

Table of Contents

Acknowledgements	11
Introduction	13
A. Interest groups, pluralism, stagflation, and institutional sclerosis	23
A.I. 'The Rise and Decline of Nations' - challenges to the welfare state	24
A.II. Mancur Olson's view on democracy and the rent-seeking society	27
A.III. The Logic of Collective Action	28
A.III.a. A theory on the nature of interest groups and their organisation	29
A.III.b. The acquisition of a public or collective good	33
A.III.c. Importance and problems of 'The Logic of Collective Action'	36
A.IV. The Rise and Decline of Nations	38
A.IV.a. Extending 'The Logic of Collective Action' into the political sphere	39
A.IV.b. Empirical support in 'The Rise and Decline of Nations'	45
A.IV.c. Importance and problems of 'The Rise and Decline of Nations'	48
B. Further empirical research and interpretations of interest groups	51
B.I. Empirical findings and case studies using Olson's approach	53
B.II. Research deviating from Olson's methodology	55
B.III. Interest groups and political volatility	60
C. Interest groups and institutions	65
C.I. Why institutions exist	67
C.II. Uncertainty and transaction costs	69
C.III. Structure and enforcement of property rights	75
C.IV. Organisations and stability	80
D. Factors of long-term economic growth	89
D.I. Open societies, democracy, pluralism, or open access order	89
D.II. Factors for stability	92
D.III. Advancing the understanding of organisations and institutions	96
D.IV. Pluralism and economic growth	97

E. Stagnation or stability	109
F. Pluralism – Stability and resilience through a quasi-indefinite regime outlook	131
G. Sweden – Unlegislated industrial relations and protracted transformation	135
G.I. The road to the Swedish model	136
G.I.a. The early Swedish public policy	138
G.I.b. Overcoming the Great Depression and the Second World War	141
G.II. The Swedish model	142
G.II.a. Policy beginnings	144
G.II.b. Adapting the capital market	147
G.III. The Rehn-Meidner model	149
G.III.a. Theoretical foundations	149
G.III.b. Practical application	154
G.IV. Transformation and traditions	158
G.V. Breakdown of the Swedish model	159
G.V.a. Economic factors	160
G.V.b. Political factors	163
G.V.c. Areas of policy conflict and international economic integration	168
G.V.d. Why the Krona was defended	178
G.VI. Return to the Swedish model	181
G.VII. Conclusion and outlook	185
H. Israel – The rise, the decline, and the re-invention of the Israeli Economy	191
H.I. The economic tradition of ‘old’ Israel	191
H.I.a. From communitarian settlement to an ethno-republican dirigisme	194
H.I.b. The principles of the economic policy	202
H.I.c. The financial market	204
H.I.d. Investment policy	209
H.I.e. Cost-of-living-allowances	211
H.I.f. Politico-economic policy patterns	213
H.I.g. The tax system	215
H.I.h. The Histadrut state	216
H.II. The decline of the ‘old’ Israeli economy	224
H.II.a. Stagnation, inflation, and policy volatility	225
H.II.b. Reasons and policy agendas attributable to the decline	234

H.III. Transaction costs of inflation	244
H.IV. The 'new' Israel	246
H.IV.a. The Economic Emergency Plan of July 1985	246
H.IV.b. The re-invention of the Israeli politico-economic character	250
H.V. How and why Israel overcame stagflation, price and wage rigidities	259
H.VI. Conclusion and outlook	267
Conclusion	271
Bibliography	277
Index	285