

A reversing Case within Trajectories of Liberalisation: The Revival of Neo-Corporatism in Austria since 2008

(working title)

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Lukas Lehner
l.lehner@lse.ac.uk

Puzzle and Research Question

Since the 1980s advanced capitalist economies have undergone a process of massive liberalisation, privatisation and deregulation. Within the European Monetary Union (EMU) the pace of privatisation and deregulation has increased since the start of the Euro Crisis in 2010. Under the paradigm of competitiveness (c.f. Krugman 1994) one major policy goal has been the implementation of 'structural reforms' which rely heavily on replacing remaining practices of strategic coordination with market coordination (c.f. Hall 2014). Accordingly, scholars have claimed 'the end of democratic capitalism' (Streeck 2011) and the age of 'Post Democracy' (Crouch 2004). Contrary to the dominating trend of privatisation and deregulation among EU countries, Austria finds itself on a path of reinforcing institutions for strategic coordination. This is puzzling and has not yet received serious attention in the academic literature. This research argues that while neo-corporatist structures are eroding in several EU countries, Austria experiences a revival of neo-corporatism, in particular a 'Renaissance of social partnership' since 2008. To examine the reasons for this development, a critical case study of Austria's political economy from 2008 to 2016 will be conducted. Neither the Varieties of Capitalism approach nor the Power Resources theory can provide sound explanations for the developments. Instead, the analysis finds that contrary to exogenous factors, the system's endogenous configuration of politics, particularly which actors within political parties are in power and grant access to various interest groups, can explain the Austrian case. .

The following policy measures provide evidence for strengthened strategic coordination in Austria since 2008:

- Adoption of a Youth Guarantee
- ÖIAG reorientation into ÖBIB
- Reregulation of employment contracts
- Temporary short term work was introduced.
- Strengthening of employment- and social standards
- Social partnership was put in the constitution

Evidence for the reinforcement of strategic coordination is moreover supported by the literature on 'Crisis Corporatism'. This view argues that the revival of the social partnership happened because of the largest economic crisis since the 1930s (Feigl et al. 2016). Thus policymakers focused on established practices of neo-corporatism particularly in times of great uncertainty. As a result, the stability of this short revival of social partnership is already becoming fragile as employer organisations return to their less compromising behaviour which they had pursued before 2008. However, this approach fails to explain why neo-liberal interests, pushing for welfare cuts and 'structural reforms' to deregulate labour and goods markets, have widely left out Austria until so far while they experienced new heights across EU countries. Hence we have to ask ourselves the question:

Why did Austria experience reinforcement of coordinating institutions against the liberalising EU-wide trend since the global economic crisis in 2008?

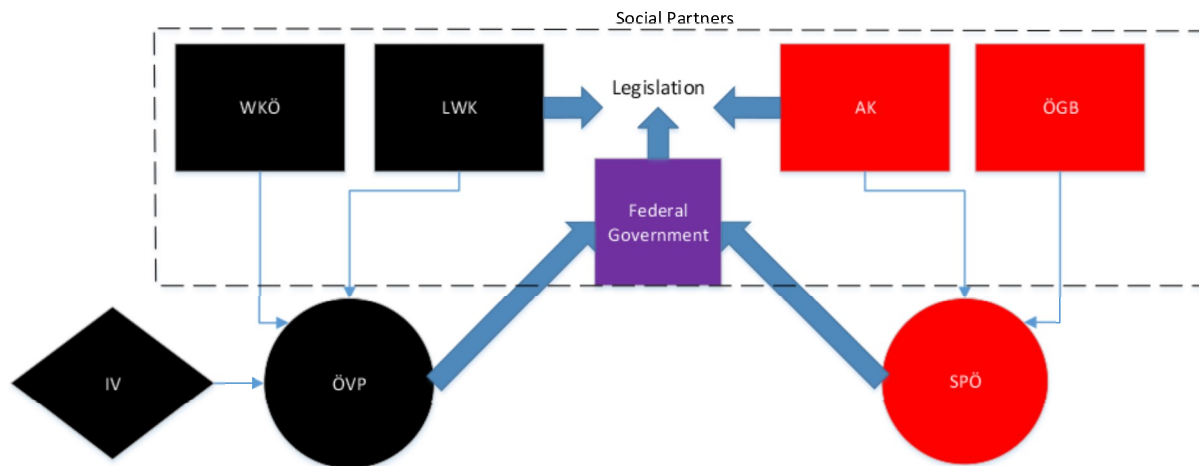
Hypothesis

Influenced by the strength of social partners the configuration of politics since 2008 led to the unexpected trend of increasing strategic coordination. Actors in the government, that means, the configuration of politics, provide particular access to reinvigorated social partners, which highly influences conducted policies. Especially the vertical integration of social partners in the government parties has experienced a new height since the SPÖ and the ÖVP party leadership cooperate closely

with each of their allied social partners. In fact, this research argues that vertical integration of social partner organisations and political parties has increased for the first time since the early 1980s. In exchange the weak appearing grand coalition as well as SPÖ's and ÖVP's party leadership is strongly backed by the social partner organisations since 2008.

The institutional setting of strong social partners provided a precondition for their strength in influencing national politics. The social partner organisations represent their interest through two different channels: horizontal tripartite negotiations and privileged access to the government as well as vertical integration in the traditional political parties. Additionally, sectoral wide collective agreements are bipartite negotiated but are also highly coordinated on a central level.

Figure 1 Horizontal integration through tripartite participation and vertical integration through parties (c.f. Tálos 2016). Own composition.



Grand coalition governments themselves do not determine automatically the high influence of social partners. On the contrary, institutionalised social partnership experienced a high phase during the ÖVP and SPÖ single governments in the 1960s and 1970s while neo-corporatist influence steadily declined thereafter: under the grand coalition governments of the 1980s and 1990s as well as under the grand coalition government 2007 to 2008. Thus, the research design will focus on the one hand on how conducted policies and established legislation were achieved and which interest groups had major effects on the policymaking process; and on the other hand on how did crucial agents of the parties come into their positions?

Contribution

This research contributes to the question on how to design policies that produce an institutional framework in which strong autonomous actors engage in forms of cooperation under historically adverse situations (Hancké 2013b, p.113). Furthermore, it will reveal which actions, taken by the state, reinforce economic coordination in periods of low growth (Hancké et al. 2007). Moreover, it will contribute to the debate which starting points can provide leverage to counter the increasingly undemocratic governance of national economies which emerged under authoritarian constitutionalism at EU-level (Oberndorfer 2012). On the national level, neo-liberal actors within the ÖVP formed the ÖVP/FPÖ government of 2000 to 2006 with the aim to transform Austria with a neo-liberal agenda. Now as their successors are preparing for a second attempt under the next government, it is crucial to examine the factors which have prevented the envisioned shift so far.