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**Autor:** Baccaro, Lucio / Heeb, Stefan

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## Tripartite Responses to the Global Financial Crisis: A Qualitative Comparative Analysis

Lucio Baccaro\* and Stefan Heeb\*

### 1 Introduction

The global financial and economic crisis which exploded in late 2008 has led governments around the world, and particularly in Western countries, to engage in a complicated balancing act trying to reconcile different policy goals. On the one hand they need to minimize the social consequences of the crisis, protect employment as much as possible, and strengthen the social safety nets for those who lose their jobs. On the other hand, the need to intervene massively to restore the balance sheets of banks and other financial institutions, combined with the shortfall in public finances that always accompanies a recession, creates opposite incentives to cut public expenditures and social programs.

The response to the crisis has played itself out in two stages. In an early, Keynesian phase, the main focus has been on minimizing the employment and social consequences. From 2009 on, however, under pressure from financial markets preoccupied with the unsustainable debt position of particular Euro-area countries, governments have become much more concerned with debt reduction and fiscal consolidation than with social sustainability (Torres 2010).

Tripartism, namely negotiations between trade unions, employer associations, and the state, has played an important role in the early response to the crisis. In several countries, at either the national or the sectoral levels, bipartite (unions/employers) or tripartite (unions/employers/government) negotiations have led to “pain-sharing” agreements in which workers have accepted to work fewer hours with a commensurate reduction in pay in an effort to minimize labor shedding and preserve human capital. In turn, employers have promised to recur to layoffs only as an *extrema ratio*, when all other possibilities (e. g. internal flexibility, training) have been exhausted. Governments have in some cases partially compensated the workers’ income losses, extended unemployment insurance, and promoted the requalification and movement of workers from declining firms and sectors to expanding ones.

The International Labour Organization (ILO), a specialized United Nations agency in charge of labor and social policy at the global level, has consistently pro-

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\* Département de Sociologie, Université de Genève, CH-1211 Genève 4, lucio.baccaro@unige.ch and stefanheeb@hotmail.com.

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moted a tripartite approach to crisis response, arguing that it is both more efficient – as it contributes to support aggregate demand in a period in which individual decisions to increase savings lead to an aggregate decline in consumption and investment and thus threaten to plunge the world into a pernicious deflationary spiral – and more equitable, as it protects the weakest segments of society from the vagaries of the market. In 2009 the ILO constituents (unions, employers, and governments) adopted a Global Jobs Pact crucially centered on tripartism at both the national and international level as a way to increase employment at a time of crisis (ILO 2009b).

This article seeks to identify the conditions in which a tripartite response to the crisis emerges. It uses information on 44 countries collected through a standardized questionnaire filled in by country or regional experts, as well as various additional primary and secondary sources. The questionnaire was commissioned and administered by the ILO, which financed the study (ILO 2010a). The authors of this article provided technical assistance and supervised the process of data collection. The analysis relies on Charles Ragin's (1987) Qualitative Comparative Analysis (QCA). The methodology focuses on identifying necessary and sufficient conditions for a given outcome. It is attuned to a complex notion of causality in which the same outcome may be produced by different configurations of factors (Ragin 1987; Mahoney and Goertz 2006).

The main conclusions of the analysis are, positively, that freedom of association is a necessary condition for tripartism; negatively, that the combination of a crisis that hits hard and unions that are organizationally weak, or a crisis whose impact is not particularly deep and strong unions, is often sufficient to produce the absence of a tripartite response. The first seems a case in which the government is so hard-pressed by economic emergency that it ignores trade union concerns, while the unions are not strong enough to force consideration of their demands. The second seems a case in which the government fears that involving trade unions in a concerted policy response would imply paying too high a price and would imperil economic adjustment.

The remainder is organized as follows: first, we review the recent evolution of national tripartism; second, we explain the coding of the variables: tripartite response, tripartite legacy, serious crisis, union strength, and freedom of association; third, we conduct a QCA analysis under different assumptions; fourth, we provide ten brief case study illustrations; fifth, we conclude with a summary of results.

## 2 The Evolution of National Tripartism in Recent Years

Until few years ago, the argument that national tripartism, also known as “macrocorporatism”, had been rendered obsolete by a series of socioeconomic transforma-

tions – globalization, European integration, technological change, and a generalized employer offensive – was fairly common in the literature (Schmitter 1989; Streeck and Schmitter 1991; Gobeyn 1993; Streeck 1993; Thelen 1994, 387, 410 and *passim*; Locke 1995; Iversen 1999; Iversen et al. 2000; Hall and Soskice 2001).

Yet national tripartism not only did not die but even experienced an unexpected renaissance in the 1990s and 2000s in the form of “social pacts” (Regini 1997; Wallerstein et al. 1997; Perez 2000; Compston 2002; Molina and Rhodes 2002; Baccaro 2003; Hassel 2003; Hassel 2009; Traxler 2004; Hamann and Kelly 2007; Baccaro and Simoni 2008). Based on index of unions and employers’ involvement in public policy-making, Baccaro and Simoni (2008) have argued that government propensity to negotiate with the social partners and the frequency of agreements have not only not decreased, but actually slightly increased in the past 30 years. In addition, national tripartism spread outside its traditional homeland in Continental Europe, and began to be practiced in other countries as well, such as South Africa and South Korea (Papadakis 2006; Baccaro and Lim 2007).

If previous research had exaggerated the impact of highly symbolic events like the decline of centralized bargaining and tripartite policy-making in Sweden, and had therefore incorrectly concluded that national tripartism was a relic of the past, there is no doubt that the agreements that were signed in Western European countries in the 1990s and 2000s differed considerably from the agreements which had become a distinctive trait of Central European and Scandinavian countries in the 1960s and 1970s. These were based on a form of “political exchange” between unions and governments (Pizzorno 1978), in which the unions committed to wage moderation (thereby contributing to disinflation) and the governments compensated them with more generous social programs and working-time reductions, thus leading to greater income and wage equality and “decommodification” of public services (Korpi 1978; Esping-Andersen 1990).

This type of political exchange was virtually absent in the more recent pacts. Pressed by restrictive international macroeconomic frameworks, governments were unable or unwilling to compensate union forbearance and moderation with “side payments” in other domains. Union “virtue” became pretty much a prize to itself.

In fact, the content of the national tripartite agreements of the 1990s and 2000s was more or less unabashedly neo-liberal and included: systematic compression of wage growth below productivity growth to improve cost competitiveness; labor market liberalization and the reduction of employment protections (supposed to lower unemployment rates); welfare state reforms reducing benefits, tightening eligibility conditions, and shifting a large part of risks from the state (or the employers) to workers or citizens.

This is not to say that there was no difference between a policy reform negotiated in tripartite fashion and one implemented unilaterally by the government under pressure from international markets. However, a tripartite response was only able

to “blunt” neoliberalism; *not* to provide an alternative to it (Fraile 2009). The national tripartite pacts of the 1990s and 2000s helped governments rally the popular consensus needed to pass unpopular and electorally-threatening reforms (Hamann and Kelly 2007; Baccaro and Simoni 2008; Avdagic 2010). Those governments that due to limited parliamentary strength or electoral competition were unable or unwilling to impose unilaterally a series of reforms that were forced on them by international economic conditions found that social pacts were an expedient way to activate an alternative, extra-parliamentary (union-based) mechanism of consensus mobilization (Rhodes 1996; Rhodes 2001; Streeck 2000; Streeck 2006).

When looking at the response to the current global financial and economic crisis, and at the role that tripartism plays in it, it is this more recent type of tripartism that is at play: one that does not produce fundamental policy alternatives but seeks to spread and share the pain, and in so doing increases the legitimacy and political acceptability of the reform package. This type of tripartism seeks to keep labor shedding within acceptable proportions, for example through work-sharing measures, to limit the employment and social consequences of public sector downsizing, and to strengthen the social safety net, for example by extending the duration of unemployment benefits.

Not all countries recur to tripartism when formulating their response to the crisis. The literature on social pacts surveyed above suggests that the presence or the absence of a tripartite response should be dependent on four factors: 1) a legacy of tripartite policy-making; 2) a serious economic crisis that fundamentally threatens the country’s economic and financial viability; 3) the organizational strength of the union movement; 4) (especially important in a developing country context) whether or not trade unions are allowed to organize freely.

A country that has used tripartite channels in the past will probably use them to respond to the financial crisis of 2008–2010, too. All other things being equal, a deep-reaching crisis should induce a government to reach out to the social partners in order to both cushion the effects of the crisis itself and formulate a policy response that is more acceptable and manageable from a social and political point of view. The role played by the unions’ organizational strength is likely contingent on other factors (Baccaro and Lim 2007; Baccaro and Simoni 2008; Avdagic 2010). If the crisis is deep and the unions strong, the unions’ ability to mobilize against a unilateral government plan and potentially block its implementation should increase government’s willingness to negotiate, thus making a tripartite response more likely. However, if the crisis is not deep-reaching and the unions are organizationally weak, the government may either ignore trade unions and proceed unilaterally, or, if a corporatist legacy is present, decide to go through the moves of tripartism as a cosmetic and symbolic affair. The opposite combination, namely that of a crisis which is not very serious and unions that are organizationally strong, may also tend to reduce the incentives for government to negotiate its policy response with trade

unions for fear that these may be able to capitalize on their strength and impose a hefty prize to government. Finally, freedom of association seems *prima facie* a necessary condition for a tripartite response to the crisis. Only unions that are genuinely free to enter into an agreement with the government and the employer associations can really contribute to mobilize consensus for unpopular reforms. It is an empirical question whether a tripartite response is also possible in countries in which no genuine freedom of association exists.

In the remainder of the paper, the determinants of tripartism are examined through a Boolean analysis of necessary and sufficient conditions (Ragin 1987). Information was collected for 44 countries in various regions of the world and at different levels of development: 8 African (Cameroon, Egypt, Nigeria, Senegal, South Africa, Rwanda, Tanzania, and Uganda); 10 American (Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Mexico, Peru, USA, and Uruguay); 2 Caribbean (Jamaica, Trinidad and Tobago); 17 European (Bulgaria, Czech Republic, France, Germany, Hungary, Ireland, Italy, Latvia, Netherlands, Poland, Romania, Russia, Spain, Switzerland, Sweden, Serbia, and United Kingdom); and 7 Asian (Australia, Cambodia, Japan, South Korea, Malaysia, Thailand, and Vietnam).

The analysis begins by coding the various variables (dependent variable: tripartite response; independent variables: tripartite legacy, serious crisis, strong unions, free unions) as a collection of ones (presence) and zeros (absence).

### 3 Coding the Dependent Variable

The dependent variable, whether or not there is a tripartite response to the financial crisis between 2008 and 2010 (T), is coded as 1 in two circumstances: 1) if there is a national-level agreement among government, unions, and employer associations; and/or 2) even in the absence of a tripartite agreement, if unions and employers play an important role in adjustment programs through sectoral level collective agreements; it is coded 0 otherwise. The information is based on a standardized questionnaire filled by country or regional experts (ILO 2010a) as well as on secondary sources, particularly, as far as European countries are concerned, on articles published by *Eironline*.<sup>1</sup>

The countries in which national-level tripartite agreements have been signed, and which for this reason are coded as 1, are nine: South Africa, Brazil, Chile, Jamaica, Czech Republic, Netherlands, Poland, Japan, and South Korea. Countries in which tripartism played a role mostly at the sectoral level and which are also coded as 1 are four: Germany, Italy, Switzerland, and Sweden. All other countries

<sup>1</sup> Country experts (one per country) were selected by the ILO based on its extensive network of consultants. The information conveyed by the experts through the standardized questionnaire was then checked for consistency by the authors using internal ILO sources and other secondary sources. As regards *Eironline*, see <http://www.eurofound.europa.eu/eiro/>.

Table 1 Coding of the Tripartism Variable

Continent	Country	Tripartism	Notes
Africa	Cameroon	0	
	Egypt	0	
	Nigeria	0	
	Senegal	0	No social pact: there was a tripartite pact on minimum wages but negotiations started before (in 2007) and do not seem strictly connected to the crisis response.
	South Africa	1	Social pact: Investment in public infrastructure; countercyclical fiscal policy (stimulus package); public works; industrial policy protecting struggling sectors (e.g. textiles and apparel); various social policies (e.g. unemployment benefits, food grants).
	Rwanda	0	
	Tanzania	0	
	Uganda	0	
Americas	Argentina	0	No true tripartite response; increase of minimum salary; enterprise level agreements cutting wages (70%) or hours (30%).
	Brazil	1	Tripartite extension of unemployment benefits; retraining measures.
	Canada	0	
	Chile	1	Tripartite measures favoring employment retention, training, and social protection.
	Colombia	0	
	Costa Rica	0	
	Mexico	0	
	Peru	0	
	United States	0	
Uruguay	0		
Caribbean	Jamaica	1	Kingston Plan (Caribbean-wide tripartite initiative sponsored by the ILO).
	Trinidad and Tobago	0	Although in theory covered by the Kingston Plan, a nationwide machinery for tripartite dialog still does not exist although the actors have made commitments to establishing it.
Europe	Bulgaria	0	Government acted unilaterally for the most part: increase in minimum wage; more generous unemployment benefits; extension of food voucher system; subsidized employment; erga omnes extension of sectoral agreements.
	Czech Republic	1	Tripartite agreement: 38 short-term anti-crisis measures: preventing misuse of unemployment benefits, reduction of taxes on employees, social housing, training measures.
	France	0	No tripartite response but agreement extending partial unemployment insurance.

*Continuation of Table 1 on the following page.*

*Continuation of Table 1.*

Continent	Country	Tripartism	Notes
	Germany	1	No national agreement, but sectoral agreements on Kurzarbeit; national consultations on crisis response.
	Hungary	0	No pact; minimum wage increases.
	Ireland	0	Failed negotiations.
	Italy	1	Minor agreements: (January 2009) Reform of contractual arrangements (stimulating decentralization); (February 2010) Framework agreement on the training of unemployed and mobility workers; sectoral cooperation on weathering the crisis.
	Latvia	0	Harsh budget increases and tax cuts discussed with the social partners but implemented by government despite their disagreement.
	Netherlands	1	Crisis response negotiated with the trade unions. Measures include labor market and education; infrastructure; sustainability and innovation; and maintaining benefit levels. In exchange unions provided wage moderation and employers committed not to raise the issue of pension age increase.
	Poland	1	Social partners negotiated crisis response in March 2009; government included them in two bills but then social partners claimed government had ignored their proposals.
	Romania	0	Although the government claimed that the anti-crisis measures had been agreed with the social partners, the partners disputed the claim and protested against the "reform" of the public sector pay system.
	Russia	0	Social partner consultation only.
	Spain	0	Tripartite dialog broke over the government's response to the crisis, but a national framework agreement over wages was then signed.
	Switzerland	1	Informal consultations at the national level; sectoral negotiations.
	Sweden	1	Sectoral agreements on temporary lay-offs and training.
	Serbia	0	Consultations with a tripartite-crisis working group but no agreement.
	United Kingdom	0	
Asia	Australia	0	
	Cambodia	0	Sectoral tripartite meetings held but no real agreement.
	Japan	1	March 2009: Framework Agreement for Job Stability and Employment Creation.
	Korea	1	February 2009: Grand Agreement to Overcome the Economic Crisis; KCTU did not participate.
	Malaysia	0	
	Thailand	0	Sectoral consultations.
	Vietnam	0	

are coded as 0. Table 1 provides information on the coding of the T variable for the various countries.

## 4 Coding the Independent Variables

### 4.1 Tripartite Legacy

The tripartite legacy variable (L) is coded as 1 if in the country in question a social pact (peak-level agreement on macroeconomic, social, and/or labor market policy) has been signed in the previous 10 years, or, even in the absence of an explicit social pact, if the country is characterized by “embedded corporatism”, i. e. by an institutional system in which public policy is discussed and/or negotiated with the social partners as a matter of routine.

The countries in the sample in which a social pact was signed in the previous 10 years, and which are therefore coded as 1, are: South Africa, Ireland, Italy, Netherlands, Spain, and South Korea (Papadakis 2006; Baccaro and Lim 2007; Baccaro and Simoni 2007; Baccaro and Pulignano 2011; Molina and Rhodes 2011; Visser and Meer 2011). The notion of social pact is here interpreted narrowly and excludes the mostly cosmetic agreements signed, for example, in some Eastern European and Latin American countries in the past 10 years (Ost 2000; Avdagic 2005; Fraile 2009). The countries coded as 1 because of their “embedded corporatism” (deep-rooted adherence to the practice of tripartite social partnership) are Germany, Switzerland, and Sweden (Lehmbruch 1993; Berger 2002; Fulcher 2002; Leaman 2002; Pestoff 2002; Afonso 2010). All other countries are coded as 0.

### 4.2 Serious Crisis

The “seriousness of the crisis” variable (C) is coded as 1 if the rate of growth of GDP is negative in one or more years between 2008 and 2010 (expected) and 0 otherwise. The data on GDP growth are from the Economist Intelligence Unit (EIU) country profiles.<sup>2</sup>

Using negative GDP growth as an indicator of a serious crisis is less than ideal but creates fewer problems than other plausible indicators. In particular, GDP growth seems less endogenously-determined by the response to the crisis than other possible indicators. For example, using the change or the level of unemployment as an indicator of a serious crisis would make the concept of crisis depend on the social protection system of a particular country: given the same shock, a country with a weak social safety net would experience a higher increase in the unemployment rate than another country with a stronger social safety net. Similar considerations also apply to other possible indicators of crisis like public deficit and/or debt.

<sup>2</sup> See <http://www.eiu.com/Default.aspx>, subscription required (accessed in June 2010).

The countries in which there has not been a serious economic crisis according to the above definition (coded as 0) are: Cameroon, Egypt, Nigeria, Senegal, Rwanda, Tanzania, Uganda, Argentina, Colombia, Peru, Uruguay, Poland, Australia, Korea, and Vietnam. All other countries are coded as 1. It is noteworthy that all European countries except Poland have experienced negative growth in at least one year and are therefore coded as 1.

#### 4.3 Union Strength

The union strength variable (S) is coded as 1 if the country's union density rate (union members/workers) is around 20 percent or higher according to the most recent estimates available. The countries in which the unions can be considered organizationally strong according to the above threshold and S is coded as 1 are: South Africa, Argentina, Canada, Bulgaria, Czech Republic, Germany, Ireland, Italy, Netherlands, Romania, Russia, Switzerland, Sweden, Serbia, UK. All other countries are coded as 0.<sup>3</sup>

#### 4.4 Freedom of Association

The freedom of association variable (F) has been coded by consulting the International Trade Union Confederation/International Confederation of Free Trade Unions (ITUC/ICFTU) Annual Survey of Trade Union Rights, focusing in particular on effective de facto and de jure freedom to organize, freedom of collective bargaining, and freedom of strike.<sup>4</sup> The countries in the sample which have been coded as 0, i. e. those in which freedom of association is not guaranteed, are: Cameroon, Egypt, Nigeria, Rwanda, Tanzania, Uganda, Colombia, Costa Rica, Mexico, Trinidad and Tobago, Russia, Serbia, Cambodia, Malaysia, Thailand, and Vietnam. All other countries have been coded as 1.

### 5 Qualitative Comparative Analysis

QCA is based on Boolean algebra and considers all possible logical combinations of the independent variables, which may take a value of 1 (presence) or 0 (absence). If an independent variable is present it is indicated by a capital letter (e. g. L); if it is absent by a lower-case letter (e. g. l). Since there are 4 independent variables, the number of possible combinations of factors is  $2^n = 2^4 = 16$ . The matrix of the

<sup>3</sup> The sources used for union density are the Visser database (Visser 2009) for advanced capitalist economies, and an ILO database with data on a selected number of Latin American, Asian and other countries (Baccaro 2008).

<sup>4</sup> The ITUC/ICFTU tends to focus on the practical application of freedom of association standards, rather than on their de jure presence. See <http://www.icftu.org/list.asp?Order=Type&Type=TURRSurvey&Language=EN&Subject=TUR>.

Table 2 Truth Table and Distribution of Cases\*

Legacy	Crisis	Strength Unions	Freedom of Association	Cases	Countries	Frequency	Frequency > 0	Frequency > .5
0	0	0	0	8	<b>Cameroon, Egypt, Nigeria, Rwanda, Tanzania, Uganda, Colombia, Vietnam</b>	0.00	0	0
0	0	0	1	5	<b>Senegal, Peru, Uruguay, Poland, Australia</b>	0.20	1	0
0	0	1	0	0				
0	0	1	1	1	<b>Argentina</b>	0.00	0	0
0	1	0	0	6	<b>Costa Rica, Trinidad, Mexico, Cambodia, Malaysia, Thailand</b>	0.00	0	0
0	1	0	1	7	<b>Brazil, Chile, US, France, Jamaica, Hungary, Latvia, Japan</b>	0.50	1	0
0	1	1	0	2	<b>Russia, Serbia</b>	0.00	0	0
0	1	1	1	6	<b>Canada, Bulgaria, Czech Rep, Romania, UK</b>	0.20	1	0
1	0	0	0	0				
1	0	0	1	1	<b>Korea</b>	1.00	1	1
1	0	1	0	0				
1	0	1	1	0				
1	1	0	0	0				
1	1	0	1	1	<b>Spain</b>	0.00	0	0
1	1	1	0	0				
1	1	1	1	7	<b>South Africa, Germany, Ireland, Italy, Netherlands, Switzerland, Sweden</b>	0.86	1	1

\*Positive cases in semi-bold.

16 possible combinations is reported in Table 2 together with the countries that correspond to the particular combinations.

The first row in Table 2 corresponds to the combination *lcsf*, i. e. absence of a tripartite legacy, absence of a serious crisis, absence of strong unions, and absence of freedom of association. Eight countries are characterized by the above combination of factors: Cameroon, Egypt, Nigeria, Rwanda, Tanzania, Uganda, Colombia, and Vietnam. None of these countries has seen a tripartite response to the crisis according to the information that we collected. This can be expressed formally as  $lcsf = t$ .

The last row in Table 2 corresponds to the opposite combination *LCSF*, i. e. presence of a tripartite legacy, presence of a serious crisis, presence of strong unions, and presence of freedom of association. Seven countries are characterized by this combination: South Africa, Germany, Ireland, Italy, Netherlands, Switzerland, and Sweden. All except Ireland have seen the emergence of a tripartite response to the crisis. This can be expressed formally as  $LCSF = T$ .

This leads to the problem of contradictory rows (Ragin 1987). Not all possible combinations of factors are characterized by univocal responses. In some cases, the same combination is associated with presence in some countries and absence in others. Yet a requirement of a Boolean analysis is that all variables be coded as either 0's or 1's.<sup>5</sup> So, the outcome variable is coded in two different ways, one less restrictive and the other more: it is coded as 1 if the frequency of positive cases for the row in question is greater than 0, i. e. if there is at least one positive case; alternatively, it is coded as 1 if the row frequency is greater than 0.5, i. e. if a positive outcome is the most frequent outcome; in all other cases, the outcome variable is coded as 0. Strictly speaking, the presence of contradictory rows in a Boolean framework signals a problem with the theoretical model: there may be omitted variables which would distinguish, if taken into consideration, between positive and negative cases within the logical combination. One possible omitted variable which future research should take into account is the strength of government (Baccaro and Simoni 2008; Hamann and Kelly 2010; Avdagic et al. 2011). In fact, it is conceivable that if a government is firmly in power, has little to fear from the opposition, and has sufficient political power to implement the adjustment plan it chooses, it would have fewer incentives to engage in tripartism than a government that does not have the above characteristics.

The first step in the analysis is to identify the configurations of factors that are sufficient to produce the outcome of interest, i. e. a tripartite response (T). As

<sup>5</sup> A solution to this predicament would be to move from "crisp" to "fuzzy" set methodology. This would make it possible to code degrees of membership in a particular category (Ragin 2000). However, a fuzzy-set methodology would require more in-depth knowledge of the cases and a fair amount of questionable assumptions in order to calibrate the variables and decide both what the tipping points between membership and non-membership are and the various degrees of membership. While a fuzzy-set extension would be advisable, given the state of knowledge of particular cases a choice was made to keep the analysis at the Boolean level.

revealed by Table 3, if the outcome is  $\text{Frequency} > .5$  there are only two possible configurations capable of producing a tripartite response:

$$T_1 = LcsF + LCSF \quad (1)$$

If a broader operationalization of the outcome variable ( $\text{Frequency} > 0$ ) is used then there are five possible combinations producing a tripartite response:

$$T_2 = lcsF + lCsF + lCSF + LcsF + LCSF \quad (2)$$

Not surprisingly, the first is a subset of the second. The formula suggests that a tripartite response is produced in countries where freedom of association is guaranteed *and* there is no corporatist legacy, the crisis is not particularly serious, and the unions not particularly strong (the case of Poland), *or* there is no corporatist legacy, the crisis is serious, and the unions are weak (the cases of Brazil, Chile, Jamaica, and Japan), *or* there is no corporatist legacy, but the crisis is serious and the union are strong (the case of the Czech Republic), *or* there is a corporatist legacy, the crisis is serious, and the unions are strong (the cases of South Africa, Germany, Italy, Netherlands, Switzerland, and Sweden), *or* there is a tripartite legacy, the crisis is not serious, and the unions are not strong. The latter is presumably a case of routine, cosmetic tripartism and seems to approximate the situation of Korea, where it has become customary for the Korea Tripartite Commission to initiate discussions among (some of) the social partners on current public policy issues independently of the real impact of these discussions on policy decisions.

One thing that transpires immediately from the above sums of Boolean products is that freedom of association (F) appears in all positive combinations, i. e. it is a necessary condition for a tripartite response (Little 1991).

The second step in the analysis is the use of the rules of Boolean algebra to simplify the expressions if possible. While (1) can not be further simplified, (2) can be reduced to the following expression:

$$T_2 = lSF + lCF + CSF + csF \quad (3)$$

Applying De Morgan's rule to (1) and simplifying gives the following formula identifying the conditions for non-emergence of a tripartite response:

$$t_1 = l + Cs + cS + f \quad (4)$$

Applying De Morgan's rule to (3) and simplifying gives the following formula:

$$t_2 = cS + LCs + f \quad (5)$$

Three broad configurations emerge: 1) the absence of trade union freedom per se is a sufficient condition for the absence of a tripartite response; 2) a crisis that is serious and unions that are weak lead to non-emergence of a tripartite response (even in the presence of a tripartite legacy), presumably because the crisis generates such a

sense of urgency that the governments do not bother to negotiate with weak trade unions; 3) unions that are strong and a crisis that is not particularly serious also leads to non-emergence, presumably because governments are worried that unions would impose too high a price in negotiations. The first configuration captures the cases of various countries such as Cameroon, Egypt, Nigeria, Rwanda, Tanzania, Uganda, Colombia, Vietnam, Costa Rica, Trinidad, Mexico, Cambodia, Malaysia, Thailand, Russia, and Serbia, in which there is no tripartite response because there is no freedom of association. The second configuration, weak crisis and strong unions, captures the case of Argentina. The third configuration captures the case of Spain, where there is a tripartite legacy, the crisis hits extremely hard, and the unions are weak in organizational terms. The government is forced by economic duress to impose a series of conditions (e.g. labor market reform) that the unions are unable to accept and decides therefore to proceed unilaterally.

## 6 Dealing with Limited Diversity

Inspection of the truth table (Table 2) reveals that six possible combinations of factors have no support in the data. So far we have implicitly assumed that they are unable to produce the outcome of interest, i. e. a tripartite response. Now we explicitly examine the plausibility of this assumption. Five out of six missing rows are characterized by a value of 0 on freedom of association. For these five configurations it seems plausible to assume that the tripartite variable would take a value of 0 because freedom of association has emerged as a necessary condition for tripartism. For the sixth configuration, however, that of tripartite legacy (L), not-so-serious crisis (c), strong unions (S), and freedom of association (F), it is not straightforward to assume that such configuration would not produce a tripartite response. Perhaps it would. We therefore impute a value of 1 to the tripartism variable corresponding to this configuration and reanalyze the truth table accordingly.

When  $T = 1$  if frequency  $> 0$ , re-analysis of the truth table leads to the following simplified formula:

$$T_3 = lsF + csF + lCF + CSF + LSF \quad (6)$$

Applying the De Morgan's rule and simplifying gives:

$$t_3 = LCs + lcS + f \quad (7)$$

Again, the absence of freedom of association is a sufficient condition for tripartism not to emerge, independent of other circumstances. In addition, tripartism does not emerge when in the presence of a corporatist legacy the crisis hits hard and the unions are not strong enough to impose an agreement to government, or vice versa, in a context in which there is no legacy, the crisis is not dramatic and the unions are

so strong that the government fears having to pay too high a price to them. In the next section we provide illustrations of various configurations of factors based on country case studies. The analysis covers the period until June 2010.

## 7 Country Experiences

### 7.1 Germany

Germany was hit hard by the global economic crisis: in 2009 its economy contracted by 4.9 percent, although it rebounded in 2010. Unemployment peaked at 8.1 percent in February 2009 after reaching a two-year low of 6.3 percent in October 2008, and then oscillated between 7 and 8 percent.

The country has a tradition of corporatist policy-making: the unions play an important institutional role in the administration of labor market and social policy and are generally consulted on major policy decisions. However, national tripartite pacts are not a characteristic of German industrial relations. The unionization rate is around 20 percent; the collective bargaining coverage rate is higher because large firms are generally members of employer associations. For this reason the country was coded as hosting a strong labor movement. There are no important violations of trade union rights.

Germany's response to the financial crisis included national tripartite dialog only at a consultative level. Nonetheless, the union involvement was considerable, particularly at the sectoral/subnational level, which justifies coding the country as a case of tripartite response (Demetriades and Kullander 2009, 26; Ghellab 2009, 6; Freyssinet 2010, 25 ff.; ILO 2010a; ILO 2010b). The Federal Chancellor convened a tripartite summit in December 2008 with a view to discussing the impact of the crisis on the national economy and outlining the Federal Government's stimulus package. The results of this exchange of views between the tripartite partners were taken into consideration when the adjustment package was implemented in January 2009. Further high-level conferences were held in January and April 2009 along with numerous consultations at the state and local levels. All of these consultations focused on protecting employment levels.

The main measure taken was the extension of the short-time working scheme (*Kurzarbeit*), under which the government provided subsidies allowing people to work fewer hours without suffering a commensurate drop in earnings. The number of workers covered by the measure exceeded 1.5 million in May 2009, and has since begun to decline. An in-depth analysis conducted by the Federal Employment Service in October 2009 concluded that in the month of June 2009 there was an average reduction in working time of 30.5 per cent, corresponding to the preservation of about 432,000 full-time equivalent jobs. A job loss of such magnitude would have added one percentage point to the unemployment rate. It can thus be argued that

an “implicit tripartism” contributed to limit the adverse effects on the German labor market (Freyssinet 2010, 26). In addition, numerous sectoral collective bargaining agreements exchanged pay freezes for limits on redundancies.

The German case illustrates the *LCSF* configuration which is typical of various European countries. In most circumstances this configuration leads to a tripartite response. The peculiarity of Germany is that the response does not take the form of a national pact but mostly of sectoral agreements.

## 7.2 Switzerland

Switzerland has been moderately hit by the global economic crisis. Real GDP grew by 1.8 percent in 2008 but the growth rate became negative by 1.5 percent in 2009. Therefore the crisis qualifies as serious according to the criterion adopted in this study. The growth rate had been around 3 percent in the previous years. Unemployment increased from 2.5 percent in the fall of 2008 to 3.5 percent in the spring of 2009, reaching 4.5 percent in early 2010 and moving downwards to 3.8 percent afterwards.

Similar to Germany, the country has a tradition of “embedded corporatism” in the sense that the unions and employers are routinely consulted during the process of public policy elaboration. Labor law respects basic trade union rights. Union density is around 20 percent and collective bargaining coverage higher.

Similar to Germany, there was no formal national tripartite social pact in response to the crisis in Switzerland. However, the concerned interest groups were incorporated in the usual consultation procedures of the relevant ministries. In addition, and again similar to Germany, measures aimed to subsidize reduced working hours in exchange for relative employment stability were negotiated at the sectoral and industry level (ILO 2010a).<sup>6</sup>

The Swiss case also illustrates the *LCSF* configuration. Even more than Germany, however, the tripartite response was carried out by a network of formal and informal exchanges.

## 7.3 Ireland

Ireland is with Latvia and Russia one of the countries in the sample in which the crisis hit hardest. The economy contracted by 3.5% in 2008 and by 7.6% in 2009, having experienced robust growth rates in the preceding years. It seems unlikely to return to growth soon due to the country’s entrapment in the European sovereign debt crisis and inability to access private international bond markets at reasonable interest rates. The unemployment rate increased from around 5 to 7 percent in

<sup>6</sup> This section has drawn on a review of newspaper articles in the *Neue Zürcher Zeitung*, *Le Temps*, and *Tages Anzeiger* conducted in July 2010, as well as on telephone interviews with representatives of SECO (State Secretariat for Economic Affairs), the employer association *Economiesuisse*, and the trade union confederation *SGB/USS*.

August 2008 to 13 percent in the summer of 2009. There is no sign that it will go down anytime soon.

Since 1987 Ireland has been the country of “social partnership”, as it issued periodic 3-year agreements among the social partners on all major policy issues (Baccaro and Simoni 2007; Roche 2007). Union density has been declining rapidly in the past years but is still well above the 20 percent mark. Similar to other Western European countries, there are no major violations of trade union rights.

Ireland entered the early-crisis period with a public display of support for the social partnership system. In November 2008 a national pact was signed: the Transitional Agreement extending the Towards 2016 partnership pact adopted in 2006. It received record union support. This is not particularly surprising as the new agreement provided for a 6 percent pay increase over 21 months. The provisions of this pact would soon prove obsolete.

In fact, in January 2009 the worsening of the economic and financial situation pushed the government to request a freezing of wages in the public sector at least until the end of 2010 as well as nominal wage cuts in the form of a pension levy. Collective bargaining negotiations failed and the government implemented the desired measures unilaterally. Negotiations restarted in April 2009, but in September 2009 the Irish Congress of Trade Unions was forced by government’s intransigence to introduce a new strategy of mobilization accompanied by strike threats. In December 2009, the government unilaterally decided to introduce a nominal wage cut of 7 percent for public servants in 2010, and the Irish Business and Employers’ Confederation (IBEC) formally withdrew from the private sector pay agreement that had been negotiated as part of the Transitional Agreement in 2008, paving the way for the first period of company-level bargaining in Irish industrial relations since 1987. These decisions effectively put an end to the Irish social partnership.

However, the unions’ strategy of mobilization was short-lived. Attempts to mobilize the members against unilateral restructuring met with opposition from other portions of Irish society. In March 2010 IBEC and the Irish Congress of Trade Unions (ICTU) agreed to a protocol providing negotiators with broad pay guidelines and additional criteria for managing private sector pay claims. In June, a similar deal was signed between the government and the public sector unions (the “Croke Park agreement”). This established a 4-year wage freeze and a peace clause. Thus, although social partnership is formally dead, the parties really see no alternative to the centralized negotiation of wages and working conditions (Rychly 2009; Freyssinet 2010, 12 ff.).

The Irish case is also an illustration of the *LCSF* configuration. However, the outcome is that negotiations fail and the government proceeds unilaterally. The unusual depth of the crisis pushed the government to seek implementation of a series of harsh measures in a very short time. The unions disagreed with them. However, they were ultimately unable to alter the government’s course.

#### 7.4 Spain

Spain's economy contracted by 3.6 percent in 2009. It is forecasted to experience negative growth in the following years. Unemployment rates climbed from less than 10% in early 2008 to 18 percent in early 2009, and – after a slight improvement in the first half of 2009 – peaked at 20.3 percent in March 2010.

The country has a recent tradition of national tripartism: beginning with the early 2000s, unions and employers have negotiated centralized wage-setting agreements every year. In the 1990s unions and employers were also sometimes involved in tripartite negotiations with the government over social and labor market policy. The union density is low in comparative perspective (well below 20 percent) and therefore the unions are weak according to the definition adopted in this study. Just like in other Western European countries, basic trade union rights are guaranteed.

The Spanish government recurred to tripartism at the beginning of the crisis to formulate joint principles on how to tackle the recession (common declaration on 29 July 2008). However, views concerning the appropriate measures to be taken soon began to diverge and the parties reached a deadlock in January 2009. Attempts to renew the national social pact broke down in March 2009. In spring 2010, with a severely deteriorated macroeconomic and financial situation, tripartism officially broke down. On 16 June 2010, the Government approved a labor reform by decree, i. e. without the support of employers' and workers' organizations. The reform introduced a flexibilization of labor market regulation, i. e. the possibility for companies to lay-off workers at lower costs. Additional austerity measures were also introduced and they, too, met with dissent from the social partners (Demetriades and Kullander 2009, 19, 26; Freyssinet 2010, 20 ff.).<sup>7</sup>

The Spanish case is an illustration of the *LCsF* configuration. It is in many respects similar to the Irish case. Here too, a far-reaching economic and financial crisis pushes the government into adopting measures of fiscal retrenchment and labor market flexibilization that the unions are unable to live with. However, the unions here are less strong than in Ireland and unable to fundamentally alter the adjustment plan.

#### 7.5 Czech Republic

The financial crisis has had a serious impact on the Czech Republic as the economy contracted by 4.1 percent in 2009. Unemployment had reached a three-year low of 4.1 percent in summer 2008 but climbed to 6 percent in early 2009 and reached 8.2 percent in February 2010.

Like other former Communist nations, the country has no tradition of national tripartism as defined above. Although there frequently were tripartite negotiations in the 1990s and early 2000s, these were largely symbolic and never resulted in a

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<sup>7</sup> This section draws on newspaper articles published by El País.

meaningful social pact (Ost 2000; Avdagic 2005; Héthy 2009). The union density rate is about 20 percent and is one of the highest in the region, thus justifying the country code of “strong unionism.” The labor code generally protects basic trade union rights.

Yet, surprisingly given the country’s record, the response to the financial crisis has taken the form of national tripartism. In 2009 unions and employer organizations took the initiative of presenting government with a set of jointly-negotiated measures to tackle the crisis. These included measures to support aggregate demand (e. g. the “car-scraping” bonus), price controls on utility services, the introduction of a value-added tax, and vocational training measures (Héthy 2009).

In February 2010, the tripartite social partners agreed to 38 anti-crisis measures. These included measures preventing misuse of unemployment benefits, the softening of administrative and financial burdens on firms, and various projects aimed to lower unemployment. The social partners have later criticized the implementation of the 38 measures as inadequate (ILO 2010a).

This case is an illustration of the *ICSF* configuration: when the crisis hits hard and the unions are strong there is no need for a previous tripartite legacy for a social pact to materialize. The Czech social pact is a first for the country. However, in light of recent social partner criticism, it is unclear that the government is living up to the expectations that it has generated by signing the pact.

## 7.6 Hungary

The economic impact of the crisis on Hungary has been one of the deepest-reaching. The economy contracted by 6.3 percent of GDP in 2009. Unemployment climbed from 7.6 percent in October 2008 to 10 percent in March 2009, and reached 11.9 percent in February 2010.

Hungary has no tradition of corporatist policy-making as the repeated attempts to strike a social pact in the previous decade were unsuccessful. Union density is less than 20 percent. There are no fundamental violations of trade union rights.

In responding to the crisis, the Hungarian governments were fundamentally constrained by a highly inhospitable macroeconomic situation, which pushed them to implement a heavy program of fiscal retrenchment. Attempts were made to gain the consensus of the social partners around austerity measures but largely to no avail. Hungary’s Prime Minister called for a national summit on 18 October 2008. Leaders of all political parties, financial experts, and social partners gathered to discuss the effects of the global economic crisis. The objective of the top-level negotiations, held between September 2008 and January 2009, was to reach consensus on a broad package of reforms in key areas. However, strong divisions emerged between the social partners and no pact was signed (Demetriades and Kullander 2009, 20; Héthy 2009, 10; Rychly 2009; ILO 2010a).

Hungary's highest tripartite institution, the National Council of Reconciliation of Interests, achieved two agreements since the beginning of the crisis, one in 2008 and one in 2009. Both updated the minimum wage. However, these were minor agreements which do not fundamentally alter the fact that despite repeated governmental efforts, no tripartite consensus could be reached in Hungary and that the government's response was essentially unilateral. In 2010, amidst dire economic conditions, the right-wing party Fidesz won the national elections and began a worrisome process of constitutional transformation.

The Hungarian case is an illustration of the *ICsF* configuration. Unlike the Czech case, a serious crisis is unable to produce a social pact when the unions are not strong and coordinated enough.

### 7.7 Brazil

After a period of robust economic growth which led to employment growth and a decline in income inequality, Brazil's GDP experienced a small negative growth in 2009 followed by a strong rebound in 2010. Unemployment levels reached the pre-crisis level of approximately 8 percent in the third quarter of 2009.

Brazil has no legacy of tripartite policy-making, as no social pacts or equivalent form of embedded corporatism has emerged in the previous decade. Union density rates are less than 20 percent according to available estimates. Despite some concerns about the legality of multiple unionism, overall basic trade union rights are respected in the country.

Brazil's response to the crisis has involved national-level tripartism. The *Conselho de Desenvolvimento Econômico e Social*, a consultative council composed of governments and members of civil society (whose membership is broader than trade unions and employer associations as it involves other civil society organizations as well), created a special group to monitor the crisis and propose adequate responses. In October 2008 it issued a motion making various suggestions, concerning inter alia credit expansion, public investment, and employment protection, which later found their way in the government's policy packet (Ghellab 2009, 6; Rychly 2009; ILO 2009a, 13; ILO 2010a).

In early 2009, the tripartite *Conselho Deliberativo do Fundo de Amparo ao Trabalhador* (CODEFAT) approved an extension of unemployment benefits from five to seven months for workers in sectors particularly affected by the economic downturn, a measure which benefited more than 320,000 workers. As a reaction to rising unemployment, the CODEFAT also approved a resolution stipulating an alternative employment protection program, the Worker Qualification Program (*Bolsa de Qualificação do Trabalhador*), which allows employers, under certain conditions, to temporarily suspend contracts and provide worker qualification training during the corresponding period.

The Brazilian case is another exemplification of the *LCsF* configuration. It illustrates that a tripartite response does not require either a tripartite legacy or strong unions if other conditions are in place.

### 7.8 South Africa

South Africa has been significantly hit by the global economic crisis, as its economy contracted by 1.8 percent in 2009, having experienced growth rates of 3.7 to 5.6 percent in the preceding five years. Unemployment rates are traditionally extremely high in South Africa. After experiencing a two-year low of 21.9 percent at the end of 2008, unemployment reached 24.5 percent in summer 2009 and peaked at 25.2 percent in January 2010.

South Africa is one of the few non-European countries to have developed a tradition of tripartite policy-making in the 1990s. After the establishment of NEDLAC in 1994, the National Economic Development and Labour Council, virtually all major public policy decisions have been formally discussed with the social partners (Keller and Nkadimeng 2005; Papadakis 2006). The South Africa labor movement is one of the strongest in developing countries. The unionization rate is higher than 20 percent, and the unions are both organizationally strong (especially in sectors like mining and the public sector) and highly influential. Since 1994, the country's labor legislation and practice fully allows for trade union freedoms and rights.

Much of South Africa's response to the financial crisis was processed through NEDLAC. The consultation process began in December 2008 and resulted in the "Framework for South Africa's response to the international economic crisis" issued on 19 February 2009, to be implemented and monitored through Action Plans and five Task Teams. This framework agreement identified six key platforms on which the response to the crisis was to be based: investment in public infrastructure, macroeconomic policy, industrial and trade policy, employment and social measures, global coordination, and social partnership. Unions were concerned that the crisis could be used by companies as a pretext to cut jobs and maximize profits, but nonetheless strongly endorsed the agreement, which in their opinion staved off the risk that the burden of the crisis would be unfairly shifted onto the poor and vulnerable. In early 2010, however, the leader of the main union confederation expressed concern at what he perceived to be an insufficient implementation of the plan (Ghellab 2009; Rychly 2009).

The South African case exemplifies the *LCSF* configuration. It illustrates that strong and durable tripartite dialog is possible even outside of the European continent if appropriate institutions are in place and the unions are strong and representative enough to make them meaningful.

## 7.9 Japan

In Japan the global financial crisis interrupted that fragile recovery that had followed the “lost decade.” The economy declined both in 2008 (1.2 percent) and in 2009 (5.3 percent). Unemployment rose modestly from around 4 percent in 2008 to a peak of 5.5 percent in September 2009.

Explicit national tripartite policy-making has never been a characteristic of Japan. The unions are weak (the union density rate is less than 20 percent) and mostly organized at the enterprise level. Freedom of trade union association is generally guaranteed.

Despite the absence of a corporatist legacy, the social partners reached an Agreement for Job Stability and Employment Creation in March 2009 as part of the annual spring wage negotiations (*shunto*). The agreement contained various work-sharing arrangements backed by the government through employment subsidies. The measures were to be implemented through company-level negotiations. The work-sharing arrangements included short hours, the banning of overtime, and the temporary internal transfer of workers from companies in sectors facing declining demand to sectors with better employment opportunities within the same group. Other elements of the tripartite agreement were the strengthening of the employment safety net through measures such as vocational training and job placement services, assistance (living assistance, housing assistance, and job counseling) to lone mothers, “freeters” (people between the age of 15–34 who lack full-time regular employment or are unemployed), and the long-term unemployed who are no longer eligible for unemployment benefits, as well as public job creation, particularly in medical care, nursing, daycare, the environment, agriculture, and forestry (ILO 2010c).

In the 2010 *shunto*, the Japanese Trade Union Confederation (RENGO) and the Japanese Business Federation (Nippon Keidanren) agreed to mutual concessions: the employers gave up on their demand for a wage freeze, and the unions agreed to press for wage increases only in those companies where the economic situation made them compatible with the goal of maximizing employment security.<sup>8</sup>

The Japanese case illustrates the *ICsF* configuration. Unlike the Hungarian case, this leads here to a positive tripartite outcome. The peculiarity of the case is that social concerns about maximizing employment were internalized in the routine collective bargaining process of the annual *shunto*. The government sought to facilitate the reaching of an agreement between the bipartite partners by strengthening the safety net and providing labor market assistance to vulnerable workers.

## 7.10 South Korea

Although the global financial crisis provoked a drop in the Korea’s growth rate, it did not lead to negative growth (unlike the Asian crisis of 1997). The economy grew by

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<sup>8</sup> The section on Japan draws on unpublished documents provided by Ebisui Minawa, ILO.

0.2 percent in 2009, having expanded at an annual rate of 3 to 7 percent between 2002 and 2007. It is currently experiencing a strong recovery. Unemployment rates climbed from 3.0 percent in the Fall of 2008 to 4.0 percent in March 2009, peaked at 5 percent in January 2010, and declined afterwards.

Korea is one of the few non-European countries to have developed a tradition of tripartite dialog in the years that followed the Asian crisis. In 1998 the social partners signed a social pact (Baccaro and Lim 2007) within the framework of the Korea Tripartite Commission. However, one of the two major union confederations, the Korean Confederation of Trade Unions (KCTU), has often refused to partake in the Commission's deliberations. The Korean labor movement is weak in comparative perspective: the union density rate is well-below 20 percent and the organizational strength of the labor movement is concentrated in large enterprises but virtually absent elsewhere. Labor law is not fully compliant with international labor standards on freedom of association. Nonetheless, unions do organize and mobilize. This justifies the coding of the country as allowing for free unions.

The initiative for a tripartite response to the crisis originated from unions and employers. In October 2008, the Tripartite Commission proposed a social pact to overcome the crisis. In January 2009, the Federation of Korean Trade Unions and the Korea Employers Federation jointly met the press and suggested holding a quadripartite meeting involving government and civil society as well. In February 2009, after several meetings, the representatives of the four parties adopted a Quadripartite Pact for Overcoming the Economic Crisis.

The pact included a work-sharing effort by workers, a commitment to limiting job losses by employers, and financial support by government partially making up for workers' income losses and providing for a limited extension of the social safety net (ILO 2010a).

However, the other major trade union confederation KCTU did not participate in the negotiations for the social pact. When the agreement was signed, it released a statement stating that the agreement unduly penalized the workers.

The Korean case provides a unique illustration of the *LcsF* configuration. Neither is the crisis particularly serious nor are the unions particularly strong. However, the presence of a policy and institutional legacy of tripartism is sufficient to lead to the signature of a social pact. Given the non-participation of the KCTU and the recent history of other "pacts" signed within the Korea Tripartite Commission, there are reasons to believe that the pact is purely cosmetic and that its impact on policy will be limited.

## 8 Concluding Remarks

This paper has applied a Boolean analysis to qualitative data on tripartite responses to the global financial and economic crisis of 2008–2010. Tripartite responses to the crisis are strongly encouraged by the ILO because they are considered to be both more efficient than alternative approaches, as they stimulate aggregate demand, and more equitable, as they safeguard minimum standards. The analysis of 44 country cases has led to the following conclusions: 1) freedom of association is necessary and jointly sufficient (when a number of other factors are present) for a tripartite response to the crisis to emerge; 2) the absence of freedom of association is sufficient to produce the absence of tripartism although tripartism may be absent or fail even when trade union rights are guaranteed; 3) two configurations are sufficient for the non-emergence of a tripartite response: a crisis that hits hard combined with unions which do not have the organizational resources necessary to impose their presence to governments, or a crisis that is less serious combined with unions which are strong enough to make governments fear having to pay too high a price to them in negotiations.

One clear policy implication emerges from the analysis: if national and international policy-makers believe that tripartism is an efficient and equitable response to economic emergency, they should strengthen freedom of association in contexts in which it is not currently guaranteed.

Future research should extend the analysis performed here in two directions: First, the explanatory model should be made more complex by introducing considerations of government strength or weakness. As argued above, the existing literature puts a lot of emphasis on the government's incentives to engage in tripartite dialog (Baccaro and Simoni 2008; Hamann and Kelly 2010; Avdagic et al. 2011). Second, the transition to a fuzzy-set, as opposed to crisp-set, methodology seems desirable (Ragin 2000). While retaining the strong points of a Boolean methodology – the ability to analyze configurations of factors as opposed to mean effects and to allow for equifinality in the production of the outcome – this methodology would permit to code countries in terms of degrees of membership in a particular set and would produce a more nuanced analysis.

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