

From Class Conflict to Class Cooperation: The Evolution of Austrian Cooperation

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Shaking changes all across Europe - both East and West - challenge us to explain the birth of regimes and the resilience of political institutions. These issues are all the more important when we consider that it has been the working class foundations of these polities that have eroded. Austria is an exception. Poised between East and West, there has not occurred an electoral rollback of the left, nor has the political economic regime been seriously questioned. This stability has been attributed to Austria's *Wirtschafts- und Sozialpartnerschaft*: a system of national politics based on class collaboration and institutionalized in the Parity Commission for Wages and Prices. There a single highly encompassing labor movement concerts over economic and social policy with a similarly organized employer association.

Few countries have enjoyed the level of social peace as has Austria. In fewer still has an organized working class become so integral a part of the political structure. Among the westernized pluralist regimes, labor has been weaker, less well organized and competitive. In the East, once autonomous movements were transformed into administrative departments of state capitalism. Both are outcomes of class conflict. In the former, capital became dominant; in the latter the representative (sic) of the working class did. Neither suggest a genuinely cooperative relationship.

Austria and the Scandinavian states are a third form of the 20th Century class settlement. In these neo-corporatist regimes, a large, monopolistic and very centralized union

federation and a similarly organized representative of employers exercise considerable policy making power in a few extra-parliamentary institutions.¹ These political institutions (e.g., the Parity Commission) embody the class compromise and are the tangible point of exchange between class organizations. Relations between the class representatives are in theory cooperative and collaborative rather than conflictual and competitive. Social peace and class power are wed in an influential structure of policy concertation between exclusive class agents.

But Austria is different from the Scandinavian regimes. In the Scandinavian systems the tangible concertative institutions are less encompassing and electoral and cabinet politics play a greater role in shaping the class bargain. The 'class exchange', usually referred to as an incomes policy, has been both less effective and less enduring in the Scandinavian states. Austria differs also on a more important dimension and one not unrelated to the style and endurance of concertation. The Austrian interwar experience with class relations culminated in a bloody, class-based civil war and authoritarianism as compared to the relatively peaceful and early transition to socialist governance in, for instance, Norway and Sweden. In Scandinavia, relatively stable relations were established in the 1930's. Only in the late 1950's can we say the same for Austria. In the Austrian case class cooperation has had farther to go, but in the postwar period its brand of concertation has lasted longer.

These considerations raise quite a few interesting questions, not the least of which is what accounts for the rather striking Austrian transition from class conflict to balanced class cooperation. I intend to explain this change by determining the conditions propelling the historical evolution of the political-economic institution which embodies today's settlement - the Parity Commission.

A Theoretical Framework

First, let me suggest a simple framework for sifting through the historical evidence and isolating potentially explanatory conditions. Several modern observers have described relations between labor and capital as a game akin to Prisoner's Dilemma (Przeworski and Wallerstein 1982, Aschatz 1984, Lange 1984, and Neck 1985). Mutual cooperation can produce nonexcludable national public goods if both capital and labor restrain demands (e.g., economic performance, social peace). But at least in the short run, the incentive is to try to get the other side to act cooperatively while you do not. Thus you make no sacrifices but still enjoy the public good. Capital could sucker labor, for instance, by getting workers to restrain wages, but later refuse to reinvest the resulting profits. Dupes are not long suffering if they can help it; conflict results when, eventually, neither agree to cooperate.

Longer term repetition of this dilemma theoretically brings relief, since implicit communication between the parties makes it obvious they both could do better by collaborating.² For various reasons, among them the fact that identical historical

situations (read extended matrix payoffs) are never replicated, this simple explanation cannot account for labor capital cooperation.

But from this paradigm comes a similar way of viewing the emergence of a cooperative institution. Discrete and especially early encounters - while tentative, highly discounted and easily side-tracked, set the tone of initial confrontation, reveal the preferences and capacities of actors (Ordeshook 1986: 451), indicate if not set path constraints (Krasner 1988) and intimate the alternative regime possibilities of the labor-capital relationship. Elites are forced to reflect in meta-game proportions (c.f., Otto Bauer's reflections in Bauer 1970: 275-283) and make regime level choices. Four grand outcomes (see Figure below) would still have to concern labor and capital representatives over the medium and longer term and these choices do correspond to the prisoners' dilemma matrix (compare to Przeworski and Wallerstein's alternative outcomes, 1982:226-230).

		Capital	
		Cooperate	Defect
Labor	Cooperate	Conservative Cooperation	Labor Submissive Capital Dominant
	Defect	Capital Submissive Labor Dominant	Conflict

The selection of regime attempt (cooperative or conflictual) will be *expectations* based and two considerations figure prominently in the choice: strategic outlook and strategic capacity. First, both paths are weighted by each respective elite according to the risks attached to each of the four potential outcomes. Thus strategic outlook (risk weighted preference) is probably created from experience. For example, never having tried class domination (and never having been burned by the attempt) might make the non-cooperative choice rather appealing. Attaching great risk to the attempt, even were the nominal benefits the same, militates against the selection of that path.

Strategic capacity is also important. Though future benefits and historically conditioned risks might suggest one avenue, elites must judge whether near term conditions - like organizational solidarity, favorable economic winds, etc., are going to affect the pursuit of a regime choice.

Finally, both parties must make similar cooperative regime assessments. The probability of class dominance must be neutralized and conflict must be perceived as too costly. The potential for rewards from cooperation must be constantly reinforced as must the belief in sanctions from defection. All of these conditions additionally imply a sequential path of

regime choice experiences between labor and capital.

Potential Variables

These theoretical considerations suggest in abstract terms the conditions likely to produce enduring concertation. Most important in theory is that an appropriate ordering of strategic preferences has been produced (strategic outlook) and that each party feels confident that the returns from cooperative sacrifices made today can be reaped tomorrow (strategic capacity).

Strategic Outlook: The State or Historical Experience?

A principle candidate for decreasing the risk of cooperation is state assurance that bargained sacrifices made today will be repaid tomorrow (Przeworski and Wallerstein 1982, Przeworski 1988, Castles 1987). Reliance on the state may be problematic, however. Both Marxist and non-Marxist scholars would be less than sanguine about reliance on the state consistently to reduce the risk of compromise.³

Historical experience is an alternative candidate. For example, though the objective risk is the same, I tend to be more careful (risk averse) driving after an accident than before. But of course this historical experience must create the perception that both groups are mutually and regularly dependent and that only a collaborative approach is ultimately desirable in comparison to other regime types. The latter might be quite problematic since it will likely be the result of painful experimentation with other class relation alternatives (e.g., coalitional parliamentary path, a bourgeois parliamentary path, civil violence, and authoritarian paths).

Strategic Capacity: Exogenous or Endogenous

The ability of an actor to pursue a preferred strategic alternative constrains choice. The essential point is that each actor must establish 'bargaining status' (the capacity to deliver promises and threaten disutility absent agreement) in order to pursue cooperative outcomes. The strategic capacity of class actors usually hinges on the following:

Economic conjunctures alter real and expected market power. Thus labor and capital would most likely concert if mutual dependence is high (e.g., vulnerability to international trade) and if these market conditions are unlikely to change. Capital would be inclined to cooperate if there existed significant uncertainty over future economic conditions with little chance of restructuring the relationship with labor (Przeworski 1988). Unionists would be more willing when the labor market is slack and wage militancy less efficacious (Lange 1987). Severe economic disruption presents both

groups with high uncertainty about economic outcomes and, coupled with mutual reliance, would foster at least short term cooperation.

But given labor's 'natural' market weakness, non-market mechanisms are probably necessary to insure cooperation. Two are promising candidates. First, an electoral/governmental balance or advantage for labor would offset the market advantage of employers. As already mentioned, state intrusion might be problematic. Obviously, right of center electoral politics would favor capital.

The second source of capacity balance could be a large and cohesive labor movement. Interestingly enough, however, this capacity might also be driven by historical experience and opportunity. In any case there is surely a collective action dilemma within large organizations (Olson 1965). The more natural inclination is toward smaller, homogenous trade union groups (e.g., craft unions and *Richtungsgewerkschaften*).

Institutional Characteristics:

Finally, while any consideration of the impact of institutional characteristics on *initial* attempts at concertation is moot, it can conceivably be an important determinant of endurance. If autonomy from the state is an issue, the arrangement would also seem to require rather broad characteristics, i.e., flexibility quickly and relatively easily to adjust benefit criteria (inter- and intra-class) to changed circumstances, well established and respected *common* information flows to the protagonists, and capable of monitoring participation within and between the parties. Theoretically, broad authoritative institutions can guard against distributional outcomes that create animosity either between labor and capital or within either of the two.⁴

Hypotheses

These considerations suggest two related hypotheses about the emergence of sustained neo-corporatist cooperation. First, outbreaks of concertation may occur because conditions indicate short-term advantages to labor and capital elites. A political class balance associated with medium term electoral and governmental uncertainty or the uncertainty of economic crisis (e.g., runaway inflation, etc.) would surely be such a trigger. But *endurance* will result only when a longer term cooperative preference has been acquired and the capacity to maintain the relationship exists. Both preference and capacity are necessary and both require a particular - and *catastrophic* - historical experience. Isolated political and economic conjunctures are insufficient since they produce only evanescent desires and capacities.

Secondly, initial cooperation can be advantageous to both parties when uncertainty is mutually high. When this uncertainty is reduced only to the benefit of one party, endurance will be threatened. Economic and political events can intervene to alter the

pattern of uncertainty in favor of one or the other party. On the other hand, institutions can be established to blunt the impact of imbalancing change. Given threats to the trend in institutionalized relations, if actors are capable, they will attempt to re-introduce the possibility of uncertainty (e.g., threats to regime stability) in the hope of forcing mutual, balanced uncertainty reduction (a return to cooperation).

I would additionally speculate that rarely will marginal electoral differences and reliance on state actors be robust enough to perform the assurance (risk reduction) function. Since, from the standpoint of market power, labor is the more disadvantaged group, the essential ingredient will be an historical experience that drives the labor elite's desire and ability to offset capital's structural power through organizational centralization and to institutionalize its position so that this standing can be reproduced. This is only possible where labor organization can control its membership sufficient to guarantee bargains struck with capital. This working class capacity must, however, find its reciprocal in the intent and ability of business to deliver. A lasting transition must be historically based and endogenously secured.

The Interwar Experience

The important point to recognize about the worst of Austria's interwar years is that they followed on the heels of a *breakdown* in class compromise. Attempts prior to, say 1922, to institutionalize policy concertation failed and with this failure came a head on collision between the Socialist and Christian Social/Capital *Lager*.

There were two genuine attempts to establish direct intermediation between Austrian labor and capital organizations during the interwar period: The Industrial Commission and Industrial Conference of 1918-1919 and the old Parity Commission following the *Abbaugesetz* of 1921. All failed.

Historical Attempts to Establish Direct Intermediation
between Austrian Labor and Capital Organizations
Under Parliamentary Regimes, 1918-1937

Phase	Name (Date)	Institution Established	Longevity	Outcomes	
				Institutional Form	Scope and Method
Immediate Post WWI	(1)	Industrial Commission and several ancillary committees.	1 year	non-autonomous, single meeting	Wage control via indexation.
		Industrial Conference and several ancillary committees.	2 years	non-autonomous, single meeting	Wage control via indexation.
	(2)	Abbaugesetz (Dec. 1921)	Parity Commission	3 years	non-autonomous, continuous
Depression					
	Economic Conference (March-June, 1930)	Program Commission	4 months	non-autonomous, single meeting	None
Immediate Post WWII	(3)	Five Price- Wage Agreements (1947-1951)	5 years	non-autonomous, single meetings	Wage, subsidy and price exchange with index thresholds.
Current	(4)	Parity Commission of 1957	34 years	autonomous, continuous	Wage and price guidelines and unit bargain- ing authoriza- tion; review, validation of price and wage changes. Legislative initiative.

Let me briefly review these and point out the conditions distinguishing the outbreak of concertation from its breakdown. Initial post-WWI cooperation was begun 'from above' on Renner's direction. Both capital and labor were required to cooperate during the war and now were willing to do so because of the extreme uncertainty of economic and political conditions. Further, a state food subsidy eased labor-capital cooperation. These forces, impetus from and assurance by the state apparatus, a rough political balance between affiliated political parties (i.e., SDAP and CSP) and the rather extreme level of economic and political uncertainty pushed the class actors together.

Poor prospects for continuance of the Commission and Conference attempts came from the institutional mechanism of class exchange (e.g., wage indexation), reliance on the state, and a change in the climate of uncertainty. I will address the first two in the context of the *Abbaugesetz* Regime and immediately take up the change in direction and level of uncertainty.

Politics began to change at the end of the decade. The coalition government, and hence Renner's tutelage of labor-capital cooperation ended. The coalition breakdown is often attributed to the SDAP's withdrawal (see Kann 1951, Sully 1985, Carsten 1986: 64-65 but compare to Bauer 1920:87-88 and Loew 1979:29-31). Resignation was not without reason given both the inside threat from the SDAP's left wing (Adler) and in the hurly-burly growth of the Austrian Communist Party (KPÖ). It is perhaps also noteworthy that while the (SDAP dominated) Federation of Free Unionists (*Bund Freier Gewerkschaften*) had traditionally reorganized after membership surges prior to the war, the wartime and coalition period surge was not met by further centralization (contrast to Traxler 1982:148). Too high expectations had been put on the 'revolutionary' state. On the other side of the street, the Christian Socials were becoming stronger. The elections of 1920 signalled a significant shift to the CSP and gave the SDAP its lowest interwar mandate. Even then the Christian Socials were unwilling to take up governing in the developing economic crisis of 1920-1921.

This economic crisis compelled a new meeting between class leaderships. Emergency credits and loans had propped up the Austrian economy. The state budget deficit was ballooning, loans were drying up, capital was in flight, and inflation was worsening (de Bordes 1924:19-22). New international financing schemes had fallen through (Good and Loucher schemes). Cries were loud, especially from government officials, for state debt reduction by removing the food subsidy. It is in this context, the discussion over the subsidy removal (*Abbau*) that socialist leaders called for a new round of head to head talks.

Leaders met but employers were unyielding for several reasons. First, prospects for continued regime change seemed good. The Civil Servant government's days were numbered and it was rumored that international loans might be forthcoming under the right conditions (pun intended).

Secondly, earlier policy failure could, with a good degree of truth be blamed on the mechanism by which labor and capital had earlier adjusted their demands: wage indexation. Labor and capital had shown a real willingness to collude over the manipulation of the primary price index (Kindley, forthcoming). Frame agreements were nearly impossible to deliver given labor's cleaved political affiliations and a significant degree of sub-confederal and regional negotiating autonomy within the BFG. And sub-confederals often used quite different price indices for negotiation. Even the Chamber of Labor's Chief of Statistics, Kautsky, was ambiguous about which of the seven or so indices were being used by whom (Kautsky 1925:114).

The negotiations of late 1921 were stillborn in the wake of the hyperinflation in the winter of 1921-22. But beyond this disruption, the closing chapter of interwar cooperation began with the resignation of the Civil Servant Government (Schober) and Ignaz Seipel's accession to the Chancellor's position. At least Gulick has it that the Geneva Protocol loan of 1922 was engineered by Seipel just before the earlier government's fall (Gulick 1948:166-167).⁵ The loan's conditions, in any case, clearly gave Seipel and the loan consortium all power. One condition was that Parliament

abrogate all economic policy oversight. Foreign intervention *decisively* shifted the balance of domestic political power. From a strategic point of view, there was no longer a need for state or business compromise with labor.

The Seipel policy was the shock treatment of balanced budget, state employment cutback, deflation and a shifted tax burden to wage earners. Unemployment nearly doubled from 1922 to 1923. On the other hand, real economic growth continued rather well. Only in 1922 was it actually low (1.1%) and after the worst of the austerity years, 1924, the interwar high of 11% was reached (Butschek 1985:). An accompanying stock market boom set high loan margins (Rothschild 1947:50) and significant capitalization of joint stock companies (März 1984:434).

Officially, cooperation in the old Parity Commission framework ended in April 1925. Mainly tasked with setting a wage guiding price index, *Bund* officials complained that its work was useless and that the index only pointed out the direction not the extent of the price change (Klenner 1951:687). A cooperative course had turned to a submissive outcome; the winner of the regime building contest was capital and the Christian Socials. Little was left of the 'Austrian Revolution'. Labor organization became weaker and worker's standard of living lower than before the war. The *Bund Freier Gewerkschaften* suffered its largest membership decline in the 1922-23 period, with only a slight regrowth from 1927-29. Collective bargaining under broad frame agreements (more than one plant) dropped precipitously.

But the important signal of things to come was the federation's loss of strike control coupled with a concomitant rise in class conflict outside this institutional channel. The restoration set in motion a game of chicken in which neither party could or would not swerve to avoid.⁶

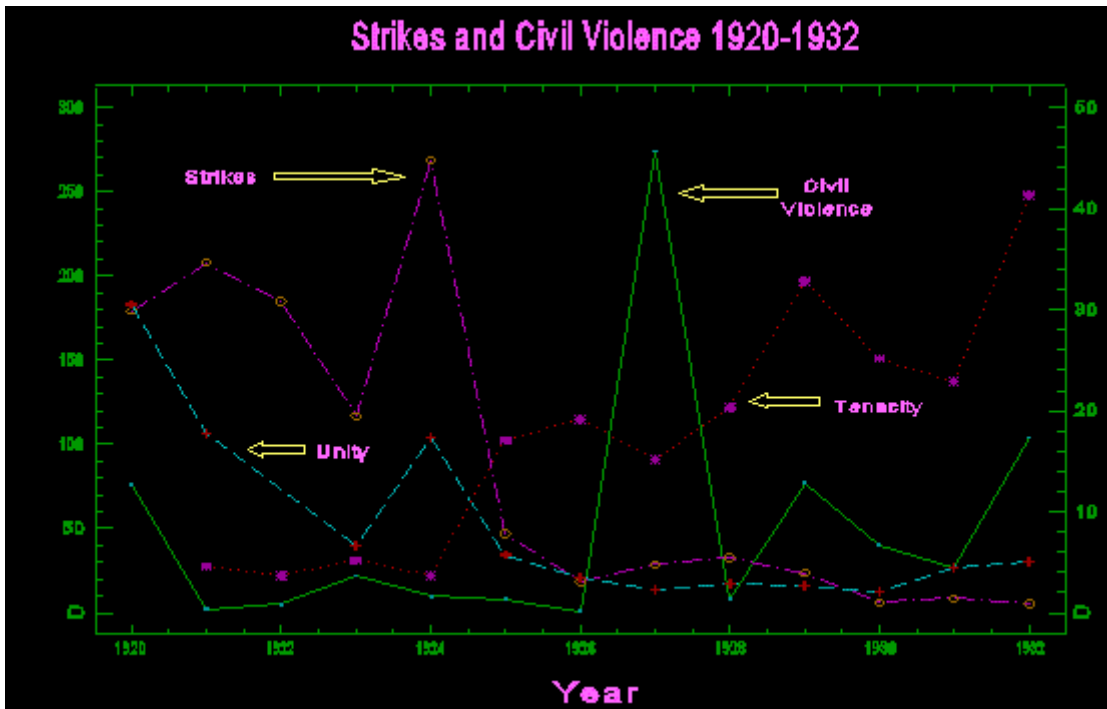


Figure 4: Strikes and Civil Violence in Austria 1920-1932

Strikes and Civil Violence in Austria 1920-1932: sources and measures: Civil Violence is the number of dead or severely wounded from civil violence (Bots 1987:17). The remaining data taken from Statistisches Handbuch für die Republik Österreich. Strikes are the number of strikes in thousands; Unity is the number of plants participating in the average strike (plants per strike); Tenacity, here weighted by ten for presentational purposes, is the average duration of unsuccessful strikes (days per strike * proportion of unsuccessful strikes). The left scale is applicable to strikes and civil violence. The right scale applies to unity and tenacity.

First, while industrial militancy and strike unity both declined, the tenacity of those workers who did strike increased as did class-based civil violence. Both numbers climb toward the inexorable grand conflict of the 1934 Civil War. Tenacity shows a quantum change with the demise of the Parity Commission in 1925 and it runs in near lockstep with civil violence from 1929 onward.⁷ The interwar breakdown thus set the stage for, and fostered, an emerging head on crash between an ever encadred, but less organizationally controlled labor movement and the forces of capital. With governing cabinets increasingly tugged to the right by coalition politics, Austria moved to the social explosion of the 1934 Civil War and, in 1938, jumped into the Nazi abyss.

Evaluating the Opportunities for Institutionalized Cooperation During the Interwar Years

The experiences of the immediate interwar years augured well for the *outbreak* of attempts at institutionalized cooperation but not for their *endurance*. First, both political and economic conditions during the early years made cooperation between labor and

capital both plausible and desirable. There was a rough political balance as a result of fin-de-siecle industrialization, war and the dissolution of the old regime. Labor-capital relations during the war had been cooperative. The labor movement's constituency had grown significantly and the SDAP had developed command over strategy and shown a willingness to control the left extremes. The right (capital) was in a weakened position; its only real leadership center was the Christian Social elite. Capital hesitantly, but with little choice, took shelter under this umbrella.

As well, neither labor nor capital could securely anticipate the future. Politically, the transition to democracy brought with it uncertainty over the future class balance in the Austrian republic.⁸ In economic affairs uncertainty reached its maximum. Extant economic conditions during the immediate rebuilding phase were hand to mouth; the future was bleak and uncertain as evidenced by the debate over the survivability of the Austro-German rump state. Anything but a truce in class conflict seemed implausible. Too strong a play too early so as to gain the upper hand ran high risks.

But other conditions dampened chances for the *maintenance* of cooperation. Uncertainty may fuel attempts to cooperate, but it is also a two-edged sword. Capital and the Christian Socials had tantalizing indications that regime change was possible. There were electoral gains for the right in 1920 and by late 1921 an international consensus had formed over the conditions for an injection of funds (Seipel's accession to power). The expectations effect of these marginal gains were magnified in the uncertainty of the fresh 'Austrian Revolution'. Time had been too short to contain critical historical encounters that induce elites to pursue uncertainty reduction by institutionalizing a balanced compromise. Shorter term experiences or ideological persuasion made up the difference. Trends were to capital's advantage. Late cooperative offers by the left were rebuffed by employers in anticipation of the plum of policy control under a recalcitrant and (internationally) fortified Seipel cabinet. Labor was *incapable* - for reasons of wing competition and lack of organizational centralization - of mounting a counter-balancing threat to this strategy.

Successful concertation must be built on a more robust foundation. A political-parliamentary balance and economic uncertainty. But the obstacle to a lasting arrangement lay in labor's deficit of organizationally based strategic capacity. Labor could not deliver organizational discipline in the form of wage management and strike control. This incapacity gradually eroded elite consensus. Despite ever poorer wage regulation, elites continued to come back (if reluctantly) to the table as long as neither could dominate politics and policy-making.

The state's role in fostering labor-capital cooperation was beneficial only so long as the Socialists retained a significant voice in the cabinet or where the state was (nominally) neutralized. State elites fostered concertation in crisis as long as there seemed a chance that cooperation between labor and capital organizations could bring fiscal relief. But state elites came to see the financial stability and liquidity of the government as their main responsibility and this overshadowed any broader goals. With the deterioration of the government's financial position and of the Socialist's voice in government, the 'state'

could no longer be counted on to act as guarantor of the arrangement. Obviously, with the shift in political power to Seipel (1922), the authority of the state was to be used to ensure a capital dominant regime.

By this line of reasoning, the main culprit was the labor movement's lack of *structural power* - the ability to counter capital's 'natural' advantage through indigenous organizational discipline. The state's role should not be unexpected. Nor were flawed institutional mechanisms (like wage indexation) fully to blame for failure. The indexation problematic was a manifestation of labor's organizational incapacity. No wage guiding regimen was authoritatively imposed by labor on its affiliates. Had this occurred, the road taken in late 1921 and 1922 might have been different.

The Emergence of Enduring Class Compromise

In the immediate post-WWII years there was no direct institutionalized cooperation between class representatives. Wage-price management resembled pluralist bargaining. Prices were frozen and overseen by the Interior Ministry. Wages were locally negotiated then vetted by a parity constituted Central Wage Commission and, finally, reviewed by the Inter-Allied Wage Board. Through 1946 there was little in the way of centralized policy management.

This changed as increasing inflation triggered old memories. In fact, throughout the postwar period, but especially in the first decade and a half, inflationary spikes were the prime signal of outbreaks of labor-capital concertation. There can be little doubt that elites' strategic outlook had been altered. Böhm, organizer and first President of the new *Österreichische Gewerkschaftsbund* most succinctly summarized this consensus in his famous '*Astgemeinschaft*' statement:

"The economic crash, which brought with it the war and which so fully denuded our land, has shown all of us that, despite our many differences ... that we sit together on a limb (Ast) from which, if either one of us sees it through, we both will fall under." (J. Böhm, "Das Verhältnis zwischen Arbeitgeber und Arbeitnehmer einst und jetzt" in Arbeit und Wirtschaft, 1948/49, Nr. 8, page 3).

Growing worker militancy additionally made both sides recall the interwar years. The strikes of 1946 were mostly wildcat. Only about 35% were officially recognized by the new labor federation (Klenner 1953: 1586).

These developments sounded a clear regime choice: continue the growth in state power over social and economic affairs or renew attempts at concertation. The former course (strong state) was precluded given the government's preoccupation with Allied oversight, a democratic appearance and intrinsic fiscal and political weakness.

On the other side of the ledger, organizational and political factors suggested the concertative course. Labor's lesson from the past was that there is no substitute (read state reliance) for a balance of social forces stemming from a coherent and unified trade union organization. Renner made this very explicit in his address to the 1st Federal Congress of the ÖGB entitled: , "*Nicht Kampf, sondern Organisation ist die Zeitparole*" (Not struggle, rather organization is the watchword) (reported in Klenner 1953: 1641). The surviving labor elite grasped the opportunity completely to reorganize the labor movement along industrial sectors (14) with only two cross-sector affiliates, the white collar workers (GPA) and free professions (GFB) (Klenner 1953: 1599). Only the federation was a legal corporate body; sub-confederals could have only delegated power. There would not arise any question of negotiating authority.

The capital side also tightened organizational reigns. An early factional fight over the Currency Protection Act of 1947 was won by Raab and the industrialist employer group over Kienbock and the financiers (Ausch 1965:53). The leadership would not come from the banking community but through leadership of the Chamber of Business (*Bundeswirtschaftskammer*).

A cooperative atmosphere was additionally facilitated by political conditions. The major party share in elections (SPÖ+ÖVP) was higher than during the interwar period, hence less electoral threat from the extremes. Other than grand coalition options were foreclosed, e.g., no ÖVP/right coalition possibility, and, after 1947, no SPÖ/KPÖ possibility. Minority governments were unlikely since there were to be no more Geneva Protocol maneuvers under the eyes of the Soviets and because significant organizational control gave each *Lager* the capacity to counter arbitrary policy.

The Five Price-Wage Accords

The five *Preis-Lohn Abkommen* (PLA's) were a sequence of quasi-institutionalized but regular and centralized wage-price accords of broad coverage. The first was made in August 1947; the final agreement was signed in July 1951. While there was no institutional rule prescribing a return to the table each summer there was a nominally organized forum for labor- capital negotiation. The Economic Commission, a quasi-governmental, parity organized body of representatives from the three Chambers (Labor, Business and Agriculture) and the Trade Union Federation, was established in July 1947 (Klenner, 1953:1433). What quickly evolved was more than a policy proposal body (to a weak and uncoordinated state apparatus). The commission provided an opportunity for economists and statisticians of the *Lager* to work together to compute common wage and price indices and to prescribe adjustments (Edelman, 1954:26).

The first three accords (August 1947, October 1948, and June 1949) were principally instigated by demands for market parity by agriculture. Any food cost increases put pressure on wages. Wages needed to remain competitive to enable industrialists to export.

The inflationary international economy triggered the meeting. In the first accord agricultural, retail and public services prices were capped in exchange a specific wage rate increase. Prices soon climbed over the agreed level and technically abrogated the agreement, but wages held.

Easing agreement was the fact that the state, through ERP subsidies, financed 60% of net investment enabling employers to make the necessary profit concessions. The wage side was also strongly subsidized via wage tax relief, food and child supplements and agricultural subsidies. Despite restrictions, from the beginning, ERP funds were used as seed money to develop the social and political institutional infrastructure.

Problems appeared, however. The second and third PLA's demonstrated the weakness of the state in playing the assurance role. Criticism over the use of ERP funds increased. Indeed the trigger for the 3rd PLA was the expanding budget deficit. The intent of the 3rd agreement was to distribute the pain of the shortfall. A second drawback with the PLA course was anticipatory markup pricing. After the 3rd PLA, prices quickly increased, despite the agreement, so that businesses would be on a higher level by the time the next round took place.

The 4th PLA was concluded squarely in the face of rapid inflation and almost overnight produced the KPÖ *putsch* of September 1950. The revolt was put down by SPÖ unionists which, ironically, sealed control of the labor movement and destroyed any challenge from the left. The ÖGB could now not only assiduously deliver wage restraint, but political control as well. The 4th PLA also produced another ironic outcome: an institutional *failure* which set the stage for later institutional success.

The federation's post-*putsch* change was to switch to decentralized wage bargaining to head off any further rank and file discontent. Simultaneously, it supported a statist planned economy approach through the establishment of the Economic Directorate. The peak associations were to have only a consultative voice in this cabinet and ministry staffed institution. Supposedly, a state mediated international economy and domestic plans would force wages to seek their proper level despite decentralized bargaining. The federation would be off the hook.⁹

This policy regime was shortlived for several reasons. Among these, the state was ill equipped to handle the additional burden since ERP funds were decreasing. On the other hand, the wounds of the KPÖ revolt were healing and political power was again gravitating to the *Lager* leadership. With renewed fear of uncontrolled prices, the planning path was abandoned and elites returned to the table for the 5th PLA.

Though an agreement was struck in the last accord, it really set the stage for a transition to the Raab-Kamitz course of monetary and fiscal policy management of a social market economy.¹⁰ Parliament and several ministries were given significantly more power over consumer costs and prices. As well, the Economic Directorate was declared unconstitutional in June 1952. Autonomous concertation ended and policy making was shifted to the cabinet leadership.

The reasons for initial labor support of the social market approach helps us understand both the reasons for a breakaway from concertation and then to its return in the late 1950's. First, the early PLA's had actually pushed real wages down. But the federation had unambiguously demonstrated its capacity precisely to deliver its side of the bargain. The failure of the PLA's lay on the price side. Capital had not delivered. If prices could be controlled, the ÖGB would be quite willing to abandon concertation until later. Price control required at that time marketization. On this score labor actually colluded with capital.

Secondly, the risk appeared minimal. There occurred no rollback of social legislation after 1952 as compared to the 1920's and, in fact, significant advances in social legislation were given for labor's support. Most of this was possible, thirdly, because of the political balance. There were close cabinet-peak association ties. Policy was determined by the coalition steering committee with Raab, (from the BWK) Chancellor after the spring of 1953, at its head.

The results were that labor held to the old 5th PLA wage increase guideline through 1953, while prices stabilized rather quickly. The average yearly consumer price increase for 1951-52 was 22.4%. In 1953 it actually declined by 5.4% and in the remaining years of the decade it averaged only 1.7%. (Butschek 1985: 230). The implicit deal, at least from labor's perspective, was for short term austerity and adjustment with 1952 and 1953 as the tough years. But the downside was considerable unemployment in 1953 (8.7%) and hence, a threat to the federation's internal legitimacy. It became clear that labor had to be able to resurface after the cold plunge and successfully reclaim policy parity.

Emergence of The Parity Commission:

Steering Committee of *Genossenschaft* Austria

While the change in policy regime (to the Kamitz course) may have been thought permanent by employers, the labor federation elite only viewed it as an interregnum and necessary purgative that would allow capital time to restore discipline in its ranks.¹¹ Just as economic conditions signalled an upturn - one to be the real boom in postwar Europe - the ÖGB began calling for a renewal of institutionalized cooperation. Importantly, several conditions favored movement toward establishment of the Parity Commission in 1957.

First, inflation had become the policy generating 'hot-button'; any change in prices would set off renewed debate on economic policy. The Kamitz course had been credited with price control - perhaps wrongly - during the recession of 1953-1954. That mechanism appeared to be nearing the end of its life span (circa 1955). Structural inflation began to erode competitive standing.

Secondly, labor's implicit promise had been a wage freeze for 1953 (Klenner, 1979:1991). In early 1954, wage rounds began again with the intent of seeking real wage parity to 1950 levels. Labor's capacity to deliver it members had been once demonstrated, now it was time to pay the piper. ÖGB President Böhm renewed calls for concertation (Butschek, 1985:138). Certainly, for labor the strategic timing was ripe. Unemployment had eased and chances were good for another European growth spurt.

Table II: Austrian Unemployment (1950-56)

Austrian Unemployment 1950-1956 (in percent)	
1950	6.2
1951	5.6
1952	7.5
1953	8.7
1954	7.6
1955	5.4
1956	5.1

Early calls for institutionalized cooperation (fall of 1955) fell on deaf ears. Here a favorable set of interests and constraints fostered a gradual acceptance by capital of the Parity Commission regime. Elites had staked their reputations on the economic policies of the mid-fifties, an international boom was in sight and domestic policy problems could easily damage the international standing and position earlier gained, not to mention the reputations of those who had urged the Kamitz course.

Under the circumstances, capital could not roll back worker gains to continue the upturn. The ÖGB's rising organizational strength through the '50's presented employers with an unambiguous choice. Capital dominance could only be achieved at the price of significant class friction if at all. In fact, economic success so far had been predicated on *Mitwirkung* between the class representatives. Odds were that a domestic policy impasse would damage Austria's competitiveness and cause it to miss the conjunctural boat if the labor organization were not re-integrated. Success had brought with it a significant constraint on capital's future options.

But establishing the Parity Commission regime required several rounds of blunt exchanges between labor and capital in which the ÖGB made explicit its ability not only to 'deliver' but to activate its capacity to threaten capital interests. The first round, in the fall of 1955, was an offer by Trade Union Federation President Böhm to establish a broadly conceived Commission for Economic and Social Questions under which more than wage-price issues could be considered. The initiative was rejected by Business and Agricultural Chambers on grounds that informal council was fine, institutionalization was not. The next, more fully elaborated offer by Böhm, contained more than institutional plans:

"I bid you to consider, that in the event, contrary to expectations, my proposal should be dismissed, workers will be forced to the opinion that their chamber is not inclined to try to reach agreement on questions of the collective welfare. The perspective would then prevail that a reckless showdown between interests with all its economically damaging consequences will follow - behavior which in no way could serve the welfare of the fatherland." (attributed to Böhm in *Materialien*, 1966:144 in Talos, 1985:69, author's translation).

The implied threat here was not hard to read. Organizational strength meant the federation either could direct or would allow disruption of the regulated economy absent an exchange over an institutionalized means of policy concertation. There was another rejection (March 1956), this time from the Federal Chancellor, Raab (former Business Chamber President), who saw labor's proposal not just in light of business dread of institutionalized class cooperation but as a threat to the state's prerogatives (*Materialien*, 1966:147 in Talos, 1985:69). A fig leaf of sorts was finally designed in which cooperation was pursued under a reactivated Economic Commission. In the Commission plans were then drawn up for the Parity Commission and activated in March 1957.

Three crucial factors determined capital's acceptance of the specific price-wage regulating institution, later to be considerably broadened to include a Council for Economic and Social Questions. First Böhm's implied threat was activated. The year 1956 brought the largest wave of strikes in Austria's postwar history. This wave of militancy rode on a new international conjuncture - one that could prove highly beneficial to Austria - begun in the previous year. A similar strike wave preceded the creation of the Council for Economic and Social Questions (1963).

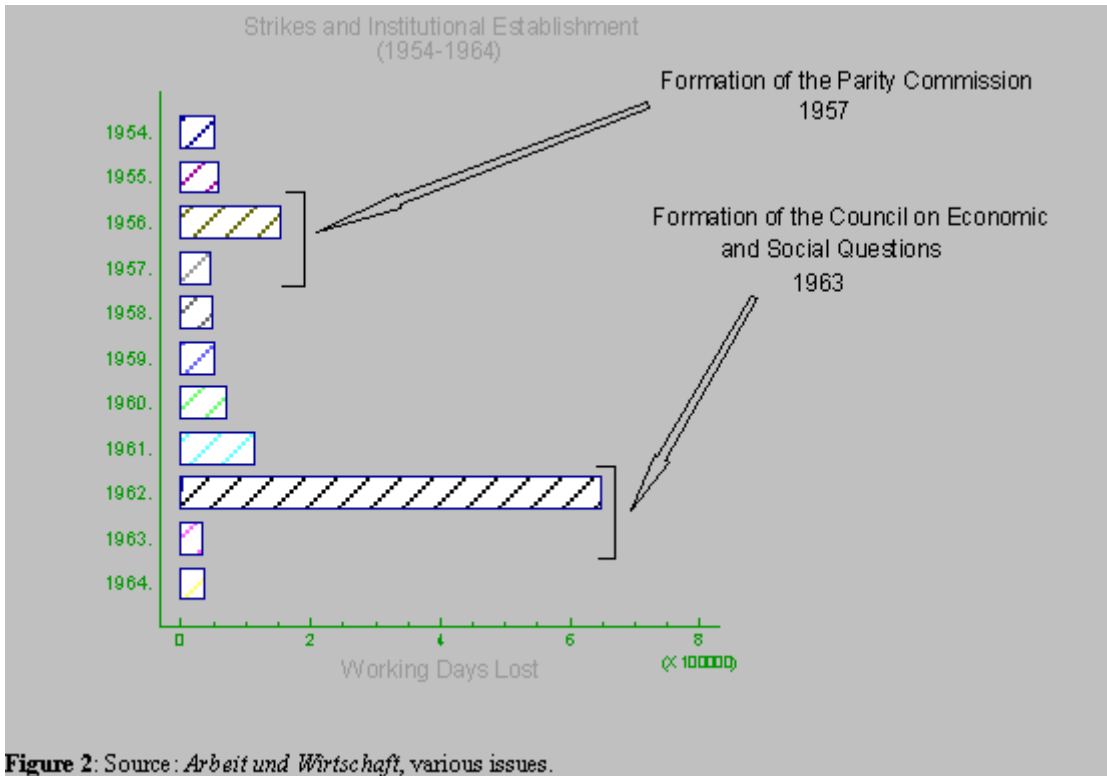


Figure 2: Source: *Arbeit und Wirtschaft*, various issues.

Secondly, the rise in living costs and the rise in the GDP deflator began to match (structural inflation). This is crucial, for it indicates that the flow of price increases (for goods and labor as well) was not being stemmed within the economy. The whole idea is to have wage restraint prime the pump of export promotion and fuel competitiveness. Crucially, at the 1956-1957 juncture this was *not* occurring and the strike threat could then most effectively be used.

Finally, a 'minimum winning coalition' was achieved after agreement between the trade union federation and the Chancellor over the outlines of a new institution. In return for the state's blessing for the establishment of the Parity Commission, the federation agreed to a "strongly weighted influence on wage and salary demands" and prior review within the institution of all new proposals for wage and salary regulations (collective bargaining) *before* negotiation between sectoral principals (Klenner, 1977:3).¹²

Table III: Inflation Indicators, 1947-1958.

	Cost price index (percentage change)	Cost of living index
1947	10.1	103.2
1948	-8.8	52.4
1949	9.1	28.1
1950	11.0	13.1
1951	24.6	27.8
1952	15.8	17.0
1953	-1.2	-5.4
1954	2.7	3.7
1955	2.9	0.8
1956	4.7	3.5
1957	4.6	2.2
1958	0.1	2.3
----- Bucsek, 1965:230		

Conclusion

What were the key factors that accounted for the successful emergence of this final concertative institution? The economic conjuncture argument, that during an upswing labor's bargaining position is better and hence capital is more willing to establish concertative institutions, helps but does not fully account for the emergence of a lasting regime. Most predictive of cooperative outbreaks was a high level of inflation. This is true not just for the interwar years. As well, the five PLA's track almost in lock-step with jumps in the cost of living. But all these 'inflationary crisis' attempts foundered. In fact, when the Parity Commission was established (1957), inflation was at an all time low and 1950's economic growth had already peaked. On the other hand, the fear of structural inflation pushed establishment along. The evidence is suggestive. Conjunctures were important but not sufficient.

Poor institutional instruments may be explanatory. Wage indexation schemes never really worked. In fact they may actually help account for the downfall of concertation regimes in both interwar and postwar periods. Some learning about the expectational effects of cooperation took place before the emergence of the Parity Commission method of ongoing wage management instead of indexation. But this methodology, very important in helping to account for the *Sozialpartnerschaft's* longevity, does not necessarily explain the Commission's initial establishment.

Rather, the following seem most crucial. Foremost, without labor's capacity to constrain capital's postwar strategic options by being able to demonstrate both an ability to deliver wage restraint and to mobilize and control militancy, no neo-corporatist regime would exist today in Austria. This capacity was born from the hard experiences of the 1930's and 1940's in which those who had once pushed sectional and particularistic interests perished. The same lesson was not lost on the leaders of the business *Lager*. Politically and socially, the threats and militancy of 1956 and again in 1962 - the years in which the

Parity Commission was formed - meant much more than they would have in a land that had not experienced authoritarianism, civil war and Nazism.

Finally what made this political/social threat all the more potent in the postwar period was the dynamics of high politics and high economics. The export promotion path on which Austria was forced in the postwar period made the price-wage regulated economy unavoidable and put labor - if well enough organized - in the catbird's seat in the flow of factor costs across the economy. A *weak* state, unable to pay the bill of 'compensation' often referred to in theoretical treatments of neo-corporatist class compromise, meant that the weight of hard interest adjustments between the principle protagonists was sharpened. Significant problems in government formation also regularly impinged on the state's ability to fashion policy. *At practically every crucial juncture in the further development of concertative institutions state capacity - either in financial or political terms - was low.*

Other paths of class compromise (statism, social market economy) were cut with the decline in the state's ability to pay or decide. There were certainly memories of 1922 operating here. But state withdrawal also served a crucial but often overlooked function in the establishment of concertation. Without a retreat to macro-economic policy levers (the Kamitz course) and initial success with re-integration into the international economy, price discipline would probably never have been achieved and labor would have had little on which to spend its bargaining chips.

In sum, then historical lessons focused the attention of all parties on crisis and risk avoidance; serendipity played a roll at crucial moments (Marshall Plan Aid; the Austrian Supreme Court's striking down of the Economic Directorate - forerunner of the Parity Commission, etc.), exogenous conjunctural conditions signalled and pushed the protagonists together. But *institutionalization* was only really possible once the trade union organization had demonstrated its capacity both to live up to bargains made (e.g., the earlier five PLA's) but also when it could demonstrate strategic foresight and the ability to use the instrument of threat to bring capital and the state to the table (1955-1957). This factor seems also to account for the longevity of the regime as evidenced in the pattern of militancy and restraint exercised by labor in subsequent years (c.f., Karlhofer 1983).

Some Additional Comments on the Role of the State

If we are looking to Austria for transferable lessons in regime building, it seems clear, though perhaps counter-intuitive, that too great a focus on 'the state' may be misplaced. At least the issue must be approached with caution.

First, I would argue, counter to established notions, that in the interwar period the state played a *decisive* role not just in economic policy, but in political regime formation. I refer here especially to the 1922 Seipel accession and the *Genfer Sanierung*. That role

was played and its end accomplished by 1925. The quote "hands-off classical policy" positions, unquote, of say Kienbock (Seipel's finance minister) and Professor Mises (Executive Secretary of the Vienna Chamber of Trade, circa 1930) were *outcomes* of the earlier state role not real indicators of that role. The austerity policy of the late twenties cannot be taken out of historical context.

On the other hand, in the postwar period I would argue that the state got out of the business of defining the regime. Governing elites tried in 1946-47, again in 1951-56, but each time the 'state' was *too weak* both relative to other forces (e.g., the interest associations) and in being able to implement and/or afford policy. Rather a 2nd, quieter, revolution occurred in the 1957-63 period in which the business and labor elite established a distinctive economic, indeed, political regime (see Marin 1982). That policy arrangement was neither statism (e.g., France) nor social market economy (e.g., Germany). Rather, Austro-Keynesian type fiscal and monetary policy would be used as a backdrop to an incomes managed economy through the Parity Commission.

If indeed the 'state' has been discredited in the East, then the Austrian way - with its example of a *structural* balance of social forces via interest association concertation - might be just the kind of 'new socialism' needed. Policy regime designers might not get the state, they might be able to get the interest associations (though these too have fallen on disreputable times). Hence, the push by the SPÖ and the ÖGB to re-organize trade unionists in Czechoslovakia.

Appendix

The Parity Commission for Wages and Prices

The Parity Commission and ancillary policy mediation structures go broadly under the label *Wirtschafts- und Sozialpartnerschaft*. The 'Partnership' can be thought of as a government for class relations in contrast to the formal state mechanism regulating political and electoral relations.¹³ The institutional mechanics of this structure have remedied many of the deficits of earlier concertation arrangements. At the peak stands the Parity Commission for Price and Wage Questions (PK). Its upper or executive level consists of the Full Commission (*Vollversammlung*), the Presidents' Caucus (*Präsidentenvorbesprechung*) and the Economic Policy Forum (*Wirtschaftspolitische Aussprache*) and the latter's Prognosis Meeting (*Prognosesitzung*). Planning and staff work are carried out in the Prices Sub-Committee (*Preisunterausschuß*) and its special commissions (*Sonderkommissionen*), the Wages Sub-Committee (*Lohnunterausschuß*) and the Council for Social and Economic Questions (*Beirat für Wirtschafts- und Sozialfragen*).

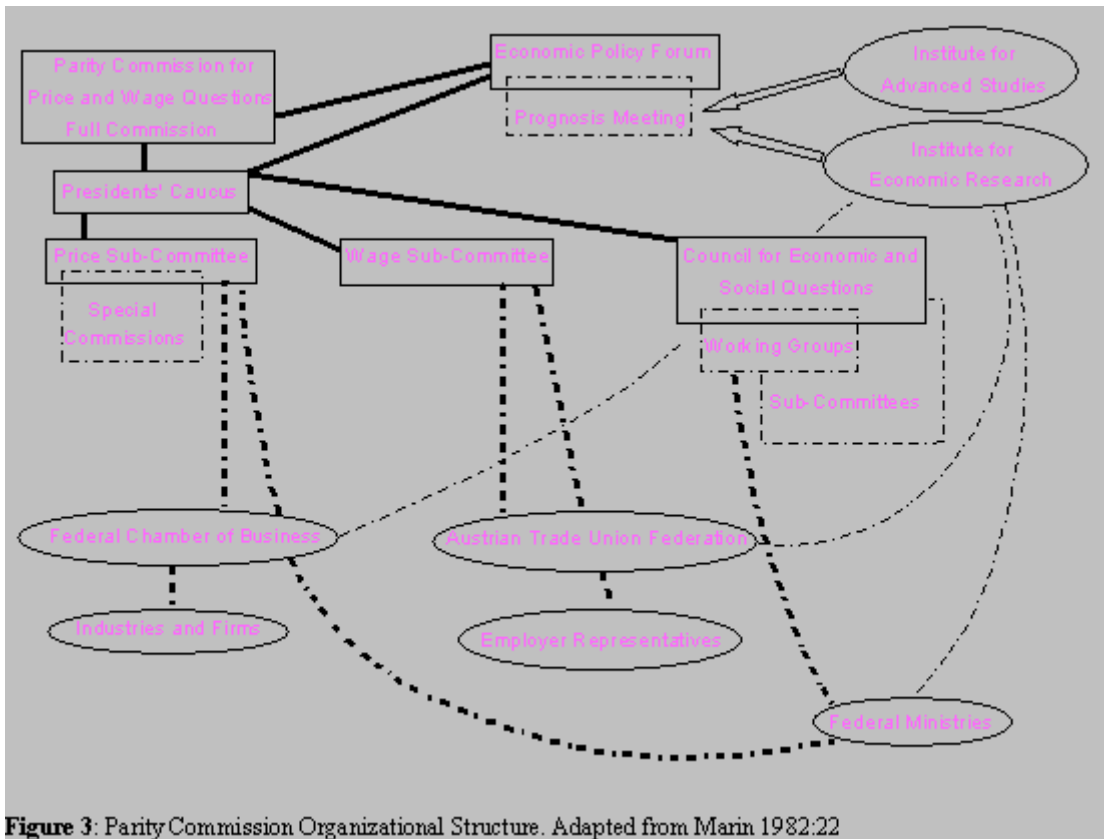


Figure 3: Parity Commission Organizational Structure. Adapted from Marin 1982:22

The diagram (Figure 3) shows the actual Commission components in rectangular boxes. Organizations outside the PK are designated within ellipses. Thick solid lines indicate authoritative connections in the Parity Commission; thick dashed lines represent flows of implementation to organizations outside the Commission. The thin dotted lines are information feedbacks to the forecasting institutions.

The actual number of eligible voters on the full commission numbers only eight (Marin 1982:35). Though chaired by the Federal Chancellor and attended by government representatives of the Ministries of Agriculture and Forestry; Trade, Commerce and Industry; Social Administration, and (until 1974) the Ministry of Interior, the government gave up voting rights in 1966 (the first year of the ÖVP single party government). The full commission's voting members then are two representatives each from the ÖGB, the Chamber of Labor, the Presidents' Conference of Chambers of Agriculture and the Federal Chamber of Business. The full commission sits rather seldom and of only short duration. The business of the full commission is to review and ratify findings and recommendations of the PK's constituent sub-committees or to resolve sharp disagreements (Marin 1982:26).

The Presidents' Caucus, on the other hand, is the authoritative executive organ of the Commission composed of Presidents of the 'Big Four' peak organizations representing the three economic producer groups: labor's Austrian Trade Union Federation (ÖGB) and Chamber of Labor (AK), employers' Federal Chamber of Business, and agriculture's Chairman of the Presidents' Conference of (Provincial) Chambers of Agriculture. The

major function of this group (standing for the Commission) is to oversee an apparatus for managing movements in prices and wages and initiating, designing and coordinating economic policy. The actual tasks are delegated to the individual sub-units of the Commission.

The first sub-unit formed, and arguably the most important, is the Price Sub-Committee. Membership includes representatives from the Finance Ministry, Ministry for Trade, Commerce and Industry, and the four *Verbände*. Meetings are held at least weekly (various staff members daily) and chaired by and at the Federal Chamber of Business. The sub-committee manages a rather complicated and authoritative process of price review and approval carried out mostly by appropriate sections of the Business Chamber; recommendations are also made to the appropriate Federal Ministries as either the need for sanctioning arises or when coordinated pricing requires government regulation (Marin 1982: 187-244, WIFO 1964b: 173-178). At the height of the sub-committee's power through the early 1980's, it controlled 17 to 27% of consumer goods prices and 48 to 60% of industrial prices (Marin 1982:140 from minutes Price Sub-Committee meetings) and made authoritative recommendations on officially regulated prices and tariffs of about another 15-20% of consumer expenditures (Nowotny 1991:2). Coverage has declined in the 1980's to mostly basic foods and energy (Nowotny 1991:2).

The Wage Sub-Committee tasks are narrower and consist basically of an ongoing review (bi-weekly meetings) of the wage management policy of the Austrian Trade Union Federation. Its membership is appropriately weighted with two representatives each from the ÖGB and the Federal Chamber of Business (the primary negotiators) and only one each from the Chamber of Labor and the Chamber of Agriculture. There are no government representatives. The sub-committee approves the beginning of wage negotiation rounds but it is solely the Trade Union Federation which presents these requests. The permission to proceed, negotiation conditions, amounts to be requested, etc., have all been reviewed by the federation. The ÖGB, as the only legally recognized representative of trade unionists, has in turn granted sub-confederals the right to negotiate. Wage discussions are then coordinated through the ÖGB's collective bargaining commission under, of course, the coordination instructions flowing from understandings reached in the PK.¹⁴

Unlike the older wage indexation system, there is no *particular* indexation agreement. In fact, there has developed an explicit procedural norm to *de-couple* the negotiation of wages and price requests in favor of ongoing and staggered management. And this is generally the style of institutional management throughout the Economic and Social Partnership. Gone are rules chiseled in stone. In their place is expert and continuous adjustment of factor costs analogous to the operation of a large modern corporate network.

Implicitly, the ÖGB pursues a three-cornered wage policy based on productivity, solidarity and anti-cyclical measures (Marin 1982: 155-159).¹⁵ The overarching criteria for adjusting the distributional burden between capital and labor is the Wage Quota - the

distribution of national income going to workers. It figures prominently in the overall management of wages, prices and other social and economic policy.¹⁶

Some mark the consolidation and acceptance of the Parity Commission regime as the 1963 addition of the Council for Economic and Social Questions. The Council is the expert 'think tank' that addresses much broader and related issues of economic and social policy. Its creation in the early 1960's was quite contentious given its challenge to parliamentary and coalition government policy formulation.¹⁷ The Council's membership consists of experts drawn from the interest groups, government ministries, universities, etc. But usually its permanent members are three ÖGB, four *Arbeiterkammer*, four *Bundeswirtschaftskammer* and three Chamber of Agriculture representatives. Most research is performed by a rotating professional intelligentsia coming into and then leaving the Council on a project by project basis. Quite often reviews of findings are attended by the director of WIFO (the Austrian Institute for Economic Research, *Österreichischen Institutes für Wirtschaftsforschung*), representatives from the League of Austrian Industrialists and other interested parties.

The Council has three basic functions: channel potential conflict into the expert arena (Nowotny 1991:3, fn 4), establish the (scientific) 'truth' or the paradigmatic consensus upon which other decision-making will operate, and provide a firm 'policy analysis' foundation for actions taken by the social partners and government.

In addition to the Council's policy study activities, precise economic policy guidance is provided by the Economic Policy Forum (*Wirtschaftspolitische Aussprache*). Quarterly econometric forecasts are prepared on a slightly competitive basis by Austria's two principle forecasting institutes - the Austrian Institute for Economic Research (WIFO), the dominant institute, and the Institute for Advanced Studies (IHS). Their data is gathered from a wide net of government agencies and private organizations but particularly from the Central Statistical Office, the Federal Chamber of Business, the Chamber of Labor and, indirectly, the Trade Union Federation. Their forecasts feed the policy recommendations developed in the Economic Policy Forum, which, in turn, drives the management machinery of the Parity Commission.

Endnotes

1. Each peak association is closely affiliated with a sister political party of substantial parliamentary size and governing experience (Schmitter and Lembruch 1979:15; Korpi, 1983).

2. Actually the game would have to be played infinitely or the number of iterations would have to be indeterminate. I will not spend any time on the rather complex specifications of game theory. Rather here I want to present a very simple and straightforward framework. See Ordeshook (1986) for a general introduction to the use game theory for political research. See Kindley (1992) for a slightly more detailed description of the

meta-game.

3. My working definition of the state is not as open-ended as many Marxist definitions (e.g., all forms of association that help reproduce capitalist relations). Rather, I consider 'state' elites to be those parliamentarians, cabinet members or civil servants who owe their position to national elections or to someone under that electoral sanction.

4. One example of an inflexible and hence not very authoritative mechanism is wage indexation. The use and effect of Austrian wage indexation in the interwar period will be explored shortly.

5. Under the Geneva Protocols of October 4, 1922 Austria received a loan valued nominally at 650 million crowns from a consortium of private banks (Kleindel, 1978:324). Its terms were, of course, very steep. Austria's total indemnity was to be 789 million crowns. But 10% was immediately taken as an underwriting commission and an additional 10% was deducted for marketing of the bond issue floated by the consortium banks. Further, if we assume that expectations about its cost were set that summer (July, 1922), the real debt (i.e., in terms of the crown value of hard currencies) nearly tripled as a result of the crown's plunge in value between July and October. The difference in the dollar quote on the Vienna market in July 1922 was 20,675 crowns to the dollar. On October 4, 1922, the rate was 73,500. This represents a 256% devaluation of the crown (calculated from de Bordes, 1924:115-135).

6. The meeting of 1930 between labor and capital representatives was one attempt to avoid catastrophe by again reaching out to an institutional compromise. Grandner and Traxler (1984) report that the meetings really never got off the ground since both parties held completely different economic paradigms - labor from a demand stimulation outlook (Keynesianist) and employers and the state from a classical austerity point of view as pushed by Mises (student of Hayek).

7. 1927 is an outlier year for the civil violence figure. Most casualties are accounted for by the July Demonstration of 1927 and the burning of the Justice Palace, see "Die 'Juli-Demonstranten', Ihre Motive und die Quantifizierbaren Ursachen des Justizpalastbrandes 1927" in Botz (1987).

8. The SDAP leadership counted on the continual growth of the proletariat to provide a democratic basis for the movement to socialism. On the other hand, the Christian Socials had reason to be hopeful, given its populist message and a connection to the church, that it could lead both peasantry and small business.

9. The French economic policy regime is a statist model.
10. Or the German style economic policy regime.
11. Others like Butschek talk euphemistically of capital gaining a sense of their own 'self-awareness' (Butschek, 1985:127).
12. A brief description of the Parity Commission's operation is contained in the Appendix. Also see Marin (1982).
13. For more on this analogy see Marin 1982:25.
14. For more about the wage bargaining process see Chapter Seven.
15. I call this three cornered in the sense it is often difficult to maximize all at once; there are tradeoffs. Generally the solidarity preference has suffered most though it is still evident (see discussion in Chapter Seven). Anti-cyclical policy has weakened somewhat in the austere eighties (c.f., Panzenböck 1985). Productivity guidelines, along with the near religious adherence to the Wage Quota, have probably been most important.
16. The Wage Quota (Lohnquote) is simply the proportion of national income going to wages and salaries or $(I= W/Y)$ where I is the Wage Quota, W is the sum of wages and salaries and Y is national income. The new adjusted wage quota (I_{bn}) is currently used:

$$I_{bn} = \frac{w_t * L_o + k_t * K_o}{Y}$$

*Where, w is the average wage per wage and salary earner
L is the number of wage earners
k is the average profit per self-employed*

This figure is sometimes adjusted for wage, income, commercial and other taxes (the Net New Adjusted Wage Quota). For further discussion of this distributional criteria I suggest Panzenböck 1985:117-135 and Bayer 1980a. The quota (I_{bn}) has varied from a high of 71.9 (1955) to a low of 59.2 (1984) (see Panzenböck 1985: 119)

17. According to Marin (1982: 265-300) the establishment of the council was Austria's Second, but Quiet Revolution in which a new, younger technocratic elite replaced the more political (and politicized) world view of the old.

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