

Is corporatism clean or dirty? Examining the effects of corporatism on climate policy

Summative assessment for *Comparative Political Economy of Advanced Democracies*

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Abstract

TBD. Use Gillardi's abstract template.

Theoretically, I will defend two sets of claims. First, I argue that corporatism is, *ceteris paribus*, conducive to stringent climate policy when pro-climate public opinion is high, while the reverse holds in countries, where carbon-intensive manufacturing accounts for a large share of overall GDP or value added. Second, corporatism, I submit, has a tendency to impose a relatively greater share of costs on consumers than producers, especially when the economy is highly open. Yet, high electoral competitiveness, especially when driven by green parties, counteracts this tendency.

*Word count: XXX (excluding bibliography and appendix)

1 Introduction

- Start with climate policy being a long-term Olsonian setting. One or two additional sentences. Most of the literature has focused on the welfare economics and political economy of instrument choice to meet this problem. More recently, however, interest has shifted to the role of political and economic institutions ([Finnegan, 2022](#); [Meckling and Nahm, 2022](#); [Meckling et al., 2022](#); [Meckling and Karplus, 2023](#); [Srivastav and Rafaty, 2023](#); [Zwar et al., 2023](#)). Among these institutions is corporatism. In doing so, the lit has revived an older debate.
- Define corporatism and concertation.
- Two developments motivate this broader interest: The reduced-form correlation (figure here, probably better to start with qualitative stuff) and qualitative case studies. Then, point out increasing interest by corporatist actors in climate policy, DGB's comment on KSG and climate framework legislation more generally ([Zwar et al., 2023](#); [Flachsland et al., 2024](#)) and BDI's role; Sweden as well ([Karlsson, 2021](#); [Matti et al., 2021](#))
- Briefly outline two perspectives and conflicting findings. Point to gaps.
- Then outline your contributions: theoretical argument and empirical findings.

Refer to Table [A1](#).

The remainder of this paper is structured as follows. In Section [2](#), I will survey the relevant literature. Doing so will pave the way for setting out my theoretical contribution in Section [3](#). Section [4](#) is devoted to testing my theoretical hypotheses empirically. In Section [5](#), I summarise this paper's overall contribution and reflect on potentially promising avenues for future research.

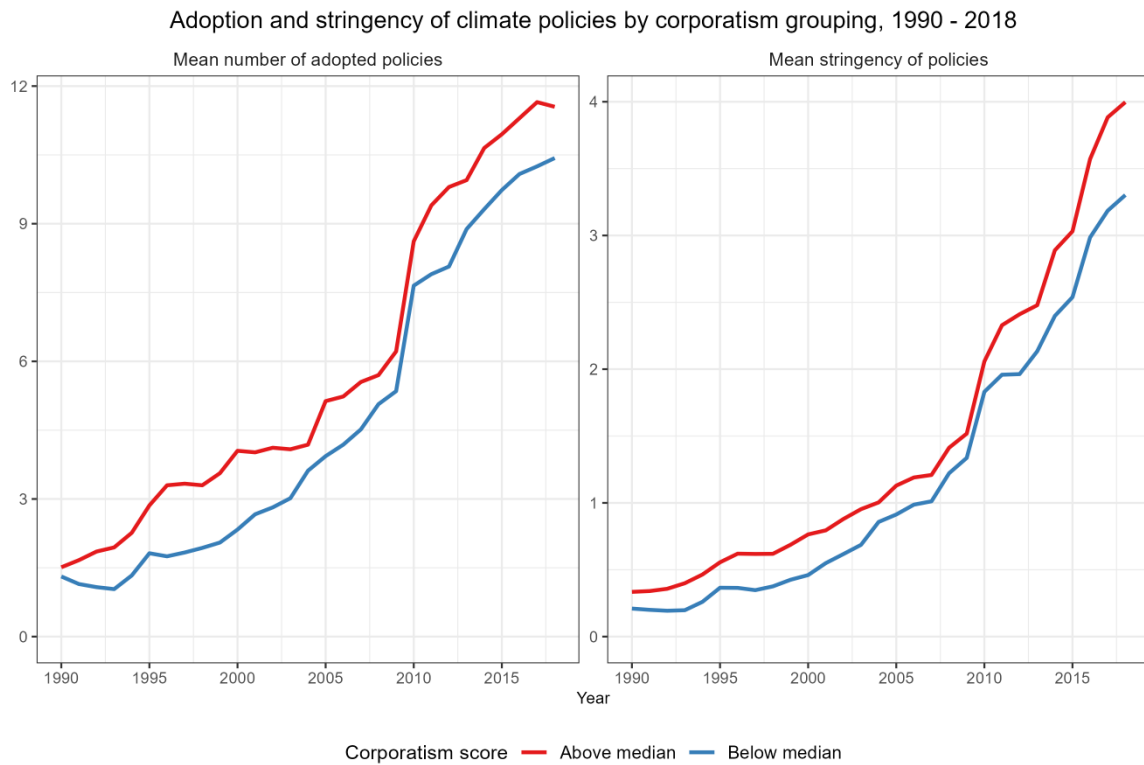


Figure 1: Adoption and stringency of policies by corporatism grouping, 1990 – 2018

Notes: The Figure is based on the OECD's CAPMF (OECD, 2023; Nachtigall et al., 2024) data, with the time-varying corporatism measure taken from Jahn (2016a). The theoretical range for the stringency variable (here averaged over all countries, sectors, and instrument types) is 0-10.

2 Situating the argument in the literature: Mixed empirical results and two contrasting theoretical perspectives

There is a considerable body of work on the link between corporatism and climate policy. The early contributions to the literature were almost entirely empirical, focused on estimating the reduced-form¹ relationship between corporatism and carbon emissions (Scruggs, 1999, 2001, 2003; Jahn, 1998, 2016b). While these cross-country regressions yielded mostly, albeit not unambiguously, positive results, two factors cast doubt on the causal nature of this positive correlation – the likely presence of unobserved confounders and the under-theorised link between corporatism and emissions, or, more broadly, the stringency of climate policy. Overall, the empirical evidence on the reduced-form link is rather inconclusive, with results varying substantially from study to study.

More recent work has tried to address these theoretical and empirical shortcomings. Before summarising this work, however, two caveats are in order. First, despite (marked) differences in the theoretical approaches and empirical findings of works in that newer literature, they all exhibit one commonality – they focus on the stringency of climate policies, rather than emissions, as their dependent variable of interest. Stringency refers, roughly speaking, to the level of ambition of some climate policy (Nachtigall et al., 2024). For instance, a carbon tax of £20 per tonne CO₂ is less stringent than a tax rate of £100 per tonne.

Second, the more recent literature (implicitly) assumes governments' interests *for*² climate policy to be given exogenously. Given some exogenous pressure to ramp up the stringency of climate policy, this body of scholarship seeks to theorise how corporatist structures – institutionalised fora where labour, business, and the government bargain with one another – moderate³ that pressure, whether they hinder or help governments with (temporarily) pro-climate objectives. Although not discussed explicitly in the literature, one important rationale for this assumption is that governments are bound by international obligations, notably climate treaties, such as the 2015 Paris Agreement, and/or affected by

¹I use this term to indicate that these works do not explore the mechanisms through which corporatism affects emissions (Haile, 2018).

²Conversely, the assumption is that those whose material interests are threatened by decarbonisation oppose it, at least initially, i.e. need to be compensated in some way.

³Following the causal inference literature (Bueno de Mesquita and Fowler, 2021), I distinguish between *mediated* and *moderated*. An effect is mediated by some variable if this variable is the mechanism through which the effect engenders a certain outcome, whereas it is moderated when some intervening variable changes the marginal effect of an explanatory variable on the outcome of interest (Zwar et al., 2023, footnote 17).

decisions taken at the inter- or even supra-national levels, particularly the EU one. The *European Effort Sharing Regulation*⁴ (ESR) was, for example, a major reason why the German government introduced an emissions trading scheme for the transport and heating sectors in 2019, as, *inter alia*, [Fesenfeld et al. \(2024\)](#) argue.⁵

Bearing these two caveats in mind, let me turn to the two dominant approaches – most prominently articulated by [Finnegan \(2022\)](#) and [Mildenberger \(2020\)](#) respectively – in the more recent literature on the link between corporatism and climate policy. Theoretically, Finnegan-type approaches draw on two literatures: the comparative political economy literature on corporatism ([Olson, 1982](#); [Landesmann and Vartiainen, 1992](#); [Landesmann, 1992](#); [Hicks and Kenworthy, 1998](#); [Iversen, 1999](#); [Iversen et al., 2000](#); [Swank, 2002](#); [Wallerstein, 2008](#); [Seidl, 2023](#)) and that on long-term⁶ policymaking ([Jacobs, 2011, 2016](#); [Jacobs and Matthews, 2012, 2017](#); [Lindvall, 2010, 2017](#); [Andersson and Lindvall, 2018](#); [Jacques, 2022](#); [Birch, 2023](#); [Sheffer et al., 2024](#); [Hale, 2024](#)).

Accordingly, these authors argue that corporatism is conducive to more stringent climate policy because it allows politicians to credibly promise to compensate the losers of the structural transformation associated with decarbonisation ([Finnegan, 2022](#)). This follows from corporatism providing labour and capital with institutionalised access to policymaking (see Section 1) and the folk-theorem logic of repeated games.⁷ That is, concertation in corporatist systems means that capital, labour, and the government interact repeatedly with one another in formally institutionalised settings. Adversely affected segments of the economy, notably workers and businesses in carbon-intensive industries, can then credibly threaten to punish governments for reneging on their promise to compensate them by (effectively) vetoing any government’s proposals in the ‘next round’. This logic is powerfully illustrated by free allocations or allowances in emissions trading systems, which effectively exempt some emitters from that form of carbon pricing. If governments rescinded these exemptions after promising them to certain producers, those with access to corporatist concertation fora could then ‘punish’ the government by blocking future increases of the carbon

⁴The [ESR](#), adopted in 2018, stipulates emission reduction targets for all EU member states in sectors not covered by the EU emissions trading system (domestic transport (excluding aviation), buildings, agriculture, small industry, and waste). Crucially, non-compliance entails hefty financial sanctions.

⁵Specifically, the German government realised that without additional measures it would violate its obligations under the ESR and have to pay considerable fines, which it wanted to avoid.

⁶I summarise these arguments [here](#) and [here](#).

⁷The ‘folk theorems’ of repeated games show that, with sufficiently low discount rates, any feasible outcome can be supported as a subgame-perfect equilibrium ([Tadelis, 2013, 211](#)).

price.⁸ If, as is the case with EU governments because of the ESR, the failure to let carbon prices rise increases the risk of failing to meet emissions reduction targets and thus hefty financial sanctions, this kind of punishment is particularly credible. In sum, because corporatist structures increase the credibility of compensation, the argument goes (Finnegan, 2022), they enable governments to impose short-term costs in pursuit of the long-term gains generated by climate policy.

Empirically, the literature provides some qualitative and quantitative evidence for the stringency-enhancing effect of corporatism. On the quantitative side, Finnegan (2022), for instance, improves on the early 'reduced-form' studies by employing more fine-grained and longer-term data as well as more demanding fixed-effects models. As a result, we have somewhat more robust evidence for a positive reduced-form link between corporatism and climate policy. That said, the case for causal identification remains relatively weak and none of the large-N analyses extend beyond 2009.⁹ By contrast, the qualitative (comparative) case studies (Gronow et al., 2019; Kronsell et al., 2019) shed light on the causal mechanisms through which corporatism boosts the stringency of climate policy and thus rectify the lack of attention to mechanisms in 'reduced-form' quantitative work. These studies highlight the importance of repeated and institutionalised interactions between the government and potential losers of climate policy – in the form of trade unions and peak business or employers associations – for introducing and sustaining ambitious climate policy.

As part of this renewed interest in the corporatism-climate-policy nexus, however, a competing perspective has emerged, which sees corporatism as impeding stringent climate policy. Mildenberger (2020), the best-known proponent of this view, argues that concertation gives both 'dirty' capital and labour – workers and businesses in carbon-intensive sectors – guaranteed access to policymaking ('double representation'), which, in turn, allows them to either block the adoption of climate policy or reduce its stringency. On this account, then, corporatist structures enable carbon-intensive producers to pursue their interests more effectively (than they could in pluralist interest group systems) by virtue of granting these actors a great deal of veto power. Unlike proponents of the corporatism-as-credible-compensation view, however, Mildenberger (2020) does not offer any large-N

⁸As Sato et al. (2022, 3) write: "Today, all emissions trading systems covering industry offer some form of exemption or "compensation" in the form of free allocation, which to varying degrees enable emitters to carry on with limited adjustment." See also Belausteguigoitia et al. (2022) on the Mexican emissions trading system.

⁹This is because the data on shadow carbon prices, compiled by Althammer and Hille (2016) and used by Finnegan (2022) as a proxy for the stringency of climate policy, are only available for the period from 1995 to 2009.

empirical evidence for his hypothesis, instead relying on a series of qualitative case studies.

The preceding shows that at least two gaps remain in the literature: one theoretical and the other empirical. Theoretically, there is a need for a more nuanced framework, in particular one that can integrate both the compensation and double-representation logics. Achieving this objective requires us to relax the assumption that governments' preferences for climate policy are exogenous to the political system and more carefully theorise how corporatist actors' interests are aggregated into overall policies. Doing so is necessary for specifying when the anti-climate preferences of carbon-intensive producers are likely to prevail and what that means, i.e. whether this manifests itself in less stringent climate policy or producer being shielded of the costs of climate policy.

Empirically, it is important not only to conduct large-N tests of the predictions yielded by such a framework, but also to do so using more granular (i.e. disaggregated by sector and instrument type) data covering the past 15 years or so. After all, this was the period when most climate policies were adopted, as Figure A1 bears out. Figure A2 reinforces that point. It also shows that cross-sectoral climate policies, notably the adoption of greenhouse gas (GHG) emission reduction targets (column three in Figure A3), only became widespread after 2009 and are thus excluded from previous analyses. Finally, Figure A4 brings home that there exists considerable variation in the number and stringency of climate policies between sectors and instrument types (market-based vs. non-market-based ones). To reduce the likelihood of the positive corporatism-climate-policy correlation being spurious, i.e. being driven by sectoral or instrument-specific characteristics, disaggregated data are crucial because they allow us to net out time-invariant (un)observed confounders at the sectoral and/or instrument-type level.

3 Theoretical framework

In this section, I take the first step towards filling these gaps by, first, dwelling on the conceptualisation of my independent and dependent variables, respectively, (Section 3.1) and then outlining my theoretical framework (Section 3.2).

3.1 Preliminaries: Defining the dependent and independent variables

My key independent variable, corporatism, is, as Siaroff (1999) and Jahn (2016a) point out, a complex concept. Given that, it is crucial to specify what aspects of corporatism constitute

the theoretical quantity of interest – which, incidentally, the literature (largely) fails to do. I will, as hinted at above, mainly focus on the (tripartite) concertation dimension of corporatism, as opposed to other important dimensions, such as the coverage of wage-setting agreements (Bhuller et al., 2022; Jäger et al., 2022). By concertation, I mean, following Munk Christiansen (2020, 161), (formal) structures that institutionalise the integration of representatives of labour (e.g. trade unions) and capital (e.g. peak business associations) in the formulation and, potentially, implementation of the government’s (economic) policy. While some conceptual fuzziness remains,¹⁰ this definition of concertation is sufficient to bring out its central characteristic – the granting of institutionalised access to government policymaking to organised labour and capital. A case in point is, as Nasiritousi and Grimm (2022) and Zwar et al. (2023, p. 28 and footnote 28) note, the *Fossil Free Sweden* initiative – a government-led forum, where trade unions and business associations come together to develop transition plans for the different sectors of the economy.

The reason for zeroing in on concertation is twofold. First, concertation is a feature shared by all corporatist systems, which maximises the scope of my theoretical claims, at least within the group of corporatist countries. Second, concertation captures the structure and frequency of interactions between representatives of capital and labour, on the one hand, and governments, on the other. It is with these patterns of interactions that the two contrasting perspectives in the literature are concerned.

As for my dependent variables, I am interested in two distinct climate policy outcomes. On the one hand, I will analyse the overall (relative) stringency of climate policy (see Section 2), which Nachtigall et al. (2024) define as the ambition of a given policy, relative to the ambition level of the same type of policy in all other countries in the same year. Relying on overall stringency importantly implies that I theoretically ignore instrument choice (standards vs. subsidies vs. taxes) and focus on the ambitiousness of the overall policy mix. This is mainly because the corporatism-climate literature focuses on overall stringency. While extending the theoretical framework below to account for instrument choice might well be an interesting avenue for further research, it is beyond the scope of this paper.¹¹ On the other hand, I will examine the distribution of the costs of climate policy between consumers and producers. These are conceptually distinct because similarly stringent or ambitious climate

¹⁰If the objective was to develop easily replicable coding rules – rules implying a high probability that different coders classify the same institutional structures as corporatist (Clark et al., 2017, 166) – one would have to specify more carefully which policy domains fall within the remit of corporatist policymaking.

¹¹See also Fetzer et al. (2024).

policies can entail a very different distribution of costs and benefits.

3.2 Hypotheses

With these conceptual preliminaries in place, let me now turn to my theoretical hypotheses. To explain these, it is helpful to consider Figure 2, which offers an overview of my argument. The top and bottom rows, respectively, explicate the two theoretical perspectives – the Finnegan- and Mildenberger-type arguments – I discussed in Section 2. Integrating both perspectives yields the hypotheses that, as Figure 2 shows, the main¹² effect of corporatism on climate policy stringency is theoretically ambiguous (H0): it depends on the relative strength of the credible-compensation effect à la Finnegan vis-à-vis the double-representation effect à la Mildenberger. If the former dominates the latter, corporatism will result in more stringent climate policy, and vice versa. These two countervailing effects also help us make sense of the fact that, as noted in Section 2, the empirical findings regarding the corporatism-climate-policy link are inconclusive and variable. For if the sign of corporatism’s overall effect depends on the relative strength of the Mildenberger- and Finnegan-type effects, then it is possible that for some sample of countries and certain time periods one dominates the other, while the reverse is true for other samples and time periods.

The reason for the main effect’s theoretical ambiguity is that, in developing an integrated framework, I depart in two ways from the way in which the two theoretical perspectives conceptualise the aggregation of interests in corporatist systems. First, unlike Mildenberger (see Section 2), I do not assume that carbon-intensive interests will invariably block the adoption of more stringent policies – nor that doing so is necessarily their best response. They will do so only if the value of blocking climate policies outweighs the value of the concessions they can extract from the government. Second, unlike Finnegan, I do not assume that just because governments *can* credibly compensate the prospective losers of climate policy they will do so. This is because compensation is costly – in terms of time and fiscal means. When the pressure to act is sufficiently low, the gains from ratcheting up stringency are lower than the costs of making compensation work. Only when the pressure is sufficiently high for the governments is the reverse true. Put differently, I do not treat the government as a passive actor in corporatist bargaining whose interests are (entirely)

¹²In a regression set-up, this would be the coefficient on the corporatism measure without any interaction terms.

exogenous (see Section 2).

If the main effect of corporatism on climate policy is indeed ambiguous, then answering the following question becomes all the more¹³ important: what does the effect of corporatism depend on? Hypotheses H1 to H3 aim to answer that question, with the first¹⁴ two focusing on important determinants of the relative bargaining power of anti-climate-policy interests (holding the government's preference for climate policy constant).

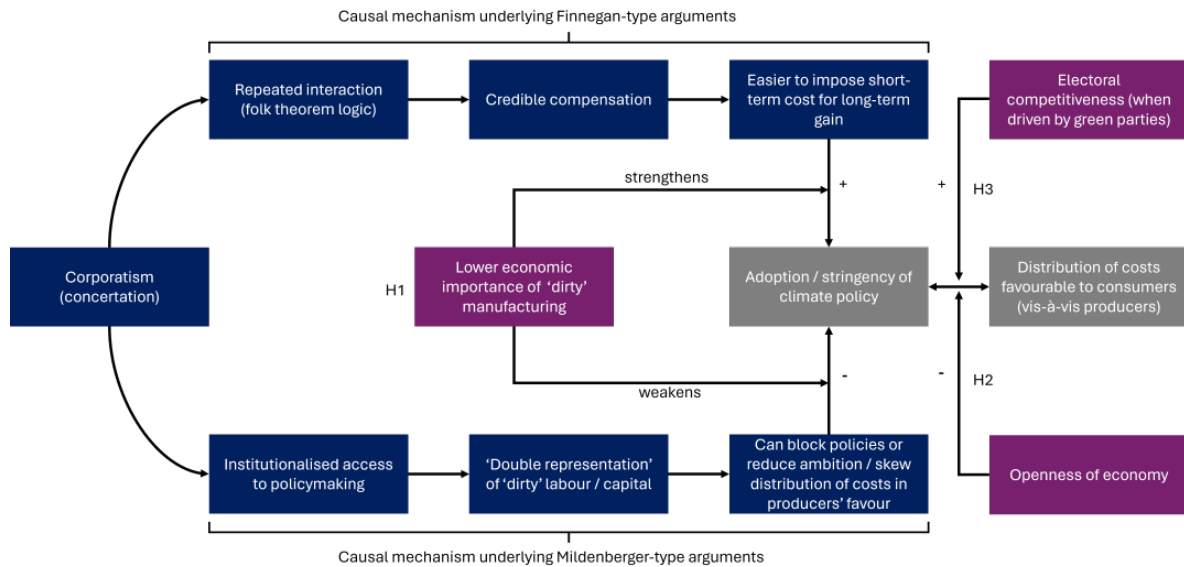


Figure 2: Overview of the theoretical framework

Notes: Purple boxes represent moderating variables, whilst grey boxes refer to my dependent variables of interest. The other boxes are merely coloured for emphasis. Finally, note that indirect effects are not visualised here for simplicity's sake.

H1 has two parts. The first part holds that – all else, particularly the government's preference for climate policy, constant – corporatism's effect on climate policy stringency declines as the economic importance of carbon-intensive manufacturing increases. This hypothesis rests on the assumption that the relative bargaining power of the carbon-intensive industry is proportional to its economic potency. If so, then the strength of the double-representation effect grows (Figure 2), relative to the compensation one, as the carbon-intensive industry accounts for a greater share of GDP or value added, all else equal. The second part of H1 is that, when climate policies are adopted for whatever reason (e.g.

¹³This question is important, even if one disagrees that the main effect is unambiguously signed.

¹⁴In an earlier version, I argued that corporatism's effect is moderated by pro-climate public opinion – the degree to which the population or electorate is in favour of climate policy. I omit this hypothesis here because I was persuaded by the criticism, articulated by several people, that a key aspect of corporatism is the fact that (policy) outcomes are determined largely by tripartite bargaining at the elite level, rather than by public opinion. I will leave it to future research to examine this further.

supra- or international pressure), the distribution of its costs will be more favourable to producers (relative to consumers), the greater the economic heft of 'dirty' manufacturing. This expectation reflects the discussion above – that, as their relative bargaining power rises, carbon-intensive interests can extract more valuable concessions, which in this context come (at least¹⁵ partially) in the form of shifting the costs of climate policy to consumers.

Before proceeding to H2, it is worth pausing to explain why the two grey boxes are connected by a bi-directional arrow. For one, any level of climate policy stringency entails costs, which are then split (either deliberately or de facto) in some way between consumers and producers. This explains the left-to-right direction of the arrow. Its right-to-left direction indicates that factors affecting the distribution of costs can also impact stringency.¹⁶ If politicians find it difficult for some reason (e.g. next election looms large) to shift costs to consumers and there is no way to avoid a significant share of the costs of climate falling on consumers, this will reduce the level of stringency – in the extreme case to zero, meaning that the policy will not be adopted.

H2 has a Katzensteinian flavour and, like H1, two parts. First, in more open economies, competitiveness is an important political consideration (Katzenstein, 1985). Unilateral climate policies tend to hurt competitiveness (Böhringer et al., 2012; Egger et al., 2021; Weisbach et al., 2023; Ambec et al., 2024; Richter et al., 2024), and this is bad for both capital and labour in carbon-intensive industries. As a result, they will use corporatist structures to lobby governments (i.e. extract concessions) to let consumers bear the brunt of the costs of decarbonisation. Greater openness, therefore, should, *ceteris paribus*, result in a distribution of costs more favourable to producers. Second, I expect climate policy stringency to be, all else equal, lower as openness increases. This is because of the collective action problem associated with climate policy. Even pro-climate governments have incentives to avoid saddling their domestic industry with the costs of decarbonisation if other countries do not follow suit. Lower stringency thus reflects uncertainty about the cooperation of other countries.

My third hypothesis, H3, addresses the gap that governments' preferences for climate policy are treated as completely exogenous (see Section 2) by theorising the effect of electoral competitiveness. The first part of H3 draws on work in international political economy (Rogowski and Kayser, 2002; Chang et al., 2010) and argues that increased electoral compet-

¹⁵Concessions can also relate to non-climate policy domains, such as employment protection.

¹⁶In a two-stage (extensive-form) game, this is the logic backward induction would require players to apply.

itiveness reduces the willingness of politicians to impose costs on consumers because doing so would harm their electoral prospects. As a result, they will use their clout in corporatist structures to reduce the burden climate policies place on consumers, thus resulting in a distribution of costs more favourable to consumers.

The second part of H3 concerns the stringency of climate policy, which the first part holds constant. As discussed above, for climate policy the stringency to increase, two conditions have to be met: the value of the concessions carbon-intensive interests can extract from the government must exceed the value of vetoing policy change and the cost of these concessions for the government must be lower than the value of ratcheting up stringency. H3 states that these conditions are more likely to obtain when the degree of degree of electoral competition by pro-climate green parties is high and vice versa. This hypothesis implicitly assumes that government parties follow an accommodationist logic, i.e. respond to the growing popularity of green parties by doing more on climate.¹⁷

TBD: summary sentence. H0 and other three hypotheses

4 Empirical analysis

Next, I turn to testing¹⁸ these hypotheses empirically, i.e. addressing the second gap in the literature. I do so by discussing the measures and data on which my analysis is based (Section 4.1), then setting out my methodology and results (Section 4.2), and finally dwelling on their robustness and limitations (Section 4.3).

4.1 Data and variables

Table 1 summarises how I operationalise the dependent and independent variables of the hypotheses derived in the previous section. The final column indicates the sources from which the respective variables are drawn.

¹⁷Abou-Chadi (2016) argues against the logic, noting that the incentives for mainstream parties to accommodate green parties are blunted by (i) climate being a valence issue and (ii) green parties being issue owners. Recently, however, he pointed out that this has changed in the past decade or so. My argument is that the non-accommodationist issue ownership logic is only plausible in a world where the climate targets government committed themselves to can be achieved at relatively low cost and entail few trade-offs. Only then can mainstream parties afford to de-emphasise climate policy. When that is not the case, however, the incentives for accommodation, i.e. proposing some bundle of climate policies, will rise – at least for all party families other than the radical right. Theorising the temporal (see also Grant and Tilley (2019)) and party-family-specific aspects of H3 definitely merits further research, but is beyond the scope of this paper.

¹⁸The replication files are available at: <https://github.com/jacob-edenhofer/Research-paper-CPEAD>.

Variable	Operationalisation	Data source(s)
Dependent variables		
Climate policy stringency	Ambition level, relative to all other countries in a given year	Stringency variable, OECD CAPMF database (Nachtigall et al., 2024)
	Overall costs of climate policy	Finnegan (2022)
Distribution of costs between consumers and producers	Shadow carbon prices for consumers and producers	Althammer and Hille (2016), Finnegan (2022)
Independent variable		
Corporatism	(Smoothed) corporatism index	Jahn's time-varying index (Jahn, 2016a,b)
	Tripartite concertation dummy	ICTWSS database
	Concertation index	Finnegan (2022)
Moderating variables		
Economic importance of carbon-intensive manufacturing sector	% of GDP	CPDS (Armingeon et al., 2023), WDI
	% of value added	
Electoral competitiveness	Probability of losing/winning of-fice	Kayser and Lindstädt (2015)
	Coalition inclusion probability by green party/parties	Kayser and Rehmert (2021), Kayser et al. (2023)
	Surprise election results	Fetzer and Yotzo (2023)
Openness of the economy	Total trade as % of GDP	CPDS (Armingeon et al., 2023), WDI
	Trade CO ₂ share	OWID

* CAPMF = Climate Actions and Policies Measurement Framework, CPDS = Comparative Political Dataset, ICTWSS = Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts, WDI = World Development Indicators, OWID = Our World in Data

Table 1: Summary of variables and their operationalisation

Three brief comments about Table 1 are in order. First, I use the climate policy stringency measure by Nachtigall et al. (2024) because it covers both the longest time period (1990-2022) of available measures – which increases statistical power – and disaggregates stringency scores by instrument type and sector (see Figures A2 and A4). This enables me to mitigate the legitimate worry that composite stringency scores (e.g. *Environmental Policy Stringency Index*) have a low degree of reproducibility, i.e. assigning and aggregating these scores across sectors and instrument types involves a number of judgement calls (Lieberman and Ross, 2024). Given the CAPMF's greater granularity, I can, unlike previous studies (Furceri et al., 2023), eliminate measurement errors that arises from aggregation. Similarly, following Finnegan (2022) by using the shadow carbon prices for consumers and producers by Althammer and Hille (2016) as a measure for the costs of climate policy borne by these

two respective groups entails two major drawbacks. On the one hand, the data only extend from 1995 to 2009, i.e. they end before the ‘great’ ratcheting up in climate policy after 2009 (see Figure A2). On the other hand, the measure mainly captures variation in energy prices and policies, which, albeit important for climate policy, ignore a considerable amount of variation. Despite these limitations, both measures are suitable second-best substitutes for the exploratory analysis below.

Second, the operationalisation of the corporatism variable also comes with a trade-off. Employing Jahn’s time-varying (annual basis) corporatism measure boosts statistical power, while potentially impinging on my concept validity. As noted in Section 3.1, I am mainly interested in the concertation dimension of corporatism, but it could be that the variation in Jahn’s measure is driven mainly by other dimensions, such as the nature of wage bargaining. To mitigate this concern, I demonstrate that my results are robust to using the concertation dummy from the ICTWSS database, which varies less frequently. That withstanding, the ideal way to operationalise this variable would be a time-varying measure of concertation.

Third, I draw on a set of recent papers (Kayser and Lindstädt, 2015; Kayser and Rehmert, 2021; Kayser et al., 2023; Fetzer and Yotzo, 2023) to operationalise electoral competitiveness. Specifically, I rely on the coalition inclusion probability of green parties (Kayser et al., 2023) to capture times when incumbent governments face intense pro-climate competition. While it is beyond this paper’s scope to discuss the drawbacks of these measures,¹⁹ I readily acknowledge that they rest on several potentially contentious methodological decisions. As a second-best substitute, however, they are eminently suitable. Finally, let me note that the other moderating variables are operationalised via conventionally used measures.

4.2 Estimation and results

Having clarified how I operationalise my dependent, independent, and moderating variables of interest, I will next expand on my estimation strategy and present the results in two steps (Sections 4.2.1 and 4.2.2).

The key challenge associated with estimating the effect of corporatism on climate policy is that the latter (the ‘treatment’) is not randomly assigned across countries – and that this is not even true conditional on a relatively rich set of observables. Put differently, (macro-

¹⁹See, for instance, Cox et al. (2020).

level) institutional variables tend to exhibit relatively little variation over time and very little, if any, portion of that variation is plausibly exogenous to the outcome of interest (Przeworski, 2007). To alleviate, but by no means conclusively address, concerns about the presence of (un)observable confounders, I estimate a relatively demanding series of fixed effects specifications. Indeed, the granularity of my data enables me to probe the robustness of my findings more rigorously than the extant literature. Nevertheless, the absence of quasi-random variation means that this estimation strategy is very unlikely to yield unbiased estimates of the true causal effects. The results below should therefore be interpreted as tentative (see Section 4.3).

In the Appendix (Section A.1.1), I discuss the estimation strategy for H0. The results show that, as expected, the main effect of corporatism on climate policy is variable and inconsistent. To assess the hypotheses related to the moderating variables (H1 to H3), I estimate a series of specifications of the following form:

$$Y_{it} = \beta_1 C_{it-1} + \beta_2 M_{it-1} + \beta_3 C_{it-1} \times M_{it-1} + \zeta \mathbf{X}_{it-1}^T + \eta_i + \gamma_{t(k)} + \epsilon_{it}$$

In this equation, Y_{it} denotes the stringency of climate policy in country i in year t , while C_{it-1} refers to the value of the corporatism measure in the previous year. Similarly, M_{it-1} captures the moderating variable of interest (see Table 1). η_i and $\gamma_{t(k)}$ represent country and year fixed effects, respectively, with the former netting out all country-specific, time-invariant (e.g. cross-country cultural differences) confounders and the latter all period-specific, country-invariant (e.g. common economic shocks) ones. The k subscript in parenthesis indicates that for some specifications I replace the year fixed effects with half-decade ones. ϵ_{it} denotes the error term, which I cluster at the country level.²⁰ \mathbf{X}_{it} denotes the vector²¹ of controls that are lagged by one year.²²

The theoretical parameter of interest is β_3 , which represents ...

²⁰All results hold when using robust standard errors. See the relevant tables in “06 Figures and tables/Tables/Finnegan” in the [GitHub repository](#).

²¹In the estimating equation, I use the transpose of the vector, as indicated by the T superscript, because matrix multiplication requires the row dimension of the second term of any product to be equal to the column dimension of the first term.

²²Please consult Appendix, Section A.1.1 for a justification of the control variables used below.

4.2.1 Extending Finnegan's results

4.2.2 Testing the theory on more fine-grained data

4.3 Limitations

5 Conclusion

- Re-state RQ and objectives
- Emphasise contributions and argument.
- Limitations
- Directions for future research (perhaps point to [Shapiro \(2021\)](#) here and discuss that this might be an interesting outcome variable). Formalisation of theory (bargaining model).
- Return to broader relevance.