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and Economic Performance



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and the structure of
interest group systems in
Western Europe**

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1. Introduction

In political economy, there is an ongoing debate about the factors that positively influence economic performance. Recently, the dimension of coordination has been highlighted by the proponents of the “variety of capitalism” approach. This approach emphasizes the relations between firms and the institutional context in which economic action is embedded. Hall and Soskice regard five spheres which shape the coordination capacity of economies, namely industrial relations, vocational training and education, corporate governance, inter-firm relations, and labor relations in the firms (Hall, Soskice 2001: 6ff.). The general thrust of the “variety of capitalism” approach is that markets *and* hierarchies both shape the character and capacity of coordination of an economy. In principle, this approach stresses the positive functions of coordination for the performance of the economy. This also includes the coordinating activities of interest groups, and the relationship between markets and politics. Whereas this approach assumes positive effects of (self-) regulation, there is another prominent approach assuming a negative impact of coordination and in particular coordination of interests. Namely Olson has stressed the negative impact of distributional coalitions. According his view, distributional coalitions make decisions more slowly than the individuals and firms of which they are comprised, tend to have crowded agendas and bargaining tables, and more often fix prices than quantities. Furthermore, they slow down a society’s capacity to adopt new technologies and to reallocate resources in response to changing conditions, thereby reducing the rate of economic growth (Olson 1982).

Whatever position may be regarded as empirically wrong or right, it can be claimed that the role of interest organization for the coordination and the character of an economy can be barely overestimated. Functionally, interest groups are the organization of individual or corporate actors for the purpose to coordinate action for the common interest. Action can be directed toward the state in order to influence public policy; it can be service for its members in order to provide knowledge and infrastructure to enhance the organization of

production or sales, or it can be directed toward other domains of organized interest in order to govern or regulate a certain sphere of opposing or complementary interests. In particular with regard to (self-) regulation and governance, the authority to do so results either from the principle of subsidiarity or delegation, or corporatist arrangements.

Both approaches, the “varieties of capitalism” as well as the “distributional coalition” approach, assume that the economy is affected by coalitions between economic interests, political coalitions, and policies. Surprisingly, there is little research on coalitions representing distinctive economic sectors and how those coalitions are embedded in the institutional and political structures. Although the debate about the characteristics of political economies highlights the significance of interest coalitions (Hall 1999: 145-146), there is little empirical research in this field. Even more surprising is that neither in the “varieties of capitalism” approach nor in the (distributive) coalition approach touches the question of the impact of long lasting conflict lines, political cleavages in the sense of Lipset and Rokkan (Lipset, Rokkan 1967). Where it does, it is rather historic illustration than empirical analysis (Kitschelt et al. 1999b: 430-433).

This paper tries to shed some light on the varieties of capitalism by introducing this dimension empirically. The conceptual debate is spared for the moment. The final aim of this research is, however, to contribute conceptually to the debate about the structures of political economies, and empirically to our understanding of the conditions of good economic performance.

However, for the time being, it will restrict itself to two aspects. In a first step it analyzes the structure of interest organization systems in (mainly) Western European countries. It will be shown, that neither the size of the interest sector, nor its structure, namely its fragmentation, differentiates political economies in accordance with the varieties of capitalism approach. In this regard, the correspondence hypothesis of this approach is challenged. This is not the case, however, with regard to the third aspect – the structural characteristics of industrial relations organizations. In a second step, two new dimensions will be introduced to the debate: the structure and strength of social alliances and coalitions. Both dimensions reflect at different levels the cleavage structures of societies. It will be argued that there is a close relationship between interest groups and political parties patterned by the underlying dimensions of cleavages. The empirically open question is, however, whether the strength of social alliances and political coalitions reflect the differences between different kinds of political economies.

2. A Note on the Data Used

Given the approach of this paper, to analyze the characteristics of interest group systems primarily in West European countries in an as encompassing and multidimensional way as possible, quite a variety of data will be used, ranging from individual level micro-data to macro data. Basically, four data sets are used: a macro data set on *Interest Groups in the European Union*; a representative and comparative mass survey on *Interest Intermediation in the EC*; and a comparative survey of the study *Members of Parliaments in Europe*.

The macro data set *Interest Groups in the European Union* is derived from the register of the European Commission on national interest groups as of the year 2000. It contains 8790 national interest groups, differentiated in 23 domains and 7 sectors. This data will be used to study the different sizes of the interest group populations across countries, and the fragmentation of organizational sectors.

The survey on *Interest Intermediation in the EC* was conducted in 1994 for a research project of mine with the same title and financed by the Thyssen Foundation. It contains representative mass samples of the then 12 member countries of the EU. This survey will be used to analyze the structure and strength of social alliances.

The last data source is the survey of *Members of Parliaments in Europe* which was conducted for the Project “Political Representation in Europe” which I co-directed with Jacques Thomassen, University of Twente, The Netherlands, in 1996. It contains surveys of members of national parliaments which among other things tap interest group – MP contacts for 11 member countries of the EU. These data serve to identify the structure and strength of political coalitions.

3. What Characterizes Varieties of Capitalism – Size, Structure, or Organization?

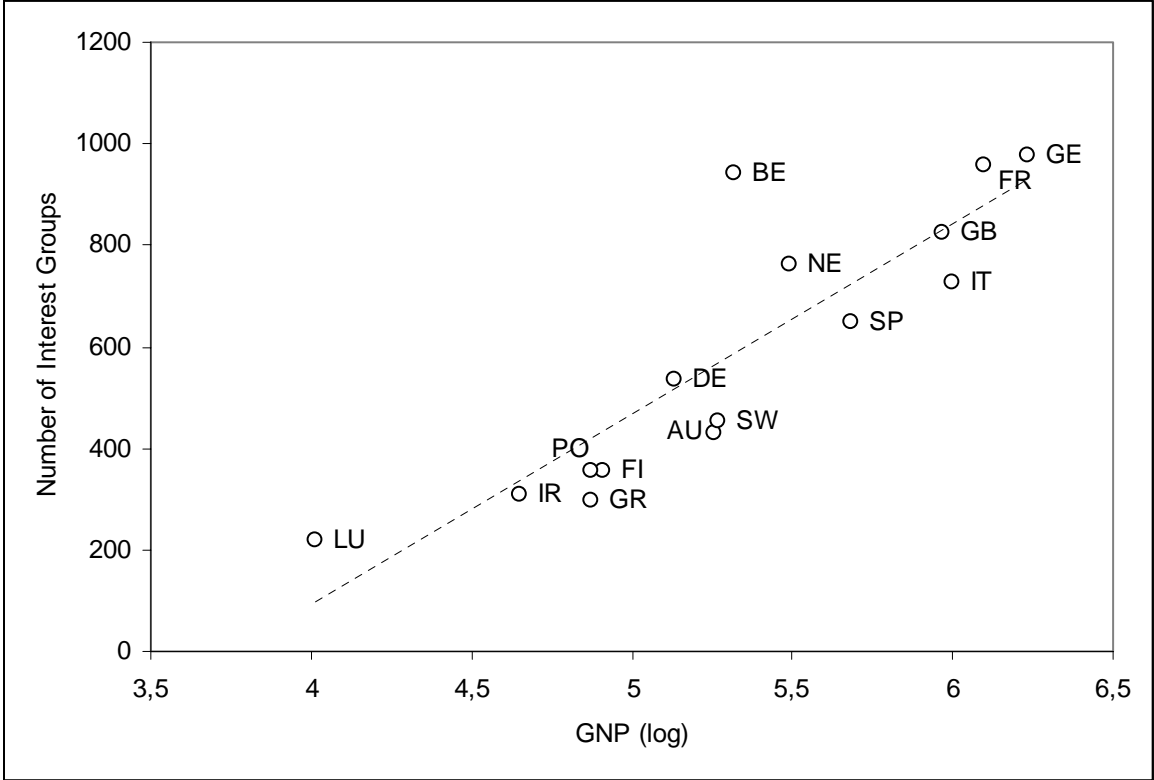
3.1 Size Matters for Size – Not for Character

To generate reliable data about the number of interest organizations in different countries is a challenge which probably has not been met yet. Also here, the data probably are only an approximation to reality given the fact that the source is based on a self-register procedure at the European Commission. However, one can assume that all major and nationally important interest groups have registered. Can population size of organization tell us something about the character of a political economy? From a theoretical standpoint, the answer obviously must be yes. The population ecology approach to organizations

(Murrell 1984: ; Lowery, Gray 1993) claims that the size of organizational populations is a direct outcome of the functional differentiation within a society or economy. Functional differentiation is nothing else than division of labor, and division of labor constitutes differentiation in interest. Thus one may conclude that larger organizational populations indicate a more differentiated society or economy.

This is empirically at least not wrong, if one assumes that size is related to functional differentiation. If one relates the population size of a society to the size of the organizational population, it is evident that size matters. The same is true if one does not take population size but size of the economy as measured by GNP (figure 1). Correlations are about 0.8 or higher.

Figure 1: The Size of the Economy and the Number of National Interest Groups



Source: Data set *Interest Groups in the European Union*

From these finding it can also be concluded, that the organizational population size does not relate to the character of the political economy if one differentiates CME, LME and MME according to the “varieties of capitalism” approach.

Thus, the first conclusion is that size matters for size, but not for character. This may be misleading, however, since it is assumed that the size of the society or economy is identical with functional differentiation and thus interest differentiation. To address this question more directly, the measure needs to be standardized taking size of the population into account. The simple solution is to divide the size of the society or the economy by the number of organizations. The answer to the question whether organizational differentiation of interest matters for the character of the economy is a slightly different one. In this case, the answer is: somewhat but little (see table 1). Organizational differentiation of interests tends to be a little lower in coordinated market economies than in liberal ones.

Table 1: Correlates of Population Size of National Interest Groups (Correlation Coefficients)

	Number of Interest Organizations	Population/Number of Organizations
Population Size	0,76	
Size of the Economy (GNP)	0,78	
<i>Varieties of Capitalism:</i>		
- I: CME 1; MME 2; LME 3	-0,15	0,29
- II: CME 1; LME 2; CME 3	-0,19	0,33

CME: AU, BE, DE, FI, GE, NE, SW; *MME* : FR, GR, IT, LU, PO, SP ; *LME* : GB, IR.

Source: Data set *Interest Groups in the European Union*

3.2 Structure Matters for Complementarities – Not for Character

After having dealt with the question of size, the consequently following question is structure. The general argument of the “varieties of capitalism” approach here is that empirically types of economies show complementarities with regard to different dimensions of the institutional and political structures. “The presence of institutional complementarities reinforces the differences between liberal and market economies” (Hall, Soskice 2001: 17). As suggested by this approach, these complementarities do not only exist with regard to market institutions or governance structures of firms, but also with

regard to labor relations, welfare state systems, and, maybe, organizational systems (Gourevitch, Hawes 2001).

Here, in a first step, we deal with the structure of organizational populations, namely the fragmentation of the organizational systems. Fragmentation is measured in a similar way how it is done for party systems, i.e. based on the Herfindahl concentration index, taking the squared share of an organizational domain of all organizations as an indicator of fragmentation. 24 domains have been coded. Six of them are of particular interest here: labor unions, employer's organization and organization of SMEs, the associations of industry, of trade and finance, and of services.

A large value would indicate, that most organizations of the whole organizational population are concentrated in the respective domain which would indicate that this domain is organizationally more fragmented than the others. The "varieties of capitalism" approach suggests that in the domain of industrial relations, fragmentation should be lower in CMEs. With regard to the organization of production interests, it depends on the portfolio of the economy. But the general assumption would probably be that CMEs have more a portfolio of diversified quality production, LMEs rather a well developed service sector (Soskice 1999). This would imply that functional differentiation in industry is higher in CMEs, in service higher in LMEs and fragmentation being accordingly.

Table 2: Organizational Fragmentation of Interest Domains

	Labor Unions	Employers + SMEs	Industry	Trade	Finance	Services
CME	0,12	0,29	10,36	4,25	1,41	5,86
MME	0,21	0,42	9,48	4,19	2,09	6,72
LME	0,22	0,29	7,24	5,60	2,48	7,30
Entries are Herfindahl proportions of domains $((n/N)^2 * 1000)$.						
Correlations of Herfindahl proportions						
Unions		0,89	-0,38	0,37	0,95	0,84
Empl./SME			-0,24	0,31	0,87	0,82
Industry				-0,03	-0,42	-0,10
Trade					0,40	0,61
Finance						0,73

Source: Data set *Interest Groups in the European Union*.

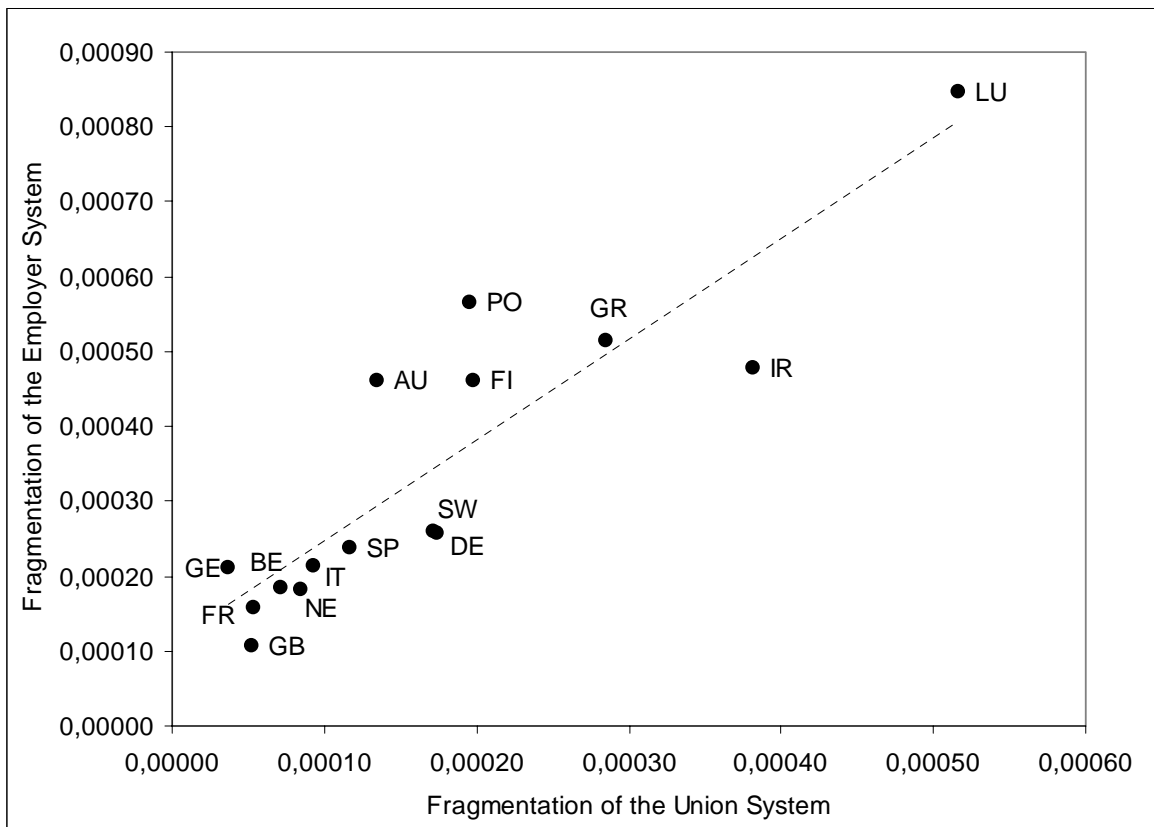
Entries are Herfindahl proportions of domains $((n/N)^2 * 1000)$.

CME: AU, BE, DE, FI, GE, NE, SW; MME: FR, GR, IT, LU, PO, SP; LME: GB, IR.

The results seem to be in line with this expectation: unions systems are organizational less fragmented in CMEs, production interests of industry more fragmented. The interest domains trade, finance and services are organizationally more fragmented in LMEs (table 2, upper panel).

Furthermore, there is at least partly some support for the notion of complementarities of structures. If one domain of industrial relations is fragmented, it is also the other (labor unions vs. employers). Little fragmentation in the domain of industrial relations comes together with higher fragmentation in industry and lower fragmentation in trade, finance and services and vice versa (table 2, upper panel, also figure 2).

Figure 2: Organizational Fragmentation of the Labor and Employers' Domain of Interests



However, results do not support clear cut differences in fragmentation between CMEs and LMEs, although the comparison of means gives this impression. As can be observed with regard to industrial relations actors in figure 2, this is mainly a result of the characteristic of Ireland. An inspection of the country data reveals that this is also true for the domains of

employers, trade, finance, and services. Only with regard to the domain of industry, results for both, Great Britain and Ireland, keep up with the expectations.

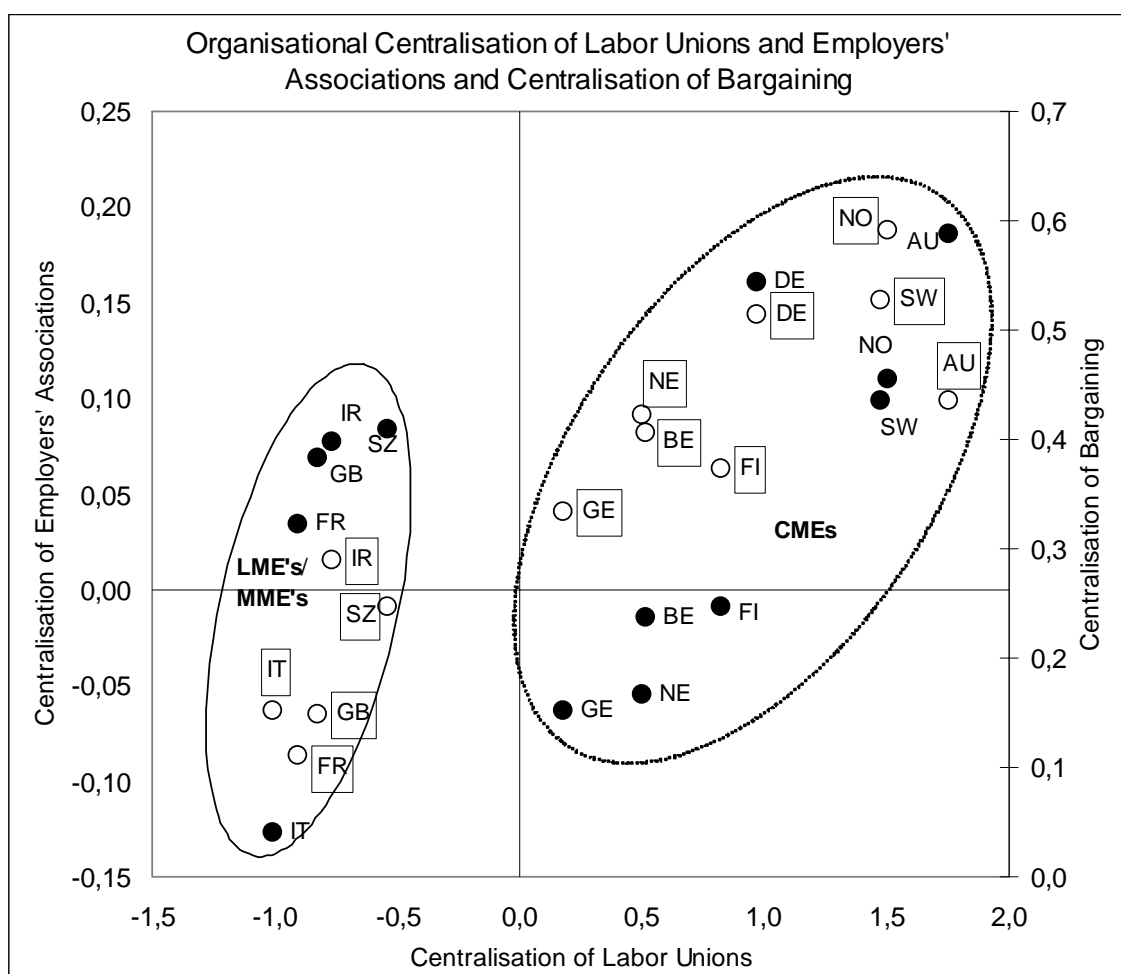
However, the hypothesis of complementarities, although not supporting the differences suggested by the “varieties of capitalism” approach, seems roughly to fit – with exception of industry: where fragmentation in one domain is high, it is also in the other.

3.3 Organization Matters for Character

The findings so far do support several hypotheses in research on interest groups, namely those of the population ecology approach and the correspondence hypothesis in political economy. However, little support has been found for a clear-cut differentiation between types of capitalism. But obviously, there are differences between CMEs and LMEs as research has demonstrated with so great insight into the relationship between markets, institutions, and economic portfolios. Turning to the third aspect of organization of interest, namely the structure of the organizations itself, a huge amount of research has already been done. In particular the domain of industrial relations and the mechanisms of corporatist policy-making have been emphasized. The principle idea of the relationship between the degree of corporatism and the varieties of capitalism is as old as the paradigm. The basic assumption of the corporatist approach is that corporatism as a mode of political exchange has organizational pre-conditions. Political exchange only works, when the respective organizations have a monopoly of representation and are highly centralized. Only then they have a real mandate and only then they can make binding decisions for their members (Schmitter 1977). But as Lehmbruch has emphasized, corporatism does not exist through organizational structures alone. The structures need to be used. Only if there is also concertation of interests, corporatist modes of exchange come into existence (Lehmbruch 1982: ; 1977).

Generally, there is huge variation in the organizational preconditions for corporatism in Western Europe. This variation is in line with the expectation from the “varieties of capitalism” approach and builds two main clusters of countries. They mainly differentiate in the dimension of the organizational centralization of labor unions, and the centralization of bargaining. With regard to the organizational centralization of employers’ associations, differences are much less clear. But centralization of labor unions and bargaining make up two clusters of which one represents LMEs and MMEs, the two not really separable, the other one represents CMEs (figure 3).

Figure 3: Centralization of Organizations and Bargaining in Industrial Relations



Furthermore, there is a clear relationship of these characteristics with economy wide coordination or consensual income policies (“concertation”). In those countries, where the centralization of labor unions and bargaining – and to a certain degree the centralization of employers’ associations - is high, also economy-wide coordination and consensual income policies are more frequent (table 3).

This clear pattern suggests that differences in the character of an economy can rather be found in the structure of the organizations and their action patterns than in the structural characteristics of the organization of interest group systems as a whole. This does, however, not imply that some of the hypotheses of the “varieties of capitalism” approach do not apply to the overall structure of the systems. With regard to complementarities in structures, findings suggest that they exist. Complementarities are, however, not always patterned according to the character of an economy proposed by this approach.

Table 3: Organizational Characteristics of Industrial Relations and Coordination

	Centralisation of Employers' Associations	Membership Density of Labor Unions	Membership Density of Employers' Associations	Centralization of Bargaining	Concertation
Centralisation of Employers' Associations	0,47	0,74	0,48	0,94	0,97
Centralisation of Employers' Associations		0,47	0,43	0,45	0,56
Membership Density of Labor Unions			0,35	0,74	0,67
Membership Density of Employers' Associations				0,23	0,47
Centralization of Bargaining					0,89

Entries are correlation coefficients.

Sources: *Concertation*: combined score of "Economy-wide coordination" (Soskice 1990) and "Consensual Income Policies" (Marks 1986); *Centralisation of Labor Unions*: averaged score from Alvarez et al. 1991; Armingeon 1987; Calmfors/Driffill 1988; Schmitter 1981; Cameron 1984; Blyth 1979; Czada 1987; Other variables: macro data bank of the research unit "Democracy", WZB.

4. Alliances and Coalitions

4.1 Cleavages and the Character of the Political Economy

In their conclusion about convergence or divergence of production regimes, Kitschelt et al. characterize LMEs as societies which were characterized by "the lack of severe sociocultural cleavages of religious, linguistic, ethnic, or regional nature that in other systems furnished the communitarian alternatives liberalism and socialism" (Kitschelt et al. 1999a: 431). The argument is that LMEs developed strong free-market oriented parties. However, one also might turn the argument and make the assumption that due to political traditions the political blue print brought about a certain type of economy by the specific interaction between the state and the economy. According to their analysis, in contrast to LMEs, CMEs have hegemonistic workers' parties. The socialist parties could craft alliances with non-socialist forces and in coalitions could commit themselves to comprehensive redistributive welfare states (Kitschelt et al. 1999a: 431).

However, one could also argue that in those regions where ideology dominantly went along with the idea of the representation of as many as possible, economic, regulatory, and distributive policies may have looked different than in political systems, where the

emphasis was and is on the representation of the majority and governance. This consideration does not necessarily imply differences in the success of left parties in the one as opposed to the other institutional setting as suggested by Kitschelt et al. Rather it implies, that radical changes in policies are less likely in proportional than in majoritarian systems. This tendency toward the “politics of the middle way” (Schmidt 1987) based on continuous policy mixes in coalition governments may have provided the necessary continuity in regulations and institutional structures to make organized interests rely on coordination.

Thus, a relation between structures of party competition, policies, and coordination patterns of the economy seems to be not unlikely. A relationship to political cleavages as expressed by social alliances and coalitions is much less obvious. However, there are some reasons to assume that they exist. Patterns of coordination or non-coordination need supportive political structures and policies in order to set the frameworks for either regulation or liberalization.

How interest groups fit in this? The theory suggests that cleavages find not only expression in the party system and the relationship to individuals in the social structure but also collective interests. The assumption is that cleavages thus are not only reflected in the party system but also in the interest group system, forming an organizational base also for the party system. The historian Hans Boldt was right saying, that “social contradictions also today are not only represented by political parties but also by interest groups”. The research into cleavages therefore, so he demanded, ought not be restricted to political parties but should include organized interests (Boldt 1981). This perspective, which could be traced back to works of Stein Rokkan, has been almost totally neglected except for research on welfare states and the role of interest groups and cleavages (Schmid 1996: ch. 6). If the hypothesis of interest groups as a societal base of political cleavages is correct, one would assume alliances and coalitions of the following patterns: labor unions and left parties; business interests and bourgeois parties, churches and Christian parties, environmental and consumer interests and green parties, and so on.

With regard to the character of market economies, one simple hypothesis which one can derive from these considerations is that alliances and coalitions between labor unions and left parties should be in particular strong in CMEs, and between business and bourgeois parties in particular strong in LMEs. Furthermore, alliances and coalitions should be more exclusive in LMEs, meaning that patterns and channels of interest are more selective, i.e. less coalescent.

4.2 Social Alliances

Following Stinchcombe, alliances are defined by citizen-organization relationship, whereas coalitions are defined by elite relationships or relations between organizations (Stinchcombe 1975). Social alliances are normally defined as stable and persistent relationships between social groups and political parties, which in the one direction means electoral support, in the other direction representation.

The question, whether interest groups are embedded or connected to the cleavage structure of a society needs clarification, whether there is – in the minds of the citizens - a connection between interest groups and the party system. The perception of such a connection alone would not qualify for interest alliances. Rather it would imply that citizens who connect themselves to parties would do also with regard of interest groups. If these relationships would show certain patterns, this could be an indication of cleavage based social alliances.

In order to translate the idea of interest alliances between collective interests and political parties, a simple measure in the survey on *Interest Intermediation in the EC* has been utilized. Respondents were confronted with a list of interest groups and political parties and they were asked whether they feel that their interests are represented or opposed by these actors, or whether they are ignorant about them. The combination of multiple feelings of representation, in particular with regard to pairs of interest groups and political parties are regarded as interest alliances. In this particular combination of interest groups and political parties they come very close to measure the hypothesized support structure between the intermediary and the party system.

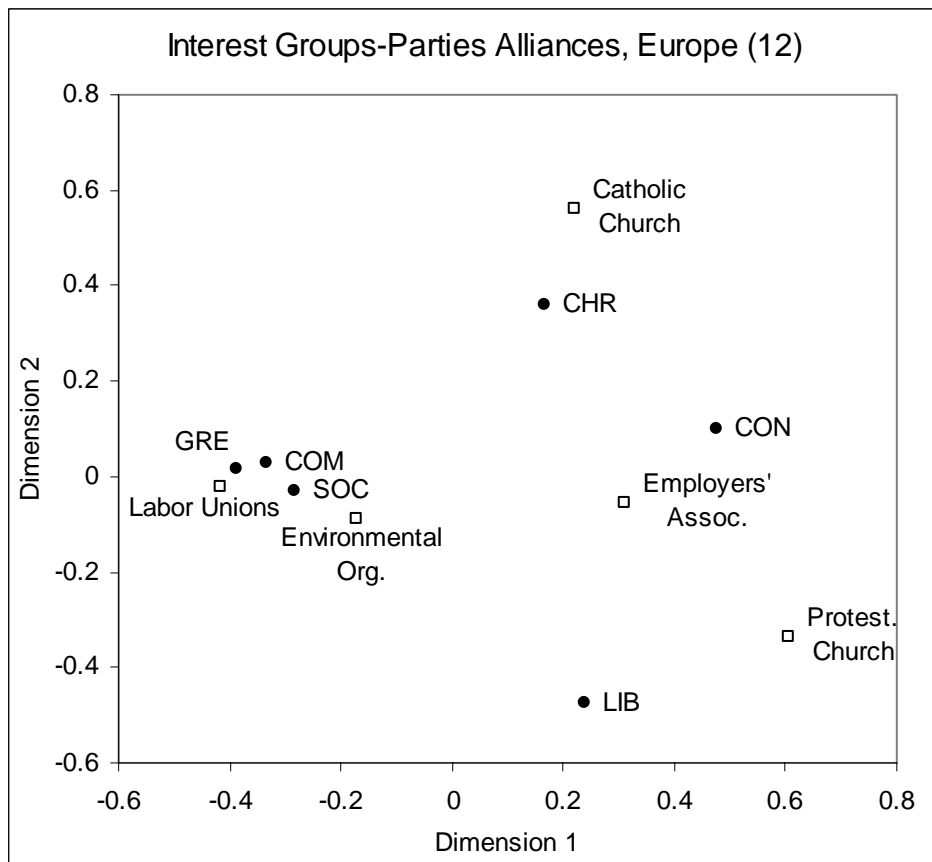
Ideally, overrepresentation of particular interest group-party pairs should reflect what can be expected from cleavage theory. According to Lipset and Rokkan, cleavages have been generated at two critical junctures: in the period of nation building and in the period of industrial revolution. The first juncture produced conflicts between the church and the state and the centre-periphery conflicts, the second juncture produced the conflicts between labor and capital (Lipset, Rokkan 1967). Based on Lipset and Rokkan, Parsons and Allardt have argued that with the educational revolution in the sixties a new conflict line between “old” and “new” politics has been generated, finding expression in the so-called new social movements and green parties (Parsons 1977: ; Allardt 1968).

If the hypothesis is correct that European societies are - with different intensity - characterized by the main cleavages between labor and capital, religious conflict, and the new ecological conflict dimension and cleavage find their expression not only in the party system but also in the system of interest groups this should be reflected in the interest alliances.

Using correspondence analysis, a particular kind of multi-dimensional scaling, a matrix of the relative frequencies of pairs of interest representation can be represented in a space in which Euclidean distances reflect the intensity of alliances. Taking all the 12 countries available in the survey, the results show that the assumption that cleavages are also backed up in the sphere of interest group representation is supported. This result has been reproduced for every single country, always producing a spatial configuration matching the expectation (figure 4).

The patterns are simple and straight forward: close interest alliances from the perspective of the (represented) citizens between labor unions and left parties, Christian parties and the Catholic Church in particular, employers' interests and liberal and conservative parties, and environmental organizations and green parties, the latter forming a bundle together with left interests. However, country-wise, the green combination most of the time have their own space, separate from the other combinations.

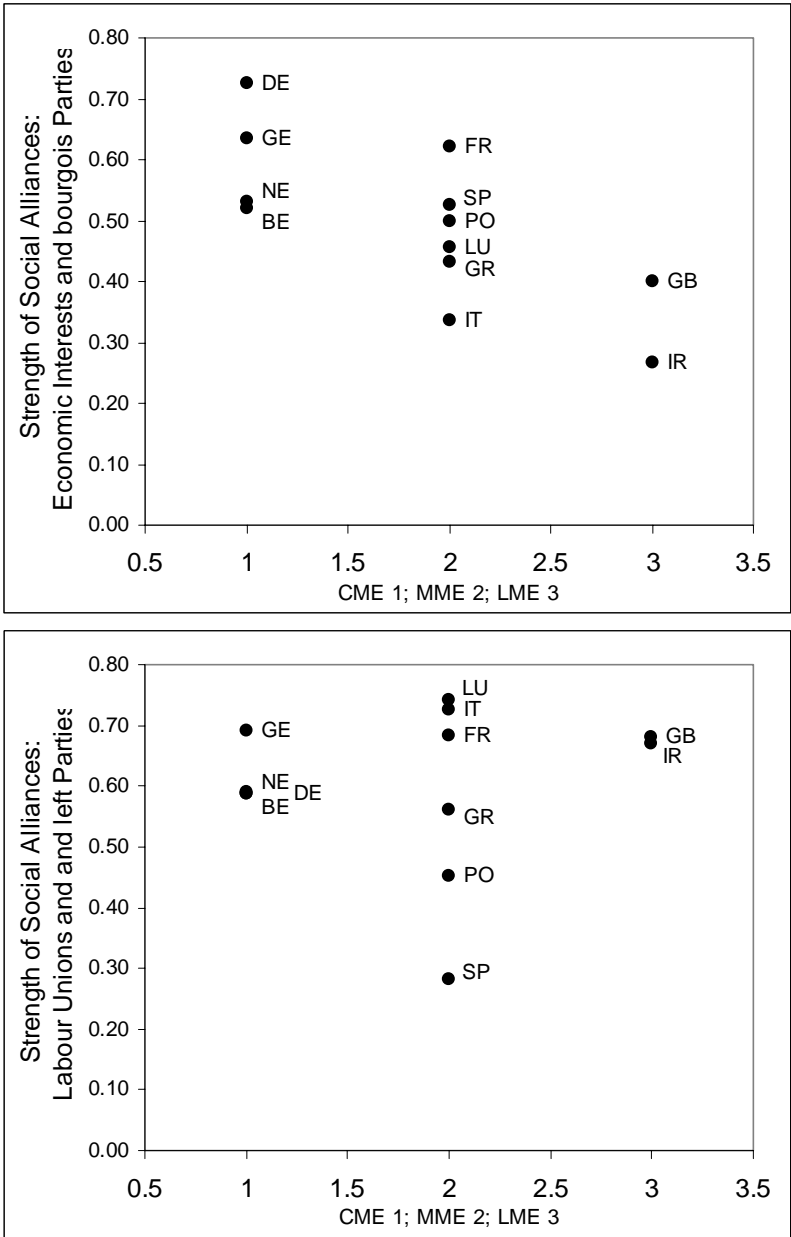
Figure 4: Interest Alliances and Cleavages – the European Average



Correspondence analysis. Source: Survey on *Interest Intermediation in the EC*.

However, the configuration of interest alliances reflecting political cleavage is only the base for the investigation of the hypothesis put forward above and dealing with the differences between types of political economy. Obviously, religious and new cleavages are not of particular interest in this regard. Rather, the socio-economic cleavage is expected to be of relevance.

Figure 5: Strength of Interest Alliances between Economic Interests and Bourgeois Parties and Labor Unions and Left Parties across Economies



Reversed standardized Euclidian distances from correspondence analysis. Source: Survey on *Interest Intermediation in the EC*.

The expectation from the simple hypothesis formulated above is, that labor-left party alliances are stronger in CMEs, capital-bourgeois party alliances stronger in LMEs. However, as can be observed in figure 5, this expectation is not met. First, there is no particular difference in the sphere of labor interest, second, the pattern in the sphere of business interest suggest differences between types of economy, but opposite to expectation.

However, a somewhat closer look shows that there are differences between types of political economies: In the two LMEs, labor alliances are much stronger than business alliances whereas in CMEs the constraint is higher, meaning strong alliances in the one sphere imply strong alliances in the other.

4.3 *Political Coalitions*

A system of interest representation is complete only, if not only social alliances exist between citizens and collective actors, but also relationships between organizations or organizational elites. Thus, it has to be demonstrated that the structure of social alliances is also reflected in the relationship between interest *organizations*, and political actors. In contrast to alliances, Stinchcombe calls relationships at the organizational or elite level coalitions (Stinchcombe 1975). As an indicator for coalitions, contact patterns between members of national parliaments and interest groups are used here. The assumption is that coalitions between interest groups and political parties should be reflected in the responsiveness of party representatives.

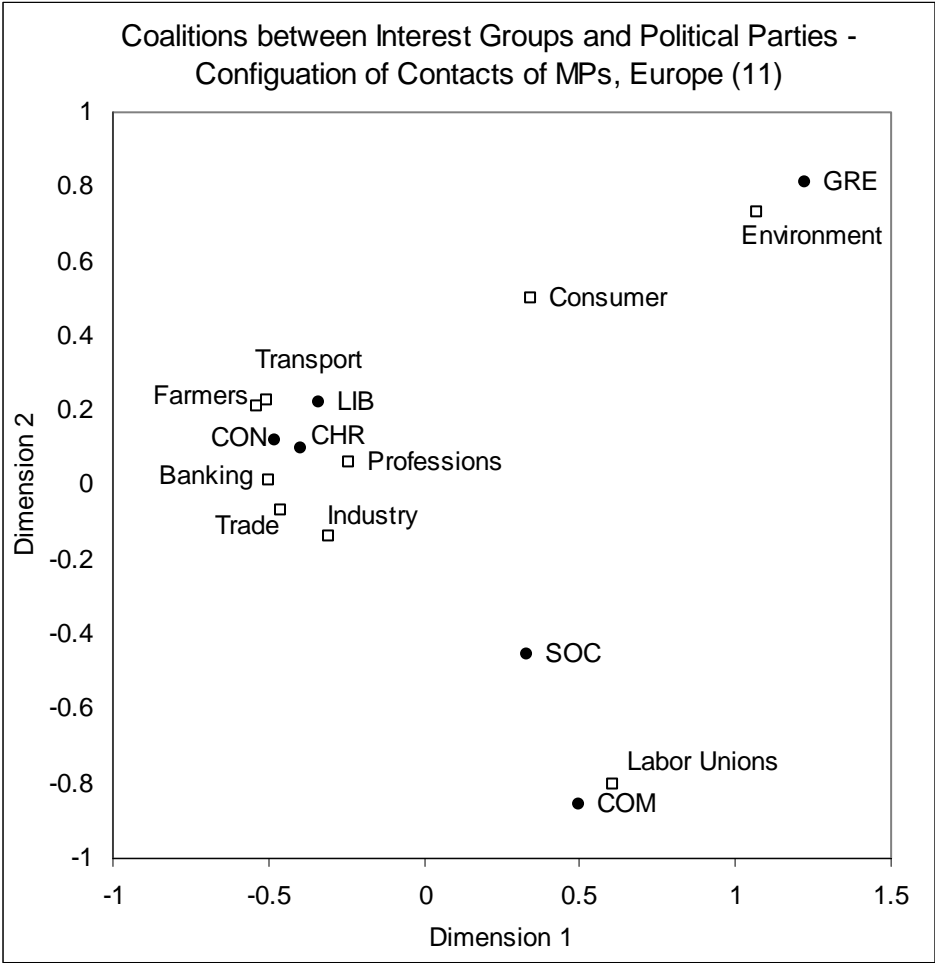
In the survey of *Members of Parliaments in Europe* detailed questions have been asked about the contacts of MPs with a variety of interest groups. It has been also asked to whom MPs are responsive. Result showed that intense communication is directly related to responsiveness. This is enough reason to assume that contact patterns may reveal political coalitions. If the system of interest representation along cleavage lines is complete, this should also reflect in the configuration of coalitions as measured by contact densities between interest groups and party MPs.

Again, correspondence analysis has been used to evaluate the spatial configuration of contact patterns. The expectations are the same as for social alliances. There is, however, one shortcoming of the data since no measures are available for religious organizations. But this is not of major relevance for the topic here.

The structure of contacts between party MPs and interest groups very much reflect the same picture as the social alliances: a labor interest camp represented by close contact networks between labor unions and left parties; a business interest camp represented by

close contacts between a variety of economic interest groups and bourgeois parties; and a green interest camp reflected by close contacts between environmental groups and green parties (figure 6).

Figure 6: Coalitions between Interest Groups and Parties – the European Average

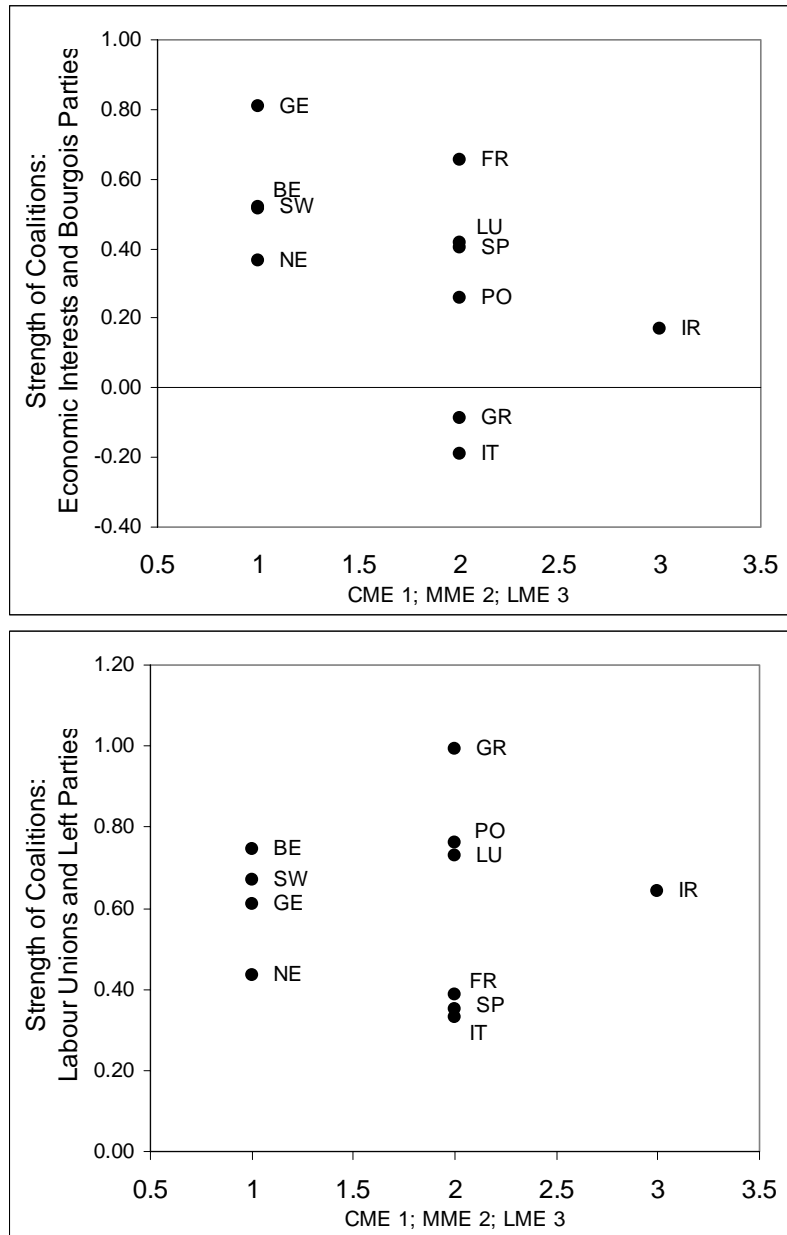


Correspondence analysis. Source: Survey of *Members of Parliaments in Europe*

Thus, the basic assumption that the relationship between interest groups and political representatives also reflect political cleavage lines is supported. Turning to the hypothesis about differences in coalition strength between types of economies, results show a similar pattern as for social alliances.

Contrary to expectation, the coalition between labour unions and left parties are not stronger in CMEs, and coalitions between business interests and bourgeois parties not stronger in (the only one) CME (figure 7).

Figure 7: Strength of Political Coalitions between Economic Interests and Bourgeois Parties and Labor Unions and Left Parties across Economies



Reversed standardized Euclidian distances from correspondence analysis. Source: Survey of *Members of Parliaments in Europe*

Results also show the same, although not as clear pattern with regard to the second finding for social alliances: in LMEs the correspondence in strength of coalitions in the area of labor interest and in the area of business interests is high, in the one CME its low.

Furthermore, the correspondence between the strength of interest alliances and political coalitions is much higher in the area of business interest than in the area of labor interests

(correlation for the first 0,81; the latter 0,04). However, in this regard, no differentiating pattern between types of political economy can be established.

5. Conclusions

What do the results tell us with regard to the characteristics of different types of political economy, namely the difference between CMEs and LMEs? The goal of this research was to shed some light on the role of interest groups in political economies. The investigation started from a perspective on structural characteristics of interest group systems, continued with the analysis of organizational characteristics and went on with an analysis of cleavage related alliances and coalitions.

The findings are mixed. First, the size of interest groups systems is a matter of the size of a society or economy rather than the type of an economy. However, there is some indication, using a standardized measure of the size of interest groups systems, that they are a little more fragmented in LMEs compared to CMEs. The hypothesis that differences between types of economies should be reflected in the patterns of fragmentation of different domains of economic interests, namely industrial relations, industry and services, cannot be supported by the data because GB and IR, the two representatives of LMEs in Europe, show contradicting characteristics. Thus, it is size of the population and size of the economy which matter for the size and the fragmentation of the intermediary system, not the character of the economy. However, the general hypothesis of the “varieties of capitalism” approach, namely complementarities hypothesis is supported. But complementarities do not pattern as expected from this approach. Results do confirm this approach when looking to organizational characteristics within the industrial relations domain. Here, at least a clear cut difference could be established between CMEs and other types of economies, and again, the complementarities hypothesis is supported.

In the introduction it was argued, that surprisingly little research has been done on types of political economy and cleavage patterns. The second part of the analysis concentrated on this aspect. The expectation was that alliances and coalitions between organized interests and political parties should pattern in a way differentiating CMEs from LMEs. However, this expectation does not bear out empirically. A fast conclusion from the empirical non-findings presented here could be: the “varieties of capitalism” approach is right in neglecting political cleavages. Although it could be empirically established that organized interests and political parties form alliances and coalitions along cleavage lines, it could not be demonstrated that there are (the expected) differences between types of economies. The conclusion to draw from this finding is probably not, that cleavages do not

matter. Rather, the suspicion is that their influence is more deeply rooted than reflected in actual measures of alliances and coalitions. The bridge between cleavages and varieties of capitalism most likely has to take into account the long interplay between political institutions and cleavages that paved the ground for approaches to regulation and non-regulation.

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