors acted not only as *exogenous constraints* that domestic policy-makers could play two-level games with to pursue depoliticisation (Flinders and Buller, 2006; Rogers, 2012), engage in blame-avoidance (Weaver, 1986) or use to cajole reluctant unions into cooperation to achieve external competitiveness goals. They also acquired a novel and expanded role as an *audience* and target of governmental domestic political action, from which legitimation had to be explicitly sought through specific signals and performances. As EU authorities and creditors acquired novel relevance as audiences of domestic interest intermediation processes, the possible repertoires of strategies that governments could engage in to gain their approval was expanded – as both concertation and unilateralism could be used for this purpose. Depending on their perception of the prior legacies of concertation, governments used different strategies: where these were perceived as problematic blockages to structural adjustments, unilateralism was chosen as the preferred signalling strategy. Conversely, where concertation could be presented as a facilitator of liberalisation, it was embraced as a marker of social peace and domestic responsibility.

Whether or not these external audiences were paying attention to the signals that policy-makers were sending them by either excluding unions or convincing them to sign up to macro-concessionary bargaining agreements is something that this research cannot ascertain. However, the fact that domestic policy-makers acted with such external audiences in mind when choosing whether to engage or not in social concertation reinforces concerns around the reduced relevance of domestic democratic processes and considerations in shaping governmental action raised by scholars such as Crouch (2011) and Streeck (2011). It also underscores the importance of studying the inter-penetration of the domestic and international political economic spheres to fully understand the evolution of domestic policy-making and industrial relations in the contemporary era of (financialised) globalisation (cf. Prosser, 2014; Umney et al., 2017; Appel and Orenstein, 2018).

10.2.3.3 Unions' and employers' logics of action in the political sphere

The findings also have theoretical implications for our understanding of the *drivers of action* of organised producer groups in the political sphere. With regard to unions, the results
highlight the ever-present tensions between the logic of membership and the logic of influence in shaping their strategic orientation (Hyman, 2001; Schmitter and Streeck, 1999), and show that the definition of concrete preferences and strategic priorities is an open-ended process shaped by agency and contestation, rather than deterministically defined by material circumstances or institutional features. The shift between different strategies of contestation or cooperation reinforces the importance of considering the impact of unions’ strategic agency on dynamics of interest intermediation (cf. Molina, 2006).

More specifically, the results advance our comprehension of how acute crisis conditions alter unions’ logics and temporal horizons of action. The logic of exchange underpinning austerity corporatist agreements cannot be understood by only considering the concrete policy concessions that unions extracted in the short run – as these were, in most cases, hardly proportionate as compensations for the depth of sacrifices requested. The acceptance of such ‘impossible’ deals (Gago and Moury, 2017) becomes however more intelligible by considering the future-oriented logic of action shaping unions’ choices, and the inter-temporal exchanges underpinning crisis concertation deals. Beyond being a defence of organisational interests (cf. Davidsson and Emmenegger, 2013) or an attempt at organisational self-legitimation (Menz, 2004), these ‘impossible choices’ are best understood as an existential bid to secure organisational survival in the long-run: an attempt to ‘live to fight another day’ under conditions of extreme duress. Theoretically, this insight advances our understanding of the complex drivers of unions’ logics of action in hard times and highlights the important role of temporality in shaping the horizons of producer groups’ strategic action. Choices that might not ‘make sense’ in terms of short-term policy interests become more meaningful if a longer-term temporal perspective aimed at securing the organisation’s existential continuity is considered.

With regard to the drivers of action of employers’ organisations, the findings partly confirm the insights advanced by Traxler (1999) and Culpepper (2010), who claim that direct, open engagement in the political sphere is usually the second best option for business actors to pursue their policy interests, and that if alternative channels for influencing policy-makers are available (for example, direct lobbying under conditions of ‘quiet politics’), employers’ organisations would use them preferentially to attain their policy goals. At the same time, this thesis has shown that employers’ preferences are not homogenous (cf. Paster, 2018); and that specific segments of the domestic employers’ camp might have motives to continue engaging in political exchange or macro-
coordination processes, even when the overall trajectory of policy change might be overall mostly aligned with their preferences. In this regard, the retention of institutional power resources and the pursuit of organisational interests in a logic of influence (Schmitter and Streeck, 1999) constitutes a particularly important driver of employers’ collective action, especially for weakened or fragmented employers’ organisations. This might account for their continued investment in ‘cooperative arrangements’ with labour and the state (cf. Brandl and Lehr, 2016; Gooberman et al., 2018; Bulfone and Afonso, forthcoming), and is an aspect of employers’ collective action which should be further considered in future research.

10.2.3.4 Conceptualising unions’ power resources

Finally, the thesis contributes to developing our understanding of the complex inter-relationships between different aspects of union power. The findings showed that unions’ societal power resources (Lehndorff et al., 2018; Lévesque and Murray, 2010) were almost as important as ‘tangible’ power resources, such as density or institutionalised links with political parties, in shaping their capacity for action and influence in the political sphere. The determinants of unions’ societal power resources, their specific impacts and their interrelationship with other sources of union power should thus be further considered in future research, as they appear increasingly crucial to shape the fortunes of organised labour in advanced capitalist economies.

In contrast to Culpepper and Regan’s argument (2014), the analysis has however also highlighted that even in a context of overall weakness (in terms of declining density or legitimacy/public trust), unions were able to command unexpectedly resilient sources of power arising from specific institutional or societal channels of influence that might escape standard indicators of density (cf. Regalia and Regini, 2018). In sectors or policy areas where unions retain either high density or entrenched institutional power resources in the governance of specific policy instruments, or where their institutional-organisational interests coincide with those of employers’ organisations, their marginalisation from policy-making appears difficult to achieve even when governments are politically motivated to do so. Theoretically, this stresses the importance of developing a more nuanced conceptualisation of the different power resources available to organised labour ‘in hard times’ (cf. Lévesque and Murray, 2010; Gumbrell-McCormick and Hyman, 2013; Lehndorff et al., 2018).
10.3 Conclusions: summing up and looking forward

10.3.1 Summary of key findings and contributions

This thesis set out with the objective of understanding how and why dynamics of domestic interest intermediation in Eurozone peripheral countries evolved throughout the decade of the Great Recession. The thesis’ main findings and arguments contribute to the extant literature in three ways.

First, by proposing an original typology of interest intermediation which distinguishes between its institutional form and its substantive content, this thesis has rebuffed accounts of ‘unilateralist convergence’ predicting an overarching ‘death of social pacts’ arising from union weakness (cf. Culpepper and Regan, 2014). Instead, it has uncovered previously overlooked cross-country and within-country variation in the dynamics of interaction between governments and organised producer groups in policy-making, even under acute crisis condition, and shown the continued, selective resilience of political exchange as a mechanism of socio-economic governance for both problem-solving and legitimation purposes.

Second, the thesis has contributed to developing our understanding of the logic of political exchange ‘in hard times’. It has shown that the scope of political exchange during the crisis decade has evolved from a logic of ‘competitive corporatism’ to one of ‘austerity corporatism’, geared primarily towards legitimising retrenchment and liberalisation or preventing deviation from the pathway of internal devaluation, rather than embodying positive class compromises – thus marking a disjuncture between unions’ involvement in policy-making and their actual influence on policy outcomes.

Third, the thesis has proposed an agential theoretical argument to explain why the relationships between governments and organised producer groups have evolved along distinctive national pathways over the decade of the Great Recession, despite the presence of common exogenous pressures. It has argued that variation in the dynamics of interest intermediation across Eurozone peripheral countries over the decade of the Great Recession arises from the interest-driven strategic choices that governments, unions and employers’ organisations make about how to pursue their respective policy and power interests in the sphere of politics, both with regard to domestic audiences and to international creditors and stakeholders: whether through political exchange with the other actors, or through unilateral action (for governments), contestation (for unions), or direct lobbying (for employers’ organisations).

This analysis nuances our understanding of the drivers of concertation and
unilateralism, by showing that macro-economic and institutional contextual factors, perception of the historical legacies of concertation and the balance of power resources that actors can command shape but do not determine their strategic choices. It also adds to the extant literature by uncovering the novel importance of external legitimation vis-à-vis creditors and international market actors (cf. Streeck, 2014) as a driver of domestic interest intermediation dynamics in crisis times.

Overall, this thesis contributes to our understanding of interest intermediation by showing that its dynamics of activation and suspension remain, on the whole, unstable and endogenously driven. It further highlights the validity of actor-centred historical institutionalist perspectives to make sense of processes of political and economic change in advanced capitalist economies, emphasising the centrality of agency, power relations and historical contingency in shaping the course of historical and economic developments.

In these concluding paragraphs, I now consider the main limitations this work encounters and the future research prospects it opens up; and some of the implications from praxis arising from the findings.

10.3.2 Limitations and suggestions for future research

First, this thesis did not develop the kind of parsimonious causal account of the determinants of concertation which works adopting a more formalistic approach to the modelling of necessary and sufficient causality (e.g. QCA) are able to provide (Avdagic et al., 2011; Bender and Ebbinghaus, 2020). This implies that the potential generalisability of the findings beyond the population of peripheral Eurozone countries is tentative. Yet, this limitation can also be interpreted as a strength. Indeed, this thesis’ approach to causal explanation, rooted in a critical realist standpoint, was motivated by a concern with preserving historical complexity and accounting for the subjective and contextual drivers of actors’ motivations, often overlooked in more formalistic, positivist treatments of causality. Hence, what might be lost in parsimoniousness has been gained in terms of internal validity and empirical, historical and theoretical depth of the insights produced.

Furthermore, due to feasibility reasons and limitations in the chosen qualitative-comparative research design, the thesis has not been able to fully ascertain the validity of several causal relationships that the process-tracing analysis brought to light, and that further research could thus investigate further.

First, whilst the thesis has highlighted the causal role of policy-makers concerns’ around external legitimation in shaping their choices to involve or exclude producer
groups from policy-making, the actual causal link between dynamics of domestic interest intermediation and the external credibility and legitimacy of domestic governments vis-à-vis creditors and international market actors has not been explored. Future research could focus on testing, both through quantitative and qualitative methods, whether the conclusion of domestic social pacts or the implementation of unilateral reforms had differential impacts on domestic credit ratings, bond market movements or on the evaluations that financial markets, IFIs, investors or European institutions make about countries’ credit-worthiness, credibility and stability.

Second, related to the above point, the findings showed that unilateralism and concertation were both used occasionally by governmental actors to stabilise their respective supporting cross-class social blocs. The thesis did not however have sufficient scope to investigate systematically the linkages between different interest intermediation strategies and their use by state actors to stabilise or construct different social blocs underpinning specific growth or accumulation models (cf. Amable and Palombarini, 2014; Teague and Donaghey, 2015; Baccaro and Pontusson, 2016, 2019; Howell, 2019). Future research could further explore these interconnections, and specifically the role that political exchange plays in forging or supporting different social blocs projects and accumulation models depending on their stability and coherence.

Third, whilst highlighting the logic of ‘damage limitation’ underpinning unions’ participation in crisis concertation agreement, the research design did not allow to test systematically whether structural reforms of labour markets and pensions systems arising from negotiated processes of policy-making or from unilateralism differed in the depth of retrenchment and liberalisation or in their distributional implications. This is another extension of this work that future research could focus on, considering both differences in policy outputs and in policy outcomes over time.

Lastly, this thesis relied on several proxies to operationalise the power resources of organised producer groups, especially for what concerns societal power resources, without however being able to fully shed lights on their determinants, which might be partly endogenous to the outcomes considered (as the conclusion of concertation agreements might impact – negatively or positively – on unions’ legitimacy and trust), and on the nature of their inter-relationships and trade-offs with other sources of power (e.g. structural, organisational and institutional power). Future research should further explore these interconnections, possibly through a mixed-methods design.
10.3.3 Political implications

As well as aiming to develop causal explanations, this thesis also had at its core a normative, ‘critical’ intent: to identify the conditions under which organised labour might be able to retain an influential role in modern capitalist polities, with the ultimate ambition of contributing to the rebalancing the skewed relationships of class power under neoliberalism. Before concluding, it is therefore appropriate to outline some of the political implications arising from the findings.

On the one hand, the thesis has nuanced the pessimistic scenario arising from accounts that predict a wholesale marginalisation of labour from the political sphere, by highlighting some of the ‘residual’ power resources that allow unions to maintain a foothold in socio-economic and political governance even under adverse conditions. On the other, the findings of this thesis are not fully optimistic either, as past and present experiences of concertation highlight that there might be considerable political risks for unions arising from the use of these ‘residual’ sources of political influence to engage in processes of defensive political exchange geared towards the future-oriented preservation of influence and organisational survival.

In some cases, the inter-temporal bargains that unions subscribed to during the crisis appear to have partly paid off – for example for Irish public sector unions, paving the way for significant recuperation of pay and lost entitlements from 2015. However, these strategies of influence preservation ‘at all costs’ are not risk-free.

First, unions face a considerable risk of loss of organisational autonomy and increased dependence on the state. Whilst securing seats at the table, this strategy might decrease in the long run their capacity to use voice to extract meaningful concessions (cf. Bohle, 2011; Szabó, 2018) – a risk of which, for instance, the Irish labour movement is acutely aware and which continues to pose considerable strategic dilemmas (Geary, 2016).

Second, promises of delayed compensation through future voice carry the risk of remaining unrealised (as in the case of the Portuguese 2012 Agreement). This can in turn result in further ‘locking in’ of liberalisation - as unions are led into a position of ‘co-managing’ or sharing the costs of deregulation without actually meaningfully shaping its content, whilst at the same time making a shift in future policy trajectory harder to achieve, as their consent through concertative agreements lends legitimacy to governmental policy choices and makes future contestation less effective.

Third, privileging a future-oriented logic of influence over a logic of membership can carry risks in terms of membership disaffection and loss of unions’ societal trust and
legitimacy – which might lead to a progressive exhaustion of their macro-political influence in favour of other social movement actors, as it appears to be the case in Spain (cf. Pérez de Guzmán et al., 2016; Las Heras and Ribera-Almandoz, 2017; Sánchez Mosquera, 2018). Hence, what might be gained in terms of institutional power resources might be lost on the front of societal power resources.

The scenarios of political instability that have opened up in the post-crisis period across Europe shed a light of persisting uncertainty on the evolution of state-organised producer groups relationships. On the one hand, unions in countries governed by the populist right, such as Italy, face a novel risk of marginalisation arising from populist authoritarianism. On the other, recent developments have shown that social-democratic parties in Southern Europe have been belatedly trying to ‘resuscitate’ some of the stabilising functions of social concertation to heed off some of the political and electoral threats arising from ‘populist’ challenger parties. In this respect, the 180-degrees pivot in the attitude of the Italian Democratic Party towards the unions since the defeat in the 2016 Referendum is particularly emblematic. Whilst it may be tempting for organised labour to respond to the siren calls of social partnership to recuperate a role in the face of threats of further disintermediation, unions should evaluate whether engagement in such processes might run the risk of enabling the continued reproduction of those same neoliberal policy agendas that drove their prior marginalisation and created the very conditions of existence for ‘populist’ challenges.

In conclusion, the end of the Eurozone crisis does not appear to have marked neither the end of ‘hard times’ nor the end of ‘hard choices’ (Gumbrell-McCormick and Hyman, 2013) for labour movements in the Eurozone periphery, nor to have charted a clear pathway of evolution for the ‘corporatist Sisyphus’ in advanced capitalist economies (cf. Schmitter and Grote 1997; Schmitter, 2015). The trajectory of future developments remains therefore all to be investigated.
Bibliography


ANSA (2008e) Salari: Letta, avvio nuova fase rapport con parti sociali. ANSA, 29 July.


Baccaro L and Pontusson HJ (2019) Social blocs and growth models: An analytical framework with Germany and Sweden as illustrative cases.


In: Comparative Political Economy Seminar Series, European University Institute, Florence, 24 May 2018.


Confindustria, CGIL, CISL, et al. (2016) *Proposte per le politiche del lavoro*. 1 September. Available at: http://www.bollettinoadapt.it/wp-


Doherty M (2011) It must have been love... but it’s over now: the crisis and collapse of social partnership in Ireland. *Transfer: European Review of Labour and Research* 17(3): 371–385.


Dukelow F (2015) ‘Pushing against an open door’: Reinforcing the neo-liberal policy paradigm in Ireland and the impact of EU intrusion. *Comparative European Politics*


Available at:


Europa Press (2013) CEOE no quiere que la reforma de pensiones sea la de un


Government of Italy (2017) Verbale Pensioni - Nota finale di sintesi. 21 Novembre


Hopkin J (forthcoming) *Anti-System Politics: The Crisis of Market Liberalism in Rich


Jornal de Negócios (2017b) OCDE: Inversões de políticas travam investimento estrangeiro. Jornal de Negócios, 6 February. Available at:


Lancaster TD (2017) The Spanish general elections of 2015 and 2016: a new stage in...

Landa Zapirain JP (2015) Neoliberal and neocorporatist policies in France, Italy and Spain: Can trade unions participate in the governance of economic globalisation without risking their soul?


Luque Balbona D and González Begega S (2015) Austerity and Welfare Reform in South-Western Europe: A Farewell to Corporatism in Italy, Spain and Portugal?
Mattina L (2018) From Siamese Twins to Distant Relatives. The End of the Privileged Alliance between Pro-Labor Parties and Left-wing Unions. Poliarchie / Polyarchies


Ost D (2000) Illusory Corporatism in Eastern Europe: Neoliberal Tripartism and


Rassegna Sindacale (2012a) 23 marzo 2002: volevano abolire l’art.18. 23 March. Available


RTVE (2013) Las patronales CEOE y Cepyme están dispuestas a pactar la reforma de


Testorio A (2019) Salario minimo, governo apre a sindacati. Adnkronos, 6 May. Available at: https://www.adnkronos.com/soldi/economia/2019/05/06/salario-minimo-


UGT (2017b) UGT y CCOO presentan las marchas de los jubilados por #PensionesDignas. Available at: [https://www.youtube.com/watch?v=I6dveD9WPlE](https://www.youtube.com/watch?v=I6dveD9WPlE) (accessed 16 March 2019).


Appendix

1. List of interviewees by country

### Italy

<table>
<thead>
<tr>
<th>Country</th>
<th>Interviewee code</th>
<th>Category of interviewee</th>
<th>Role of interviewee</th>
<th>Date of interview</th>
<th>Place of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>GOV1</td>
<td>Policy-maker</td>
<td>Former Deputy Minister of Labour, Monti government (Martone)</td>
<td>14/2/2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV2</td>
<td>Policy-maker</td>
<td>Policy adviser I, Renzi government (Leonardi)</td>
<td>03/2017</td>
<td>Milan, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV3</td>
<td>Policy-maker</td>
<td>Former Minister of Labour, Monti government (Fornero)</td>
<td>03/2017</td>
<td>Turin, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV4</td>
<td>Policy-maker</td>
<td>Former MP, PdL (Cazzola)</td>
<td>04/ 2017</td>
<td>Bologna, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV5</td>
<td>Policy-maker</td>
<td>Government chief of staff and policy adviser, Renzi government (Nannicini I)</td>
<td>04/ 2017</td>
<td>Milan, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV6</td>
<td>Policy-maker</td>
<td>MP, PD (Ichino)</td>
<td>03/ 2017</td>
<td>Email correspondence</td>
</tr>
<tr>
<td>IT</td>
<td>GOV7</td>
<td>Policy-maker</td>
<td>Policy adviser II, Renzi government (Sacchi)</td>
<td>05/ 2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV8</td>
<td>Policy-maker</td>
<td>Policy adviser III, Renzi government (Del Conte)</td>
<td>07/ 2018</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV9</td>
<td>Policy-maker</td>
<td>Former Minister of Labour, Berlusconi government (Sacconi)</td>
<td>07/ 2018</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>GOV10</td>
<td>Policy-maker</td>
<td>Government chief of staff and policy adviser, Renzi government (repeat interview) (Nannicini II)</td>
<td>09/ 2018</td>
<td>Milan, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU1</td>
<td>Trade unionist</td>
<td>UIL. National Confidential Secretary</td>
<td>02/ 2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU2</td>
<td>Trade unionist</td>
<td>CGIL. National Confidential Secretary</td>
<td>02/ 2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU3</td>
<td>Trade unionist</td>
<td>USB National Executive Member</td>
<td>02/ 2017</td>
<td>Bologna, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU4</td>
<td>Trade unionist</td>
<td>CGIL Regional Confidential Secretary, Emilia Romagna</td>
<td>04/ 2017</td>
<td>Bologna, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU5</td>
<td>Trade unionist</td>
<td>CGIL policy officer</td>
<td>04/ 2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU6</td>
<td>Trade unionist</td>
<td>CISL National Confidential Secretary</td>
<td>04/ 2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU7</td>
<td>Trade unionist</td>
<td>UIL. former General Secretary</td>
<td>04/ 2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU8</td>
<td>Trade unionist</td>
<td>CGIL. National</td>
<td>07/ 2018</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU9</td>
<td>Trade unionist</td>
<td>CISL former National Confederal Secretary</td>
<td>07/2018</td>
<td>Vicenza, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU10</td>
<td>Trade unionist</td>
<td>CGIL former national Confederal Secretary (Treves)</td>
<td>07/2018</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU11</td>
<td>Trade unionist</td>
<td>UIL former national confederal secretary</td>
<td>07/2018</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>TU12</td>
<td>Trade unionist</td>
<td>CGIL General Secretary</td>
<td>09/2018</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EO1</td>
<td>EO representative</td>
<td>Confindustria Director of Industrial Relations</td>
<td>02/2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EO2</td>
<td>EO representative</td>
<td>CNA Industrial Relations Officer</td>
<td>04/2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EO3</td>
<td>EO representative</td>
<td>Confartigianato, Director of Industrial Relations</td>
<td>04/2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EO4</td>
<td>EO representative</td>
<td>Rete Imprese, Director</td>
<td>04/2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EO5</td>
<td>EO representative</td>
<td>Confindustria, Director of Industrial Relations (repeat interview)</td>
<td>07/2018</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EXP1</td>
<td>Expert</td>
<td>Industrial relations expert (Il Diario del Lavoro)</td>
<td>02/2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EXP2</td>
<td>Expert</td>
<td>Industrial relations scholar (University of Rome)</td>
<td>03/2017</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EXP3</td>
<td>Expert</td>
<td>Industrial relations scholar (University of Milan)</td>
<td>03/2017</td>
<td>Milan, Italy</td>
</tr>
<tr>
<td>IT</td>
<td>EXP4</td>
<td>Expert</td>
<td>Industrial relations scholar (University of Trieste)</td>
<td>03/2017</td>
<td>Treviso, Italy</td>
</tr>
<tr>
<td>Country</td>
<td>Interviewee code</td>
<td>Category of interviewee</td>
<td>Role of interviewee</td>
<td>Date of interview</td>
<td>Place of interview</td>
</tr>
<tr>
<td>---------</td>
<td>------------------</td>
<td>-------------------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>ES</td>
<td>GOV1</td>
<td>Policy-maker / state official</td>
<td>Chief of Staff, Economic and Social Council (Gonzalez de Lena)</td>
<td>06/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>GOV2</td>
<td>Policy-maker</td>
<td>Former Chief of Staff, Ministry of Labour, Zapatero government</td>
<td>04/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>GOV3</td>
<td>Policy-maker</td>
<td>Former Secretary of State for Employment, Zapatero government (ML Rodriguez)</td>
<td>04/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>GOV4</td>
<td>Policy-maker</td>
<td>Secretary of State for Employment, Rajoy government (Riesgo)</td>
<td>04/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>GOV5</td>
<td>Policy-maker</td>
<td>Policy officer, Ministry of Economy (Espina)</td>
<td>04/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>GOV6</td>
<td>Policy-maker</td>
<td>PSOE, Labour and Employment Policy Chief (Ferrer)</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU1</td>
<td>Trade Unionist</td>
<td>CCOO National Confederacy Secretary for Union Action (Gorriz)</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU2</td>
<td>Trade Unionist</td>
<td>CCOO National Confederacy Secretary for Social Security (Bravo)</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU3</td>
<td>Trade Unionist</td>
<td>CCOO Labour and Employment Policy officer (Santana)</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU4</td>
<td>Trade Unionist</td>
<td>UGT National Confederacy Secretary for Employment and Social Security (Barrera)</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU5</td>
<td>Trade Unionist</td>
<td>UGT representative in CES (Oña)</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU6</td>
<td>Trade Unionist</td>
<td>CCOO representative in CES (Aragon)</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU7</td>
<td>Trade Unionist</td>
<td>CCOO National Confederacy Secretary for Employment (Santillana)</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU8</td>
<td>Trade Unionist</td>
<td>UGT national employment policy chief (Gonzalez)</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>TU9</td>
<td>Trade Unionist</td>
<td>UGT former deputy General Secretary (Ferrer)</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>EO1</td>
<td>EO representative</td>
<td>CEOE Director of Industrial Relations</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>----</td>
<td>-----</td>
<td>-------------------</td>
<td>---------------------------------------</td>
<td>-------</td>
<td>--------------</td>
</tr>
<tr>
<td>ES</td>
<td>EO2</td>
<td>EO representative</td>
<td>CEOE former deputy Director</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>EO3</td>
<td>EO representative</td>
<td>CEIM Director of Labour Relations</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>EXP1</td>
<td>Expert</td>
<td>Labour law scholar (Universidad Pontificia Casillas) &amp; member of CES</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>EXP2</td>
<td>Expert</td>
<td>Industrial relations scholar (UAB)</td>
<td>6/2017</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>EXP3</td>
<td>Expert</td>
<td>Labour sociology scholar (UC3M)</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>EXP4</td>
<td>Expert</td>
<td>Labour law scholar &amp; lawyer (UC3M)</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>ES</td>
<td>EXP5</td>
<td>Expert</td>
<td>Labour relations scholar (UAM) &amp; former member of pensions reform committee</td>
<td>4/2018</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>Country</td>
<td>Interviewee code</td>
<td>Category of interviewee</td>
<td>Role of interviewee</td>
<td>Date of interview</td>
<td>Place of interview</td>
</tr>
<tr>
<td>---------</td>
<td>------------------</td>
<td>-------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>PT</td>
<td>GOV1</td>
<td>Policy-maker</td>
<td>President of Economic and Social Council</td>
<td>7/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>GOV2</td>
<td>Policy-maker</td>
<td>Former President of Economic and Social Council</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>GOV3</td>
<td>Policy-maker</td>
<td>Former Secretary of State for Employment I, Passos-Coelho government</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>GOV4</td>
<td>Policy-maker</td>
<td>Former Secretary of State for Employment II (Passos-Coelho government) and PSD MP</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>GOV5</td>
<td>Policy-maker</td>
<td>PSOE MP and labour and employment policy chief</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>GOV6</td>
<td>Policy-maker</td>
<td>PSOE MP and former UGT official</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>GOV7</td>
<td>Party official</td>
<td>Bloco de Esquerda labour and employment policy chief</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>TU1</td>
<td>Trade unionist</td>
<td>UGT former General Secretary</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>TU2</td>
<td>Trade unionist</td>
<td>UGT deputy General Secretary</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>TU3</td>
<td>Trade unionist</td>
<td>UGT national confederal Secretary (EU Relations)</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>TU4</td>
<td>Trade unionist</td>
<td>UGT national confederal secretary (labour and employment policy)</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>TU5</td>
<td>Trade unionist</td>
<td>CGTP former General Secretary</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>TU6</td>
<td>Trade unionist</td>
<td>CGTP General Secretary</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>TU7</td>
<td>Trade unionist</td>
<td>CGTP Service Sector Federation General Secretary</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>EO1</td>
<td>EO representative</td>
<td>CIP Director of Industrial Relations</td>
<td>7/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>----</td>
<td>-----</td>
<td>-------------------</td>
<td>-------------------------------------</td>
<td>--------</td>
<td>----------------</td>
</tr>
<tr>
<td>PT</td>
<td>EO2</td>
<td>EO representative</td>
<td>CCP deputy Director</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>EO3</td>
<td>EO representative</td>
<td>CCP chief of Staff,</td>
<td>11/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>EO4</td>
<td>EO representative</td>
<td>CTP director of Labour Relations (email interview)</td>
<td>12/2017</td>
<td>Email correspondence</td>
</tr>
<tr>
<td>PT</td>
<td>EXP1</td>
<td>Expert</td>
<td>Researcher, Friedrich Ebert Stiftung, Portugal</td>
<td>7/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>PT</td>
<td>EXP2</td>
<td>Expert</td>
<td>Industrial relations scholar, ISCTE-IUL</td>
<td>7/2017</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>Country</td>
<td>Interviewee code</td>
<td>Category of interviewee</td>
<td>Role of interviewee</td>
<td>Date of interview</td>
<td>Place of interview</td>
</tr>
<tr>
<td>---------</td>
<td>------------------</td>
<td>-------------------------</td>
<td>---------------------</td>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>IE</td>
<td>GOV1</td>
<td>Policy-maker</td>
<td>Director, National Economic and Social Council</td>
<td>1/2017</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>GOV2</td>
<td>Policy-maker</td>
<td>Secretary General, Department for Public Expenditure and Reform</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>GOV3</td>
<td>Policy-maker</td>
<td>Senior official (former) Department for Public Expenditure and Reform</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>GOV4</td>
<td>Policy-maker</td>
<td>Labour Party MP and former Minister of Labour (FG-Labour government)</td>
<td>2/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>GOV5</td>
<td>Policy-maker</td>
<td>Former Secretary General, Department of the Taoiseach</td>
<td>2/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>TU1</td>
<td>Trade unionist</td>
<td>Industrial Officer, ICTU</td>
<td>1/2017</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>TU2</td>
<td>Trade unionist</td>
<td>Former ICTU General Secretary</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>TU3</td>
<td>Trade unionist</td>
<td>General Secretary, IMPACT/Fórsa</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>TU4</td>
<td>Trade unionist</td>
<td>Former General Secretary, SIPTU</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>TU5</td>
<td>Trade unionist</td>
<td>Senior Officer, UNITE</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>TU6</td>
<td>Trade unionist</td>
<td>General Secretary, ICTU</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>TU7</td>
<td>Trade unionist</td>
<td>General Secretary, INTO &amp; President, ICTU</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EO1</td>
<td>EO representative</td>
<td>IBEC Director of Policy and Public Affairs</td>
<td>1/2017</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EO2</td>
<td>EO representative</td>
<td>IBEC former Director General</td>
<td>1/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EO3</td>
<td>EO representative</td>
<td>IBEC former Director of HR &amp; IR</td>
<td>2/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EO4</td>
<td>EO representative</td>
<td>IBEC Chief Executive</td>
<td>2/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EO5</td>
<td>EO representative</td>
<td>Public Affairs Director, American Chamber of Commerce Ireland</td>
<td>2/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EXP1</td>
<td>Expert</td>
<td>Industrial relations</td>
<td>2/2017</td>
<td>London,</td>
</tr>
<tr>
<td>IE</td>
<td>EXP2</td>
<td>Expert</td>
<td>Industrial relations scholar (UCD)</td>
<td>1/2017</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EXP3</td>
<td>Expert</td>
<td>Think thank director (Social Justice Ireland)</td>
<td>1/2017</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EXP4</td>
<td>Expert</td>
<td>Labour sociology scholar (UCD)</td>
<td>2/2018</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>IE</td>
<td>EXP5</td>
<td>Expert</td>
<td>Industrial relations expert (IRN, repeat interview)</td>
<td>2/2018</td>
<td>Dublin, Ireland</td>
</tr>
</tbody>
</table>
2. Research ethics statement

The process of data collection followed the University of Warwick and the UK Economic and Research Council ethical guidelines. All research participants were selected in virtue of their professional expertise and of the public roles they occupied, and their express consent for participation and recording was sought prior to conducting the interviews. All interviewees were provided with a project information sheet in their own language at the point of recruitment to ensure informed consent (see Appendix 3 below for an example). In most cases their consent to participation was recorded through a signed consent form in their own language (see Appendix 4 below for an example). When this was not possible, explicit verbal consent was sought and recorded. No sensitive personal information was collected nor disclosed. Nonetheless, given the potentially politically sensitive nature of some of the data, the research upheld strictly principles of confidentiality. Interviewees were offered the opportunity of being interviewed anonymously and were given the chance to comment on transcripts of the interviews if they so wished. In the process of reporting, in order to uphold confidentiality it was chosen not to attribute any quotes to named respondents, but only to report the organization the interviewees belonged to or role they occupied. In the cases where interviewees provided me with confidential documents or copies of personal correspondence relating to specific policy events, these were also not reported directly but only used as contextual information in order to avoid potential identification.
3. Model participants information sheet

**Project information sheet:** Tripartite concertation and social dialogue during the crisis: a comparative analysis of the politics of structural reforms in the Eurozone crisis

**Researcher:** Arianna Tassinari, PhD researcher, Warwick Business School

**Supervisor:** Jimmy Donaghey

**Date:** January 2018

You are cordially invited to act as research participant for the above research project. Your participation in this research is entirely voluntary. You may withdraw from participating in this project at any time, with no negative consequence to yourself or the organisation you represent.

This research project proposes to investigate the dynamics of tripartite concertation and social dialogue between governments, trade unions, employers’ organisations and other social partner organisations in the process of negotiation of public policy and structural reforms during the financial and Eurozone crisis and in its immediate aftermath (covering the period 2008 – 2017).

The project involves a comparative analysis of the political processes surrounding the negotiation and implementation of key reforms of social protection and labour market policy, collective bargaining and pensions policy in four countries over the 2008-2016 period: Italy, Spain, Portugal and Ireland.

In each country, interviews will be conducted with experts, representatives of tripartite institutions, trade unions, employers’ organisations, government departments, political parties, and other relevant stakeholder organisations that may have significant insights to share regarding the formulation, implementation and implications of relevant structural reforms in the period 2008 – 2017.

Participation in this project will involve being interviewed by the lead researcher, Arianna Tassinari, about your perspectives and opinions regarding the topics above. Depending on your position and expertise, the interview may cover questions regarding the involvement of the organisation that you represent in the negotiation and implementation of labour market policy, social protection, collective bargaining and pensions reforms in the 2008 – 2016 periods; its interactions with other relevant organisations in the process; and yours and your organisation’s perspectives about the evolution and functioning of social dialogue and tripartite concertation institutions during the crisis period.

The interview would require approximately one hour of your time, but any shorter amount of time would also be helpful. If you are available to participate, the
researcher will send you an indicative list of interview questions in advance. The researcher will ask for your permission to audio-record the interview for the purposes of transcription. This is voluntary and non-compulsory.

It is not expected that you will experience any risks through participating in this project. Data will be anonymised from the start, with no names or specific positions recorded as part of the interview material. You will be able to choose whether you are happy for your position or the name of the organisation you represent to be reported in the research findings. Your consent form will be stored in a locked office at the University of Warwick, and transcripts of interview data will be anonymised before being printed and stored in the same place. The recordings and transcripts will also be stored electronically on the lead researcher’s password-locked laptop. All material may be destroyed after 10 years from the completion of the research. The material from this research may be published. You can request a copy of the publications from the researcher named above. The researcher will also be happy to share with you a copy of the interview transcript and of drafts of the written-up findings with you prior to publication for your approval.

Should you have any further questions about this research, please contact Arianna Tassinari. You may also contact the Research Office of Warwick Business School should you wish to make a complaint about the conduct of this researcher. We thank you in advance for your availability and look forward to your participation.
4. Model participants consent form

CONSENT FORM

Title of Project: Tripartite concertation in (the) crisis: a comparative analysis of the politics of structural reforms in the Eurozone crisis

Name of Researcher: Arianna Tassinari

Date:

Please initial box

1. I confirm I have read and understand the information sheet dated October 2017 for the above study. I have had the opportunity to consider the information, ask questions of a member of the research team and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason.

3. I understand that my information will be held and processed for the following purposes: to be analysed by the researcher for the purposes of completing their PhD research and, where relevant, for the writing of associated academic journal articles or monographs.

4. I agree to take part in the above named study and I am willing to be interviewed and have my interview recorded.

_________________  ___________________  ___________________
Name of participant          Date          Signature

_________________  ___________________  ___________________
Name of Researcher           Date          Signature