

# Non-corporatist Social Bargaining for Welfare Retrenchment: Comparative Study of Public Pension Reforms in Southern Europe

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- I. Introduction
- II. Diverse Paths to Welfare Retrenchment in Europe:  
Literature Review and Arguments
- III. Cases and Research Methods
- IV. Empirical Analysis and Findings
- V. Conclusions

Key Words: Welfare Reform, Public Pension, Non-corporatist  
Social Bargaining, Southern Europe, Fuzzy-set QCA

## | ABSTRACT |

Studies on welfare reform in advanced European countries have found two established paths to welfare retrenchment: government unilateralism and corporatist social bargaining. This study explores more nuanced hybrid cases that combine both reform paths. Relying on the notion of ‘non-corporatist’ social bargaining, the study identifies core features of these cases and provides a causal account for them. It draws on public pension reforms from four Southern European countries: Italy, Spain, Portugal, and Greece. A total of twenty four reform cases since the 1990s are analyzed using the fuzzy-set qualitative comparative analysis (fsQCA) technique, along with brief qualitative narratives on selected cases. The author finds that pension reforms occurred through non-corporatist social bargaining where national economic crises, strong governments, and welfare beneficiaries’ consensus toward the reform were all simultaneously absent.

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## I. Introduction

Welfare reforms in recent decades resulted in substantial retrenchment in social security benefits across European countries. Scholars have identified two prominent ways that governments promoted these changes: unilateralism and corporatist social bargaining. In countries with residual welfare states, unilateralism was a prevalent choice where governments took a top-down approach to push for the reform without consulting with welfare insiders.<sup>1)</sup> In other parts of Europe that featured mature welfare states, governments faced more diverse choices.<sup>2)</sup> They sought corporatist social bargaining when they were politically weak but welfare insiders supported their reform agenda. Governments, however, opted for unilateral cuts when they enjoyed enough political power to bypass these insiders,<sup>3)</sup> or when serious macroeconomic crises necessitated urgent actions for swift recovery.<sup>4)</sup>

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1) Martin Schludi, *The Reform of Bismarckian Pension Systems: A Comparison of Pension Politics in Austria, France, Germany, Italy and Sweden* (Amsterdam: Amsterdam University Press, 2005), pp. 62-63; Martin, Schludi, "Between conflict and consensus: The reform of Bismarckian pension regimes," in Camila Arza and Martin Kohli (eds.), *Pension Reform in Europe: Politics, Policies and Outcomes* (London: Routledge, 2008); Peter Taylor-Gooby, "Welfare Reform in the UK: The Construction of a Liberal Consensus," in Peter Taylor-Gooby (ed.), *Welfare State under Pressure* (London: SAGE Publications Ltd, 2002).

2) Bruno Palier, "Ordering change: Understanding the 'Bismarckian' Welfare Reform Trajectory," in Bruno Palier (ed.), *A Long Goodbye to Bismarck? The Politics of Welfare Reform in Continental Europe* (Amsterdam: Amsterdam University Press, 2010); Schludi (2005).

3) Lucio Baccaro and Sang-Hoon Lim, "Social Pacts as Coalitions of the Weak and Moderate: Ireland, Italy and South Korea in Comparative Perspective," *European Journal of Industrial Relations*, Vol. 13, No. 1 (2007), pp. 27-46; Lucio Baccaro and Marco Simoni, "Policy Concertation in Europe: Understanding Government Choices," *Comparative Political Studies*, Vol. 41, No. 10 (2008), pp. 1323-1348; Kerstin Hamann and John Kelly, *Parties, Elections and Policy Reforms in Western Europe: Voting for Social Pacts* (London: Routledge, 2011); Schludi (2008).

4) Marina Angelaki and Leandro N. Carrera, "Radical Pension Reforms after the Crisis: A Comparative Analysis of Argentina and Greece," *Politics & Polity*, Vol. 43, No. 3 (2015), pp. 378-400; Sanneke Kuipers, *The Crisis Imperative: Crisis Rhetoric and Welfare State Reform in Belgium and The Netherlands in the Early 1990s* (Amsterdam: Amsterdam University Press, 2006) Barbara Vis, *Politics of Risk-Taking: Welfare State Reform in Advanced Democracies* (Amsterdam: Amsterdam University Press, 2010).

This article examines more complicated reform cases that combined features of both paths. In these cases governments sought social bargaining for policy concertation with core beneficiary groups. But it did not proceed in a corporatist fashion because of governments' active efforts for unilateral intervention. Such 'non-corporatist' cases of social bargaining occurred in various places in Europe, but existing studies have not paid explicit attention to them. The present study fills this gap in research. Focusing on the cases with mature welfare states, it identifies core features of non-corporatist social bargaining in the welfare retrenchment. It also demonstrates that such reform cases occurred when the following conditions were simultaneously satisfied: the economy was not in a crisis, governments were politically weak, and welfare insiders did not support welfare cuts. Under these circumstances, governments could neither push for unilateral retrenchment nor forge corporatist bargaining with the stake holders. Instead, they promoted a hybrid solution by engaging in social bargaining in combination with unilateral policy measures to stay on the reform course.

The following sections examine such a complicated path to welfare retrenchment using public pension reform cases drawn from four Southern European countries: Italy, Spain, Portugal, and Greece. Twenty four cases of pension cuts since the 1990s will be analyzed, utilizing a fuzzy-set qualitative comparative analysis (fsQCA) technique along with brief case narratives. The concluding section will summarize major findings of this study, as well as their implications for future research.

## II. Diverse Paths to Welfare Retrenchment in Europe: Literature Review and Arguments

A series of welfare reforms in Europe resulted in significant retrenchment in public insurance programs over recent decades.<sup>5)</sup> While aiming to restore the financial sustainability of the programs in a more rationalized and efficient welfare system, governments adopted diverse approaches to reaching their goal. Unilateral reform was a prominent choice in countries with residual welfare states, such as the UK and Ireland. Because governments provided only slim benefits for widespread groups of citizens, they faced no strong insiders to negotiate with whose interests were deeply entrenched in the welfare programs.<sup>6)</sup>

Meanwhile, governments encountered a different situation in other parts of Europe. With more mature welfare states, there were broader insider groups who enjoyed generous cash replacements or in-kind benefits during interruption or termination of work. Represented by major trade unions, these insiders often maintained well-protected positions by participating in actual management of the benefit programs.<sup>7)</sup> Under these circumstances, governments' choices on a reform path depended on the following mediating conditions.

Governments chose corporatist bargaining when they were politically weak but welfare insiders were supportive of their reform agenda. Finding the policy preferences of both sides were closely aligned with each other,

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5) Klaus Armingeon and Giuliano Bonoli, eds., *The Politics of Post-Industrial Welfare State: Adapting Post-war Social Policies to New Social Risks* (New York: Routledge, 2006); Giuliano, Bonoli and David Natali, eds., *The Politics of the New Welfare State* (Oxford: Oxford University Press, 2012); Palier (2010).

6) Karen M. Anderson and Traute Meyer, "Social Democracy, Unions, and Pension Politics in Germany and Sweden," *Journal of Public Policy*, Vol. 23, No. 1 (2003), p. 26; David Natali and Martin Rhodes, "The 'New Politics' of Pension Reforms in Continental Europe," in Camila Arza and Martin Kohli (eds.), *Pension Reform in Europe: Politics, Policies and Outcomes* (London: Routledge, 2008), p. 28; Schludi (2005), pp. 62-63; Schludi (2008), p. 52; Taylor-Gooby (2002).

7) Bonoli and Natalie, eds. (2012); Palier (2010).



weak governments found bargained solutions to be a realistic pathway to welfare reform. However, unilateralism was a more prominent choice when governments were politically strong enough. Undeterred by potential political backlashes that their unilateralism could trigger, governments pushed hard for their reform agenda regardless of the responses from welfare insiders.<sup>8)</sup> Governments also favored unilateralism when they faced severe economic crises. As illustrated by various examples, mostly drawn from recent European economic crises during the 2000s and 2010s, economic emergencies promoted unilateral welfare cuts for the sake of swift macroeconomic rebalancing.<sup>9)</sup>

## 1. Hybrid Cases of Welfare Retrenchment: Non-Corporatist Social Bargaining

Building on these existing accounts of welfare retrenchment in Europe, this section explores more nuanced reform cases which featured aspects of both unilateralism and social bargaining. Although empirical studies have noted the presence of such complicated cases, as shown in Austria in 1997,<sup>10)</sup> Germany in 2001,<sup>11)</sup> Greece in 1992 and 1997-9,<sup>12)</sup> and

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8) Sabina Avdagic, "When Are Concerted Reforms Feasible? Explaining the Emergence of Social Pacts in Western Europe," *Comparative Political Studies*, Vol. 43, No. 5 (2010), pp. 628-657; Baccaro and Lim (2007); Baccaro and Simoni (2008); Leandro N. Carrera, Marina Angelaki and Daniel Fernando da Soledade Carolo, "Political competition and societal veto players: the politics of pension reform in Southern Europe," *Rivista Italiana di politiche pubbliche*, No. 1 (2010), pp. 5-31; Hamann and Kelly (2011); Schludi (2005); Schludi (2008).

9) Angelaki and Carrera (2015); I. Jin Hong, "Italian welfare in the aftermath of economic crisis: Understanding welfare reforms in the light of alternative theoretical approaches," *Korea Social Policy Review*, Vol. 20, No. 3 (2013), pp. 197-221.

10) Schludi (2005).

11) *Ibid.*

12) Polyxeni Triantafyllou, "Greece: political competition in a majoritarian system," in Ellen M. Immergut, Karen M. Anderson and Isabelle Schulze (eds.), *The Handbook of West European Pension Politics* (Oxford: Oxford University Press, 2009).

Italy in 1992 and 2004,<sup>13)</sup> they have tended to consider these cases as complicated approximations to more stylized paths to retrenchment, that is, unilateralism and corporatist bargaining. As a consequence, no full systematic accounts have been provided for these hybrid cases.

A notable exception was the works by Natali and Rhodes.<sup>14)</sup> Drawing on French pension reforms from the mid-1990s to early 2000s and also developing on case studies conducted by Levy and Vail,<sup>15)</sup> these authors identified complicated cases of government unilateralism that occurred with consensual policy-making style and preemptive policy tradeoffs. In other words, while pursuing on unilateral policy reforms, governments made serious efforts to incorporate welfare insiders' concerns in their final proposals before major social mobilizations were materialized.

This study joins in Natali and Rhodes' efforts to tackle such a hybrid path to welfare reform. Yet, it finds their account needs further revision to reflect more diverse European cases. By focusing on governmental policy initiative and decision-making style, Natali and Rhodes provide a persuasive explanation for such cases as France, where the tradition of statism met with social actors who maintained a high-level capacity for political mobilization but lacked in organizational density and also were divided across several competing representatives. This allowed the French government to hold a relatively strong position vis-à-vis its partners when initiating the reform dynamics.<sup>16)</sup> However, this framework is less applicable to other European cases in which welfare insiders presented

13) Matteo Jessoula and Tiziana Alti, "Italy: An uncompleted departure from Bismarck," in Bruno Palier (ed.), *A Long Goodbye to Bismarck? The Politics of Welfare Reform in Continental Europe* (Amsterdam: Amsterdam University Press, 2010).

14) David Natali and Martin Rhodes, "Trade-offs and Veto Players: Reforming Pensions in France and Italy," *French Politics*, Vol. 2, No. 1 (2004a), pp. 1-23; Natali and Rhodes (2008).

15) Jonah D. Levy, "Partisan politics and welfare adjustment: the case of France," *Journal of European Public Policy*, Vol. 8, No. 2 (2001), pp. 265-285; Mark Vail, "The better part of valour: the politics of French welfare reform," *Journal of European Social Policy*, Vol. 9, No. 4 (1999), pp. 311-329.

16) Natali and Rhodes (2004a); Natali and Rhodes (2008); Mark Vail, *Recasting Welfare Capitalism* (Philadelphia: Temple University Press, 2010).

both political and organizational strength and also maintained entrenched positions in managing the welfare programs.<sup>17)</sup>

The conceptualization this study presents can extend to these diverse cases. Rather than focusing on the relative power relation between governments and welfare insiders as regards to the reform initiative, which could vary across cases, this study attends to a more general aspect of the hybrid cases. Here governments promote reforms by engaging in social bargaining with welfare insiders, but it does not proceed in a corporatist fashion because governments also seek unilateral measures for intervention. This active combination of social bargaining and unilateral intervention contributes to the non-corporatist version of social bargaining,

〈Table 1〉 Diverse Paths to Welfare Reform

Typology	Government Unilateralism	Corporatist Social Bargaining	Non-Corporatist Social Bargaining
Key Feature	Government-driven process of unilateral reform	Fully institutionalized process of negotiated reform	Combination of social bargaining and unilateral intervention
Observable Indications	Governments pay little effort for formal negotiation with welfare beneficiaries. Nor do they seek for informal negotiation where they incorporate parts of welfare beneficiaries' demands into the final set of the reform without formal negotiation.	Governments interact with welfare beneficiaries on a regular basis in a formal setting of concertation, without imposing unilateral reform agenda during the process.	Governments maintain formal negotiation with welfare beneficiaries but constantly interrupt the process with unilateral measures, or governments rely on unilateral measures but along with informal negotiation where they incorporate parts of welfare beneficiaries' demands into the final set of the reform without formal negotiation. Alternatively, governments switch their positions from formal negotiation to unilateralism or vice versa.

17) Palier (2010); Schludi (2005); Schludi (2008).

which makes the key part of the hybrid reform path.

Table 1 presents the key features of non-corporatist social bargaining in comparison with government unilateralism and corporatist social bargaining. It further identifies a set of observable indications associated with each of the three reform paths. While unilateralism features the lack of governments' interests in either formal or informal negotiation with welfare beneficiaries whereas corporatist social bargaining features the opposite case along with a highly institutionalized process of formal negotiation, non-corporatist social bargaining indicates that governments employ certain multi-faceted approaches to promoting their reform agenda.

More specifically, governments often combine both formal and informal approaches to the reform process. Governments formally adopt one of the two reform methods (i.e., social bargaining or unilateralism) and stay with it from start to finish. At an informal level, however, they seek to incorporate the other method in order to make a more successful reform. For instance, while rejecting formal negotiation with welfare insiders, governments make implicit negotiation by incorporating parts of welfare insiders' demands into the final set of welfare reform. The French case, as cited above, represents a good example.<sup>18)</sup> Alternatively, governments may engage in formal negotiation with welfare insiders, but in a way constantly interrupted by unilateral efforts to bypass the negotiation. The Greek pension reform in 1997-1999,<sup>19)</sup> the Italian pension reform in 1992,<sup>20)</sup> and the Spanish pension reform in 2008-2011<sup>21)</sup> are good examples.

18) Natali & Rhodes (2004a), pp. 10-11, 17-19.

19) Triantafyllou (2009), pp. 135-137.

20) Maurizio Ferrera and Mateo Jessoula, "Italy: a narrow gate for path-shift," in Ellen M. Immergut, Karen M. Anderson and Isabelle Schulze (eds.), *The Handbook of West European Pension Politics* (Oxford: Oxford University Press, 2009), pp. 431-434; Jessoula and Alti (2010), pp. 166-167.

21) ASISP, "Annual Report 2010—Spain" (2010), p. 13, <http://socialprotection.eu/> (Accessed August 10, 2019); EurWork, "Trade unions strike over proposed pension reforms" (2010a);

Governments may also promote welfare cuts by combining formal negotiation and unilateral intervention in a sequential order. They may start with either method but, as a result of ad-hoc adjustment to the insiders' reactions, end up switching to the other to complete their mission. For instance, the Greek government in 2001-2002<sup>22)</sup> and the Italian government in 2001-2004<sup>23)</sup> started pension reforms by presenting their own unilateral plans. Facing trade unions' objection and active mobilization, the governments decided to open formal negotiation to produce limited but consensual bargains. The opposite sequence is also possible. The Greek government in 1992<sup>24)</sup> started with formal negotiation with welfare insiders, which turned out to be a difficult task because both sides found their disagreements to be widening rather than narrowing. The government then switched to unilateralism to end the stalemate.

## 2. An Explanatory Account

Why and under what circumstances did these complicated reform cases occur? This article provides an answer by building on relevant existing studies of unilateralism and corporatist bargaining. It first looks for the studies of unilateralism, which have found that the top-down cuts occurred when governments faced no strong insiders in the welfare

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EurWork, "Government endorses plan to cut public deficit" (2010b); EurWork, "Agreement signed on growth, employment and guaranteed pensions" (2011a), [https://www.eurofound.europa.eu/search?search\\_block\\_form=&op=Search](https://www.eurofound.europa.eu/search?search_block_form=&op=Search) (Accessed August 1-10, 2019).

22) Triantafyllou (2009), pp. 137-140; Kevin Featherstone, "'Soft' co-ordination meets 'hard' politics: the European Union and pension reform in Greece," *Journal of European Public Policy*, Vol. 12, No. 4 (2005), pp. 743-745; Manos Matsaganis, "Union Structures and Pension Outcomes in Greece," *British Journal of Industrial Relations*, Vol. 45, No. 3 (2007), pp. 548-549.

23) Jessoula and Alti (2010), pp. 174-175; David Natali and Martin Rhodes, "The Berlusconi Pension Reform and the Emerging "Double Cleavage" in Distributive Politics," *Italian Politics*, Vol. 20 (2004b), pp. 175-178.

24) Triantafyllou (2009), pp. 131-135.

system or, even if they did, when they had serious macroeconomic crises or adequate political strength. Extending on these findings, the author makes a combinatory causal argument that social bargaining occurred when these conditions were *simultaneously* absent. The presence of strong insiders made governments open for involving them as key partners for a successful reform. The lack of macroeconomic urgency allowed governments to promote their reform agenda without being pressed to seek swift short-term solutions for rebalancing their economy. Weak government power also discouraged unilateralism by making it politically untenable.

Individually, these conditions were not sufficient enough to determine a reform path. For instance, weak governments could still promote unilateralism as long as they were assisted by a serious macroeconomic emergency. Similarly, the lack of the economic urgency could coincide with unilateralism if governments possessed enough political power to bypass strong insiders. It was only when these conditions were simultaneously satisfied that they could make a sufficient difference. From this perspective, weak governments who were cautious about unilateralism in their fear of political backlashes from strong welfare insiders, were sufficiently discouraged from this reform path when they did not feel obliged to find urgent solutions to their economy.

Under these circumstances, governments made serious efforts towards social bargaining. Such efforts produced a successful corporatist variant when welfare insiders were willing to support the reform agenda.<sup>25)</sup> What has remained unexplained, though, is what would have happened if these insiders did not fully support or even opposed the reform agenda. In that situation, the author argues that governments chose a hybrid reform path by actively combining features of unilateralism and social bargaining.

The rationale runs as follows. While the path to unilateral welfare

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25) Avdagic (2010); Baccaro and Simoni (2008); Hamann and Kelly (2011).

cuts was blocked due to the lack of supporting conditions, governments still found it difficult to forge a well-functioning process towards policy concertation. Unlike other cases of corporatist bargaining, social partners were indecisive, ambivalent, divided, or defiant over the reform agenda—which made it politically unrealistic for governments to develop full-fledged consensus with them. Under this circumstance, while seeking social bargaining to prevent or dissipate potential backlash, governments had to find a way to put discipline on the veto players in order to stay on a successful reform course.

It was particularly important for governments to devise an effective mechanism to compensate for the lack of the material conditions for unilateral action, so that they could claim the legitimacy of introducing top-down measures when it became necessary. To this end, governments found a strategy of ‘blame avoidance’<sup>26)</sup> to be very helpful. While involving social voices in the reform process, governments made it clear to the public that the policy concertation was a difficult task because of the veto or lack of cooperation from vested social interests. Capitalizing on this claim, governments justified their unilateral moves as inevitable steps to finish the urgently needed policy reforms for their nations. Such a shrewd strategy helped governments divide the opposition and draw more social support or acquiescence towards the retrenchment agenda—eventually making it possible to combine two seemingly incompatible features of welfare reform (that is, unilateralism and social bargaining) into real cases.

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26) Paul Pierson, *Dismantling the Welfare State? Reagan, Thatcher and the Politics of Retrenchment* (Cambridge: Cambridge University Press, 1994); Giuliano Bonoli, “New social risks and the politics of post-industrial social policies,” in Klaus Armingeon and Giuliano Bonoli (eds.), *The Politics of Post-Industrial Welfare State: Adapting Post-war Social Policies to New Social Risks* (New York: Routledge, 2006); Pierson and Bonoli explored this strategy in a general context of welfare reform, which was economically necessary but politically unpopular. The present study applies the same notion to a rather specified research question: once governments decided to cut benefits, what strategy would they adopt to promote their goal?

### III. Cases and Research Methods

The present study examines this combinatory hypothesis for non-corporatist bargaining against recent episodes of public pension reform in Europe. Public pensions have been one of the most popular social insurance programs in all advanced democracies.<sup>27)</sup> Citizens' interest in protecting their post-retirement life made pension benefits electorally attractive to politicians. The post-war trends of sustainable economic growth and labor force participation also made public pension provision a financially sustainable project for decades. Therefore, public pensions became an ideal research area for the politics of welfare retrenchment, where governments faced broad groups of insiders who had high stakes in existing programs. When pursuing this reform agenda, governments not only aimed to restore the financial sustainability of ill-funded pension programs (through tighter qualification requirements, longer work years, and less generous payment formulas). They also sought to rationalize these programs by expanding the pool of recipients, strengthening tax-financed minimum pensions, providing various incentives and aids to supplementary pensions, and consolidating fragmented pension funds and their benefits.<sup>28)</sup>

#### 1. The Research Sample

Among these reform cases, the author focuses on the examples drawn from Southern Europe. Southern European cases suit for the present

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27) Giuliano Bonoli, *The Politics of Pension Reform: Institutions and Policy Change in Western Europe* (Cambridge: Cambridge University Press, 2000); John Myles and Paul Pierson, "The Comparative Political Economy of Pension Reform," in Paul Pierson (ed.), *The New Politics of the Welfare State* (Oxford: Oxford University Press, 2001).

28) Bonoli and Natali, eds. (2012); Armingeon and Bonoli, eds. (2006); Myles and Pierson (2001).



study due to the following reasons. First, the governments maintained pension-heavy welfare programs to support traditional families. While more egalitarian welfare benefits such as tax-based universal assistance and services were still underdeveloped, those contribution-based programs indeed helped male bread-winners sustain their families from the risk of retirement. In particular, pension benefits heavily favored labor-market insiders who could pay contributions without interruption in their job tenure. Considering that informal and small-sized economic sectors constituted large parts of the Southern European economy, the labor market insiders became truly exclusive welfare beneficiaries. Meanwhile, these insiders were deeply fragmented among themselves because of the long history of divisions and conflicts in the labor movement. The fact that the pension benefits were distributed disproportionately across job categories further exacerbated this trend, incentivizing various groups of insiders to cling to their own targeted benefits at the expense of others.<sup>29)</sup>

Under these circumstances, pension reform became a very contentious political matter between governments and powerful insiders. Furthermore, the reform tended to be a volatile process because the fragmented welfare insiders found it challenging to forge successful inter-organizational coordination even when conditions were ripe for corporatist social bargaining. All these features render Southern European cases a favorable ground for examining non-corporatist bargaining that features an unstable combination of social bargaining and unilateralism between governments and strong stakeholders.

It should be noted, however, that such an empirical focus comes with a cost because it limits the scope of the hypothesis being tested.

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29) Carrera et al. (2010); Maurizio Ferrera, "The Southern Model of Welfare in Social Europe," *Journal of European Social Policy*, Vol. 6, No. 1 (1996), pp. 17-37; Maria Karamessini, "Continuity and change in the southern European social model," *International Labour Review*, Vol. 147, No. 1 (2008), pp. 43-70; Pau Mari-Klose and Francisco Javier Moreno-Fuentes, "The Southern European Welfare model in the post-industrial order. Still a distinctive cluster?" *European Societies*, Vol. 15, No. 4 (2013), pp. 475-492.

Remember that the theory section of this article has identified four relevant conditions to account for non-corporatist social bargaining: the strength of welfare insiders, the strength of the sitting government, macroeconomic crisis, and the consensus from welfare insiders. Among these potential conditions, the Southern European sample allows only the last three to vary across cases. The first condition is rather controlled constant because trade unions in Southern Europe were all generally strong, especially in comparison with those from Anglo-Saxon countries.<sup>30)</sup> Given this empirical constraint, this study takes the presence of strong insiders as given and examines how the variations in the other three conditions would affect the occurrence of non-corporatist social bargaining. Future

〈Table 2〉 Public Pension Retrenchment Cases in Southern Europe

Italy		Spain		Portugal		Greece	
ID	Cases	ID	Cases	ID	Cases	ID	Cases
1	Amato reform in 1992	7,8	Gonzales reform and Aznar reform in 1995-1997	13	Cavaco Silva reform in 1993	18	Mitsotakis reform in 1990
2	Dini reform in 1995	9	Aznar reform in 2001	14	Gueterres reform in 2000-2001	19	Mitsotakis reform in 1992
3	Prodi reform in 1997	10	Zapatero reform in 2006-2007	15	Socrates reform in 2007	20	Simitis reform in 1997-1999
4	Berlusconi reform in 2001-2004	11	Zapatero reform in 2008-2011	16	Socrates reform in 2010	21	Simitis reform in 2001-2002
5	Berlusconi reform in 2009-2010	12	Rajoy reform in 2012-2013	17	Passos Coelho reform in 2012-2013	22	Karamanlis reform in 2008
6	Monti reform in 2011-2012					23	Papandreou reform in 2010
						24	Papademos reform in 2012

30) Bernard Ebbinghaus and Jelle Visser, eds., *Trade Unions in Western Europe since 1945* (Houndmills: Palgrave Macmillan, 2000); Jelle Visser, "Union membership statistics in 24 countries," *Monthly Labor Review* (January 2006), pp. 38-49.

studies may conduct a broader empirical analysis in the general European context to allow all relevant conditions to vary across cases.

Now, Table 2 presents the list of pension reform cases drawn from four Southern European countries: Italy, Spain, Portugal, and Greece. A total of 24 reform cases were collected from the early 1990s, when pension reform emerged as a serious policy agenda in these counties, until the early 2010s when well-established data were publicly available for investigating recent pension reforms. Some of these cases — such as Italy 2, Portugal 14 and 15, Spain 7 and 8, and Greece 23 and 24 — represented sweeping reforms for benefit retrenchment and restructuring, whereas others exhibited rather minor piecemeal adjustments (See the references provided for each case in the Appendix). Regardless of these differences in the scope of reform outcomes, all cases exhibited notable interactions between governments and stakeholders at the national level which resulted in substantial changes in existing pension programs. To promote these changes, governments employed various reform methods, ranging from unilateralism to social bargaining. Details of each case as well as data sources are available with the Appendix.

## 2. The Research Method

The author employs an innovative research method, fsQCA, to assess the 24 reform cases from South Europe. FsQCA allows for a cross-case analysis where the number of cases is greater than a small-N but smaller than a large-N.<sup>31)</sup> Unlike quantitative regression analysis, QCA understands the nature of social causality to be fundamentally configurational, examining it in terms of necessary and sufficient conditions. To elaborate, a necessary condition states that a cause exists whenever an outcome

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31) Charles Ragin, *Fuzzy-Set Social Science* (Chicago: University of Chicago Press, 2000); Charles Ragin, *Redesigning Social Inquiry: Fuzzy Sets and Beyond* (Chicago: University of Chicago Press, 2008).

exists, meaning that the latter is a subset of the former. A sufficient condition states that whenever a cause exists, an outcome also exists — meaning that the former is a subset of the latter.<sup>32)</sup> Between these causal conditions, researchers have placed a more emphasis on the latter in their efforts to establish more binding causal relations with logical certainty.

Another important advantage with fsQCA is that it allows researchers to analyze *conjunctural causation*, a notion that a group of causes, rather than their individual absence or presence, produces *jointly sufficient* conditions for an outcome of interest.<sup>33)</sup> This is what is usually observed with social phenomena that are embedded in a contextually-rich world of interaction. Small-case analysis may not address this type of causation as effectively due to restriction in the number of observations. Quantitative regression analysis may perform a better job by relying on multiple interaction terms, but is less effective for a study with a medium-N sample.

FsQCA also provides an innovative middle ground between quantitative and qualitative approaches to operationalizing social phenomena. Compared to the conventional crisp QCA, which produces only binary scores (0 and 1) as absolute qualitative states, fsQCA allows data to reflect varying degrees of partial measurement between these two states. More specifically, it presents a series of ‘fuzzy’ membership scores, ranging from full membership (coded 1), to ‘more in than out but not fully in’ membership (above 0.5 but below 1), uncertain membership (0.5), ‘more out than in but not fully out’ membership (below 0.5 but above 0), and full non-membership (0).<sup>34)</sup>

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32) Ragin (2008), pp. 17-23.

33) Ragin (2008).

34) Ragin (2000).

## IV. Empirical Analysis and Findings

FsQCA as applied to empirical research runs with the following procedures. It begins with calibration for all causal conditions and outcomes under examination. In this study, the results range from 0 as full non-membership, 0.25 as partial non-membership, 0.5 as uncertain membership, 0.75 as partial membership, to 1 as full membership. These scores are determined using subjective judgment that relies on existing case studies and other qualitative and quantitative data available (Refer to the Appendix for more detailed information).

The analysis then performs a series of necessity and sufficiency tests for individual causal conditions specified.<sup>35)</sup> Notice these results are still preliminary considering that it is not clear if, for instance, any causal conditions that are significant with these tests would represent their truly independent effects or only parts of joint effects with other conditions. It is also possible that any causal conditions that are insignificant at this stage would turn significant when tested jointly with other relevant causes.

Bearing all these analytic uncertainties in mind, assessment of individual necessity and sufficiency relies on two standardized measures: consistency and coverage scores.<sup>36)</sup> A consistency score assesses the significance of logical relations by examining the degree to which an outcome falls within the range of the fuzzy scores as expected by the causal conditions. Following the lead of existing studies, the author sets 0.9 as the threshold for logical necessity<sup>37)</sup> and 0.8 as the threshold

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35) Caresten Q. Schneider and Claudius Wagemann, "Standards of good practice in Qualitative Comparative Analysis (QCA) and fuzzy Sets," *Comparative Sociology*, Vol. 9 (2010), pp. 404-405.

36) Charles Ragin, "Set relations in social research: Evaluating their consistency and coverage," *Political Analysis*, Vol. 14 (2006), pp. 291-310.

37) Caresten Q. Schneider and Claudius Wagemann, *Set-Theoretic Methods for the Social Sciences: A Guide to Qualitative Comparative Analysis* (Cambridge: Cambridge University Press, 2012), pp. 139-144.

for sufficiency.<sup>38)</sup> Meanwhile, a coverage score evaluates goodness of fit for the causal relations under examination. It produces a quantified measure as to the degree to which the causal conditions account for real cases in the sample. Unlike the consistency score, this is purely a descriptive measure which comes with no statistical threshold.

Next stage, fsQCA proceeds to the core research task to examine joint sufficiency of multiple causal conditions. It starts with a ‘truth table’ which displays an actual map of various causal combinations linked to the outcome. It eliminates any causal combinations that either have no real empirical references or fail to pass a consistency threshold for probabilistic relevance. This threshold is set out at 0.85 (higher than the normal 0.8) following the lead of existing studies that recommend a stricter threshold for macro-level data.<sup>39)</sup> The analysis then moves to the Boolean reduction where it further narrows down the pool of logically-relevant relations by eliminating any redundant causal combinations.<sup>40)</sup> Once the final set of non-redundant combinations (called solutions) are identified, their consistency scores (the threshold set at 0.85) and other descriptive information—such as coverage scores and the lists of actual cases that exhibit such associations—are reported.

At this stage, fsQCA presents three different methods for the Boolean reduction.<sup>41)</sup> A *complex model* produces results based on the original data as they exist. Because real cases may not exhaust all possible causal combinations to an outcome, this model tends to produce more complex solutions than otherwise expected in a more comprehensive data set. Ragin proposes two alternative models to address this issue, using a counterfactual analysis to fill in some of missing data points. An *intermediate model* produces a moderately reduced set of solutions by employing a counterfactual reasoning that is rather readily acceptable

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38) Ragin (2008), pp. 48-49.

39) Ragin (2008), p. 136.

40) Ragin (2000); Ragin (2008).

41) Ragin (2008), pp. 160-172.

given existing knowledge. *A parsimonious model* goes further through a more demanding reasoning process that requires thorough justification for reaching the most succinct set of solutions. Among these diverse Boolean models, Ragin recommends the intermediate model that strikes a balance between causal complexity and parsimony.

## 1. Calibration

The outcome of interest in this study is *Non-Corporatist Social Bargaining* (hereafter NCSB). Here a higher membership score indicates that governments actively combine social bargaining with unilateral intervention. A lower membership score means that the reform occurs in a way that is closer to unilateralism or corporatist bargaining. Resting on these considerations, a full membership score is given when governments maintain formal negotiation but constantly interrupt with unilateral measures; when they rely on unilateral measures but along with implicit negotiation; or when they switch their positions from formal negotiation to unilateralism or vice versa. As a byproduct, all these circumstances should also entail united, long-lasting efforts for social mobilization led by major trade unions, as a reflection of serious tensions between governments and the unions. Meanwhile, a full non-membership score is assigned when governments are fully committed to unilateralism or corporatist social bargaining, suggesting this is no longer a case that belongs to the hybrid reform category. This happens when governments promote pension cuts in a top-down manner with little effort toward formal or informal negotiation or when they fully interact with welfare insiders on a regular basis in a formal setting of concertation. Uncertain membership indicates that it is not clear whether the reform is driven by unilateralism, corporatist bargaining, or both. In between, two partial scores (0.75 and 0.25) capture differing degrees of fuzzy membership. Table 3 summarizes the calibration criteria for all outcomes discussed so far.

〈Table 3〉 Fuzzy-set Calibration Rules for  
Non-corporatist Social Bargaining (NCSB)

Scores	Descriptions
1	Combination of negotiation and unilateral government intervention, followed by united and long-lasting occurrences of social mobilization
0.75	Combination of negotiation and unilateral government intervention, followed by divided or intermittent occurrences of social mobilization
0.5	Not clear whether the process was driven by negotiation, unilateralism, or both
0.25	Mostly institutionalized negotiation; mostly government-driven process
0	Fully institutionalized negotiation; fully government-driven process

〈Table 4〉 Fuzzy-set Calibration Rules for Causal Conditions

Names	Scores	Descriptions
Economic Crisis (ECONCRISIS)	1	Occurrence of nationwide macroeconomic emergency, such as the Eurozone crisis in recent years
	0	No occurrence of such a massive shock
Strong Government (STRONGGOV)	1	Majority position without internal cleavage, either facing little objection or receiving divided responses from parliamentary opposition.
	0.75	Majority position without internal cleavage, facing full objection from parliamentary opposition.
	0.5	Minority position, or majority position with internal cleavage, facing little objection from parliamentary opposition
	0.25	Minority position, or majority position with internal cleavage, receiving divided responses from parliamentary opposition
	0	Minority position, or majority position with internal cleavage, facing full objection from parliamentary opposition.
Consensus from Welfare Insiders (CONSENSUS)	1	Major trade unions fully support the reform
	0.75	Major trade unions support main parts of the reform while opposing minor parts
	0.5	Trade unions fail to exhibit clear preferences over the reform
	0.25	Major trade unions oppose main parts of the reform; major trade unions present divided preferences over the reform
	0	Major trade unions fully oppose the reform



Right-wing Government (RIGHTGOV)	1	Far right government
	0.75	Center-right government
	0.5	Centrist, grand coalition, or caretaker government
	0.25	Center-left government
	0	Far left government

This section also presents calibration results for three causal conditions that would affect the occurrence of NCSB. First, *Economic Crisis* (ECONCRISIS) evaluates whether governments faces an emergency with their macroeconomic management. A full score means that this is true. For all other cases, including cases of moderate economic recession, the score is 0. This simple binary calibration is justified considering that existing studies<sup>42)</sup> have presented the hypothesis particularly against severe national crises, such as the Eurozone crisis, where governments face extraordinary macroeconomic pressures for swift reforms. While fuzzy calibration would allow more fine-tuned measurement for this economic condition, the simple binary approach serves better this hypothesis by highlighting the theoretic context that it rests on.

The annual GDP growth provides a good indicator for assessing this macroeconomic condition. During the years of 2009-2013, when the Eurozone crisis was at its peak, the average GDP growth rates for the four Southern European countries were all below -1.5%: -5.9% for Greece, -1.6% for Italy and Portugal, and -1.8% for Spain. No such scale of macro-cyclic disruption was reported during previous periods dating back to the 1990s.<sup>43)</sup> On this ground and also consistent with other existing studies cited above, any cases in which the reform occurred during those years of the crisis will be given a full membership score of 1. All other cases will receive a zero score.

42) Angelaki and Carrera (2015); Kuipers (2006); Vis (2010).

43) OECD, "OECD Stat," <http://stats.oecd.org/> (Accessed August 1-10, 2019).

One exception is the case associated with the Italian pension reform in 1992 (Italy1). While the GDP growth during the 1992-3 period remained -0.5%, still 1.1% higher than it was during the Eurozone crisis, the Lira crisis that coincided with the 1992-3 recession further dampened the Italian economy by threatening the country's membership in the monetary union. Massive warning signs were spread among all politicians and citizens, necessitating a series of swift adjustments in wages, inflation, deficit, and public spending. The 1992 pension reform occurred as a part of these emergency measures.<sup>44)</sup> Appreciating this economic challenge, the author will assign this case with a full membership score of ECONCRISIS.

Next, *Strong Government* (STRONGGOV) measures the political power of sitting governments during the periods of welfare reform. Here a full membership score is given when governments enjoy support from parliamentary majority without suffering from internal cleavages. They should receive little objection or only divided responses from the parliamentary opposition. Full non-membership indicates that governments have completely lost their control over the reform process. This happens when governments maintain only a minority position in the parliament (or a majority position but with internal cleavages) and also suffer from full objection from the parliamentary opposition. Meanwhile, uncertain membership shows that governments maintain a minority position (or a majority with internal cleavages) but face only little objection from the parliamentary opposition—which makes it difficult to assess if the governments are maintain or losing control over the reform process. Other partial scores are determined depending on varying configurations of the cabinets' parliamentary positions and the shapes of the opposition.

Once again, the Italian reform in 1992 (Italy1) presents an exceptional situation for assessing the political power of the sitting government.

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44) Sofia A. Perez, "Monetary Union and Wage Bargaining Institutions in the EU," *Comparative Political Studies*, Vol. 35, No. 10 (2002), pp. 1198-1227.

The centrist coalition government under PM Amato was suffering from serious accusations of corruptions and scandals. While his cabinet maintained a majority position in the parliament, a series of investigations pursued by Rome prosecutors turned the cabinet into a political turmoil, endangering its public credibility and reputation.<sup>45)</sup> Reflective of this political challenge, this case is given a partial fuzzy score of 0.25, which is one level higher than total loss of control.

The third causal condition, *Consensus from Welfare Insiders* (CONSENSUS), measures the degree of welfare insiders' consensus towards the pension reform. Because pension beneficiaries in mature welfare states have been represented by main trade unions, the measurement focuses on identifying these unions and assessing their policy preferences. To this purpose, the author refers to experts' qualitative assessments on union organizations that are official participants to cross-sectoral collective bargaining and policy pacts.<sup>46)</sup> A full membership score will be given when these unions fully support the welfare reform. A full non-membership score is given when they are all against it. An uncertain membership score would mean that major unions fail to exhibit their clear preferences. Finally, partial membership scores are assigned depending on these unions' preferences over major vs. minor elements of the proposed reform plan.

Finally, fsQCA adds a potential omitted condition, *Right-wing Government* (RIGHTGOV), to check with the robustness of the main empirical findings. This condition addresses a possibility that right-wing governments could promote a unilateral pension reform because of their tensions and conflicts with trade unions. Meanwhile, left-wing governments would likely take a more corporatist approach due to their affinity to trade unions. The fuzzy membership scores for this condition is determined depending on how much the sitting governments are skewed

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45) Ferrera and Jessoula (2009), pp. 431-434; Jessoula and Alti (2010), pp. 166-167.

46) Ebbinghaus and Visser (2000); Visser (2006).

toward the right end of the ideological spectrum — which ranges from 1 for far-right governments to 0 for far-left governments. Table 4 summarizes the calibration criteria for all four causal conditions discussed

〈Table 5〉 Results of Fuzzy-set Calibration for the Causal Conditions and Outcome

Case	Causal Conditions				Outcome
	ECONCRISIS	STRONGGOV	CONSENSUS	RIGHTGOV	NCSB
Italy1	1	0.25	0.25	0.5	1
Italy2	0	0.25	1	0.5	0
Italy3	0	0.25	1	0.25	0
Italy4	0	0.25	0	0.75	1
Italy5	1	1	0.25	0.75	0.25
Italy6	1	1	0.25	0.5	0
Spain7	0	0.5	1	0.25	0
Spain8	0	0.5	1	0.75	0
Spain9	0	0.75	0.25	0.75	0.75
Spain10	0	0.25	1	0.25	0
Spain11	1	0.25	0.25	0.25	1
Spain12	1	0.75	0	0.75	0
Portugal13	0	1	0	0.25	0
Portugal14	0	0.25	0.75	0.25	0
Portugal15	0	0.75	0.25	0.25	0.25
Portugal16	1	0.25	0	0.25	0
Portugal17	1	1	0	0.75	0
Greece18	0	0.75	0.25	0.75	0.25
Greece19	0	0.25	0.25	0.75	0.75
Greece20	0	0.25	0	0.25	1
Greece21	0	0.25	0	0.25	1
Greece22	0	0.75	0	0.75	0.25
Greece23	1	0.75	0	0.25	0
Greece24	1	0.5	0	0.5	0

so far. Table 5 presents the numerical results covering all these conditions and the outcome (see the Appendix for detailed justification for these results).

## 2. The fsQCA Results

This section presents fsQCA results, beginning with individual necessity/sufficiency tests for the main causal conditions. The names of causal conditions in upper-case letters indicate that their presence is associated with the outcome, whereas the names in lower-case letters mean that their absence is associated with the outcome. Of the twelve cases of individual association being tested, Table 6 identifies that only one case—the lack of *Consensus*—satisfies the consistency threshold for necessary causation. No sufficient causation is verified for any individual association. This result is far from being surprising, however, considering that the conditions for non-corporatist social bargaining—that is, the lack of *Economic Crisis*, *Strong Government*, and *Consensus*—are all hypothesized to make a difference as a part of conjunctural

⟨Table 6⟩ Individual Tests for Necessity and Sufficiency

Outcome	Causal Conditions	Necessity		Sufficiency	
		Consistency Scores*	Coverage Scores	Consistency Scores*	Coverage Scores
NCSB	ECONCRISIS	0.30	0.25	0.25	0.30
	econcrisis	0.70	0.35	0.35	0.70
	STRONGGOV	0.43	0.25	0.25	0.43
	stronggov	0.73	0.49	0.49	0.73
	CONSENSUS	0.23	0.23	0.23	0.23
	consensus	<b>0.93</b>	0.43	0.43	0.93

\* A score with a bold font indicates that it satisfies the consistency threshold

causation. It is therefore well understandable that their individual effects are not strong enough to pass their sufficiency threshold. Joint sufficiency tests will follow to examine if these conditions would turn significant when tested together. If positive, this will provide a strong empirical case for the conjunctural causation at work.

Table 7 presents the fuzzy-set truth table for the outcome, NCSB. Five of the eight logically possible associations have relevant empirical references, although only one of them passes the consistency threshold of 0.85. Table 8 carries this result to the Boolean reduction. Because the truth table has identified only one empirical association for sufficient causation, it is unsurprising that the Boolean algebra produces the same

〈Table 7〉 The Fuzzy-set Truth Table for Various Causal Combinations

Outcome	Combinatory Causal Conditions			Number of Consistency Cases	Consistency Score	Relevance
	ECONCRISIS	STRONGGOV	CONSENSUS			
NCSB	0	0	0	4	0.94	Yes
	0	1	0	5	0.48	No
	1	0	0	3	0.46	No
	0	0	1	4	0.20	No
	1	1	0	5	0.14	No
	1	1	1	0		
	1	0	1	0		
	0	1	1	0		

〈Table 8〉 The Result of Fuzzy-set QCA: An Intermediate Model for NCSB

Solutions	Consistency Score	Coverage Score	Cases in Solution
econcrisis*stronggov*consensus	0.94	0.53	Italy4, Greece19, Greece20, Greece21
Solution Consistency: 0.94			
Solution Coverage: 0.53			

result as the final solution. The intermediate model of fsQCA confirms that the simultaneous absence of *Economic Crisis*, *Strong Government*, and *Consensus* is sufficiently associated with the occurrence of NCSB.<sup>47)</sup> This solution has a consistency score as high as 0.94, although the coverage score is substantially lower at 0.53 (The overall model also produces the identical consistency and coverage scores because it identifies only one solution). While boasting a near perfect level of consistency and thereby rendering the posited conjunctural condition highly significant, the low coverage score associated with this model—along with only four of the seven NCSB cases from three countries being included in the solution set—suggests that there may be other causal conditions which would lead to yet unspecified paths to NCSB in Southern European countries. Accumulation of further research would help us further expand our understanding about multiple paths to NCSB.

### 3. Robustness Checks for the fsQCA Findings

To enhance the robustness of these findings thus far, Table 9 performs additional QCA tests. First, it addresses potential calibration errors that fsQCA may involve, especially when it comes to assigning partial and uncertain membership scores.<sup>48)</sup> The upper section of Table 9 checks with this possibility by retesting the same causal conditions against three alternative data sets. In the first set, all cases with partial scores are reassigned to produce a crisp binary set. Namely, the score of 0.75 is replaced with 1.00, the score of 0.25 is replaced with 0, and the cases with uncertain membership (0.5) are all dropped. The second and third data sets pay particular attentions to the cases with uncertain

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47) The complex and parsimonious models (although not reported) reproduce the identical results as the intermediate model.

48) Sevend-Erik Skaaning, "Assessing the robustness of crisp-set and fuzzy-set results," *Sociological Methods and Research*, Vol. 40 (2011), pp. 391-408.

membership, assigning them with alternative partial membership scores, either 0.75 or 0.25. Table 9 confirms that all these alternative tests produce almost identical results as the original one. Also following the lead of Skaaning,<sup>49)</sup> the author conducts an additional robustness test by lowering the consistency threshold for the joint sufficiency tests. With an alternative threshold set at 0.8 rather than 0.85, the fsQCA still produces the identical results reported in Tables 7 and 8. All these observations suggest that the conjunctural hypothesis to NCSB remains considerably resilient against potential calibration errors.

〈Table 9〉 Additional Robustness Tests

Tests with Alternative Measure- ment Scores	The Original Causal Condition	With the Original Fuzzy-Set Scores		With Crisp-Set Scores		With Fuzzy-Set Scores, Replacing 0.5 with 0.75		With Fuzzy-Set Scores, Replacing 0.5 with 0.25	
		Consist- ency Score	Cover- age Score	Consist- ency Score	Cover- age Score	Consist- ency Score	Cover- age Score	Consist- ency Score	Cover- age Score
		econcrisis* stronggov* consensus	0.94 0.53	1.00 0.57	0.94 0.53	0.94 0.53	0.94 0.53	0.94 0.53	0.94 0.53
Tests with Alternative Causal Conditions	The Original Causal Condition	Consist- ency Score	Cover- age Score	New Causal Conditions Tested		Consistency Score (Necessity/ Sufficiency)	Coverage Score (Necessity/ Sufficiency)		
				RIGHTGOV		0.60/0.39	0.39/0.60		
				Rightgov		0.60/0.36	0.36/0.60		
	econcrisis* stronggov* consensus	0.94	0.53	RIGHTGOV* econcrisis* stronggov* consensus		0.92	0.40		
				rightgov* econcrisis* stronggov* consensus		0.92	0.40		

49) Skaaning (2011).



Table 9 also conducts additional fsQCAs with alternative causal specifications. In the right columns of the lower section of the table are the test results with alternative causal conditions which involve a potential omitted condition, *Right-wing Government*. The importance of these new conditions is tested both individually and jointly with the original causal combination. It is first shown that neither the presence nor absence of *Right-wing Government* yields individually significant consistency scores. More importantly, none of the further specified models that combine this partisan condition ('RIGHTGOV' or 'rightgov') with the original causal combination produces a better result with the consistency and coverage scores. This suggests that a more complicated model involving the potential omitted variable does not improve the explanatory power of the original model.

As the last step for robustness check, this section presents brief qualitative evidence drawn from selected reform cases. It is widely accepted that fsQCA's robustness procedure does not fully eliminate potential errors. Nor does it provide as sophisticated checking methods as large-N statistical analysis does. Furthermore, fsQCA lacks analytic leverage in explaining a causal process, beyond presenting simple associations between causes and outcomes. To minimize these methodological challenges inherent in fsQCA, leading scholars have advised to conduct qualitative comparative analysis on key selected cases as an additional step to support to validity of fsQCA findings.<sup>50)</sup> The following paragraphs follow this guideline to analyze a few representative cases of NCSB. However, the limited space allowed for the present study makes this additional step less thorough and comprehensive as it would otherwise be true in a book project.

All these constraints being acknowledged, Table 8 presents four prominent examples of non-corporatist bargaining — Italy<sup>4</sup>, and Greece<sup>19</sup>,

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50) Dietrich Rueschemeyer and John D. Stephens, "Comparing historical sequences: A powerful tool for causal analysis," *Comparative Social Research*, Vol. 16 (1997), pp. 55-72.

20, and 21 — in its solution set. In none of these cases, conditions were ripe for either unilateralism or corporatist bargaining. Governments therefore developed a rather complicated approach in their efforts to make their reforms successful. Starting with Italian case, Prime Minister Silvio Berlusconi during the 2001-2004 reform aimed to expand the portion of private pensions in the Italian pension system, thereby speeding up the transition to a multi-pillar system.<sup>51)</sup> Trade unions did not welcome his effort. Both CGIL (Italian General Confederation of Labor) and CISL (Italian Confederation of Trade Unions), the two representative union associations in Italy, were fully opposed to the government plan. Reacting to the lack of support from welfare insiders, Berlusconi adopted an ad-hoc “stop-go” strategy. First, highlighting trade unions’ unwillingness to cooperate with the national reform agenda, the government introduced a set of unilateral reform measures; it then stepped back as union opposition mobilized; however, after a period of contested formal negotiation with trade unions, it relaunched newly modified policies that reflected some of unions’ concerns. Relying on this flexible political strategy, Berlusconi could eventually earn a moderate compromise with trade unions, which resulted in the new pension law of 2004.<sup>52)</sup>

The Greek pension reforms also present good cases of non-corporatist bargaining in more diverse ways. The reform of 2001-2002 (Greece 21) exhibited a sequence of interactions as similar to the Italian case: the government started with unilateralism but later produced a negotiated outcome that struck a moderate policy deal with trade unions.<sup>53)</sup> The reform of 1992 (Greece19) exhibited the opposite sequence: the government began with formal negotiation but later endorsed unilateralism.<sup>54)</sup> Meanwhile, the reform of 1997-1999 (Greece20) was a more subtle case in which the government maintained formal or informal negotiation from

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51) Jessoula and Alti (2010), pp. 174-175.

52) *Ibid.*; Natali and Rhodes (2004b), pp. 175-178.

53) Featherstone (2005), pp. 743-745; Matsaganis (2007), pp. 548-549.

54) Triantafillou (2009), pp. 131-135.

start to finish, whose effort was followed by a series of policy disputes with opponents.<sup>55)</sup> Among these three cases, I briefly examine the second (Greece19) because it presents a clear contrast with what occurred in Italy.

In 1992, then Prime Minister Konstantinos Mitsotakis of the center-right government sought for a wide range of retrenchment measures by increasing contributions, reducing benefit payments, and increasing official retirement ages.<sup>56)</sup> To promote this goal, he adopted a consensual approach by inviting trade unions to formal negotiation. However, unions were simply not ready to back the reform. GSEE (General Confederation of Greek Labor) and ADEDY (Confederation of Public Servants)—the two representative union associations in Greece—maintained ambivalent positions, expressing their willingness to negotiate but only in half-hearted ways focusing on certain limited issues. Even after reaching a tentative agreement with the government, the unions (especially GSEE) backed down because of the mounting pressure from rank-and-file unions. Capitalizing on the unions' reluctance to join in the nationally important reform agenda, the government introduced unilateral measures to resolve the deadlock. Although this approach invited social and political pushbacks from trade unions and opposition parties, the government could defend its action and produced a successful parliamentary act that introduced a moderate version of the original agenda.<sup>57)</sup>

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55) Triantafillou (2009), pp. 135-137.

56) Triantafillou (2009), pp. 131-135.

57) EIRR, "Greece," *European Industrial Relations Review*, Vol. 215 (1991), pp. 5-6; EIRR, "Greece," *European Industrial Relations Review*, Vol. 222 (1992a), pp. 8-9; EIRR, "Greece," *European Industrial Relations Review*, Vol. 224 (1992b), p. 8; EIRR, "Greece," *European Industrial Relations Review*, Vol. 225 (1992c), p. 7.

## V. Conclusions

This article presents extensive evidence to an under-researched subject of welfare retrenchment in Southern Europe. Focusing on recent pension reforms in Greece, Italy, Portugal, and Spain, where welfare insiders had a strong presence, fsQCA provides a solid ground for the hypothesis of non-corporatist social bargaining, demonstrating the hybrid path occurred when the following conditions were simultaneously absent: macroeconomic emergency, strong government, and the consensus from welfare insiders.

While the author has focused on ‘successful’ cases of pension reform to explore under what circumstances governments chose non-corporatist bargaining to promote their successes, future studies may further advance this approach to examine more extensive cases of the reform efforts. Namely, one may investigate if and how the diverse reform paths (unilateralism, corporatist social bargaining, and non-corporatist social bargaining) made differences in the very success or failure of the reform efforts. In pursuing this research question, one may highlight how much independent effects these choices produced against other known effects of political, institutional, and ideational conditions that have been at play to determine the fate of pension reform.<sup>58)</sup>

It should be also emphasized that, while this article has explored non-corporatist social bargaining in the context of Southern Europe, the empirical findings may potentially extend to cover more diverse European cases. As briefly mentioned in the literature review section, existing studies have already identified notable cases of fragile social bargaining that occurred in Continental European countries. Although these cases have been examined to support other stylized paths to retrenchment, they exhibit complex combinations of social bargaining and unilateralism. Future studies may attend to this point and explore non-corporatist social

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58) Armingeon and Bonoli, eds. (2006); Bonoli and Natalie, eds. (2012); Palier (2010).

bargaining in the more general context of Europe.

This article also makes a broad contribution to one of important debates in the European political economy literature. Examining recent welfare and labor market reforms that mostly aimed at retrenchment, flexibility, and tight wage control, researchers have explored how trade unions responded to these unfavorable changes. Finding that their responses were diverse across cases, researchers have tried to explain why they made those choices. A dominant answer has been structuralist. It emphasizes that the general decline in union density and the weakening hierarchy of labor organizations (which were a joint outcome of post-industrialization, globalization, and the weakening of left-wing parties in Europe) put European trade unions on the defense vis-à-vis governments and employers. Not surprisingly, unions who were more exposed to these pressures were forced to take a more conciliatory approach to the reforms for the sake of their political and organizational survival. Unions who were more protected from those pressures, however, were in a better position to resist any unwanted policy changes.<sup>59)</sup>

Although the author appreciates the merit of this structuralist understanding, real data suggest that trade unions' responses also varied depending on particular contexts. As well-documented in the Appendix, Italian trade unions did not support the pension reform in 1992, but switched their position to support the reforms in 1995 and 1997. Later, they went back to opposing the reforms in 2001-2004, 2009-2010, and 2011-2012. Spanish unions exhibited a similar pattern of complicated responses, supporting the reforms in 1995-1997 and 2006-2007 but not those in 2001, 2008-2011, and 2012-2013. Meanwhile, Portuguese and Greek unions exhibited a clearer tendency not to support pension reforms, except the 2000-2001 case in Portugal. Although it is beyond the scope of this article to explicate all potential reasons behind those diverse patterns in the trade unions' responses, the aforementioned general

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59) Baccaro and Lim (2007); Baccaro and Simoni (2008); Carrera et al. (2010).

structural factors — which should have produced similar effects across Southern Europe — may not provide an adequate explanation for these complexities. More thorough in-case and cross-case research will be required to address this question.

Lastly, the findings of this study and other existing ones carry an important policy implication for the international political economy of Europe. Successful pension reform has been one of the top policy priorities that are deemed vital for sustaining the European Monetary Union. Namely, the common currency hinges on the health and stability of public finances. Considering that public pension programs have constituted a lion's share of total public welfare spending, rationalization of the programs will be vital for reducing both annual deficits and cumulative public debt down to a more sustainable level.<sup>60)</sup> This carries even more importance when the economy faces a nationwide emergency — which did occur in European countries around 2010 due to the Eurozone crisis and around 2020 due to the coronavirus pandemic. As much as public finances are aggravated in the wakes of tax losses coupled with fiscal expansion for economic recovery, the structural reform aiming to rebalance public financing will become even more important in demonstrating the governments' commitment to fiscal responsibility.<sup>61)</sup>

Against this backdrop of the Europe-wide economic pressure, the present study and other existing ones suggest that the pension reforms may take various forms. Where the economic fallout is not much severe, social bargaining — either corporatist or non-corporatist — will likely occur following the configurations of diverse domestic conditions. Where the crisis is severe, however, the reform will likely take the form of

60) Giuseppe Carone, Per Eckefeldt, Luigi Giamboni, Veli Laine and Stéphanie Pamies Sumner, *Pension Reforms in the EU since the Early 2000's: Achievements and Challenges Ahead* (Luxemburg: Publications Office of the European Union, 2016); Amy Verdun, "Economic and Monetary Union," in Michelle Chin and Nieves Perez-Solorzano Borraran (eds.), *European Union Politics* (Oxford: Oxford University Press, 2019).

61) European Stability Mechanism, *Safeguarding the Euro in Times of Crisis: The Inside Story of ESM* (Luxemburg: Publications Office of the European Union, 2019).

government unilateralism. Considering that the countries whose economy is hit hard also tend to be the ones whose public finances have been in a bad shape (like peripheral European countries), the public's confidence in the monetary union may be highly affected by successful pension cuts in these countries. Unfortunately, government unilateralism expected in these cases may entail substantial transition costs by incurring severe social mobilizations and subsequent economic disruptions. If the reform fails due to this difficulty, the sustainability of the monetary union will fall under further scrutiny. If the reform turns out to be a success, the long-term prospect of the monetary union will improve. However, to the extent that public finances do not improve quickly because of the disruptions that the reform has added to the already fragile economy, the monetary union will continue to face stress and uncertainty at least in the short run. All these difficulties at a time of economic hardship tell us that pension reform is a crucial but challenging issue to the sustainability of the monetary union.

## Appendix

Descriptions and Data Sources for 24 Pension Reform Cases  
in Southern Europe

Case	Year	Main Outcomes	Economic Crisis	Government Partisanship and Political Strength	Consensus from Trade Unions	References
Italy 1	1992	Non-corporatist social bargaining. Unstable negotiation with trade unions, interrupted with government unilateral measures and also followed by united long-lasting social mobilization.	Yes	Centrist government. Majority position in the parliament, but with a major political challenge in public reputation due to corruption scandals and the investigations led by Rome prosecutors.	Three major unions (CGIL, CISL, and UIL) all opposed the main parts of the reform plan.	Ferrera and Gualmini pp. 109-10; Ferrera and Jessoula 2009 pp. 431-4; Jessoula and Altı 2010 pp. 166-7; Cotta and Verzichelli 2000 pp. 436-7
Italy 2	1995	Institutionalized negotiation between the government and trade unions.	No	Technocratic caretaker government with a minority position in the parliament. Faced divided responses from the parliamentary opposition.	All three unions supported the reform plan.	Ferrera and Gualmini 2004, pp. 111-3; Jessoula and Altı 2010 pp. 167-9; Ignazi 1996 pp. 393-8; Schludi 2005 116-8.
Italy 3	1997	Institutionalized negotiation between the government and trade unions.	No	Center-left government. Minority government which nonetheless established a political majority by drawing support from outside the cabinet. On the pension issue, however, the government held only a minority position. It faced	All three unions supported the reform plan.	Ferrera and Gualmini 2004 pp. 114-7; Schludi 2005 pp. 118-20; Cotta and Verzichelli 2000 pp. 436-7, 444



				divided opposition from the parliamentary opposition.		
Italy 4	2001-2004	Non-corporatist social bargaining. A combination of unilateral measures and negotiation with trade unions, followed by united long-lasting social mobilization.	No	Center-right government. Majority position, although with internal division on the reform issue. Faced divided opposition from the parliament.	All three unions fully opposed the reform plan.	Ferrera and Jessoula 2009, pp. 443-5; Ignazi 2002 pp. 992-3, Jessoula and Alti 2010 pp. 174-5; Natali and Rhodes 2004b pp. 175-8
Italy 5	2009-2010	Government-sponsored unilateral legislation with minor efforts to negotiation with trade unions.	Yes	Center-right government. Majority position, facing divided opposition from the parliament.	All three unions opposed the main parts of the reform plan.	ASISP 2009a pp. 14-5; EuroWork 2010b; Ignazi 2009 pp. 998-102.
Italy 6	2011-2012	Government-sponsored legislation, with little negotiation with trade unions.	Yes	Technocratic government with full parliamentary support for the reform, except for small minor parties.	All three unions opposed the main parts of the reform plan.	ASISP 2012 pp. 10-1; Culpepper 2014 pp. 1272-3; EuroWork 2012a; Ignazi 2012 pp. 165-6; Schoyen and Stamati 2013 pp. 93-5
Spain 7,8	1995-1997	Institutionalized negotiation between the government and trade unions, from the Toledo Pact (Case 7) to its final legislation (Case 8).	No	From center-left (case 7) to center-right government (case 8). Minority position, relying on conditional support from small opposition parties. Faced little opposition from the parliament.	Two major unions, CCOO and UGT, supported the reform plan.	Chulia 2009 pp. 534-41; Delgado and Nieto 1995 pp. 473-6, 1997 pp. 489-94.
Spain 9	2001	Non-corporatist bargaining.	No	Center-right government.	Trade unions	Chulia 2009 pp. 541-2;

		Fragile negotiation with trade unions, interrupted by unilateral measures and followed by divided or intermittent social mobilization.		Majority position in the parliament, but facing full objection from the parliamentary opposition.	were divided over the reform plan.	Delgado and Nieto 2001 pp. 413-20; EurWork 2000a, 2001a, 2001b, 2001c
Spain 10	2006-2007	Institutionalized negotiation between the government and trade unions.	No	Center-left government. Minority position, facing divided opposition on the reform issue.	Both unions supported the reform plan.	Delgado and Nieto 2005 pp. 1188-91, 2008 p. 1140; EurWork 2008a; Natali and Stamati 2014, p. 321
Spain 11	2008-2011	Non-corporatist bargaining. Fragile negotiation with trade unions, interrupted by unilateral measures and also followed by united long-lasting social mobilization by trade unions.	Yes	Center-left government. Minority position, facing divided opposition on the reform issue.	Both unions opposed the main parts of the reform plan.	Delgado and Nieto 2009 pp. 1114-7; EurWork 2009, 2010a, 2010b, 2011a; Natali and Stamati 2014 p. 322
Spain 12	2012-2013	Royal decrees with little negotiation with trade unions.	Yes	Center-right government. Majority position, facing full objection from the parliamentary opposition.	Both unions fully opposed the reform plan.	ASISP 2013 pp. 7-8; Delgado and Nieto 2012 pp. 297-302, 2014 pp. 288-90; EurWork 2013a, 2013b; Natali and Stamati 2014 pp. 322-3

Portugal 13	1993	Government decree with little negotiation with trade unions.	No	Center-right government. Majority position, facing little parliamentary opposition.	Two major unions, CGTP and UGT, fully opposed the reform plan.	Barreto and Naumann 1998 pp. 409-11; Chulia and Asensio 2009 pp. 619, 641-2; Magone 2000 p. 531
Portugal 14	2000-2001	Institutionalized negotiation between the government and trade unions.	No	Center-left government. Minority position in the parliament, facing divided opposition to the reform issue.	Both unions supported the main parts of the reform plan.	Chulia and Asensio 2009 pp. 645-7; EurWork 2000, 2001d; 2001e; Magone 2001 pp. 396-7
Portugal 15	2007	Government-sponsored legislation with minor efforts to negotiation with trade unions.	No	Center-left government. Majority position, facing full objection to the reform from the parliamentary opposition.	Trade unions were divided over the reform plan.	ASISP 2009b pp. 6-7; EurWork 2007a, 2007b, 2007c; Magone 2006 pp. 1247-51, 2007 p. 1079, 2008 pp. 1108-9.
Portugal 16	2010	Government-sponsored legislation with little negotiation with trade unions.	Yes	Center-left government. Minority position, facing divided opposition.	Both unions fully opposed the reform plan.	EurWork 2010d, 2010e; Magone 2011, pp. 1104-5; Zartaloudis 2014 p. 441
Portugal 17	2012-2013	Government-sponsored legislation with little negotiation with trade unions	Yes	Center-right government. Majority position, facing divided opposition.	Both unions fully opposed the reform plan.	EurWork 2011b, 2012b, 2013c; Magone 2012 pp. 264-7, 2013 pp. 189-92, 2014 pp. 259-63.
Greece 18	1990	Government-sponsored legislation with minor efforts to	No	Center-right government. Majority position, facing full	Two major trade unions, GSEE and ADEDY,	EIRR 1990a p. 25, 1990b pp. 7-8; Kritsantonis

		negotiation with trade unions.		objection from the parliamentary opposition.	were divided over the reform plan.	1998 p. 519; Triantafillou 2009 pp. 123-30.
Greece 19	1992	Non-corporatist bargaining. The government's position alternating between negotiation and unilateralism, followed by divided or intermittent social mobilization by trade unions.	No	Center-right government. Majority position, but with internal division on the reform issue. Also faced full objection from the parliamentary opposition.	Trade unions were divided over the reform plan.	EIRR 1991 pp. 5-6, 1992a pp. 8-9, 1992b p. 8, 1992c p. 7; Kritsantonis 1998 p. 519; Triantafillou 2009 pp. 131-35.
Greece 20	1997-1999	Non-corporatist bargaining. Unstable negotiation with trade unions, interrupted with unilateral measures and followed by major long-lasting social mobilization.	No	Center-left government. Majority position with an internal division regarding the reform. Faced divided opposition to the reform issue.	Both unions fully opposed the reform plan.	EurWork 1997, 1999; Featherstone et al. 2001 pp. 473-4; Triantafillou 2009 pp. 135-7.
Greece 21	2001-2002	Non-corporatist bargaining. The government's position alternating between negotiation and unilateralism, followed by united long-lasting social mobilization.	No	Center-left government. Majority position with an internal division regarding the reform. Faced divided opposition to the reform issue.	Both unions fully opposed the reform plan.	EurWork 2001f; Featherstone 2005 pp. 743-5; Matsaganis 2007 pp. 548-9; Mavrogordatos 2002 p. 966; Triantafillou 2009 pp. 137-40
Greece 22	2008	Government-sponsored legislation with minor efforts to	No	Center-right government. Majority position, facing full	Both unions fully opposed the reform plan.	EurWork 2007d, 2008b, 2008c, 2008d;

		negotiation with trade unions.		objection from the parliamentary opposition.		Mavrogordatos 2008 pp. 993-997, 2009 p.969; Natali and Stamati 2014 p. 316
Greece 23	2010	Government-sponsored legislation with little negotiation with trade unions.	Yes	Center-left government. Majority position, facing full objection from the parliamentary opposition.	Both unions fully opposed the reform plan.	Angelaki and Carrera 2015 pp. 389-90; EurWork 2010f, 2010g, 2010h; Mavrogordatos 2011 pp. 985-6
Greece 24	2012	Government-sponsored legislation with little negotiation with trade unions.	Yes	Grand coalition government. Majority position, but with internal divisions on the reform. Faced little parliamentary opposition.	Both unions fully opposed the reform plan.	Angelaki and Carrera 2015 pp. 390-2; EurWork 2012c, 2012d; Mavrogordatos and Mylonas 2012 pp. 126-8; Mylonas 2013 pp. 87-88

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[초 록]

## 비조합주의적 사회교섭에 기초한 복지축소의 경로 연구: 남유럽의 공적연금개혁을 중심으로

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유럽의 복지개혁에 관한 기존 연구들은 복지축소의 주요 경로를 정부일방주의와 조합주의적 사회교섭으로 이해해왔다. 본 연구는 양 경로의 주요 특징들을 포괄하는 보다 복잡하고 혼합적인 복지축소의 경로를 살펴보고자 한다. 이러한 경로의 주요 특징을 비조합주의적 사회교섭(non-corporatist' social bargaining)으로 개념화하고 그 발생 조건을 탐구한다. 경험 검증을 위하여 1990~2010년대 남유럽 4개국(이탈리아, 스페인, 포르투갈, 그리스)에서 발생한 24개의 공적연금 개혁사례를 퍼지셋 비교정성분석(fuzzy-set qualitative comparative analysis, fsQCA)의 기법을 활용하여 검토한다. 이를 통하여 비조합주의적 사회교섭은 심각한 경제위기가 부재한 상황에서 정치적으로 취약한 정부가 연금개혁에 비협조적인 수혜 집단의 도전에 직면하였을 때에 발생하였음을 보여주하고자 한다.

주제어: 복지개혁, 공적연금, 비조합주의적 사회교섭, 남유럽, 퍼지셋 정성비교연구

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