Why were European economies able to pursue the simultaneous commitment to full employment and welfare state expansion during the first decades of the postwar period, and why did this virtuous relationship break down during recent decades? This book provides an answer to this question, by highlighting the critical importance of a political exchange between unions and governments, premised on wage moderation in exchange for the expansion of social services and transfers. The strategies pursued by these actors in these political exchanges are influenced by existing wage bargaining institutions, the character of monetary policy, and the level and composition of social policy transfers. The book demonstrates that the gradual growth in the fiscal burden has undermined the effectiveness of this political exchange, lowering the ability of unions’ wage policies to affect employment outcomes.

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Taxation, Wage Bargaining, and Unemployment

ISABELA MARES
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List of Abbreviations

DGB Deutscher Gewerkschaftsbund (Federation of German Trade Unions)
LO Landsorganisationen i Sverige (Swedish Trade Union Confederation)
OECD Organization for Economic Cooperation and Development
OTV Gewerkschaft Öffentliche Dienste, Transport und Verkehr (Public Sector, Transportation, and Traffic Union)
SACO Sveriges Akademikers Central Organisation (Central Organization of Professional Employees)
SAF Svenska Arbetsgivareförbundning (Swedish Employers’ Federation)
SAP Sveriges Socialdemokratiska Arbetareparti (Social Democratic Party)
SERPS State Earnings-Related Pension Scheme
SF Statsanstalldas Forbund (Union of State Employees)
TCO Tjänstemännens Centralorganisation (Central Organization of Salaried Employees)
TGWU Transport and General Workers’ Union
TUC Trades Union Congress
VF Verkstads Förening (Engineering Employers’ Union)
Acknowledgments

It is my great pleasure to thank the individuals and institutions that have provided support during the period of research and writing of this book. I have incurred many debts from colleagues and friends in the Stanford political science department, my intellectual home during the past few years. I would like to thank Jim Fearon, Steve Haber, David Laitin, and Mike Tomz for extremely helpful suggestions on early draft chapters. I am also immensely grateful to Beatriz Magaloni and Alberto Diaz-Cayeros for a number of very engaging conversations which helped me tremendously sharpen my criticism of existing studies. At Stanford, Jackie Sargent and Eliana Vásquez have helped me in innumerable ways to move this project along. I owe everybody more than my thanks.

Over the past few years, I have presented several draft chapters at various seminars and conferences. I am grateful to many colleagues who have provided extremely valuable comments on various aspects of the manuscript. For their generous and insightful suggestions, I would like to thank Jim Alt, Carles Boix, Pepper Culpepper, Keith Darden, Karl-Orfeo Fioretos, Peter Gourewitch, Peter Hall, Lane Kenworthy, Herbert Kitschelt, Peter Lange, Kathy Thelen, and Michael Wallerstein. I also thank seminar participants at Duke University, Yale University, the American Political Science Association, and the Conference of the Council for European Studies for helpful feedback.

I would like to acknowledge financial support provided by Stanford University and the German Marshall Fund of the United States. At Stanford, I am especially grateful to Karen Cook and Paul Sniderman for a leave of absence that allowed me to complete the first draft of the book. I have benefited from excellent research assistance from Raluca Boboc, Benjamin Brutlag, Daniel Butler, and Alex Kuo.
I am grateful to many colleagues for their help during the final stages of work on this book. At Cambridge University Press, my thanks go to Lew Bateman for his editorial advice. I am extremely grateful to Margaret Levi for her detailed written comments on the manuscript and for her enthusiasm about the project. Two anonymous reviewers have provided extremely engaging comments. I hope I have answered all their questions in the final version of the manuscript. Many thanks to Ruth Homrighaus and Elise Oranges for helping me prepare the manuscript for publication.

My deepest gratitude goes to my husband Radu. I am grateful to Radu for believing in this project from the very beginning and for encouraging me to leave everything else aside and work on this book. It is my great pleasure to dedicate this book to him, with love.