

# **SNF Proposal: Liberalization: A Proposal for the Creation of an International Database**

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## **1 Summary of the research plan**

During the past 30 years the economies of the OECD and EU countries have been liberalized to a remarkable degree. Liberalization denotes the removal or loosening of restrictions on free markets. This project focuses on liberalization policies in the fields of labour markets, product markets, collective labour relations, public sector size and privatisation, tax policies, welfare states and education. We propose to create a data base that helps to answer three major questions: What are the conditions under which liberalising reforms are enacted? What are the conditions under which liberalising reforms achieve beneficial economic goals? What are the electoral consequences of liberalising reforms? Liberalisation concerns different policy fields. Arguably the probability of success of a liberalising reform in one policy field depends on the presence of complementary liberalization reforms in other fields (for example as when labour market and product market liberalization are pursued simultaneously), and on the absence of countervailing reforms in other sectors (such as the welfare state).

While there is a large amount of textual information on reforms in different policy fields and some data sets for select policy fields, there is no encompassing data base that covers various policy fields at the same time and that includes information about reforms. Hence the major task of this project is the creation of a data base of liberalizing reforms between 1980 and 2012 in the democracies of the European Union (including Iceland, Norway, and Switzerland) and in the other old and established democracies of the OECD. In addition to compiling the data base, which promises to be an important tool for researchers in comparative political economy throughout the world, we plan to use it to initiate a number of analyses on the causes, socioeconomic effects and electoral consequences of liberalizing reforms. In addition, the two doctoral candidates hired to contribute to this project will use the data base for their own PhD theses, on the labour market and electoral consequences of liberalizing reforms, respectively.

This project could become part of a recently-submitted National Centres of Excellence in Research (NCCR) Pre-Proposal on 'Coping with Crises and Reforming Economic Governance' (Pontusson 2012). Should the larger NCCR project be funded, parts of this project will feed into it in so far as countries and periods under study match. Should the NCCR project not be funded it will proceed as a stand-alone project.

## **2 Research plan**

### **2.1 Current state of research in the field**

There is broad consensus in the literature that since the early 1980s most democracies in Europe, North America, Australasia and Japan attempted to liberalize labour markets, systems of collective labour relations, tax systems, public utilities, the system of welfare provision, education systems and state owned enterprises (Baccaro and Howell 2011; Streeck 2009; ; Glyn 2006; Höpner et al. 2011; Pontusson 2012; Streeck and Thelen 2005a: 2). Liberalization is a market-creating policy. Frequently, but not always, it coincides with de-regulation. A liberalising reform is a policy reform in which decisions about allocation and redistribution of resources are devolved to markets (Höpner et al. 2011: 3). Liberalizing reforms were triggered by a number of developments:

- (a) International organizations suggested or even imposed liberalization to nation states. The European Union has been key in this process by relying on negative integration, the Single Market Programme and the Maastricht treaty (Scharpf 1999). Outside the European Union and in line with the pattern set by EU, liberalization was also a major topic on the agenda of policy makers (for Switzerland see Baltensperger 2005). In addition to the EU, the OECD, the IMF, and – particularly with regard to product markets – the WTO have strongly supported liberalizing reforms.
- (b) Since the early 1980's liberalization has hardly been contested in public debate in Western democracies (Schmidt 2002). In particular after the demise of state socialism, liberalization has become the only realistic policy option – although both the strength of support for this new paradigm, and the intensity with which liberalizing reforms have been pursued differed within and between national democracies. Even the historical advocates of deliberate state intervention into markets and societies, the European Social Democrats, frequently opted for a 'Third Way', which incorporated important elements of the liberal agenda (Giddens 1994, 2000). One has to add that

there was considerable variation in the extent to which the European left adopted the Third Way programme (Merkel 2001; Merkel et al. 2006).

- (c) Increasing international economic interconnectedness eroded traditional instruments of macro-economic steering. In this regard the crucial lessons for policy-makers has been the failure of President Mitterand's attempt at Keynesian-type macro-economic steering in the early 1980s (see (Hall 1986; Scharpf 1991). Hence many economic policy options were no longer feasible, leaving governments few alternatives to liberalization.
- (d) By the early 1980s it became obvious that available resources were no longer sufficient for sustaining the welfare state or other generous public programs (Pierson 2001b). The answer was austerity, which was largely implemented through policies of liberalization (Pierson 2001a). Although the period of permanent austerity started already in the 1980s it could not avoid that by the turn of the century government expenditures had increased dramatically as percentage of GDP, eroding 'fiscal democracy', i.e. parliamentary choices among alternative policies financed by public expenditures (Streeck and Mertens 2010a, b).
- (e) Since 2010, the European sovereign debt crisis has further strengthened the demand for liberalization and austerity. The standard solution imposed on the Southern European countries has been austerity accompanied by liberalization, and the new technocratic governments installed in Italy and Greece in 2011 epitomized the predominance of this policy approach (Beckert and Streeck 2012; Armingeon and Baccaro 2012b). This acceleration in the pace of liberalization and austerity has not been just a peculiarity of peripheral countries. In other OECD countries the crisis has tended to accelerate the process of structural reform (OECD 2012).

Hence, the notion that since the early 1980s policy-making has been dominated by liberalization seems to be based on a solid conceptual and empirical foundation. Without becoming identical, national policy profiles have converged considerably towards a pattern of liberalization (Baccaro and Howell 2011; Höpner et al. 2011). Although the general direction of policy making towards liberalization is beyond doubt, it is not clear to what extent liberalization has been implemented in various countries, whether liberalizing reforms have produced beneficial economic outcomes and what electoral repercussions they have had. There are few studies which analyse the causes, effects and electoral consequences of liberalization as a reform program that is pursued in several policy fields simultaneously – although this particular stream of research is growing. Recent studies examining various

features of liberalization include Höpner et al. (2011) for the question of convergence, Annett (2007) concerning conditions of success of labour market reforms, Baccaro and Howell (2011) for the liberalization of industrial relations systems and OECD (2012) for a comprehensive package of ‘structural reforms’. In general, existing analysis tend to focus on one particular policy field and to neglect complementary or countervailing policy reforms in other fields. This sectoral approach to the study of liberalization is almost certainly inadequate, as the effects of liberalization in a particular domain are likely to be contingent on what happens in other fields as well (Blanchard and Giavazzi 2003). The literature on Varieties of Capitalism (VoC), with its emphasis on institutional complementarities, has impressed on comparative political economists the importance of analyzing policies and institutions as systems as opposed to in isolation (Hall and Soskice 2001). However, as least with regard to liberalization, the literature has not been able to follow up on this theoretical direction, possibly due to the lack of systematic data cutting across the relevant policy fields. This is a gap that our proposal intends to fill.

With regard to the factors leading to adoption of a liberalization programme, the literature offers the following hypotheses:

- (a) In case of strong external pressure – for example IMF conditionality – or severe economic problems – such as those currently facing the Southern European countries and Ireland -- the room of manoeuvre for policy makers is extremely small in contrast to countries facing moderate economic problems (Zohlnhöfer et al. 2008). For example, in the case of the Southern European countries in the years since 2010, democratic politics and institutions make little difference for the policy response adopted (Armingeon and Baccaro 2012b). In a recent contribution, Höpner and Schäfer have argued that during the last ten years in Europe the external pressure by EU institutions – in particular the European Court of Justice – has become so strong, that the institutional differences between European national systems are in a process of erosion (Höpner and Schäfer 2010).
- (b) Pressure for policy change are intermediated by institutional structures, such as the type of welfare states (Hall and Soskice 2001; Pierson 2001b; Pontusson 2005; Streeck and Thelen 2005b), the electoral system or the party system (Arndt 2011)
- (c) Partisan competition and politics go a long way towards explaining the extent to which the liberal agenda becomes law (Korpi and Palme 2003).

- (d) Small states show more flexibility in adapting to the liberalization imperative; in these nations institutions and partisan politics may have a larger impact on policy reforms than in large nations (Obinger et al. 2010).

In a similar vein, the findings about the economic outcomes of liberalizing reforms are contested:

- (a) Several authors – in particular economists – argue based on theoretical models that liberalizing reforms help to achieve economic growth, high employment, or low unemployment. See for a recent analysis Bernal-Verdugo et al. (2012) and for typical textbook treatment Borjas (2009). A well-known policy blueprint for labour market reform is OECD (1994).
- (b) Another group of authors claim that liberalization reforms work well if the context in which they are implemented is favourable. For example, liberalization of the labour market increases employment provided other policies – such as generous welfare state policies or tax policies – do not counteract such policies, and if it is accompanied by product market liberalization as well (Blanchard and Giavazzi 2003). Recent analyses that point to the importance of the context of liberalising reforms can be found in Annett (2007) or OECD (2012) and for the labour market in Cahuc and Zylberberg (2004).
- (c) Finally some authors are very sceptical as to whether liberalizing reforms may have unconditionally good economic effects. They argue that success is highly contingent on other factors and that the average effect of these reforms is not significantly different from zero. A famous example is Nickell’s and Layard’s statement that ‘...time spent worrying about strict labour market regulations, employment protection, and minimum wages is probably time largely wasted’ (Nickell and Layard 1999: 3080). Although Nickell and co-authors have later changed their mind on this point, (see Nickell et al. 2005), other research, including our own, suggests that the effects of liberalizing reforms are far from univocal (Baccaro and Rei 2007; Armingeon 2003a; Baker et al. 2005 or recently Armingeon and Baccaro 2012a).

Scholars disagree about the electoral consequences of liberalizing reforms, too:

- (a) One group of scholars argues that liberalization does not lead to electoral punishments by voters (Alesina 2010; Alesina et al. 2010).

(b) A second group holds that electoral punishment is conditional on media coverage and electoral campaign, partisan composition of government, electoral rules, structure of the party system or efficient strategies of blame avoidance (Armingeon and Giger 2008; Arndt 2011; Giger 2011; Giger and Nelson 2011; Jensen et al. 2012). Unless there is an efficient strategy of blame avoidance governments will shy away from reform or will lose votes at the next election (Pierson 1994).

To a large extent these contrasting findings are due to the different focus of the analyses: some focus on the labour market, others on social policies such as pension policies etc. With few exceptions (Höpner et al. 2011), these studies are not concerned with liberalisation understood as a strategy that covers various policy fields simultaneously, but zoom in on a smaller set of policies (at the limit only one policy) without taking the configuration of policies into account. For example they analyse separately pension policies, fiscal consolidation, tax policies or privatisation policies. This is a serious problem if one wants to understand the causes, effects and electoral consequences of liberalization programmes. As argued above, one reason for the small number of studies considering the interrelationship among, and configuration of, liberalising reforms is a the lack of an encompassing data base on reform events and reform outcomes that covers all the policy fields in which liberalization is pursued.

Coming now to data availability, there are several data collections for selected policy fields. In particular the OECD has collected important data on labour market and product market reforms<sup>1</sup>. The Fondazione Rodolfo DeBenedetti<sup>2</sup> in collaboration with scholars from Bocconi University, Milan and the Institute for the Study of Labour, Bonn have assembled data on labour market and pension reforms. Lyle Scruggs has published a data set about changes of welfare state entitlements<sup>3</sup>. In addition, the OECD and the IMF publish regular reports on all the countries we plan to focus on. In particular these are the OECD Economic Surveys<sup>4</sup> and IMF Article 4 Reports<sup>5</sup>. These reports cover the major policy changes in each country. They tend to use formulaic language and it would not be too complex to code the content of these reports with a view to producing a comprehensive data base.

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<sup>1</sup> [http://www.oecd.org/document/1/0,3746,en\\_2649\\_37443\\_2367297\\_1\\_1\\_1\\_37443,00.html](http://www.oecd.org/document/1/0,3746,en_2649_37443_2367297_1_1_1_37443,00.html);

[http://www.oecd.org/document/11/0,3746,en\\_2649\\_37457\\_42695243\\_1\\_1\\_1\\_37457,00.html](http://www.oecd.org/document/11/0,3746,en_2649_37457_42695243_1_1_1_37457,00.html)

<sup>2</sup> [http://www.frdp.org/language/eng/topic/data-sources/dataset/international-data/doc\\_pk/9027](http://www.frdp.org/language/eng/topic/data-sources/dataset/international-data/doc_pk/9027)

<sup>3</sup> <http://sp.uconn.edu/~scruggs/>

<sup>4</sup> [http://www.oecd.org/department/0,3355,en\\_2649\\_34111\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34111_1_1_1_1_1,00.html); see also Armingeon and Beyeler 2004

<sup>5</sup> <http://www.imf.org/external/np/exr/facts/surv.htm>

In brief, although there are several sources of information, these sources are, for the time being, partial, in the sense that they only cover a subset of the relevant policy areas, or have limited coverage both in time and across countries, or are currently available only as rich textual sources which are still waiting for systematic cross-country coding based on a common coding scheme. Concerning the available data bases, such as the FRdB/IZA or the Scruggs databases, they have not been completed for all 35 countries and the period under consideration (1980-2012) and they have not been harmonized into one encompassing data set covering all advanced OECD since 1980 until now. In addition, these data bases do not cover particular countries. This applies in particular to Eastern and Central European countries, as well as most non-European countries. It is the main goal of this project to create such an encompassing data base on liberalising reform events and reform outcomes for the period since 1980 and for the group of the advanced democracies.

## **2.2 Own research**

Klaus Armingeon has a long-standing interest in policy reforms in the field of labour relations and social policies (Armingeon 1994, 2001, 2003a, b, 2006, 2007; Armingeon and Giger 2008). In addition, he has a proven record of developing cross-national databases. During the past years he has developed three major data sets for comparative research. He is grateful to the SNF, which has supported these data-gathering projects at various points in time. The new data set on liberalizing reforms shall be integrated into the comparative political data sets (Armingeon and Careja 2008; Armingeon et al. 2011a; Armingeon et al. 2011b). These data sets are widely used by comparative political economists around the world, and it is foreseeable that the addition of variables covering various types of reform will be considered as an important extension of the present data set.

Lucio Baccaro also has a long-standing interest in labour market and social policy reforms. He has published extensively on industrial relations reforms (Baccaro and Locke 1998; Baccaro 2000, 2003; Baccaro and Simoni 2007), social policy reforms (Baccaro 2002; Baccaro 2010; Baccaro and Simoni 2008), the socioeconomic impact of labour market institutions (Baccaro 2011b; Baccaro and Rei 2007; Baccaro and Simoni 2010), and the trajectory of neoliberalism (Baccaro 2011a; Baccaro et al. 2009; Baccaro and Howell 2011).

Recently, Armingeon and Baccaro have started collaborating on the origins and impact of the policy reforms which have followed the recent global economic and financial crisis since

2007 (Armingeon 2012; Armingeon and Baccaro 2012b). They have co-authored two papers: the first detailing the closing of the policy space in the Southern European countries and in Ireland, and the unintended consequences of ‘internal devaluation’ (Armingeon and Baccaro 2012b); the second on the economic impact of liberalizing reforms (Armingeon and Baccaro 2012a). We have become very critical of standard regression models for the estimation of reform effects. Therefore in this latter paper we used a difference- in-differences approach (Angrist and Pischke 2010; Angrist and Pischke 2009), which is well-known to economists and arguably better suited to identify the effects of policy change. To our surprise, we could not find consistent effects of liberalising reforms based on the data of the Fondazione Rodolfo DeBenedetti, the OECD and the Scruggs data base (Armingeon and Baccaro 2012a). Through these analyses we learned that we need a much broader, encompassing and reliable data base for our future investigations. At the same time Klaus Armingeon started working with a young PhD student, Rafael Labanino, on the electoral consequences of liberalising reforms (Armingeon and Labanino 2012). Once again it became clear to us that a much better data base is needed for further research in this field. This applies in particular to the PhD project of Rafael Labanino, who wants to study the electoral responses to liberalization in the Central and Eastern European countries.

### **2.3 Detailed research plan**

The main goal of this project is the creation of a database of liberalising reforms in the following policy fields:

- a) labour market policy with regard to regulation of hiring and firing rules (employment protection and non-employment benefits (e.g. duration, coverage, and replacement rates of unemployment insurance, including conditions of access and activation).
- b) labour market policy with regard to regulations of collective labour relations (rules on trade unions and employers’ organizations, collective bargaining, strikes and lock-outs).
- c) product market regulation in the sense of the OECD indicator of economy-wide product market regulation.<sup>6</sup>
- d) privatisation of public enterprises and subsidies to private firms.

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<sup>6</sup> [http://www.oecd.org/document/1/0,3746,en\\_2649\\_37443\\_2367297\\_1\\_1\\_1\\_37443,00.html](http://www.oecd.org/document/1/0,3746,en_2649_37443_2367297_1_1_1_37443,00.html)

e) reforms of the public sector with regard to services to citizens, in particular the demarcation of private and public services (e.g. child care arrangements, care of the elderly)

f) tax policy, in particular the reforms of corporate tax rates and reforms of the progressivity of income taxes.

f) education policy, in particular the demarcation of public and private education

g) pension policy, in particular the demarcation of public and private pension systems, benefits and entitlements (age of retirement) of public pension systems

h) health policy, in particular the demarcation of public and private health systems

We plan to cover the EU-27 countries, Iceland, Norway, Switzerland, the USA, Canada, Australia, New Zealand and Japan. We are not yet sure whether we will find sufficient data for every country, in particular for very small countries such as Iceland, Luxembourg, Malta and Cyprus. However, all major countries will be covered by the database. In addition our list of policy fields may turn out being too ambitious and we are prepared to shrink the list by one or two policy fields. Therefore the final data set may contain less than these 35 nations and less than these nine policy fields. We cover the period of 1980-2012 for the ‘Western’ European countries and the period of the early 1990s to 2012 for the 12 new member states (10 Central and Eastern European plus Malta and Cyprus). We will code reforms by policy field and enter data by country-years. The final data set will be a matrix of countries, years and reforms by policy fields. Entries indicate whether in a particular year, in a particular country, and in a particular policy field a liberalising, a de-liberalizing or no reform occurred.

The textual sources include the OECD Economic Surveys and the IMF Article IV Reports (see footnotes 4 and 5), national monographs, reports and documents.

We will proceed in the following way.

Step # 1: We will start from existing dataset such as those of the Fondazione Rodolfo DeBenedetti on labour market and pension reforms, the OECD data sets on reforms of product markets, labour markets, health or education sectors, the data of the Privatization Barometer<sup>7</sup> or of the Bertelsmann Stiftung<sup>8</sup> and similar data sets.

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<sup>7</sup> <http://www.privatizationbarometer.net/>

<sup>8</sup> For example the sustainable governance indicator <http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-32869283-629789A6/bst/hs.xml/52957.htmor> and the transformation

Step # 2: We will consider whether reforms liberalize (i.e. devolve decisions on allocation and redistribution to markets) or de-liberalize (i.e. shift decision-making on allocation and redistribution from markets to political or administrative actors).

Step # 3: We will identify the reforms that are comprehensive, i.e. address the broader design of existing systems rather than their minor features and cover the majority of the potentially eligible persons or firms<sup>9</sup>. We are prepared to select representative indicators or aspects of the respective policy field, rather than covering each and every aspect of it. The guiding criterion is whether the selected indicator/aspect provides evidence of a major devolution of decisions on allocation and redistribution to markets or to the political system. These data will constitute the core of our data set. In the course of this work, we will develop a questionnaire, which we will need in step # 6.

Step # 4: We will cross-check these findings with qualitative information from country studies such as those by the OECD, the EU, the IMF or available academic studies.

Step # 5: We fill the gaps in terms of countries, years and policy fields by using other data sets, reports by OECD, ILO, EU and other international organizations, academic country- and region studies etc, or using regular sources such as the *European Industrial Relations Review* and the European Foundation's Eiro-online web site<sup>10</sup>.

Step # 6: In many cases we will not find the respective information without using national sources and relying on expert knowledge from the respective countries. This applies in particular to the old 'Western' democracies for the 1980s and 1990s and to the Central and Eastern European countries. Therefore we will ask PhD students in the field of comparative political economy in these countries to answer specific questions or to write a country report on the basis of questionnaire (see step # 3) as in our previous data collection strategy. We will remunerate this work and calculate an average of 1'500 € per country. In some cases – such as Germany, Italy, Ireland, Switzerland, or Hungary – we will not need these country reports since we have sufficient knowledge from previous research and we have the linguistic

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index [http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-17A21D6B-B84223E1/bst/hs.xml/publikationen\\_111751.htm](http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-17A21D6B-B84223E1/bst/hs.xml/publikationen_111751.htm)

<sup>9</sup> This definition is drawn from the Rodolfo DeBenedetti-project. Based on our previous experiences for the reforms of labour markets this definition allows to identify the arguably most important reforms.

<sup>10</sup> <http://www.eurofound.europa.eu/eiro/structure.htm>

capabilities to read documents and other sources. In other cases – say the Baltics, Poland or Iceland – we will probably need more sizeable country reports.

Step # 7: The data set will be integrated into the Comparative Political Data Sets I and III<sup>11</sup> which can be used free of charge by the academic community.

Although this project is mainly about data collection we plan a number of analyses and papers based on this data set or parts of it:

One of the two main collaborators, Rafael Labanino – a doctoral student at the University of Berne -- will use the data for his PhD thesis on electoral consequences of liberalization, in particular in Central and Eastern European countries. He will work on this PhD thesis in parallel to the work on the overall data set.

Another doctoral candidate, who will be identified through the launching of a public competition, will use the data set for a PhD thesis on the labour market impact of liberalizing reforms. She or he will work at the University of Geneva. Although the specific focus of this thesis is still to be determined, and will obviously depend on the interests of the candidate selected, an interesting question that could be addressed concerns the impact of liberalizing reforms on labour market dualisms (Emmenegger et al. 2011; Rueda 2005, 2007). The economic literature seems to agree that liberalizing reforms should improve the plight of outsiders (Boeri et al. 2001; Boeri and Galasso 2007; Boeri and Garibaldi 2007; Lindbeck and Snower 1988; Saint-Paul 2002). However, based on our on-going investigation of the socioeconomic effects of liberalizing reforms (which does not cover labour market dualism yet), we are not sure that these reforms have a univocal impact on outcomes. The impact on insider-outsider dynamics is likely to be contingent on specific institutional and policy configurations. If this is the case, it would be important to combine the quantitative analysis of average effects, with a more contextualized analysis of specific country cases.

Both doctoral candidates will work together on assembling the data base. This seems justified by the size and complexity of the information that will have to be collected and evaluated. In

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<sup>11</sup> [http://www.ipw.unibe.ch/content/team/klaus\\_armingeon/comparative\\_political\\_data\\_sets/index\\_ger.html](http://www.ipw.unibe.ch/content/team/klaus_armingeon/comparative_political_data_sets/index_ger.html)

addition they will work on their respective doctoral dissertations under the supervision of Professors Armingeon and Baccaro.

Klaus Armingeon and Lucio Baccaro will continue their analysis of the socio-economic and labour market impact of liberalizing reforms focusing on the employment rate, the unemployment rates, and wage inequality. Considering the limitations of the standard regression model (Angrist and Pischke 2010), they will try to rely on quasi-experimental techniques such as difference-in-differences to identify the effects of liberalizing reforms. In previous work they found little empirical evidence that liberalizing reforms have a positive labour market impact. They will test whether this important finding can be replicated using a larger sample of countries and a longer time period. More importantly, they hope to address the key problem of measurement error. Their tentative finding of ‘no effect’ may be due to measurement error, i.e. a noisy measure of the relevant reforms. It is therefore of paramount importance for this kind of analysis that better quality data be made available.

In all likelihood, the success of liberalization is highly contingent on other factors and is likely to depend on configurations of liberalising reforms in various policy fields, as well as on other institutional and policy characteristics (e.g. veto points, production regimes, etc.). Armingeon and Baccaro are interested to identify a minimal set of conditions (Mackie 1988) which may be associated with successful liberalizing reforms. In particular, they are interested to see in which politico-institutional-economic circumstances liberalizing reforms pay off. One hypothesis is that they only work when they increase the purity of the capitalist variety, i.e. when they are implemented in production regimes that are already oriented toward the ‘liberal market economy’ pole but not elsewhere (Hall and Soskice 2001). Addressing this question would require combining quantitative methods aimed to ascertain average effects with Boolean and fuzzy-set methods focusing on configurations (Ragin 1987, 2008; Ragin 2000).

In addition, both authors are interested in the conditions under which reforms occur. To what extent can the occurrence of liberalizing reforms be explained by variables such as the political composition of government, the strength of trade unions, the integration into supranational regimes (such as the EU) or domestic political institutions, such as corporatist state-society relations or competitive versus consociational political structures? They will use the new data base to find answers to these questions as well.

## **2.4 Organization /time schedule**

The project is jointly directed by Klaus Armingeon and Lucio Baccaro. They will be responsible for the conceptual work and will assist in data collection and coding. The process of data collection will be performed by Rafael Labanino, a PhD student at the University of Berne, and by a doctoral candidate to be hosted by the University of Geneva, who will write a thesis on the labour market effects of liberalization reforms under the supervision of Lucio Baccaro. Labanino holds a Master's Degree in comparative politics from the Central European University in Budapest. He already performed a pilot study on liberalizing reforms, based on the Rodolfo DeBenedetti-data set. Hence he has gained some experience in locating and coding additional sources. In addition, we will need two students assistants (each 25% employment) who will help to collect and standardize data, input the data and assist with the administrative and technical work. The network of PhD students who will serve as experts will be organized by Klaus Armingeon, Lucio Baccaro, Rafael Labanino and the other doctoral candidates to be identified. We have already secured the collaboration of Prof. Dorothee Bohle at the Central European University in Budapest. She will assist with locating PhD students in comparative political economy with an expertise on Central and Eastern European countries. Both Armingeon and Baccaro will rely on their professional networks to identify suitable PhD students via their advisors at various Western universities.

We will present interim findings from the project at international conferences such as the annual convention of APSA and ASA; the annual congress of the Council of European Studies and of SASE, the General Conference of ECPR, and the biannual conference of ESA.

We plan to produce several articles, which we will submit to international journals in both political science and sociology (depending on the thematic focus). In addition, the international data set on liberalizing reform is likely to prove a durable contribution for quantitative researchers in comparative political economy around the world.

## **Timetable**

Months 1-8: Preparation of data collection. Identification, analysis and processing of existing data sets. Development of questionnaire.

Month 9- 18: Organising, analysing and processing of the country reports.

Month 19- 24: Cleaning, standardizing and additional coding of qualitative and quantitative data.

Month 25-30: Integrating the data sets into the Comparative Political Data Sets.

Month 25-36: First analyses of the data set.

Month 36: Publication of the data set on the website of the Institute of Political Science, Berne. First drafts of the PhD theses.

## **2.5 Relevance:**

**Scientific:** This project creates a database of liberalizing reforms in various policy fields. It can be considered a major tool for basic research in comparative political economy. It can help to overcome the limitations of previous analyses, which suffer from a weak and narrow data with regard to the major independent variable, i.e. liberalizing reforms.

The analyses which will be performed on this data set and which are planned by the applicants and their collaborators try to overcome the shortcomings of previous analyses by relying strongly on quasi-experimental methods, and by linking them with configurations of liberalizing reforms and their impacts. In addition they will systematically include the new democratic nations of the EU in addition to the established OECD-countries. Overall, this could be a major contribution to comparative political economy.

**Broader:** After an initial renaissance of Keynesian counter-cyclical policies in 2008 and 2009, structural liberalization reforms (accompanied by austerity) seem to have become the only available option in all advanced democracies. However, we do not know whether this policy approach really helps (and there are some strong doubts that it does), exactly under what conditions it helps (this is largely unknown) and which types of governments can successfully pursue such policies without being punished at the next election round.

Addressing these questions is not only of interest for social scientists, but should also interest policy-makers and citizens at large.

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