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978-0-521-64532-4 - Contested Economic Institutions: The Politics of Macroeconomics and Wage Bargaining in Advanced Democracies

Torben Iversen

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# CONTESTED ECONOMIC INSTITUTIONS

This book helps explain two of the most intriguing and politically salient questions in comparative political economy: What are the institutional and macroeconomic policy conditions for full employment and why were these institutions and policies being transformed in some countries during the 1980s and 1990s? It argues that the answers can be found in the intersection of distributive politics, the organization of wage bargaining, and monetary policy-making. Contrary to conventional wisdom, the study shows that monetary economic policies have lasting effects on unemployment whenever wages are bargained above the firm level. Certain combinations of bargaining arrangements and monetary policies produce superior employment performance, but they also entail different distributional outcomes and allocations of political power. Based on this analysis, the book explains how changes in technology and growing capital market integration during the 1980s led to a realignment of partisan governments and cross-class coalitions of unions and employers in some countries. Where this realignment occurred it was associated with a shift in macroeconomic priorities away from full employment, a decentralization of wage bargaining, and rising inequality.

Torben Iversen is Associate Professor of Government and a Faculty Associate at the Center for European Studies at Harvard University. His research and teaching interests include comparative political economy, electoral politics, and applied formal theory. He is the co-editor of *Unions, Employers, and Central Banks: Macroeconomic Coordination and Institutional Change in Social Market Economies* (Cambridge University Press 1999), and his articles have appeared in the *American Journal of Political Science*, *British Journal of Political Science*, *Comparative Politics*, *Comparative Political Studies*, *International Organization*, *Oxford Review of Economic Policy*, *Public Choice*, *Quarterly Journal of Economics*, *World Politics*, and numerous edited volumes.

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AND WAGE BARGAINING IN  
ADVANCED DEMOCRACIES

**TORBEN IVERSEN**

*Department of Government, Harvard University*



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