

The Austrian Social Partnership and Democracy

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February 1993
Working Paper 93-1

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Social Partnership - Institutional Foundations

Austria is a democratic, "Western-style" federal republic.⁽¹⁾ What distinguishes Austria from other West-European political systems is the scope and influence of its specific form of "social partnership".⁽²⁾ In contrast to other countries, social partnership in Austria is not just a system of labor management relations or of wage bargaining, but a system of institutionalized cooperation between labor, business and government that is involved in all important aspects of economic and social policy. The Austrian social partnership was formed on a voluntary and informal basis by the Austrian Trade Union Federation and the Chambers of Agriculture, of Commerce, and of Labor to control post-war inflation in the early 1950s. It developed later into a comprehensive system of influence in the fields of economic and social policy.

The most important formal institution of social partnership is the "Parity Commission for Wages and Prices" as an instrument of macroeconomically-oriented incomes policy. The Parity Commission was founded in 1957. Its members are the Chambers of Commerce, Labor and Agriculture, together with the Austrian Trade Union Federation (ÖGB) and the responsible ministers who serve on a voluntary basis. Although the Federal Chancellor acts as chairman, members of the government have no right to vote. All decisions have to be unanimous. The Parity Commission has no legal authority nor any means of applying direct sanctions. The threat to impose sanctions is left to the government, but it has rarely been exercised.

The Parity Commission is the top-level bargaining institution of incomes policy in Austria; it was set up to control price and wage trends. Thanks to its tripartite structure, however, it has also become "an instrument which gives the employers' and workers' organizations a voice in government economic policy in general and, conversely, enables the Government to ensure co-operation from these organizations in its economic-policy measures." (H. Suppanz, Robinson, 1972, p 17)

The Parity Commission has formed sub-committees to handle its task of influencing prices and wages. The Prices Sub-Committee authorizes price increases that have to be justified by substantial cost increases and applied for individual firms or branches. In the late 1970s, the Prices Sub-Committee covered about 20 percent of consumer prices and about 50 percent of industrial prices; officially regulated prices and tariffs, which cover another 15 percent to 20 percent of consumer expenditures,⁽³⁾ and import prices are included. Today, coverage is even lower and largely confined to certain basic foods and energy.

The Wages Sub-Committee exercises its control on wages by approving or refusing the opening of wage negotiations. Its task is to combine both wage-bargaining autonomy at the industry level and the introduction of macroeconomic considerations in the wage-formation process. To start wage negotiations, individual trade unions have to apply through the Trade Union Federation. Thus, although wage negotiations are conducted by the

subordinate sectorial trade union bodies, the Federation has a voice in fixing the dates and coordinating individual wage claims. Although individual trade unions are autonomous in their actual wage negotiations, bargaining processes have to be authorized and are coordinated by

the Trade Union Federation and the Wages Sub-Committee.

A third permanent Sub-Committee is the Economic and Social Advisory Board, extending the activities of the Commission beyond incomes policies and broadening the scientific basis of economic policy. The Advisory Board is composed of representatives of the social partners and ministries as well as of experts from the Austrian Institute of Economic Research and universities. Its task is to study important economic and social questions and prepare a scientific basis for policy recommendations of the social partners to the Government. It is thus a kind of mixture between a "Council of Economic Advisors" and a negotiating body in specific social conflicts.⁽⁴⁾

Besides the Parity Commission there is a huge network of advisory boards and committees, where the social partners are represented. To give but a few examples:

- Only half of the shares of the Austrian Central Bank are owned by the federal government; the remaining shares are owned directly or indirectly by the big interest groups forming the system of social partnership. These groups are thus also represented

in the governing bodies of the Central Bank. This facilitates the coordination of monetary and incomes policy.

- The social partners dominate the system of social security and have nomination rights for its central management positions.
- The social partners have a decisive role in the Council for Foreign Labor Policy, which decides on the number of foreign "guest-workers" admitted to Austria.
- The social partners are represented in the decision-making bodies of the special credit institutions for government guaranteed export credits or subsidized credits for industrial policy or R & D investments.

Strong and comprehensive institutionalized interest groups form the basis of the system of social partnership in Austria. At the heart of these interest groups are the various chambers, which are representative bodies of different economic groups with legally compulsory membership. Such an official system of interest groups, which historically dates back to the medieval guilds, has survived on this scale only in Austria⁽⁵⁾.

The chambers are empowered by law to represent the interest of their members in public affairs and in contacts with public authorities. Thus, the chambers must be consulted by the government on economic and financial legislation and policy. The form of the chambers' organization, too, is stipulated by law. Common to all of them is a democratic structure, which requires all positions to be filled through elections.

Austria's independent entrepreneurs are represented in the provincial and federal Chambers of Commerce with the federal central body being composed of six sections

comprising industry, commerce, trade, transport, tourism, and finance, credit, and insurance. Representation is organized primarily at the provincial level, followed by a system of indirect elections for the appointment of officials at the federal level.

The Chambers of Agriculture are based in the provinces, where all office holders are elected directly by farmers. Representation at the federal level is provided by a Presidential Conference. Chamber positions are filled through direct elections and activities are financed by compulsory membership fees.

Unlike the chambers, the Trade Union Federation is based on voluntary membership. It represents employees of private as well as public enterprises. The Federation has a total

membership of about 1,600,000 and is, in legal terms, a juridical person, while the unions it incorporates are not. Thus, while a union may negotiate a collective agreement, legally, the federation as such must endorse it. Moreover, it is the federation that decides jurisdictional questions among unions, which are, in the main, organized on an industrial basis. The exception is the Private Employee's Union.

The powerful Federation of Austrian Industrialists which in the context of social partnership is in close cooperation with the Federal Economic Chamber, is also based on voluntary membership.

Social Partnership and the Austrian Political System.

To understand the development and the role of the social partnership in Austria some specific characteristics of the Austrian political and economic system have to be borne in mind. The key characteristics are:

- Small size of the economy: This implies heavy dependence on exports and limited room for economic policy action. In terms of economic policy decisions, the size of the country entails a rather small number of economic policymakers who are in continual contact with each other.

- Historical and political development: Austria between the wars was a country characterized by latent and open civil war. In a rare example of learning from history after World War II, the former enemy parties formed a Grand Coalition of Social Democrats and Conservatives⁽⁶⁾. A sense of economic and social partnership arose in those days in spite of the still differing ideologies of the two camps. Rather unexpectedly, this new approach to economic and social cooperation gained in importance at the end of the Grand Coalition. The economic interest groups affiliated with the parties had maintained substantial independence from their respective parties and expanded cooperation in economic and social affairs as leeway for consensus-oriented, continuous economic policy. Thus, the risks of a one-party government could be mitigated for both the governing and the opposition parties. This, in turn, led to multiple "silent coalitions" that are reflected in personnel policies still oriented towards party affiliations, policies which are not limited to the public sector as such, but extend into the directly or indirectly nationalized companies.

The coalition governments after 1983 (first a coalition between Social Democrats and Freedom Party, since 1987 a coalition between Social Democrats and Conservatives) lead to

a decline in the political impact of the system of social partnership. This was caused by structural effects, but also by an increased autonomy of the political sphere versus the systems of social partnership. Both aspects will be discussed later in sections 5 and 6.

- Ownership: Both foreign capital and the public sector hold substantial interests in the Austrian economy⁽⁷⁾. In recent years, there have been developments in the nationalized sector that impinge directly and indirectly upon the system of economic and social partnership. Structural changes in basic industries and specific organizational and managerial problems have reduced the importance of the nationalized industry (the holding company being known as "Austrian Industries", formerly ÖIAG) in the economy

as a whole. In the light of these problems, the ÖIAG Act of 1986 provided for an exclusively commercial and business

oriented approach to be pursued by the public business sector and, in 1987, the sale of shares in public-sector companies began. This means that corporate goals such as job security and full employment now rank distinctly lower in the nationalized sector, a development that may have repercussions on corporate behavior in other economic areas.

Fewer employees in the traditionally highly organized labor force of the basic industries may imply a loss in the relative strength of the labor unions. Less willingness to pursue macroeconomic and public-sector goals in price and employment policies and a potentially increasing influence of foreign owners who are not integrated in the economic and social-partnership system, may encroach on the system's room for maneuvering. The favorable economic development of the last years has so far helped to prevent this from happening. However, it is difficult to predict what this trend away from the system would mean in times of economic crises.

Austria's Social and Economic Development

Austria's transformation from a poor country in the period between the world wars to one of the richest countries of the world on per capita basis is closely connected with and largely caused by the system of social partnership. Starting from a low level of productivity, the post-war development of the Austrian economy has involved a more or less continuous catching-up. In 1979, Austria's GDP per capita was on average about 5 percent lower than in OECD - Europe and 20 percent lower than in Germany. In the 1970s and the early 1980s however, Austria's economy improved its relative position significantly. In 1989, Austria's GDP per capita was about 10 percent higher than in OECD - Europe and 10 percent lower than Germany's.

In the 1980s, the development of the Austrian economy indicates a gradual abandonment of the policy of the 1970s. While the hard currency approach, i.e., pegging the exchange rate to the DM, and moderate incomes policies has been maintained, while fiscal policy has been significantly less expansionary or even contractionary. The consolidation of the federal budget has taken precedence over full employment and the unemployment rate increased from 1.6 percent in 1980 to 6 percent in 1991⁽⁸⁾.

Still Austria's economic performance is above average by OECD and EC standards (see Table 1). Together with Germany, Switzerland, and the Netherlands, Austria is a member of the group of European "hard currency-countries".

With economic integration with the economies of Western Europe⁽⁹⁾ rapidly increasing, Austria's economic development is, of course, increasingly connected with the general economic trends of Europe. This implies a reduction in the amount of economic independence, irrespective of whether Austria joins the EC. In the case it does join, Austria would, however, be able to take part in the EC decision-making process.

This general tendency of increased international economic interdependence does not mean, however, that national economic and social policies become irrelevant. There is still a wide range of areas where economic policy does matter, and so, too, do the special institutional arrangements, such as the Austrian system of social partnership. Such areas include, for instance, the structure of taxes and subsidies, policies concerning research, as well as a structural change and wage and price developments in the sheltered, i.e., not internationally exposed sectors of the economy.

	Growth-rate	Inflation-rate	Unemployment-rate*
<i>1991 (forecast)</i>			
Austria	3,0%	3,3%	5,3%
OECD-average	1,1%	6,0%	7,1%
EC-average	1,5%	5,3%	9,0%
<i>1990</i>			
Austria	4,9%	3,3%	4,7%
OECD-average	2,3%	6,3%	6,2%
EC-average (EC 12)	2,8%	5,7%	8,4%
EC-average (EC 9)	2,7%		
<i>1980-1990</i>			
Austria	2,2%	3,5%	3,8%
OECD-average	2,9%	6,0%	7,3%
EC-average (12)	2,3%	6,7%	9,4%
EC-average (EC 9)	2,1%		

* % of total labour force

Source: WIFO Austria, OECD

A characteristic feature of the Austrian social partnership is the consensus of all its participants on the priority of economic growth and full employment. There are no explicit targets concerning income distribution or redistribution. Implicitly, by tying wage increases to productivity growth, the trade unions accept a constant functional distribution of income⁽¹⁰⁾. Since the 1970s, trade union leaders and the politicians of the labor movement have emphasized consistently that maintaining full employment is the most effective distributive policy. The priority on employment goals is also reflected in the fact that despite the corporatist institutional setting, which has often been considered an obstacle to flexible market adjustments, nominal and real wage flexibility in Austria is relatively high by international standards. Econometric wage equations show that Austria is one of the few countries where the Phillips Curve relation, i.e., the trade-off between

unemployment and inflation, still holds. The unemployment elasticity of nominal wages comes close to that of Japan and has been one of the highest in the OECD countries. Since price increases have not been fully compensated and nominal wages react flexibly to changes in unemployment, the flexibility of real wages has also been high (Guger, 1991, pp 14). This employment- and productivity-oriented wage policy is made possible by a centralized structure of trade-unions and employers' associations and the strong institutionalized position of the interest groups (see section 4). The structure leads to the low strike rate in Austria,⁽¹¹⁾ which has to be considered as a sign of strong, not weak trade unions and of a functioning national consensus on priorities.

Some Theoretical Aspects

There are various theoretical approaches that are relevant for analyzing the structure and effects of the social partnership in Austria.⁽¹²⁾

1. Austria as an Example of Advanced Corporatist Structures

The point of departure for discussions about Austrian "corporatism" - discussions that are carried on intensively and primarily by political scientists - is the question of political and economic decision-making processes. A model of pluralistic and market controlled systems,

e.g., that of the United States, is contrasted with a model of corporatist systems where large organized interest-groups do not only act as competitors for influence on politics and administration, but are also included in governmental decision making and, to a degree, in administrative processes.

The main elements of corporatism, the powerful, centralized trade unions and nation-wide bargaining systems, used to be criticized by free-market economists as monopolistic elements and, hence, impediments to the smooth functioning of competitive markets. But in recent years a number of studies seem to indicate that such corporatist features foster smooth real-wage adjustments, so corporatist institutions have been discussed more and more as a possible instrument for improving labor-market performance (Katzenstein 1984, Freeman, Calmfors/Drifill 1988, Guger 1990).

The Austrian system of social partnership is of special interest because, on the one hand, it has given rise to marked corporatist structures and, on the other, it represents an example of how "authoritarian corporatism" ("state corporatism," "corporatist state") develops into a neo-liberal corporatism ("social corporatism") (Talos, 1985,p.27).

Especially from a Keynesian perspective, the effects of corporatist institutions go beyond the labor market. Industrial relations shape the expectations about private investment and growth. The consequences of free bargaining at high-employment levels under adverse

political-institutional conditions have been demonstrated by Britain's "stop-and-go policy" in the post-war period and its harmful effects on business expectations, investment, and growth.

The Keynesian position is best summed up by Kalecki's conclusion in 1943:

"Full employment capitalism will have...to develop new social and political institutions which will reflect the increased power of the working class. If capitalism can adjust itself to full employment, a fundamental reform will have been incorporated in it". If not, it will show itself an outmoded system which must be scrapped."

Corporatist arrangements may be seen as new social and political institutions that facilitate the pursuit of long-run full employment strategies. If this is true, then some form of corporatism may prove a (necessary) precondition for maintaining a combination of price stability and full employment in the long run, at least in societies with a strong labor movement.

2. Public Choice

Central to modern theories of economic policy and public finance is the attempt to explain economic-policy decisions endogenously on the basis of the economic agents' economic interests, where these interests are viewed within the neoclassical paradigm of individual utility maximization.⁽¹³⁾ Pivotal also is the analysis of the behavior of interest groups, trade associations and political parties who act as competitive "suppliers" in a system of party competition. Certain groups of voters can enforce their demands by other means than simply the election mechanism on the "political market", for example, by organizing into interest groups and thus obtaining additional clout.

In such cases, the market mechanism may be superseded by direct bargaining between

the groups or between interest groups and the public sector (e.g. influencing tax laws, subsidies). The ability of the various groups to organize is the greater, the greater is the homogeneity of their economic interests. Their political clout depends on their potential economic threats, e.g. organizing an investment freeze, strikes, or refusing to donate to parties.

Their organizational ability and their economic might will determine the main thrust of the activities and the lobbying power of the various interest groups. It is argued, for example, that the system of economic and social partnership in Austria is basically organized to benefit the supply side (employers' associations, labor unions), with the interests of consumers, ecologists, and those not in the labor force or attended to only perfunctorily by these producer-oriented associations. To enforce their interests such "minorities" depend largely on direct political action, e.g., elections. This may trigger conflicts between the political agents (parties) and the (primarily economic) interest

groups or within the system of economic and social partnership and political decision making.

An important issue in public choice theory is the conditions for, and the degree of, agreement between special-interest groups and macroeconomic goals. It has been shown that macroeconomic inefficiencies arise more frequently if "distribution coalitions" (M. Olson, 1982) are narrowly-based and regional or sector-specific in nature. All-inclusive interest groups such as those typical of Austria's economic and social partnership suggest higher macroeconomic efficiency than would result from the actions of smaller special interest groups (lobbies), which are not in the position to take proper account of any macroeconomic repercussions of their actions⁽¹⁴⁾.

Separation and Coordination Models in Economic Policy

Assessing the effectiveness and necessity of macroeconomic coordination mechanisms like the system of economic and social partnership in Austria depends on the underlying assumptions about relevant macroeconomic relationships. However, it must be admitted that there are a number of views on these assumptions within current economic theory. A central question is whether there is a need for macroeconomic coordination between important areas of economic policy and, thus, to what extent there is mutual influencing and interaction among the various agents, which, after all, is a cornerstone of economic and social cooperation. One particular concern is how to coordinate employment, stabilization, and growth policies or - from an institutional point of view - how to coordinate monetary, fiscal, and incomes policies.

From the viewpoint of "new classical macroeconomics" or "supply-side economics" there is at best only a limited need for coordination. This results in a "separation model" which, under the wage-influence of the German Bundesbank, bears substantially on economic policy discussions in the EC and the OECD. In this separation model, responsibility for employment is assigned to incomes policy and, thus, to the bargaining parties. Monetary policy is limited more or less to ensuring price stability. The government sector has no, or rather

limited, opportunities (and responsibilities) in stabilization and employment policies. The public sector exercises primarily a static allocation function, which can also be dynamic, e.g., in technology policy. The model's main thrust is essentially that there is no responsibility and no real need for coordination in employment policy for government and central bank.

From a post-Keynesian perspective, the simultaneous attainment of full employment and price stability is not possible without comprehensive economic-policy coordination. The assumption involved is that economic development is a result of a variety of exogenous shocks, changing expectations, etc. Economic policy is consequently charged with countervailing any instabilities (this task being complicated by the internationalization of businesses and economies). In the event resources in an economy are underemployed

(above all unemployment of labor), specific and concerted monetary and fiscal policy action is required. In the event of full employment, incomes policy plays a crucial role. Even if monetary and fiscal policies achieve a level of aggregate demand that ensures full employment, the problem arises that the stronger bargaining position of suppliers of goods and labor leads to higher prices which in turn, may necessitate restrictive macroeconomic

demand-side policies. Of particular concern are exogenous supply shocks (e.g. increasing key-resource prices). If economic policy tries to counterbalance this supply shock by lowering aggregate demand, lags in accommodation may cause stagflation. Stagflation is normally a transitional phenomenon - as recent experiences in the world economy show - but it may be protracted and painful.

In both scenarios outlined above, incomes policy plays a crucial part in finding a way to achieve price-level stability and employment at the same time. In any case, stabilization crises with the enormous social cost and the risk of overshooting they entail are to be avoided. The specific objectives of any such incomes policy and its fine tuning depend on the existing macroeconomic circumstances. In the first (full-employment) case, ex ante regulation will be used to avoid inflationary distribution wars (which, on balance, corresponds to productivity-oriented wage and price policy if a constant functional incomes distribution is accepted). In the cost-push or supply shock case, accommodation to new relative price conditions is subject to social consensus to prevent accelerating cost-push-inflation. In either case, it is important to see that there is always a need for close coordination and interaction of incomes-, monetary- and fiscal-policies if the dual objectives of full employment and price-level stability are to be achieved simultaneously.

A thorough theoretical evaluation of the approaches outlined here is not possible for reasons of time and space. A clear empirical analysis is just as difficult. Yet, it may be concluded that governments that like Austria tend to pursue a "coordination approach" are more likely to combine the objective of full employment with the objective of price stability (Guger, 1990), while governments that tend to steer a "separation course" are inclined to put up with higher natural unemployment to secure price stability.

However, certain bilateral and reciprocal patterns can be observed in such policy coordination. Any coordination strategy presupposes effective economic agents, in particular economic interest groups able to act at the macroeconomic level. If this prerequisite is not

met - as is often the case in Anglo-Saxon countries - such strategies do not work. The weaker, for example, are incomes-policy agents, the slimmer the chances for any coordination strategy to succeed. Conversely, a system of incomes policy built upon strong interest groups suggests more opportunities for achieving the dual goals of full employment and price stability. This illustrates that general appraisals of economic-policy control systems such as Austria's economic and social partnership and any recommendations on their international transferability must be made very prudently and

carefully, bearing in mind the respective economy's institutional bases.

Economic Stability as a Public Good

The most sensitive area for a coordination strategy of economic policy lies in incomes policy. The problems and downright failure of macroeconomic incomes policy help monetarists, for example, to justify their postulate of "enforcing" indispensable stability-oriented behavior through one-sided targets (e.g. monetary targets), even if this generates massive cost in the real sector. In fact, such policy concepts have proven to be rather costly and inefficient in macroeconomic terms.⁽¹⁵⁾

If it is assumed that essential objectives of economic policy cannot be achieved

efficiently without allowing for macroeconomic incomes policy, this means that, along with government and central bank, the economic and social partners should participate in macroeconomic decision-making, too. Participation, however, cannot be limited to moral suasion, but, necessitates assuming actual economic-policy responsibility and creating real, institutionalized opportunities for social partners to influence economic policymaking. From the perspective of labor unions, integration into the macroeconomic stabilization policy is only possible in the long run if integration and cooperation take place within the scope of policy participation beyond the plant level, i.e. participation that involves more than wages and working conditions.

Labor unions deem expansion of existing participation to be necessary primarily because it would help them overcome their relatively weaker bargaining power which is due to the fact that wages - in contrast to prices - are contractually agreed. If it is possible, however, to expand the contract-based sectors, or, in a wider sense, the bargaining-oriented sectors of the economy, the labor unions' opportunities to codetermine real wages will increase, at the same time the risk of having to make advance concessions in stabilization policies is lower. Psychologically important, too, is that expanding the scope of cooperation beyond wage policy and, thus expanding the number of negotiating areas, considerably increases the chance of reaching compromises.

Fundamental to the problems discussed above is that economic stability has the characteristics (in the terminology of the theory of public finance) of a pure public good. Economic stability is a condition of the economy that benefits all participants, even though not all of them may have contributed to it. From an isolated, individual perspective, it is rational for every participant in the system to demand stability-oriented behavior from all the other participants, but not from one's self. This free-rider effect is often reflected in the

relationships between local or regional governments and between fiscal and monetary policies. Incentives to employ such behavioral strategies will prevail among "small" economic agents, i.e., agents who reckon that their nonconforming conduct will remain undetected or, if detected, will not attract negative feedback from the other participants in

the system. Such is particularly true for the price policy of any individual firm, but also for the wage policy of any single labor union.

In areas characterized by public goods, a strategy of "internalization", i.e. centralizing and allocating responsibility and decision making, is necessary to reach an agreement that is rational from both the individual and the social perspectives. Austria's economic and social partnership can be viewed as a system that, given the political autonomy of the economic agents, makes allowance for the fact that a decentralized system of individual decision-makers is not adequately able to provide pure public goods such as price stability or a fair income distribution, especially if checks and balances and control instruments like price competition are not working or not working effectively.

If centralization of government policy is not desirable and/or not enforceable, the need arises for internalization by heavily centralized and powerful economic interest groups, whose power and authority survive in the long run only if they are based on broad internal,

democratically confirmed consensus. The subsequent reduction in the number of major participants in the economic system means that, in contrast to unsanctioned free riding, the provision of a public good must be bargained for, because the small number of participants raises the possibility of sanctions against free riders.

The system of economic and social partnership thus appears to be a suitable instrument for stabilization and incomes policies, because it is based on a high degree of centralization that gives opportunities for enforcing internal discipline in the interest-groups. Because a variety of sectors is included, the system reveals to the various participants the macroeconomic effects of their interdependent actions, for example, how prices and wages interact and how international trade interacts with fiscal and monetary policies.

Another general conclusion that may be derived from the functioning of the Austrian system of economic and social partnership is that any incomes policy is successful only if it is based on voluntary cooperation between powerful economic interest groups and is not subject to any governmental pressure or coercion. In a present-day parliamentary democracy, it is obviously very difficult for any government to get involved in a power struggle over incomes policy without losing face and common ground with the interest groups. However, it is possible for a government to be included in a comprehensive bargaining system as an "equal partner", thus influencing "social-partnership strongholds" like incomes policy in coordination with fiscal and international trade instruments.

Democracy and the Austrian System of Social Partnership

Whereas the Austrian system of social partnership is usually perceived very positively by economists, its evaluation by political scientists tends to be more cautious and

skeptical⁽¹⁶⁾. This criticism is mainly centered on the fear (and/or observation) of "democracy-deficits" of

an Austrian-style corporatist social partnership. Such "democracy-deficits" may occur with regard to the general political system and with regard to the internal decision-making procedures of the interest groups forming the system of social partnership.

An encompassing system of social partnership means, in effect, that the interest groups represented in the system acquire direct influence and responsibility in a number of central fields of economic and social policy. In extreme cases, this may lead to a situation where effective political decisions are made between the social partners and parliament has only the function of ratifying their decisions. Such a tendency is, of course, most likely in a constellation of a "big coalition" between the two leading parties, each of which is closely linked to one side of the social partnership.

In fact, there are several fields of policy, e.g., regulating working conditions, including working and closing hours, the social-security system, the admission of foreign workers and - in part - the structure of tax reforms, where decision-making has been delegated to negotiations between the "social partners." The results of these negotiations were then enacted by parliament where many officials of the social partnership organization serve as members. The tendency toward delegating is increased by the fact that the Austrian parliament as such has only a very limited professional staff so that the political parties to a large extent have to rely on the expertise of the organizations of the social partners. On the other hand the Austrian system of social partnership also has the effect that lobbies and small special-interest groups play only a minor role in the parliamentary process in Austria because they are "internalized" by the umbrella organization of the social partners.

Apart from issues in constitutional law and democratic theory, the strong position of the social partnership in law making also poses political problems because the interest groups forming this system, although being encompassing, do not represent the entire population. This holds true both with regard to economic and political aspects. Basically, Austrian-style social partnership is a "growth and stabilization-oriented" coalition of interest groups representing the production side of the economy. Social groups and problem areas that are not central to this "growth coalition" tend to suffer "benign neglect". This holds, for instance, for housewives and other groups not directly integrated into wage-oriented production, also - to a lesser degree - for retired workers. Also, income and employment issues tend to receive more attention than ecological issues or issues of consumer protection.

The problem of narrow representation works the other way around, too. The social partnership enforces wage and price discipline. Groups that do not take part in the consensus-finding system of social partnership may free-ride by increasing their nominal income above average while, at the same time, profiting from the low inflation rate secured by the system of social partnership. As long as these groups are small enough, the system will avoid inflationary reactions by other economic groups and such a free-

rider strategy will be successful. This applies, for instance, to professionals like medical doctors and attorneys, who by of law must organize in "chambers", but do not take part in the system of social partnership. These self-governing chambers issue binding fee schedules that have the economic effect of cartelized price lists. And, in fact, it can be shown that the incomes of

these "non-cooperating" groups have increased much more rapidly than the incomes of the groups cooperating within the system of social partnership.

From the political perspective the participants of the system of social partnership are closely connected with specific political groups: trade unions are closely connected with the Social Democrats and employers' associations are closely connected with the business and the agricultural wings of the Conservative Party⁽¹⁷⁾. This connection is so close that, in fact, large fields of economic and social policy (e. g. tax policy and social security) are delegated to the corresponding interest groups by the parties. Negotiations on such issues are executed by representatives of the social-partnership interest groups, who act for the political parties and usually are also members of parliament or even of the cabinet appointed by and for the political parties⁽¹⁸⁾. This system means that various political groups are excluded from decision making in important fields, e.g., politicians of the two big parties who are not affiliated with one of the big interest groups. This is relevant, for instance, for the employees organization of the Conservative Party, because in economic-policy negotiations, it has the exclusive role as an "umbrella" for organized business and agricultural interests. The same applies to farmers or entrepreneurs within the Social Democratic Party.

Exclusion is even more of a problem for parties with no direct affiliation to the system of social partnership, such as the Freedom Party and the Green Parties. The latter parties are, therefore, very critical of the system of social partnership and its political influence. It has to

be noted that the problem of exclusion and respectively exclusiveness, does not refer to all fields of politics. There are, as a matter of fact, spheres dominated by the system of social partnership and other political fields, such as education, foreign policy, and civil law where decision making rests directly with the political parties and parliamentary negotiations. Also, it should be noted that this structure holds most fully only in constellations where either one of the big parties has an absolute majority in parliament or where there is a coalition government between the two big parties. In a constellation of a small coalition, such as a coalition between the Social Democrats and the Freedom Party politics tend to become very complex, because in social partnership issues now a dual consensus between the social partners and between the partners of the coalition government is needed. This complex situation may explain why there has been only one not very effective instance of such a small coalition.

We can analyze the link between social partnership and democracy by looking at the democratic structures within the organizations of the social partnership itself. The chambers are based on a special law that regulates financing and election procedures. All

of the chambers are organized on a provincial basis and have a central body on the federal level consisting of representatives of the provincial chambers. Elections are held on the basis of a direct vote of the members of the different chambers along party lines. According to the political structure shown above, the chambers of agriculture and of commerce have always been dominated by the Conservative Party; in the chamber of labor the Social Democrats have an absolute majority in the chamber diet, the top governing body⁽¹⁹⁾. When one group has been ruling with an absolute majority for a long time, problems with autocratic behavior

and insufficient public control may result. This has generated discussions about reforming the legal structure of the chambers. New laws for the different chambers will mean a stronger position for the minority groups, stricter controls, and placing the chambers under the jurisdiction of the independent general accounting office.

Whereas the chambers are public-law entities, the Austrian trade unions are associations incorporated under private law with voluntary membership. About 60 percent of all employees are members of the trade unions, a high ratio by international standards.⁽²⁰⁾ The Austrian Federation of Trade Unions is divided into 15 specialized unions, organized basically along industry lines with the exception of the Union of Private Employees. The Federation of Trade Unions is rarely involved directly in wage bargaining and negotiations on collective agreements (e.g. the Universal Collective Agreement on the introduction of a 40-hour working week). Wage bargaining is done by the individual unions in the name of the Federation with certain sub-organizations of the Federal Chamber of Commerce.

In contrast to other countries (and to the inter-war situation in Austria) there exists only one trade union organization for each individual industry. The dominant fraction is the social democratic group, only the trade union of the civil servants has a conservative majority. The executive boards of the industrial trade unions are elected at congresses of shop stewards, who themselves are elected directly at the plant level. The federal executive board is elected at a national convention by delegates from the various industrial unions. At the federal trade union congress of 1991, this election was held for the first time by secret ballot.

Previously the election merely confirmed by acclamation the choices of the chairmen of the biggest trade unions, who took into account also specific "minority rights," e.g., one of the vice presidents has to be a woman, one has to belong to the minority (=Conservative-party) group.

The fact that even the "free" organizations have a high degree of organization, that they are directly and closely connected to one or another of the political parties, and that they are heavily centralized in terms of policy orientation is fundamental to understanding the institutional setting of Austrian economic policy. This applies in particular to the Federation of Austrian Industrialists and to the relationship of the 15 specialized trade unions with the Federation of Trade Unions, with the latter being the only body having corporate status, the individual unions being unincorporated associations. The Federation

of Trade Unions has sole authority over financial and personnel-related matters. The broad spectrum of members in all sectors of the economy and the relatively strong position of the leadership of the unions facilitate its gatekeeper function even within the individual unions, i.e., the internal coordination of differing standpoints.

The last years have brought about substantial changes in the democratic structure and the political power of the social partnership. Within the organizations of the social partnership, institutional reforms have been taking place, aiming at more openness and more direct control by the members and the public. Changes have taken place also with regard to the attitudes of the members. In the chambers of commerce there are groups of new entrepreneurs who are increasingly unwilling to adhere to group discipline. In the

labor-oriented organizations, there are increasing numbers of independent thinking, e.g., Green, members and shop-stewards critical of the close ties with the big political parties. The right-wing Freedom Party has embarked on a campaign against obligatory membership in the chambers. Without obligatory membership, the chambers would, in effect, be weakened substantially in their organizational and financial structure and would thus be unable to play the macroeconomic role they are playing now. Thus the whole system of social partnership would be substantially cut down. The campaign against obligatory membership did not meet with substantial public support, but it put the chambers in a rather defensive position and paved the way for the internal reforms discussed above.

A fundamental and politically-inspired complaint about the system of economic and social partnership has been its trend towards centralizing economic policy making. The specific interests of the leadership in the various organizations may cause them to ignore certain problem areas where they see little opportunity for gaining influence. An example is worker participation, which ranks lower on the list of priorities of the Federation of Trade Unions in Austria than in Germany. The same holds for the regulation of working conditions or for the issue of participating in capital formation. In the latter case, centralized solutions (like the Swedish wage earner's funds) do not meet with the employers' consent, while decentralized solutions cannot rely on support by the trade unions.

Labor movement politicians also have often shown concern that solving conflict at a central level in isolation from direct factory life may weaken the readiness of the workforce for industrial action, especially strikes and thus may reduce the "potential threat" of the central trade union body. In addition, some argue that the intensive cooperation of central employees' organizations in various bodies above the plant level does not necessarily involve a strengthening of employees' interests. It could, instead, entail reciprocal co-determination where the various bodies and organizations themselves influence the representatives of the interest groups and their policies. In extreme cases, interest-group representatives would no longer stand for the interests of their respective organization, but for the institutional interests of individual important bodies⁽²¹⁾.

I cannot provide here a detailed empirical assessment of the various objections raised against the system of social partnership. My view is that the high degree of centralized relations between the economic and social partners has created one essential prerequisite for an efficient macroeconomic policy. Weighing the pros of greater effectiveness in economic policymaking against the cons of centralization requires, in the final analysis, subjective judgments. It is, at any rate, important to consider the fact that there are sectors where decentralized decision making causes externalities, the result being tradeoffs between either higher efficiency in achieving macroeconomic goals versus more corporate autonomy or worker participation.

In general, the political influence of the social partnership and its organizations has been declining over the last years. This is due mainly to three developments. First, the political weight of groups and interests that are not directly represented or integrated in the system of social partnership has substantially increased. This holds especially for ecological

questions and the Green Party, which since 1986 has been represented in the federal parliament. Ecological problems are deemed to be a top priority by Austrian voters. In situations where the priorities of the growth-oriented strategy of the social partnership collides with ecological priorities, the mass media usually enthusiastically side with ecologists and ecological priorities win out. This was the case, for instance, in a referendum on atomic power plants. Although all institutions forming the social partnership (and also the government) advocated installing a nuclear power plant in Austria, this proposition was turned down in a referendum with the effect that nuclear power plants are now forbidden. A similar situation resulted when a hydroelectric power plant was planned in a region that was later declared a national park. These and similar events show that increasing groups of the population tend to value safety and environmental protection higher than expanding employment and income. This has to be seen against the background of an economic situation in Austria that is characterized by low unemployment and substantially rising real incomes. It is thus an illustration of the situation, which Joseph Schumpeter (1942) discussed in "Socialism, Capitalism and Democracy"; that the very success of a social system undermines its foundations because success leads to new problems and aspirations.

In reaction to this trend, which is especially strong in the German speaking countries of Europe, the big political parties have become more ecologically minded. Thus they have managed to regain their political power base and to roll back the "Green parties", who were not be able to offer convincing economic-policy alternatives. It also meant that the strong influence of the production-oriented interest groups on the political parties declined and that the political parties increasingly "emancipate" themselves from these groups.

A second factor is ongoing change in the structure of voters and party membership. The traditional blocks of solid socioeconomic groups loyal to specific parties (farmers, blue-collar workers, small shop owners) are declining. Voter attitudes are to a lesser degree organized along clear, economic lines. Thus the social partnership organizations representing these interests are losing influence within their respective parties, and the

willingness of the parties to delegate central issues of politics to the system of social partnership is declining. Like many other countries, Austria is entering an era of "post-modernist" politics, where simple and stable party loyalties decline and the numbers of independent voters increase. This tendency will be strengthened by a proposed change of the election system that gives more weight to individual candidates against party lists of candidates.

A third development is Austria's increasing economic and cultural internationalization as a small open economy. This means an increased importance of external influences that cannot be controlled by domestic (Austrian) policies and thus lie beyond the system of social partnership. The trend towards internationalization would, of course, further accelerate if Austria joins the EC. Also, the developments in Eastern Europe pose new problems for the social partnership. A wave of immigrant workers from poor Eastern countries to neighboring Austria increases the supply of cheap labor and thus tends to weaken the position of Austrian workers, especially low-skilled ones, in the labor market. This has led the trade-unions to advocate restrictive policies towards immigration from the East, whereas business (and parts

of the public opinion) demand a more liberal labor market policy. Given the geographical and political situation of Austria, it has to be expected that the legal or illegal influx of foreign workers will continue to increase substantially. The influx will weaken especially the blue collar trade unions, which may in turn influence the delicate balance of the Austrian system of social partnership.

Future Perspectives for the System of Social Partnership

The future of the economic and social partnership depends on the following interrelated issues: the prospective development and power of the organizations involved in the system, the development of the surrounding macroeconomic circumstances affecting the Austrian economy, and changes in social and political structures and values.

The ability of the economic and social partnership to shape its future depends on the power and the internal cohesion of the economic interest groups that support the system. Changes in the structure of production - the decline in basic industries and the rise of services - and in production methods ("flexible specialization instead of mass production," Sabel, 1982) tend to boost the importance of small and medium-scale enterprises. Both the employers' and the employees' interest-group organizations face the problem that such enterprises are more difficult to integrate in their interest groups and to subject to macroeconomic discipline. The groups concerned might thus be encouraged to act as social free riders, a behavior pattern that is already characteristic of some of the learned and liberal professions. Above-average increases in income achieved by such strategies may, however, jeopardize consensus in the Parity Commission of the social partnership.

The speed of innovation, the rapid progress of structural change, and the resulting changes in quality requirements and training patterns necessitate and facilitate more flexibility in labor markets. Collective contractual obligations as provided by the economic and social partnership are getting more difficult to achieve. On the part of the employees, the central authority may be weakened by minority groups that possess great potential for interference by occupying key positions related to technological change and who, due to educational and social background, may be less willing to show solidarity on a supra-professional or supra-occupational level than are traditional trade union members⁽²²⁾. This, combined with a greater diversity of private life-styles, may be indicative of a trend towards "going it alone" with its obviously negative impact on the unity and the bargaining power of large interest groups.

At the very least, this trend means the need to shift responsibilities within the interest groups from headquarters to the plant level (e.g. as regards working hours and work patterns). Greater diversity of employer and employee interests also implies an increasing number of outsiders who have or perceive no interest in a comprehensive system of interest groups with compulsory membership. However, it is this system of mandatory representation that forms an essential organizational and financial basis of economic and social partnership.

From a macroeconomic point of view, the trend towards internationalization is a determining factor in the future of economic and social partnership. In this respect, Austria would face its greatest challenge in the wake of joining the EC. The importance of macroeconomic incomes policy would then tend to increase as alternative instruments such as foreign-exchange and interest-rate policies would be available only on a very limited scale.⁽²³⁾ At the same time, implementing such macroeconomic incomes policies would be more difficult because many areas of economic policy that are currently influenced by the economic and social partnership would then have largely lost their significance, e.g. subsidies, or would have been delegated to supranational authorities, e.g. agricultural market regulation. The more limited scope for social-partnership action would, however, mean fewer tradeoffs and fewer opportunities for enforcing interest-group discipline and thus some loss of "contractual capacity."

Even in the event that Austria does not become a member of the EC, the trend towards greater factor mobility will continue. Increased labor mobility may bring a drain of highly skilled labor and an influx of less qualified labor, especially from Eastern Europe. This would create more diversified wage structures and complicate working out uniform trade-union strategies. The increasing liberalization of international capital flows and the generally higher mobility of capital may produce a shift in economic power away from labor to capital, thus affecting the balance of power in the economic and social partnership.

With economic structures and ideologies changing worldwide, Austria will see a reevaluation of, and shift in, social-policy objectives. The basic consensus of the economic and social partnership around growth-orientation is losing ground. On the one hand, slower income growth and a more diversified economic development raise issues

of income distribution. On the other hand, new economic and social conflicts are arising, e.g. on environmental issues, on women's issues, and on "new poverty" in the service sector that go

beyond the normal purview of the economic and social partnership. The political parties, the media, and special-interest groups representing individual interests are therefore gaining ground in economic policymaking.⁽²⁴⁾ Another increasingly important factor is that the judiciary branch is taking a more active part in formulating economic and social policy.

In tandem with these trends, the economic interest groups increasingly have to justify their existence to their members who, as a result of social reforms, are better educated and informed and have highly diversified needs. This requires more commitment and flexibility on the part of the economic interest groups and a willingness to criticize and accept criticism with respect to both internal decision-making and personnel training and remuneration. At the same time, the members' traditional ties and automatic loyalty to their organizations (and parties) and their class consciousness are diminishing - while individualism is increasing in every walk of life.

It is impossible to draw a uniform picture of how the economic and social partnership will develop in the future. Expectations are, however, that the clout of economic and social partnership as a conflict-solving system that takes account of macroeconomic and social

criteria will decrease as market-oriented control mechanisms gain ground. While the impact

on economic growth is not clearly predictable, both historical and international evidence suggests that such a development may imply greater social and regional disparities.

At the same time, the fundamental task of macroeconomic coordination remains, in particular that of formulating incomes policy. The economic and social partnership, which has evolved into an effective problem-solving mechanism in these areas, will stay in place as a macroeconomic control system. The system and its underlying principle of a macroeconomic balance of power seems to rely on a broad social acceptance and legitimization by the Austrian population⁽²⁵⁾.

In addition to the traditional macroeconomic responsibilities of economic and social partnership, the system may be faced with new challenges because the system and its interest groups will have to represent the economic interests of Austria as a whole, i.e., as an all-Austrian lobby, before the EC. Given the massive presence of interest groups and lobbies (particularly on the employers' side) in the European supranational organizations, there is the danger of power imbalance for the firms and above all for the workers of a small country, which can only be countervailed or at least mitigated by concerted action. Rapid structural change in the economy will, at the same time, highlight the necessity of developing and/or intensifying socially acceptable coping mechanisms. The system of

economic and social partnership is offering a multitude of long-run strategies involving, e.g., labor market policy, education policy, and foreign worker employment, while the social partners themselves and general political conditions will shape the future of the system.

All things considered, a partial dismantling of this Austrian "peculiarity" in economic and social policymaking does not mean that it will lose its influence. From my perspective, the end of economic and social partnership in Austria is not near, but there will certainly be changes in the structures of its interest groups and in their areas of emphasis towards intensified concentration on core areas of economic and social policy with less involvement in general issues of social policy and with the political parties. Like every other social institution, the system of economic and social partnership is subject to new challenges. A functioning system of economic and social partnership is doubtless an international advantage for Austria, which will not only be maintained but expanded in light of the increasing internationalization of the economy.

Are there any valid lessons to be learned by other countries from the experiences of the Austrian social partnership? As has been shown in this paper, there are, of course, the many historical and institutional features that are peculiar to Austria warn against any generalizations. On the other hand, the idea of a "social partnership" is gaining ground in discussions about future decision-making structures in the EC and has been advocated at the last congress of the British trade unions. It is of special interest to the new democracies in Eastern Europe, especially in countries like Czechoslovakia and Hungary that have close traditional ties with Austria, are of comparable size, and see themselves in a political and economic situation very similar to that of Austria in the 1950s when the institutions of social partnership were developed.

Especially from point of view of democracy, Austria's experiences are relevant in this

Eastern European discussion. In many Eastern European countries, we find a heated debate between advocates of the "Austrian" or "Swedish" variants of corporatism approach and those who deeply mistrust encompassing economic and social organizations even within a democratic system and aim at a pure, invisible hand-style market economy.⁽²⁶⁾ To this discussion I would like to offer two main lessons from the Austrian experience. First, a policy that is based on J. K. Galbraith's (1967) concept of "countervailing powers" and on an "interventionist market economy" seems to be better able to combine economic growth, structural change, and social stability than one based on an "invisible hand" approach. Second, an interventionist model like the system of social partnership can only be successful if it is based on the voluntary cooperation of strong, encompassing social and economic organizations. This necessarily means power-structures different from a model of democracy that is based on a strict separation of politics and economics. In my view, such a separation is not realistic. The Austrian system of close, but open connections between politics and economics can be seen as more balanced and democratically controlled than a political system that is heavily influenced by uncontrolled and single issue-oriented special interest groups and political action committees. On the other hand, big, all-inclusive "social partnership

organizations" necessarily bring high concentration of power. Therefore it is essential to see the social partnership as part of an overall conception for dividing political and economic powers, as a subsystem characterized by checks and balances. As the Austrian experience shows, the distribution of powers within such a system is not stable but will have to change, according to the historical, social, and economic development of a country. The more open and adaptable a social partnership proves to be, the better it can perform from the standpoint of both democracy and economic and social efficiency.

Endnotes

1. The President as head of state has a largely ceremonial position. Head of government is the Federal Chancellor, whose cabinet has to have the confidence of the federal parliament. At present five parties are represented in parliament with the Social Democrats and the Conservatives forming a coalition government. Social Democrats: 79 seats, People's Party (Conservatives): 60, Freedom Party: 27, "Green Party": 10, Liberal Forum: 5, Independent: 1.
2. For descriptions of the system of social partnership in the English-language literature see H. Suppanz, D. Robinson (1972) J. Farnleitner E. Schmidt (1982), P. J. Katzenstein (1984), J. R. Freeman (1989). The institutional description in this paper follows A. Guger (1990).
3. Nowotny (1991) p. 138
4. Thus, e.g., the process of reducing the weekly working-time was prepared by common "social partner" studies of this Advisory Board, whereas in Germany and other countries very similar results have been achieved only after long and costly strikes.
5. There are institutions similar to this in some of the German provinces ("Länder") and in Luxembourg. For detailed descriptions of the chambers and other labor market related institutions see various contributions in Sweeney, Weidenholzer (1988) and Farnleitner, Schmidt (1982)
6. For a detailed analyses of Austria's postwar economic policy, see Rudolf Klier (1991)
7. In 1978, there was the following ownership structure in Austrian business corporations in terms of proportional shareholdings: federal-government interest: 26 percent, provincial- and local government: 10 percent, banks and savings institutions: 9 percent; private Austrian interests 25 percent, foreign holdings 30 percent. (Ederer/Goldmann/Reitlechner/Reitzner/Wehsely, 1985). Since 1978, federal-government interests have decreased, foreign interests have increased.
8. Unemployment rates according to Austrian statistics. Taking OECD-Definitions the standardized unemployment rate is 3.5 percent (compared to an average total OECD unemployment rate of 6.8 percent for 1991).

9. Austria's export-ratio of GNP amounts to 42 percent. About 65 percent of exports go to the EC. About 11 percent to EFTA and about 8 percent to former COMECON countries.

10. The wage ratio (adjusted for changes in employment structures) of national income oscillated about 65 percent since the sixties - with a tendency to decline last year. The unadjusted wage share increased from 59.9 percent in 1960 to 70.7 percent in 1990. For a general discussion, see Flanagan, Sokice, Ulman(1983), G. Tichy (1984).

11. 1989: Strike-minutes per worker: 0.5 (US.. 67.6). (ILO Yearbook 1989/90). More than 60 percent of the strikes in Austria took place in the public sector, where aspects of productivity growth and international competition naturally play a minor role.

12. For further discussion, see Calmfors, Drifill (1988), A. Guger (1991), E. Nowotny (1991), B. Rowthorn (1991). A general institution-oriented approach is presented in E. Matzner, W. Streeck 1991.

13. For a survey of these approaches see Nowotny (1990, p.54ff.)

14. In this regard, Olson (1982, p.92) sees Austria as a positive example in contrast to "partial" distribution coalitions.

15. From the standpoint of specific social and political interests, the picture may be varied. Thus, the achievements of the ostentatiously non-cooperative style of the Thatcher Government lend themselves to rather ambivalent interpretation from a comprehensive economic perspective, although that policy has, to a high degree, achieved its original goal, viz., the reduction of the degree of organization and the influence of the (often just as non-cooperative) trade unions.

16. See e.g.: F. Scharpf (1984), D. Cameron (1984), B. Gerlich, E. Grande. W.Müller (1985), P. Katzenstein) 1984, pp 133)

17. The Conservative Party consists of three autonomous "federations" representing entrepreneurs, agriculture and employees (mainly public servants).

18. The negotiations about the last, far reaching tax reform in Austria were the first where I as the chairman of the parliamentary finance committee took part as a member of the small - and thus really decisive - negotiating committee. Previously, major changes of the tax code were negotiated between the minister of finance and representatives of the social partners and then pushed through parliamentary procedures without major changes and further consultations.

19. In the two westernmost, alpine provinces of Austria the employee-wing of the conservative party is the majority group. This is mainly due to the fact, that in the provinces economically based on small businesses and tourism, many employees are family members of the owners and tend to vote for Conservatives.

20. By way of comparison: Trade union members as a percentage of labor force: Germany: 45 percent, Great Britain 43 percent, Italy 33 percent, France 23 percent, Denmark 70 percent, Sweden 85 percent.
21. In the theory of economic regulation this problem is discussed as the problem of "capturing" the regulators.
22. There is greater willingness to resort to industrial action in "corporatist" states like Austria and Sweden among professions with above-average skills and incomes, e.g., air traffic controllers, bank employees, and certain groups of university graduates.
23. The "hard currency" approach (fixed exchange rates between the schilling and the DM) practically implies by now not using monetary policy instruments and reliance on a functioning economic and social policy.
24. An attempt at extending the economic and social partnership into an "eco-partnership" would only be successful if there were a special organized representative body of "ecological interest" with comprehensive and comparable membership structures, internal discipline and thus, bargaining power and contractual capacity besides the existing "producer organizations". There is, however, no indication of any such trend towards a centralized "ecological interest group" (and this may not even be desirable) so that any conflicts in the area will have to be solved in the political and not in an "expanded" social partnership forum.
25. A study conducted by the "Sozialwissenschaftlichen Studiengesellschaft" (Society for Social-Science Studies) shows that, in June 1990, 63 percent of the respondents (1983:69 percent) considered the system of economic and social partnership to be "by and large an advantage for Austria." Among Socialist voters, acceptance was highest (77 percent), followed by Conservative voters (69 percent); acceptance was lowest among Green voters (48 percent), Freedom Party voters (45 percent) and Communist voters (30 percent).
26. In Czechoslovakia, leading figures of such a discussion are for instance Prof. Komarek and most of the collaborators of the famous "Prognosis-Institute", on the one hand, and finance minister and chairman of the liberal-conservative group, Vaclav Klaus, on the other hand.