International
Labour
Office

Geneva

Are social pacts still viable in today's world of work?

Lucio Baccaro
Jorge Galindo

October 2018

Governance
and Tripartism
Department

Are Social Pacts Still Viable in Today's World of Work?

Lucio Baccaro (Max Planck Institute for the Study of Societies)

Jorge Galindo (Université de Genève)

International Labour Office
Geneva

Title: Are Social Pacts Still Viable in Today's World of Work?

ISBN: 978-92-2-132152-1 (print)

ISBN: 978-92-2-031325-1 (web pdf)

Information on ILO publications and digital products can be found at: www.ilo.org/publns.

Printed in Switzerland

Foreword

Social dialogue and tripartism are key governance tools for the ILO in the promotion of social justice and decent work. Social dialogue is based on respect for freedom of association and the effective recognition of the right to collective bargaining. These are founding principles of the ILO that are embodied not only in its tripartite structure but also in its decent work agenda, encompassing the promotion of standards and fundamental principles and rights at work, creating decent employment opportunities for all, enhancing social protection and strengthening frameworks for social dialogue in member States.

Social pacts or national tripartite agreements are key outcomes of social dialogue. They bring together government, employers' and workers' organizations to reach agreement in the pursuit of sustainable economic and social policies. In many countries, social pacts have become an important instrument in dealing with the economic and social challenges of globalization, economic restructuring and democratization. They have also proved to be a powerful tool in helping countries adjust to the economic consequences of financial crises. In Europe, in particular during the 2008-09 crisis, social pacts played a prominent role in helping governments to minimize social unrest and prevent job losses. Beyond Europe too, social pacts have played an important role in facilitating the transition to democracy, most recently in the Middle East.

In 2009, ILO constituents adopted the Global Jobs Pact, which emphasized the crucial role of social dialogue in designing policies to address national priorities in times of crisis. In 2013, at the 102nd Session of the International Labour Conference, constituents reaffirmed this through the adoption of the resolution concerning the recurrent discussion on social dialogue. This resolution requested the International Labour Office to put a plan of action in place which, among other things, includes measures to scale up research and expand the knowledge base on social dialogue trends and practices.

Within this framework, the Social Dialogue and Tripartism Unit (DIALOGUE), in collaboration with the University of Geneva, has undertaken a research project to analyze the role and impact of social pacts from the early 1970s to the present day. This paper, by Lucio Baccaro and Jorge Galindo, provides some interesting insights into the ability of social pacts to reconcile the objectives of economic growth, social cohesion and equitable distribution, as illustrated by national case studies from Africa, Asia, Europe and Latin America. The authors argue that social pacting has undergone a profound crisis as a result of the unilateral reforms adopted by many governments in response to the sovereign debt crisis. This, however, is starting to be offset by recent and political economic developments that are again creating conditions more favorable for the conclusion of social pacts. These may thus continue to play a crucial role as the ILO constituents engage in debates on the future of work and the sustainable developments goals.

The study will be of great interest for tripartite constituents involved in discussions on how to strike compromises and conclude agreements and pacts on socio-economic issues, for academics and industrial relations practitioners interested in the history and current approaches to social pacting and for experts of other international organizations concerned with social dialogue and its outcomes.

The responsibility for opinions expressed in this paper rests solely with its authors and its publication does not constitute an endorsement by the International Labour Office.

Youcef Ghellab
Head, Social Dialogue and Tripartism Unit
Governance and Tripartism Department
International Labour Office, Geneva

Contents

Abstract

Are social pacts still effective tools to reconcile economic growth, social cohesion, and equitable distribution? Based on an analysis of various European cases, combined with cases from other parts of the world, this paper argues that social pacts are undergoing a period of deep crisis, most evident in the unilateral approach to policy reform adopted by Eurozone member countries in response to the sovereign debt crisis. Between the 1990s and 2000s, a period in which the generous wage and social policies of the Fordist era were deemed incompatible with globalization, social pacts became tools of adjustment to the "harsh reality" of globalization, while blunting the sharpest edges of neoliberal reforms. More recently, however, the space for "political exchange" between governments and trade unions has been shrinking. Under pressure to adjust, governments have had less time and desire for social mediation, and the "sacrifices" that have been required to engage in such social mediation have probably become too onerous for unions to accept. Despite these trends, we surmise that current international political economic conditions – secular stagnation, income inequality, the rise of new anti-system parties and associated threats to sociopolitical stability – may again be creating favorable conditions for a new phase of 'acquisitive' social pacts in the future.

1. Introduction

This paper tackles the question of whether social pacts – that is, peak-level agreements between governments, trade unions, employers' organizations, and sometimes other civil society organizations (the latter generally with an ancillary role) - are effective tools to reconcile the objectives of economic growth, social cohesion, and equitable distribution. Our analysis focuses mostly on European countries (where our knowledge is greatest), but touches also upon the experience of other countries outside Europe, such as Senegal, Chile and Tunisia. Our main argument is that social pacts are undergoing a period of deep crisis in Europe, most evident in the unilateral approach to policy reform adopted by certain Eurozone member countries – particularly Ireland, Italy and Spain – in response to the sovereign debt crisis. The situation seems slightly more promising outside Europe, for example in cases like Indonesia and Tunisia, where social pacts are facilitating the transition to democracy (a similar approach was adopted in South Africa and the Republic of Korea between the late 1980s and the early 1990s). However, events in non-European cases are very much in flux and so any assessment about the durability and effectiveness of pacts is as yet premature. The risk is that the commitments taken in certain highly publicized national social pacts concluded recently remain on paper, creating a sort of 'illusory corporatism' as was the case in Central and Eastern European countries after their transition to capitalism in the 1990s (Ost 2000).

A review of the historical trajectory of social pacts suggests that the prevalence and outcomes of social pacts are strongly influenced by the international economic environment in which they emerge. The past decades have witnessed two rather different types of pacts. Until approximately the early 1980s, social pacts were used (with varying degrees of success) as a tool to ensure the reconciliation of low unemployment and price stability, at a time in which most governments were committed to avoiding mass unemployment and sometimes even to securing full employment (Scharpf 1991). The associated political exchange was 'acquisitive' in the sense that trade unions exchanged their commitment to wage restraint for working-time reductions and/or an expansion of social protection. Employers, for their part, would sometimes commit to increase investments or training efforts in exchange for wage moderation as a result of their involvement in these pacts (Baccaro 2014).

Between the 1990s and 2000s, a period in which the generous wage and social policies of the Fordist era were deemed incompatible with globalization, social pacts became tools of adjustment to the 'harsh realities' of the global economy; specifically, they provided channels to facilitate the implementation of policies to downsize (or 'rightsize') the welfare state and liberalize the labour market, while simultaneously ensuring wage moderation. The lack of side payments for unions was compensated by greater reliance on legitimization procedures (such as democratic ballots) and on the leaders' capacity to persuade their constituents that the sacrifices were just and equitably distributed (Baccaro 2002). In these pacts, little, if any, political exchange was involved. Union participation, however, blunted the sharper edges of policy reforms in most cases (Advagic et al 2009; Baccaro 2014; Fraile 2009).

The sovereign debt crisis put additional pressure on the previous regime of macro concessionary pacts – pressure that has ultimately led to their demise. Faced with the need to quickly regain cost competitiveness by reducing labour costs and domestic prices, and to boost confidence by engaging in structural reforms, European governments have unceremoniously jettisoned even long-standing and arguably successful social partnership structures and procedures (e.g. in Ireland) and have implemented unilateral reforms. These reforms have been adopted either as part of conditionality packages in exchange for financial assistance by the 'troika' (as in the Cypriot, Greek, Irish and Portuguese cases), or of 'unforced' attempts by governments to regain the confidence of international financial markets (as in the Italian and Spanish cases). The various chapters in Papadakis and Ghellab (2014) have analyzed these developments in some depth.

Overall, the crisis of social pacts is the result of the progressively shrinking space for 'political exchange' between governments and trade unions (Pizzorno 1978). With the onset of the sovereign debt crisis, governments have hurriedly had to implement market-friendly structural reforms (particularly of collective bargaining, labour market and social protection institutions), with little time and patience for social mediation. Except for the early stages of the crisis response, e.g. in Ireland and Spain before 2010, governments did not ask for union support and, in any case, the 'sacrifices' required of trade unions were probably too onerous for them to accept. The resolve of governments was strengthened by the climate of national emergency prevailing in the countries concerned, and by the crisis of legitimacy of trade unions, whose demands were often perceived by public opinion as a self-interested defence of 'insider' interests. Governments could therefore sideline the unions, in the name of defending the interests of 'outsiders' and the nation as a whole.

Despite the most recent crisis of social pacts, we surmise that external conditions may in the near future shift in favour of social pact re-emergence. Highly expansionary monetary policies and historically low interest rates have so far been unable to rekindle growth and employment; the advanced world is today facing a crisis of 'secular stagnation', which manifests itself in the inability to generate sufficient aggregate demand to support growth and employment (Summers 2014). There has been a massive shift of income away from labour and towards capital, as well as from low- and middle-labour income to high labour income. This shift has negatively affected the level of aggregate demand, since labour income has a greater propensity to consume and a lower propensity to save than does capital income (Lavoie and Stockhammer 2014). Declining real wages and growing precariousness of jobs have led to growing disaffection among semi-skilled workers, who have responded by either abstaining from voting or voting for new (mostly right-wing) populist parties, thus contributing to political instability. The phenomenon of working-class citizens abandoning established political parties and choosing new parties (or new directions within established parties) has been argued to be one of the causes, if not the most important cause, of watershed political events like Brexit or the election of Donald Trump. To restore stability, economic policy will probably have to allow for a more equitable distribution of both functional and personal income, and there may once again be a need for labour institutions that ensure the smooth translation of productivity gains into real wages and consumption growth, while simultaneously maintaining wage and price stability.

In brief, we surmise that current international political economic conditions – secular stagnation, income inequality, the rise of new anti-system parties and associated threats to socio-political stability – may again be creating a context favorable for a new phase of 'acquisitive' social pacts. However, this outcome is by no means guaranteed, and will depend upon whether or not governments respond to the current crisis by changing course and supporting the rebuilding of labour-protecting institutions and organizations.

The remainder of the paper is organized as follows. In the next section, we provide an historical reconstruction of the evolution of social pacts, focusing in particular on the response to the two oil crises in the 1970s and early 1980s, and the experience of the 1990s. We then discuss the changes in the 'political exchange' between governments and the social partners over time. In section four, we present a quantitative overview of the evolution of social pacts in forty-eight countries. In section five, we provide brief illustrations of the trajectory of social concertation in Ireland, Italy and Spain. [1] Section six reviews recent

[1] We also refer the reader to the volume recently published by the ILO: Guardiancich and Molina (eds) 2017. 'Talking through the crisis: Social dialogue and industrial relations trends in selected EU countries' for the latest information on Spain and Ireland regarding social pacts during the Great

examples from non-European countries: Senegal and Tunisia, Chile, and Indonesia. We conclude by outlining the conditions under which social pacts may return to play a key role in labour market and macroeconomic policy.

Recession and the subsequent debt crisis. We have not included a discussion of countries such as Germany or Switzerland. Although their economic record is better, and this may be attributed (at least in part) to cooperative industrial relations at the sectoral level, there have not been social pacts properly speaking in these two countries.

2. The Trajectory of Social Pacting

Social pacting (also known as 'social partnership' or 'social concertation') used to be a defining trait of the European social model – a trait that differentiated it from the American model. It was premised on a highly institutionalized industrial relations system with encompassing and representative interest associations (on the side of both capital and labour), sectoral or national level collective bargaining, and strongly institutionalized workplace representation structures. Social partnership (an institutionalized system of cooperative relations among trade unions, employer organizations and governments at the national level) had two kinds of advantages for governments, in relation to political legitimacy and policy efficiency, respectively. First, it helped mobilize consensus for the implementation of potentially unpopular policy measures such as wage moderation, welfare state reform, and labour market liberalization. Second, it mobilized information about efficient solutions to regulatory problems by directly involving the actors most affected by them (Baccaro 2006, Culpepper 2008). Within this common structure, the outcomes of social partnership varied considerably, depending on the macroeconomic context in which social partnership was embedded.

2.1. Social Concertation in Response to the Oil Crisis

In the 1970s-early 1980s, advanced countries were hit by two shocks simultaneously, which severely compromised their stability and socioeconomic performance: a dramatic increase in worker militancy and a spectacular rise in oil prices. Both events caused costs to rise and led to a profit squeeze. To assuage distributional tensions, prices began to rise. This period saw the simultaneous increase of both inflation and unemployment ('stagflation') – a phenomenon considered incompatible with the prevailing economic doctrine of the time: Keynesian demand management and the associated Phillips curve. 2 In this period, the key problem for governments was to lower the inflation rate while minimizing the increase in unemployment necessary to bring down wages and prices, or, in other words, to improve the trade-off between inflation and unemployment (Tarantelli 1986). A large literature on corporatism argued theoretically and illustrated empirically, that countries with centralized bargaining institutions (such as Austria and Sweden) had a better trade-off between inflation and unemployment than countries with more decentralized bargaining structures (such as France, Italy, and the UK) i.e. they had a lower unemployment rate for a given rate of inflation (Flanagan, Soskice and Ulman 1983, Tarantelli 1986). The neo-corporatist literature argued that decentralized wage setters had no interest in spontaneous wage moderation. Since they were too small to affect the general price level, they could legitimately expect wage militancy to lead to higher relative and real wages for them. However, since the same reasoning applied to all wage setters, the result was a generalized increase in the price level (and no increase in real wages). Centralized bargaining allowed policy makers to overcome this problem: large (ideally singular and monopolistic) wage setters would take price rises (and possibly the response of monetary authorities) into account when formulating their wage demands. Given their large size, they would realize that high nominal wage demands would be detrimental for both their constituencies and the national economy (for example, by obliging the monetary authority to raise interest rates and increase unemployment in order to reduce inflation); in this way, they would 'internalize'

[2] The Phillips curve is an equation that summarizes an empirical regularity: the negative correlation between inflation and unemployment. Although after the stagflation crisis of the 1970s (when both high rates of inflation and unemployment occurred simultaneously) most macroeconomists consider that the Phillips curve is vertical in the long-run, i.e. that there is no permanent trade-off between inflation and unemployment, the short-run Phillips curve remains relevant for new Keynesian macroeconomists.

the ‘externalities’ associated with wage militancy, hence leading to spontaneous wage moderation.

In this period, wage moderation was achieved both through explicit incomes policies or national tripartite agreements between governments, unions and employer organizations, and through coordinated wage bargaining at the industry or even company level (as in the cases of Germany, Japan and Switzerland). In other words, coordinated bargaining acted as a functional substitute for explicit national-level concertation, assuring similar results (Soskice 1990). In exchange for delivering wage moderation, trade unions obtained side payments in other policy areas. In particular, common on the agenda of social partnership agreements in this period were working-time reductions and broadening and/or deepening of the social protection system (unemployment insurance and pensions) (Baccaro 2014). Employment protection legislation was also strengthened in this period (Emmenegger 2014).

2.2. The Social Pact Era

Although the ‘social pact’ label is sufficiently broad to encompass various types of experiences, we use it to refer to the agreements of the 1990s and 2000s. Anti-inflationary centralized agreements ceased to be a governmental priority once inflation rates came down in European countries, i.e. from the mid-1980s on. In addition, employers’ organizations became increasingly sceptical of centralized agreements since they tended to bring about wage compression across skill levels, which, in turn, made it difficult for export-oriented firms to attract, motivate, and retain key personnel. Unsurprisingly, employers’ organizations were prime movers in the attempt to dismantle centralized bargaining in an iconic country like Sweden (Pontusson and Swenson 1996).

In the 1990s, there was widespread anticipation in the scholarly community that national social partnership was on the decline and would become irrelevant in the future (see Streeck and Schmitter 1991). Yet there was no decline, merely reconfiguration. Baccaro and Simoni’s (2008) textual analysis of social pacts between 1974 and 2005 concluded that governments continued to rely on social pacts to boost national competitiveness (Rhodes 1998). Wage moderation was still regarded as a policy priority, but no longer qua nominal wage restraint; rather, as real wage restraint i.e. as real wage increases trailing labour productivity increases (Baccaro and Simoni 2010). This was a key difference from earlier pacts, as the focus shifted from nominal wage moderation to the containment of unit labour costs (that is, labour costs divided by labour productivity). In other words, the primary goal was now to boost cost competitiveness in a globalized economy, rather than to curb inflation. In addition, boosting competitiveness implied the ‘rightsizing’ of welfare states (for example, by tightening the criteria for access to pensions and lowering replacement rates (benefits as percentage of previous salaries) in order both to liberalize and to lower labour costs) as well as the flexibilization of labour market legislation (reducing employment protection for atypical workers). In fact, Baccaro and Simoni’s data showed that social pacts in the 1990s and 2000s mostly concerned welfare state and labour market issues, rather than wage determination.

The social pacts of this period were highly mediatized events, presented to the public as tangible signs of the emergence of broad national consensus around reform plans, and their scope (in terms of policy areas covered) was broader than in the previous era of centralized agreements. Some of the social pacts were used to mobilize consensus for the reforms needed to qualify for the second phase of the European Monetary Union (EMU), which implied bringing down the inflation rate and reducing the public deficit and debt (Hanche and Rhodes 2005).

The reforms included in social pacts were generally unpopular. Fragmented or minority governments found it difficult to mobilize the parliamentary support needed to get them approved. Baccaro and Lim (2007) argued, based on a study of the Irish, Italian and the Republic of Korean experiences, that there was a link between political weakness and the emergence of social pacts. The first impetus for the emergence of a social pact came, according to these authors, from a perceived national emergency, which pushed actors to contemplate the adoption of extraordinary measures. However, national emergency alone was not sufficient: for a social pact to be seriously entertained as offering a solution to the national emergency, the government would also have to find it difficult or undesirable to pursue a unilateral strategy, due, for example, to a weak parliamentary majority or to the high electoral costs of unilateral action. The unions were generally internally divided with regard to the desirability of collaborating with the government. Thus, an additional condition was that ‘moderate’ factions would prevail over more ‘militant’ ones within the trade unions. Finally, for the social pact to become institutionalized, as opposed to being a one-off event (as had been the case in the Republic of Korea), organized employers would have to actively back the cooperative solution (Baccaro and Lim 2007), which they would be willing to do if the social pact delivered in terms of growth. The ‘requirement’ of a minority government was not a strict one: even governments with solid parliamentary majorities could fear the electoral repercussions of potentially unpopular policies, especially if elections were approaching and if the opposition was able to mobilize the electorate on the issues involved. Thus, even strong governments could find it expedient to negotiate the necessary changes with trade unions and employers’ organizations under certain circumstances.

The emergence of social pacts in various European countries (but also in other countries such as South Africa and the Republic of Korea) surprised the scholarly community, which was expecting a ‘decline of corporatism.’ Interestingly, social pacts emerged even in countries that seemingly lacked the corporatist preconditions (centralized and hierarchical interest associations) once deemed necessary for this type of agreements to emerge. One of the first countries in which social pacts materialized was Ireland, followed by Italy, Spain and Portugal. Less surprising was the emergence of social pacts in countries like Finland, the Netherlands and Norway. Social pacts were attempted but failed in Belgium and Germany. In Denmark, there were several examples of negotiated labour market reform, but these were bipartite (agreed between the social partners) as opposed to tripartite. Social pacts were not even considered in Sweden, which had previously been regarded as a beacon of corporatist policy-making (Avdagic, Rhodes and Visser 2011). An ILO study examined the social pact experience of developing countries and emerging countries by comparing and contrasting ‘matched-paired’ countries in each major geographical region (Singapore and the Republic of Korea; Zimbabwe and South Africa; Chile and Uruguay; Slovenia and Poland) (Fraile 2010). In line with findings for European countries, the research concluded that social pacts helped governments to implement difficult reforms. While social pacts were unable to alter the overall direction of policy, which was heavily conditioned by international economic constraints, they were nonetheless able to ‘blunt’ the sharper edges of neoliberal reforms, giving rise to more equitable reforms than those implemented unilaterally. As Rodrik (1996) put it: "That reform should follow crisis, then, is no more surprising than smoke following fire."

3. The Changing Terms of ‘Political Exchange

The previous section has dealt with governments’ motivation to engage in social concertation, emphasizing the incentives for vulnerable governments to increase the legitimacy of their policy proposals. However, the literature has also devoted much attention to understanding the factors that push employers’ and workers’ organizations to negotiate with governments and with one another. Recent experience of social pacts suggests that the active participation of employers was less crucial than that of trade unions, at least to get a social pact started. Given the particular content of social pacts (in almost all cases, unions had to make some form of concession in exchange for long-term benefits, benefits of a collective nature or simply their involvement in the policy process) employers could generally afford to wait on the sidelines while the government and unions discussed the terms of concessions and, when appropriate, ask for more concessions. However, employer support became decisive to institutionalize social pacting, as the Irish experience of twenty-years clearly illustrated.

With regard to trade unions, academic research has emphasized the importance of small country size to nurture a sense of trust among negotiators (Katzenstein 1985), as well as the importance of unions sharing a common analysis of problems and solutions with other actors. Tripartite institutions served both goals: nurturing trust and facilitating the emergence of a shared diagnosis. For instance, the literature on the Irish social partnership has argued that the National Economic and Social Council – a tripartite-plus institution with a focus on research and policy development – played a key role in forging a background consensus among negotiating partners about the direction of the Irish economy (O’Donnell and Thomas 2002).

There is also consensus in the literature that, for unions to be willing to participate in social concertation, some form of *quid pro quo* has to be involved. In this respect, the literature used to make a distinction between the preferences of union leaders and those of worker members (Michels 1911[1962]). It was argued that leaders would have greater incentives to participate in social partnership for two reasons: they would have a clearer view of the long-term interests of their organizations than would members; in addition, they would have more to gain (in terms of personal visibility and career enhancement) from taking an active role in peak-level agreements. According to this logic, institutional systems in which interest groups are highly centralized, i.e. in which the decision-making power is concentrated in the hands of a limited number of national leaders, facilitate centralized bargaining and social concertation agreements (Schmitter 1981).

Independent of organizational characteristics and leaders’ motivations, the ability of leaders to hold to their side of the bargaining is enhanced by the availability of exchange resources. It is easier to persuade union members to go along with potentially unfavorable short-term outcomes if the negotiation produces positive side payments in other domains (Pizzorno 1978; Mares 2006). In the 1970s and 1980s, trade unions entered into social concertation agreements only rarely and reluctantly (at least in some countries), and asked for a hefty price in return (such as working-time reductions or welfare state expansion). By contrast, in the social pact era of the 1990s, social concertation became increasingly concessionary while the availability of exchange resources shrank. Welfare state expansion was no longer a realistic option, due to the need to keep public expenditures in check, while working-time reduction was less prominent on the agendas of both trade unions and governments (with the exception of the French government in the early 2000s).

The absence of material resources was not, however, a universal feature of the social pact era of the 1990s. In the case of Ireland, for example, unions had clear material incentives to support the partnership approach: although they received only moderate nominal wage claims, the government increased take-home pay through income tax cuts (Baccaro and Simoni 2007). This formula contributed to cement the Irish unions’ support for a negotiated approach to policy-making. However, it could only work if there was continuous growth to increase fiscal inflows, despite the cut in tax rates. When growth ended, the Irish government fell into a serious fiscal crisis (Bergin et al 2011).

In other cases, the ‘prize’ for trade union cooperation consisted only in institutional recognition by the government, as well as in the ability to shape the content of public policy. Participation enabled trade unions to ‘limit the damage’ for their constituency, i.e. by ensuring that policy reforms spared the most vulnerable categories or, perhaps more importantly, protected the acquired rights of some core union members, such as older industrial and public sector workers with indeterminate duration contracts. In Italy and Spain, for example, government and trade unions negotiated pension reforms in the 1990s. These reforms included generous ‘grandfathering’ rules for older workers, who were minimally affected by the cuts, while the burden of reform fell heavily on the shoulders of younger workers. By the same token, in both countries, labour market liberalization reforms reduced employment protection for fixed-term and atypical workers, while sparing workers with regular contracts.

Over time, however, even this type of limited political exchange petered out. This phenomenon was clearly visible in the ‘sovereign debt crisis’ which exploded in the Eurozone from 2010 on (Armingeon and Baccaro 2012). Some European countries, those characterized by high current account deficits (or, in the Italian case, high public debt), experienced a form of ‘sudden stop’; international financial markets became unwilling to finance their deficits except at very high interest rates (Ghellab and Papadakis, 2011; Merler and Pisani-Ferry 2012). The governments of these countries (in order of their involvement in the crisis: Greece, Ireland, Portugal, Slovenia, Italy, Spain and Cyprus) were forced to introduce harsh austerity packages in a short period of time, including wage cuts (in the public sector), tax increases, cuts in public expenditures and collective bargaining decentralization. In many cases, the climate of national emergency strengthened the resolve of governments, and they were able to pass policy reforms that had been out of reach only a few months earlier. The ‘sacrifices’ required probably exceeded the ability of unions and workers to absorb them, so there were no social pacts. In many cases, the governments did not even seek union collaboration. Unions were treated as ‘special interest organizations’ whose involvement in crisis response would not only reduce the efficiency of policy adjustment, but would also compromise the equitable distribution of the costs of adjustment by unduly favoring ‘insiders’ (represented by trade unions) over ‘outsiders’ (workers without union representation).

4. Large-N Overview of Social Pact Trajectories

This section provides an analysis of social pacts across the world using the landmark database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) (Visser 2016). The dataset includes data on fifty-one countries, up to 2014 in most cases.

Visser (2016b) uses the database to assess the evolution of collective bargaining coverage, shape and strength over the last decade. This author stresses the connection between, on the one hand, the weakening of multi-employer bargaining (in favour of single employer models) in Europe since the Great Recession and, on the other, the specific provisions of various policy instruments: namely, the Euro-Plus Pact of March 2011, the supervisory mechanism in the 'Six Pack' regulations adopted by the European Council in October 2011, and the Memoranda of Understanding concluded between the troika (the European Central Bank (ECB), the European Commission (EC) and the International Monetary Fund (IMF)) and national governments in countries receiving financial assistance (Visser 2016b: 36). The author further argues that these were precisely the same policy prescriptions as had been given by other international institutions before the crisis.

Another important trend noted by Visser (2016b) is the increase in government intervention in wage setting, particularly in countries where the crisis has been more acute. The contrast with the previous phase of more autonomous social dialogue is stark (Fraile and Baccaro 2010; Avdagic et al. 2011; Visser 2016b).

In the present analysis, forty-eight of the fifty-one original countries have been included in the analysis. Three countries were dropped due to insufficient data (Iceland, the Russian Federation and Turkey). The remaining countries were divided into five groups:

1. coordinated economies, where social pacts have a longstanding tradition. These include most Northern and Central European countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, Norway, Singapore, Sweden and Switzerland. These are expected to show a more resilient institutional environment and therefore a more stable presence of social pacts.

2 Anglo-Saxon countries, with a poorly institutionalized bargaining tradition: the US and Canada are the classic examples, but the United Kingdom, Australia and New Zealand have joined their ranks in the last decades. These countries should show a low presence of pacts.

3 Southern European countries belonging to the third wave of democratization: Spain and Portugal, but also Cyprus, Greece and Malta. All these countries went through particularly harsh times during the last crisis, and their state-led industrial relations systems should behave distinctly from the rest under such pressure.

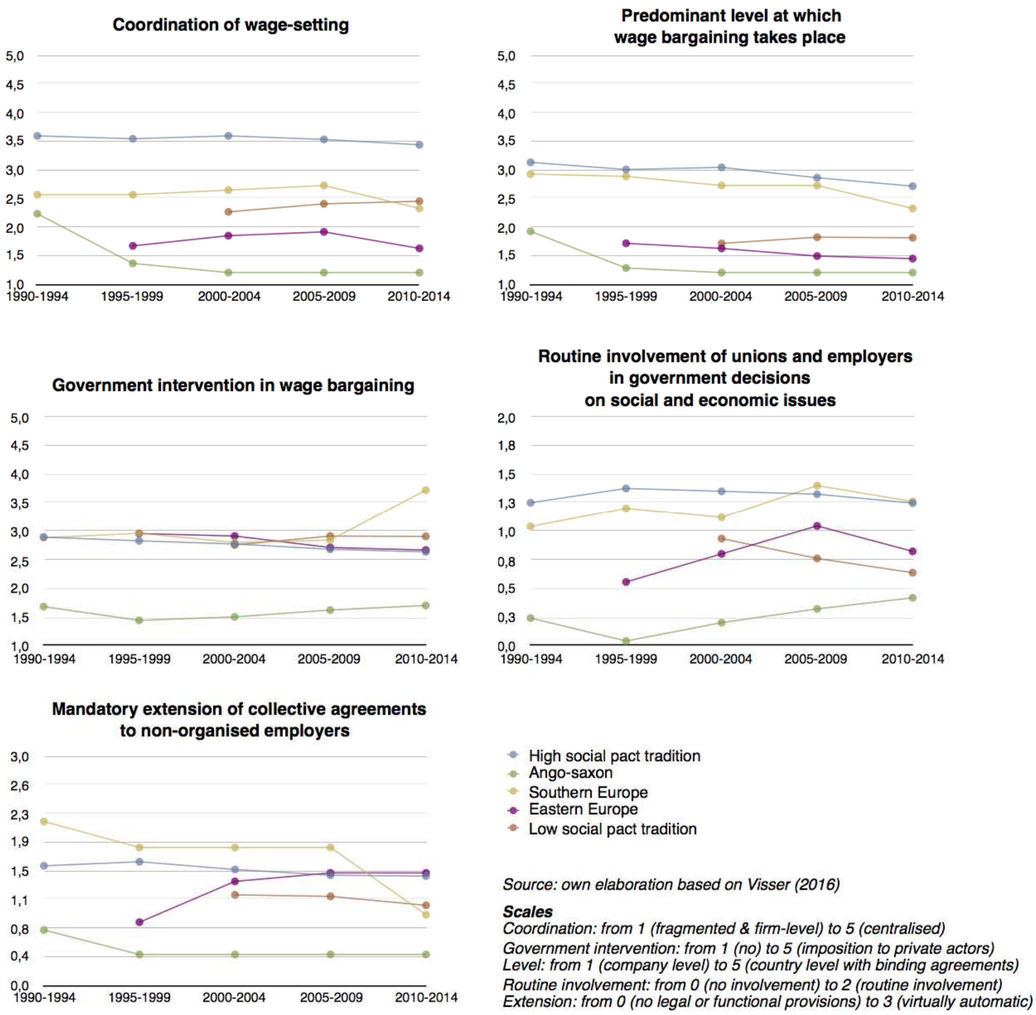
4 Eastern European countries, included only from 1995 onwards due to the lack of data on institutional characteristics before their transition to democracy was complete: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and the Republic of Slovenia form this group, offering an insight into how social pacts behave at a critical juncture in countries with a less consolidated institutional environment.

5 Newly-developed and developing economies. This last group brings together countries with very different political traditions and institutions, but sharing a below-average tradition of pacts and bargaining: Argentina, Brazil, Chile, China, Croatia, India, Indonesia, Mexico, Philippines and South Africa.

Moving to the empirical analysis, Figure 1 (based on data from Visser (2016)) synthetically reconstructs the institutional evolution of each country group. The first graph ('coordination of wage setting') corroborates Visser's analysis as well as the aforementioned thesis on the decline of coordination. It shows a decline of coordination levels across Europe after 2009 that is most acute in Southern European countries. Developing economies, by contrast, continued their slow but steady trend towards greater coordination, while Anglo-Saxon countries were the least coordinated. The graph shows as well that the predominant level of bargaining has declined in Europe, getting closer to the firm level, especially in Southern Europe, which increases their difference with their Northern counterparts.

The most remarkable changes are in the degree of government intervention in bargaining and the mandatory extension of collective agreements for Southern European countries. The substantial rise in the former dimension, coupled with a pronounced drop in the latter, tells a story of receding bargaining autonomy and declining coverage in these countries, which dovetails with the case studies of Italy and Spain we report in the next section.

Figure 1: Social pacts and collective bargaining: Recent evolution of institutional indicators.



It is also worth noting that the Greek case stands out with respect to all indicators. From 2009 on, the country has undergone a series of legal and institutional changes, which for the most part were enacted to comply with the Memorandums of Understanding signed by governments with creditors and international organizations during the European debt crisis. Some of the most relevant examples of these changes are listed below:

- Public sector bargaining was de facto suspended and all working conditions and wage changes made dependent on government decisions.

- From 2011 on, managers had no obligation to recognize or consult unions, and a lower pay scale was introduced without negotiation.

- Mediation in collective bargaining was limited to basic pay issues, and could be requested by both employers and employees.

- A new type of company-level agreement was introduced, opening the possibility to provide for remuneration and other working terms that are less favourable than those agreed upon at the sectoral level. Since 2011, not even the national agreements have been binding for lower levels.

- Collective agreements were made valid for a 1 to 3 year period (previously they had been indefinite), limiting their validity in the absence of a new agreement to three months.

- The minimum wage was no longer determined through collective bargaining. It was instead fixed by the government, following simple consultations with the social partners.

Other economies display a similar, but much less extreme, pattern to Southern European countries. There is one notable exception: Eastern Europe, which seems to be moving towards *more* and not less mandatory extension of collective agreements, hence increasing, albeit slightly, effective coverage. Probably, this is due in part to rather low coverage in the first place. Regarding government intervention, the picture is more mixed: while the state now has a bit more to say in Anglo-Saxon countries, Eastern European and other advanced economies seem to be moving slowly towards a model of firm-based, decentralized, bipartite bargaining.

The graphs above provide information about several features of the collective bargaining environment. In order to grasp an aggregated measure of what is happening to social pacts, Figure 2 uses data from the ICTWSS dataset to estimate the evolution of the number of national social pacts and agreements.

Figure 2: Estimation of the number of social pacts and agreements in 36 countries

		Cases with zero, one, two or three pacts within the five-year period				
	Total sample (years*countries)	**0**	**1**	**2**	**3**	**Number of pacts signed**
1995-1999	170	135	33	2	2	43
2000-2004	170	133	38	1	0	40
2005-2009	170	130	37	2	1	44
2010-2014	167	143	23	1	0	25

*The total sample is obtained by multiplying the number of years and the number of countries contemplated for each five year period; 36*5=170. The countries are: Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States. In 2010-2014, missing Canada, Ireland & Portugal (only for 2014), therefore the sample drops to (36*5)-3=167.*

Source: own elaboration based on Visser (2016)

Thirty-six countries with all or most data points for the 1995-2014 period are chosen from the original database (see country list in the legend). The whole period is divided into four spans of five years, which is long enough to include at least one (but maybe more) social pact per country. What is of interest is to quantify the "density" of social pacts in the sample for each time span. With that purpose in mind, the total sample is obtained by multiplying the number of years and the number of countries contemplated for each five-year period: that is 36*5=170 for the period 1995 – 2009 (and 167 for 2010-2014, since there are no data for Portugal, Ireland or Canada for 2014). The following columns in Figure 2 count how many of these country-time span combinations had zero, one, two or even three pacts. The final column simply lists the absolute number of social pacts concluded for each time span. The message of the figure is clear: after fifteen years of stability, the fallout after 2009 is quite evident.

Figure 3 provides a breakdown by country group in order to locate the specific origin of the change between the pre- and post-crisis periods (2005-2009 vs. 2010-2014).

Figure 3: Evolution of the number of social pacts

	Number of social pacts		*Ratio of social pacts over sample (country*years)*	
	2005-2009	**2010-2014**	**2005-2009**	**2010-2014**
High social pact tradition	18	11	0.24	0.15
Anglo-Saxon	0	0	0.00	0.00
Southern Europe*	10	8	0.40	0.35
Eastern Europe	14	5	0.31	0.11

**Sample change: from 25 to 23 — Portugal (2014) is missing*
Source: own elaboration based on Visser (2016)

Unfortunately, the fifth country group (developing countries) had to be dropped due to problems of missing data. Also, since groups are not homogenous in the number of countries, the ratio of social pacts over the country*year sample is provided in the two last columns for comparative purposes. The figure shows that the bulk of the decline came from Eastern European countries, as well as from countries with a high social pact tradition, with a marginal decline in Southern European countries. There was no decline in Anglo-Saxon countries simply because there were no social pacts to begin with.

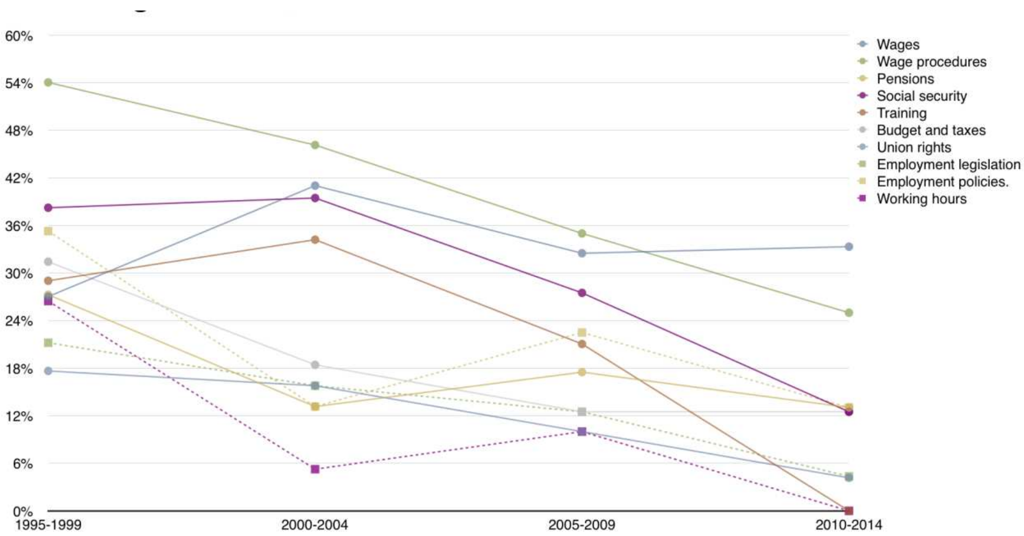
Taking the analysis to a more nuanced level, all countries to the east of Austria that previously had some sort of agreements lost them, except for Estonia and the Republic of Slovenia. In Estonia, the worst years of the crisis (2009-2010) saw no agreement after seven years of continuous pacts. It should be noted, however, that these pacts had mostly focused on setting the minimum wage, so they were quite restricted in their scope.

Moving to highly coordinated economies, the pattern is a bit more mixed. The drop seems to correspond with a declining trend of occasional pacts and agreements. Countries such as Austria, Belgium, Denmark, Japan and Sweden moved from one to three agreements between 2005 and 2009, to none in the following five-year period. Others, like France, the Netherlands and Singapore, were able to keep up with a dynamic of punctuated agreements. Germany, Israel and Switzerland, maintained their record of no centralized pacts, since most social concertation takes place at lower levels in these countries (mostly at the industry level in Germany). Finland stands out, since it managed to achieve agreements in alternate years from 2009 to 2015, thereby recovering a trend that went from 1994 to 2004 followed by a four-year pause. These pacts are not only frequent but also comprehensive, featuring issues related to wage levels, wage bargaining procedures and tax-related policies.

To conclude the exploration of data, Figure 4 shows the evolution of pact and agreement content across time for all thirty-six countries. Eight issues are featured: wage setting and wage procedures, pensions, social security, training, budget and taxes, union rights, employment legislation and promotion policies, and working hours.

The first feature to report is the common downward trend for virtually all issues. Not only are fewer agreements concluded, they are also less substantial in content. Wage setting is the only feature that survives relatively well, while wage-setting procedures (at other bargaining levels) are less often a matter of national pacting. It is striking to note that many items related to the so- called ‘flexicurity’ paradigm, usually proposed as a reasonable solution to cope with the challenges of labour market insecurity, are increasingly left off the table. Bargaining on social security, training and fiscal matters is much less frequent now than before. The fact that wage setting remains key, while these other issues are declining, shows where the real pressure is: on wage-based competitiveness.

Figure 4: Characterization of the content of social pacts and agreements



Source: own elaboration based on Visser (2016)

5. European Experiences: Ireland, Spain and Italy [3]

In this section, we complement the large-N exploration of data in the previous section by case studies of three European countries in which social pacts experienced a surprising renaissance between the late 1980s and the 1990s, but focusing instead on their debacle during the Great Recession.

5.1. Ireland

The Irish crisis was very deep in comparative perspective: GDP declined by 17 percent in nominal terms and 11 percent in real terms between 2008 and 2010. Unemployment increased threefold from 4.5 in 2007 to 13.5 percent in 2010 (European Commission 2011: 10). Ireland's fiscal adjustment – 20.8 billion Euros, or the equivalent of 13 percent of its GDP in 2010 – was estimated to be the largest ever recorded (Whelan 2011: 7). By January 2011, the Irish state had spent 46 billion Euros (29 percent of GDP) on a failed attempt to redress the banking crisis (European Commission 2011: 13). Not surprisingly, public deficit and debt skyrocketed (Kelly 2010, Whelan 2011).

In early 2009, after making bank creditors whole, the government sought to improve its fiscal situation by reducing public sector wages and cutting public expenditure. In order to mobilize consensus for its austerity solutions, initially it sought to rely on the well-established social concertation channel; policy-making had been negotiated in tripartite fashion in Ireland since the late 1980s (Baccaro and Simoni 2007).

However, private sector employers appealed to the 'inability to pay' clause of the national agreement either to freeze wages or even to implement nominal pay cuts. For the public sector, by contrast, no such clause was available; the only choice for the government – a coalition between the centrist Fianna Fail and the Green Party – was to try to persuade the unions to agree to a 7.5 percent special pension levy, equivalent to a pay cut of the same amount (Sheehan 2010). The unions dragged their feet and, rather than negotiating as per social partnership tradition, the government decided to implement the cut unilaterally.

Despite this decision, the unions called for a 'social solidarity' agreement in which they proposed that, rather than taking straight nominal wage cuts, public sector workers would instead take unpaid leave of 12 days (McDonough and Dundon 2010: 555). At some point in the process, it seemed that an agreement could be reached on this basis (Regan 2011). However, the government negotiators changed their mind unexpectedly at the last moment and, rather than signing the agreement with the unions, opted for unilateral wage cuts of 15 percent on average. The cuts were included in the November 2009 budget.

The union proposal to exchange wage cuts for unpaid leave had angered many of the Irish public, who saw it as an irresponsible demand by pampered public sector workers to enjoy even more leisure, at a time when the country desperately needed the public service to function smoothly. This might explain the government's last-minute about-turn. The unions' attempt to organize worker mobilization in protest was largely unsuccessful.

Due to the failure of centralized negotiations, it looked as though 2010 would be the first year since 1987 in which collective bargaining would be entirely decentralized to the enterprise level. However, the unions, which really did not have any serious strategic alternative, negotiated two peak-level agreements in the first half of the year (Regan 2014).

[3] This section draws on and updates material in Armingeon and Baccaro (2012)

The first applied to the private sector: the parties (the peak trade union and employers' organization) agreed jointly to issue a centralized recommendation for decentralized collective bargaining, and in this way restored some form of wage coordination. The second pertained to the public sector. In what came to be known as the 'Croke Park' agreement, the government committed not to implement public sector wage cuts in the future and to reduce payroll costs through attrition only; the unions guaranteed industrial peace for the next four years. Productivity would be increased by a workplace transformation agenda that the unions agreed to actively support and promote. Of these two agreements, the public sector one was by far the more important: following decades of erosion, the union density rate was only about 20 percent in the private sector, while in the public sector it was still around 80 percent (D'Art and Turner 2011).

However, the Croke Park agreement did little to assuage Ireland's fiscal problems. The situation worsened considerably in late 2010 when the two-year government guarantee of Irish banks' loans was approaching expiration, and the banks found themselves unable to access inter-bank markets. The government was forced to request the financial assistance of the EU, ECB and IMF. A bailout package was put together in November for a total amount of 85 billion Euros. This included measures to recapitalize and downsize the financial sector; a fiscal consolidation effort of 15 billion Euros in four years (to be achieved through expenditure cuts and higher taxes); and broader structural measures concerning the labour market and the pension system. The retirement age would be progressively increased to 68 years. The minimum wage would be cut by 12 percent (by 1 Euro for the hourly rate); the institutional mechanisms for minimum wage determination in low-wage sectors would be relaxed; unemployment insurance benefits would be lowered and activation provisions strengthened; finally, conditions of access to some liberal professions would be liberalized (European Commission 2011).

More recently, in May 2015, an amended Industrial Relations Bill was enacted. At first sight, it seemed to constitute a victory for the labour movement, but it was a timid one. First and foremost, it fell short of statutory union recognition, which was the main goal of unions. Rather, it defined collective bargaining as comprising 'voluntary engagements or negotiations between any employer or employers' organization on the one hand and a trade union of workers or excepted body to which this Act applies on the other', effectively underlining the non-obligatory nature of employers' recognition of trade unions as interlocutors.

Overall, the Great Recession has had a dramatic impact on Irish social partnership, bringing it close to irrelevance. While the breakdown cannot be considered to be total, the equilibrium has clearly shifted away from wage coordination and towards job reductions and structural cuts. The use of social pacts in the future will be contingent on the political preferences of the government of the day (Regan 2013).

5.2. Spain

Spain, too, was severely hit by the global economic crisis. GDP declined by 3.9 percent in 2009 and 0.4 percent in 2010 (IMF, 2010: 41). The labour market impact of the crisis was huge; the unemployment rate increased from 11.3 percent in 2008 to 20 percent in 2010, with youth and women the most affected categories (IMF 2010: 8, OECD 2010: 24). As in Ireland, the crisis was due to the bursting of a large real-estate bubble, which in turn led to a stark contraction of the construction sector, which had been Spain's growth engine in the 2000s. In addition, just like other countries of the Euro-zone periphery, the country had competitiveness problems: nominal prices and wages had grown faster in Spain than in core Eurozone countries, and this had contributed to a growing external debt problem (OECD 2010: 23).

The government's initial response to the crisis was very different from that of Ireland. The Socialist government engaged in expansionary fiscal policy to counter the adverse effects of the crisis. One of the most important provisions was the extension of unemployment benefits. Discretionary spending, combined with the effects of automatic stabilizers, led to a dramatic increase in the public deficit: 11.2 percent of GDP in 2009 and 9.3 percent in 2010 (IMF 2010: 41).

The other notable trait of Spain's initial response was the government's commitment to social concertation. This had been one of the dominant characteristics of the Spanish political economy in the 2000s. In keeping with this recent tradition, on July 29, 2008, the tripartite social partners signed a declaration of principles outlining a shared policy response to the economic crisis, in which they committed to taking joint action on employment policy, collective bargaining and social protection.

Notwithstanding the parties' stated commitment to social dialogue, important differences began to emerge (Molina and Miguélez 2014). The first rupture occurred in 2009, when the social partners were, for the first time since 2002, unable to negotiate the annual centralized agreement on wage guidelines.

The government's response to the crisis changed dramatically in late 2009 and, most clearly, in 2010 when growing doubts about the sustainability of the peripheral countries' fiscal positions began to be reflected in price increases on credit default swaps on Spain's public debt (IMF 2010: 6). In an attempt to regain the confidence of international financial markets, the government undid many of the expansionary measures of the previous two years, slashed public spending and engaged in structural reforms of the labour market and the pension system. The policy process used was a mix of unilateralism and corporatism under the 'shadow of hierarchy' (Visser and Hemerijck 1997). Essentially, the government would impose tight parameters and deadlines on social partner negotiations. If unions and employers were able to reach an agreement by the deadline, the government would ratify it; if not, government would regulate by decree.

In January 2010, as part of a broader fiscal adjustment programme, the government issued proposals to increase the number of reference years for the calculation of pension benefits from 15 to 25 and to increase the retirement age from 65 to 67. The government's turn-around towards fiscal adjustment proceeded with a partial block on public sector hiring. This was followed by more drastic measures, such as an average cut of 5 percent in public sector wages. The unions voiced their dissent by organizing a public sector strike in June 2010. The same month, following a failure of the social partners to reach an agreement, the government announced a unilateral reform of employment protection legislation. The reform reduced severance pay in the event of unfair dismissal, eased the criteria for fair dismissals and broadened the conditions under which companies could opt out of collective agreements. The OECD and IMF both saluted it as a major step forward towards fiscal sustainability (OECD 2010; IMF 2010). The unions responded by organizing a general strike at the end of September 2010 but participation in it was uneven; the industrial sectors responded more promptly and massively than the service sectors. In any case, the mobilization did not alter the content of the legislative reform.

In December 2010, a new set of relatively minor reforms was introduced, again with a view to convincing international financial markets that Spain was solvent. The package included the repeal of the extension of unemployment benefit for public employees and union workers, as well as reductions in corporate tax rates and partial privatizations. All of these were unilateral reforms.

However, social concertation was not entirely dead and, in February 2011, the parties signed a social pact on 'growth, employment and the guarantee of pensions'. The highlight of the pact was a negotiated pension reform. With this, the unions accepted several provisions against which they had mobilized only one year before. In exchange, they obtained some measures to increase the stability of employment, such as a reduction of social security contributions for companies hiring young workers and the long-term unemployed, and 400 Euros per month for the unemployed whose benefit payments had ceased.

In the following months, the social partners were unable to agree on the reform of collective bargaining agreements, and the government intervened by decree on June 10, 2011. After November, the right-leaning Popular Party came to power, and it was set to deepen the initial Socialist Party (PSOE) move against collective bargaining, bringing in a new decree by February 2012. The key point of this curiously bipartisan reform was the broadening of the circumstances under which an enterprise contract could legally bypass a higher level contract. In addition, the reform introduced a maximum period for contract renewal (of between 8 and 14 months), after which mediation and arbitration would intervene to resolve the dispute.

The result was a significant, sharp and sudden decrease in collective bargaining coverage: from 76.6% in 2011 to 54.4% in 2012. Three other reform packages followed between 2012 and 2013: a successful effort to decrease employment protection, a new, in- depth pension reform, and a cut in benefits for the long-term unemployed. These were all introduced explicitly against the will of unions, despite the latter's willingness to concede wage moderation. Although the unions still controlled substantial parts of the workforce, and their collaboration was therefore needed to bring about internal devaluation, their marginalization was deemed necessary to ensure the success of structural reforms. Two general strikes during the crisis did not lead the government to reverse its policy, but instead publicly revealed the unions' weakness. Since then, the unions have continued on a path of stagnant, or even decreasing, influence.

5.3. Italy

In the summer of 2011, the sovereign debt crisis deepened further and enmeshed the third economy of the Eurozone: Italy. The unfolding of events in Italy was similar to other peripheral countries. Growing concerns about default led financial markets to shun the bonds issued by financially weak countries, including Italy. The result was that interest rates on Italian ten-year bonds shot up, reaching seven percent per annum, while the spread with corresponding German bonds rose above five percent. Rising interest rates increased the cost of servicing the Italian public debt and worsened its fiscal position, making it necessary to slash public expenditure, raise taxes and increase the primary surplus.

Faced with a crisis of confidence, the response of the Italian political class was similar to other countries. The centre-right government passed an emergency austerity package, with the support of the opposition, in the summer of 2011. Yet despite these measures, the pressure on Italian bonds did not abate. Mounting tensions led to a change of government in the autumn of 2011. A new government of technocrats, supported by a grand coalition of centre-right, centre and centre-left parties, embarked on a programme of labour market and product market liberalization, with the support of European elites.

The new government shunned social concertation with the social partners, emphasizing its ability to pass reforms unilaterally (Pedersini and Regini 2014). Structural reforms were presented as being necessary to increase economic efficiency and to correct the imbalance between 'insiders' and 'outsiders' in the Italian labour market. The government managed to pass a draconian pension reform that increased retirement age, abolished seniority pensions and imposed a new method of calculating the pensions of workers who had joined the labour market before the reforms of the 1990s. Regarding employment protection legislation for regular workers, however, the government had to modify its original proposal (to abolish the possibility of reinstatement for workers fired for economic reasons), due to opposition from within its own ranks. It instead reintroduced the principle that a judge would decide between financial compensation and reinstatement in cases of an economic firing decision deemed to be unjustified.

It seemed that not even a technocratic government operating under extreme urgency (a sovereign debt crisis) would succeed in reforming employment protection legislation decisively. However, a further reform was approved in the spring of 2015. With the strong support of the employers' organization, and despite the opposition of all the trade unions, the centre-left government unilaterally eliminated the possibility of reinstatement after illegitimate economic firings. The new norm would apply to all new employment contracts, while the old rules applied to existing contracts. Over time, the new employment protection regime would thus cover the entire Italian labour force. This was part of an ambitious labour market reform programme that aimed to shift protection away from the job and towards the worker. However, while some measures to extend unemployment insurance to new categories of workers and to strengthen active labour market policies have been introduced, efforts to institutionalize Nordic-style flexicurity in Italy have been hampered by the limited availability of public funds, itself a consequence of the need to keep public deficits in check.

6. Social Pacts beyond Europe

While social pacts are mostly European phenomena, and it is in Europe and other industrialized economies that their decline has been most evident in recent years, social pacts have emerged in other regions as well, particularly (but not exclusively) in Latin America and North Africa.

Social pacts in non-European countries are usually linked to the need of governments for public legitimacy, whether in broad political terms or with regard to specific programmes or policies. The motivations for pacting range from the need to smooth an institutional transition (towards democracy such as in Chile, Indonesia and Tunisia) to the pursuit of inclusive growth and sustainable development (as in Senegal). This section aims to provide an overview of social pact experiences in these four countries.

6.1. Tunisia

Tripartite institutions are not unheard of in North African countries, where economic and social corporatism has been a rising trend in governance for decades (Murphy 2001, Dillman 2002). Recent political and social developments in the region, spurred by workers' dissatisfaction with economic hardship, have opened up even more space for tripartite coordination.

Tunisia offers what might be considered as the best example of this trend. The country saw the first spark of the Arab Spring when, between December 2010 and January 2011, the decade-long secularist dictatorship of Ben Ali was overthrown and a path towards parliamentary democracy was established. The breakdown of the previous, implicit social contract was crucial in bringing an end to autocracy. As argued by Karasapan (2015), the contract had been based upon the promise of employment and ascension into the middle class in exchange for citizens' disengagement from politics. During the Great Recession, the lack of employment opportunities opened a chasm between expectations and reality. The high unemployment rate, particularly among young graduates, was the clearest indicator of this gap.

The labour movement, and specifically the Tunisian General Labour Union (UGTT), played a key stabilizing role in the transition (Nashif 2016, Chayes 2014), alongside the Tunisian Union of Industry, Commerce and Handicrafts (UTICA), civil society organizations, and the Ennahda Movement, a moderate Muslim party with a liberal-conservative agenda, which has been in power since 2011, on its own until 2014 and in coalition since then.

In a sense, Tunisia represents a paradox: while democracy has advanced greatly since the 2011 revolution, socio-economic divisions remain, which in turn threaten (albeit to a limited extent) the country's political stability.

The first three years of democracy, when the country's constituent process got underway, were characterized by dismal performance of the Tunisian economy. As a way to strengthen the process of institution building and address the economic emergency, and after a long preparation process, the government enlisted the UGTT and the main employers' organization, the UTICA, at the beginning of 2013 to sign a unique document in the country's history. The ILO actively supported the social dialogue process that led to this outcome. The Tunisian Social Contract explicitly acknowledged the economic, social and political problems that had led to the revolution, emphasizing the lack of freedom and the combination of low growth, acute unemployment, regional inequalities and inflation. The Contract then identified a set of long-term goals, focusing on the all-encompassing objective of introducing a 'new development model in the context of a participatory approach between the government and the economic and social actors'. The proposed actions fell under five pillars:

1. Economic growth and regional development: The pact, for the first time, acknowledged the disparities and longstanding divide between the North and South. Later, the 2014 Constitution would establish the need for positive discrimination (art. 12) and a commitment to decentralization (art. 14);

2. Employment policies and vocational training: Some of the factors behind the revolution were high unemployment of highly skilled youths and of school dropouts;

3. Employment relations and decent work: The lack of decent job opportunities provoked much of the public protest right before and during the revolution;

4. Social welfare: The country's social welfare system was experiencing a large deficit and high indebtedness;

5. Institutionalization of social dialogue: The signature of the pact itself was a significant milestone.

The commitments included the creation of a national system of professional qualification, the introduction of a system of lifelong learning and a thorough review of the social security system. The pact also proposed the creation of a National Council for Social Dialogue with the mission to guarantee 'the continuity and the regularity of dialogue on issues of common interest to the three partners'. Overall, the agreement had two related purposes: the first was to secure the political legitimization of the transition itself, and the second was the definition of a new set of policies and institutions to shift the country from an authoritarian regime towards a social market economy based on political democracy.

Five months after signature of the pact, Tunisia signed a stand-by arrangement with the IMF featuring a 24-month, US$1.74 billion loan, with attached conditionality going beyond structural reforms and including a specific clause to 'protect[ing] the most vulnerable' through increased infrastructure and social spending.

The pact was welcomed by international organizations, including the ILO. It was expected to act as a blueprint, or at least an example, for other countries in the region to follow, and to open up political space to improve labour relations and legislation in the region (ILO 2013). However, its implementation has been, in practice, wrought with problems. Directly after the pact was signed, a deep political crisis emerged, marked by the assassinations of Chokri Belaid and Mohamed Brahmi (major leaders of the political left). Ennahda's lack of a stable institutional base prompted the resignation of its Prime Minister, as well as several (failed) attempts to form a technocratic government. After a difficult 2013, Ennahda reached an agreement with the secular opposition on a roadmap to complete the constituent process and hold elections by late 2014. The roadmap was followed and, in October 2014, Ennahda won the first parliamentary election under the new constitution, forging a coalition government with Nidaa Tounes, a centre-left secularist party.

In 2014, two framework agreements were signed between the UGTT and UTICA. Two national tripartite commissions were formed - on purchasing power and on production and productivity respectively – which led to the formulation of specific policy proposals to address the twin challenges of low wages and weak labour productivity. However, the tense economic situation made social dialogue difficult, despite both domestic and international efforts to foster it, notably the award in October 2015 of the Nobel Peace Prize to the National Dialogue Quartet, which includes the UGTT and UTICA.

Since 2014, unemployment has remained a central concern, together with the absence of a consistent growth path for the economy. The new government has been unable to propose viable and specific solutions to solve the crisis. Social discontent and political instability are partly a consequence of the crisis, but there are other factors: increased deficit and lack of state capacity, rising debt, as well as the spike in terrorism coupled with religious extremism. In the two years from 2014 to mid-2016, five governments have failed and been unable to push forward reforms.

After two years of relative inertia in terms of social dialogue, the Tunisian Head of State launched his own initiative to halt the country's crisis in June 2016. He held consultations with the government, the social partners as well as civil society. The result was the so-called Carthage Agreement, signed in July 2016 by nine political parties and the social partners. The Agreement included a series of commitments to tackle the crisis, namely by countering terrorism, stimulating employment, formalizing the informal sector, reforming the administration and fighting corruption, reducing inequalities (particularly at the regional level), and maintaining financial equilibrium while engaging efficient social policies (National Business Agenda, 2016).

One of the main consequences of the agreement was the approval and adoption of the law for the creation of the National Council on Social Dialogue in July 2017. This was the culmination of a three-year long process and opened up prospects for stable and durable social dialogue, which helps to foster the nascent democracy.

Under these circumstances, evaluating compliance with and effectiveness of the social contract is difficult. The evidence seems to suggest that the institutions stood the test, and that the unions and employers' organizations played an important mediating role in keeping the country on the democratic track which, in turn, advanced the institutionalization of social dialogue, despite the significant obstacles encountered.

In parallel, the evolution of the other four pillars of the social contract has been significant, but uneven.

(1) The newly introduced principle of regional positive discrimination did not change the existing subsidies system, nor did it improve its limited efficiency, efficacy, and lack of inclusiveness of local civil society (COMETE, 2016). The system also lacks proper monitoring capacities and has not been assigned a budget large enough to meet its goals (SAMEF, 2018; Sidhom and Arfa, 2017). In addition, the government tends to focus on the already richer and more developed Northern coastal region, thus reinforcing regional disparities.

(2) Following wide consultations with the social partners and other stakeholders in 2012, the Ministerial Council approved a national vocational training reform in December 2013. The reform process, which was included in the five-year development plan, began in 2016 and is expected to run until 2020 in close collaboration with the social partners and other stakeholders. The objective of the reform is to introduce changes, in close collaboration with the social partners and local authorities, to the public and private vocational training systems that meet the economic needs of the various sectors. Thus far, substantial progress has been made. Several legal texts defining the new governance model of the system have been developed and concrete steps have been taken to promote vocational training in line with the needs of the regions, companies and individuals.

(3) In May 2017, the ILO, the Government of Tunisia, UGTT and UTICA signed an agreement for the implementation of the Decent Work Country Programme in Tunisia for 2017-2022 (ILO, 2017). It sets out a series of national priorities to promote decent work based on tripartite cooperation. While it is still too early to assess its impact, it represents a concrete step towards consolidating social dialogue and tripartism in the country.

(4) There has been no significant decrease in the deficit in the social security system, and the situation has become a challenge to the country's capacity to deliver basic health services (Human Rights Council, 2018). Around 37% of Tunisians are still not covered by any social insurance (Human Rights Council, 2018), despite the fact that the public system's coverage has increased over the last decade. There are plans for a structural reform to diversify the funding of the social security system, as well as to increase registration of informal workers (Ministry of Social Affairs, 2017). The reform has not yet been implemented, linked to a lack of consensus between the government and the social partners (Khefifi, 2018).

Overall, the results of the Tunisian social contract are in many respects still to be seen; nonetheless, it represents an important innovation that may in time become a reference point for the region.

6.2. Senegal

Within the framework of Senegal's relatively stable and democratic regime, that is not fully matched by its economic performance, social dialogue has progressed significantly in the country over the past two decades. The first milestone was the signing of a National Charter on Social Dialogue in 2002, which led to the creation of a National Committee on Social Dialogue the following year.

After ten years of consolidation and following a peaceful transition of power to the newly elected president in early 2012, the "Emerging Senegal Plan", aiming to craft an inclusive development model, was signed in 2013. It constituted the precursor to a fully-fledged pact that was ratified in April 2014 and valid for three years (renewable). The National Pact for Social Stability and Economic Emergence is a tripartite pact signed by fifteen trade unions (including the four most representative ones), four employers' associations (including the two most representative ones) and the government. It should be noted that the unions face a major challenge in expanding their membership base, given the high prevailing rate of informality.

The pact's general aim was to build a peaceful social climate that would enable economic growth and development through structural transformations, as well as to improve security, stability, governance, rights and freedoms, and consolidate the rule of law. Improving the population's living conditions was the ultimate goal. The pact has specific objectives: harmonizing economic performance and social progress; establishing an environment of trust for investment and business; reducing social conflict through the enhancement of social dialogue; and promoting a gender-based approach to equity and equal opportunity. The pact has four pillars:

(1) The fundamental, value-oriented pillar focuses on the generation of mutual trust, involvement and consensus; transparency, loyalty and equity; equality and solidarity; and discipline, good governance and dedication to work.

(2) A second pillar relates to equal opportunities, social justice and cohesion as well as individual freedoms, anti-corruption and justice. It combines political and economic governance, with the aim to generate a safe environment for economic activity.

(3) The third pillar addresses the economic realm, highlighting the need for increased productivity to foster competitiveness and growth, with particular attention to innovation and R&D. It includes references to social responsibility, transparency and the traceability of state resources.

(4) The final social pillar refers to the need to promote decent work, social protection, improved skills through education and training, and also the fight against discrimination and improving the workplace environment.

Each of the parties to the agreement had specific expectations of it. Unions expected to obtain a more peaceful social climate under which they would receive state subsidies, and that would facilitate the updating of collective agreements and the harmonization of national laws with international standards. In such a climate, they expected their calls for a minimum wage, retirement pensions, payment of compensation under business liquidations, employees' bonuses and increased union freedom to be heard. They called as well for support to struggling firms and the establishment of productivity bonuses.

Employers, for their part, expected the State to facilitate foreign investment in the country, as well as the general enhancement of industry and tourism. A very particular measure they had in mind was a reduction of corporate tax to 25%, together with support for national production, startups and companies facing difficulties.

At the same time, employers sought better coordination of occupational safety and health related issues at work, and were willing to build a new social contract with workers, based on productivity and work quality. However, they also aspired to more flexible work regulation, branch and personalised contracts (particularly regarding working time) and flexible legislation for young market entrants, among other demands.

Finally, the government aimed to establish a stable and peaceful social climate for social and economic development, with a focus on employers fostering dialogue and investment in job-creating sectors. In return, from the workers' side, the government expected higher labour productivity, a peaceful approach to dispute resolution and continuity in respect of public services delivery.

The government made a commitment to create a High Council of Social Dialogue (HCDS) along with branch and enterprise level committees, as well as a series of other related bodies: the Strategic Orientation Council, the Technical Committee and the Executive Secretariat.

The HCDS agreed to support the economic pillar of the pact with a particular focus on the transition to the formal economy. Five major projects were launched in the following three years, including on the development of small-scale agriculture, modernisation of the social and solidarity economy and the promotion or artisanal mines (ILO, 2018). In 2016, a four-year pluri-annual Programme for the Convergence, Stability and Growth and Solidarity Pact was launched, with the goal of analyzing the macro-economic situation of the country and guiding medium-term policies for social and economic development (Comité National de Politique Economique, 2015). The same year, the National Commission on Territorial Dialogue suggested the creation of working groups to elaborate joint programmes with the HCDS (HCDS, 2018b).

In July 2016, a new law on the determination of trade unions' representativeness by sector or by branch was approved, which paved the way for elections to identify the most representative trade unions. In that same year, the National Tripartite Dialogue for the ILO centenary initiative on the future of work was held, at which the parties restated their commitment to social cohesion and economic emergence. The following year, Senegal signed the Abidjan Declaration on the reinforcement of the role and impact of national social dialogue institutions. Four national focal points were designated to promote and implement the ILO Declaration of Principles concerning Multinational Enterprises and Social Policy that provides guidance to enterprises on social policy and inclusive, responsible and sustainable workplace practices (HCDS, 2018).

Thus, in terms of institutional strengthening, the Pact has undoubtedly been a big step forward. Regarding economic and social development, however, much remains still to be done. Informality and poverty levels remain very high even by the region's standards; neither productivity nor competitiveness has seen a dramatic improvement. Further work by the social partners and the government is clearly needed in order to meet their own ambitious expectations.

6.3. Chile

In the 1980s, neoliberalism swept across Latin America (Stokes 2001), and Chile was a foremost example. After Pinochet's coup in 1973, the move towards economic liberalization was swift. Declining wages as well as the implementation of deregulatory labour legislation were a crucial part of the policy shift (Campero 2001).

Following the transition to democracy, the labour movement, albeit relatively weak in terms of union presence at the workplace, expected an undoing of the previous policy regime and the institutionalization of strong or at least meaningful tripartism. The first democratic government lived up to this expectation to a certain extent, but not for long.

In 1990, a Framework Agreement was signed. It was a landmark event for Chilean industrial relations after nearly two decades of confrontation between the dictatorship and the unions. The agreement was struck between the ruling centre-left coalition, the dominant union confederation (CUT) and the main employers' association (CPC). Falabella and Fraile (2010) offer an excellent summary of the agreement: it called for the building of an inclusive country after years of dictatorship whose policy approach was largely inspired by neoliberalism. However, it did not deviate much from the Washington Consensus, advocating an open economy based on private initiative and fiscal discipline. It nonetheless recognized the unions' role and the need to strike a balance between growth and equity.

Despite its declaratory nature, the Framework was not completely silent on social issues, featuring a commitment to increase minimum pensions, redundancy payments (from 5 to 11 months) and the minimum wage (by 24%), and pushing for a progressive tax reform (Falabella and Fraile 2010). Moreover, the Framework set up a yearly forum to address labour-related issues, particularly minimum wages. This, however, lasted for only three years. In 1993, the CUT, the CPC and the government could not find common ground on the reform of labour law, and the commitment to cooperate dissolved. Unions were no longer involved in the determination of minimum wage increases. The short life of Chilean tripartism suggests that although it was helpful as a tool to ensure peaceful democratic transition, it had little impact on policy outcomes: a sort of 'politics without policy' (Frank 2004). As Falabella and Fraile (2010) assert, unions did not quite achieve a full institutionalization of their presence in the policy sphere. Also, the perception of unions as a special interest group hampering overall economic performance remained relatively prevalent, despite their efforts to prove otherwise. Reforming the labour laws of the Pinochet era proved particularly difficult and led to only limited results (Frank 2002).

The main channel of union influence was political. Unions engaged in a sort of quid-pro-quo with centre-left parties: organized labour offered its support during elections and, if the left won, obtained social reforms (whenever this was possible in an often-blocked parliament) (Falabella and Fraile 2010). In most cases, unions have achieved wage increases through their ability to influence political parties rather than through collective bargaining. A good example of this dynamic is the way minimum wages have been set since 1994 i.e. through a joint parliamentary negotiation between the government and the opposition parties (Campero 2001). The same applies to other policy fields, with the possible exception of education where teachers' and students' unions have built their own power resources for sector bargaining (Montecinos 2009).

In parallel, collective bargaining coverage dropped by nearly half in the 1990s (Campero 2001). Between 1994 and 1999, the Frei administration set up a so-called 'Development

Forum' moderated by the Ministry of Finance, which failed to engage unions. In 2000, labour reform was high on the agenda of President Lagos (Taylor 2005). For instance, his administration returned to Frei's idea of setting up regional tripartite councils (Falabella and Fraile 2005), but these and other efforts had little effect, leading to union disillusionment with the first socialist government since Salvador Allende's deposition by Pinochet (Taylor 2005). In the 2000s, the government made moves towards 'soft' social pacts, which featured virtually no commitments or binding resolutions, and were largely cosmetic in nature. From 2007 on, the left-leaning President Bachelet brought the unions back to the table to negotiate minimum wage increases and resolve labour conflicts (Traverso et al 2012).

Despite the lack of significant evolution towards social pacting over the last two decades, a notable change has taken place during the ongoing Bachelet administration. In December 2014, the government put on the table a pro-labour reform package aiming among other things, to:

1. extend collective bargaining coverage to non-regular workers, who represent a very large group within Chile's labour force;

2. introduce statutory union recognition for bargaining with firms;

3. increase the number of issues subject to negotiation;

4. strengthen mediation; and

5. prohibit employers from hiring replacement workers in case of strike action.

One year and a half later, however, the Constitutional Court declared invalid the measures on the statutory recognition of unions, the longstanding priority of organized labour. This ruling confirms just how difficult it is for the Chilean union movement to secure a seat at the table, despite its current political capital.

6.4. Indonesia

Over the last two decades, tripartism has been facing a series of challenges in Southeast Asian countries, coming from both the economic and social consequences of globalization (Yoon 2009) and internal political changes. Despite the tendency to group the countries in the region under the same 'Asian Tigers' umbrella, national experiences are markedly diverse, ranging from the heavily tertiarized Singaporean economy to the consolidation of manufacturing in Viet Nam. The characteristics of the industrial relations system also vary widely, ranging from a situation of centralized monopoly on workers' representation in Viet Nam, to Malaysia's predominantly enterprise-based unionism, although moving towards industry-level bargaining (Yoon 2009). Within the region, Indonesia stands out as a fast-growing economy featuring strong state presence, which went through a deep financial crisis in the late 1990s, followed by transition to democracy. Since then, the country's institutional development has featured a role for tripartism; adoption of the 2011 Indonesian Jobs Pact represents a milestone in this process.

The country's industrial relations system opened up to pluralism after the fall of the Suharto regime in 1998. ILO Conventions Nos. 87 and 98 on freedom of association and collective bargaining were ratified, and a 2000 law on Union/Labour association was passed. However, fragmentation remained a feature of the Indonesian system (Yoon 2009). Currently, there are four main trade union confederations (two of them affiliated to the ITUC), and their interests are not always easy to reconcile. In contrast, employers have a single peak organization, the Employers Association of Indonesia (Asosiasi Pengusaha Indonesia, known as APINDO). It represents mostly the interests of medium-sized and large firms.

Development policy is formulated in nested layers: there is a Long-Term National Development Plan (RPJPN 2005–2025) and, within it, a Medium-Term Development Plan (RPJMN 2010–2015) which defines more specific, operative goals. Moreover, the RPJMN takes into account the consequences of the 2008-2009 financial crisis. It is within this framework that the adoption by Indonesia of the ILO's Global Jobs Pact (GJP) was proposed in late 2009. The GJP aims to create a flexible toolkit of policies with the double goal of overcoming the crisis and setting the stage for sustainable, inclusive growth.

The GJP was translated into a country-specific programme through the involvement of the social partners. The Indonesian Jobs Pact (IJP) began with the definition of key priorities by a Steering Committee comprising two public representatives from the Ministry of Manpower and the Indonesian Development Planning Agency, one representative of workers and one representative of employers. Job creation, labour productivity, greater consideration for international labour standards, a better social safety net and strengthened industrial relations were deemed as the main priorities.

The process, supported by the ILO, featured a number of debates among the tripartite actors, while the Steering Committee kept an oversight role. The final IJP document was agreed in 2010. It included a set of general goals and a specific blueprint for implementation, monitoring and self-evaluation, with a particular emphasis on local initiatives. The IJP aimed to improve competitiveness, productivity and job growth, as well as to enhance social protection, between 2011 and 2014.

With regard to industrial relations, of particular interest is the emphasis on striking a better balance between the firms' demand for labour flexibility and workers' need for adequate protection, by introducing, for instance, an insurance system for severance pay. Improving the funding and capacities of both unions and the National Tripartite Institution, and establishing a Bipartite Cooperation Institution at the local level, are other suggested measures. Along the same lines, the text proposes the enhancement of labour inspection both at the national and at the provincial/local level.

Concerning social protection, the IJP recommends implementation of the National Social Security System Law of 2004. In addition, it refers to the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) to find specific guidance on minimum standards for social protection. It also proposes a set of measures for migrant workers, including the signing of Memorandums of Understanding to guarantee the protection of Indonesian migrants' rights.

The IJP is another example of a broad social pact, covering a number of policy fields, and strongly supported by the ILO. Its success in going beyond a declaration of intent and producing a real impact is not possible to assess at the time of writing.

7. Concluding Remarks

Although the previous section has highlighted developments in certain countries outside Europe experiencing an apparent renaissance of social concertation, our overall assessment of social pacting is pessimistic. Social pacts are clearly in retreat in their European birthplace while their real impact in non-European countries, beyond the high-sounding pronouncements, is still to be proven. The experience of Eastern European countries transitioning to Western democracy in the 1990s is not encouraging in this regard. In these countries, social pacts mostly coated with a veneer of 'illusory' corporatism neoliberal policies whose content had been decided elsewhere, often outside the country in question (Ost 2000).

The decline of social pacting is not limited only to those countries, like Ireland, Italy and Spain, which were negatively affected by the sovereign debt crisis. As illustrated by the large-N analysis presented above, the decline seems to be a more generalized phenomenon.

This decline is due to several factors: first, the size of the fiscal adjustment required to regain market confidence in countries engulfed in the sovereign debt crisis was simply too great for unions to agree to it. Second, and related to this, the availability of exchange resources to incentivize trade union collaboration shrunk dramatically. Third, the legitimacy of social concertation also diminished. For governments facing national emergencies, social concertation is often perceived as being too slow and inefficient. In addition, the declining capacity of trade unions and employers' associations to influence policy limits their ability to act as the legitimate representatives of workers and firms at large. On the one hand, they are increasingly regarded as 'special interests' by growing parts of the public opinion following the rise of centrist, liberal-oriented platforms. Under this view, their involvement in public policy-making may be perceived as shifting the negative consequences of difficult policy choices away from the relatively well-protected 'insiders' to the unprotected 'outsiders' in the labour market. On the other hand, unions often reject such a judgement, instead blaming a hostile policy and political environment, particularly since the outset of the Great Recession. There is evidence supporting their claims (ILO, 2018b).

The above suggests an uncertain future for social pacts. As has been stated repeatedly in this paper, they at best blunt the sharpest edges of neoliberal reforms. Yet, we would argue, international economic conditions may be changing and from this change may issue a more hospitable policy environment for social concertation.

In deflationary conditions such as those experienced by most countries until recently (inflation now seems to be on the increase, but still very slowly), social pacts are either strongly concessionary or they do not exist at all. Yet this environment cannot continue for long without damaging social cohesion and possibly even the long-term viability of capitalism as a socioeconomic regime. As argued most forcefully by Larry Summers, the main economic problem of this age is 'secular stagnation' i.e. the inability of national economies to generate sufficient levels of aggregate demand through 'normal' means, i.e. without relying on asset bubbles or other artificial stimulants. Monetary policy seems unable to rekindle growth, and fiscal policy, which could be highly effective when interest rates are at the 'zero lower bound', is constrained by governments' commitment to fiscal conservatism.

We would argue that an important role in secular stagnation is played by the shift of income distribution away from labour income and towards capital income (ILO 2016), and, within labour income, towards highly skilled workers to the detriment of other workers. According to classical Keynesian theory (and empirically borne out for high levels of income inequality), rising income inequality leads to an excess of savings and insufficient consumption, because the propensity to consume decreases with rising individual income while the propensity to save increases. Investments also stagnate, since the increase in profit rate is insufficient to counterbalance the gloomy prospect of shrinking aggregate demand.

In the past, social dialogue and collective bargaining institutions ensured that productivity increases would feed into real wage increases that would, in turn, stimulate both consumption and investment. This was known as a 'wage-led' model. It characterized all large advanced economies until the 1990s and collective bargaining played a key role in it (Lavoie and Stockhammer 1990). While this model is unlikely to return as such, it is at least possible that governments come to realize that they again need institutions that index real wages to productivity, while ensuring that full employment does not generate inflationary spirals. In such a new political economic environment, social pacts may again return to the fore.

However, in the absence of such a shift in macroeconomic policy orientation, social pacts are in our view destined to live a wretched life, oscillating between concessions and irrelevance. Faced with ever greater needs for cuts and retrenchment, governments will, in the first instance, turn to trade unions in an attempt to increase the legitimacy of the policy measures they intend (or in some cases are obliged) to take. However, trade unions will find it increasingly difficult to oblige. In any case, this kind of pact is unlikely to modify the main deflationary drift of public policy. Under these circumstances, it would perhaps be wise for trade unions to stay away from pacting and to focus their energies and resources instead on the basic industrial relations tasks of organizing and defending workers' interests and rights through traditional mobilization and collective bargaining tactics.

References

Antonakis-Nashif, Anna. 2016. "Contested transformation: mobilized publics in Tunisia between compliance and protest." *Mediterranean Politics* 21.1, pp. 128-149.

Armingeon, Klaus and Lucio Baccaro. 2012. "The Sorrows of Young Euro: The Sovereign Debt Crisis of Ireland and Southern Europe." pp. 162-98 in *Coping with Crisis*: *Government Responses to the Great Recession*, edited by N. Bermeo and J. Pontusson. New York: Russell Sage.

Avdagic, Sabina. 2009. "Tripartism and economic reforms in Slovenia and Poland". In: Fraile, Lynda (ed.) *Blunting neoliberalism: tripartism and economic reforms in the developing world*. Palgrave Macmillan, ILO, Basingstoke, pp. 39-84.

Avdagic, Sabina, Martin Rhodes and Jelle Visser, eds. 2011. *Social Pacts in Europe: Emergence, Evolution and Institutionalization*. Oxford: Oxford University Press.

Baccaro, Lucio. 2002. "The construction of "democratic" corporatism in Italy." Politics & Society 30.2: 327-357.

Baccaro, Lucio. 2006. "Civil Society Meets the State: Towards Associational Democracy?". *Socio- Economic Review* 4(2):185-208.

Baccaro, Lucio. 2014. "Similar structures, different outcomes: corporatism's resilience and transformation (1974–2005)." *Review of Keynesian Economics* 2(2), 207-233.

Baccaro, Lucio and Sang-Hoon Lim. 2007. "Social Pacts as Coalitions of the Weak and Moderate: Ireland, Italy and South Korea in Comparative Perspective." *European Journal of Industrial Relations* 13(1):27-46. doi: 10.1177/0959680107073965.

Baccaro, Lucio Marco & Simoni. 2007. "Centralized wage bargaining and the "Celtic Tiger" phenomenon." *Industrial Relations: A Journal of Economy and Society* 46(3), 426-455.

Baccaro, Lucio and Marco Simoni. 2008. "Policy Concertation in Europe: Understanding Government Choice." *Comparative Political Studies* 41(10):1323-48.

Baccaro, Lucio and Marco Simoni. 2010. "Organizational Determinants of Wage Moderation." *World Politics* 62:594-635.

Belhedi, Amor. (2017). Disparités spatiales et développement régional en Tunisie (Texte de la communication).

Bergin, Adele, John Gerald, Ide Kearney & Cormac O'Sullivan. 2011. "The Irish fiscal crisis." *National Institute Economic Review* 217(1), R47-R59.

Campero, Guillermo. 2001. *Trade union responses to globalization: Chile*. Geneva: ILO.

Chayes, Sarah. 2014. "How a leftist labour union helped force Tunisia's political settlement." *Carnegie Endowment*, March 27.

COMETE (2016) Evaluation à Mi-Parcours du programme de développement intégré (PDI), Commissariat Général du Développement Régional.

Comité National De Politique Economique (2015) Programme pluriannuel pour le pacte de convergence, de stabilité, de croissance et de solidarité 2016-2020, Ministère de l'économie et des finances. Retrived from: http://www.dpee.sn/-Programme-pluriannuel-de-.html?lang=fr

Culpepper, Pepper D. 2008. "The Politics of Common Knowledge: Ideas and Institutional Change in Wage Bargaining." *International Organization* 62(01):1-33. doi:10.1017/S0020818308080016.

D'Art, Daryl and Thomas Turner. 2011. "Irish Trade Unions under Social Partnership: A Faustian Bargain?" *Industrial Relations Journal* 42(2):157-73. doi: 10.1111/j.1468-2338.2011.00617.x.

De, Yéro (2016 - draft) L'expérience du Dialogue social au Sénégal, BIT.

Dillman, Bradford. 1998. "The political economy of structural adjustment in Tunisia and Algeria". *The Journal of North African Studies* 3.3, pp. 1-24.

Emmenegger, Patrick. 2014. *The power to dismiss: Trade unions and the regulation of job security in Western Europe*. Oxford: Oxford University Press.

European Commission. 2011. "The Economic Adjustment Programme for Ireland." *Directorate-General for Economic and Financial Affairs, Occasional Paper no. 76.*

Falabella, Guillermo and Fraile, Lydia. 2010. "Tripartism and Economic Reforms in Uruguay and Chile." in *Blunting Neoliberalism*, edited by Lydia Fraile. London: Palgrave Macmillan.

Flanagan, Robert J., David W. Soskice and Lloyd Ulman. 1983. *Unionism, Economic Stabilization, and Incomes Policies: European Experiences*. Washington, D.C.: Brookings.

Fraile, Lydia. 2009. "Lessons from Latin America's neo-liberal experiment: An overview of labour and social policies since the 1980s." *International Labour Review* 148(3) 215-233.

Fraile, Lydia (Ed.). 2010. *Blunting neoliberalism: tripartism and economic reforms in the developing world*. Springer.

Ghellab, Youcef and Konstantinos Papadakis. 2011. "The politics of economic adjustment in Europe: State unilateralism or social dialogue?" in *The Global Crisis: Causes, Responses, and Challenges/Essays from an ILO perspective*, edited by the ILO. Geneva: ILO, pp. 81-92.

Hancké, Bob & Martin Rhodes. 2005. "EMU and labour market institutions in Europe: The rise and fall of national social pacts". *Work and occupations* 32(2), 196-228.

Hassel, Anke and Christof Schiller. 2010. *Der Fall Hartz Iv: Wie Es Zur Agenda 2010 Kam Und Wie Es Weitergeht*: Campus Verlag.

Haut Conseil du Dialogue Social (2018, February 6th) Le Sénégal désigne quatre points focaux nationaux et jette les bases d'une stratégie nationale de promotion. Retrieved from http://hcds.sn/le-senegal-designe-quatre-points-focaux-nationaux-et-jette-les-bases-dune-strategie-nationale-de-promotion/ (18.04.2018).

Haut Conseil du Dialogue Social (2018, February 6th) Le Sénégal désigne quatre points focaux nationaux et jette les bases d'une stratégie nationale de promotion. Retrieved from http://hcds.sn/le-senegal-designe-quatre-points-focaux-nationaux-et-jette-les-bases-dune-strategie-nationale-de-promotion/ (18.04.2018).

Haut Conseil du Dialogue Social (2018b, January, 13th) Institutions de base du dialogue social : Vers la création d'un groupe de travail pour l'élaboration d'un programme commun. Retrieved from: http://hcds.sn/video-institutions-de-base-du-dialogue-social-vers-la-creation-dun-groupe-de-travail-pour-lelaboration-dun-programme-commun/

Human Rights Council (2018) Report of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of human rights, particularly economic, social and cultural rights, on his mission to Tunisia.

ILO. 2013. "ILO head hails the signing of new social pact in Tunisia". ILO Newsroom (http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_201439/lang--de/index.htm, accessed 17 April 2017). 14 January 2013.

__. 2016. *Global Wage Report 2016-17*. Geneva: ILO.

__ (2016b, October 26th) Concept Note - Third phase project: "Promoting social dialogue and strengthening labour governance in Tunisia".

__ (2017) La discrimination un principe constitutionnel à concrétiser pour la promotion de l'emploi décent dans les régions.

__ (2017b) Le contrat social – Un exemple innovant de Programme par Pays pour le Travail Décent (PPTD) pour la Tunisie 2017-2022.

__ (2017c, July 21st) One more step towards decent work in Tunisia, Press release. Retrieved from: http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_565882/lang--en/index.htm.

__ (2017d, March 22nd) Project Document Template (PRODOC), "Promoting social dialogue and strengthening labour governance in Tunisia – 3rd phase".

__ (2018) Dialogue en Bref, Transition vers la formalité: le rôle crucial du dialogue social. Edition No.1.

__ (2018b*). Social dialogue and tripartism*. A recurrent discussion on the strategic objective of social dialogue and tripartism, under the follow-up to the ILO Declaration on Social Justice for a Fair Globalization, 2008. Report VI. International Labour Conference, 107th Session, Geneva: ILO.

IMF. 2010. *Staff Report for the 2010 Article IV Consultation: Spain*. Washington, DC: IMF.

ITUC. 2013. " ITUC welcomes social pact in Tunisia". *ITUC-CSI-IGB News* (https://www.ituc-csi.org/ITUC-welcomes-social-pact-in, accessed 17 April 2017), 14 January 2013.

Karasapan, Omar. 2015. "Toward a new social contract in Tunisia". *Brookings Future Development* (https://www.brookings.edu/blog/future-development/2015/10/27/toward-a-new-social-contract-in-tunisia/, accessed April 17). October 27, 2015.

Katzenstein, Paul. 1985. *Small states in world markets: Industrial policy in Europe*. New York: Cornell University Press.

Kelly, Morgan. 2010. "Whatever Happened to Ireland?". CEPR Discussion Paper no. 7811.

Khefifi, W. (2018, April, 8th) Régime de sécurité sociale : la réforme divise les partenaires sociaux, Le Temps. Retrieved from : http://www.letemps.com.tn/article/107604/r%C3%A9gimes-de-s%C3%A9curit%C3%A9-sociale-la-r%C3%A9forme-divise-les-partenaires-sociaux

Lavoie, Marc and Engelbert Stockhammer (eds.). 2014. "Wage-led Growth: An equitable strategy for economic recovery". International Labour Office, January 2014.

Mares, Isabella. 2006. *Taxation, wage bargaining, and unemployment*. Cambridge: Cambridge University Press.

Masson, J-R. (2016, June 24th) Formation en Tunisie : l'histoire mouvementée de ces 15 dernières années, Metis. Retrieved from: http://www.metiseurope.eu/formation-en-tunisie-l-histoire-mouvementee-de-ces-15-derni-res-annees_fr_70_art_30383.html.

McDonough, Terrence and Tony Dundon. 2010. "Thatcherism Delayed? The Irish Crisis and the Paradox of Social Partnership." *Industrial Relations Journal* 41(6):544-62. doi: 10.1111/j.1468-2338.2010.00585.x.

Merler, Silvia and Jean Pisani-Ferry. 2012. "Sudden Stops in the Euro Area." *Bruegel Policy Contribution* 2012/06.

Michels, Robert. [1911] 1962. *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy*. New York : Collier Books.

Ministry of Social Affairs (2017, February, 1st) La réforme de la sécurité sociale en tête des grandes réformes de l'année 2017, retrieved from : http://www.social.tn/index.php?id=18&L=0&tx_ttnews[pS]=1516460640&tx_ttnews[pointer]=6&tx_ttnews[tt_news]=4610&tx_ttnews[backPid]=18&cHash=57a3e922202ca0d310a89a724fbb309e

Ministry of Social Affairs (2018, January 13th) Tunisie : un ensemble de mesures à caractère social au profit des catégories démunies. Retrieved from: http://www.social.tn/index.php?id=18&L=0&tx_ttnews[pS]=1516461269&tx_ttnews[tt_news]=5450&tx_ttnews[backPid]=18&cHash=713a89ef3a294f8aa1294a78c28f3454

Ministère de la formation et de l'emploi (2013) Reforme du dispositif national de la formation professionnelle - Document d'orientation et plan d'operations 2014-2018. Retrieved from: http://www.emploi.gov.tn/fileadmin/user_upload/Formation_Professionnelle/PDF/Reforme_FP_Tunisie-Fr.pdf

Molina, Oscar and Fausto Miguélez, 2014. "From negotiation to imposition: Social dialogue in times of austerity in Spain", in *The governance of policy reforms in Southern Europe and Ireland: Social dialogue actors and institutions in times of crisis,* edited by Konstantinos Papadakis and Youcef Ghellab. Geneva: ILO, p. 87.

Montecinos, Carmen. 2009. "Reforming educational reform: teachers' union leading teacher esearch in Chile." *Educational Action Research* 17.1, pp. 133-142.

Murphy, Emma C. 2001. "Economic Reform and the State in Tunisia", in *The State and Global Change: The Political Economy of Transition in the Middle East and North Africa,* edited by Hakimian, Hassan, and Ziba Moshaver. Richmond, UK: Curzon Press, p. 142.

National Business Agenda (2016) Rapport sur l'accord de carthage les priorites economiques de la tunisie. Retrieved from :

file:///C:/Users/Cauqui/Downloads/RAPPORT_SUR_L%E2%80%99ACCORD_DE_CARTHAGE_LES_PRIORITES_ECONOMIQUES_DE_LA_TUNISIE%20(1).pdf

O'Donnell, Rory and Damian Thomas. 2002. "Ireland in the 1990s: Policy Concertation Triumphant." in *Policy Concertation and Social Partnership in Western Europe: Lessons for the Twenty-First Century*, edited by S. Berger and H. Compston. Oxford: Berghan Books, pp. 167-189.

OECD. 2010. *Economic Surveys: Spain 2010.* Paris : OECD.

OECD (2016) Programme du séminaire « Une meilleure gouvernance locale pour un développement régional inclusif en Tunisie : Discussion avec la société civile de la réforme de décentralisation et des projets de lois y afférents ».

Ost, David. 2000. "Illusory corporatism in Eastern Europe: Neoliberal tripartism and post communist class identities." *Politics & Society* 28(4), 503-530.

Ouanes, Y. (2018, April 17th) Tunisie: 417 millions de dollars pour le développement régional, Anadolu Agency. Retrived from: https://aa.com.tr/fr/afrique/tunisie-417-millions-de-dollars-pour-le-d%C3%A9veloppement-r%C3%A9gional/1120971.

Papadakis, Konstantinos and Youcef Ghellab (eds). 2014. *The governance of policy reforms in Southern Europe and Ireland: Social dialogue actors and institutions in times of crisis.* Geneva: ILO.

Ost, David. 2000. "Illusory Corporatism in Eastern Europe: Neoliberal Tripartism and Postcommunist Class Identities." *Politics and Society* 28(4):503-30.

Pedersini, Roberto and Marino Regini, 2014. "Coping with the crisis in Italy: Employment relations and social dialogue amid recession", in *The governance of policy reforms in Southern Europe and Ireland: Social dialogue actors and institutions in times of crisis*, edited by Konstantinos Papadakis and Youcef Ghellab. Geneva: ILO, p. 109.

Pizzorno, Alessandro. 1978. "Political Exchange and Collective Identity in Industrial Conflict." pp. 277-98 in *The Resurgence of Class Conflict in Western Europe since 1968*, edited by C. Crouch and A. Pizzorno. London: Macmillan.

Pontusson, Jonas and Peter Swenson. 1996. "Labor markets, production strategies, and wage bargaining institutions: The Swedish employer offensive in comparative perspective." *Comparative political studies* 29(2), 223-250.

Regan, Aidan. 2011. "The Rise and Fall of Irish Social Partnership: Euro-Irish Trade Unionism in Crisis?". *Unpublished Manuscript*, University College Dublin.

Regan, Aidan. 2013. "The impact of the eurozone crisis on Irish social partnership: A political economy analysis." *ILO DIALOGUE Working Paper No. 49*.

Regan, Aidan. 2014. "The impact of the Eurozone adjustment on Ireland", in *The governance of policy reforms in Southern Europe and Ireland: Social dialogue actors and institutions in times of crisis*, edited by Konstantinos Papadakis and Youcef Ghellab. Geneva: ILO, p. 109.

République du Sénégal (2016) Rapport final sur la journée de lancement du dialogue national tripartite de l'initiative du centenaire sur l'avenir du travail.

République du Sénégal (2002) Charte nationale sur le dialogue social.

République du Sénégal (2014) Pacte national de stabilité sociale et d'émergence économique.

République du Sénégal (2016) Rapport final sur la journée de lancement du dialogue national tripartite de l'initiative du centenaire sur l'avenir du travail.

Rhodes, Martin. 1998. "Globalization and the Welfare State. The Emergence of Competitive Corporatism." *Revue Suisse de Science Politique* 4(1): 99-107.

Rodrik, Dani. 1996. "Understanding economic policy reform." Journal of economic literature 34.1: 9-41.

SAMEF (2018) Etude stratégique pour le développement du gouvernorat de Bizerte à l'horizon 2030, Commissariat Général du Développement Régional.

Scharpf, Fritz W. 1991. *Crisis and choice in European social democracy*. New York: Cornell University Press.

Schmitter, Philippe. 1981. "Interest Intermediation and Regime Governability in Contemporary Western Europe and North America." Pp. 287-330 in *Organizing Interest in Western Europe, edited by S. Berger.* New York: Cambridge University Press.

Sheehan, Brian. 2010. "Public Sector Unions Launch Action against Pay Cuts." *EIRO online (http://www.eurofound.europa.eu/eiro/2010/01/articles/ie1001039i.htm, accessed April 1, 2010)*. 15 March.

Sidhom, H and Arfa, C. (2017) Le Réferenciel des Indicateurs de Développent Régional, Commissariat Général du Développement Régional.

Soskice, David. 1990. "Wage Determination: The Changing Role of Institutions in Advanced Industrialized Countries." *Oxford Review of Economic Policy* 6(4):36-61.

Stokes, Susan C. 2001. *Mandates and democracy: Neoliberalism by surprise in Latin America.* Cambridge University Press.

Streeck, Wolfgang and Philippe C. Schmitter. 1991. "From National Corporatism to Transnational Pluralism: Organised Interests in the Single European Market." *Politics and Society* 19(2):133-64.

Summers, Lawrence. 2014. "U.S. Economic Prospects: Secular Stagnation, Hysteresis, and the Zero Lower Bound." *Business Economics* Vol. 49, No. 2

Sy, M. (2016) Journée de lancement du dialogue national tripartite de «l'initiative du centenaire sur l'avenir du travail», Ministère du Travail, du Dialogue social, des Organisations professionnelles et des Relations avec les Institutions. Retrieved from: http://www.travail.gouv.sn/node/106

Tarantelli, Ezio. 1986. *Economia Politica Del Lavoro*. Turin, Italy: UTET.

Tarantelli, Ezio. 1986b. "The regulation of inflation and unemployment." *Industrial Relations: A Journal of Economy and Society* 25(1), 1-15.

Taylor, Marcus. 2004. "Labor reform and the contradictions of "growth with equity" in postdictatorship Chile." *Latin American Perspectives* 31.4, pp. 76-93.

Traverso, Diego Barría, Eduardo Araya Moreno, and Oscar Drouillas. 2012. "Removed from the Bargaining Table: The CUT during the Bachelet Administration." *Latin American Perspectives* 39.4, pp. 85-101.

Utica (2018, April, 5th) Journée de réflexion sur le « programme du travail décent en Tunisie ». Retrieved from http://www.utica.org.tn/Fr/actualites_7_9_D1676#.Wtm22y5ubct.

Visser, Jelle. 2016. *ICTWSS Data base*. Version 5.1. Amsterdam: Amsterdam Institute for Advanced Labor Studies (AIAS), University of Amsterdam. September 2016.

Visser, Jelle. 2016b. "What happened to collective bargaining during the great recession?". *IZA Journal of Labor Policy* 5(1), 9.

Visser, Jelle and A. Hemerijck. 1997. A Dutch Miracle: *Job Growth, Welfare Reform and Corporatism in the Netherlands*. Amsterdam: Amsterdam University Press.

Volker, Frank. 2002. "The Elusive Goal in Democratic Chile: Reforming the Pinochet Labor Legislation." *Latin American Politics and Society* Vol. 44, No. 1 (Spring, 2002), pp. 35-68.

Volker, Frank. 2004. "Politics without Policy: The Failure of Social Concertation in Democratic Chile, 1990-2000." *in Victims of the Chilean Miracle: Workers and Neoliberalism in the Pinochet Era*, 1973–2002 edited by Peter Winn. Duke University Press.

Whelan, Karl. 2011. "Ireland’s Sovereign Debt Crisis." *UCD Centre for Economic Research, WP 11/09.*

World Bank (2015) Consolidation de la Politique de Protection Sociale et d’Emploi en Tunisie Renforcer les Systèmes, Connecter à l’Emploi - Note de Politique. Rapport No. 103218-TN, Departement du Maghreb Region de Moyen Orient et l’Afrique du Nord.

Yoon, Y. 2009. *A comparative study on industrial relations and collective bargaining in East Asian countries*. Geneva: ILO.