“Policymaking in a Context of Popular Opposition: Austerity Policies and General Strikes in Southern Europe”

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Abstract:

Amidst the current debt crisis, Europe has witnessed a dramatic deterioration in government/union exchange. This deterioration is most apparent in the sharp rise in general strikes aimed against austerity measures in the EU 15 (plus Norway) since the 2008 financial crisis, over 90% of which have taken place in Greece, Italy, Portugal, and Spain alone. Traditionally, general strikes have been important collective action tools for unions to gain influence in social policy reforms, and have also served as a medium for unions to punish governments electorally for unilateral reform. However, general strikes directed at deficit-consolidation economic policies are a more recent phenomenon, emerging with increasing frequency, especially in the South, amidst the current crisis. Here, we explore whether unions are less likely to secure concessions from governments, and whether governments incur greater vote share penalties after austerity-related general strikes. We expect austerity strikes to reveal different political exchanges between unions and governments than non-austerity related strikes because governments are under greater reform pressures and are more likely to act unilaterally. Using a logistic regression to examine how austerity influences government concessions in the wake of a general strike, we find that not only are general strikes targeted towards immediate fiscal consolidation unlikely to result in concessions from governments, but also that these types of strikes eliminate the influence of positive predictors of strike concessions (union unity and coalition majority governments). However, using a panel regression of 139 election years in the EU15 plus Norway, we also find that governments incur significant political penalties if general strikes targeting austerity occur during their tenure, while they receive no significant electoral penalties for non-austerity general strikes. These union-legitimacy and electoral volatility problems associated with austerity strikes are likely to be disproportionately felt in Southern Europe, which accounts for almost all of Western Europe's austerity strike activity since 2008.

Introduction

During the 1990s, Europe witnessed a resurgence in government-union concertation as countries attempted to qualify for European Economic and Monetary Union (EMU). Such concertation occurred even in Southern Europe, which scholars believed lacked the institutional infrastructure necessary for corporatist exchange (Baccaro 2002, 2003; Molina and Rhodes 2002). Best embodied by a rise in social pacts, bi-partite or tri-partite agreements revolving around labor and welfare state reform as well as economic management, unions and governments across EMU's peripheral economies struck deals in order to control (wage) inflation, reform their bargaining systems, and introduce consensus-based welfare and public-sector reforms that assisted countries with satisfying Maastricht's 3% deficit rule (Fajertag and Pochet, 2000; Hancké and Rhodes, 2005; Hassel, 2003). One decade later, however, harmonious relations between unions and governments have almost collapsed across Western Europe. Social pacts continued to emerge in the EU15 (plus Norway) until the mid-2000s (see Figure 1), yet the frequency of such agreements plummeted amidst the 2008 financial crisis and the subsequent European debt crisis. Meanwhile, the number of general strikes – defined as temporary, national work stoppages in multiple industries, directed against the government in its role as a legislator/policy-maker – have risen sharply as unions protest against (unilateral) welfare reform and austerity policies mandated by governments (Hamann, Johnston, and Kelly 2013a; see also Figure 1). This rise has particularly been prominent in Southern Europe. During the 1980s and 1990s, roughly 60% of the total general strikes in the EU15's (plus Norway) occurred in Greece, Italy, Spain and Portugal. Between 2008 and 2013, these four countries accounted for over 80% of Western Europe's total general strikes. The current economic crisis in Europe has placed significant strain on governments, especially those in Southern EMU economies. Due to the urgency to calm market fears, and to fulfill terms and conditions of EU fiscal assistance, Southern European governments no longer have maneuvering room to negotiate with unions on welfare reform and public spending. Rather, many have unilaterally pursued reforms in the name of fiscal austerity, casting concertation to the side and prompting some to doubt unions' future in tripartite bargaining (Culpepper and Regan 2014).

[Figure 1 about here]

How has the interaction between unions and governments changed during the austerity period? We explore this question by examining union and government exchange via general strikes aimed at fiscal consolidation economic policies[1] (i.e. policies aimed at either raising taxes or cutting discretionary, public spending with the intention of *immediately* addressing fiscal deficits). While we consider general strikes mobilized against other issues, such as pensions, welfare reforms (social insurance outside of pensions, such as unemployment, disability and sickness insurance) that do not immediately lead to a reduction in the fiscal deficit, and labor law in our analysis, strikes directed at fiscal consolidation economic policies provide a convenient medium to examine political exchange between unions and governments during the current age of austerity, particularly in Southern Europe, for two reasons. First, these strikes are a form, and sometimes the only form, of union engagement with governments that pursue unilateral measures (spending cuts and tax increases) in times of fiscal crisis. Citizens in Southern Europe have found themselves removed from domestic political processes as austerity reform is dictated to their governments by the (politically unaccountable) Troika (the European Commission, European Central Bank, and the International Monetary Fund). General strikes provide one of the few political mediums for which Southern European unions, and electorates, can voice their discontent amidst the current crisis. Secondly, because the economic policies that these strikes

[1] In this paper, we use the terms "economic policy-based general strikes" and "fiscal consolidation general strikes" interchangeably.

are mobilized against are politically explosive, but perceived by governments and/or external funding bodies as economically necessary, they can serve as a rough proxy for the effectiveness of union collective action against austerity.

We focus on two channels of union-government exchange related to general strikes against economic policy reforms. First, we assess the extent to which governments are likely to grant concessions in the wake of fiscal consolidation-based general strikes. Second, we analyze the electoral repercussions of fiscal consolidation-based general strikes for governing parties. Although recent research has indicated that government concessions to unions in response to general strikes have increased slightly between 1980 and 2010 (Hamann, Johnston, and Kelly 2013b), we expect concessions to general strikes aimed at economic policies to be less likely than those directed at other social policy issues because governments are under greater fiscal consolidation pressures and hence may have less room to dilute their reforms. Using logistic regression analysis of 77 general strikes with known outcomes in the EU15 plus Norway between 1980 and 2009, we find that general strikes aimed at economic policies exhibit the lowest concession rates of all strike issues. However, although economic policy-based general strikes bode poorly for unions in term of outcomes, governments do not emerge unscathed from these forms of protest. Employing a panel analysis of 139 election years in the EU15 plus Norway between 1980 and 2012, we examine the correlation of economic policy related general strikes, non-economic policy general strikes, and social pacts on incumbent electoral outcomes. We find that non-economic policy strikes yield no significant correlates with electoral outcomes whereas economic policy general strikes are associated with significant declines in vote shares and reelection probabilities. Because general strikes, including austerity strikes, have been particularly prominent in Southern Europe since the global financial crisis, our results suggests that the electoral penalties of general strikes are disproportionately born by Southern, rather than Northern, European governments.

Union – Government Relationships during Times of Austerity

Since the 2008 financial crisis and the ensuing period of economic austerity, all West European governments have embarked on measures to retrench public spending. Real wages declined between 2010 and 2012 in 10 of the EU15 as well as Norway (the exceptions were Austria, Finland, France, Germany, and Sweden) and unemployment in the EU15 rose from 7.1% in 2007 to 10.6% by 2012 (Busch et al. 2013). Although several countries used fiscal measures to try and boost demand – especially Denmark, Germany, and Sweden (see Bermeo and Pontusson 2012) – the austerity path of cutting public expenditure on employment and welfare had by 2010 or so become ubiquitous (Armingeon and Baccaro 2012; Crouch 2011). It has been argued that the same Southern European countries (plus Ireland) that had to incur the biggest policy changes to meet the crisis were also the same ones that are at least partially to blame for the origin of the crisis, in particular excessive government spending in Greece, bank lending in Ireland, the asset boom in Spain, and expansive commercial borrowing in Portugal (see Hall 2012: 357). At the same time, however, the institutional context in which the Southern European economies operate privilege demand-led growth strategies, focused on domestic markets, rather than the export-led growth strategies that are facilitated by the economic institutions of Central and Northern Europe (Hall 2012: 359). While the causes for the crisis are manifold, the countries hardest hit by the crisis in addition to Ireland were those in Southern Europe. As a consequence of the sovereign debt crisis, Greece was bailed out by the IMF and the EU; European loans were forced on Portugal in return for austerity measures; Spain and Italy were forced to accept austerity measures under pressure, and Spanish banks were bailed out in 2012 (Hall 2012: 363;). As a consequence of the crisis and the subsequent austerity measures adopted by the governments in Southern Europe, unemployment rose sharply while incomes declined. For example, unemployment in Portugal grew from 8.6% in 2008 to 15,3% in 2013, hitting young people under the age of 25 particularly hard – 37.7% of that group was unemployed, and the poorest tenth of the population suffered the largest decline in disposable income (Accornero and Ramos Pinto 2014: 3). Unemployment rates in Greece have risen to 25%, and incomes in the public sector has been cut by over 30% of its pre-crisis levels (EU AMECO Database, 2013). Kriesi (2014: 307) calculates an index of economic indicators of the crisis in Europe composed of GDP growth, unemployment, and budget deficit (as percentage of GDP) and finds that Spain, Portugal, and Greece, together with Ireland and Iceland, formed the group of five countries hardest hit by the crisis.

Welfare reform literature has argued that governments have a strong incentive to negotiate reforms with trade unions for three reasons. First, general welfare spending enjoys high levels of support amongst the electorate and cuts in expenditure risk voter discontent and electoral costs for the governing parties (Brooks and Manza 2007). Second, in many West European countries trade unions were considered strong enough to mobilize disaffected voters, both union members and non-members alike, in protest demonstrations. Existing research shows that widespread popular protests against austerity measures is linked to electoral backlash against governing parties (Kriesi 2014). One argument is that public protests interact with electoral processes. Public protests, such as highly visible general strikes, are "designed to unleash a public debate, to draw the attention of the public to the grievances of the actors in question, to create controversy where there was none, and to obtain support of the public for the actors' concerns" (Kriesi 2012: 520). It is easy to see, then, how large-scale and highly visible public protests, such as general strikes, against the government can have electoral consequences. Consider, for example, the fact that 75% of survey respondents in Greece, 72% in Spain, and 68% in Italy think that their respective Prime Minister did a “bad job” in handling the crisis (Pew 2013). It makes sense to assume that general strikes against the government and its policies could have an effect in channeling voter disgruntlement against the government that is independent from the crisis and the policies themselves as the government is the clearly defined target for the protest. Third, by securing the agreement of unions to potentially unpopular reforms governments would be able to diffuse responsibility for their implementation and thus avoid taking all of the blame from the electorate (Pierson 1994).

Does the logic of social pacts and blame avoidance still hold under conditions of prolonged economic austerity? Several factors suggest that it may not. First, many of the most unpopular reforms, certainly in Southern Europe, have been externally imposed by the “troika” – the European Commission, the European Central Bank, and the International Monetary Fund – as conditions for the continued receipt of substantial loans. Governments in these countries could focus blame on these external forces, thus avoiding the need for internal, domestic measures of blame avoidance (Armingeon and Baccaro 2012; Bermeo and Pontusson 2012). Second, it has been argued that unions within Europe, and particularly in Southern Europe, have suffered a significant decline in power and legitimacy and are therefore no longer attractive to governments as negotiating partners to assist the implementation of unpopular reforms (for the Irish and Italian experiences, see Culpepper and Regan 2014). This reasoning would lead us to expect that governments could pursue fiscal consolidation without social pacts with (de-legitimized) unions but avoid electoral penalties given their capacity to blame external actors for these reforms.

General Strikes against Governments: A Silver Lining for Unions?

Despite a growing body of literature that documents unions' organizational (Lange, Wallerstein and Golden 1995; Wallerstein and Western 2000; Machin 2000; Farber and Western 2001) and political decline (Culpepper and Regan 2014), recent work suggests that unions have turned to new collective action tools in order to influence public policy and public spending. While economic or industrial strikes against employers have declined significantly since the late 1970s across Western Europe (Gall 2012; Stokke and Thornqvist 2001; Piazza 2005; Sano and Williamson 2008), general strikes, defined as a work stoppage by workers in multiple industries against the government in its role as a legislator (see Hyman 1989: 17), have markedly increased in the EU15 (plus Norway); 19 occurred in the 1980s, 36 in the 1990s, 39 between 2000 and 2009, and 45 between 2010 and 2013 alone (Hamann, Johnston, and Kelly 2013a). General strikes have been prominent in Southern Europe compared to Central and Northern Europe since 1980 and particularly so during the austerity period and the years leading up to that, measured as the proportion of general strikes in the Greece, Portugal, Italy, and Spain of total general strikes in the EU15 and Norway (see Figure 2). Thus, the story of general strikes during the austerity period, which is characterized by strikes against economic policies, is very much a story of strikes in Southern Europe.

[Figure 2 about here]

These forms of protest serve as important instruments of collective action against politically contentious welfare reforms and public expenditure cuts, and enable unions to signal to the electorate the welfare-reducing nature of governments' policy proposals. Contrary to work-based strikes directed against employers, general strikes have the capacity to resonate with the non-union members, as the issues targeted, public expenditure and welfare reform, tend to be more universal than dualist, the latter of which are more frequently studied in insider-outsider debates (Rueda 2005; Davidsson and Emmenegger 2013; Tepe and Vanhuyse 2013). Not only has previous research found that general strikes have risen in frequency in the 1990s and 2000s (Hamann, Johnston, and Kelly 2013a; Lindvall 2013), but also that government concessions to unions in the wake of general strikes have remained remarkably resilient between 1980 and 2009, with concessions offered in 40% of cases (Hamann, Johnston, and Kelly 2013b).

Although a growing literature has focused on the political determinants and outcomes of general strikes, very little attention has been paid to how these political dynamics play out across different strike issues. Hamann, Johnston, and Kelly's (2013a, 2013b) database highlights five reform issues[2] around which general strikes mobilize; state pensions, labor law, national wages, welfare (social insurance outside of pensions; does *not* include social services), and economic policy. Table 1 summarizes these issues and provides examples of their topics.

[Table 1 about here]

Figure 3 outlines the proportion of general strikes in a given time period that were called against these issues – these proportions will exceed 100% for certain time periods, as general strikes can be called against multiple issues. In the 1980s, general strikes directed towards wages were most prevalent in the EU15 (plus Norway), likely the result of the significant wage adjustments that governments imposed in order to comply with fixed exchange rate arrangements under the European Monetary System's Exchange Rate Mechanism and the conversion to low inflation regimes (Johnston 2012). Strikes directed against economic policies, on the other hand,

[2] The Hamann, Johnston, and Kelly (2013a, 2013b) database also lists an "other" issues category, which includes three general strikes; two in Italy and Spain in 2013 called against involvement in the Iraq War, and one in Greece in 2005 contesting the timing of May Day. Because these strike topics do not conform to the general topic of policy reform, and do not exhibit regular frequency in the database, we dropped them from the analysis.

were infrequent in the 1980s, emerging in 10% of cases. Economic policy-based general strikes grew in prominence during the 1990s and 2000s, with over 30% of general strikes targeted towards this issue.

[Figure 3 about here]

Once the 2008 financial crisis, and subsequent European debt crisis, set in, economic policy significantly dominated strike issues; of the 53 general strikes that occurred between 2008 and 2013, 42, or roughly 80%, of them were directed towards economic policy grievances. Of these 42 austerity-based general strikes, 39, over 90%, occurred in Greece, Italy, Portugal, and Spain. The significant rise in economic policy-based strikes in (Southern) Europe's new age of austerity is not particularly surprising given the considerable pressure governments find themselves under to pursue fiscal consolidation. Because this strike issue is so closely linked with austerity, it provides a convenient medium to reassess union-government interactions in periods of severe fiscal stress.

Predicting Government and Union Interaction in an Age of Austerity

While all strike issues examined in the Hamann, Johnston, and Kelly (2013a) database are politically contentious, economic policy issues may exhibit different features from wage, welfare, pensions, and labor market issues, which in turn may reveal different political interactions between unions and governments, for two reasons. First, in cases of fiscal crisis, economic policies are one of the most immediate fiscal consolidation tools that governments can employ. Although all strike issues above have been targeted by governments and the troika for austerity reform across the EU, economic policies have been crucially pushed given their link with discretionary (i.e. immediate) public spending and tax policies. Unlike pensions and other forms of social insurance, where contribution obligations limit governments' immediate capacity to cut entitlements in the present period[3], discretionary public spending and taxes can be altered immediately and applied to short term (3 years or less) deficit reduction goals. Because of their immediacy, fiscal consolidation economic policy issues may also serve as proxy for austerity pressure, as their use suggests the governments are under significant short-term pressure to produce fiscal consolidation. If austerity pressure is high, with governments frequently being forced to resort to cuts in discretionary public spending and tax increases to assuage creditors' fears of debt repayment, it is unlikely that they will have the political maneuvering room to make the terms of these reforms more lenient, be it in negotiations with unions or any other special interest group. This logic motivates our first hypothesis of union-government interchange in an age of austerity: *if unions stage general strikes against fiscal consolidation issues, they should be less likely to witness concessions from governments, relative to other issues.* For non-economic policy strike issues, the timing of reforms, and hence their impact on fiscal deficits, is subject to greater delay and where reform immediacy is less intense. This hypothesis suggests that unions are likely to witness a reduction in their output legitimacy, if such legitimacy is defined as securing concessions from governments and influencing policy reform, as the frequency of economic policy-based strikes against fiscally constrained governments rises. Given the overwhelming incidence of austerity strikes in Southern Europe during the crisis, legitimacy problems associated with unions' incapability of securing concessions in the midst of fiscal consolidation is likely to be particularly acute.

From an electoral perspective, a second reason why economic policy-based strikes may exhibit different union-government dynamics is because economic policies tend to be more

[3] Of course, governments can reduce entitlements in future periods, but these must be phased in, providing moderated respite for short term deficit reduction targets. Such developments can even be witnessed in Greece, upon which some of the most severe austerity policies have been imposed; the rise in the effective retirement age by two years (to 63.5) will not happen until 2015, and adjustment in the normal retirement age to reflect developments in life expectancy will not be made until 2021 (Busch et al. 2013; 17).

inclusive in nature than the other strike issues. Of the five issues recorded in the Hamann, Johnston, and Kelly (2013a) database, labor law conforms most towards labor market dualism. Bargaining structures, dismissals and job security regulations, and working time issues frequently have been connected to protection of labor-market insiders (Emmenegger 2009; Davidsson and Emmenegger 2013), as has the introduction of regulated temporary work in labour markets with high worker replaceability (Vlandas 2013). Although pensions apply to a significant proportion of the population, including outsiders, labor market insiders have been identified as having greater access to state social security schemes (unemployment, sickness and disability insurance) and state pension systems, than outsiders (see Rueda 2005 and Lindvall and Rueda 2013, among many others). Wages issues provide a greyer area in terms of who benefits most – although minimum wages decreases certainly disadvantage workers in low-wage sectors, rules governing over-time and holiday pay are more likely to apply to workers in more permanent positions or fixed contracts. In contrast to these issues, income taxation and spending on social services and public infrastructure are more universal, affecting insiders and outsiders alike. Since economic policies apply to a larger proportion of the populace, and hence are likely to experience more universal opposition if governments significantly alter them to reduce fiscal spending, trade unions may have greater mobilization capacity with these types of general strikes than those that target other more "insider-centric" issues. This greater mobilization capacity has the potential to produce more significant electoral effects for economic policy-based general strikes, which motivates our second hypothesis of union-government interchange in an age of austerity; *governments that witness economic policy-based general strikes under their tenure, compared to non-economic policy general strikes or no general strikes, incur greater vote share penalties in the presence of these strikes because the issues they target are more socially* *inclusive*. Reconciling this hypothesis with our first, suggests that while unions are less likely to demonstrate policy effectiveness through their inclusion on reforms in this new age of austerity, they can still indirectly influence governments' policies through incumbency stability.

Data, Methodology, and Results

We expect general strikes aimed at economic policies to reveal different political dynamics than those aimed at other issues as governments in the EU are under greater pressure to engage in deficit reduction during times of austerity. While our analysis borrows from Hamann, Johnston, and Kelly (2013b) for strike concessions and Hamann, Johnston, and Kelly (2013c) for electoral outcomes, here we distinguish between economic policy and non-economic policy strikes in order to determine whether these different types of strike issues reveal different associations with concession rates and electoral success, as well as different interactions with predictors of these outcomes. This will assist us in distinguishing the particular effects for the austerity period on the effects of policy reforms.

Concessions for General Strikes Targeting Economic Policy: Data, Variables, Estimation Method, and Results

Data on strike concessions originated from the Hamann, Johnston, and Kelly (2013b) dataset on general strikes in Europe. The authors have data on the 126 general strikes and strike threats[4] that have taken place in the EU15 (plus Norway) from 1980 to 2012.[5] The dataset contains complete

[4] To count as a "threat" a trade union's or union confederation's leadership had to declare its intention to call a general strike on a particular issue(s) and on a given date. Between 1980 and 2013, unions issued a total of 13 credible general strike threats, but called off the action in response to fresh government proposals: once during the 1980s, ten times in the 1990s, and twice after 2000 (no strike threats were issued in Southern Europe after 2000).

[5] Hamann, Johnston, and Kelly use a variety of sources to compile their dataset including the *European Industrial Relations Review (EIRR)*, the *European Industrial Relations Observatory (EIRO),* the Protest and Coercion Database at the University of Kansas, and monographs and edited collections on national policy reforms that can provoke general strikes, e.g. Immergut et al. (2007), on pension reforms in Western Europe.

information about the strike issue and incomplete information on strike outcomes and whether major union confederations within a country were united in calling the general strike. General strikes were directed at one (or multiple) of the five policy issues discussed above. Of the 126 strikes, the authors possess outcomes data for 86 (68% of cases). Missing data exist primarily because the authors were unable to locate reliable information on strike outcomes. Because most missing strike outcomes exist for more recent strikes (i.e. those after 2009), we limit our strike concession analysis from 1980 to 2009; of the 91 general strikes between 1980 and 2009, the authors possess outcomes for 77 (85% of cases), which serves as our final dataset.[6] From the 77 strikes with outcomes data, major or minor concessions (which we combine into one variable due to the low presence of major concessions) were granted to unions for roughly 40% of cases (concessions rates also increased slightly, but not significantly, between the 1980s, 1990s, and 2000s).

We used a logistic regression model, with country clustered standard errors, to examine how strikes directed at economic policy behave relative to those directed at other issues (general strikes with known outcomes were the unit of analysis). We controlled for partisanship at the time of the strike [percentage of cabinet seats controlled by left or right (and liberal) parties, with Christian Democratic parties serving as the baseline category], economic indicators during the time of the strike (unemployment, GDP growth, and public debt as a ratio of GDP), whether the major union confederations within a country were united in calling the general strike (1 for yes, 0 for no), strike issue dummies for the five strike categories (strikes directed at pension reform served as the baseline category), and a stacked linear time trend to control for time effects. For the economic variables, only unemployment and public debt demonstrated a significant

[6] Hamann, Johnston, and Kelly's (2013b) original analysis possessed data for only 75 strikes during this time period, but given recent updates to the database, 2 additional strike outcomes have been coded for strikes in 2009.

correlation with each other,[7] although the strength of this correlation was low and hence multicollinearity was not a significant problem. We also controlled for government type (coalition majority and minority governments, with single-party majority administrations serving as the baseline category), although we do not include these in the same regressions as the partisanship variables given significant multicollinearity (in the 18 strike cases when they are in government, Christian Democratic parties served in majority coalitions on 17 occasions). Partisanship data stems from Swank (2006) and, for observations between 2007 and 2009, Armingeon et al (2011); data on GDP growth stems from the OECD (2013); and data on unemployment and national debt derived from the EU's Annual Macroeconomic database (2013). We took data on government type from Armingeon et al. (2011) while data on confederal union unity came from the Hamann, Johnston, and Kelly (2013b) dataset.

We excluded several variables from our final results because they were either insignificant (trade union density, as well as a quadratic form of this variable; bargaining centralization, wage coordination, electoral competition variables, such as vote distance between the governing and opposition party, effective number of parliamentary parties, the timing of the strike since the previous election, and strike frequency measured as a 3 or 5 year moving average), or they were heavily endogenous and posed reverse causality problems (we excluded social pacts from the analysis as these events are frequently how strike concessions are presented to unions in the wake of a strike). Results for strike concessions are provided in Table 2 (we include only two models here for the sake of space, although results are strongly robust when a number of robustness checks are applied).

[Table 2 about here]

[7] Pair-wise correlation coefficient of 0.194, p-value=0.091.

Estimates provided in Table 2 yield similar results to those in Hamann, Johnston, and Kelly's (2013b) original analysis. Left and right cabinets are less likely to provide strike concessions than Christian Democratic ones, while coalition majority governments are more likely to provide strike concessions than single party majority (and minority) governments. High GDP growth and high national debt significantly decrease the likelihood of concessions, whereas union confederation unity in calling a general strike significantly increases the likelihood of concessions. In regards to the strike issue (predicted probabilities of concessions, based upon Model I in Table 2), strikes directed at economic policy, as theorized, yield the lowest likelihood of concessions, although concession probabilities are not significantly different between economic policy, labor law, and national wage issues, all of which demonstrate probabilities that are not significantly different from 0. For strikes directed at pension reform and welfare issues, on the other hand, unions possess a high, statistically significant probability of securing concessions from governments – for strikes directed at pension issues, unions have a 75% chance of obtaining concessions, while for (social insurance) welfare issues, unions possess an 87% chance of obtaining concessions (see Table 3). Such high concession likelihood may result from the fact that pension and welfare issues are not only well entrenched among the electorate (see Pierson, 1996) but also, particularly for pensions and some forms of social insurance, these spending components cannot be reformed immediately providing governments greater (temporal) leeway to seek consensus on these reforms in a given parliamentary session.

[Table 3 about here]

Not only do strikes directed at economic policy yield low concession probabilities, they also exhibit interesting interactions with other political variables that significantly influence strike concessions. Because we employ logistic regression, which is a multiplicative model (and hence interactive) by nature, we assess interaction effects by examining predicted probabilities across the numerical range of variables rather than through a product term, as is customary through OLS.[8] While partisanship demonstrated no significant interaction effects with the economic policy strike issue dummy, both union unity and the majority coalition government dummies did. Regarding the former, if the strike issue is not economic policy, united union confederations significantly outperform fragmented ones in securing strike outcomes (see Table 4). If the strike issue relates to economic policy, however, both united and fragmented union confederations perform similarly, with probabilities not significantly different from zero of being awarded concessions from governments (see the overlap of the confidence intervals of the fitted probabilities for economic policy strikes in Table 4).

[Table 4 about here]

Similar results emerge for the majority coalition dummy. Majority coalition governments are significantly more likely than single-party majority administrations to offer concessions to unions in the wake of a general strike, but only if the strike issue is unrelated to economic policy (see Table 5; minority governments do not perform significantly differently from either types of government given their broad confidence intervals, which is due to the small number of minority governments within our sample). If the strike issue pertains to economic policy, however, coalition majorities and single-party majorities behave similarly in their concession rates, with low probabilities of offering concessions (see row 3, Table 5). This suggests that economic policy issues completely eliminate the influence of united unions and coalition majority governments on strike concessions. Although these two determinants were discovered in

[8] Berry, DeMeritt and Esarey (2010) outline that a product term is neither necessary nor sufficient to examine meaningful interactions between variables in logistic and probit regression.

previous analyses to significantly predict the likelihood of strike outcomes (Hamann, Johnston, and Kelly 2013b), their effect appears strictly conditional on the strike issue, with strikes directed at economic policy fully blunting their influence.

[Table 5 about here]

Economic Policy General Strikes and Electoral Outcomes: Data, Variables, Estimation Method, and Results

Our analysis suggests that as the frequency of general strikes directed against economic policy proposals increase in the age of austerity, tri- or bi-partite policy exchange will continue to result in little political gain for unions. Not only are these types of strikes associated with low probabilities of concessions on fiscal consolidation policies in general, but furthermore, their presence erodes any significant influence of confederal union unity on securing strike outcomes. This may bode poorly for union influence in policy making, most notably in Southern Europe; yet, thus far, we have failed to consider the political repercussions for governments in failing to negotiate with unions on fiscal consolidation policies. While governments may opt to exclude unions from economic policy reforms, they may also pay a political price as they may face electoral consequences for pursing these unpopular measures unilaterally. Electoral volatility has been particularly high in Southern Europe since the onset of the crisis, and general strikes may exacerbate the effects of economic indicators (namely unemployment and GDP growth) on incumbents' re-election success. Incumbent performance at the ballot box has been empirically connected with general strikes (Hamann, Johnston, and Kelly 2013c) and social pacts (Ahlquist 2010; Hamann et al. 2015). It seems logical that not only may incumbents incur electoral penalties if a general strike protesting against economic policy occurs during their tenure, but also, given the lower likelihood of concessions and the fact that these issues affect a greater proportion of the general population than the other strike issue, that these types of strikes may yield greater electoral penalties than general strikes against non-economic issues.

To examine the influence of general strikes against economic reforms on election outcomes, we use election years as the unit of analysis. Our panel of EU15 countries plus Norway from 1980 to 2012 includes 139 election years, with an average of 8.7 election years per panel.[9] We select two dependent variables to gauge associations between general strikes against economic policy (and general strikes against other issues) and electoral outcomes: the incumbent government's change in vote share since the previous election (Models I-III, Table 6), and a binary variable indicating whether the incumbent remained in power (1 for yes, 0 for no; Models VI and V, Table 6). For those serving in coalition, we define the incumbent party as that holding the prime ministership, in congruence with findings that voters tend to assign policy responsibility to the party with agenda-setting power and the largest vote share (Duch and Stevenson 2013), which is generally the prime minister's party. Data on changes in vote shares and incumbent turnover stem from Armingeon et al.'s Comparative Political Dataset (2012) and, for elections after 2009, the Norwegian Social Science Data Service's European Elections Database (NSD, 2013).

We employ both a fixed and random effects pooled OLS regression[10] (Models I-III, Table 6), with country clustered standard errors[11] for the change in vote share dependent variable, and

[9] Because we are interested in how voters respond to government policies at the ballot box, we do not consider changes in governments between elections or shifts to technocratic governments.
[10] While the use of fixed effects is ideal to control for unobserved panel variables with little variation over time (such as welfare regimes, electoral systems, models of capitalism, etc.), their presence can absorb a significant amount of level effects within the dependent and independent variables (see Kittel and Winner, 2005; Plümper et al., 2005). Although our dependent variable in the OLS pooled regression and our main independent variables of interest

both a fixed effects linear probability model (Model IV, Table 6) and conditional fixed effect logistic regression (Model V, Table 6) for the binary electoral victory indicator. Although linear probability models suffer from various estimation problems (residuals are rarely normally distributed for dichotomous dependent variables; heteroskedasticity is frequently present, although this problem can be rectified by robust standard errors; and the models can produce probabilities outside 0 and 1), we include it as an estimator for our binary variable because, unlike a conditional fixed effects logistic regression estimator, it preserves the entire sample, even if perfect separation (i.e. panels with all 0s or all 1s as outcomes over time) exists.[12] In addition, results from linear probability models are easy to interpret because, unlike logistic regression, where results are presented in log odds, results are presented as linear probabilities.

For our main independent variables of interest, we select the average (annual) frequency of general strikes directed at economic policy and non-economic policy within an electoral cycle; 11 election years were preceded by economic policy related general strikes, with a total average frequency of 0.10 strikes per year in an electoral cycle, while 33 election years were preceded by non-economic policy general strikes, with a total frequency of 0.12 strikes per year in an electoral cycle. We also control for social pact frequency (the average annual number of pacts in a given national electoral cycle), as these events mark occasions of government inclusion of unions in social policy reform (Hamann and Kelly 2011) and have been found to be significantly

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were largely stochastic within panels, we also used a random effects estimator to verify that our results were not contingent on the inclusion of fixed effects.

[11] A Wooldridge test statistic for first-order autocorrelation from Model I, Table 5 (1.472, p-value=0.244) indicated that we could not reject the hypothesis that there was no first-order autocorrelation – the lack of auto-correlation was likely the result of selecting a difference for our dependent variable. Tests for panel heteroskedasticity (Chi-squared statistic of 45.59, p-value<0.000, from a likelihood ratio test from Model I, Table 5), however, yielded significant results, indicating a high likelihood of panel heteroskedasticity within the model.

[12] This is problematic for our Italy (where incumbent party never won re-election) and Luxembourg (where the incumbent party always won re-election) panels during our 1980-2012 time period. In a conditional fixed effects logistic regression model, these panels are dropped, and hence the sample is restricted.

associated with incumbent vote share gain (Hamann et al. 2015). Within our sample, 68 election years were preceded by social pacts, with an average frequency of 0.26 per year per election cycle. Data on general strikes stem from the Hamann, Johnston, and Kelly (2013a; 2013b) general strike database; social pacts data stem from the Hamann-Kelly pacts database. In addition to general strike and social pact frequency during the electoral cycle, we also controlled for the partisanship of the incumbent (using a left and right party dummy, with Christian Democratic/Center incumbents serving as the baseline), and the incumbent vote share in the previous election order to account for possible incumbency biases of the electorate. Data on the incumbent's party and previous vote share stem from Armingeon et al.'s Comparative Political Dataset (2012) and, for elections after 2009, the Norwegian Social Science Data Service's European Elections Database (NSD, 2013). For economic controls, we included the average unemployment rate, inflation rate, real GDP growth rate and public debt to GDP ratios during the electoral cycle. Contrary to our strike concessions analysis above, unemployment and public debt were significantly correlated within the elections dataset,[13] suggesting possible problems with multicollinearity. However, when either is excluded from the regression model, the other fails to demonstrate significance; therefore we present both in the same regression model below to preserve space. Finally, to account for time effects within country electoral cycles (i.e. the possibility that incumbency gains could be persistently increasing or decreasing over time), we include a linear time trend. Results for the influence of non-economic and economic policy general strike frequency on electoral outcomes are presented in Table 6.

[Table 6 about here]

[13] The pairwise correlation coefficient between average unemployment and public debt for the elections data was 0.419, p-value<0.000

Empirical results above conform closely to those of Hamann, Johnston, and Kelly (2013c) and Hamann et al. (2015), with higher social pact frequency and positive GDP growth being positively associated with vote share gains and re-election probabilities/odds. The results for general strike frequency, when dissected by issue, however, differ quite substantially. While the presence and frequency of general strikes have been found to be significantly associated with vote share declines for incumbents (Hamann, Johnston, and Kelly 2013c), our results indicate that, similar to concessions, these associations are conditional on the issue. If a higher frequency of general strikes is directed at non-economic policy issues, governments, surprisingly, witness no significant change in vote shares compared to governments where the frequency of general strikes directed at non-economic issues is lower. Rather, the significant association of strikes with electoral outcomes operates solely through economic policy issues. If incumbents witness an increase of one standard deviation in the annual frequency of economic policy related general strikes (0.50) within an electoral cycle, based on results in Models I-III in Table 6, they will witness a 1 to 2.2% decline in its popular vote share, or, using results from Model IV, roughly a 4% lower probability of re-election. These electoral declines may appear small, yet it is important to emphasize the evolution of economic policy related general strikes since the emergence of the current crisis. Between 1980 and 2007, the mean economic policy general strike frequency was 0.053 per year within the electoral cycles of the EU15 plus Norway. This average, however, increased by more than *seven times* for elections in our 16 country panel between 2008 and 2012, rising to a mean frequency of 0.375 per year. In Southern Europe, this increase in mean frequency was particularly dramatic. Between 1980 and 2007, Southern European countries had, on average, 0.2 austerity strikes per year. Between 2008 and 2012, this average annual frequency grew to over 1 austerity strike per year.

Similar to strike concessions, the connection between general strike and electoral outcomes appears to be conditional on whether it is connected to economic policy reform. Although general strikes directed at issues other than economic policy fail to carry significant vote share penalties, general strikes aimed at economic policy do. This may be attributed to one of the following reasons. First, there may be an endogeneity issue in that economic/austerity policy may simply be a more explosive issue for governments than reforms directed at other issues. Hence strikes tied to these issues will automatically be associated with more significant electoral decline than strikes tied to non-economic policy issues. Secondly, economic policy related general strikes may yield more significant electoral penalties than their non-economic policy counterparts because governments are unlikely to grant unions, and the general electorate, concessions in the wake of these strikes. Despite the fact that we were unable to control for strike concessions in the electoral analysis, given the high number of missing observations, especially after 2009 where such a high frequency of economic policy general strikes concentrate, it seems logical that if governments pursue deeply unpopular reforms with little input from unions or other social actors, that voters are likely to punish these incumbents at the ballot box, especially if these reforms deepen economic strain.

There Are No Winners Here: Discussion and Conclusions

Our analysis suggests that although union and government exchange is at a current standstill in Western Europe's new age of austerity, governments and unions continue to indirectly influence each other's legitimacy and tenure. Because austerity, and austerity strikes, have hit Southern Europe particularly hard, these effects are likely to be disproportionately felt within these crisis-exposed economies. With their hands tied by the markets and/or external creditors, including the EU Commission, ECB, and IMF, European governments are refusing to negotiate with unions on economic policy and austerity reforms, as they unilaterally legislate unpopular measures despite the increased frequency of general strikes and social unrest that follows. This is bad news for unions, whose prolonged organizational decline, coupled with their declining power in the wage bargaining realm vis-à-vis employers, is during the current crisis, combined with their incapacity to secure political gains from governments in policy reform.

However, (Southern) governments are not emerging unscathed in their current political dealings. As the rise of general strikes targeted at economic and austerity policies further heightens the public's awareness of, and mobilizes its opposition to, government's actions, incumbents across the EU have become subject to increasing turnover. Before 2008, incumbents in the EU15 (plus Norway) had an average vote share change of -2.51% between elections; between 2008 and 2012, this decline almost tripled to 6.21%, while average vote share declines for Southern Europe incumbents increased to almost 10%. Governments' unwillingness and incapacity to negotiate with unions in light of the pressures to rapidly address budgets, as well as unions' effectiveness at using general strikes to mobilize opposition against uncooperative governments, may indicate that union government exchange has entered a period of "trench warfare"; both sides entrench themselves in the present political struggle, inflicting political penalties on the other but realize no real political gains of their own. Southern Europe has proved especially exposed to these trends. The toxic mix of externally imposed austerity, unions' ineffectiveness in blunting the severity of austerity, and high electoral instability in Greece, Italy, Portugal, and Spain suggest far greater political problems, such as the popular rise of extreme parties and increased questioning of the EU's legitimacy, may be on the horizon.

Figure 1: General Strikes and Social Pacts in Europe, 1980-2013

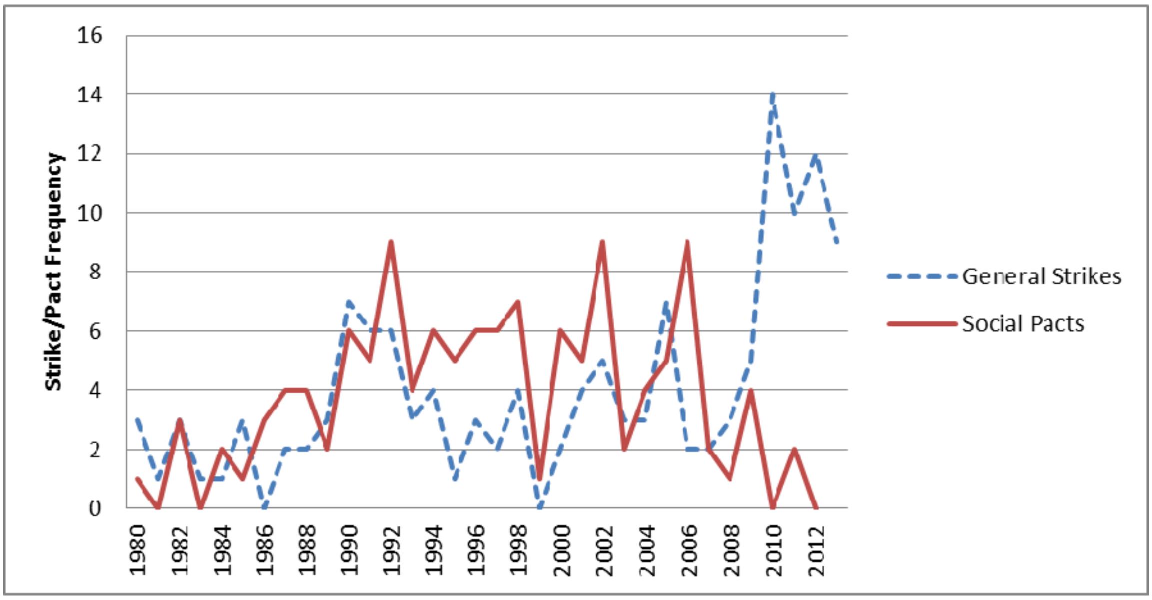


Figure 2: Southern European General Strikes as Proportion of Total Number of General Strikes in EU15+Norway, 1980-2013

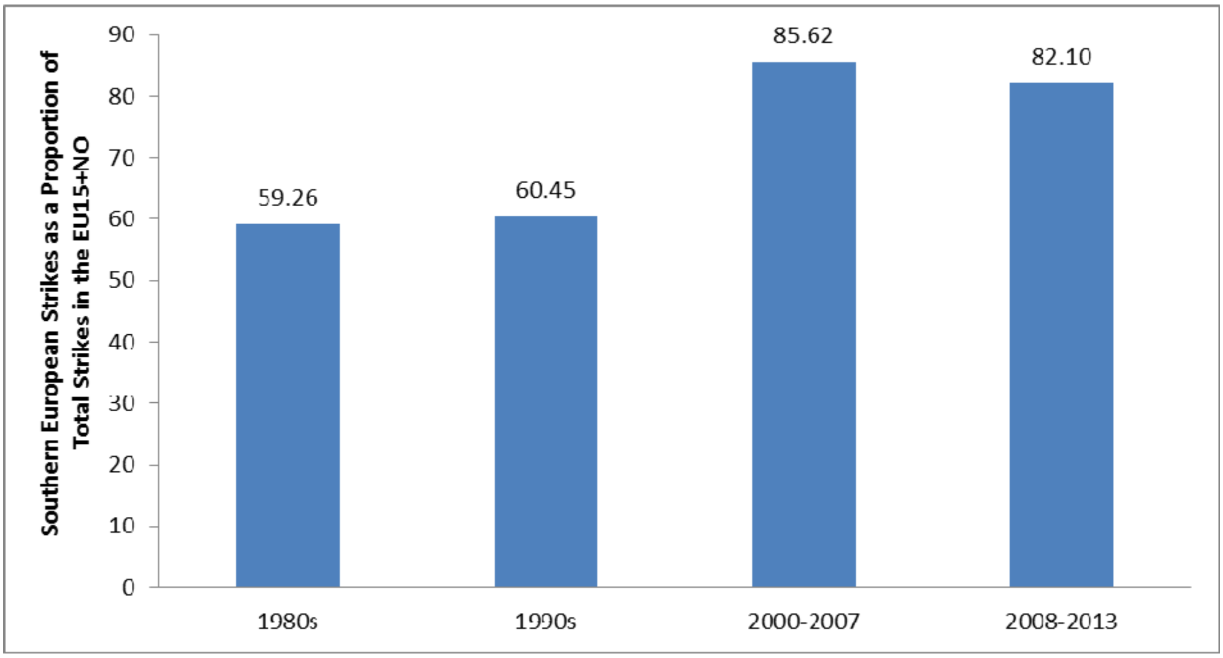
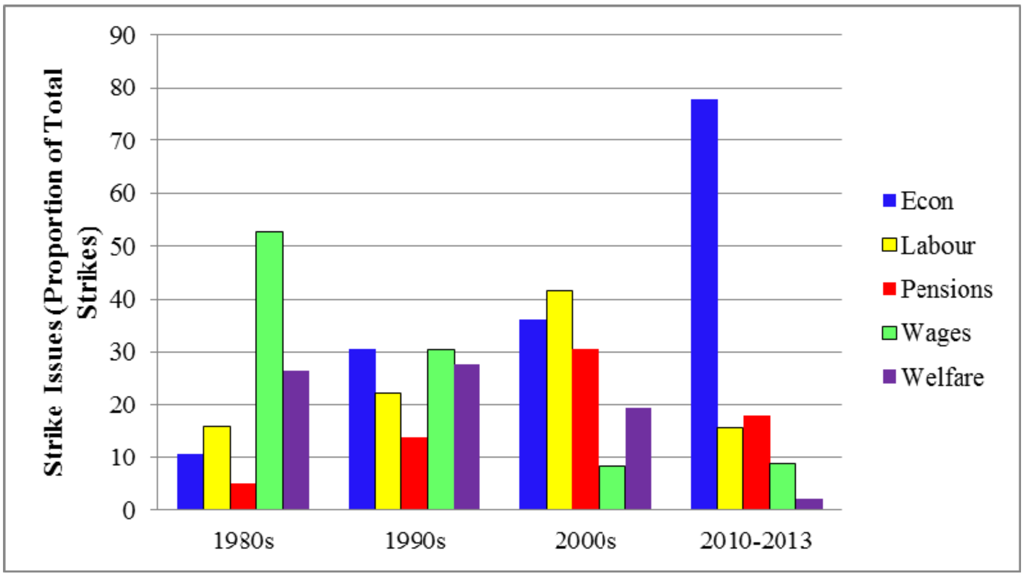


Table 1: General Strike Issues in Western Europe

Strike Issue	*Targeted Policies*
Economic Policy	• Increases in taxation (commodity or income) • Spending cuts in social services, public housing, health and hospital services, education, or public infrastructure
Labor Regulation and Working Conditions	• Limitation of collective bargaining rights • Enhancing the ease of dismissals and redundancies • Changes to working time policy (including maternity/paternity leave)
(State) Pensions	• Reduction in benefits • Increases in contributions • Increases in the retirement age • Changes in final funding formula
Welfare	• Reduction in benefits or increases in contributions to (non-pension) social insurance (i.e. unemployment, disability and sickness insurance).
Wages	• Decreases in the minimum wage • Implementation of national wage freezes • Reductions in overtime pay • Reductions in holiday pay

Note: General strike issues examined in Hamann, Johnston and Kelly (2013a, 2013b) focus only on welfare-reducing issues – no general strike has been called which leads to more generous changes in the above issues (i.e. tax decreases, more increases in pension or social insurance benefits, or more generous working time conditions).

Figure 3: General Strikes in Western Europe by Issue, 1980-2013



Note: Some years sums of proportional strike issues exceeding 100% because strikes can embody multiple issues.

Table 2: Determinants of General Strike Concessions (1980-2009)

	I	II
Left Cabinet Seats	-0.097**	
	(0.021)	
Right Cabinet Seats	-0.090**	
	(0.023)	
Unemployment	-0.064	-0.161
	(0.634)	(0.235)
GDP Growth	-0.801***	-0.424**
	(0.000)	(0.026)
Debt to GDP	-0.054***	-0.036***
	(0.000)	(0.003)
Union Unity	3.887***	3.885***
(1=yes, 0=no)	(0.000)	(0.002)
Coalition Majority Gov't		2.006***
(1=yes, 0=no)		(0.001)
Minority Gov't		0.102
(1=yes, 0=no)		(0.917)
Strike Issue: Welfare	0.822	-0.813
	(0.392)	(0.303)
Strike Issue: Wages	-3.112	-2.731**
	(0.153)	(0.024)
Strike Issue: Labor Market	-3.065***	-1.572**
	(0.001)	(0.030)
Strike Issue: Economic Policy	-3.624***	-3.311***
	(0.001)	(0.000)
Constant	9.618***	2.739***
	(0.000)	(0.005)
Observations	75	75
Pseudo R-squared	0.609	0.4693

Dependent variable is the presence of strike concessions. Logistic regression with country clustered standard errors is the estimator used. Stacked time trend included but not shown. Pensions serve as the baseline issue category. Robust p-values listed in parentheses. *, **, and *** indicate significance on a 90%, 95% and 99% confidence interval.

Table 3: Predicted Probabilities of Strike Concessions

	Economic Policy	***Wages***	***Labour Market***	***Pensions***	***Welfare***
Probability of Concessions	**0.074** [-0.051, 0.199]	**0.118** [-0.320, 0.556]	**0.123** [-0.067, 0.313]	**0.751** [0.481, 1.020]	**0.873** [0.704, 1.041]

Predicted probabilities computed from Model I, Table 1. 95% confidence intervals in parentheses. Probabilities are expressed from 0 to 1 rather 0 to 100%

Table 4: Interactions between Economic Strikes and Union Unity on Strike Concession (Predicted Probabilities)

	Fragmented Unions	***United Unions***
Non-Econ Policy Strike	**0.092** [-0.083, 0.267]	**0.832** [0.696, 0.968]
Econ Policy Strike	**0.003** [-0.004, 0.011]	**0.1166** [-0.116, 0.350]

Predicted probabilities computed from Model I, Table 1. 95% confidence intervals in parentheses. Probabilities are expressed from 0 to 1 rather 0 to 100%

Table 5: Interactions between Economic Strikes and Government Type on Strike Concession (Predicted Probabilities)

	Single-Party Majority Government	***Majority Coalition Government***	***Minority Government***
Non-Econ Policy Strike	**0.284**	**0.746**	**0.305**
	[0.086, 0.481]	[0.583, 0.910]	[-0.110, 0.719]
Econ Policy Strike	**0.014**	**0.097**	**0.016**
	[-0.005, 0.033]	[-0.023, 0.217]	[-0.015, 0.046]

Predicted probabilities computed from Model II, Table 1. 95% confidence intervals in parentheses.
Probabilities are expressed from 0 to 1 rather 0 to 100%

Table 6: Associations between General Strikes Directed against Economic Policy and Electoral Outcomes (1980-2012)

	Change in Vote Share			Binary Incumbent Win	
	FE OLS Panel	**FE OLS Panel**	**RE OLS Panel**	**FE LPM**	**Clogit**
Previous Vote Share	-0.299***	-0.321***	-0.222***	0.007	0.027
	(0.002)	(0.001)	(0.001)	(0.273)	(0.418)
Left Incumbent	0.904	0.114	0.418	0.000	-0.034
	(0.443)	(0.916)	(0.644)	(0.999)	(0.944)
Right Incumbent	2.119	1.563	1.056	0.067	0.186
	(0.125)	(0.333)	(0.358)	(0.566)	(0.747)
Economic Policy General strikes (average per year)	-4.374***	-3.040***	-2.138**	-0.080*	-0.450*
	(0.000)	(0.002)	(0.017)	(0.082)	(0.056)
Non-Economic Policy General strikes (average per year)	-1.588	-1.324	-0.904	-0.18	-1.178
	(0.256)	(0.422)	(0.435)	(0.413)	(0.354)
Accepted Social Pacts (average per year)	3.780*	3.494**	2.075*	0.179*	1.080*
	(0.082)	(0.021)	(0.083)	(0.096)	(0.073)
Inflation		0.174	0.078		
		(0.418)	(0.486)		
Unemployment		0.140	-0.156		
		(0.641)	(0.233)		
GDP Growth		1.359***	1.215***		
		(0.003)	(0.001)		
Government Debt		0.013	0.008		
		(0.786)	(0.654)		
Constant	7.671*	1.75	2.226	0.373	
	(0.051)	(0.770)	(0.512)	(0.184)	
Number of Observations	138	133	133	138	124
R-squared (overall)/Pseudo R-squared	0.2315	0.3266	0.3609	0.0337	0.0569
F/Chi-squared statistic	81.49***	174.14***	2456.59***	13.03***	61.42***

Sample consists of election years from 1980 to 2012 for the EU15 plus Norway. Estimator used and dependent variable indicated above the respective column. Time trend included but now shown. For fixed effects estimators, N-1 country dummies included but not shown. Robust p-values are in parenthesis (standard errors clustered by country). *, **, and *** indicate significance on a 90%, 95%, and 99% confidence level.

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