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Austria in the 1990s:  
The Routine of Social Partnership in Question?

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## 1. Introduction

‘Austrocorporatism’, the Austrian variant of social partnership, has both undergone some important changes and exhibited a large amount of continuity during the 1990s. Developments in the economic, institutional, and political environment, in which the Austrian political system is embedded have had their repercussions on the conditions and functioning of the Austrian socio-economic policy-making system.<sup>1</sup> But simultaneously, social partnership has changed both due to these developments and to problems of internal aggregation within the core organizations, so that the changes which we will describe in this paper do not point to a system transformation but to a realignment of the policy-making network to the challenges set by the new environment. The evidence we find does not favour the proposition of a ‘deaustrification’, as has recently been argued, but points towards gradual realignments in terms of power, influence, and, partly, importance without sacrificing the basic institutional, organisational, and behavioral patterns.<sup>2</sup>

While policy concertation is generally defined in this book as the codetermination of public policy by means of agreements made between governments and employer organisations and trade union confederations,<sup>3</sup> this notion must be specified in order to capture the differences in Austrian Social Partnership. In the Austrian context, social partnership is more than a complex of underlying conceptions and values that legitimate participation of the interest associations of workers and employers in the process of policy-making. ‘Social Partnership’ refers to the whole complex of policy-making and encompasses two dimensions of policy concertation: *Konzertierung* and *Akkordierung*. While the former generally refers to the participation of interest associations in governmental policy formulation and policy making, the latter focuses on their participation with explicit search for and realisation of compromises between either the government and the peak interest associations or only between the peak associations.

## 2. Policy Concertation in Austria

Austrian social partnership has a long tradition and is characterised by a high degree of informality in the relations among the actors. Although the actors themselves are highly institutionalised – being either highly monopolised and centralised organisations, agents set up by public law, or both – any account referring to formal institutions as the central feature of social

partnership misses the point. It is the very institutionalisation and strength of the actors themselves that makes them able to rely less on institutionalised forms of interaction than on informal face-to-face contacts for reaching consensus about political matters. Therefore, if formal ‘social pacts’ as have been concluded elsewhere in Europe during the 1990s and which are regarded as a renewal of corporatist policy-making<sup>4</sup> would be necessary in Austria, this would indicate a severe problem of social partnership. The sole formal peak level agreement in the 1990s which comes close to a ‘social pact’, the agreement between the large interest associations (the ‘big four’) of November 1992, has been concluded during a period of communication problems between labour and capital. Indeed this agreement is a reaffirmation of the common understanding on the procedure of interest intermediation and the handling of conflicts; thus its mere existence points to sand in the wheels of social partnership.

[Table 1 about here]

Key terms used in Austrian politics for referring to important aspects of social partnership are summarised in Table 1. Austrian social partnership is an attempt to coordinate various dimensions of socio-economic policy-making in an ‘enlightened’, technocratic policy-making process aiming at a long-run consolidation of interests. This entails two closely interrelated, though distinct approaches to interest intermediation. On the one hand, social partnership in a narrow sense relates to the autonomous interaction of the trade unions and the employers organisations in incomes policy.<sup>5</sup> In a broader sense, social partnership refers to the participation of the interest associations in political decision-making processes and agreements which may not only be tripartite but may even imply that the major interest associations negotiate drafts in socio-economic policy areas without government interference. In extreme cases the government then presents the draft as it is to parliament which merely passes the agreement by the interest associations. As the same highly centralised and monopolistically organized associations have crucial roles in both, this distinction has little importance in practice; from an analytical point of view it is, however, the clue to understanding the specificity of the density of the Austrian policy-making network.

A core characteristic of the Austrian political system is the importance of the monopolised and centralised interest associations in policy-formation processes. The most important interest organisations, the ‘big four’, are the single trade union organisation (*Österreichischer*

*Gewerkschaftsbund, ÖGB*), are the Federal Chamber of Labour (*Bundesarbeitskammer, BAK*), the Austrian Federal Economic Chamber (*Wirtschaftskammer Österreich, WKÖ*), and the Chambers of Agriculture, usually represented by their peak association (*Präsidentenkonferenz der Landwirtschaftskammern, PKLWK*). The chambers are politically privileged in that they are installed by law, have compulsory membership and have the right to comment on government bills before these are decided in the council of ministers and forwarded to parliament.

Labour is thus represented by two organisations, ÖGB and BAK. The trade union is more concerned with workers' immediate interests, while the Chamber's role as a 'think tank' and a service organisation for members is to provide background information for both trade union policy and, in particular, government social policy. In practice, the distinction becomes somewhat blurred, notably because the BAK has extended its member services after a legitimisation crisis in the early 1990s. The employers' side is almost fully monopolised by the WKÖ,<sup>6</sup> which is concerned both with the political and the industrial relations dimension of interest representation.

The interest organisations are closely interlocked with the two dominant parties *Sozialdemokratische Partei Österreichs (SPÖ)* and *Österreichische Volkspartei (ÖVP)*, linking the workers' organisations to the former and the employers' and the agricultural organisations to the latter.<sup>7</sup> These links are exemplified by accumulation of both party and interest organisation positions by leading officials. Such 'vertical' interrelationships are combined with numerous horizontal interactions between the interest organisations both in the political and the industrial relations arena, resulting in the dense network of cooperation, *Konzertierung*, and *Akkordierung* to which the notion of social partnership refers.

The structure of Austrian social partnership is highly differentiated. At the central level, the above-mentioned peak organisations of workers and employers take on two tasks. They set the framework for lower-level bipartite bargaining on diverse aspects of wage and working conditions and they are involved in policy-making processes.

At the intermediate level the Austrian system of social partnership is based on sectorally defined suborganisations of the ÖGB and the WKÖ. These 'Fachgewerkschaften' and 'Fachverbände' play the key role in wage setting in that they actually negotiate the wage level for each industry. Usually, the metal sector is the first to convene on wage levels, setting a precedent for the negotiations in all other sectors.<sup>8</sup> In addition, the sectoral level has attained growing

importance during the last decade due to the delegation of the detailed specification of framework agreements negotiated by the peak organisations to sectoral bargaining. Most prominently, this process has taken place in working time policy. The 1997 amendment to the working time law explicitly transfers the task of determining the conditions of working time flexibilisation to the sectoral organisations of the interest associations.<sup>9</sup>

At the enterprise level, the relations between workers and employers are institutionalized in legally established works councils. These are entitled to bargain over the details of working conditions inside the framework set by the central and sectoral levels. Until the 1980s the trade unions had a firm grip on these bargaining processes via a close link to the enterprise worker representatives who mostly were trade union members. This close relationship has weakened during the 1990s as more and more works councils, mainly, but not only, of white collar employees, are no longer trade union members.<sup>10</sup>

[Tables 2 and 3 about here]

Given the focus on policy concertation, we concentrate on the central level of social partnership which is in effect the sole important level when it comes to analyzing the impact of interest organisations on political decision-making processes. Typically, from the 1960s to the 1980s, those decision-making processes which are dominated by social partnership consist of the following steps: first, informal consultations are held between the ministry in question, the SPÖ and the ÖVP (irrespective of which party is in government), and the ‘big four’ interest associations, from which results a first draft of a government bill. This process may take a long time if some of the actors disagree and can take place in any forum in which the involved actors meet, although certain patterns with regard to policy areas can be distinguished (see Tables 2 and 3). Second, the chambers officially review the draft, which is then revised and amended. This procedure is sometimes repeated several times.<sup>11</sup> After having reached broad consent about the contents, the draft is passed by the council of ministers and forwarded to the parliament where some, often only minor, corrections are added. Because peak representatives of important interest associations hold important functions in the SPÖ or ÖVP and party seats in parliament, and because they hold core positions in parliamentary commissions, these corrections may be again based on compromises negotiated outside parliament between the interest organisations and/or between them and the two dominant parties. In a second type of decisions-making procedure a

draft bill is introduced into parliament by initiative of one or more parties. Although neither interest organisations nor ministry must be involved in such initiatives, it is often the case that the procedure is used to accelerate processing of a bill which is based on preliminary bargaining processes with or between the social partners.<sup>12</sup>

Thus, in practice a multitude of decision-making processes are possible and range from the ‘full procedure’ to party initiatives in parliament which are or are not based on accords between the interest associations. Recent research has revealed that indeed policy-making processes are much more diverse across different policy areas than the notion of encompassing social partnership suggests: there are several areas in which interest organisations do not coordinate their interests but act much more like lobbying pressure groups and other areas in which the interest organisations are not involved at all (see Table 2).<sup>13</sup>

### 3. The Debate over Concertation: Challenges to Social Partnership

From the late 1950s to the late 1980s social partnership was accepted by virtually all influential organisations in the Austrian society. Although some commentators questioned the legal basis of decision-making by *Konzertierung* and *Akkordierung*, the economic and social success story of the 1960s and 1970s and the christian-social ideological background of social consensus on the part of the employers silenced all critique.<sup>14</sup>

Apart from fundamental opposition from the communist party (KPÖ) the critique is most fervently put forward by the minority parties in parliament. During all of the Second Republic, the right-wing *Freiheitliche Partei Österreichs* (FPÖ) has attacked both the interest organisations and the institution of social partnership as a dominant pattern of decision making in Austria, focusing on its alleged functioning as a ‘second government’ without election-based legitimacy and control. More specifically, this party’s critique focuses on compulsory membership. In addition, the FPÖ challenges the monopoly position of the ÖGB by having in 1997 constituted its own trade union organisation, which, however, has not been able to obtain bargaining rights up to the time of writing. Peak representatives argue that the domain of activity should be reduced to core arenas and be diminished at the macro level in favor of transferring bargaining to the enterprise level.

Similar points are made by the *Liberales Forum* (LIF), a liberal split-off of the FPÖ in 1993: This party fervently argues in favor of abolishing compulsory membership and reducing the influence of social partnership to its core function of finding compromises between workers and employers. The critique on the large influence of social partnership on policy-making, often prejudicing parliament is shared by the Green Party in parliament. However, contrary to FPÖ and LIF it accepts unconditionally the ÖGB and the Chamber of Labour as genuine interest representatives of the workers and employees. The main arguments pro and contra social partnership are summarised in Table 4.

[Table 4 about here]

The increased importance of these positions in public debate led to a serious legitimization crisis of the Chambers in the early 1990s, culminating in the issues of compulsory membership, but also fed by critique for bureaucratism, lack of democracy, sluggishness and lack of innovation. Also, the interest associations themselves and their top officials have been subjected to increasing and popular criticism. During the last years, the number of members taking part in the elections in the Chambers, and ÖGB membership are declining.<sup>15</sup>

The public debate on these issues motivated the government to urge the BAK, the WKÖ, and the Chambers of Agriculture to question their constituency on their opinion on the status of the Chambers as an interest representation established by law, for which compulsory membership was regarded as a necessary prerequisite. These referenda took place during the years 1995 and 1996. With a participation rate of 66,6% (in the BAK) and 36,4% (in the WKÖ), 90,6% and 81,7%, respectively, of those participating have voted in favor of the continuing existence of the Chambers. The need to consolidate trust by their constituency aggravated the crisis in the ability of the interest associations to convene on compromises. The referenda not only forced peak representatives to concentrate on motivating their constituency, but in addition led to a more adversarial tone between the interest associations in public debate which did not contribute to their ability to find compromises.

The above-cited results have calmed down public debate although now and then critique is still articulated by large enterprises who are less and less willing to pay their considerable membership dues to the WKÖ. For example, in June 1998 the Federation of Austrian Industry (IV) proposed make membership in the WKÖ optional if a firm was member of the IV. However,

after a harsh reply by the WKÖ this idea lacks broad support (even within the IV) for the time being. Nevertheless, there remains awareness of the need to further organisational reform. Its basic orientation was laid down in the agreement between the social partners of November 1992, but its implementation was interrupted by the referenda on compulsory membership.

Regarding the acceptance of social partnership in the population we can note a considerable continuity. In spite of up and down movements and a slight backwards tendency, the existing surveys show clearly that even in the changing context of social partnership, a remarkable majority considers social partnership to be favorable for Austria (60% in 1997 as compared to 63% in 1990 and 69% in 1983). Only a small minority is convinced by the contrary (12% in 1997 as compared to 6% in both 1990 and 1983). Similarly, the problem-solving competence of social partnership is confirmed by a majority of 57% (1994), only 26% denies this. This correlates with the finding that only a small minority of the respondents is in favor of abolishing social partnership (10% in 1994 as compared to 13% in 1990), while more than half of the respondents deny the need for abolishment (64% in 1994 as compared to 58% in 1990).<sup>16</sup>

#### 4. Patterns of Change and Continuity in Austrocorporatism

##### *4.1. Institutional Framework*

The changes in the economic, political, and organisational conditions of social partnership did not leave this mode of policy-formation unaffected. The most visible changes in institutional perspective concern the Parity Commission with its institutions (the full assembly, the subcommittees on wages, prices and international affairs and the Advisory Council for Economic and Social Affairs), which has been regarded as a core institution of social partnership.<sup>17</sup> In all of these committees the ÖGB, BAK, WKÖ and PKLWK are represented with equal vote, while also ministers and government officials participate in the full assembly without voting right.

During the 1980s the subcommittee on prices has lost its importance due to the deregulation of the prices of virtually all products and currently serves as an occasional meeting place for discussing economic developments in specific sectors. Wage bargaining can only be undertaken by sectoral trade union organisations after having been sanctioned to do so by the subcommittee on wages. This subcommittee has maintained its routine of informally coordinating wage policies



at the sectoral level. Although the full assembly of the Parity Commission never was more than a forum in which wages and prices were formally decided, the loss of function of the subcommittee on prices hollowed out the last function of the full assembly, which was given a new formal task as a discussion forum for economic policy in the November 1992 agreement.

In contrast to the lack of relevance with regard to the effective decision-making process, this institution was indeed important due to the fact that it brings together the main actors in socio-economic decision-making processes in a regular manner. The interest associations could take advantage of the regular meetings at peak level for discussing perspectives and clarifying positions which could then be detailed in negotiations at the level of experts. Among these the meeting of the presidents of the four large interest organisations was the most important because it was the one where the conflictual questions were dealt with. Thus, the Parity Commission with its subcommittees can be considered as a forum providing the institutional framework giving some ritual and continuity to the relations between the interest associations and in their contact with the state.

The Advisory Council for Economic and Social Affairs has, after some years of diminished ability of the WKÖ and the ÖGB to convene on common views of economic policy during the early 1990s, gained both importance and status after having completed a series of economic studies during 1997 and 1998. In June 1998, a joint analysis of economic policies still available for political intervention in an era of increasing economic internationalisation has not only reaffirmed the ability of the interest associations to agree upon common frameworks for policy orientation, but has also renewed the activity of the full assembly of the Parity Commission as a forum for discussion of economic policy.<sup>18</sup>

Besides these developments, there is no evidence that essential institutional prerequisites of Austrocorporatism such as compulsory membership to the Chambers and central cooperative forums like the Parity Commission will be abolished. The formal institutionalisation of the influence of the interest associations via their right to comment on government bills and their standing in parliament, and the informal institutionalisation of concertation is so widely differentiated that the loss of importance of the Parity Commission is hardly noticeable in practice. Formal influence of the interest associations has even increased in various fields, for

example concerning the preparation of the Austrian position towards European policy or in the administration of labour market policy.<sup>19</sup>

#### *4.2. The Practice of Concertation*

While scholarly observers have usually focused on the institutions of social partnership, officials in the interest organisations tend to put more weight on the behavioral dimension. For them, the Parity Commission is one of many forums of *Konzertierung* and *Akkordierung*, along with formal and informal advisory councils to ministries and public institutions, bargaining processes between the coalition parties, and informal meetings between interest organisation officials. From this perspective, social partnership is not an institutional setting but a mode of policy-making characterised by actively seeking consensus and compromise with the opposite peak association.

All actors have to be able to rely on the ability of the other actors to stick to compromises struck at peak-level negotiations. Thus, the ability to participate in these processes depends on the ability of the peak organisations to focus their strategic orientation on long-term and economy-wide issues, to enforce decisions made at the top level onto lower-level units, and to silence more particularistic rank-and-file opposition. The high level of centralisation of the Austrian interest organisations combined with the high level of monopolisation of the core organisations is particularly well fitted to provide the peak actors with the necessary amount of trustworthiness in political exchange.

The relationship between the core interest associations has become much more complex in recent years. In this regard we have to stress the difference between two levels of action: the political and the expert level. The experts constitute a dense network, sometimes even cross-cutting associational affiliations, in which the actors have built up a joint, technocratic understanding of socio-economic policy-making (with differing emphasis) and know the other's limits very well. Core personalities are gradually socialized into this approach by carefully designed career paths within the interest organisations. Thus, negotiations are led by people who have internalised a consensus-oriented style of policy-making.

At the political level, and in ideological terms, there has been much continuity in the basic orientation of the interest organisation since the end of the Second World War.<sup>20</sup> However, representing special interests while keeping the entire economy under consideration does not

imply converging views about socio-political values among the interest organisations, nor does it mean the end of conflicts and dissent. Yet this model is characterized by both widespread consensus on the main objectives for the entire economy (economic growth, low unemployment, stable currency, international competitiveness) that must be kept in mind while pursuing special interests, and the search for consensual problem-solving, which has been reaffirmed by the November 1992 agreement. This is known in Austria as the ‘class struggle at the negotiating table.’ Strikes and lock-outs have not been altogether abolished, but they are only used as a last resort in dealing with economic and social conflicts.<sup>21</sup>

The macroeconomic perspectives of the economic interest associations coincided with those of the two major parties and the government: namely, the inclusion of the interest associations in the policy-making process and in the implementation of that policy, as well as the agreement to realise the necessary goals for the entire economy by way of negotiations.

Although the peak level organisations and the chamber bureaucracies tend to stick to these orientations, in recent years their policy has come under strain by increasing internal opposition from rank-and-file organisations, followed by a more particularistic orientation both in public debate and in bargaining processes, increasing the number and intensifying the character of conflicts. This leads to a more pronounced juxtaposition of interests at the political level, particularly visible in the redesign of social policy, e.g. in working time flexibilisation, unemployment insurance, old age pensions, but also in vocational training, labour costs and the regulation of dismissal payments.<sup>22</sup>

While at the experts level agreements still can be reached, in particular the presidents of the associations, but also political functionaries, stand for more confrontational strategies which are often meant to consolidate internal discrepancies. The WKÖ has in recent years repeatedly been less able to enforce peak-level agreements onto dissenting member organisations, being less centralistically organised than the ÖGB or the BAK. Given the increasingly competitive macroeconomic environment, the peak association has more difficulty to persuade members of the adequacy of a compromise. A recent example of the decreased commitment to political exchange is the amendment to the trade regulations in 1997. In order to align the farmers to the coalition in favour of becoming a member of the European Union, the WKÖ and the PKLWK struck a compromise which entailed that the chambers of agriculture would persuade the farmers

to vote in favor of the European Union in exchange for a liberalisation of the trades regulation, increasing the farmers' earnings possibilities outside their traditional tasks (to the disadvantage of small business and retail trade). However, after Austria had entered the European Union, the WKÖ did not stick to the agreement due to pressures by sectoral organisations. Only after intervention by peak representatives of the ÖVP a new compromise was struck on somewhat less favorable terms for the farmers.<sup>23</sup>

In the ÖGB, the more particularistic orientation is manifest in repeated internal conflicts between sector unions, in particular between the white collar employees union *Gewerkschaft der Privatangestellten* (GPA) which has become the largest union and the blue collar worker unions, among which the *Gewerkschaft Metall, Bergbau, Energie* (GMBE) is the most influential. These differences make the process of interest aggregation and the internal acceptance of peak-level decisions more difficult. In consequence, the relations between the 'social partners' have been perceived in public as being more antagonistic and less dominated by attempts at *Akkordierung*, although practical work is effectively perceived as business as usual by the representatives of interest associations.

Regarding the relations between the interest associations and the state, the 1990s have witnessed a clear emancipatory development of government from the 'social partners'. The cabinet of chancellor Vranitzky was less responsive to interest organisation pressures than previous governments. Most observers agree that this is due to the need to consolidate the state budget which forced the government to legislate cuts in the social security system. In a first attempt, the SPÖ-led government proposed a savings pact in 1994 aimed at consolidating the budget for 1995. However, given that it was not based on a prior consensus established with the interest associations, it was torn apart by the ÖGB. Only after tearful renegotiations between the government and the ÖGB a considerably restricted compromise was struck which led to the adoption of the budget. Because the budget 1996 was in even greater need of consolidation, the government did not risk a renewed conflict with the interest associations and involved them into the negotiation process from the very beginning on, although the compromise eventually reached by the 'social partners' turned out to be based on a flawed calculation of the extent to which the budget needed to be consolidated by the government. However, given the preference of the SPÖ – under pressure from the ÖGB – for a stronger reliance on increases in state revenue which was

not reconcilable with the strict expenditure-side approach from the side of the ÖVP, these negotiations did not lead to a compromise at party level and resulted in the retreat of the ÖVP from the cabinet. After the new elections were won by the SPÖ a new savings pact was negotiated in early 1996 in close cooperation with the interest organisations, which eventually led to meeting the Maastricht criteria for participating in the Euro project without severe societal uprise.<sup>24</sup>

The reform of old age pensions in 1997 reveals the multidimensionality of conflicts with particular clarity. The SPÖ-ÖVP government announced far-reaching changes in the pension system without prior consultation with the interest associations and legislated the reform against strong opposition by the workers' associations, although the associations were involved in the ensuing negotiations about details. The employers, too, were opposed to the reform because it did not go far enough to their view. Under these conditions it was not only impossible to find a compromise between the interest associations, but also the relation between SPÖ and ÖGB was strained as never before during the Second Republic. In the end, however, the interest associations accepted a compromise proposal close to the initially announced government plan, without accord between themselves.<sup>25</sup>

The core area of *Akkordierung*, working regulations, has been less challenged. However, government has gained more influence in this area, too. An instructive example of this constellation is the amendment to the working time law in 1997. While the law itself was based in 1969 on a peak-level agreement between the interest associations, which was subsequently enacted by parliament, the 1997 amendment was bargained between the interest associations in the context of strong government pressure for a flexibilisation of working law and repeated government intervention in the bargaining process. Thus, although the decision itself rested in the realm of the interest associations, the bargaining process was strongly influenced by government pressure.<sup>26</sup>

These episodes illustrate three developments. First, the government more and more succeeds in both setting the agenda and targeting policies which are then – although reluctantly – specified by the interest associations. Second, except for the reform of old age pensions, the interest associations have retained enough power to prevent a legislation which interferes with their, respectively their constituency's vested interests. While the ÖGB has more difficulties in imposing its preferences on policy, the WKÖ finds itself more often in accordance with the

government's options. Besides this, we observe a large amount of continuity in participation of associations in policy-making. But in contrast to former practice, the government neither waits for basic decisions to be taken by the interest associations nor formally delegates the decision to the interest associations, although this pattern remains existent. Third, and related to the former two points, given the more particularistic orientation of interest organisation policy in practice, they are merely able to convene on smaller common denominators. This is often considered both by the government and in public opinion as impeding necessary reforms.

Some observers argue that parliament has gained an increased role in the decision-making process.<sup>27</sup> The increased number and strength of opposition parties and the decreased number of interest organisation representatives in parliament lead to the impression that parliament has gained more influence onto the final result. However, the representatives of interest associations still hold core positions and are able to intervene if their interests are not met. On the other hand, their parliamentary parties more often stand for a different position, so that they have to vote in favor of regulations not thoroughly in line with their interest organisation's position. This, however, is not indicative of a stronger parliament, but reflects the greater influence government has, given that the coalition parties usually vote according to the government proposals.

## 5. Conclusion

Despite encompassing transformation of the economic, institutional, and political environment of Austrocorporatism as well as the weakening of the internal organisational structure of the interest associations, the basic element of providing a forum for interest intermediation and a platform for consensus bargaining between the large societal groups has remained remarkably stable over the last decade. Several fields of social and economic policy-making are still heavily dependent on the cooperation of the large interest associations, either via *Konzertierung* and/or *Akkordierung* or via *Konzertierung* without *Akkordierung*, although conflicts and areas of dissensus have increased.

We observe a withering away of core institutions like the Parity Commission, but this process does not entail a decline in importance of concertation. There are still many formal and informal forums, in which political exchange can take place. However, negotiations, which at no

time were restricted to or even dominated by the Parity Commission, were transferred to more informal and less regular meetings.

There is indeed change in the procedural terms of decision-making. Concertation is declining and has been overlaid by arrangements dominated by government and by the use of privileged access to the government on the part of the interest associations who act to a larger extent than before as lobbyists of their constituency. The government has gained importance in agenda-setting and targeting of policies, mostly due to a need for policy reforms on which the social partner organisations cannot reach consensus by themselves due to internal restrictions on bargaining outcomes. Parliament has gained in terms of discourse, but not in terms of factual influence over the contents. The social partner organisations have lost their encompassing power but still remain centers of expertise which are able to enforce their interests on policy-making to a large extent.

In many – though by far not all – areas of Austrian politics, *Konzertierung* via intermediation and under leadership of the government – but less by *Akkordierung* between the ‘social partners’ and government – is the rule. Thus, in Austria the notion of social partnership does not refer to partial social pacts as elsewhere in Europe of the 1990s, but points to a durable and rather robust pattern of day-to-day policy-making which is capable of solving conflicts in a routine of cooperation. In short: social partnership is changing, but no end of the ‘Austrian way’ is in view.

## Notes

1. See E. Tálos, ‘Corporatism – The Austrian Model’, in *Contemporary Austrian Politics* ed. V. Lauber, Boulder 1996, pp. 103-123; F. Traxler, ‘From Demand-side to Supply-side Corporatism? Austria’s Labour Relations and Public Policy’, in *Organised Industrial Relations in Europe: What Future?* eds. C. Crouch and F. Traxler, Aldershot 1995, pp. 271-286.
2. A. Pelinka, ‘Die Entaustrifizierung Österreichs. Zum Wandel des politischen Systems 1945-1995’, *Österreichische Zeitschrift für Politikwissenschaft* 24, no. 1 (1995): pp. 5-16; for a critique see B. Kittel, ‘Entaustrifizierung? Die Grenzen des Wandels des österreichischen politischen Systems’, *Neue Politische Literatur* 43, no. 2 (1998): 290-300.

3. But note the difference to Lehnbruch's concept of corporatist concertation which does not encompass the importance of agreements but simply refers to privileged access of peak interest associations to policy making under the condition of a joint understanding of their orientation towards macroeconomic goals, G. Lehnbruch, 'Concertation and the Structure of Corporatist Networks', in *Order and Conflict in Contemporary Capitalism*, Oxford 1984, pp. 60-80.
4. P. C. Schmitter and J. Grote, 'Der korporatistische Sisyphus: Vergangenheit, Gegenwart und Zukunft', *Politische Vierteljahresschrift*, Vol. 38, no. 3, 1997, pp. 530-554; A. Ferner and R. Hyman, eds., *Changing Industrial Relations in Europe*, Oxford 1998.
5. For an overview of developments in this dimension see F. Traxler, 'Austria: Still the country of corporatism', in *Changing Industrial Relations in Europe*, eds. A. Ferner and R. Hyman, Oxford 1998, pp. 239-261.
6. The Federation of Austrian Industry, *Industriellenvereinigung (IV)*, has an important role as a pressure group, restricted to industry, on its own, but not as a partner in wage bargaining.
7. There are a few exceptions because both the ÖGB and the chambers are constituted as non-affiliated associations. But due to the overarching dominance of the social democratic trade unionists in the ÖGB and the BAK, and of the ÖVP-associated employers in the WKÖ, respective policy is in practice defined by these groups.
8. P. Rosner, 'Lohnbewegung und Bewegung der Lohnpolitik', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming.
9. B. Kittel, 'Deaustrification? Continuity and Change in Austrian Social Partnership. Case Studies in Working Time, Vocational Training and Industrial Policy', Paper presented at the 48th Annual Conference of the Political Studies Association, Keele University, UK, 7-9 April 1998.
10. J. Flecker and M. Krenn, 'Betriebliche Arbeitsbeziehungen im Wandel der Sozialpartnerschaft', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming.
11. For example, the 1989 amendment to the law on unemployment insurance was blocked five times by the ÖVP on behalf of the WKÖ in the council of ministers because no agreement was found in tripartite negotiations between the government, the ÖGB and BAK and the WKÖ. See:



E. Tálos and B. Kittel, 'Sozialpartnerschaft und Sozialpolitik', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming.

12. Whether a draft is presented to parliament as a government bill or a party initiative is of minor importance to interest organisation officials, as long as they maintain leverage over the contents. Given the fact that they are informally represented in crucial positions in parliament, this condition is virtually anytime present. See H. Fischer, 'Das Parlament', in *Handbuch des politischen Systems Österreichs*, 3<sup>rd</sup> edition, eds. H. Dachs et al., Wien 1997, pp. 99-121.

13. B. Kittel and E. Tálos, 'Interessenvermittlung und politischer Entscheidungsprozeß: Sozialpartnerschaft in den 1990er Jahren', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming; see also W. C. Müller, 'Die Rolle der Parteien bei Entstehung und Entwicklung der Sozialpartnerschaft. Eine handlungslogische und empirische Analyse', in *Sozialpartnerschaft in der Krise*, eds. P. Gerlich et al., Wien 1985, pp. 279-294, p. 135-224.

14. E. Tálos, 'Sozialpartnerschaft: Zur Entwicklung und Entwicklungsdynamik kooperativ-konzertierter Politik in Österreich', in *Sozialpartnerschaft in der Krise. Leistungen und Grenzen des Neokorporatismus in Österreich*, eds. P. Gerlich, E. Grande, and W. C. Müller, Wien 1985, 41-84. For further references see B. Kittel and H. Gröger, 'Sozialpartnerschaft im Spiegel der österreichischen Politikwissenschaft', *Österreichische Zeitschrift für Politikwissenschaft*, Vol. 26, no. 2, pp. 209-223.

15. F. Karlhofer, 'Verbände: Organisation, Mitgliederintegration, Regierbarkeit', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming; A. Pelinka and C. Smekal, eds., *Kammern auf dem Prüfstand*, Wien 1996.

16. SWS-Telefonumfrage Nr. 97, Februar/März 1997, *Arbeit und Wirtschaft* 12/1994, SWS FB 301, Oktober 1994.

17. B. Marin, *Die Paritätische Kommission. Aufgeklärter Technokorporatismus in Österreich*, Wien 1982; A. Pelinka, *Sozialpartnerschaft und Interessenverbände* (Politische Bildung no. 52/53), Wien 1986.

18. *Wirtschaftspolitische Handlungsspielräume*, Beirat für Wirtschafts- und Sozialfragen, Nr. 73, Wien 1998.

19. B. Kittel and E. Tálos, 'Interessenvermittlung und politischer Entscheidungsprozeß: Sozialpartnerschaft in den 1990er Jahren, in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming.
20. See J. Lewis in this volume. C.f. E. Tálos, 'Corporatism – the Austrian model', in *Contemporary Austrian Politics*, ed. V. Lauber, Boulder, pp. 103-123; E. Tálos and B. Kittel, '“Roots of Austrocorporatism: Institutional Preconditions and Cooperation before and after 1945’', in *Austro-Corporatism: Past, Present, Future (Contemporary Austrian Studies IV)*, eds. G. Bischof and A. Pelinka, New Brunswick 1996, S. 21-52.
21. Surveys show that members of the interest associations support the attempt to avoid conflicts. In 1990 more than half of those questioned preferred to have economic and social decisions determined through negotiations between the state, business and labor groups. Only 3 percent supported decisions arrived at by active conflicts such as strikes (Sozialwissenschaftliche Studiengesellschaft FP 269, 1990).
22. See, e.g., E. Tálos and B. Kittel, 'Sozialpartnerschaft und Sozialpolitik', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming; P. Rosner, 'Lohnbewegung und Bewegung der Lohnpolitik', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming; E. Tálos and K. Wörister, 'Soziale Sicherung in Österreich nach 1945', in *Soziale Sicherung im Wandel. Österreich und seine Nachbarstaaten. Ein Vergleich*, ed. E. Tálos, Wien 1998, pp. 211-288.
23. G. Fellner, 'Die Gewerbeordnung 1997', in *Sozialpartnerschaft und Entscheidungsprozesse*, eds. E. Tálos and B. Kittel, project report, University of Vienna.
24. M. Sebald, *Sozialpartnerschaft und Sparpolitik: zum Wandel politischer Entscheidungsprozesse am Beispiel der Strukturanpassungsgesetze 1995 und 1996*, M.A. Thesis, University of Vienna, 1998.
25. E. Tálos and B. Kittel, 'Sozialpartnerschaft und Sozialpolitik', in *Sozialpartnerschaft. Wandel und Reformfähigkeit*, eds. F. Karlhofer and E. Tálos, Wien 1999, forthcoming.
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Table 1. Terms used to refer to and to characterise Austrian Social Partnership

Sozialpartnerschaft	Network of close, formally and informally institutionalised interactions, <i>Konzertierung</i> , and <i>Akkordierung</i> between the trade union organisation, the Chamber of Labour, the Economic Chamber, the Chambers of Agriculture and government agencies
Sozialpartner	Term referring to all agents of social partnership excluding government agencies, although often only the trade union organisation and the Economic Chamber are meant
Konzertierung	Participation of interest associations in policy formulation and policy making
Akkordierung	Participation of interest associations in policy making with explicit search for and realisation of tri- or bipartite compromises
Kooperativ-konzertierte Politik (Konsenspolitik)	Policy style based on cooperation and concertation between the government and all major interest organisations in which political decisions stem from bargained compromises between the actors
Kammer	(Chamber) interest organisation under public law to which the state has transferred areas of autonomous regulation of public issues relevant only to the constituency of the organisation
Beiräte/Kommissionen	Advisory councils charged with strategic and evaluative concerns attached to public institutions in which the social partners, among others but often dominantly, have a seat. In many instances, this seat is allocated to them by law

Table 2. Forums of Concertation

Parity Commission	Consultative body of the WKÖ, the BAK, the ÖGB and the PKLWK, presided by the chancellor in which the government participates without voting right. Subcommittees on wages and prices (and since 1992 on international affairs) provide forums for discussing the economic situation in specific economic sectors, while more general macroeconomic issues are discussed in the Parity Commission itself; Advisory Council for Economic and Social Affairs provides studies which lay down the common understanding of all participating actors
Parliamentary Commissions	(a) top representatives of interest organisations have a seat in parliament on either SPÖ or ÖVP ticket and thus consult within parliament, (b) parliamentary commissions invite experts from the social partners for discussing controversial issues
Government mediation	(tripartism) Ministers invite representatives from all social partners to discuss and decide controversial issues on both a regular and ad-hoc basis
Bipartite negotiations	BAK (and ÖGB) and WKÖ are regularly asked by the government to work out a joint proposal for a specific regulation
Consultation	social partners comment on government draft legislations within the framework of a formal consultation routine
Advisory councils	policy area-specific discussion forums in which the social partners are able to pronounce their interests
Informal negotiations	Contacts between social partners occur at all occasions and times, at all organisational levels and in all imaginable places according to perceived necessity

Table 3. Contents of Concertation

<i>Konzertierung</i> and <i>Akkordierung</i> (between government and peak associations)	social policy (some areas)
<i>Akkordierung</i> (between peak associations)	labour law (most areas)
<i>Konzertierung</i> without <i>Akkordierung</i> (Government decision with individual participation of social partners)	many fields in economic policy, consumer policy, environmental policy, some fields in judicial policy, some fields in technology policy, EU-issues
Government decision with joint lobbying of social partners	EU-issues (some areas)
Government decision without or with marginal influence of social partners	interior policy, many fields in judicial policy, foreign policy, many fields in technology policy, media policy, school policy

Table 4. Arguments pro and contra Social Partnership

Pro	stated by:	Contra	stated by:
<i>Economic Performance</i> positive effect on economic performance (unemployment, inflation)	peak interest associations, government	inefficient, slow, not innovative	government (partly), media, opposition parties
<i>Political performance</i> low level of open social conflict	peak interest associations	undemocratic	opposition parties
<i>Representational performance</i> direct participation of large interest groups in policy-making	peak interest associations, government	- does not represent minority interests - mandatory membership	opposition parties
high acceptance by both constituency and population	peak interest associations	low representativeness	opposition parties
<i>Organisational performance</i> high level of service to constituency	peak interest associations	low cost/benefit turnout, expensive	enterprises, Federation of Austrian Industry