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Cartel parties and cartel party systems

Cartel Parties and Cartel Party System

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Table of Content

Chapter 1.
Introduction

Nihil est opertum quod non reveletur,
& occultum quod non sciatur[1].

All human knowledge is subjective[2].

The objective phenomenon is never identical to the subjective phenomenon. With regard to social facts, it is often the latter that we know, and the other that we have to infer[3].

Introduction

This manuscript represents an attempt to apply a new political economy approach to the study of party politics. Katz and Mair suggested that the transformation of Western European party systems from the early 1970s onward was associated with the emergence of a new model of party organization, that Katz and Mair called the cartel party. This new party model, according to Katz and Mair, represents an organizational novelty for several reasons. It is less an agent of society, has interests on its own, depends financially on state subventions and attempts to preserve the state in which it is flourishing by distorting political competition. Through such distortion, the cartel of parties arguably resembles

[1] Matthew, X.
[2] My translation of a statement of Pareto who argued that "ogni conoscenza umana é soggettiva", see Vilfredo Pareto, "Le Azioni non logiche", in Giovanni Busino (ed.), Vilfredo Pareto, *Scritti Sociologici Minori*, Torino, UTET, 1980 (second edition), pp. 344-408. The quote is taken from p. 345.
[3] My translation of a statement of Pareto who wrote that "il fenomeno oggettivo non é mai identico al fenomeno soggettivo. Nei fatti sociali, é sovente quest'ultimo che conosciamo, ed é all'altro che dobbiamo risalire", see Vilfredo Pareto in "Programma e Sunto di un Corso di Sociologia", in Giovanni Busino (ed.), *op. cit.*, pp. 292-316. The quote is taken from p. 301.

the behavior of oligopolistic firms. Building on this body of scholarship, I investigate whether and to what extent patterns of inter-party competition mimic the functioning of oligopolistic markets. Specifically I investigate whether parties' political offers to the electorate fail to satisfy the electorate's political demands.

But how do we know whether voters' demands are satisfied by parties' offers or not? How do we know whether political competition is distorted or not? As I will argue in greater detail in Chapters 2 and 4, the cartel party literature has formulated two basic answers to these questions. According to what I call the 'systemic' conception of the cartel, the cartelization of parties and party systems is associated with an observable phenomenon, that is the increasing similarity of party programs or the narrowing of viable policies. According to what I call the 'systemic-subjective' conception of the cartel, the existence of the cartel is subjective and not objective. This means that the cartel exists in voters' perceptions, which are, in turn, generated by a systemic change, namely system parties' centripetal convergence. Building on the previous cartel party literature, this manuscript presents a new, 'subjective' conception of the cartel. My approach is consistent with Kitschelt's 'systemic-subjective' approach in that we both recognize that the existence of the cartel is subjective, or, to put it differently, that the cartel exists only in the voters' minds. My 'subjective' approach differs from Kitschelt's with regard to what generates the perception of the cartel. For, Kitschelt the perception of cartelization is generated by an objective phenomenon -- the centripetal convergence of the Social Democratic and Moderately Conservative parties. For me, the voters' perception of cartel party system, reflects instead the gap between voters' political demands and their perceptions of the parties' political offers to the electorate. I argue that

the perception of parties' oligopolistic behavior does not have to reflect parties' objectively oligopolistic practices, but reflects instead the perception that Western European party systems' political offers to the electorate is not adequate to satisfy the electorate's political demands.

My 'subjective' approach to the study of cartel parties and cartel party systems will be discussed in greater detail in the next chapter. The purpose of the present chapter is to introduce the reader to problems discussed at some greater length in the rest of the manuscript. In the first section, I discuss the problems that plague both macro-level and micro-level analysis of political change. Building on this discussion, in the second section I argue that, not surprisingly, the literature of political science has experienced some serious difficulties in understanding parties and party system change in the past three decades. In doing so, I identify two major approaches to parties and party system change. The first is the crisis approach which conceives any departure from the mass party politics as a symptom of parties' untreatable crisis. The second approach to party change conceptualizes party transformations as the sign of parties' adaptation to an ever changing environment. I further argue that the cartel party represents one of the most interesting arguments elaborated within the adaptive framework. In the third, and final, section of this introduction, I present the structure of the manuscript.

The Mystery of Change

Change is pervasive. Everything changes, everywhere and all the time. Given the ubiquitous presence of change, it should not be terribly surprising that social scientists

have attempted and attempt to understand and/or explain change, its determinants and its consequences. Yet, in spite of all the attention that has been paid to change and its correlates, change remains an intellectual problem. This seems to be the case for two different, but possibly related, reasons. The first reason is that in spite of the alleged ubiquity of change, it is not always easy to assess what change is and, hence, to recognize whether and to what extent change has occurred. For example, the party system literature has often identified in recent higher levels of volatility one of the most significant transformations in the Western European party systems[4]. Yet, to the contrary Bartolini and Mair argue that party systems are quite resilient against any pressure to change[5]. Bartolini and Mair, in their work, show that the increase in total volatility reflects an increase in within bloc volatility rather than an increase in between bloc volatility. As the same cleavage lines are still salient and divisive, the cleavage structure has not changed, and in the absence of such a transformation it is not appropriate to talk of a party system change. To say whether changes in the levels of within bloc volatility provide sufficient evidence of party system change or not is beyond the scope of the present chapter, yet this debate is fairly instructive for us for two different reasons.

The first is that it provides a good example of diverging assessments of change. The second is that it also provides an explanation for these divergences. As Knill and

[4] That European party systems have changed in the past three decades has been widely acknowledged in the scholarly literature. On party system change in Western Europe see at least, Russell J. Dalton, *Citizen Politics. Public Opinion and Political Parties in Advanced Industrial Democracies*, Chatam, Chatam House Publishers, 1988 (1996); Peter Mair, "The Problem of Party System Change", *Journal of Theoretical Politics*, vol. 1, 1989, pp. 251-276; Peter Mair, "Continuity, Change, and the Vulnerability of Party", *West European Politics*, vol. 12, 1989, pp. 169-186; Mogens N. Pedersen, "The Dynamics of European Party Systems: Changing Patterns of Electoral Volatility", *European Journal of Political Research*, vol. 7, 1979, pp. 1-26.

[5] Stefano Bartolini and Peter Mair, *Identity, Competition and Electoral Availability: The Stabilisation of European Electorates, 1885-1985*, Cambridge, Cambridge University Press, 1990. See also, Peter Mair, "Myths of electoral change and the survival of traditional parties", *European Journal of Political Research* vol. 24, n. 2, 1993, pp. 121-133.

Lenschow noted "it is not the faulty collection or interpretation of empirical data but the application of different analytical perspectives that results in contrasting assessments of change"[6]. In other words, we see what we consider pertinent, and the decision about whether something is pertinent or not is dependent on our conceptual lenses[7].

The second reason why it is still so difficult to understand change is that it is not always clear which factors are responsible for, and hence explain, change. In this respect there is clear disagreement among theorists and theories as to the determinants of change. Structural conditions, culture, institutions, ideas and individual preferences are all invoked as determinants of change. Yet, none of these factors manages to provide *per sé* a successful, in the sense of fully convincing, explanation. Macro-level explanations, in their structural, cultural, institutional and ideational variants, are not fully convincing for two reasons. They risk "explanatory determinism, ignoring possibly independent influences of actors and their strategic interactions on political outcomes"[8]. That is they all see change, to recall Blyth's criticism of structural explanations of institutional change, "as a problem of comparative statics". Structural explanations, Blyth suggested, "implicitly posit the model 'institutional equilibrium-> punctuation-> new institutional equilibrium'"[9]. This means that structural arguments explain the two equilibria as if they were simply the necessary outcome of a new set of structural conditions. Such an argument is somewhat problematic.

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[6] Christoph Knill and Andrea Lenschow, "Seek and Ye Shall Find !. Linking Different Perspectives on Institutional Change", *Comparative Political Studies*, vol. 34, n. 2, (March) 2002, p. 188.
[7] On the point see Luis Prieto, *Pertinence et Pratique*, Paris, Editions du Minuit, 1975.
[8] Christoph Knill and Andrea Lenschow, "Seek and Ye Shall Find !. Linking Different Perspectives on Institutional Change", *cit.*, p. 194.
[9] Mark Blyth, *Great Transformations. Economic Ideas and Institutional Change in the Twentieth Century*, Cambridge, Cambridge University Press, 2002, p. 7. A similar point can be found in Mark Blyth, "Moving the Political Middle: Redefining the Boundaries of State Action", *Political Quarterly*, 68 (3), 1997, pp. 231-240.

In this respect, Blyth noted that "unless one can specify the causal links between the former and the latter objects", the *post hoc, propter hoc* logic does not explain much[10]. True, but that is not the only problem. A structural explanation of political change may be plagued by other potential problems: it may be circular (a change explains a change), it may be spurious (both changes are in reality the product of some other and unobserved forces) and it may be a *regressio ad infinitum*. A change can always be explained by a previous change.

A very similar criticism could be made, by extension, also for the other macro-level explanations, such as the cultural and ideational modes of explanation. Cultural arguments tend to explain social, economic and political phenomena on the basis of cultural values that are assumed to be fairly stable over time[11]. This creates a problem as to the cultural approach's ability to address change[12]. In fact, by assuming that cultural values are constant over time and by assuming that they are the 'real' determinants of social and political phenomena, social and political changes can then be explained only

[10] Mark Blyth, *Great Transformations*, op. cit., p. 7.

[11] Werlin has criticized this assumption by arguing that cultural values are not always very stable. To support his point, Werlin argued that Germany successfully managed to replace its totalitarian orientation of the 1930s with a democratic one in the 1960s. This change, Werlin argued, was not a deviant case (as Eckstein contends) and contra Eckstein Werlin stressed the fact that rapid cultural change – as the one that occurred in post WW2 Germany- does not require a revolution. Werlin was right: the German cultural change did not require a revolution: 10 years of Nazi dictatorship, WW II, the Nürnberg Trial, the occupation and the division of Germany, the constitutional ban of extremist parties were enough to produce a change. Herbert H. Werlin, "Political Culture and Political Change", *American Political Science Review*, vol. 84, n. 1, (March) 1990, pp 249-253. His discussion of the German case can be found in the following pp. 250-251.

[12] Harry Eckstein, one of the most important proponent of the culturalist approach, recognized that political culture theory has often coped inadequately with change. In this respect, he quoted Rogowski's idea that "culturalists have been very offhand in dealing with change-(that) they have tended to improvise far too much in order to accommodate political changes into their framework. They have done so, he writes, to the point that they no longer have a convincing way to treat political change at all", Eckstein went on to say that "this argument – and others to similar effect – strikes me as cogent criticism of how culturalists have in fact dealt with political changes. Furthermore, difficulties accounting for change in general and for certain kinds of change especially seem to me inherent in the assumptions on which the political culture approach is based" see Harry Eckstein, " A Culturalist Theory of political Change", *American Political Science Review*, vol. 82, n. 3, (September) 1988, pp.789-804. The quote is taken from pp. 789-790.

on the basis of cultural changes. This, of course, brings us back to the same problems encountered with regard to the structural explanation. Cultural explanations of change run the serious risk of being circular, or regressing ad infinitum, or being spurious.

Ideational explanations provide better tools to understand/explain change than either the structural or the cultural argument. Ideational explanations are superior to structural explanations in that they are able to specify the causal links between the "prior" and the "post" that structural arguments are unable to specify. Moreover, ideational arguments do not suffer for the explanatory determinism that characterizes other macro-level explanations as they do not exclude the possibility of alternative political outcomes.

Ideas influence how we look at the world, how we understand it and how we might act to change it. This means that a new equilibrium order – the equilibrium achieved in the wake of the crisis – is not a necessary consequence of the previous conditions, but it is instead one of the several possible equilibria that could have been achieved. That it was achieved occurred because it was considered by some agents to be superior to its alternatives, and this belief (of its superiority) was based on ideational factors. Ideational arguments are also superior to cultural ones since they are not burdened by many of the assumptions – such as the stability of cultural values - that more or less implicitly characterize the cultural discourse.

This said, not even the ideational framework provides *per sé* an adequate explanation for change. Ideas matter, to be sure, but they also need to be translated into action: they need proper conditions and, most importantly, they need agents. Take the case of monetarist ideas. Monetarist ideas had a profound effect on how, for example, Thatcher (and Reagan, on the other side of the Atlantic) looked at economic problems

and planned to fix them. This is unquestionably true. But it is also true that those monetarist ideas, ideas that had been circulating in academia for almost two decades, would have probably not been translated into political action if certain historical conditions (the stagflation) had not undermined voters' faith in the previous economic paradigm (Keynesianism) and if some politicians had not been willing to campaign on the basis of the new paradigm[13]. Hence, even if we grant that ideational explanations are superior to the structural and the cultural in the sense that they explain more and better, they are *per sé* insufficient to account for change[14].

The alternative to macro-level arguments is represented by micro-level explanations of change that adopt agency as the single most important determinant of change. Change is produced by what Mahoney and Snyder call the "ongoing interactions between purposeful actors" whose ability to achieve their goals is potentially limited by structures and structural incentives [15]. The democratization literature has often relied on micro-level explanations. Przeworski, for example, noted that transitions, the periods between the collapse of a regime and the establishment of a new one, are "strategic situations that arise when a dictatorship collapses" and that stable democracy is only one of the possible outcomes[16]. Transitions may in fact allow the authoritarian regime to stay in power, they may be conducive to the establishment of a new dictatorship, they may

[13] And there is some reason to believe that they probably would not have done it, if they had thought that the adoption of the Monetarist creed would lead to an electoral defeat

[14] The point is recognized also by ideationalists when they note that "this is not to say that only ideas matter, nor that institutional change is purely an ideational affair; they do not and it is not. But economic ideas certainly do matter in periods when existing institutional frameworks and the distributions they make possible fail and uncertainty prevails. At these junctures, it is ideas that tell agents wht to do and what future to construct". The quote is taken from Mark Blyth, *Great Transformations*, op. cit., p 11.

[15] James Mahoney and Richard Snyder, "Rethinking Agency and Structure in the Study of Regime Change", *Studies in Comparative International Development*, vol. 34, n.2, (Summer) 1999, pp. 3-32. The quote is taken from p. 5.

[16] Adam Przeworski, *Democracy and the market*, Cambridge, Cambridge University Press, 1991, p. 37.

lead to a non-self sustaining democracy (which will eventually fall) or it may end with a stable democracy[17]. According to Przeworski, the establishment of a self-sustaining and, hence, stable, democracy occurs only when the reformers in the authoritarian camp ally with the moderates in the democratic camp, because that is the only instance in which democracy with guarantees is established[18]. Micro-level analyses of this type have greatly improved our understanding of political phenomena such as democratic transitions and consolidation. Micro-levels analyses have shown that, for example, the emergence (or the consolidation) of democracy is not simply a function of a socio-economic conditions as earlier studies assumed but that they occur because of the active involvement of purposeful actors [19].

Yet, and in spite of all their merits, micro-level explanations have their own shortcomings. As Skocpol recently pointed out, micro-level "approaches too easily fall into the trap of assuming that elite bargaining over new arrangements occurs on a tabula rasa, without regard to entrenched understandings and power relationships (…) actors change goals and perceptions in response to uncertainty and bargain in a dynamic way – producing different outcomes (…). But elites work from power positions and understandings embedded in inherited arrangements; indeed, they try to encode those

[17] This point was made by Leonardo Morlino, "Democrazie", in Gianfranco Pasquino (ed.), *Manuale di Scienza Politica*, Bologna, il Mulino, 1986, pp. 83-136. In this chapter Morlino pointed out that the instauration of a democratic regime at the end of a political transition does not automatically imply that that democratic regime will consolidate and survive. The classic study in this respect remains Juan J. Linz and Alfred Stepan (eds.), *Breakdowns of Democratic Regimes*, Baltimore, Johns Hopkins University Press, 1978. See also Dirk Berg-Sclosser and Jeremy Mitchell (eds.), *Conditions of Democracy in Europe*, 1919-39. Systematic Case-Studies, London, MacMillan in association with International Political Science Association, 2000.

[18] Hard-liners, Reformers, Moderates and Radicals are the four groups of political actors identified by Guillermo O'Donnell and Philippe C. Schmitter, *Transitions from Authoritarian Rule*, Baltimore, Johns Hopkins University Press, 1986. Przeworski's discussion of the strategic interactions between hardliners, reformers, moderates and radicals can be found in Adam Przeworski, *Democracy and the market*, Cambridge, Cambridge University Press, 1991, pp. 66-79.

older meanings and power relationships into seemingly new structures"[20]. Skocpol is right. Individuals are not atoms floating in the vacuum. They live and operate in specific social contexts, in specific historical circumstances[21]. This means that we cannot understand individuals' choices and actions if do not know the context within which they originated. The problem of the individualist (micro-level) doctrine that individuals change circumstances is that it forgets that the individuals who change circumstances are, in their turn, the products of circumstances and upbringing[22].

In the light of the problems characterizing both macro- and micro-level explanations, scholars have become increasingly aware of the necessity of synthesizing the two approaches[23]. This debate on the limited explanatory power of both micro- and macro- arguments vis-à-vis change is also relevant to the purposes of the present research as it testifies to the fact that political science has experienced some serious difficulties in understanding and explaining change. In the light of political science's problems in dealing with political change, it should not be terribly surprising that the changes that parties and party systems have undergone in the past three decades have posed (and still pose) a puzzle to the party literature.

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[19] Seymour M. Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy", *American Political Science Review*, vol. 53, n. 1, (March) 1959, pp. 69-105.
[20] Theda Skocpol, "Doubly Engaged Social Science: The Promise of Comparative Historical Analysis", in James Mahoney and Dietrich Rueschemeyer (eds.), *Comparative Historical Analysis in Social Sciences*, New York, Cambridge University Press, 2003, pp. 407-428. The quote is taken from page 423.
[21] On this see James Bohman, *New Philosophy of Social Science*, Cambridge, MA, MIT Press, 1993, pp. 146-185. See also Ira Katznelson, "Periodization and Preferences: Reflections on Purposive Action in Historical Social Science", in James Mahoney and Dietrich Rueschemeyer (eds.), *Comparative Historical Analysis in Social Sciences*, New York, Cambridge University Press, 2003, pp. 270-301.
[22] This sentence paraphrases with some minor changes Marx's third thesis on Feuerbach. See Robert C. Tucker (ed.), *The Marx-Engels Reader*, New York, Norton and Company, 1978, p. 144.
[23] James Mahoney and Richard Snyder, "Rethinking Agency and Structure in the Study of Regime Change", *op. cit.*, p. 1. See also James Bohman, *New Philosophy of Social Science*, op. cit., pp. 146-185; Alexander Rosenberg, *Philosophy of Social Science*, Boulder, Westview Press, 1995, pp. 124-187.

Party Change: Crisis or Adaptation?

That parties have changed in the past few decades has been almost unanimously recognized, but how are those changes to be understood? Two major solutions have been proposed for this puzzle. For some scholars, party changes are simply the signs of a more general, more pervasive party crisis. Other scholars argued instead that what we are observing is the crisis of a specific model of party organization – the crisis of the mass party – and that party changes are the signs of the emergence of new models of party and party organization.

In the past few decades, the scholarly literature has devoted a considerable attention to the crisis of political parties[24]. Political scientists (and constitutional lawyers) have almost unanimously acknowledged that parties are increasingly unable to perform their traditional functions[25]. It is generally acknowledged that political parties are no longer able to integrate the masses into the political system, to express and represent societal needs and demands, to articulate them into coherent political programs, to

[24] The party crisis debate has occurred not only in the Western European context but also in the American context. Norman H. Nie, Sidney Verba and John R. Petrocik in their *The Changing American Voter*, Cambridge, Harvard University Press, 1976, pp. 47-73 showed the decline in the strength of party identification, which could be seen and conceived as a sign of party crisis. The decline in party votes has also been treated as a sign of the weakening of American parties, see Joseph Cooper, David W. Brady and Patricia A. Hurley, "The Electoral Basis of Party Voting: Patterns and Trends in the U.S. House of Representatives", in Louis Maisel and Joseph Cooper (eds.), *The Impact of the Electoral Process*, Beverly Hills, Sage, 1977; see also Gary W. Cox and Mathew D. McCubbins, *Legislative Leviathan. Party Government in the House*, Berkeley, University of California Press, 1993. More recent research has shown that the decline in party votes and the weakening of partisanship were temporary phenomena, on the point see at least Joseph Cooper and Garry Young, "Partisanship, Bipartisanship, and Crosspartisanship in Congress Since the New Deal", in Lawrence C. Dodd and Bruce I. Oppenheimer (eds.), *Congress Reconsidered. Sixth Edition*, Washington D.C, CQ Press, 1997, pp. 246-273. See also Joseph Cooper, "The Twentieth-Century Congress", in Lawrence C. Dodd and Bruce I. Oppenheimer (eds.), *Congress Reconsidered. Seventh Edition*, Washington D.C., CQ Press, 2001, pp. 335-366. An interesting discussion of the U.S. party crisis literature can be found in John Aldrich, *Why Parties?: the origin and the transformation of political parties in America*, Chicago, Chicago University Press, 1995, pp. 14-18.

[25] Angelo Panebianco, *Modelli di Partito*, Bologna, il Mulino, 1982, p. 488.

mobilize the voters, to select sufficiently skilled political personnel and, as some scholars have observed, to govern[26].

Scholars have alternatively identified the signs, symptoms and the definitive proof of this party crisis in the growing detachment between parties and society, in the emergence of new social movements, in the increasing importance of interest groups in the political arena, and in the transformation of party systems[27].

However, in spite of this wide agreement on the fact that there is a party crisis, it is still not clear what exactly is this crisis and why parties have fallen into it. In this respect, Daalder noted that there are three main streams of party crisis arguments[28]. The first argument suggests that political parties have become anachronistic, obsolete and, therefore, superfluous because they have performed their historically unique task of integrating new groups of citizens into the political system. Now there are no un-represented or under-represented social groups that need to be integrated in the system. Parties are no longer able to perform their traditional function, because they have no function to perform. The second group of arguments suggests instead that parties are in crisis because they "fell increasingly under the working of market forces" so that "in the process they came to resemble one another…loosing their virtue with their specificity". The third group of interpretations holds the view that the crisis of parties is due to the fact

[26] Gianfranco Pasquino, *Crisi dei partiti e governabilitá*, Bologna, il Mulino, 1980.
[27] Kay Lawson argued that "the emergence and the durability of such groups are in some fashion related to the failure of major parties and the success of their would-be successors in providing adequate and acceptable means of linking citizens to the state", Kay Lawson, "When Linkage Fails", in Kay Lawson and Peter Merkl (eds.), *When Parties Fail. Emerging Alternative Organizations*, Princeton, Princeton University Press, 1988, p.13. See also footnote 1.
[28] Hans Daalder, "A crisis of party?", *Scandinavian Political Studies*, vol. 15, 1992, pp. 269-288.

that political systems and processes have changed in such a way that parties are no longer the key actors in the political system[29].

Note, however, that not all the explanations for the crisis of parties can be grouped in these three categories. In contrast to those who believe that the party crisis descends from their loss of ideological specificity and virtue, some scholars have argued that these problems are due to the fact that highly ideologized parties are unable to cope with the growing complexity of contemporary post-industrial societies. Still other scholars have suggested, at least with regard to the Italian case, that the party crisis mirrors the more general crisis of the parliamentary forms of government or of the wider Italian democracy[30].

Interesting as this debate might be, it is neither terribly clear nor terribly satisfactory for several reasons. First of all, it is not clear whether the party crisis results from parties' inability to integrate, to represent, to elaborate programmatic proposals, to select political personnel and to govern, or from all of the above. In other words, it is not clear whether parties are in crisis because they fail to perform one, some, or all of their traditional functions. Second, it is not specified in these accounts whether parties do not perform their historical (or traditional) functions because of their functional inadequacy, their unwillingness to perform those functions or because such efforts are no longer

[29] Hans Daalder, "A crisis of party?", *op. cit.*, pp. 269-288.
[30] The first point has been made by Paolo Armaroli, "Verso un partito leggero e intelligente", *Millennio*, 2, 1997, pp. 4-5; Augusto Barbera, "Ritorniamo all'Agorá", *Millennio*, 2, 1997, pp. 10-11; Marco Tarchi, "La politica dell' identitá, crisi della democrazia e nuovi movimenti", *Trasgressioni*, anno 3, n. 1 (6), 1988, pp. 1-17. The second view has insistently been proposed by Gianfranco Miglio. On the crisis of the Italian parliamentary form of government, see Gianfranco Miglio, "Le contraddizioni interne del sistema parlamentare integrale", *Rivista Italiana di Scienza Politica*, vol. XIV, n. 1, 1984, pp. 209-222. A very similar poit had already been made in 1957 by Giuseppe Maranini in his *Mito della Costituzione*, which is now republished as Giuseppe Maranini, *Mito della Costituzione*, Roma, Ideazione, 1996. On the relationship between the crisis of the parliamentary system and the crisis of parties, see Gianfranco Miglio, *La regolaritá della Politica*, Milano, Giuffré, 1988. The third point was made by Leonardo Morlino in his "Crisis of parties and change of party system in Italy", *Party Politics*, vol. 2, n. 1, (January) 1996, pp. 5-30.

necessary. These are, of course, three very different scenarios and only the first one is consistent with the idea of a party crisis, since it is the only situation in which parties actually fail to perform one, some, or all, of their traditional functions. On the contrary, neither the second nor the third scenario are consistent with the notion of party crisis. Indeed, neither parties' deliberate attempt to avoid their traditional functions, nor the fact that the need to perform those functions has disappeared can legitimately be considered as a party failure. They are instead the symptoms of transformations of the environment in which parties operate and, in a subordinate way, of parties' attempt to adapt to these changes. Finally, the party crisis argument presents a problem since it does not clarify whether the party crisis is a crisis of the existing parties, whether it is the crisis of a specific party model, or whether it is the crisis of the party *tout court*[31].

Adaptation to a new environment and the crisis of the Mass Party Model

Agreement on the party crisis framework is far from being unanimous. Party organizational changes are also viewed as competitive adaptations to environmental changes and not as the symptoms of an irreversible crisis. Some scholars, for example, noted that the party crisis notion should be abandoned (Scarrow), while others have stressed that the crisis is circumscribed to the mass party organizational model and that the departures from that model simply denote the emergence of a new party

[31] On the crisis of party as the crisis of a specific party model see Piero Ignazi, in his "The Crisis of parties and the rise of new political actors", *Party Politics*, vol. 2, n. 1, 1996, pp. 549-566, where the Italian scholar noted that "the idea of *party decline* is thus strongly related to the decline of a *certain type of party*: the mass party. This model of party had at its core the mass membership. The types of parties emerging in the postindustrial era, Kirchheimer's catch-all party first, and then Katz and Mair's cartel party rely less on the number of members than on their quality/function", p.550. On the crisis of party *tout court* see instead Gianfranco Pasquino, *Crisi dei partiti e governabilitá*, Bologna, il Mulino, 1980, p. 11.

organizational model[32]. This new party organizational model has been alternatively defined as professional-electoral or as cartel party by, respectively, Panebianco and Katz and Mair[33].

The decision to define the new party model as electoral-professional or cartel is far from being neutral. In fact, there are some clear differences between the ideal types identified by Panebianco on the one hand, and by Katz and Mair on the other. Panebianco's electoral-professional party represents a novelty in the development of party organizations because its characteristics are different from those of the mass party of social integration. The mass party had a highly developed party bureaucracy and a very large membership base, party identity was defined by its ideological outlook, and financially it relied on members' fees and contributions. The electoral-professional party differs from the mass party in each of these respects. The party bureaucracy is not particularly developed as bureaucrats have been replaced by professionals, the membership base is much smaller than it was for the mass party, ideology is no longer central, and the party now relies, from a financial point of view, on the contributions of lobbies, interest groups and the state[34].

For Panebianco the emergence of the electoral-professional party reflects what he calls an 'environmental transformation'[35]. The transformation of the systems of social

[32] Piero Ignazi, "The Crisis of parties and the rise of new political actors", *op. cit.*, pp. 549-566.
[33] The notion of professional-electoral party was developed by Angelo Panebianco, *Modelli di Partito*, Bologna, il Mulino, 1982, pp. 477-502. English translation, Angelo Panebianco, *Political Parties: Organization & Power*, New York, Cambridge University Press, 1988, pp. 262-274. The notion of the cartel party is due to Richard S. Katz and Peter Mair, "Changing models of party organization and party democracy. The emergence of the Cartel Party", *Party Politics*, vol. 1, n. 1, 1995, pp. 5-28.
[34] Panebianco, *Modelli di Partito*, Bologna, il Mulino, 1982, pp. 481-487. English translation, Panebianco, *Political Parties*, op. cit., pp. 263-267.
[35] Panebianco talks specifically of "*cambiamenti ambientali*" (changes in the environment) as well as of "*mutamento ambientale*" (transformation of the environment or environmental tranformation). According to Panebianco " the main causes of the affirmation of the electoral-professional party are to be found in the party environment. Organizational change is spurred on by external challenge, by environmental change

stratification, the transformation of the characteristics and the cultural attitudes of the various social groups, the increasing homogeneity the electorate, its increasing volatility, party organizations' increasing inability to control their electorate, and, last but not least, the technological changes in political communication represented a powerful incentive for parties' organizational transformation[36].

The Cartel Party Hypothesis

The cartel party hypothesis elaborated by Katz and Mair is consistent with Panebianco's notion of the electoral-professional party in that both arguments explain parties' organizational change as a consequence of the transformation of the environment in which parties operate. Yet, the cartel party model presents some significant differences from Panebianco's party model.

Panebianco's argument is quite straightforward. Society is the environment in which parties operate, society changes by becoming more homogeneous; parties are agents of society and therefore they change. Party change in organizational terms to adjust to the social transformations.

The first difference between Panebianco on the one hand and Katz and Mair on the other hand is that for Katz and Mair the environment in which parties operate involves not only society but also the state, which is almost entirely neglected in

(...). There are two main types of environmental change in Western society which seem to be behind this kind of transformation. The first type of change, which is the main subject of sociological research, is related to social stratification systems, and to changes in importance of various employment groups and above all in the peculiarities and cultural attitudes of each group (....). The second type of change is technological and consists in restructuring the political communication systems under the impact of the mass media, and particularly television". See Panebianco, *Modelli di Partito*, op. cit., pp. 483-485. English translation, Panebianco, *Political Parties*, op. cit., pp. 265-266.

[36] Panebianco, *Modelli di Partito*, op. cit., pp. 481-487. English translation, Panebianco, *Political Parties*, op. cit., pp. 263-267.

Panebianco's account of party organizational change. The second difference between Panebianco's and Katz and Mair's argument is that Panebianco's electoral-professional party, in spite of all its differences from both the cadre party and the mass party, is still an agent of society. Each of these party types, with all their differences and peculiarities, represented society, or a certain idea of society, and acted accordingly. For example, the cadre party represented the relatively small and highly homogenous class of notables, the mass party represented a much larger but still homogenous segment of society, and the catch all party tried to represent society at large. By contrast, Katz and Mair make clear that the most significant change associated with the emergence of the cartel party is that parties are no longer agents of society. Parties become agents for themselves. How did parties manage to become agents of themselves? Because by running the state on behalf of their voters, they were in a position to allocate state resources to finance parties and parties' activities.

This leads to the third difference between the electoral-professional party argument and the cartel party hypothesis. Since parties are agents of society for Panebianco, the organizational changes associated with the emergence of the electoral-professional party were meant to maximize parties' ability to perform their representative and integrative functions. The organizational changes associated with the emergence of the cartel party have a radically different meaning. Organizational changes reflect parties' increasing inability or unwillingness to represent society, their tendency to insulate themselves from the polities in which they originated, and their attempts to secure their collective survival by distorting the political offers in the electoral market. This is why with the emergence of cartel parties, party systems resemble the functioning

of oligopolistic markets. This is why this new model of party has been defined as cartel party.

However, the fact that Katz and Mair have observed that party organizations change over time and that parties have entered in their post-catch-all party phase of development, does not provide much evidence as to whether the patterns of inter-party competition have come to resemble the functioning of oligopolistic markets. The purpose of the next chapter to propose a new theory of the cartel party which explains whether and under what circumstances the patterns of inter-party competition resemble the functioning of oligopolistics markets.

The Structure of the Manuscript

The manuscript is divided in three parts. Part One, comprising chapter 1 and 2, introduces the main themes that are discussed in this manuscript and articulates what I term a subjective theory of the cartel of parties. Chapter 1 sets the stage for the rest of the manuscript. It shows why the theories of party adaptation provide a better explanation of party change than the party crisis literature. In this chapter I advance two additional claims. One claim is that the cartel party hypothesis provides a more compelling explanation of the party change than other party adaptation theories. The other claim is that previous versions of the cartel party hypothesis explain party change but fail to explain why it is appropriate to use the cartel market metaphor to describe contemporary Western European party systems. This is why we need a new cartel party theory. Chapter 2 articulates what I call a 'subjective' cartel party theory. After discussing the

peculiarities of oligopolistic markets, and how previous studies have attempted to demonstrate the cartel-like behavior of Western European party systems, I present my 'subjective' approach. My argument is straightforward. Western European party systems resemble cartel dynamics only if changes in parties' political offers to the public do not satisfy voters' demands, that is if voters perceived that their demands are not adequately addressed by political parties. My research shows that Western European voters do indeed perceive that parties' positions and proposals are so similar that it is not possible to see clear alternatives. Data analysis not only reveals that the perception of the existence of the cartel is quite pervasive among voters, but also that such perception has become increasingly widespread in the course of the past decade. I further suggest that the perception of the existence of the cartel may not be determined by the objectively oligopolistic behavior of parties, but can instead be based on the perception of oligopolitic behavior, that is on the perception that political demands are not satisfied by changes in political supply. Hence, I refer to my approach as a 'subjective' approach because the perception of the cartel is based on voters' perception of parties' oligopolistic practices.

In the third chapter I test whether and to what extent the cartel hypothesis is supported by empirical evidence. Specifically, I analyze whether parties and society have become increasingly detached as a decline in party membership levels would suggest. Beside showing that party membership levels have declined in the countries under study, I will argue that this decline is due to the changing economy of party membership. Party membership has become inefficient in economic terms for both parties and their potential members. The perceived costs of party membership have increased while the perceived

benefits have vanished. The analysis of survey data supports this economic explanation for the vanishing of party members. One of reasons why party membership has become increasingly less attractive for parties is that members are no longer the major source of parties' financial resources. In fact, where the financial benefits associated with party membership were undermined by a generous party finance legislation and even more generous state subventions to political parties, parties' demand for members decreased (and the number of members declined) more than in countries where the party finance legislation maintained some of the financial benefits associated with party membership.

This chapter provides some evidence as to whether and how Western European parties have cartelized. If the decline in party membership levels offers an indication of the increasing detachment between parties and society, if parties' increasing reliance on state subventions is a sign of parties' interpenetration in the state, and if the peculiarity of cartel parties is that of being agents of the state rather than agents of society, then this chapter suggest that parties have indeed cartelized in Western Europe.

Valuable as their systemic analysis may be, it is, however, insufficient to show whether party systems have actually cartelized or not. In fact, changes in political supply could simply reflect changes in political demand and, if this were the case, the party system would resemble the functioning of a competitive market instead of that of a monopolistic one. To assess whether a party system has cartelized or not, it is necessary to know whether political demands not satisfied by political supply, that is whether voters perceive that parties' political offer satisfies their demands. This is what I do in the second part of the manuscript.

In the second part I plan investigate whether and, if so, why voters perceive that parties' behavior resembles that of oligopolistic firms, that is whether and why party systems are perceived as cartel of parties. My argument in this respect is that voters believe that there is an increasing gap between the ideological location of the electorate and that of the party system, which is due, in several instances, to the simultaneous left-ward shift of the electorate and to the right-ward shift of the party system. This analysis is developed more fully in chapter four.

The second question that I investigate is why voters developed the perception of the cartel and of the growing distance between parties and society. My argument is developed in two steps. The reason why voters perceive that there is an increasing gap between the position of the electorate and that of the party system is that parties' perceived macroeconomic preferences (and agenda) have become increasingly detached from the macroeconomic preferences of the electorate. The analysis of survey data, in chapter five, shows that while unemployment has remained voters' single most important concern in each of the countries taken into consideration, parties of the left (and party systems in general) are perceived to be increasingly less committed to fighting unemployment. In chapter five I also test whether statistical analyses of the relationship between macroeconomic outcomes and governments' political orientation (left-wing or right-wing) supports voters' perception of the increasing gap.

The analysis of highly aggregate data on unemployment and inflation outcomes in relation to the political orientation of 12 Western European democracies reveals that a country's macroeconomic stance is virtually unaffected by whether that country governed mostly by parties of the Left or parties of the Right. Time series analysis provides further

evidence that changes in unemployment levels are no longer statistically related to a government's political orientation. Unemployment no longer declines when the Left is in office and no longer increases when the Right is in office. It will be argued that by abandoning their traditional unemployment aversion, the parties of the Left have come to resemble the parties of the Right. Chapter five also provides an explanation for why the left abandoned its traditional macroeconomic preferences. My argument is that with the apparent failure of Keynesianism to cope with the stagflation of the 1970s, with the failure of the only experiment in non-capitalist economy, and with the simultaneous triumph of both the market economy and market society, the Western European Left found its new *raison d'etre* in the process of European integration. This process required the Left to abandon its traditional commitment to Keynesianism. This is how the Left shifted to the Right and Left and Right became indistinguishable from each other.

The cartel party hypothesis further argues that the emergence of the new extreme right parties represents a reaction against the under-representativeness of the cartel of parties. The purpose of the sixth chapter is to refine this causal argument in the light of the three versions of the cartel party hypothesis identified in Chapters 2 and 4. Specifically, for the systemic version of the cartel party hypothesis the rise of the extreme right is a reaction against the increasing similarity in parties' electoral programs. For the systemic-subjective version of the cartel party hypothesis the emergence of the extreme right represents a reaction against the centripetal convergence of the Social-Democratic and Moderately-Conservative Parties. While for subjective version of the cartel party hypothesis the electoral fortunes of the new extreme right reflect the perception of a growing distance between the position of the electorate and that of the party system.

After discussing these alternative cartel-party explanations for the emergence, the success and the consolidation of the new radical right parties, I compare and contrast the explanatory power of each explanation. The results of the statistical analyses suggest that the subjective version of the cartel party hypothesis provides a better explanation for the rise of the extreme right than the systemic and the systemic-subjective cartel party arguments. The seventh and final chapter draws together the conclusions of this study.

Chapter 2
A Subjective Approach to the Study of the Cartel of Parties

Q[uestion] Do you see the Angel ?
A[nswer] Yes.
Q. Don't you see two Angels ?
A. Yes.
Q. Don't you see three Angels ?.
A. Yes, and so forth until seven Angels.
Q. Do you see me.
A. Yes.
Q. Do you see a grave?
A. Yes.
Q. Is it of stone or marble?
A. Stone.
Kiss the Angel. – And we could hear that the kid really
Kissed something, but – it was his own arm.[37]

Introduction

In the previous chapter I argued, and in the next chapter I will demonstrate on the basis of empirical data, that Katz and Mair's cartel party hypothesis provides a good explanation for the transformation of party organizations and party democracy in Western Europe. Yet, the cartel party hypothesis as elaborated by Katz and Mair does not provide much evidence as to whether party systems operate like a cartel of (oligopolistic) firms. In order to adopt the cartel metaphor to describe the new party model appropriately, it is necessary to specify how and under what circumstances party competition mimics the functioning of an oligopolistic market.

[37] "Fr[age]. Siehst Du einen Engel ? –Antw[ort]. Ja. Fr. Siehst Du nicht zwei Engel? – Antw. Ja. Fr. Siehst Du nicht drei, - Antw. Ja, und so fort bis auf sieben Engel. Fr. Siehst Du mich? – Antw. Ja. Fr. Siehst Du ein Grab? – Antw. Ja. Fr. Ists von Steinen oder von Marmor? – Antw. Von Steinen. Gib den Engeln ein Kuss – Man hörte, dass das Kind wirklich etwas küsste, aber – seinen eignen Arm". This scene is described by Augustus Moszinsky, "Cagliostro in Warschau. Oder Nachricht und Tagebuch über desselben magische und alchymische Operationen in Warschau im Jahre 1780, gefürt von einem Augenzeugen" [1786], in

The purpose of this chapter is to present a new theory of the cartel party. My argument is straightforward. Assuming that parties are the political analog of firms, that party systems are the political analog of markets, that the shares of the electorate are the political analog of the market quotas that firms control, Western European party systems share with oligopolistic markets some structural features. Yet, to know whether Western European party systems resemble oligopolistic markets, we need to know whether Western European party systems are non-competitive political markets exactly in the same way in which oligopolistic markets are not competitive. That is we need to know whether changes in (political) supply are competitive adaptations to changes in demand or not. Hence, to focus on supply is not enough. We need to look at changes in supply relative to changes in demand. Moreover, since voters' perception of parties' political offer to the electorate does not simply reflect some objective conditions but is instead mediated by subjective factors (preferences, expectations, ideas, and so on…) I further suggest that the perception of the cartel may not be determined by parties' objectively oligopolistic practices, but it can simply be based on the *perception* of oligopolistic behavior, that is on the gap between the electorate's demands and the market's perceived supply.

Oligopoly and the Market

When supply and price adjust to changes in demand, a market is defined as competitive. By contrast, non-competitive markets are those markets in which supply and

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Klaus H. Kiefer (ed.), *CAGLIOSTRO. Dokumente zu Aufklärung und Okkultismus*, München, Verlag C.H. Beck, 1991, p.149 ff.

price are not affected by changes in demand. When a non-competitive market is characterized by the presence of one seller and entry barriers, the non-competitive market is defined as monopoly[38]. On the contrary, a non-competitive market is defined as oligopoly, when there is a limited number of firms operating in the market; when each of these firms controls a considerable portion of the market, so that from 40 to 100 per cent of the market is controlled by 2 to 10 firms; and when none of these firms can ignore or act independently of what the other firms do[39]. Oligopolistic markets display two major peculiarities. The first is that the risks associated with the price fluctuations that can be observed in a competitive market are eliminated, because prices are fixed by the oligopolistic firms themselves either directly or through the manipulation of the quantities supplied. The second peculiarity of this oligopolistic market is that by eliminating the risks associated with competition, it promises and (is expected to protect) the survival of all of the oligopolistic firms themselves.

Oligopoly in the Political Market

Do Western European party systems resemble these oligopolistic markets? In order to answer this question we need to assess whether Western European party system actually display the same dynamics that we can observe in oligopolistic markets. And in

[38] According to Cozzi and Zamagni "there are many (…) factors that can explain the emergence and the consolidation of these (entry) barriers. One of these factors is the control of one or more of the raw materials that are needed to produce the good under consideration; another is the exclusive knowledge of a given productive technique; another one is the availability of patents concerning one product or new productive processes and so on". See Terenzio Cozzi and Stefano Zamagni, *Economia politica*, Bologna, il Mulino, 1989, p. 377.
[39] Cozzi and Zamagni, *op. cit.*, p. 90 and p. 377.

order to do so, we need to assess whether they satisfy the three conditions mentioned above.

The first two conditions are easily met. As Blyth and Katz recently pointed out Western European party systems are characterized by a relatively small number of effective parties and that these relatively few parties control the totality of the parliamentary seats[40]. But how do we know whether these relatively few parties distort competition?

The Systemic Approach

The cartel party literature has elaborated three different, but not mutually exclusive, answers. For Katz and Mair, the distortion of competition is due to the fact that "party programmes become more similar, and (…) campaigns are in any case oriented more towards agreed goals rather than contentious means"[41]. The second answer, elaborated by Blyth and Katz, argues instead that parties distort competition by fixing the political analog of market quantities, that is by constraining the set of viable (mostly economic) policy options[42]. In both arguments, the cartelization of parties and party systems is associated with an observable phenomenon, that is the increasing similarity of parties' programs and the narrowing of viable policies. Both arguments postulate the

[40] Mark Blyth and Richard S. Katz, "From Catch-all-icism to Reformation: The Political Economy of the Cartel Party", European Consortium for Political Research Joint Sessions of Workshops, Grenoble, March 2001. A revised version of the article can be found in Mark Blyth, "The Political economy of Political Parties: Beyond the Catch-all-ic Church?", Paper Prepared for the 2002 Meeting of the Council of European Studies, Chicago, 14-17 March (2002).
[41] Richard S. Katz and Peter Mair, "Changing Models of Party Organization and Party Democracy. The Emergence of the Cartel Party", *op. cit.*, p. 22.

existence of a cartel of parties at the systemic level and they will be referred to as to 'systemic' conceptions of the cartel of parties. Instructive as they may be, both versions of the 'systemic' cartel party hypothesis are inherently unable to show whether the patterns of inter-party competition, or party systems, have come to resemble the functioning of oligopolistic markets[43]. By assuming that party programs and policies are the political analog of supply, changes in party programs or policies simply indicate that there has been a change in supply in the political market. But a change in supply is *per sé* insufficient to say that the competition in the political market is distorted. In order to show that the functioning of political market is distorted, it is necessary to show that the observed changes in supply are not adjustments to corresponding changes in demand. Hence, the 'systemic' conception of the cartel party hypothesis is unable to provide any conclusive evidence as to whether Western European party systems have cartelized or not.

In fact, one could very well argue against the 'systemic' conception of the cartel party hypothesis that changes in political supply are actually competitive adjustments to changes in political demand. Kitschelt, for example, argued that in the course of the past three decades voters' political preferences and political distribution have changed[44]. Specifically, he argued that "the main axis of voter distribution (has shifted) from a

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[42] Mark Blyth and Richard S. Katz, "From Catch-all-icism to Reformation: The Political Economy of the Cartel Party", European Consortium for Political Research Joint Sessions of Workshops, Grenoble, March 2001.

[43] The idea that a party system results from the patterns of inter-party competition was developed by Giovanni Sartori, who argued that "Parties make for a "system", then, only when they are parts (in the plural); and a party system is precisely the *system of interactions* resulting from inter-party competition. That is, the system in question bears on the relatedness of parties to each other, on how each party is a function (in the mathematical sense) of the other parties and reacts, competitively or otherwise, to the other parties", see Giovanni Sartori, *Parties and Party Systems. A Framework for Analysis*, Cambridge, Cambridge University Press, 1976, p. 44.

[44] Herbert Kitschelt, *The Transformation of European Social Democracy*, New York, Cambridge University Press, 1994, pp. 30-31.

simple alternative between socialist (left) and capitalist (right) politics to a more complex configuration opposing left-libertarian and right-authoritarian alternatives"[45]. According to Kitschelt this change in voters' preferences and distribution (in the political space) reflected a change in political demands and parties' (and governments') were forced to change their political supply to adapt to the electoral market's new demands. If this were the case, then there would not be any distortion of political competition and, hence, no similarity with oligopolistic practices.

As will become clear in chapters 4 and 5, I do not agree with Kitschelt that changes in political supply were actually competitive adjustments to changes in political demands. This is certainly not the case with regard to the management of the economy. The results of survey data analysis reveal in fact that for Western European voters unemployment has remained the single most important issue, that unemployment is the first problem governments should deal with, that governments have the moral and political obligation to fight unemployment, and that they have the competence and the instruments to do so. In sum, the analysis of survey data makes clear that with regard to the management of macroeconomic conditions, the demands of the Western European voters have not recently changed. Yet, there has been a major change in what voters perceive to be the political supply. Voters believe that Western European party systems have become less concerned with unemployment because they perceive that the parties of the Left have become less concerned with unemployment. And since there has been no change in demand, any change in supply amounts to a distortion of the competition in the political market. This said, I do agree with Kitschelt on the importance of investigating changes in supply relative to changes in demand.

[45] Herbert Kitschelt, *The Transformation of European Social Democracy*, op. cit., pp. 30-31.

The systemic-subjective approach

Having recognized the importance of subjective factors, Kitschelt advanced what could be considered a "systemic-subjective" conception of the cartel[46]. This conception of the cartel differs from the previous in one major respect. The existence of the cartel is subjective and not objective. The cartel exists in voters' perceptions but not necessarily in the real world. Voters might perceive that parties resemble oligopolistic firms regardless of parties' real practices. According to Kitschelt this perception is generated by the fact that system parties, in their attempt to maximize their electoral returns, win the election and govern, converge toward the median voter position, become increasingly similar and fail to satisfy voters' demands. This is especially true with regard to the demands of those voters who are located at the extremes (in the plural) of the political spectrum. As the system parties move toward the center, their political offers become increasingly distant from what these polarized voters demand of the political system. Hence, the political offers of the system parties becomes increasingly unable to satisfy their demands.

The distortion of competition, in this case, is fairly evident. The centripetal convergence of the system parties reduces political supply regardless of voters' demands. Furthermore, since these changes in political supply are not competitive adjustments to changes in demand, it is possible to use the cartel market metaphor to describe the functioning of Western European patterns of inter-party competition.

[46] Herbert Kitschelt, *The Radical Right in Western Europe*, Ann Arbor, The University of Michigan Press, 1995, p. 17.

By bringing subjectivity back in, Kitschelt made an important contribution to further our understanding of whether, why and to what extent party politics may resemble the functioning of oligopolistic markets. However, his approach is not entirely satisfactory. Kitschelt is right in suggesting that the nature of the cartel is subjective, that is the cartel exists in the perception of the voters. Yet, his argument becomes less convincing when he argues that the perception of the cartel is generated by some clearly identifiable systemic factors, such as parties' centripetal convergence.

Kitschelt's systemic-subjective approach is in fact vitiated by some major problems. To say that the cartellization has an objective nature and that the object is parties' centripetal convergence amounts to assuming that party systems are or can be represented in a uni-dimensional space, that parties' positions can be located on this dimension (and, hence, can be measured) and that voters are able to assess parties' objective changes of position on this dimension. Unfortunately, none of these assumptions is particularly sound. It is, in fact, not at all clear whether party systems are actually uni-dimensional or can be represented in a uni-dimensional space nor is it clear how parties can objectively be located in such a uni-dimensional space. And if it is not possible to measure parties' positions objectively, then it is not possible objectively to measure their centripetal convergence.

Political scientists have developed several methods to estimate parties' positions. Parties' positions have been estimated on the basis of a priori judgements, mass surveys, expert surveys, elite studies and party manifestoes[47]. Four of these five solutions provide at best a subjective assessment of parties' positions. By contrast, the left-right scores

estimated by applying the Laver/Budge methodology to the party manifesto data do provide an objective assessment of parties' positions. Unfortunately these estimates are wrong, do not provide reliable evidence as to where parties are located and, thus, cannot be used to assess whether parties have converged centripetally or not[48]. In sum, in spite of all the attention that the problem has received, measuring parties' objective location in the uni-dimensional space represents a problem for which the scholarly literature has been unable to find an adequate solution. It is, therefore, dubious that the voters have been more successful than party politics experts in assessing parties' objective positions and their changes. This problem has an obvious implication. If there is no objective measure of parties' centripetal convergence, then it is not possible (*pace* Kitschelt) to claim that voters' (subjective) perception of the cartel reflects parties' (objective) convergence toward the center—because this centripetal converge cannot be measured 'objectively'.

Even more problematic is Kitschelt's claim that voters' perception of parties' cartellization is directly generated by objective or systemic factors. This claim is problematic because it assumes that the role that the human mind plays in the cognitive process is a passive one. The human mind, according to this view, simply records changes occurring around the subject. Yet, this assumption is at odds with some of the most reliable findings in the study of perception, namely that the human mind plays a

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[47] For a discussion see Peter Mair, "Searching for the positions of political actors: a review of approaches and a critical evaluation of expert surveys", in Michael Laver (ed.), *Estimating the Policy Position of Political Actors*, London, Routledge, 2001, pp. 10-30.

[48] Riccardo Pelizzo, "Estimating Party Positions or Party Directions? A Discussion of the PMD", paper prepared for delivery at the 74th Annual Meeting of the Southern Political Science Association, Savannah, GA, November 6-9, 2002. A refined version of the argument can be found in "Party Positions or Party Direction? An Analysis of Party Manifesto Data", *West European Politics*, vol. 26, n. 2, April 2003, pp. 67-89.

considerably active role in the cognitive process and that the perception of the surrounding world is always mediated by, broadly speaking, subjective factors.

Perception is not simply the work of senses but it always involves a mental decision. In fact, by establishing what is relevant and what is not, the mind instructs our senses about what to see[49]. According to Gregory "perception involves going beyond the immediately given evidence of the senses: this evidence is assessed on many grounds and generally we make the best bet, and we see things more or less correctly. But the senses do not give us a picture of the world directly; rather they provide evidence for the checking of hypotheses about what lies before us…we may say that the perception of an object *is* an hypothesis suggested and tested by the sensory data…perceiving and thinking are not independent"[50].

In our daily life, we are generally unaware of the fact that the mind affects our perception by formulating hypotheses "about what lies before us". The role of the mind is quite clearly illustrated by the following examples. Sometimes, when we sit in the train, we look out of the window at the other trains in the station. We check our watch and we realize that it is time to go. We look again outside the window and we see that the train next to ours is moving. Yet, after some time we realize that we experienced an illusory movement. The other train did not move, our train did. Why did we experience such an

[49] This is true not only in the case of human beings but also in the case of animals. Popper's example in this case is quite telling: "The frog is programmed for the highly specialized task of catching moving flies. The frog's eye does not even signal to its brain a fly within reach if it does not move…in general, an animal will perceive what is relevant according to its problem situation; and its problem situation, in turn, will depend not only on its external situation, but upon its inner state: its programme, as given by its genetic constitution, and its many sub-programmes – its preferences and choices", Karl R. Popper in Karl R. Popper and John C. Eccles, *The Self and Its Brain*, New York, Springer International, 1977, p. 92.

[50] The quote is taken Richard L. Gregory, *Eye and Brain. The Psychology of seeing*, New York, McGraw-Hill, 1978 (3rd edition), pp. 13-14. This quote, as some of the following quotes from Gregory, uses the word 'brain' where Popper would use the word mind. On the relationship between mind and brain, and on the different ways in which this relationship has been theorized, see Karl R. Popper and John C. Eccles, *The Self and Its Brain*, op. cit. , pp. 3-99.

illusion? Because "whenever there is movement the brain has to decide what is moving and what is stationary" and in our case the brain, incorrectly, hypothesized that our position was stationary and the other train was moving[51].

A similar experience can be made with the so called 'ambiguous figures' such as the Winson figure or the Rubin vase. These figures are called 'ambiguous' because when we look at them we have two different perceptions of the same "object". Looking at the Winson figure we may, in fact, see an American Indian or an Eskimo depending on our mental decision of what is "ground" and what is "figure".

Similarly, it is our mental decision of what is 'figure' and what is 'ground' that determines whether we see two faces or a vase, when we look at the so called Rubin vase. In both instances, our perception, our vision reflects not only the external, objective situation but also the observer's inner state, our preferences and choices[52]. In fact, "the seeing of objects involves many sources of information beyond those meeting the eye when we look at one object. It generally involves knowledge of the object derived from previous experience, and this experience is not limited to vision but may include the other senses; touch, taste, smell, hearing and perhaps also temperature or pain. Objects are far more than patterns of stimulation: objects have pasts and futures; when we know its past or can guess its future, an object transcends experience and becomes an embodiment of knowledge and expectation"[53]. Previous knowledge, ideas, expectations are what we can generally refer to as 'subjective factors'.

[51] Gregory, *Eye and Brain*, op. cit., p. 113.
[52] This point was more fully articulated by Popper and Eccles, *The Self and Its Brain*, op. cit., p. 92.

The Subjective Approach

If psychologists and neuroscientists are right in claiming that perceptions are mediated by subjective factors and if we perceive politics in the same way in which we perceive any other phenomenon, then even our perception of politics and political phenomena is mediated by our subjectivity. This means, *pace* Kitschelt, that voters' perception of the cartel does not reflect *sic et simpliciter*, some objective conditions such as parties' centripetal convergence, but it reflects instead the way in which voters perceive parties' movements in the political space.

This is why, and in contrast to Kitschelt's attempt to preserve a link between objective political reality and voters' perceptions, I suggest that what we need in order to understand whether and to what extent voters may perceive that a party system functions like an oligopolistic market, is what I refer to as the 'subjective approach'. This means, as Kitschelt also recognized, that the cartel of parties or cartel party system exists only in voters'(subjective) perception.

Therefore, my 'subjective' approach differs from Kitschelt's 'systemic-subjective' approach in some important respects. First of all, in contrast to the 'systemic-subjective' approach, I argue that the perception of oligopolistic behavior of parties (and party systems) does not have to reflect parties' objectively oligopolistic practices, but simply reflects the perception that the political offer of Western European party systems is increasingly inadequate to satisfy the electorate's political demands. In other words, the perception of a cartel of parties reflects the gap between the electorate's demands and what the electorate perceives to be the party system's supply.

[53] Gregory, *Eye and Brain*, op. cit., p.10.

My 'subjective' approach differs from Kitschelt's approach in another respect. For Kitschelt, the demands of the extreme voters are fixed over time, the political supply of the responsible system parties changes over time to adjust to the new demands of the rest of society, they do so by converging toward the position of the median voter, and in their attempt to responsibly address the concerns of the largest majority of the electorate, the system parties leave the extreme voters behind. Hence, according to Kitschelt, the perception of the cartelization is circumscribed to the voters located at the extremes of the political spectrum. My research provides evidence of the opposite[54]. The perception of the cartellization is not circumscribed to the voters located at the extremes of the political spectrum, but is instead fairly (and increasingly) widespread among Western European voters.

Second, the perception of cartellization is not necessarily associated with the centripetal converge of the system parties nor with the depolarization of the party system as a whole[55]. In fact, the perception of cartelization is remarkably pervasive even in those polities where voters have perceived an increase in the ideological distance between the system parties and/or in the distance between the parties located at the extreme of the party system, that is what Sartori called the 'poles-apart'[56]. In contrast to the claims of the 'systemic-subjective' approach, what the 'subjective' approach suggests is that the electorate is not concerned about the political offer of any individual party, but is concerned instead with what I call the direction of competition. That is how well the electorate's demands are satisfied by party system's political offer.

[54] See infra, especially chapters 4 and 5.
[55] The overall polarization of a party system is measured as the ideological distance between the left-most party and the right-most party in a given party system. Ideological distance is defined as "the overall spread

Therefore, a party system is perceived to operate like an oligopolistic market (subjective) when the electorate perceives a gap between its demands and the party system's perceived supply (subjective). The perception of this gap, in turn, may be due to the fact that the electorate's demands have changed while political offer is perceived to have remained fixed. It may be due to the fact that demands have undergone dramatic changes while political offer is perceived to have changed little or, at least, not enough to satisfy the new demands. It may be due to the fact that the political offer has changed while demands have not. Or it may be due to the fact that demands and party system's perceived offer have both changed but have changed in ways that make the gap between them seem wider. The adoption of my 'subjective' approach is crucial in this regard. By adopting the 'subjective' approach I am not only able to recognize the subjective nature of the gap between political demands and supply, but I am also able to investigate whether and to what extent the perception of the cartel is related to one of the above mentioned scenarios.

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of the ideological spectrum of any given polity". See Giovanni Sartori, *Parties and Party Systems. A Framework for Analysis*, New York, Cambridge University Press, 1976, p. 126.

Chapter 3

The Vanishing Party Member

Introduction

Although few scholars would dispute from an empirical point of view the fact that parties change their electoral strategies, ideological stances and organizational structures over time, there is not much agreement on how these changes, above all party organizational change, are to be understood from a theoretical point of view. This is especially true with regard to the transformations that party organizations have undergone since the 1970s. In fact, although party organizational changes in the past three decades have generally been considered to be signs of the so called party crisis[57], agreement on the fact of this crisis is far from being unanimous. The party crisis interpretation of parties' organizational changes has recently been challenged by Katz and Mair[58]. These

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[56] Sartori, *Parties and Party Systems*, op. cit, p.135.

[57] The idea of party crisis is a multifaceted one. Some scholars have stressed the fact that highly ideological parties are not able to master the increasing complexities of social phenomena. On this see, Paolo Armaroli, "Verso un partito leggero e intelligente", *Millennio*, n.2, 1997, pp. 4-5; Augusto Barbera, 'Ritorniamo all'Agorá", *Millennio*, n. 2, 1997, pp.10-11 and Marco Tarchi, "La politica del'identitá, crisi della democrazia e 'nuovi movimenti' ", *Trasgressioni*, anno 3, 1988, pp.1-17. Other scholars have argued instead that the crisis of parties derives from their growing insulation from society. This interpretation has recently been proposed, among others, by Piero Ignazi in his "Se il consenso non passa per il territorio", *Ideazione*, 4 (3), 1999, pp. 100-104. In his discussion of the party crisis literature, Angelo Panebianco suggested that the crisis of political parties derives from their increasing inability to perform their traditional functions. On this see, Panebianco, *Modelli di Partito*, Bologna, il Mulino, 1982. For a discussion of the traditional functions performed by political parties, see Otto Kirchheimer, "The Transformation of Western European Party Systems", in Joseph La Palombara and Myron Weiner (eds.), *Political Parties and PoliticalDevelopment*, Princeton, Princeton University Press, 1966, pp. 395-421. For an analysis of the relationship between the crisis of parties and governability, see Gianfranco Pasquino, *Crisi dei Partiti e Governabilitá*, Bologna, il Mulino, 1980. For a critical assessment of the party crisis literature, see Hans Daalder, "A Crisis of Party ?", *Scandinavian Political Studies*, 15, pp. 269-288, 1992.

[58] See Richard S. Katz and Peter Mair, "Changing Models of Party Organization: the Emergence of the Cartel Party", *Party Politics*, vol. 1, n. 1, 1995, pp. 5-28; see also Peter Mair, "Party Organizations: From Civil Society to the State", in Richard S. Katz and Peter Mair (eds.), *How Parties Organize. Change and Adaptation in Party Organizations in Western Democracies*, London, SAGE Publications, 1994, pp. 1-22.

scholars argued that the party crisis is predicated on the assumption that the mass party of social integration represents the only viable model of party organization and that any departure from the experience of the mass party model indicates the failure of the party *tout court*. In contrast to this interpretation, Katz and Mair pointed out that regardless of its importance, the mass party represents only one historically limited stage in the development of party organizations[59]. Therefore, departures from the mass party model are not necessarily the symptoms of an irreversible party crisis, but might instead be conceived as parties' attempts to adapt to the changes in the environment in which they operate.

In this respect, Katz and Mair hypothesized that two major changes have reshaped the environment in which parties operate in the past three decades. The first change resulted from the transformation of the relationship between parties and society, that is a greater detachment between parties and society. The second change resulted from the transformation of the relationship between parties and the state, which have become increasingly inter-penetrated. By reshaping parties' habitat, these two changes created the conditions for the emergence of a new type of party, for a new stage in the development of parties, or rather a new party model that Katz and Mair defined as the "cartel party"[60].

More precisely, the cartel party hypothesis elaborated by Katz and Mair postulates the existence of a causal pattern. First, parties and society become increasingly detached

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Similarly Piero Ignazi suggested that the party crisis concerns only one type of parties rather than the party per sé. See, Piero Ignazi, "The crisis of parties and the rise of new political parties", in *Party Politics*, vol. 2, n. 4, pp. 549-566, 1996.

[59] On this see, Richard S. Katz and Peter Mair, "The Evolution of Party Organizations in Europe: The Three Faces of Party Organization", *The American Review of Politics*, vol. 14, 1993, pp. 593-617; see also Richard Katz and Peter Mair, "Changing Models of Party Organization: the Emergence of the Cartel Party", *Party Politics*, vol. 1, n. 1, 1995, pp. 5-28.

[60] Richard S. Katz and Peter Mair, "Changing Models of Party Organization: the Emergence of the Cartel Party", *Party Politics*, vol. 1, n. 1, 1995, pp. 5-28.

from each other and this detachment is particularly noticeable with regard to party membership. In fact, as Katz and Mair pointed out Western European parties have experienced "a general decline in the levels of participation and involvement in party activity"[61], a decline that is, in part, explained by the fact that party membership is no longer economically efficient for parties. This transformation is associated with, and to a certain extent caused by, a second albeit equally important transformation in the organization and functioning of political parties. That is, parties have become increasingly dependent on (and inter-penetrated with) the state and its resources. The cartellization of parties, the formation of the cartel, represents the next stage in this causal pattern. Parties collude, thus forming the cartel, in their attempt to prevent divisive issues from emerging, to resist change and, ultimately, to protect the system that they established and in which they prosper.

The purpose of the present chapter is twofold. On the one hand I analyze the detachment of parties from society, reflected by party membership decline. On the other hand, I investigate some of the factors that may have led to the party membership decline. In order to do so, I proceed as follows. In the first section, I present an economic explanation for party membership decline. In this section I argue that the decline in the size of party membership is associated with a decreasing demand for party members, which, in turn, is a function of the vanishing benefits and the rising costs associated with party membership. In the second section, I discuss some measures of party membership size and party membership change as well as the data that I will use in the course of the present analysis. The third section provides evidence, gathered from both aggregate and survey data, on the party membership levels and trends in 11 Western European

[61] Richard S. Katz and Peter Mair, "Changing Models of Party Organization", *op. cit.*, p.15.

countries. The data presented in this section sustain Katz and Mair's claim that Western European parties have experienced "a general decline in the levels of participation and involvement in party activity". In the fourth and the fifth sections, I provide some evidence as to the changing political economy of party membership. The data presented in these two sections show that, from the point of view of the party and party members, party membership has become increasingly inefficient, because the benefits associated with party members have declined while the costs have increased. Similarly, the data analysis suggests that party membership has also become increasingly inefficient from the point of view of the party members, since the benefits associated with party membership have decreased while the costs have increased. In the sixth and final section I draw some conclusions as to the significance of my findings.

The Political Economy of Party Membership

In 1990, Katz proposed an 'economic' explanation for the decline in the number of party members. According to Katz, the decline in the number of members reflected a transformation of the perceived costs and benefits for both parties (and, of course, party leaders) and party members. Specifically, Katz argued that the costs of party membership have increased and the benefits have declined both from the point of view of parties and from that of party members. Therefore, as the utility attached to party membership declined, the number of party members also declined because parties were less

committed to recruit and retain party members, and also because would-be members had fewer incentives to join a party[62].

Katz's article sparked a renewed interest in the long-neglected study of party membership and several studies were developed either within or in reaction to Katz's framework of analysis[63]. For example, in her analysis of the British and the German party members, Scarrow argued that from the point of view of parties and party leaders there are several benefits that are still associated with party membership. A large membership base may provide legitimacy, electoral, outreach, financial, labor, linkage, innovation and personnel benefits[64]. In their analysis of the Danish party members, Bille and Pedersen found that there is great variation in the extent to which members participate in party activities and thus represent an asset for their parties[65]. According to Bille and Pedersen, party members provide significant outreach and innovation benefits, while they do not provide major financial or direct electoral benefits[66].

These analyses refined the demand side of the argument developed by Katz. These analyses have in fact shown that in some respects parties benefit from their membership base. And in so far as this is the case, and provided that these benefits of

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[62] Richard S. Katz, "Party as linkage: A vestigial function?", *European Journal of Political Research*, vol. 18, 1990, pp. 143-161.

[63] Richard S. Katz, Peter Mair *et alii*, "The membership of political parties in European democracies, 1960-1990", *European Journal of Political Research*, vol. 22, n. 3, 1992, pp. 329-345; Richard S. Katz and Peter Mair (eds.), *Party Organizations. A Data Handbook*, London, Sage, 1992; Richard S. Katz and Peter Mair (eds.), *How Parties Organize*, London, Sage, 1994: Susan Scarrow, *Parties and their Members. Organizing for victory in Britain and Germany*, New York, Oxford University Press, 1996; Peter Mair and Ingrid van Biezen, "Party Membership in Twenty European Democracies, 1980-2000", *Party Politics*, vol. 7, n. 1, pp. 5-21; Karina Pedersen, "How Do Party Members Contribute to Parties?", Institut for Statskundskab, Arbejdspapir, 2001/9; Lars Bille and Karina Pedersen, "Danish Party Members: Sleeping or Active Partners?", Institut for Statskundskab, Arbeidspapir, 2002/14; Karina Pedersen, *Party Membership Linkage. The Danish Case*, Ph. D. dissertation submitted in December 2002 and accepted for defence of the PhD degree in February 2003, Department of Political Science, University of Copenhagen.

[64] Susan Scarrow, *Parties and their Members. Organizing for victory in Britain and Germany*, op. cit., pp. 40-50; a similar point can be found in Karina Pedersen, "How Do Party Members Contribute to Parties?", op. cit.

party membership are not exceeded by the costs, parties still have an incentive to have some members and, therefore, to preserve some links with society. However, neither Scarrow nor Bille and Pedersen have paid much attention to the supply side of the argument developed by Katz, that is to whether the costs and the benefits of party membership have changed in such a way that would-be party members have less of an incentive to join the party. The purpose of this chapter is to show how changes in both the demand and the supply of party membership have led to the decline in the party membership levels.

Party Membership: Measures and Data

In this chapter, I analyze the size of party membership and its transformations over time on the basis of both aggregate and survey data. The size of party membership is measured by two basic indicators constructed with aggregate data[67]. The first indicator is simply the total number of members (M), which is calculated by summing up the number of members of all the parties in a given year for each of the countries included in our sample. My second indicator measures instead the total number of party members as a proportion (M/E) of the whole national electorate (E). The figures concerning the total number of members, the size of national electorates, and the M/E ratio for a selected number of years from the 1970-1999 period are presented in Table 3.1.

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[65] Lars Bille and Karina Pedersen, "Danish Party Members: Sleeping or Active Partners?", op. cit., p. 23.
[66] Lars Bille and Karina Pedersen, "Danish Party Members: Sleeping or Active Partners?", op. cit., p. 23.
[67] For a discussion on the advantages and the liabilities of these and other measures of party membership strength, see Richard S. Katz, Peter Mair *et alii*, "The membership of political parties in European democracies, 1960-1990", *European Journal of Political Research*, 22, 1992, pp. 329-345.

Party membership change is measured on the basis of three indicators constructed with aggregate data. The first indicator is the change in the total number of members between the first year in the 1970s and the most recent year in the 1990s for which data were collected. For example, the change in M in Italy has been of about 2,063,142 members from a peak of 4,037,182 members recorded in 1970 to just 1,974,000 members recorded in 1998. The second measure tracks instead the change in M as a percentage of the original membership. In the British case, this indicator takes a value of - 64.73, since by 1998 British parties lost about 1,541,889 of the 2,381,889 members that they had in 1974. The third and final indicator of party membership change measures the transformation in the M/E ratio from its initial to its most recent value. In the Danish case, for example, this indicator has a value of - 9.08 because while the total number of members in 1970 were 14.22 % of the whole Danish electorate, in 1998 the total number of members was just 5.14 % of the overall national electorate. The figures concerning the change in the total number of members, in the total number of members as a percentage of the original membership and in the M/E are reported in Table 3.2.

Aggregate membership figures were analyzed for 11 Western European countries for which, membership figures could be collected for at least a year in each of the past three decades. My sample includes all of the 9 countries that were analyzed by Katz in 1990, and 10 of the 11 countries analyzed by Katz, Mair *et alii* in 1992[68].

[68] These countries are Austria, Belgium, Denmark, Germany, Italy, Netherlands, Norway, Sweden and the United Kingdom, see Richard S. Katz, "Party as linkage: A vestigial function?", *European Journal of Political Research*, 18, 1990, pp. 143-161. In addition to the nine countries analyzed by Katz in his "Party as linkage", *op.cit.*, the study conducted by Katz, Mair *et alii* also analyzed Finland and Ireland, see Katz, Mair et alii, "The membership of political parties", *op. cit*., p.334. Finland was excluded from my sample and replaced by France, which had not been investigated in the two above mentioned studies. The study in question is Richard S. Katz, Peter Mair *et alii*, "The membership of political parties in European democracies, 1960-1990", *op. cit.*

As was previously noted, party membership size and its changes will also be analyzed on the basis of survey data taken from four German surveys (conducted in 1969, 1972, 1994 and 1998), from three Italian surveys (conducted in 1968, 1972 and 1996), from seven Dutch surveys (1971, 1981, 1982, 1986, 1989, 1994 and 1998) and from three British surveys (conducted in 1983, 1987 and 1997). For each of these countries, the size of party membership is simply measured on the basis of the percentage of self-reported party members. Data are reported in Table 3.3.

Party Membership: Levels and Trends

Looking at the total number of members, it is possible to note a general downward trend in the 1970-2000 period. The overall number of members has fallen in every country with the exception of Germany, where it has increased by 573,201 members. The decline has been particularly large in the larger Western European democracies: Italian parties lost 2,063,142 members, British parties lost 1,541,889 members and French parties lost 1,222,128 members. Meanwhile, the loss of members has been considerably smaller in the small Western European democracies: Irish parties lost 27,856 members, Dutch parties lost 63,725 members and Belgian parties lost only 13,868 members. Data are presented in Table 3.1.

Table 3.1: Party Membership in Western Europe: 1980-2000

Country, year	Electorate (E)	Total party Membership (M)	Membership as % of the electorate (M/E)
Austria			
1970	5,045,841	1,308,302	25.92
1975	5,019,277	1,286,964	25.64
1980	5,186,735 (79)	1,477,261	28.48
1985		1,257,481	
1990	5,628,099	1,334,554	23.71
1999	5,838,373	1,031,052	17.66
Belgio			
1970	6,271,240 (71)	494,672	7.88
1975	6,322,227 (74)	580,145	9.17
1980	6,878,141 (81)	617,186	8.97
1985	7,001,297	602,621	8.60
1990	7,039,350 (87)	644,110	9.15
1999	7,343,464	480,804	6.55
Denmark			
1970	3,332,044 (71)	473,891	14.22
1975	3,447,621	349,402	10.13
1980	3,776,333 (81)	275,767	7.30
1985	3,829,600 (84)	274,717	7.17
1989	3,941,499 (90)	231,846	5.88
1998	3,993,099	205,382	5.14
France			
1978	34,394,378	1,737,347	5.05
1988	36,977,321	1,110,398	2.98
1999	39,215,743 (97)	615,219	1.57
Germany			
1970	38,677,325 (69)	1,205,972	3.12
1975	42,058,015 (76)	1,795,576	4.27
1980 (west)	43,231,741	1,955,140	4.52
1985	45,327,982 (87)	1,920,614	4.24
1989 (west)	48,099,251	1,873,053	3.89
1999	60,762,751	1,780,173	2.93
Ireland			
1980	2,275,450	113,856	5.00
1985	2,445,515 (87)	123,837	5.06
1987	2,445,515	134,477	5.50
1990	2,471,308	120,228	4.86
1998	2,741,262	86,000	3.14
Italy			
1970	35,566,681 (68)	4,037,182	11.35
1975	40,423,131 (76)	4,524,259	11.19
1980	42,181,664 (79)	4,073,927	9.66
1989	45,583,499 (87)	4,150,071	9.10
1990	45,583,499 (87)	4,297,046	9.42
1991	45,583,499 (87)	3,442,191	7.55
1992	47,780,167	1,361,910	2.84
1993	47,780,167 (92)	1,946,613	4.07
1994	48,135,041	1,438,752	2.99
1995	48,135,041 (94)	1,710,969	3.55
1998	48,744,846 (96)	1,974,040	4.05

Table 3.1: Party Membership in Western Europe: 1980-2000

Country, year	Electorate (E)	Total party Membership (M)	Membership as % of the electorate (M/E)
Netherlands			
1970	8,048,726 (71)	358,194	4.45
1975	9,506,318 (77)	351,139	3.69
1980	10,040,121 (81)	430,928	4.29
1985	10,727,701 (86)	346,645	3.23
1989	11,112,189	354,915	3.19
2000	11,755,132 (98)	294,469	2.51
Norway			
1980	3,003,093 (81)	460,913	15.35
1985	3,100,479	441,370	14.23
1990	3,190,311 (89)	418,953	13.13
1997	3,311,190	242,022	7.31
Sweden			
1980	6,040,461 (79)	508,121	8.41
1989	6,330,023 (88)	506,337	8.00
1998	6,601,766	365,588	5.54
United Kingdom			
1974	39,753,863	2,381,889	5.99
1980	41,095,490 (79)	1,693,156	4.12
1982	42,192,999 (83)	1,544,803	3.66
1989	43,180,573 (87)	1,136,723	2.63
1998	43,818,324 (97)	840,000	1.92

Source: For the 1970-1990 period data are taken from Richard S. Katz and Peter Mair (eds.), *Party Organizations. A Data Handbook*, London, SAGE Publications, 1992. The data for the 1990-2000 period are taken from Peter Mair and Ingrid von Biezen, "Party Membership in Twenty European Democracies, 1980-2000", *Party Politics*, vol. 7, n. 1, pp. 5-21. Additional Italian data are taken from the website of the Istituto Cattaneo of Bologna. Note that only the 1991 membership figures for the Northern League were disclosed by the LN. The Dc/Ppi data were no disclosed for 1992. The Pri membership figures for 1992, 1993 and 1995 were estimates provided by the party. The Belgian party membership figures do not report the data concerning the Pcb/Kpb. The Austrian party membership data do not provide any evidence as to the Kpö. The Danish membership figures do not report the figures of Cd and Frp in 1970 and of Frp in 1975. The German membership figures do not report the data concern ing the Csu in 1970. With regard to the Irish data, the missing data have been estimated as follows: the figures for the Workers Party have been estimated as follows: 1987 as the average between 1985 and 1990. The British membership figures for 1974 do not report the data concerning the Sdp, while they do not report the data concerning the Liberal party for 1982. The Dutch membership figures for 1970, 1975 and 1985 do not include the members of Sgp, Gpv and Rpf. Some of the Norwegian membership data were missing. Missing data have been estimated as follows: the 1985 figure for the V is estimated as equal to the average of 1984 and 1986; the 1985 figure for the Frp is estimated as equal to the average of 1982 and 1989.

The analysis of the change in the total number of members as percentage of the original members displays a very similar picture. Party membership levels declined in every country with the exception of Germany, where it increased by 47.7%. Interestingly enough, even these data show that party membership decline has been particularly marked in the larger Western European countries: it decreased by 64.73% in the United Kingdom, by 64.59% in France and by 51.1% in Italy. Interestingly, a very similar pattern can be observed in Denmark, where party membership has declined by 56.66% from its 1970 value, and in Norway, where membership level declined by 47.49%. On the contrary, the change in the number of members as percentage of the original membership has been less impressive in the other small Western European states: it declined by 28.05% in Sweden, by 24.47 % in Ireland, by 21.20% in Austria, by 17.79% in the Netherlands and only by 2.76% in Belgium. Data are presented in Table 3.2.

Table 3.2: Party Membership change, 1970-2000: M/E ratios and absolute numbers

Country	Period	Change in M/E ratio	Change in numbers of members	Change in numbers as percentage of original membership
United Kingdom	1974-1998	-4.07	-1,541,889	-64.73
France	1978-1999	-3.48	-1,122,128	-64.59
Denmark	1970-1998	-9.09	-268,509	-56.66
Italy	1970-1998	-7.30	-2,063,142	-51.10
Norway	1980-1997	-8.04	-218,891	-47.49
Sweden	1980-1998	-2.87	-142,533	-28.05
Ireland	1980-1998	-1.86	-27,856	-24.47
Austria	1970-1999	-8.26	-277,250	-21.20
Netherlands	1970-2000	-1.94	-63,725	-17.79
Belgium	1970-1999	-1.33	-13,868	-2.76
Germany	1970-1999	-0.19	+574,201	+47.6

Tables 3.1 and 3.2 also provide the figures concerning the change in the M/E ratio in all of the countries under study. The analysis of these data also testifies to the vanishing of party members in Western Europe. The analysis of the M/E ratio suggests three interesting observations. The first is that there is a clear, European-wide, downward trend in the number of party members as a percentage of the national electorate in 10 of the 11 countries under study. The German case is somewhat exceptional even in this respect, as the German data suggest that party membership levels have either stagnated or modestly diminished in the 1970-1998 period, but have not undergone a decline comparable to that experienced in the other Western European countries.

The second observation is that the decline in the levels of party membership has followed three different patterns. The first pattern, which can be observed in 7 countries[69] out of 11, is that of a constant, monotonic decline over time. The second pattern, which can be observed in 3 of the countries[70] under consideration, is that of a period of growth followed by a period of decline. Both the Austrian and the German levels of party membership reached their peak in 1980, while in the Irish case the peak was reached in 1987. The third pattern, which can be observed only in the Belgian case, is that of period of increase followed by a period of decline, which were then followed by a second period of increase and a second period of decline. The third, and final observation, is that the decline in the M/E ratio has profoundly altered the pictured displayed by the data of the early 1970s. In fact, in the early 1970s, one country had a membership rate of over 20 % (Austria), three between 10 and 20% (Denmark, Italy and Norway), five between 5 and

[69] These countries are, respectively: Denmark,France, Italy, the Netherlands, Norway, Sweden and the United Kingdom.

10% (Belgium, France, Ireland, Sweden and the United Kingdom) and only two countries had a membership level of under 5% (Germany and the Netherlands). By the late 1990s, no country had a membership level of over 20%, only one country had a membership level between 10 and 20% (Austria), four countries between 5 and 10% (Belgium, Denmark, Norway and Sweden) and six countries had a membership rate of under 5% (France, Germany, Ireland, Italy, the Netherlands and the United Kingdom).

The picture displayed by the survey data is quite similar to the picture portrayed by the aggregate data: there is a marked decline in the levels (of self-reported party) membership in Italy, in the Netherlands and in the United Kingdom, but not in Germany. Data are reported in Table 3.3.

Table 3.3. Self-reported party membership.

Country	Year	% of	N
Germany	1969	3.5	1100
Germany	1972	4.4	1193
Germany	1994	2.2	1994
Germany	1998	5.0	3303
Italy	1968	9.5	1841
Italy	1972	8.4	927
Italy	1996	6.2	2516
Netherlands	1971	11.7	2486
Netherlands	1981	8.6	2292
Netherlands	1982	8.6	2473
Netherlands	1986	7.9	1629
Netherlands	1989	7.6	1751
Netherlands	1994	5.6	1809
Netherlands	1998	4.3	2101
United Kingdom	1983	7.0	3942
United Kingdom	1987	5.9	3816
United Kingdom	1997	4.1	3599

Source: The 1969 German data are taken from the ZA-Studiennummer: 0525 Titel: Politik in der Bundesrepublik (August 1969) Erhebungszeitraum: August 1969 bis September 1969 Primärforscher: M. Kaase, U. Schleth, R. Wildenmann, Lehrstuhl für politische Wissenschaft, Universität Mannheim Datenerhebung: INFRATEST, München. The 1972 German data are taken from the ZA-Studiennummer: 0635 Titel: *Wahlstudie 1972* (Panel: Voruntersuchung, September - Oktober 1972) Erhebungszeitraum: September 1972 bis Oktober 1972 Primärforscher: M. Berger, W. G. Gibowski, M. Kaase, D. Roth, U.

[70] These countries are, respectively: Austria, Germany and Ireland.

Schleth, R. Wildenmann, Lehrstuhl für politische Wissenschaft, Universität Mannheim Datenerhebung: INFRATEST, München. The 1994 German data are taken from the ZA-Studiennummer: 2601 Titel: *Nachwahlstudie zur Bundestagswahl 1994* Erhebungszeitraum: Oktober 1994 bis November 1994 Primärforscher: Wissenschaftszentrum Berlin; ZUMA, Mannheim; in Zusammenarbeit mit: M. Berger, M. Jung, D. Roth, Forschungsgruppe Wahlen, Mannheim; in Zusammenarbeit mit: W.G. Gibowski, Bundespresseamt, Bonn; M. Kaase, Wissenschaftszentrum Berlin; H.D. Klingemann, Wissenschaftszentrum Berlin; M. Küchler, Hunter College New York; F.U. Pappi, Universität Mannheim; H.A. Semetko, Syracuse University Datenerhebung: GFM-GETAS, Hamburg. The 1998 German data are taken from ZA-Studiennummer: 3066 Titel: *Politische Einstellungen, politische Partizipation und Wählerverhalten im vereinigten Deutschland 1998*. The 1968 Italian data are taken from Samuel H. Barnes, *Italian Mass Election Survey*, 1968 (ICPSR 7953), First ICPSR Edition 1982, Ann Arbor, MI: University of Michigan, Inter-university Consortium for Political and Social Research (producer and distributor); the 1972 Italian survey data are taken from Samuel H. Barnes and Giacomo Sani, *Italian Mass Election Survey*, 1972 (ICPSR 7954), First Edition ICPSR 1982, Ann Arbor, MI: University of Michigan, Inter-university Consortium for Political and Social Research (producer and distributor); the 1996 Italian Survey data are made available by the Istituto Cattaneo. The 1971 Dutch data are taken from Robert J. Mokken and Frans M. Roschar, *Dutch Parliamnetary Election Study, 1971* [computer file]. Conducted by N.V.V./H Nederlandse Stiching Voor Statistick. ICPSR ed. Ann Arbor, MI:Inter-university Consortium for Political and Social Research [producer and distributor], 1975.The 1986 Dutch data are taken from C. van der Eijk, , G.A. Irwin, and B. Niemoeller. *Dutch Parliamentary Election Study, 1986* [Computer file]. ICPSR version. Amsterdam, the Netherlands: Dutch Interuniversity Election Study Workgroup [producer], 1988. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor], 1994. The 1989 Dutch data are taken from H. Anker and E.V. Oppenhuis, *Dutch Parliamentary Election Study, 1989* [computer file]. Amsterdam, the Netherlands: Dutch Electoral Bureau of Statistics [producers], 1993. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-University Consortium for Political and Social Research [distributors], 1994. The 1994 Dutch data are taken from H. Anker and E.V. Oppenhuis, *Dutch Parliamentary Election Study, 1994* [computer file], 2nd ICPSR version. Amsterdam, the Netherlands: Dutch Electoral Research Foundation (SKON)/Netherlands Central Bureau of Statistics (CBS) [producers], 1995. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributors], 1997. The 1998 Dutch data are taken from Kees Aarts, Henk van der Kolk and Marlies Kamp, *Dutch Parliamentary Election Study, 1998* [computer file]. ICPSR version. Amsterdam, the Netherlands:NIWI-Steinmetz Archive/Dutch Electoral Research Foundation (SKON) [producers], 1999. Amsterdam, the Netherlands:NIWI/Steinmetz Archive/Koeln, Germany: Zentralarchiv fuer Empirische Sozialforschung/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributors], 1999. The 1983 British data are taken from A. Heath, R. Jowell and J.K. Curtice, *British General Election Study 1983* [computer file]. Colchester, Essex: Uk Data Archive [distributor], 1983. SN:2005. The 1987 British data are taken from A. Heath, R. Jowell and J.K.Curtice, *British General Election Study 1987* [computer file]. Colchester, Essex: UK Data Archive [distributor], 21 April 1993. SN:2568. The 1997 British data are taken from A. Heath et alii, *British General Election Study 1997* [computer file]. 2nd ed., Colchester, Essex: UK Data Archive [distributor], 28 May 1999. SN:3887.

The Vanishing Demand for Party Members

Although the data analyzed in the previous section show that there has been an overall decline in party membership levels, they do not provide any evidence as to why such a decline has occurred. Building on my previous discussion of the political economy of party membership, I plan to test whether the overall decline in the levels of party members is associated with, if not caused by, a decline in both the demand and the supply of party members. In the next section I assess whether the supply of party members has become increasingly economically inefficient. In this section I focus on the demand-side of the problem.

Specifically, I test whether party membership decline can be ascribed to the vanishing of the benefits that parties once derived from a large membership base, to the rising costs associated with party members, or to the interaction of these factors. The analysis of the benefits associated with party membership will focus on the electoral, financial and political benefits allegedly associated with party member, while the analysis of the costs will focus on the demands that members place on the party.

Parties' Benefits

The first benefit associated with party membership is that party members are a highly loyal segment of the electorate and they represent, thus, an asset on which parties can capitalize in elections. The data presented in Table 3.4 suggest that this is indeed the case. The 1968 and 1972 Italian data allow one to construct two different measures of

party voting loyalty. The first measure records the percentage of respondents who reported to have voted always for the same party before respectively the 1968 elections and the 1972 elections, while the second measure records which percentage of 1968 voters who had voted for the same party in the 1963 national elections and the percentage of 1972 voters who had voted for the same party in the 1968 elections. The first measure of party voting loyalty is also constructed with the 1971 and 1981 Dutch data, which also allow one to measure the percentage of 1981 voters who had voted for the same party in the 1977. The second measure is instead the only indicator of party voting loyalty that could be constructed for the 1996 Italian data, for the 1969, 1972 and 1994 German data, for the 1982, 1986, 1989, 1994 and 1998 Dutch data, and for the 1983, 1987 and 1997 British data. In each case, party members are significantly more loyal voters than are ordinary citizens.

Table 3.4. Party Voting Loyalty and Party Membership.

	Members	Non-members	Gamma
Germany			
Voted for the same party in 1965 as in 1969	92.0 % of 25	76.8 % of 768	0.55
Voted for the same party in 1969 as in 1972	88.0 % of 50	77.6 % of 937	0.36
Voted for the same party in 1990 as in 1994	79.5 % of 39	77.8 % of 1207	0.05
Italy			
Always voted for the same party before 1968	95.8 % of 72	78.3 % of 758	0.73
Always voted for the same party before 1972	89.0 % of 173	76.6 % of 1606	0.42
Voted for the same party in 1968 as in 1972	92.7 % of 165	85.4 % of 1286	0.37
Voted for the same party in 1994 as in 1996	75.7 % of 132	61.7 % of 1795	0.32
The Netherlands			
Always voted for the same party before 1971	94.4 % of 253	83.6 % of 1307	0.54
Always voted for the same party before 1981	61.5 % of 148	50.6 % of 1248	0.22
Voted for the same party in 1977 as in 1981	89.0 % of 146	77.7 % of 1159	0.40
Voted for the same party in 1981 as in 1982	96.8 % of 221	82.7 % of 1911	0.73
Voted for the same party in 1982 as in 1986	88.6 % of 114	75.9 % of 985	0.42
Voted for the same party in 1986 as in 1989	90.4 % of 115	77.0 % of 1116	0.48
Voted for the same party in 1989 as in 1994	88.2 % of 85	70.1 % of 1041	0.52
Voted for the same party in 1994 as in 1998	92.2 % of 77	67.1 % of 1305	0.70
United Kingdom			
Voted for the same party in 1979 as in 1983	84.8 % of 243	71.3 % of 2454	0.38
Voted for the same party in 1983 as in 1987	96.7 % of 215	78.9 % of 2468	0.77
Voted for the same party in 1992 as in 1997	93.9 % of 132	74.6 % of 2264	0.68

Source: The 1969 German data are taken from the ZA-Studiennummer: 0525 Titel: Politik in der Bundesrepublik (August 1969) Erhebungszeitraum: August 1969 bis September 1969 Primärforscher: M.

Kaase, U. Schleth, R. Wildenmann, Lehrstuhl für politische Wissenschaft, Universität Mannheim Datenerhebung: INFRATEST, München. The 1972 German data are taken from the ZA-Studiennummer: 0635 Titel: *Wahlstudie 1972* (Panel: Voruntersuchung, September - Oktober 1972) Erhebungszeitraum: September 1972 bis Oktober 1972 Primärforscher: M. Berger, W. G. Gibowski, M. Kaase, D. Roth, U. Schleth, R. Wildenmann, Lehrstuhl für politische Wissenschaft, Universität Mannheim Datenerhebung: INFRATEST, München. The 1994 German data are taken from the ZA-Studiennummer: 2601 Titel: *Nachwahlstudie zur Bundestagswahl 1994* Erhebungszeitraum: Oktober 1994 bis November 1994 Primärforscher: Wissenschaftszentrum Berlin; ZUMA, Mannheim; in Zusammenarbeit mit: M. Berger, M. Jung, D. Roth, Forschungsgruppe Wahlen, Mannheim; in Zusammenarbeit mit: W.G. Gibowski, Bundespresseamt, Bonn; M. Kaase, Wissenschaftszentrum Berlin; H.D. Klingemann, Wissenschaftszentrum Berlin; M. Küchler, Hunter College New York; F.U. Pappi, Universität Mannheim; H.A. Semetko, Syracuse University Datenerhebung: GFM-GETAS, Hamburg. The 1968 Italian data are taken from Samuel H. Barnes, *Italian Mass Election Survey*, 1968 (ICPSR 7953), First ICPSR Edition 1982, Ann Arbor, MI: University of Michigan, Inter-university Consortium for Political and Social Research (producer and distributor); the 1972 Italian survey data are taken from Samuel H. Barnes and Giacomo Sani, *Italian Mass Election Survey*, 1972 (ICPSR 7954), First Edition ICPSR 1982, Ann Arbor, MI: University of Michigan, Inter-university Consortium for Political and Social Research (producer and distributor); the 1996 Italian Survey data are made available by the Istituto Cattaneo. The 1971 Dutch data are taken from Robert J. Mokken and Frans M. Roschar, *Dutch Parliamnetary Election Study, 1971* [computer file]. Conducted by N.V.V./H Nederlandse Stiching Voor Statistick. ICPSR ed. Ann Arbor, MI:Inter-university Consortium for Political and Social Research [producer and distributor], 1975. The 1986 Dutch data are taken from C. van der Eijk, G.A. Irwin, and B. Niemoeller. *Dutch Parliamentary Election Study, 1986* [Computer file]. ICPSR version. Amsterdam, the Netherlands: Dutch Interuniversity Election Study Workgroup [producer], 1988. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor], 1994. The 1989 Dutch data are taken from H. Anker and E.V. Oppenhuis, *Dutch Parliamentary Election Study, 1989* [computer file]. Amsterdam, the Netherlands: Dutch Electoral Bureau of Statistics [producers], 1993. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-University Consortium for Political and Social Research [distributors], 1994. The 1994 Dutch data are taken from H. Anker and E.V. Oppenhuis, *Dutch Parliamentary Election Study, 1994* [computer file], 2nd ICPSR version. Amsterdam, the Netherlands: Dutch Electoral Research Foundation (SKON)/Netherlands Central Bureau of Statistics (CBS) [producers], 1995. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributors], 1997. The 1998 Dutch data are taken from Kees Aarts, Henk van der Kolk and Marlies Kamp, *Dutch Parliamentary Election Study, 1998* [computer file]. ICPSR version. Amsterdam, the Netherlands:NIWI-Steinmetz Archive/Dutch Electoral Research Foundation (SKON) [producers], 1999. Amsterdam, the Netherlands:NIWI/Steinmetz Archive/Koeln, Germany: Zentralarchiv fuer Empirische Sozialforschung/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributors], 1999. The 1983 British data are taken from A. Heath, R. Jowell and J.K. Curtice, *British General Election Study 1983* [computer file]. Colchester, Essex: Uk Data Archive [distributor], 1983. SN:2005. The 1987 British data are taken from A. Heath, R. Jowell and J.K.Curtice, *British General Election Study 1987* [computer file]. Colchester, Essex: UK Data Archive [distributor], 21 April 1993. SN:2568. The 1997 British data are taken from A. Heath et alii, *British General Election Study 1997* [computer file]. 2nd ed., Colchester, Essex: UK Data Archive [distributor], 28 May 1999. SN:3887.

Although the data reported in Table 3.4 sustain the claim that party members are more loyal than ordinary citizens, they also show that party members' voting loyalty has markedly declined from the late 1960s and early 1970s to the mid-1990s in Germany, Italy and the Netherlands. This point is corroborated by the analysis of both measures of party voting loyalty. The analysis of the first measure of party voting loyalty shows that from 1971 to 1981, the percentage of Dutch party members who reported having always voted for the same party before that election dropped from more than 94% in 1971 to just 61.5% in 1981. A similar, albeit less dramatic trend, can be observed in Italy where the percentage of members reporting themselves always to have voted for the same party declined from almost 96% to 89% in the four years between the 1968 and the 1972 elections. Consistently with the picture drawn by these data, the analysis of the second measure of party voting loyalty shows a decline in the voting loyalty of party members. The percentage of German party members voting for the same party in two consecutive elections dropped from 92 % in 1969 to 81.5 % in 1994, while the percentage of Italian party members voting for the same party in two consecutive elections fell from 92.7% in 1972 to 81.5% in the 1996 elections. An analogous conclusion can reached in the Dutch case, where the percentage of party members voting for the same party in the 1994 and in the 1998 elections was inferior to the percentage of 1971 party members reporting themselves to have always voted for the same party. This finding is of some importance for the purpose of this study, because it shows that party members are no longer the safe vote reserve that they used to be and, as a consequence, they have become a less valuable asset in the eyes of parties and party leaders.

Important as these data may be, they fall short of showing whether the greater stability of party members' electoral behavior is determined by party membership as such or whether it is associated with party membership because they are both produced by the same, underlying, set of factors. In other words, party members' electoral loyalty should be ascribed to their being members or to the fact that they have a strong partisan attachment? In order to answer this question, I analyze the relationship between party voting loyalty and party membership by controlling for the strength of party identification in the 1994 German elections, in the 1996 Italian elections, in the 1998 Dutch elections, and in the 1997 British elections[71]. In the German case, the control for the strength of party identification radically transforms the value gamma correlation between voting loyalty and party membership from 0.05 for the uncontrolled relationship to 1.0, -0.45 and –0.4 for the three levels of party identification for which the computation could be performed[72]. In the Italian case, the control for the strength of party identification reduces the gamma correlation from 0.32 for the uncontrolled relationship to 0.22, -0.10 and –0.11 for the three levels of identification. In the Dutch case, the control for the strength of party adherence transforms the value of the gamma correlation for 0.70 for the uncontrolled relationship between party membership and voting loyalty, to 1.0, 0.22 and 0.00 for the three levels of strength in party adherence. In the British case, the control for

[71] Note that the variable measuring the strength of party identification is trichotomous for both the 1996 Italian elections and the 1997 British elections, while it is not in the German case. Note also that, in the case of the 1998 Dutch elections instead of measuring the strength of party identification, I measured the strength of adherence. The stength of adherence was also measured on the basis of a trichotomous variable, taking value 1 for respondents repoirting to be very convinced adherents, value 2 for respondents reporting to be convinced adherents and value 3 for those respondents who reported to be adherent but not convinced..

[72] These three levels are very strong, somewhat strong, medium; while the gamme correlation could not be computed when the strength of party identification is somewhat weak and weak, because the strength of party identification never takes these values for party members.

the strength of party identification reduces the gamma correlation from 0.68 for the uncontrolled relationship to 0.63, 0.55 and 0.08 for the three levels of identification.

These findings are of some interest because they show that although party members are among the most loyal voters that a party may have, their loyalty is not a function of their membership. The relationship between party voting loyalty and party membership is a spurious one as both variables are affected by the same set of underlying factors, so that once these other factors are controlled the net effect of membership on loyalty varies from little to none. This has, of course, important implications with regard to the relationship between parties and party members, because if membership no longer provides a sort of value added, parties have little incentive to recruit and maintain a large membership base.

The second benefit associated with party membership is that party members may provide significant contributions to party finance. This was especially true in the past when membership fees and members' donations to political parties were the major, if not the only, source of funds with which parties could finance their activities. However, the picture has profoundly changed in the past four decades with the introduction of state subventions to party finance either as a reimbursement for parties' electoral expenses or as a financial contribution to parties' ordinary activities[73]. As the data presented in Table 3.5 show, a considerable portion of the expenses Italian parties have to sustain each year to finance their electoral and ordinary activities is now covered by state subventions

[73] A good source of information, in this respect, is represented by Richard S. Katz and Peter Mair (eds.), *Party Organizations. A Data Handbook*, London, SAGE Publications, 1992. Additional information can be found in Richard S. Katz and Peter Mair (eds.), *How Parties Organize*, New York, Oxford University Press, 1994; see also Lawrence LeDuc, Richard G. Niemi and Pippa Norris (eds.), *Comparing Democracies. Elections and Voting in Global Perspective*, London, SAGE Publications, 1996, pp.38-41. For a discussion, see Richard S. Katz, "Party Organizations and Finance", in Lawrence LeDuc, Richard G. Niemi and Pippa Norris (eds.), *Comparing Democracies*, op. cit., pp. 107-133.

instead of being covered by members' dues and contributions. Thus, as important as membership fees and contributions may still be, they are certainly not as important as they were when they represented the only way to finance parties' activities. This has profound implications for the present analysis because it suggests that from 1974, when public financing of political parties was introduced, to the late 1990s when the most recent piece of party finance legislation has been enacted by the Italian Parliament, the financial benefits associated with party membership for parties have dramatically declined, if not vanished altogether. Italian parties no longer need members to finance their activities, because most, if not all, of the financial resources that they need to perform their tasks and activities are provided by the state[74].

[74] Italian parties received a reimbursement for electoral expenses and a contribution for their ordinary activities from 1974, when public financing of political parties was introduced, to 1993, when the contribution to parties'ordinary activities was abolished by the referendum. The party finance legislation was then modified by the law n.2 of January 2, 1997, which introduced, in addition to the above mentioned reimbursement for the electoral expenses, a semi-public or semi-private form of contribution to political parties. Art. 2.3 of this law established that all parties that are represented in the Chamber of Deputies or in the Senate by at least one member are eligible to receive a contribution proportional to the number of votes won in the previous elections. The costs of this contribution to party finance were charged to a fund which was created by citizens' voluntary contribution (0.4% of the IRPEF). This legislative provision has come under some severe criticism and it has been modified and integrated by a later legislative act. What remains true, however, from 1974 and 1999 is that while the reimbursement for electoral expenses and the contribution to parties'ordinary activities were recorded as 'state subventions' in the party budgets, the yearly contributions that each parliamentary group receives from the Parliament were not always recorded in this way or in a way that would disclose the 'public'origin of this money. The analysis of the budget of Rinnovamento Italiano from 1996 to 1999 is quite emblematic in this respect, as the Parliament's contributions to the parliamentary group of Rinnovamento Italiano have always been recorded in the budget as 'contributions by non-members'. This budgetary recording has important implications for the study of party finance, because by hiding the public origin of the Parliament's yearly contributions it

Table 3.5. Membership Fees and State Subventions as proportion of Party Total Expenses in Italy, 1974-1999.

Year	*Membership fees as proportion of Total Expenses*	*State Subventions as proportion of Total Expenses*	*Total Expenses in Billion Lire*
1974		68	66
1979		35	127
1984		34	245
1987		27	304
1990	32.7	34.8	330
1991	34.1	29.7	300
1992	12.8	36.4	316
1993	4.0	53.6	156
1994	3.1	72.2	213
1995	8.6	39.6	143
1996	9.7	60.4	158
1997	11.1	98.4	164
1998	14.1	74.6	149
1999	9.1	63.1	275

Source: the data for the years from 1974 to 1987 are taken from Massimo Teodori, *Soldi e partiti. Quanto costa la democrazia in Italia?*, Firenze, Ponte alle Grazie, 1999, p.270. The data for the 1990-1999 period are taken from the Gazzetta Ufficiale. The computations were made by the author.

The German case is quite different from the Italian one. Although state subventions do cover a certain portion of parties' expenses, they do not represent their single most important source of income. This difference is due to the fact that one of the provisions of the German party finance law[75] establishes that state contributions cannot represent more than 50 % of a party's total income[76]. In this way, the German party finance law managed to preserve the financial benefits associated with party members and, by doing so, it

undermines our ability to provide better estimates of Italian party finance, although it suggests that Italian parties'dependency on state resources is much larger than official budgets suggest.

[75] BT-Drucks. 14/41 of November 17, 1998 and BT-Plenarprotokoll 14/11 of December 3, 1996, p.669 B. For a discussion of the German party finance law and its changes over time see, Thomas Poguntke, "Parties in a Legalistic Culture: The Case of Germany", in Richard S. Katz and Peter Mair (eds.), *How Parties Organize*, op. cit. , pp. 185-215; Arthur B. Gunlicks, "The New German Party Finance Law", *German Politics*, vol. 4, n. 1, (April) 1995, pp. 101-121; Martin Morlok, "Finanziamento della Politica e Corruzione: il Caso Tedesco", *Quaderni Costituzionali*, anno XIX, n. 2, (Agosto) 1999, pp. 257-272; Massimo Teodori, *Soldi e Politica. Quanto costa la democrazia in Italia?*, Firenze, Ponte alle Grazie, 1999, pp. 202-204; Peter Pulzer, "Votes and Resources: Political Finance in Germany", *German Politics and Society*, vol. 19, n. 1 (58), 2001, pp. 1-36.

[76] This disposition is known as the *relative Obergrenze*.

created an incentive for parties to recruit and maintain a large membership base. Data are reported in Table 3.6.

Table 3.6 Membership Fees and State Subventions as Proportion of Party Total Expenses in Germany, 1986-1998.

Year	*Membership fees as proportion of Total Expenses*	*State Subventions as proportion of Total Expenses*	*Total Expenses in Million DM*
1986	38.3	26.2	545
1987	42.6	34.1	531
1988	51.2	29.4	446
1989	38.1	27.6	618
1990	15.1	22.1	1817
1991	42.9	23.1	697
1992	51.9	26.4	582
1993	50.7	28.2	607
1994	30.9	33.3	995
1995	50.1	35.4	637
1996	47.9	32.9	670
1997	54.0	37.4	606
1998	35.8	25.4	913

Source: the data for the 1986-1998 period are taken from he website of the German Bundestag.

The third potential benefit associated with party members is that they may work and campaign for their party at no cost. The 1968 and 1996 Italian data allow to investigate whether this is actually the case, since both surveys asked party members whether they try to convince friends, relatives and colleagues. Note however, that the data provided by the two Italian surveys cannot be compared with each other because the wording of the 1968 question is different from the wording of the 1996 question. The respondents to the 1968 survey were asked, whether they try to convince any member of their circle of friends to vote as they did, while the respondents to the 1996 survey were asked whether they try to convince friends, relatives and colleagues when they have a

political opinion.[77] Given these differences, it would not be entirely correct to conclude, on the basis of the data reported in Table 3.7, that members and nonmembers have become more involved in party activity from 1968 to 1996.

These data are, nonetheless, very suggestive in at least two respects. First, they show that the percentage of members advising friends and relatives how to vote as well as the percentage of members trying to convince relatives and friends is significantly larger than the percentage of ordinary citizens reporting to do so both in 1968 and in 1996. Second, the data seem to show that the differences in the behavior of members and ordinary citizens, as measured by the gamma correlations, has declined from the late 1960s to the mid-1990s. In fact, while the gamma correlation had a value of 0.80 in 1968, it had a value of 0.61 in 1996. Interesting as these data may be, they do not show whether membership is a determinant of (higher levels) partisan activity, or whether party membership and partisan activity are correlated because they both respond to the same set of underlying factors such as party identification. When party identification is controlled, the gamma correlation changes from 0.61 for the uncontrolled relationship observed in 1996 to 0.56 and 0.07 for the two values of party identification.

Table 3.7. Party Membership and Party Activity.

	Members	Non-members	Gamma
Italy 1968			
Did you try to convince any of your circle of friends to vote as you did?	58.4 % of 77	13.5 % of 839	0.80
Italy 1996			
If you have an opinion on political or electoral issue, do you attempt to convince your friends, relatives and colleagues	70.9 % of 153	40.6 % of 2334	0.58

Source: The 1968 Italian data are taken from Samuel H. Barnes, *Italian Mass Election Survey*, 1968 (ICPSR 7953), First ICPSR Edition 1982, Ann Arbor, MI: University of Michigan, Inter-university Consortium for Political and Social Research (producer and distributor); the 1996 Italian Survey data are made available by the Istituto Cattaneo.

[77] The question in 1968 asked the following; "Did you try to convince any of your circle of friends to vote as you did? ", while the 1996 question asked the following: "If you have an opinion on political or electoral issue, do you attempt to convince your friends, relatives and colleagues?".

Parties' Costs

From the point of view of parties, there are also several costs associated with party membership. As Katz pointed out "quite aside from the material costs of recruitment, organizational overhead, and the possible need to devote party resources to the provision of nonpolitical selective benefits for members, members may impose other costs on a party"[78]. For example, party members may seek party aid more often than non-members. The Dutch data allow one to investigate whether this is the case as the respondents in the 1971, 1981, 1982, 1986, 1989, 1994 and 1998 Dutch surveys were asked whether they had sought party aid in the past. To the extent to which seeking party aid represents a cost for the party, the analysis of the data presented in Table 3.8 suggests two considerations.

The first consideration is that party members represent and have always represented a cost to the party, since the percentage of party members seeking party aid has always been significantly larger than the percentage of non-members reporting a similar behavior. The second consideration is that the costs associated with party members not only exist (and, one should note have existed in the past three decades) but that they have also increased both in absolute and relative terms. First the percentage of party members seeking party aid has increased[79] from less than one member out of four in 1971 to almost one member out of three in 1998. But far more interesting is to note that the difference between the percentage of members and that of non-members seeking

[78] Richard S. Katz, "Party as linkage: A vestigial function?", *European Journal of Political Research*, vol. 18, 1990, p. 152.
[79] The correlation between the percentage of party members seeking party aid and time has a Pearson r coefficient of .523.

party aid has also increased in the course of the past three decades from about 18 percentage points in 1971 to almost 23 percentage points in 1998[80]. Although, the evidence provided by the British, Italian and German survey data does not allow one to assess whether the costs of party membership have followed the upward trend observed in the Dutch case, additional evidence of the costs associated with party membership can be found in the 1998 German survey data.

The respondents to the 1998 German survey were asked whether they would seek party aid in order to exercise political influence over an issue which they consider important for them[81]. This 5 point scale variable was then transformed into a dummy variable, with value 1 for respondents reporting that they would probably or that they would absolutely seek party aid and value 0 otherwise. Data reported in Table 3.8 provide some evidence on the relationship between party membership and seeking party aid, and they show that party members are indeed more likely than ordinary citizens to seek party aid. When asked whether they would seek party aid[82], about 71.6% of the party members gave an affirmative answer in contrast to just 37.7 % of the ordinary citizens[83].

[80] The increase in the value of the gamma coefficients also testifies to the growing differences in the behavior of members and non-members.
[81] The wording of the question was the following: "*Wenn Sie in einer für Sie wichtigen Sache politichen Einfluss nehmen und Ihren Standpunkt zur Geltung bringen wollten, welche der Folgenden Dingen würden Sie denn tun. Bitte sagen Sie es mir anhand dieser Skala. Um politischen Einfluss zu nehmen, würde ich versuchen von einer Partei Unterstützung zu bekommen*".
[82] The German words are "*versuchen von einer Partei Unterstützung zu bekommen*".
[83] These percentage refer to the percentage of respondents who said that they would probably or would absolutely seek party aid.

Table 3.8. Party Membership and Seeking Party Aid.

	Members	Non-members	Gamma
Germany 1998			
Would you seek party aid?	71.6 % of 169	37.7 % of 2999	0.61
Netherlands			
Has sought party aid in the past? (1971)	23.0 % of 242	5.0 % of 1694	0.68
Has sought party aid in the past? (1981)	29.8 % of 151	4.4 % of 1442	0.80
Has sought party aid in the past? (1982)	34.2 % of 114	3.9 % of 1395	0.85
Has sought party aid in the past? (1986)	27.1 % of 118	5.7 % of 1220	0.72
Has sought party aid in the past? (1989)	40.7 % of 118	8.5 % of 1386	0.76
Has sought party aid in the past? (1994)	40.0 % of 90	4.5 % of 1422	0.87
Has sought party aid in the past? (1998)	28.8 % of 80	6.0 % of 1734	0.73

Source: The 1998 German data are taken from ZA-Studiennummer: 3066 Titel: *Politische Einstellungen, politische Partizipation und Wählerverhalten im vereinigten Deutschland 1998*. The 1971 Dutch data are taken from Robert J. Mokken and Frans M. Roschar, *Dutch Parliamnetary Election Study, 1971* [computer file]. Conducted by N.V.V./H Nederlandse Stiching Voor Statistick. ICPSR ed. Ann Arbor, MI:Inter-university Consortium for Political and Social Research [producer and distributor], 1975.The 1986 Dutch data are taken from C. van der Eijk, , G.A. Irwin, and B. Niemoeller. *Dutch Parliamentary Election Study, 1986* [Computer file]. ICPSR version. Amsterdam, the Netherlands: Dutch Interuniversity Election Study Workgroup [producer], 1988. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor], 1994. The 1989 Dutch data are taken from H. Anker and E.V. Oppenhuis, *Dutch Parliamentary Election Study, 1989* [computer file]. Amsterdam, the Netherlands: Dutch Electoral Bureau of Statistics [producers], 1993. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-University Consortium for Political and Social Research [distributors], 1994. The 1994 Dutch data are taken from H. Anker and E.V. Oppenhuis, *Dutch Parliamentary Election Study, 1994* [computer file], 2nd ICPSR version. Amsterdam, the Netherlands: Dutch Electoral Research Foundation (SKON)/Netherlands Central Bureau of Statistics (CBS) [producers], 1995. Amsterdam, the Netherlands: Steinmetz Archive/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributors], 1997. The 1998 Dutch data are taken from Kees Aarts, Henk van der Kolk and Marlies Kamp, *Dutch Parliamentary Election Study, 1998* [computer file]. ICPSR version. Amsterdam, the Netherlands:NIWI-Steinmetz Archive/Dutch Electoral Research Foundation (SKON) [producers], 1999. Amsterdam, the Netherlands:NIWI/Steinmetz Archive/Koeln, Germany: Zentralarchiv fuer Empirische Sozialforschung/Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributors], 1999.

In sum, the data discussed in the previous sections suggest that having a large party membership has become increasingly costly for political parties, not only because the benefits associated with party membership have declined, but also because the costs associated with party membership have increased. Vanishing benefits and rising costs have depressed the quantity of members demanded, and this in turn has exercised a negative influence on the total number of members joining political parties. Note however that where the benefits associated with party members have survived virtually

undiminished, as in the case of the financial benefits associated with German party members, the demand for members has not undergone a decline comparable to the one observed in the other countries.

The Vanishing Supply of Members

Although the data presented in the previous section show that party membership has become increasingly inefficient for parties and that this, in turn, may have depressed the demand for members, they do not provide sufficient evidence as to why party membership levels have actually declined in the absence of information concerning the supply of party members. The purpose of this section is to assess whether party membership decline is associated with a reduction in the value of the benefits that members once derived from joining a party, from the rising costs of being a party member, or an interaction of both these factors.

Benefits for Members

From the point of view of party members, there are several potential benefits associated with party membership. As Katz put it, party membership may be a valuable source of information, may lead to preferential treatment at the hands of elected officials, may be a source of social and psychological rewards and, last but not least, it may give members policy influence[84]. Although the survey data analyzed in the course of the present research do not provide evidence on most of these potential benefits, they allow

one to investigate whether members perceive themselves to have a greater influence on the party, its decision and the policy making. The respondents to the 1998 German survey were asked whether they agreed with the statement 'even for simple party members it is possible to bring their opinion in the party'[85]. The results, presented in Table 3.9, show that the percentage of party members agreeing or agreeing strongly with this statement is considerably higher than the percentage of non-members. Almost 46% of the party members either agreed or agreed strongly that party members can express their opinion in the parties, while less than 33% of the non-members shared this view. In other words, although these findings do not provide any evidence as to whether there are real, objective benefits associated with party membership, they nonetheless sustain the claim that party members are more likely than non-members to perceive that there are some benefits associated with party membership.

Table 3 9. Party Membership and Members' Policy Influence.

	Members	Non-members	gamma
Germany 1998 It is possible for the simple party member to bring his opinion to the party?	45.6 % of 169	32.6 % of 2769	0.27

Source: The 1998 German data are taken from ZA-Studiennummer: 3066 Titel: *Politische Einstellungen, politische Partizipation und Wählerverhalten im vereinigten Deutschland 1998*.

Interesting as these findings are, they still do not show whether party membership is the cause of members' confidence in their political influence or not. In fact, one could argue that party members are a self-selected sample of citizens particularly interested in

[84] Richard S. Katz, "Party as linkage", *op. cit.*, pp.154-156.
[85] The exact wording of the question was the following: *Auch einfachen Mitgliedern ist es möglich ihre Vorstellung in den Parteien einzubringen*.

politics who believe that it is still possible to influence policy making process[86], but that party membership does not have any additional net effect on the sense of political efficacy of members. This can be investigated by controlling the relationship between party membership with the perceived policy influence of party members for efficacy. Controlling for efficacy, the value of the gamma correlation declines from 0.27 for the uncontrolled relationship between party membership and members' perceived influence to 0.23 and 0.23 for the two levels of efficacy. This finding suggests that the percentage of party members who believe in the party members' ability to formulate their opinion within their own party remains higher than the percentage of non-party members even when we control for the levels of perceived efficacy.

This said, do members believe that their policy influence and the other benefits associated with membership have declined over time? Since time series data are not available, I will use differences between age groups as a surrogate for time series data. Specifically, all the respondents in the 45-92 year age-range were coded as 'old', while all the respondents in the 44-16 age-range were coded as 'young'. When the controlling for age, I find that the relationship between the perceived policy influence of party members and party membership is much weaker for the young than for the old (38% of the young versus 50% of the old) and this, in turn, suggests that members perceive that their policy influence has declined over time.

[86] Such an argument would not be arbitary at all. The respondents to 1998 German survey were asked whether they agreed with the statement 'people like me have no influence on the regime'. When asked whether they agreed or disagreed with this statement 54.6% of the 172 party members surveyed disagreed

Costs to Members

Beneficial as it may be, party membership is not costless. First of all, party members have to pay their annual fees to enjoy the benefits of membership. Second, members may have to devote some of their free time to participate in party activities or attend party meetings where members' opinions can rarely be expressed and, when expressed, are systematically discounted. Finally, members are often required to give up some of their intellectual freedom and accept the decisions taken by the party. These costs are not unbearable *per sé*, but they may become unbearable "as alternative means to the same ends become more attractive"[87].

The data presented in Table 3.10 suggest that party members are more likely, though not always in a significant way, to get involved in any form of political action than ordinary citizens. In fact, party members are significantly more likely to contact a member of the parliament, to activate an interest group, to seek party aid, to contact a mayor, an alderman or a members of the municipal council and to join a civic action group. Each of these correlations is significant at the level of $p < .05$ or better. Party members are also more likely than non-members to contact a cabinet minister, sign a petition and participate in a demonstration. In each of these cases, the differences between members and non-members are significant at the $p < .10$ level, but not at the $p < .05$ level. Finally, the percentage of party members activating radio and/or TV, lodging a complaint or contacting a departmental official is not significantly different from the percentage of non-members.

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or disagreed strongly with this statement. On the contrary, only 34 % of the ordinary citizens disagreed or disagreed strongly with the same statement.

Table 3.10. Gamma correlations between various political actions and party membership (Dutch 1998 survey).

	Total	Young	Old
Contact a cabinet minister	0.49	-1.0	0.49
Contact a member of the parliament	0.74	0.49	0.74
Sign a petition	0.23	0.64	0.17
Activate an interest group	0.49	0.57	0.42
Activate radio and/or TV	0.32	0.49	0.24
Seek party aid	0.73	0.37	0.74
Activate mayor or alderman	0.39	0.53	0.27
Activate member of municipal council	0.52	0.62	0.50
Join a civic action group	0.36	0.05	0.52
Join a demonstration	0.25	-0.01	0.42
Activate a newspaper	0.36	0.32	0.36
Lodge a complaint	0.09	0.20	0.01
Contact a departmental official	.024	-1.0	0.32

Looking at the two age groups is of particular interest, for it highlights two curious peculiarities. First of all, in every case the gamma correlation for the older age group is positive, while the gamma correlation for the younger age group is negative in two instances (contacting a cabinet minister and contacting a departmental official).

Second, the data also reveal that the older group is more likely to get involved in more traditional forms of political action, while the younger group is more likely to participate in 'unconventional' political activities. Data analysis further suggests that the younger group is more inclined to act locally (by activating mayors, aldermen, members of the city council), while the older group is more inclined to contact politicians more detached from the local territory (cabinet minister, the members of the parliament). This evidence is far from being conclusive but it is consistent with the argument I have developed thus far. In fact these data are consistent with the notion that as the (economic)

[87] Richard S. Katz, "Party as linkage", *op. cit.*, pp. 156-157.

incentives to join a party decline for, among other things, the emergence of new forms action, the supply of party members also experiences a marked decline.

Conclusions

The findings presented in this chapter are significant for empirical, methodological and theoretical reasons. At the empirical level, the data show that the levels of party membership have declined in most Western European democracies in the past three decades and that this decline is related, and in my view is caused by, a transformation in the structure of incentives for both parties and members. Party members are not actively demanded by parties nor generously supplied by the population, and the decline in the quantity demanded and supplied, in turn, has lowered the quantity of members joining a political party. Interestingly, though, where the benefits associated with party membership for parties have survived, as in the German case, the number of members has not diminished. These findings also have important theoretical implications. First, that economic explanations of party membership and party membership change might explain transformations other than decline. Second, that there is nothing inevitable. in the decline of party membership and party membership organizations.

At the methodological level, the analyses performed in this chapter also represent an important contribution to the understanding of party membership and party membership change in Western European democracies. The economic explanation of party membership remains a valid analytical framework even when it is applied to a larger range of cases. This has two quite important implications, from an epistemic point of view, because my analyses did not simply increase the explanatory power of the

economic framework, but they also, and simultaneously, increased its reliability. In other words, the economic explanation is further corroborated by the findings presented in this chapter. The second, and not less important, reason is that my survey analyses were performed with better data. Specifically, instead of investigating temporal trends with age differences, I relied, whenever it was possible to do so, on the methodologically more appropriate time series data.

Also at the theoretical level, the findings presented in this chapter provide some evidence regarding the cartel party hypothesis in two different, though related, ways. First, the party membership decline observed above is a sign of the increasing detachment of parties from society. As such, it corroborates one of the postulates of the cartel party hypothesis. Second, the data reported in Tables 3.5 and 3.6 support the cartel party hypothesis in another respect, since they show, as Katz and Mair hypothesized, that one of the most significant determinants of the growing detachment between parties and society has been and still is the availability of state resources and public funding to political parties. In fact, the data make clear that the introduction of public subventions reduced, if not eliminated, the financial benefits associated with party members and this, in turn, depressed parties' demand for members. The comparison of the German and the Italian case is, in this regard, enlightening. In Italy, where the financial benefits associated with party membership were dramatically undermined by the very generous Italian party finance legislation, parties' demand for members decreased and the number of party members declined even before the eruption of the *Tangentopoli* (Bribesville) scandal which, incidentally, marked the end of some of the historical Italian parties. To the contrary, in Germany where the party finance legislation preserved the financial

benefits associated with party membership, parties' demand for members did not vanish and the number of members did not drop.

However, knowing that parties and society have become increasingly detached from each other still does not show, as the cartel party hypothesis postulates, that parties have formed and behave like a cartel of oligopolistic firms. In the next chapter I investigate whether and under what circumstances parties and party systems resemble the functioning of oligopolistic markets.

Chapter 4
The Voters and the Cartel.

Introduction

L'apparenza inganna. This *adagio* could perfectly be applied to the debate sparked by the cartel party hypothesis. In fact, although the argument elaborated by Katz and Mair is generally considered, discussed and criticized as *the* cartel hypothesis, in reality it is just *one* of cartel hypotheses that have been formulated in the past decade[88]. A closer inspection of the party politics literature reveals that there are at least three alternative (but not necessarily mutually exclusive) versions of cartel party hypotheses. Two of them adopt what I call a 'systemic' approach to the study of the cartel, while the third version adopts what I call a 'systemic-subjective' approach.

The first version of the cartel party hypothesis is the one elaborated by Katz and Mair who argued that the cartel party represents a new model of party organization, whose major peculiarities are parties' increasing detachment from society, their increasing entrenchment in the state and their increasing dependence on state subventions. According to this version of the cartel party hypothesis, a great

[88] In several studies Katz and Mair's version of the cartel party hypothesis is treated as if it were the cartel party hypothesis *tout court*. See for example, Karl-Heinz Nassmacher (ed.), *Foundations for Democracy*, Baden-Baden, Nomos Verlagsgesellschaft, 2001, p.191; Herbert Kitschelt, "Citizens, Politicians, and Party Cartellization: Political Representation and the State Failure in Post-industrial Democracies", *European Journal of Political Research*, vol. 37, 2000, pp. 149-179; Jon Pierre, Lars Svasand and Anders Widfeldt, "State Subsidies to Political Parties: Confronting Rhetoric with Reality", *West European Politics*, vol. 23, n.3, (July) 2000, pp.1-24.

transformation has occurred in that instead of being agents of society, parties have become agents of the state[89].

The second version of the cartel party hypothesis is the one proposed by Blyth and Katz[90]. According to these scholars the cartel of parties mimics the dynamics of oligopolistic competition, where a small number of firms (generally from 2 to 10) controls a large portion of the market (from 40 to 100 percent) and distorts the competition by fixing the political analog of market quantities, that is by constraining the set of viable policy options[91]. Although both the first and the second version identify the cartelization with two different phenomena (parties' financial dependence on state resources in the first case; the narrowing of the viable range of policy in the second case), they both postulate the existence of an objective, real cartel of parties[92].

In addition to these "systemic" conceptions of the cartel of parties, Kitschelt has instead proposed what might be called a "systemic-subjective" conception of the cartel. In his view, "cynical voters see no difference among the established parties and believe that party politicians form a "closed" political class that is only out to help itself to wealth and power at the expense of the "common man" in the streets…voters of the far right will then perceive a "cartel" of established SD and MC [Social-Democratic and Moderately

[89] Richard S. Katz and Peter Mair, "Changing Models of Party Organization and Party Democracy: The Emergence of the Cartel Party", *Party Politics*, vol. 1, n.1, 1995, pp. 5-28.
[90] Mark Blyth and Richard S. Katz, "From Catch-all-icism to Reformation: The Political Economy of the Cartel Party", European Consortium for Political Research Joint Sessions of Workshops, Grenoble, March 2001.
[91] A revised version of Blyth and Katz's argument can be found in Mark Blyth, "The Political Economy of political Parties: Beyond the Catch-all-ic Church ?", Paper Prepared for the 2002 Meeting of the Council for European Studies, Chicago, 14-17 March.
[92] For a discussion of these two systemic versions of the cartel party hypothesis, see Richard S. Katz, "Whose Agent? Principles, Principals, and Party Politics", Paper Prepared for the 2002 Meeting of the Council for European Studies, Chicago, 14-17 March.

Conservative, RP] parties that have become virtually indistinguishable"[93]. This third version of the cartel party hypothesis presents two basic differences from the version proposed by either Katz and Mair or by Blyth and Katz. First, the cartel is not necessarily a real, objective cartel as previous research had postulated, rather it is just perceived as one. The cartel exists in the perception of the voters, yet it might not exist in the real world. Second, what justifies in the eyes of the voters the "perceived cartelization" of the established Social Democratic and Moderate Conservative political parties is the fact that both types of parties, in their attempt to win the electoral support of the median voter, converge centripetally, become increasingly similar and, hence, are unable to satisfy society's political demands.

Kitschelt's systemic-subjective approach represents an important contribution to the study and the understanding of cartel dynamics in party politics for several reasons. The most important is that Kitschelt has the merit of recognizing the importance of the subjective side of the cartel party hypothesis. That is, voters might perceive that there is a cartel of parties because there is evidence consistent with the notion of collusion even in the absence of collusive practices of the established parties. In other words, you do not need oligopolistic parties to complain about a cartel of parties.

However, in spite of this contribution to the cartel party debate, Kitschelt's approach is vitiated by the some problems. First of all, by saying that voters' perception of a cartel of parties is generated by parties' centripetal convergence on the Left-Right continuum, Kitschelt assumes what should instead be demonstrated, namely that all Western European party systems can be adequately represented in a uni-dimensional

[93] Herbert Kitschelt, *The Radical Right in Western Europe*, Ann Arbor, The University of Michigan Press, 1995, p. 17.

space [94]. Yet this is not necessarily the case for one of the following two reasons. The first reason why a uni-dimensional representation of a party system may be inappropriate is that that party system was built on multiple cleavages and those cleavages, instead of being mutually reinforcing, were cross-cutting, and therefore cannot be properly depicted on a uni-dimensional space. This was, for example, the case of the French party system in the wake of WW II. Duverger noted in fact that "in France, …, the old division of opinion 'Clerical' v. 'Anticlerical' does not correspond with the division 'West' and 'East' or with that between 'Freedom' and 'Planning'"[95]. The second reason why a uni-dimensional representation of a party system may be inappropriate is that issues and dimensions assume different meaning for different parties in a party system and therefore the party system can be properly depicted neither in uni-dimensional or in multi-dimensional space[96].

Even assuming that all party systems can be represented in a uni-dimensional space, Kitschelt's approach is nonetheless vitiated by a second problem that is whether and parties' positions can be estimated objectively. As I noted in Chapter 2, of several methods have been developed to estimate parties' positions in the political space, only the Laver/Budge methodology provides an objective estimate of where parties' positions. However, these estimates are wrong[97].

[94] Riccardo Pelizzo, "Estimating Party Positions or Party Directions? A Discussion of the PMD", paper prepared for delivery at the 74th Annual Meeting of the Southern Political Science Association, Savannah, GA, November 6-9, 2002.
[95] Maurice Duverger, *Political Parties: Their Organization and Activity in the Modern State*, London, Methuem, Book II, Ch.1.
[96] I made this point in Riccardo Pelizzo, "Party Positions or Party Direction? An Analysis of Party Manifesto Data", *West European Politics*, vol. 26, n. 2, 2003, pp. 67-89. See p. 76.
[97] Riccardo Pelizzo, "Party Positions or Party Direction? An Analysis of Party Manifesto Data", *cit.*, pp. 67-89.

The Italian case is, in this respect, truly exemplary. Sartori, as well as other experts, suggested that the Italian party system was a case of polarized pluralism. The center of the party system was occupied by the DC, the left-most position was occupied by the PCI and that the right-most position was occupied by the Neo-fascist MSI[98]. The Left-Right scores computed by applying the Laver/Budge methodology provide a very different picture. In the 1948-92 period the DC occupied the center only in 1987. The MSI occupied the right most spot only twice (1963, 1987)[99]. Finally, the PCI occupied the left most position only four times (1958, 1968, 1979, 1987), while it was surpassed on its left by two parties in 1963 (PSI, PSDI) and 1976 (PDUP and PSI), by three parties in 1948 (PSDI, PRI, and PSI), by four parties in 1983 (DP, PDUP, PSDI and PSI) and by five parties in 1953 (PSDI, PSI, PRI, DC, PSI and MSI). In other words, according to the estimates generated on the basis of the Party Manifesto Data the 1953 Italian Communist Party was the second right-most party in the Italian party system. This finding is absolutely inconsistent with the results of three decades of studies on the Italian Communist Party. Although on several occasions it was not the left-most party in the Italian party system, it was never a center-party or, worse, a party of the right.

The Left-Right scores generated on the basis of the Party Manifesto Data provide similarly inaccurate estimates for the Belgian, the Dutch, the French and the German parties[100]. Hence, although the Left-Right scores do provide an objective estimate of

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[98] Giovanni Sartori, "Bipartitismo imperfetto o pluralismo polarizzato?", *Tempi Moderni*, n. 31, 1967, pp. 1-34; Giovanni Sartori, *Parties and Party Systems. A Framework for Analysis*. New York, Cambridge University Press, 1976; Paolo Farneti, *The Italian Party System*, New York, St. Martin's Press, 1985.

[99] The right-most position was occupied once by the PRI (1968) and the DC (1972) and three times by respectively the Liberals (1948, 1953 and 1958) and the Radicals (1976, 1979, 1983). This finding is also very problematic, as it suggests that the neo-fascist party was considerably less right-wing than a party of the new left, and even more startling, that the Italian new left radicalized right wing discourse to a level that Italy had rarely seen before.

[100] Riccardo Pelizzo, "Estimating Party Positions or Party Directions? A Discussion of the PMD", op. cit..

parties' positions, they fail to provide an accurate one. This conclusion has important implications for the present argument and it shows that in spite of the attention that the problem has received, measuring parties' location in the uni-dimensional space represents a problem for which the scholarly literature has been unable to find an adequate solution. It is, therefore, highly dubious that the citizens-voters have been more successful than party politics experts in assessing parties' objective positions.

The most problematic of Kitschelt's assumptions is that voters' perception of parties' cartellization is generated by objective factors. This assumption is problematic because our perception of the surrounding world, of objects and things is always mediated by, broadly speaking, subjective factors as I discussed in Chapter 2. This has an obvious implication for the cartel party argument. The perception of the cartel is not, as Kitschelt suggested, by some objective conditions such as the centripetal convergence of SD and MC parties, but is generated instead by voters' perception of parties movements in the political space.

The purpose of the present chapter is to articulate a fourth version of the cartel party hypothesis on the basis of what I call the "subjective" approach. My argument is straightforward. If the peculiarity of an oligopolistic market is that the cartel distorts competition, and if the distortion of competition means that changes in supply are not competitive adjustments to changes in demand, then the only way to test whether there is a cartel is to ask voters whether they think that they are given alternatives in the political market that could satisfy their demands. Building on this discussion, I suggest that the perception of the cartel may not be determined by the objectively oligopolistic behavior of parties, but can simply be based on the perception of oligopolistic behavior, that is, on

the perception that political demands are not satisfied by changes in political supply. After discussing how and why political differences can be represented in spatial terms, I try to test whether parties have cartelized by testing whether changes in parties' perceived location on the left-right continuum made parties appear less responsive to voters demands. The data analysis of voters' and parties' location on the left-right scale shows that although voters report that parties (relevant or not) are located at different points along the left-right continuum and that inter-party distances have sometimes increased, voters also report an increasing gap between the ideological location of the whole party system and their own location. I suggest that this increasing gap is what justifies in the voters' eyes the perception of a cartel of parties.

Part One: A Cartel of Parties

In the economic literature, the description of a cartel is relatively straightforward: a small number of firms, control of a large portion of the market, and, most important, distortion of market competition. By showing that the Western European party systems are characterized by a relatively small effective number of parties, that these relatively few parties control the totality of parliamentary seats, and that they have narrowed the range of viable economic policies, Blyth and Katz have provided considerable evidence as to whether it is legitimate to apply the market metaphor in the analysis of party politics. The supply of policies, which are the political analog for market quantities, has certainly changed as the set of viable economic policies has been narrowed in the name of globalization and the reemergence of central-bankism. But this change, this reduction

in the range of viable economic policies is, *per sé*, not sufficient to sustain the cartel party metaphor. In fact, this change could well have been a competitive adjustment of the political market to the political demands of a more homogeneous society which is no longer concerned with the expansion or the maintenance of the welfare state. Note that if this were the case, there would not be any distortion of the market competition and, henceforth, no cartel. This is why, in order to show whether the cartel party hypothesis is corroborated by empirical evidence, it is necessary to show whether the supply of policies has been changed irrespective of or contrary to society' political demands. To do so, we need to investigate whether voters perceive that their demands are satisfied by parties' political offer or not.

When Do Voters Perceive a Cartel of Parties? The Cartel as the Absence of Differences

Voters perceive a cartel when the positions and proposals of the relevant parties are so similar that the voter is unable to see real alternatives in the political market. The perception of a cartel is quite pervasive among Western European voters. More than 23 per cent of the British voters surveyed by the British Election Study in 1997 did not detect any difference between the Labour and the Conservative party, almost 42 per cent of the German voters surveyed by the German Election Study in 1998 did not think that parties' differences were sufficiently marked to give voters a clear alternative, and more than 54 per cent of the French voters surveyed in 1997 declared that the proposals of the

Left and those of the UDF-RPR coalition seemed neither completely nor somewhat different[101]. Data are presented in Table 4.1.

Table 4.1. Percentage of voters who see no difference between parties.

Country	Year	Percentage of voters seeing no Difference between parties
United Kingdom		
	1997	23.4
Germany		
	1998	41.6
France		
	1997	54.1

Source: British data are taken from British Election Survey 1997, German data are taken from Deutsche Nationale Wahlstudien 1998, French data are Taken from ICPSR 3138.

Even more interestingly, voters are increasingly unable to see differences between parties. As shown by the data reported in Table 4.2.1, the percentage of British voters who do not see any difference between the Labour and the Conservative party increased from 6.3 per cent in 1983 to 23.4 per cent in 1997. Although the French and the German data do not allow me to construct similar time series, it is possible to bypass this problem by using differences between age groups as a surrogate for the time series[102]. Table 4.2.2 shows the percentage of each of three age groups reporting not seeing differences between parties[103]. Both the French and the German data show that there is a negative correlation between age and the percentage of voters who not seeing differences between parties. In sum, two things are immediately apparent. The first is that a large percentage

[101] British voters were asked the following question "now considering everything the Conservative and Labour parties stand for, would you say that (there is great difference, some difference, not much difference); French voters were asked instead the following question: "do the proposals of the Left and the RPR-UDF majority seem (very different, somewhat different, not particularly different, not at all different); finally German voters were asked "do you agree with the following statement: parties differ so much (in their objectives) from each other, that the citizen has a clear choice).

[102] This solution is obviously far from being a perfect one. As Ingrid van Biezen sharply suggested to me, differences between age groups might be a product of socialization or political learning.

[103] Respondents were divided into three age groups: voters reporting to be under 30 years of age were assigned to the "young" category, voters reporting to be over 61 years of age were assigned to the category "old", while all the voters in the 31-60 age groups were assigned to the category "middle age".

of Western European voters report that parties are excessively similar. Second, this percentage is growing. These findings are of great importance for the purposes of the present work as they show that the perception of a cartel of parties is increasingly prevalent among voters.

Table 4.2.1 Trends in the percentage of voters who do not see any difference between parties. United Kingdom, 1983-1997.

Country	Year	Percentage of voters seeing no Difference between parties
United Kingdom		
	1983	6.3
	1987	4.6
	1992	13.2
	1997	23.4

Source: 1983, 1987, 1992 and 1997 British Election Survey.

Table 4.2.2 Percentage of voters who do not see any difference between parties by age groups. France and Germany.

	France			Germany		
	%	of	N	%	of	N
Young	56.1		716	46.1		648
Middle Age	54.8		1460	42.3		1689
Old	50.7		759	36.3		818

Source: French data are taken from ICPSR 3138, German data are taken from Deutsche Nationale Wahlstudien 1998.

Why Do Parties Seem so Similar? A Question with Three Answers

There are three possible answers to the question of why parties seem so similar depending on the approach that one adopts. These three approaches are the systemic approach adopted by both Katz and Mair and by Blyth and Katz; the systemic-subjective approach adopted by Kitschelt and my subjective approach.

The cartel party studies developed within the systemic approach postulate an objective similarity between parties (parties *are* similar). For Katz and Mair parties'

similarity is predicated on the basis of the following. Parties' programs and platforms have become increasingly similar as potentially divisive issues are kept off the political agenda to perpetuate the *status quo*. Similarly, for Blyth and Katz parties' similarity is also predicated on a objective basis. By narrowing the range of viable economic policies, parties tend to adopt increasingly similar policies and policy positions (the object). Although not fully developed, Kitschelt' s systemic-subjective approach argues that parties' similarity is subjective as it is perceived by voters because of (Social Democratic and Moderately Conservative) parties' centripetal convergence in the real world.

My approach, which in several respects complements the other two, is entirely subjective. Within this subjective framework parties' similarity is subjective in a major respect. Voters' perception of parties' similarity is subjective because it exists only in voters' mind (as Kitschelt recognizes) and this perception may not generated by objective conditions (as Kitschelt instead postulates). This approach is superior to the approaches of Kitschelt and Katz and Blyth.

In Kitschelt's view, the distortion of competition and parties' inability or unwillingness to satisfy voters' political demands, occurs because while voters' political preferences and demands are fixed, parties' political offer changes as parties move centripetally. This is of course a possible scenario, but it is not the only one and, for that matter, it is not a very plausible one. Previous research has shown that new issues emerge and when they become politically salient, voters become more sensitive to these issues and may modify their previous positions[104]. Hence, it is somewhat hazardous to assume that voters' positions and that of the electorate are fixed.

[104] Norman H. Nie, Sidney Verba and John R. Petrocik, *The Changing American Voter*, Cambridge, MA, Harvard University Press, 1976.

If we relax the assumption of a fixed position of the electorate, under what circumstances does the gap between the positions of the electorate and that of the party system widen? Several scenarios come immediately to mind. One of them is that parties' inability to satisfy voters' demands is due to the fact that voters' preferences and demands have changed and that parties' offer has remained fixed. Another is that voters' demands have undergone dramatic changes while parties' political offer has not changed enough and hence is no longer adequate to satisfy these new demands. Finally one might even suppose that voters' demands and parties' political offer have both changed, but that they have changed in a way that expands the gap between the demands and the supply in the political market. Thus, unlike Kitschelt's approach which can be applied only under very specific, and, again implausible, circumstances, my subjective approach allows me to investigate whether and to what extent each of the above mentioned scenarios is plausible and corroborated by empirical evidence.

In any case, given these three approaches there are three different answers for the question "Why do parties seem so similar?" The first answer is that parties seem similar because they are similar and they are increasingly similar because of increasing objective similarities. The second answer is instead that parties seem similar because they are perceived as such and this perceived similarity reflects objective changes, such as the centripetal convergence. The third answer is that parties seem similar because the position of parties and the whole party system are perceived to have changed relative to the position of the electorate.

Part 2: Differences, Space, Distances

The spatial representation of political differences provides an almost hegemonic analytical framework to both understand and explain party politics. Why is the spatial representation so important? Because spatial representation is also and simultaneously an ideological representation with a clear moral content. Knowing where a party stands means knowing what it stands for and whether that is (morally) good or bad[105]. Therefore, knowing a party's location on the left-right space provides not only cognitive guidance, but it also provides electoral guidance[106]. Voters placed left-to-center are more likely to vote for parties that are perceived to be located left-to-center than right-wing voters and, conversely self-reported right-wingers are more likely to vote for right-wing parties than self-reported left-wing voters. In a similar vein Huber and Inglehart underlined that since "the language of 'left' and 'right' captures a variety of salient issues that help citizens and elites alike make sense of the political landscape". Meanwhile Dalton suggested that the spatial location is a sort of super issue, a synthetic indication of all that a voter or a party located in a certain place stands for[107]. In addition to these cognitive virtues, the spatial representation of politics has an additional advantage which is that it is highly comparable across countries because the terms "left" and "right" are

[105] For a discussion of this point, see Norberto Bobbio, *Destra e Sinistra*. *Ragioni e significati di una distinzione politica*, Roma, Donzelli, 1994.
[106] For a different opinion, see Giovanni Sartori, *Parties and Party Systems. A Framework for Analysis*, New York, Cambridge University Press, 1976, p. 335.
[107] For an assessment of the importance of the spatial metaphor, see also John Huber and Ronald Inglehart, "Expert Interpretations of Party Space and Party Locations in 42 Societies", *Party Politics*, vol. 1, n. 1, 1995, pp. 111-; see also Russell J. Dalton, *Citizens Politics. Public Opinion and Political Parties in Advanced Western Democracies*, Chatham, Chatham House Publishers, 1996.

empty signifiers, and they do not reflect (and obviously are not attached to) a specific essence[108].

Table 4.3. Percentage of Voters who locate themselves on the Left-Right Continuum.

Year	France	Germany	Italy	Netherlands	United Kingdom
1973	78.3	92.9	82.7	92.6	82.3
2000	75.3	74.7	66.3	84.2	83.5
% change	-3.0	-18.2	-16.4	-8.4	+1.2

Source: ICPSR 7330 and ICPSR 3064.

If the percentage of voters who place themselves on the Left-Right continuum is, as Sani and Sartori suggested a proof of the intelligibility of the spatial representation of the political competition, then a majority of West European voters do understand the terms "Left" and "Right"[109]. The data presented in Table 4.3 show that from two thirds, as in the Italian case, to four fifths, as in the Dutch and British cases, are able to place themselves on the Left-Right scale and, according to Sani and Sartori, understand the meaning of this spatial representation.

Are Voters' Positions Fixed over Time?

If the data discussed so far suggest that voters place themselves on the Left-Right scale and that they actually understand the meaning of doing so, we can push our analysis

[108] The idea that the terms "left"and "right" are empty signifiers, that their are labels that can be "easily "loaded" and "reloaded"- for they lack any semantic substratum" was advanced by Giovanni Sartori, *Parties and Party Systems*, op. cit., pp. 334-336. For a more recent criticism of an essentialist definition of the terms "left" and "right", see Marco Tarchi, "Destra e sinistra: due essenze introvabili", in *Democrazia e Diritto*, XXXIV, 1, 1994, pp. 381-396. The fact that 'left' and 'right'are empty signifiers does not contradict the fact that the spatial location is a sort of super-issue. The 'left' and 'right' terms are empty signifiers diachronically and cross-country, while the spatial location is a super-issue synchronically. That is terms 'left'and 'right' are *per sé* unable to tell us what they stand for *sub specie aeternitatis*, but they provide an indication of what a party stands for in a certain country at a certain time.

[109] Giacomo Sani and Giovanni Sartori, "Frammentazione, Polarizzazione e Cleavages: Democrazie Facili e Difficili", *Rivista Italiana di Scienza Politica*, vol. VIII, n. 3, Dicembre 1978, pp. 339-361. A revised version of this paper can be found in Giovanni Sartori, *Teoria dei Partiti e Caso Italiano*, Milano, SugarCo, 1982, pp. 253-290. An English version of this paper, see Giacomo Sani and Giovanni Sartori, "Polarisation,

a little bit further and ask whether voters' distribution along the left-right continuum is stable over time or not and, if not, how did it change.

Before addressing the above mentioned questions, let me briefly explain how I will measure voters' positions on the left-right scale, whether their positions are fixed over time or whether they change. Both Eurobarometer surveys as well as German and Dutch elections surveys asked respondents to place themselves along the left-right scale. The left-right scale adopted by both the Eurobarometer and the Dutch Election surveys is a ten-point scale, where value 1 means 'left' and value '10' means 'right'. The German election studies adopted instead an eleven-point scale, so that while 'left' is still associated with the value 1 in the scale, the term 'right' is now associated with value 11. On the basis of voters' self-placement on the scale, I compute the mean or the average voter position, which I adopt as the indicator of where the electorate is located and shifts from that initial value provides evidence as to whether and to what extent the voters' position changes over time. Specifically, an increase in the value of the average voter's position means that electorate is reportedly moving right-ward, while a decline in the value of the average voter's position denotes that the electorate is shifting left-ward. This said, I can now address the above mentioned questions.

With regard to the first question, the data show that voters' self-reported distribution on the Left-Right continuum has changed from the early 1970s to the year 2000 in each of the West European countries under study. By analyzing the data provided by the Eurobarometer surveys from 1973 to year 2000, three patterns can be observed. In France and in the Netherlands, after an initial shift to the right, the position of the average

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Fragmentation and Competition in Western Democracies" in Hans Daalder and Peter Mair (eds.), *Western European Party Systems*, London, SAGE, 1983, pp. 307-340.

voter has moved left-ward in the period under study. In Germany and in the United Kingdom, the position of the average voter has moved left-ward as an almost perfect function of time. In Italy, the position of the average voter has followed a steady right-ward trend. These transformations present a second element of interest. The Italian electorate, that was more left-ward oriented than the French, the German, the Dutch and British electorate in the early 1970s, is now the most right-ward oriented. The data are presented in Table 4.4 and Figure 4.1.

Table 4.4. Changes in the position of the median voter from 1973-2000 in selected countries.

Year	France	Germany	Italy	Netherlands	UK
1973	5.05	5.63	4.68	5.80	5.37
1976	4.98	5.90	4.62	5.96	6.12
1977	4.87	6.02	4.24	5.72	5.85
1978	4.67	5.93	4.32	5.37	5.62
1979	4.71	5.85	4.32	5.54	5.75
1980	5.00	5.67	4.74	4.94	5.73
1981	4.79	5.91	4.50	6.02	5.59
1982	5.04	5.50	4.63	5.48	5.84
1983	5.10	5.60	4.65	5.18	5.64
1984	4.99	5.25	4.58	5.39	5.67
1985	5.40	5.50	4.65	5.24	5.92
1986	5.18	5.52	4.70	5.34	5.60
1987	5.00	5.32	4.66	5.38	5.80
1988	4.89	5.59	4.80	5.32	5.77
1989	5.10	5.34	4.49	5.25	5.75
1990	4.94	5.50	4.65	5.28	5.42
1991	4.81	5.60	4.80	5.39	5.56
1992	4.96	5.43	4.66	5.38	5.46
1993	4.91	5.56	4.75	5.34	5.35
1994	5.00	5.16	4.69	5.32	5.37
1995	4.94	5.35	5.02	5.14	5.21
1996	4.71	5.02	5.03	4.92	5.07
1997	4.80	5.15	5.45	5.14	5.21
1998	4.75	5.12	5.20	4.99	5.21
1999	4.67	4.93	5.27	5.14	5.12
2000	4.82	5.18	5.37	5.25	5.20

Source: These data for the 1973-2000 period are taken from the following surveys: ICPSR 7330, ICPSR 7511, ICPSR 7612, ICPSR 7728, ICPSR 7728, ICPSR 7957, ICPSR 9022, ICPSR 9057, ICPSR 8234, ICPSR 8364, ICPSR 8513, ICPSR 8680, ICPSR 9082, ICPSR 9321, ICPSR 9360, ICPSR 9576, ICPSR 9771, ICPSR 6044, ICPSR 6045,ICPSR 6195, ICPSR 3014, ICPSR 661, ICPSR 2443, ICPSR 2088, ICPSR 2831, ICPSR 2864, ICPSR 3064.

Figure 4. 1. Voters Self-Placement in Selected Western European countries, 1973-2000.

Figure 4.1.1 Voters Self-Placement on the Left-Right Scale: France (1973-2000)

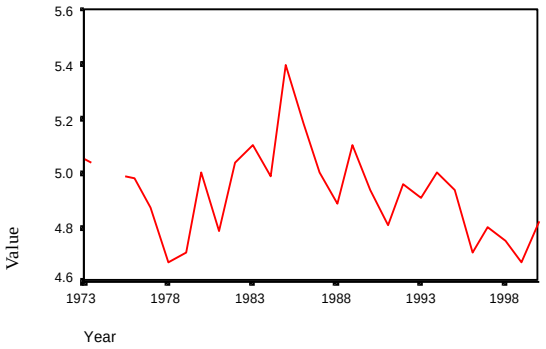


Figure 4.1.2 Voters Self-Placement on the Left-Right Scale: Germany (1973-2000)

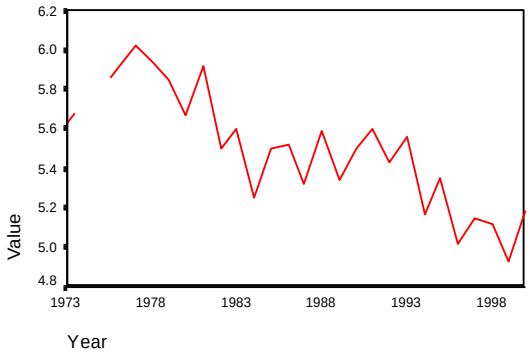


Figure 4.1.3 Voters Self-Placement on the Left-Right Scale: Italy (1973-2000)

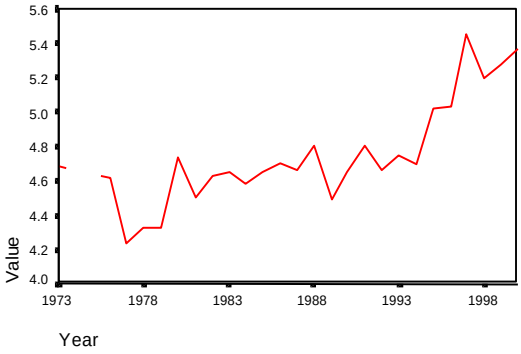


Figure 4.1.4 Voters Self-Placement on the Left-Right Scale: Netherlands (1973-2000)

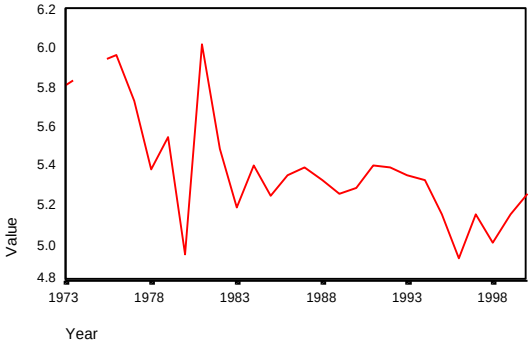
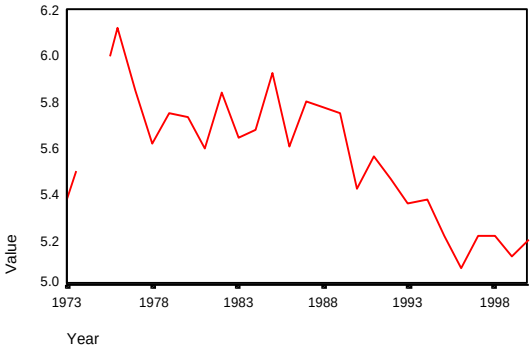


Figure 4.1.5 Voters Self-Placement on the Left-Right Scale: U. K. (1973-2000)



If instead of using the data provided by the Eurobarometer surveys, I use the German Election Survey data and the Dutch Election Survey data, I reach the same conclusion, that is that the electorate, in this case of these two countries only, reports to have shifted to left. The data are presented in Table 4.5.

Table 4.5. National Survey Data: the changing position of the German and Dutch median voters.

Year	German median Voter' s position	Year	Dutch median Voter's position
1976	6.29	1981	5.75
1980	6.31	1982	5.60
1983	6.19	1986	5.51
1987	6.24	1989	5.42
1990	6.08	1994	5.41
1998	5.25	1998	5.36

Source: 1976, 1980, 1983, 1987, 1990 and 1998 Deutsche Nationale Wahlstudien; the Dutch data for the 1981, 1982, 1986, 1989, 1994 and 1998 elections were taken respectively from the following ICPSR surveys 7912, 8121, 8876, 9950, 6740 and 2836.

Are Parties' Positions Fixed over Time?

As was previously noted more than 23 % of British voters, more than 42% of the German voters and more than 54% of the French voters say that parties are not different. Does this mean that the distance between all the parties in a given party system has vanished? Does this mean that the distance between the relevant parties has vanished? Or does it mean something else? In order to answer these questions I will analyze two sets of

survey data. One set of data is represented by the Post-European Election survey conducted in 1989 and in 1994 which provides data with regard to voters' placement of French, German, Italian, Dutch and British parties. In addition to these data, I will also employ the data made available by the German election surveys conducted between 1976 and 1998 and the Dutch election surveys conducted from 1981 to 1997. These data allow me to construct time series and to see whether and to what extent voters' perception of parties positions has changed over time and, more importantly, to assess whether these changes in party location have followed any particular pattern.

The Eurobaromoter surveys on the one hand and the German and the Dutch election surveys on the other hand asked respondents to locate parties on the left-right scales. The scales are the same as the ones employed for voters' left-right self-placement. On the basis of respondents' answers, I compute each party system party's position. This position is calculated by estimating the mean location for each party on the basis of all voters' answers. As in the case of voters' self-placement, the smaller the mean score that a party receives, the more left the party is perceived to be. The greater the mean score, the more right-wing the party is perceived to be. Those parties that obtain the smallest and highest score are the parties that are perceived to represent the party system poles. By subtracting the score of the left-most party from that of the right-most party, I compute the polarization of the whole party system. In the same way, it is possible to calculate the polarization of the relevant parties, that is parties whose existence affects the dynamics of inter-party competition and government formation.

In addition to testing whether the ideological polarization of the whole party system and the distance between relevant parties have changed over time, I also test

whether the Social-Democratic and Moderately Conservative parties have moved centripetally as Kitschelt suggested or not. Finally I test whether the average party's position has changed and if so how. The average party's position is very important because it indicates where the center of the party system is perceived to be so that changes in the average party's position indicate whether and how the ideological connotation of the whole party system changes over time. Changes in the position of the average party provide information as to the changes in the direction of competition.

Let me address the first question, that is whether the distance between all the party system parties has vanished. The answer is negative. Voters do locate different parties on different points on the left-right continuum. Moreover, if the distance between the parties located at the extreme poles of the party system is, as Sartori suggested, a proper indicator of polarization, then the Eurobarometer data display two different patterns. In the United Kingdom and in Germany, polarization of the whole party system has declined, while it has increased in France, Italy and in the Netherlands. The national election surveys present a slightly different picture. In fact, the German Survey Election data indicate that the overall polarization of the German party system has increased from the mid-seventies onward, while the Dutch Election Surveys indicate that the Dutch party system has depolarized in the 1981-1998 period.

The fact that parties are still seen as different, which is why they are located on different points of the scale, is not consistent with the criticism of parties' increasing similarity. Moreover, the fact that in three of the five countries under study (according to the Eurobarometer) the differences between all parties are perceived to actually have increased is also inconsistent with the claim that parties are too similar. Looking at these

findings in the light of voters' perception of parties' excessive similarity creates an interesting paradox. How do we explain that parties which are perceived as different are criticized for not being different even when their differences have increased? This dilemma seems to have two plausible solutions. The first is that when voters complain about parties' lack of differences they do not refer to all parties but they refer only to the relevant parties, that is to parties that because of coalitional or blackmail potential can affect both the nature of electoral competition and that of government policies. This solution of the dilemma is also consistent with the questions asked in the British and French national election studies. But there is also an alternative, which is that when voters denounce parties' excessive similarity, they do not refer to changes in the distance between parties but they refer instead to the direction of competition. I will return to this point later on. The data concerning the ideological polarization of Western European party systems are presented in Table 4.6.

Table 4.6a. Changes in Polarization, 1989-1994.

Country	Polarization in 1989	Polarization in 1994	Change
France	7.32	7.42	+.10
Germany	5.90	5.53	-.37
Italy	6.60	6.93	+.33
The Netherlands	5.20	5.67	+.47
United Kingdom	4.93	3.91	-1.02

Source: The 1989 data are taken from the ICPSR 9360, 1994 data were taken from ICPSR 3014.

Table 4.6b. Ideological Polarization in Germany and the Netherlands. Time Series.

Year	Polarization of the German Party System	Year	Polarization of the Dutch Party System
1976	5.00	1981	6.39
1980	4.51	1982	6.64
1983	5.43	1986	6.28
1987	6.15	1989	5.82
1990	6.45	1994	5.49
1998	6.98	1998	5.45

The first solution of the above mentioned dilemma is clear. Voters criticize parties' excessive similarity because relevant parties, but not necessarily all the party system parties, have become increasingly similar. This would also explain why, in spite of the perception of an increasing distance between the parties located at the extremes, parties are perceived as too similar. In short, when voters criticize "parties" they do not refer to "anti-party-system parties". Moreover, if what voters observe is that the relevant parties are perceived to be increasingly similar, since relevant parties are generally the Social-Democratic and Moderately Conservative parties that alternate in government, then I would be able to support Kitschelt' s claim that the distance between Social-Democratic and Moderately Conservative parties as vanished because they both converged centripetally.

Before I can assess whether this is indeed the case, several other questions need to be addressed. In fact, to know whether the distance between Social-Democratic and

Moderately Conservative parties has vanished or not, we need to know whether Social-Democratic and Moderately Conservative parties have ever been perceived as different or not. Have they ever been perceived as distant on the left-right scale? Did the distance between the Social Democratic and the Moderately Conservative parties decline as Kitschelt suggested ? If inter-party distance indicates that parties are different, then the Eurbarometer data show that Social-Democratic parties and Moderately Conservative parties are (perceived as) different. Moreover, the Eurobarometer data also show that the ideological distance between Social-Democratic parties and Moderately Conservative parties has declined in Germany, in the Netherlands and in the United Kingdom, while it has increased in France and in Italy[110].

These findings reproduce the same dilemma we encountered with regard to the differences between all the party system parties, that there are differences and that these differences are sometimes perceived to have increased, and yet that voters perceive that there are no differences between coalitionable parties. Why? Because voters seem to be more concerned with the direction of competition, with whether the ideological make-up of the party system as a whole is shifting left-ward or right-ward than with the location of

[110] Only in 3 out of the 5 countries under study, the distance between social-democratic parties and moderately conservative parties has declined, that is in Germany, in the Netherlands and in the United Kingdom. Only in the British and in the Dutch case, ideological distance has declined because of a simultaneous centripetal conversion of both social-democratic and moderately conservative parties. In contrast to this pattern, in Germany the position of the CDU has remained fairly stable relative to the position of the median voter while the distance between the position of the SPD and that of the median voter has declined. This suggests that only two out of the five cases corroborate Kitschelt's argument that the cartelization is due to the centripetal convergence of SD and MC. Furthermore, one should note that while there is some evidence in favor of Kischelt's systemic-subjective cartel party hypothesis, there is almost no evidence for his explanation of the new extreme right parties. Kitschelt argues that the NRR are a response or rather a reaction against the centripetal convergence of SD and MC which makes the party system under-representative. On the basis of Kitschelt's theory and of the data just analyzed, one should expect a relatively strong new radical right in Germany, the Netherlands and in the United Kingdom, and, conversely a relatively week extreme right in France and in Italy. Electoral returns in each of these countries have provided very large evidence of the contrary.

a single party, or with the distance between two relevant parties. The data are presented in Table 4.7.

Table 4.7. Changes in the Distance between Social Democratic and Moderately Conservative Parties, 1989-1994.

Country	Distance in 1989	Distance in 1994	Change
France	4.43	4.83	+.40
Germany	3.28	2.83	-.45
Italy	4.46	5.09	+.63
The Netherlands	3.44	3.29	-.15
United Kingdom	4.93	3.91	-1.02

Source: The 1989 data are taken from ICPSR 9360, the 1994 data were taken from ICPSR 3014.

Let me turn to whether the direction of competition has changed. What has generally been missed by those scholars who analyze party competition is that regardless of whether the distance between Social-Democratic and Moderately Conservative parties has declined or not, Social-Democratic parties have moved to the right almost everywhere. With only the exception of the French Socialist Party, the German, Italian, Dutch and British Social-Democratic parties moved toward the center or rightward. The result of this centripetal or rather right-ward shift of the Social Democratic parties, combined with the fact that the Moderately Conservative parties have either remained in their previous position (as in the case of the German CDU) or have moved further right (as in the Italian case with the emergence Forza Italia which is perceived as a more right-wing oriented party than the DC was), is that there has a been a clear right-ward shift of each of the party systems under study. The important point to be made here is that voters

may perceive a right-ward shift of a party or a party system even if there has not been one[111].

The perception of the party systems' right-ward shift is what is supported both by the Eurobarometer and, when they were available, by the national election study data. The analysis of the Eurobarometer data shows that voters perceive the average party's position has shifted to the right in France, in Germany, in Italy, in the Netherlands and in the United Kingdom. All of these party systems are perceived to have noticeably moved right-ward in a five year time-span. The Eurobarometer data are presented in Table 4.8.

Table 4.8. Changes in the Position of the Party System's Center, 1989-1994.

Country	Position in 1989	Position in 1994	Change
France	4.91	5.27	+.36
Germany	5.65	5.98	+.33
Italy	4.87	5.13	+.26
The Netherlands	5.64	6.04	+.40
United Kingdom	5.41	5.46	+.05

Source: The 1989 data are taken from ICPSR 9360, the 1994 data were taken from ICPSR 3014.

The Dutch and the German national survey data allow one to construct time series and to check whether the trends observed with the Eurobarometer data denote a long-term right-ward shift of the West European party system or only a temporary aberration. The Dutch data, which cover the 1981-1998 period, show a clear, though not perfectly linear, right-ward shift of the Dutch party system. Only in 1989 was the average party's position to the left of the value registered in 1981, while in all of the other cases the average party's position has been to the right of the 1981 value. In any case, the situation depicted by the Dutch election survey data is consistent with the picture revealed by the Eurobarometer data, that is that the Dutch party system moved right-ward from the late

[111] In other words, the right-ward shift of a party system may only exist in voters'subjective perception and, be, henceforth, entirely subjective.

1980s onward. Similarly, the picture depicted by the German election survey data shows that after a period of left-ward movement from the mid-1970s to the early 1980s, the German party system shifted right-ward as suggested by the Eurobarometer data. The Dutch and the German data are presented in Table 4.9.

Table 4.9. Location of the Party System's Center in Germany (1976-1998) and the Netherlands (1981-1998).

Germany		The Netherlands	
Year	Position of the Party System Center	Year	Position of the Party System Center
1976	6.69	1981	5.13
1980	6.27	1982	5.81
1983	6.45	1986	5.56
1987	6.26	1989	5.04
1990	6.74	1994	6.18
1998	6.63	1998	5.84

Source: Source: 1976, 1980, 1983, 1987, 1990 and 1998 Deutsche Nationale Wahlstudiesn; the Dutch data for the 1981, 1982, 1986, 1989, 1994 and 1998 elections were taken respectively from the following ICPSR surveys 7912, 8121, 8876, 9950, 6740 and 2836.

The Growing Gap Between Parties and Voters

The analysis of the voters' self-placement on the left-right scale showed a increasing left-ward shift of the West European electorate, with the only exception represented by the Italian voters who reported increasingly high levels of right-wingism. At the same time, the analysis of parties' placement on the left-right scale showed that voters perceive an increasing right-ward shift of Western European party systems. By combining the two sets of data, I come to three different findings. First of all, I find that the gap between average voter's position and the perceived position of the party system's center has increased almost everywhere, with the exception of the United Kingdom

where the distance between the average voter's position and the perceived center of the party system has declined in absolute terms from -.34 to +.09. Second, I find that regardless of whether the perceived distance between parties and voters has increased or not in absolute terms, in each of the countries under study party systems are perceived to have shifted right-ward. In 1989, the Dutch, the German and the Italian average party's position were perceived to be located on the right of the average voter's position, while both the French and the British average party position were perceived to be located on the left of the average voter's position. By 1994, the average party's position was perceived to be on the right side of the average voter's position in each of the countries under study. In other words, the perception of parties' tremendous right-ward movement is responsible, in the voters' eyes, for the greater distance between positions and preferences of the electorate and those of the parties. This is my third finding. Data are reported in Table 4.10.

Table 4.10. Changes in the Distance between the Position of the Average Voter and the Position of the Average Party, 1989-1994.

Country	Distance in 1989	Distance in 1994
France	-.19	+.27
Germany	+.31	+.82
Italy	+.38	+.44
The Netherlands	+.40	+.72
United Kingdom	-.34	+.09

Source: The 1989 data are taken from ICPSR 9360, the 1994 data were taken from ICPSR 3014.

The Dutch and the German election surveys provide additional evidence with regard to the fact that voters perceive that there is an increasing gap between the position of the electorate and the position of the party system. Moreover, if, and to the extent that, a position on the left-right spectrum is indicative of a policy preference, as was

previously remarked, then there seems to be an increasing gap between the policy demands of the electorate on the one hand and the policy supply of the party system on the other hand. The data reported in Table 4.11 suggest in fact that the gap between the center of the party system and the position of the median voter has increased. See also Figure 4.2.

Table 4.11. Changes in the Distance between the Position of the Median Voter and the Location of the Party System's Center in Germany (1976-1998) and the Netherlands (1981-1998).

Germany		The Netherlands	
Year	Distance	Year	Distance
1976	+.40	1981	-.62
1980	-.04	1982	+.21
1983	+.26	1986	+.05
1987	+.02	1989	-.38
1990	+.66	1994	+.77
1998	+1.38	1998	+.48

Source: 1976, 1980, 1983, 1987, 1990 and 1998 Deutsche Nationale Wahlstudien; the Dutch data for the 1981, 1982, 1986, 1989, 1994 And 1998 elections were taken respectively from the following ICPSR surveys 7912, 8121, 8876, 9950, 6740 and 2836.

Figure 4.2. Dutch and German trends in the Average Voter Position and Average Party Position.

Figure 4.2.1 Average Voter Position

Average Party Position, Germany

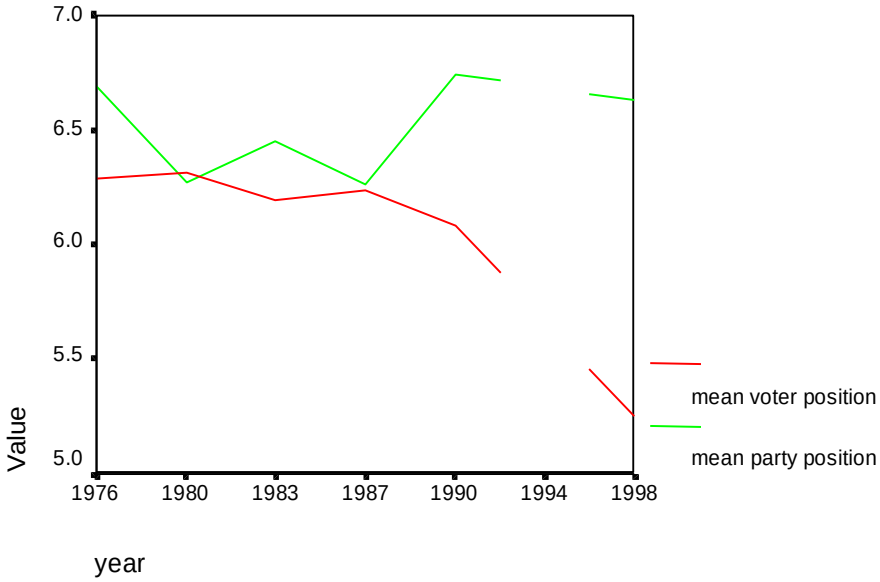
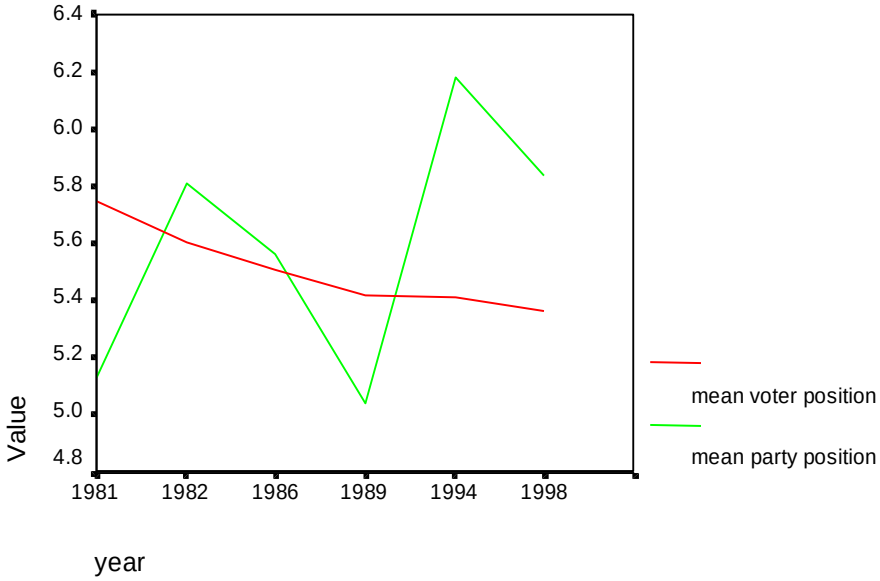


Figure 4.2.2 Average Voter Position

Average Party Position,



Part Three: Conclusions and Reflections

The major findings presented in this chapter are clear. The analysis of the survey data provides evidence consistent with my subjective cartel party hypothesis. Western European voters perceive that parties have become very similar, and that voters' political demands are left unsatisfied. As I have argued in the course of the chapter, the perception of the parties' similarity is justified and/or motivated by the perception of a party system change. However, and in contrast to Kitschelt, I have shown that this change is not the centripetal converge of the Social-Democratic and Moderately Conservative parties, but it is instead the right-ward shift of the whole party system. To repeat my point, voters perceive that the gap between the electorate, its position and its policy preferences on the one hand and the party system, its position and its policy proposals on the other hand has widened.

In this chapter I have also provided some evidence as to why is there a widening gap between the position of the party system and the position of the electorate? Specifically, I have shown that the gap between the median voter position and the party systems' center is widening because of the simultaneous left-ward shift of the electorate and right-ward movement of the party systems. Party systems' right-ward shift was generated by the fact that Social-Democratic parties moved right-ward and the repositioning was not always counter-balanced by an equal left-ward shift of the Moderately Conservative Parties. This provides additional evidence as why I suggested that it is not appropriate to argue that the perception of the cartel is generated by the

centripetal convergence Social-Democratic and Moderately Conservative parties. Data are presented in Table 4.12.

Table 4.12. Perceived Centripetal Convergence of Social-Democratic and Moderately Conservative Parties.

a) The Netherlands

Year	Pvda	Median Voter	Cda	Distance between Pvda and Median Voter	Distance between CDA and Median Voter
1981	2.89	5.75	7.63	2.86	1.88
1982	2.98	5.60	7.57	2.62	1.97
1986	2.66	5.51	7.61	2.85	2.10
1989	3.10	5.42	7.02	2.32	1.60
1994	3.72	5.41	6.45	1.69	1.04
1998	4.25	5.36	6.23	1.11	.87

b) Germany

Year	SPD	Median Voter	CDU	CSU	CDU/ CDU	Distance between the SPD and Median Voter	Distance between CDU and Median Voter	Distance between CSU and Median Voter	Distance between CDU/ CSU and Median Voter
1976	3.75	6.29	8.35	9.15	8.75	2.54	2.06	2.86	2.46
1980	4.31	6.31	8.22	9.01	8.62	2.00	1.91	2.70	2.31
1983	4.21	6.19	8.46	9.17	8.82	1.98	2.27	2.98	2.63
1987	3.98	6.24	8.43	9.13	8.78	2.26	2.19	2.89	2.54
1990	4.14	6.08	8.12	8.88	8.50	1.94	2.04	2.80	2.42
1998	4.10	5.25	7.32	8.16	7.74	1.15	2.07	2.91	2.49

Source: Source: Source: 1976, 1980, 1983, 1987, 1990 and 1998 Deutsche Nationale Wahlstudien; the Dutch data for the 1981, 1982, 1986, 1989, 1994 And 1998 elections were taken respectively from the following ICPSR surveys 7912, 8121, 8876, 9950, 6740 and 2836.

The second implication concerns the temporal localization of party cartelization. On the basis of their systemic approach both Katz and Mair and Blyth and Katz argued that parties' cartelization started in the 1970s, with the crisis of the catch-all party model of party organization. Specifically, when state contributions became parties' major source of financial resources and when parties abandoned the distributive policies that were

characteristic of the catch-all party period. Both studies suggest that parties have further cartelized in the following decades. In his criticism of Katz and Mair's version of the cartel party hypothesis, Kitschelt argued that there is little evidence in favor of the systemic theory of the cartel, and that the evidence that he finds suggests that while there might have been a systemic cartel or cartelizing tendencies in the 1970s, the cartel and/or the cartelizing tendencies were no longer there in the 1980s and in 1990s. This is the state of the debate if we assume that the systemic approach provides the only analytical framework for the cartel party hypothesis. Yet, as was previously argued, this is not the case.

In fact, on the basis of his systemic-subjective approach, Kitschelt admits that the lack of systemic evidence for the cartel, "does not imply, however, that voters have become more satisfied with the achievements of political parties as their representatives in the contemporary democratic order"[112]. Now, if parties are perceived as under-representative, if under-representation means that voters perceive that their political demands are not satisfied by parties' political offer, that is if political offer varies independently of changes in demand in a market controlled by a relatively small number of actors, and, finally, if this is an indication of cartelization, then all that Kitschelt is saying is that voters might perceive that there is a cartel of parties even when parties are actually trying to be or to become more representative. Kitschelt's point is very similar to the one I made before. For the voters, the 1990s are the age of the cartel party.

This suggests a further question: if voters do not need a 'cartel', to perceive a 'cartel' and to have anti-cartel party sentiments, why did the perception of the cartel

[112]Herbert Kitschelt, "Citizens, politicians, and party cartellization: Political representation and the state failure in post industrial democarcies", *European Journal of Political Research*, vol. 37, 2000, p. 175.

become increasingly popular in the 1980s and in the 1990s? The purpose of the next chapter is to find an answer for this question.

Chapter 5
Political Parties and Macroeconomic Policy

Introduction

I showed in the previous chapter that there is a widening gap between the position of the electorate and that of the party system. In several cases, this widening gap is due to the simultaneous left-ward shift of the electorate and right-ward shift of the party system. I also showed that, in several instances, the party system's right-ward movement reflects a perception of a right-ward shift of the parties of the Left. What the data presented in the previous chapter did not explain is why voters perceive this right-ward movement of Left-wing parties. The purpose of this chapter is to address this question by investigating the relationship between parties' political orientation and macroeconomic performance. In doing so, I show that the parties of the Left have abandoned their traditional unemployment aversion, and that by becoming increasingly inflation-averse have come to resemble the parties of the Right.

In the first part of this chapter, I will show that unemployment has remained the voters' single most important concern in each of the countries under investigation. I will also shown that the preferences of the Western European voters display a considerable cross-national homogeneity as voters consistently argue that unemployment should be the first problem governments deal with, that governments have the moral and political obligation to fight unemployment, and that they have the competence and the instruments

to do so. I conclude my analysis of Western European voters' preferences by showing that there is a growing gap between the electorate's most preferred macroeconomic outcome and the perceived macroeconomic preferences of the party system. In sum, party systems are becoming increasingly more inflation averse and less unemployment averse in spite of voters' persistent concern with unemployment. Obviously, to the extent that survey data show that voters' demands are not satisfied by parties and governments' policy offers, they provide evidence as to why voters may perceive the party system as a cartel.

In the second part of this chapter, I investigate why voters perceive that party systems (and the parties of the left) are increasingly less committed to fighting unemployment. Building on the work of Hibbs, I investigate the relationship between patterns in macroeconomic policies (and outcomes) and governments' political orientation (left-wing or right-wing)[113]. Aggregate data on unemployment and inflation outcomes in relation to the political orientation of the 12 Western democracies reveal that a country's macroeconomic configuration is virtually unaffected by whether that country has been regularly governed by parties (and/or coalitions of parties) of the Left or of the Right. Time series analysis of yearly unemployment data for the 1970-1999 period provides additional evidence that changes in a country's unemployment level are no longer a function of the government's political orientation. Unemployment no longer declines when the Left is in office and no longer increases when the Right is in office. The evidence provided by both aggregate data and time series analysis is important because it shows that the relationship between parties and macroeconomic outcomes has

[113] Douglas Hibbs, "Political Parties and Macroeconomic Policy", *American Political Science Review*, vol. 71, 1977, pp. 1467-1487.

dramatically changed from when Hibbs published his influential research[114]. Yet, it is also important because by showing that parties no longer make a significant difference to macroeconomic outcomes, it provides a clear explanation for why voters notice, and sometimes lament, that parties are no longer distinguishable from each other and are perceived as a cartel[115]. Parties of the Left came to resemble the parties of the Right as they abandoned their characteristic unemployment-aversion.

In the third part of this chapter, I will discuss the reasons why the relationship between political orientation and macroeconomic outcomes changed. My argument is quite straightforward. After the years of stagflation which challenged the hegemony of Keynesianism, and after the failure of the USSR which undermined the belief in social forms other than a market society, the Western European Left found itself in need of a new identity and a new *raison d'etre*. The Western European Left found its new *raison d'etre* in the process of European integration, which, in turn, required the Left to commit itself to the principles of fiscal and monetary austerity and to abandon its traditional commitment to Keynesian demand management. In the final part of the chapter I draw some conclusions as to the significance of my findings.

[114] Douglas Hibbs, "Political Parties and Macroeconomic Policy", *American Political Science Review*, vol. 71, 1977, pp. 1467-1487.

[115] A similar conclusion is suggested by the analysis of the legislative behavior of the members of the European Parliament. Analyzing the legislative behavior of the members of the European parliament, Hix found that "on the EU trade policies, a clear 'free trade' majority is formed between most of the socialist MER's (PES), the liberals (ELDR) and the Christian Democrats/Conservatives (EPP-ED) against the more 'protectionist' greens (G/EFA) and radical left (EUL/NGL). A similar set of coalitions forms on EU foreign and security policies". This does not mean that there is no difference whatsoever between the parties of the Left and those of the Right. Some differences still exist. Social, enviromental and expenditure policies still divide the European parliament into Left and Right camps. But it is somewhat remarkable that on two of the six policy issues on which the EP legislates, the legislative behavior of the Left is not different from that of the Right. See Simon Hix, "Legislative Behavior and Party Competition in the European Parliament: An Application of Nominate to the EU", *Journal of Common Market Studies*, vol. 39, n. 4, (November) 2001, pp. 663-688.

Part One: Unemployment and Voters' Subjective Preferences

Writing in the mid-1970s Hibbs observed that "the British and the American public opinion data clearly show that in the period through 1972 (…) solid majorities of the mass public(s) typically expressed greater aversion to unemployment than inflation"[116]. This remains true three decades later. In fact, the first conclusion suggested by the surveys conducted in Western European democracies in the past three decades is exactly that unemployment not only represents a very important problem, but also that unemployment is a more serious policy concern than inflation, budget deficits, or immigration.

Respondents to the 1987 British Election survey were given a list of seven problems and were asked to name what they considered to be the three most important for the United Kingdom. More than 52 per cent of the respondents said that unemployment was the single most important problem, more than 21 per cent of the respondents suggested that unemployment was the second most important problem, while for almost 12 percent of the respondents unemployment was the third most important problem. The importance reportedly accorded to unemployment is particularly significant when it is compared to the reported importance of other socio-economic problems such as inflation. Inflation is, in fact, the single most important problem only for less than 2 per cent of the respondents, the second most important problem for about 3 per cent of the respondents, and the third most important problem for less than 5 per cent of the respondents. Data are presented in Table 5.1.

[116] Douglas Hibbs, "Political Parties and Macroeconomic Policy", *American Political Science Review*, vol. 71, 1977, p. 1470.

Table 5.1.How Important is the following issue?

How Important is this issue for the UK? Percentages							
	inflation	unemployment	taxes	social service	crime	education	Defence
Most important	1.8 %	52.5 %	1.5 %	11.1 %	6.5 %	7.7 %	19.0 %
2nd most important	3.2 %	21.3 %	3.7 %	28.6 %	12.9 %	17.5 %	12.8 %
3rd most important	4.8 %	11.9 %	6.2 %	22.5 %	16.2 %	23.9 %	14.4 %
Other	90.2 %	14.3 %	88.6 %	37.8 %	64.5 %	51.0 %	53.8 %
N	3810	3810	3810	3810	3810	3810	3810

Source:British Election Survey (1987)

The responses given by the British voters with regard to the importance of unemployment are consistent with the responses given by other Western European respondents. Respondents of the 1998 Dutch Parliamentary Election Survey were asked to report the importance of fifteen issues on a ten-point scale, where 1 means very unimportant and 10 means very important[117]. Unemployment was a very important problem for the Dutch electorate both in relative and in absolute terms. The mean response of the 1808 Dutch respondents was 8.01. More interestingly, unemployment was considered a more important issue than most of the issues that respondents were asked to assess. Unemployment was in fact more important than pollution, levels of social spending, euthanasia, income differences, asylum seekers, financial deficit, integration of ethnic minorities, heavy traffic, European Union and nuclear plants. Only health care, crime, the provisions for the old age and the misuse of social benefits were considered more important than unemployment. Data are reported in Table 5.2

Table 5.2. Importance of Issues in the Netherlands

	1 very unimportant	2	3	4	5	6	7	8	9	10 very important	Mean	N
Health care	.06	.11	.11	.50	1.33	3.04	8.16	29.90	29.01	30.34	8.75	1813
Crime	.06	.17	.11	.28	1.82	5.3	14.25	31.6	23.09	23.31	8.36	1810
Provision for old age	.55	.78	1.05	1.50	3.94	7.27	16.58	25.79	19.36	23.18	8.03	1803
Misusing social benefits	.22	.17	.17	.50	2.54	6.89	19.47	36.96	18.26	14.56	8.01	1813
unemployment	.22	1.66	.94	1.27	3.82	9.08	18.43	31.93	18.98	1.50	7.87	1807
Pollution	.06	.11	.11	.50	1.33	3.04	10.72	28.56	26.74	28.84	8.60	1810
Social benefits	.17	.99	1.66	3.70	9.62	15.25	26.19	25.80	8.45	7.85	7.02	1810
euthanasia	1.61	1.06	2.56	2.95	6.67	14.46	20.13	24.75	13.29	12.51	7.27	1798
Income differences	.94	.99	1.66	3.70	9.62	15.25	26.19	25.80	8.45	7.85	7.02	1810
Seeking for asylum	1.50	1.72	2.33	3.55	8.32	14.59	23.57	26.96	10.93	6.54	6.99	1803
Financial deficits	1.24	.84	2.42	3.26	10.19	18.01	26.22	22.51	10.64	5.01	6.89	1777
Integration of ethnic minority	1.68	1.12	2.51	3.97	10.78	14.86	23.91	25.53	8.88	6.76	6.89	1790
Heavy traffic on highways	.94	1.66	2.89	4.33	10.77	16.98	22.09	24.31	7.94	8.10	6.87	1802
EU	2.89	2.78	3.46	6.58	13.72	20.12	21.83	19.44	6.12	3.06	6.28	1764
Nuclear plants	4.71	4.03	5.99	7.11	11.6	16.13	16.03	18.15	8.4	7.79	6.25	1785

Source: 1998 Dutch Parliamentary Election Survey

[117] These issues were health care, crime, provisions for old age, misusing social benefits, unemployment, pollution, levels of social benefits, euthanasia, income difference, asylum seekers, financial deficit, integration of ethnic minorities, Heavy Traffic on highways,European Union and Nuclear Plants.

French voters in the 1995 election survey were asked to evaluate the importance of several socio-political issues, among which was unemployment. The importance of various issues was expressed on a 11 point scale such that the value zero meant that the issue was the least important and ten meant that the issue was the most important. The mean response of the 3752 French voters was 8.86. This result is particularly impressive if it is compared with the mean responses received by other issues such as immigration, security, and corruption. French voters not only considered unemployment very important but they also made clear that is much more important than other important socio-political issues. Data are reported in Table 5.3.

Table 5.3. Importance of Unemployment and other social issues in France

Value	Security	Immigration	Corruption	Unemployment
0	2.93 %	6.29 %	5.13 %	1.28 %
1	0.93 %	0.92 %	1.09 %	0.33 %
2	3.42 %	4.88 %	2.84 %	0.85 %
3	3.91 %	4.78 %	2.71 %	0.87 %
4	3.50 %	4.26 %	2.52 %	1.0 %
5	12.30 %	16.82 %	10.10 %	3.82 %
6	7.70 %	7.40 %	6.48 %	2.49 %
7	8.96 %	8.35 %	9.13 %	4.13 %
8	19.02 %	15.10 %	15.51 %	12.29 %
9	9.29 %	7.65 %	10.56 %	12.93 %
10	28.03 %	22.70 %	35.49 %	59.99 %
Mean	7.20	6.46	7.52	8.86
N	3885	3894	3843	3897

Note: French respondents in the 1995 survey were asked to evaluate the importance of some socio-political issues. The importance of an issue was expressed in a 11 point scale by which 0 (zero) meant least important and 10 (ten) meant most important. Source: ICPSR 6806.

Like the British, the Dutch and the French, German citizens are deeply concerned with unemployment and they consider it as Germany's most important problem. German respondents to the 1998 election survey were invited to name the most important German problem. Although more than 40 different problems were named by the respondents,

more than 70 per cent of the voters identified Germany's most important problem in the problems related to the job-market and unemployment. The data are reported in Table 5.4.

Table 5.4. Importance of Unemployment in Germany

The most important problem is	Number of responses	as a % of all responses
The labor market in general	1760	52.9
The creation of workplaces/jobs	503	15.1
The certainty of workplaces/jobs	16	0.5
To fight youth-unemployment	66	2.0

Note: 1998 German voters were asked to name the most important German problem.
The unemployment-related answers were the most common. Source:1998 Deutsche Nationale Wahlstudien

Not surprisingly, given the importance of unemployment and of the other employment-related problems, for German respondents it also very important to fight unemployment. German respondents to the 1980, 1983, 1990, 1994 and 1998 election surveys were asked to evaluate the importance of fighting unemployment. The importance was expressed in a 5 point scale[118]. The data presented in Table 5.5 suggest that fighting unemployment is very important for an overwhelming majority of Germans and that its importance has remained fairly high for the whole 1980-1998 period.

Table 5.5. How important it is to fight unemployment?
(how wichtig ist die Arbeitlosigkeit zu bekämpfen?)- Percentages

	Very Important	Important	Not so Important	Absolutely not Important	I oppose it	N
1980	78.1	20.7	1	.14	0	2790
1983	86.2	13.2	.6	.1	0	1622
1990	70.0	25.9	3.3	.7	.1	2054
1994	85.2	13.7	.9	.1	0	2044
1998	76.3	19.6	3.6	.4	.1	3314

Source: 1980, 1983, 1990, 1994 and 1998 Deutsche Nationale Wahlstudien. Note that in 1998 the question was "how important it is to give a job to everyone who wants to work?". The scale was also different: instead of the "very important, important, not so important, absolutely not important and I oppose it" categories, the categories employed in the 1998 survey were "very important, important, it depends, not so important and (absolutely) not important".

[118] This means that the value one meant that respondent opposed fighting unemployment, value two meant that fighting unemployment was absolutely unimportant, value three meant that fighting unemployment was not so important, value four meant instead that it was important to fight unemployment and value five meant that it was very important.

In a survey conducted by the Istituto Cattaneo in 1996, Italian respondents were given a list of seven social problems and were asked to report which of these problems they considered to be the most serious in Italy. The results are similarly striking. Unemployment was the single most important problem for 57.6 per cent of the respondents, followed by corruption (12.2%), taxes (8.8%), the inefficiency of public services (5.8%), justice (5.6%), inflation (5.3%) and immigration (3.8%). In other words, in spite of all the drumming of Italian governments on the need to reduce inflation, to curb the deficit, in brief to respect the convergence criteria established by the Maastricht Treaty to be allowed to stay in Europe, the Italian citizens were more concerned with unemployment than inflation. This finding is not terribly surprising in a country in which 12 per cent of the active population and about a third of the young population are unemployed[119]. Data are presented in Table 5.6.

Table 5.6. Among the following problems, which do you feel is the most serious in Italy?

Problem	N	%
Inflation	132	5.3
Unemployment	1440	57.6
Public Services	146	5.8
Immigration	95	3.8
Public Corruption	306	12.2
Taxes	219	8.8
Justice	141	5.6
None	4	0.2
Don't know	19	0.8

Source: Istituto Cattaneo (1996)

Do voters perceive that governments can fight unemployment?

The data presented in the previous section support the view that Western European voters consider unemployment to be a serious problem that needs to be

[119] On this see, ISTAT, *Rapporto sull'Italia*, Bologna, il Mulino, various editions.

addressed and resolved. What remains unsaid by the data presented so far is whether Western European voters think that governments can solve the problem of unemployment. The question has three meanings depending on how "can" is interpreted and understood. A first, relatively trivial, interpretation of "can the government fight unemployment" is whether it is possible for a government to take some measures to reduce unemployment? If the question is interpreted in this way, then the answer is that, of course, there is a possibility that governments take some active steps to fight unemployment. A second, and arguably more interesting, interpretation of the question is whether the government has the political duty to fight unemployment. In other words, *should* the government fight unemployment or not? Is it one of the political duties of a democratically elected government to create jobs or to make jobs more secure (stable)? Finally, the third interpretation highlights a different aspect of the question as it asks whether the government has the technical ability, the know how, to fight unemployment? Survey data allow me to test voters' opinions on two of the three questions discussed above, while there is no direct evidence as to whether voters perceive that government have the possibility to address the unemployment problem[120].

Do voters think that governments have the ability to fight unemployment? The answer can be found in both the British and the German election surveys. Respondents to both the 1983 and the 1987 British Election Studies (BES) were asked whether they thought that governments can do little or quite a lot to reduce unemployment. The response of the British voters was quite clear. As shown in Table 5.7, about 64 per cent of

[120] This lack of data should not be surprising. The fact that voters are asked whether they think that the government has the technical ability and/or a political mandate to fight unemployment implies, in a not too subtle way, that voters do indeed recognize this possibility. Counterfactually, if voters had not thought that

the 1983 respondents and almost 72 per cent of the 1987 respondents thought that the government could actually do quite a bit to lower the unemployment level in the country. More specifically, 73 per cent of the 1983 respondents, almost 82 per cent of the 1987 respondents and more than 83 per cent of the 1992 respondents suggested that the government should spend more money to create jobs. Data are reported in Table 5.8.

Table 5.7. Governments can do little/quite a bit to reduce unemployment

Year	Little	quite a bit	of N
1983	36.3 %	63.7 %	3777
1987	27.1 %	72.9 %	3364

Source: 1983 and 1987 British Election Survey.

Table 5.8. The Government should spend more money to create jobs.

Year	Agree	Not sure	Disagree	of N
1983	73.3 %	8.1 %	18.6 %	3941
1987	81.6 %	8.1 %	10.2 %	3759
1992	83.3 %	7.1 %	9.6 %	3588

Source: 1983, 1987, and 1992 British Election Survey.

That the state has some power to reduce unemployment is also perceived by German voters. Respondents to the 1987 German Election Study were asked who they thought could do the most to fight unemployment among the trade unions, the state and the entrepreneurs. For more than 47 per cent of the German respondents the state is what can do the most to fight unemployment, followed by the entrepreneurs with almost 46 per cent and the trade union with a modest 7 per cent. Data are presented in Table 5.9.

governments are at least given the possibility to tackle the unemployment problem, then there would not have been any reason to ask them whether that action is legitimate and necessary.

Table 5.9. In your view, who can do the most to fight Unemployment?- The Trade Unions, the State or the Entrepreneurs?

	n	%
Trade unions	72	7.0
State	483	47.2
Entrepreneurs	468	45.7
Total	1023	100

Source: 1987 Deutsche Nationale Wahlstudien.

The data presented so far sustain the claim that voters believe in governments' ability to fight unemployment. Do they also think that governments have a sort of categorical imperative in fighting unemployment? The answer can be found in both Dutch and British election surveys. The respondents of both the 1981 and 1994 Dutch Parliamentary Election Survey were given a list of problems and were asked to choose which problem the government should deal with first. In both cases, the response of the Dutch voters was clear. Unemployment was the first problem the government has to address for about 75 per cent of 1981 respondents and for about 51 per cent of the 1994 respondents. What voters were suggesting was not only that the government had the duty to address the unemployment problem but also that this duty was more compelling than that of addressing any other socio-political problem. Data are presented in Table 5.10.

Table 5.10. Which of these problems should the government deal with first? Percentages

1981		1994	
Unemployment	75.0	Unemployment	50.8
Welfare fraud	7.9	Crime	19.8
Crime	6.3	Welfare fraud	10.3
Shortage of housing	5.3	Budget deficit	7.0
Pollution	4.2	Pollution	6.8
Evasion of welfare levies	1.2	Pensioners income	5.3
N	1788	N	1521

Source: 1981 and 1994 Dutch Parliamentary Election Survey .

The importance of unemployment is, is shown quite clearly in both Dutch and British survey data. Respondents to the 1986 and 1989 Dutch Parliamentary Election Survey were asked whether governments should reduce unemployment or whether they should reduce deficit. In both instances more than 70 per cent of the respondents suggested that if the government confronted a choice between reducing unemployment or deficit, it should attempt to reduce unemployment rather than deficit. Data are presented in Table 5.11.

Table 5.11. Reduce deficit or reduce unemployment

	1986	1989
Reduce unemployment	70.2 %	71.2 %
Reduce deficit	18.6 %	25.7 %
Don't know	8.9 %	3.0 %
Not answered	2.4 %	0.1 %
Total	1355	1506

Source: 1986 and 1989 Dutch Parliamentary Election Survey.

Respondents to the 1983, 1987 and 1992 BES were asked whether they thought that the government's top priority was to get people back to work or whether it was to keep inflation down[121]. In each of the election surveys for which the question was asked, the answer does not leave much room for doubt. The electorate's position was always and consistently more unemployment-averse than inflation-averse. Respondents of these three surveys were also asked to locate on the same scale parties' perceived preferences vis-à-vis macroeconomic priorities. Voters consistently reported that the Conservative Party considered the reduction of inflation a more urgent problem than the elimination of

[121] Answers were given in a 11 point scale such that 1 meant that the government's first priority was to eliminate unemployment, 11 meant that the government's first priority was to keep prices down, while 6 meant that the voter did not consider unemployment a more urgent priority than inflation.

unemployment, and that both the Labor and the Liberal Party find the elimination of unemployment a more important government's priority than keeping prices down. Not surprisingly, in the light of these data, the party system as a whole is perceived to be more unemployment averse than inflation averse. The data also show, however, that some changes have occurred over time. The electorate has become slightly more inflation averse than it was. Changes have also occurred in parties' perceived positions. Voters perceive that the Conservative Party has become slightly more sensitive to unemployment, while they perceive that both the Labor and the Liberal Party have become more inflation averse than they used to be. These changes have some interesting implications. The first of which is that, because of the perceived centripetal convergence of the two main British Parties, the perceived policy distance has declined from 4.04 to 3.02[122]. The second change is that the distance between the electorate's position and the perceived position of the party system has actually increased. Data are presented in Table 5.12.

Table 5.12. Priorities: unemployment or inflation?

Year	Electorate	Conservative	Labor	Liberal	Snp	Party system	Distance Party system-Electorate
1987	3.46	6.38	2.34	3.76	N/a	4.16	.70
1992	3.45	6.44	2.97	4.16	3.43	4.25	.80
1997	3.57	6.15	3.13	4.13	N/a	4.47	.90

Source: 1987, 1992 and 1997 British Election Surveys.

[122] These values are computed on the basis of the data presented in Table 12. Specifically, the perceived distance between the policy priorities of the Conservative Party and the Labour party is measured by subtracting the score of the Labour party (2.34 in 1987) from the score of the Conservative party (6.38 in 1987).

The survey data discussed in the previous and in the present section suggest several conclusions. Voters made it clear that they consider unemployment an important problem that needs to be addressed and resolved, that governments have the political duty to fight unemployment, and that this should take precedence over other policy concerns such as inflation or the reduction of the deficit. Voters also perceive that party differences have decreased while the overall distance between the position of the electorate and that of the party system has increased.

Part Two: Political Parties and Macroeconomic Outcomes. A Vanishing Linkage

The last of the findings presented above provides additional evidence for what I had already noted in the previous chapter, that the increasing distance between the position of the electorate and that of the party system is a consequence of parties' centripetal convergence. The purpose of the present section is to push the analysis a step further and ask why voters perceived that there has been such a centripetal convergence and that Social-Democratic and Moderately Conservative parties have developed in the past three decades increasingly similar preferences over the macroeconomic configuration.

The old story

Parties used to have different preferences as to the macroeconomic configuration and those preferences affected macroeconomic outcomes. Hibbs showed that macroeconomic outcomes and configurations were profoundly affected by the ideological orientation of a

government. Hibbs not only found that the average inflation rate and the average unemployment rate were negatively related, but he also found that five of the six nations enjoying a below average unemployment rate were countries in which Socialist (or Social-Democratic or Labor) parties had been in power for most of the post WW II period and that they also had an above average inflation rate[123]. Similarly, Hibbs found that the governments of the nations with an above-average unemployment had been dominated by center- or right-wing parties. This patterns was not entirely respected by the Belgian and the British case. For Hibbs this evidence meant not only that the Phillips curve provided the proper framework to analyze countries macroeconomic configuration, but also that countries' macroeconomic configuration were a function of a government's political orientation.

This conclusion was supported by the results of correlation analysis. By correlating the percentage of years that parties of the Left had been in power with the average percent inflation rate, Hibbs found a strong and positive association ($r = +.74$). The meaning of this association was clear for Hibbs: the average percent inflation rate is higher in countries where parties of the Left are generally in power because the parties of the Left are generally unemployment averse and tend to tolerate some inflation if this is beneficial in keeping unemployment to low levels. To see whether parties of the Left were actually able to keep low levels of unemployment, Hibbs correlated the percent of years that parties of the Left were in office with the average percent unemployment rate. The analysis showed that the average percent unemployment rate is lower in countries

[123] Socialist parties had been in power for almost the entire post-war period in Sweden, for a large portion of the period in Denmark, Finland and Norway and for about two-thirds of the period in the Netherlands. The only exception was Germany that was exceptional in two respects. First, Germany was exceptional

where the parties of the Left are generally in office, while it is generally higher in countries where the parties of the Left are generally in opposition. The correlation yielded a strong and negative coefficient (r = -.68).

Hibbs's conclusion was that "static, aggregated evidence has been presented in support of the hypothesis that macroeconomic outcomes systematically covary with political orientation of governments" and he underlined the importance of complementing the analysis of static, aggregated evidence with a "dynamic country-by-country analysis of postwar time-series data"[124]. The time-series analysis performed with British and American data similarly suggested that a government's political orientation affects a country's level of unemployment. Parties' different macroeconomic preferences did produce different macroeconomic outcomes.

Hibbs' study investigated the 1960-1969 period. In this period parties had already shifted from the mass party of social integration model to catch-all parties, but were still distinguishable from each other. And their distinctiveness was reinforced by the way in which they handled the macroeconomic conditions of a country. If Katz and Mair are right in identifying the early 1970s as the point when the cartel party emerged, then voters' perception of the cartel is justified by the fact that parties are no longer distinguishable. Moreover, if the management of the macroeconomic conditions represents the terrain in which parties used to distinguish themselves, then it is relatively easy to test whether the perception of the cartel is justified or not. If parties in office have a significant effect on macroeconomic conditions, then parties are still distinguishable and there is no justification for the perception of the cartel. On the contrary, if parties in

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because it had not been generally ruled by a party of the Left. Second, Germany was exceptional because it had a low unemployment-low inflation configuration.

office do not have a significant influence over the macroeconomic conditions then parties are not distinguishable and this, in turn, provides evidence as to why voters reportedly perceive the cartel.

The New Story

The purpose of this section is to discuss whether the data from the 1970-1999 period display a similar picture to the one depicted by Hibbs or not. In doing so, I will perform both static and dynamic data analysis. Beginning with the analysis of the static, aggregate data, I find that six countries have below average unemployment[125]. Interestingly, one of these countries, the USA, does not even have a politically important Socialist or Labor Party. In Germany, there is a strong Social-Democratic party, which however, was in opposition most of the time in the period under study. In Denmark and in the Netherlands, the parties of the Left were in a coalition government for about half of the time in the 1970-1999 period, while the parties of the Left were in power for about two-thirds of the period in both Norway and Sweden. Only in two of these countries (Denmark and Sweden) was the average inflation rate higher than the sample average, while in Germany, the Netherlands, Norway, and in the USA the average inflation rate was below average. These findings are interesting since they show that, with the exception of the Swedish and the Danish case, there seems to be little if any correlation

[124] Douglas Hibbs, "Political Parties and Macroeconomic Policy", *op. cit.*, p. 1475.
[125] This means that these countries have an average level of unemployment which is lower than the average level of unemployment recorded for the whole sample.

between government's ideological orientation and the macroeconomic outcome. The parties of the Left are no longer the parties of low unemployment and high inflation[126].

The results are no less striking once the countries with above average unemployment are analyzed. In fact, consistent with what one would have expected in the light of Hibbs' work, in some of these high unemployment countries the parties of the Left have been politically unimportant (Canada), mostly in opposition (UK), or at least often in opposition as in French case where, a PSF-PCF coalition government was not formed until 1981. Yet, contrary to what Hibbs's work suggested, above average unemployment was also recorded in countries where parties of the Left had been in power. Socialist parties have been government coalition members for about two-thirds of the 1970-1999 period in both Belgium and Italy, while the Socialists have been a government member almost 83 per cent of the period in Finland[127]. Only in three of these above average unemployment countries, was there also below average inflation (Belgium, UK, and Canada), while in the other three countries (Finland, France and Italy) there was an above average inflation rate. Moreover, in each of these countries the unemployment levels are considerably much higher than they were in the 1960s[128].

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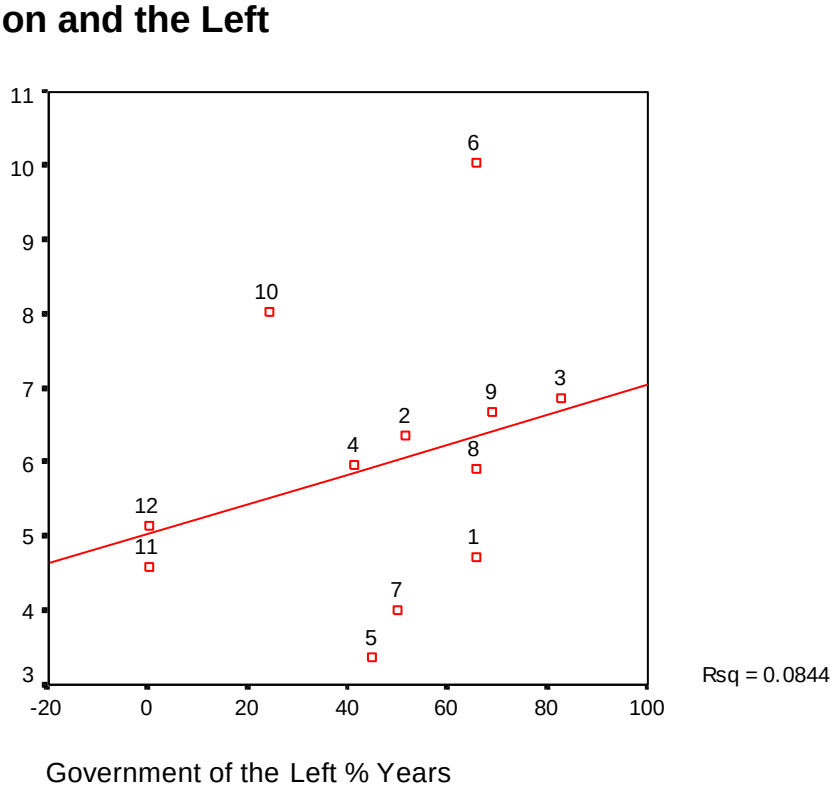
[126] A similar conclusion is reached by William Roberts Clark, *Capitalism, Not Globalism*, chapter 6 (forthcoming). Controlling for contextual factors such as the labor market institutions, Roberts Clark found that "Left governance is associated with decreased GDP growth when labor markets are weak and decentralized, but not otherwise. Similarly, there is some evidence that left governance leads to higher rates of unemployment if and only if labor unions are weak and decentralized. There is (…) no evidence that governments dominated by left parties are associated with higher rates of growth or lower unemployment rates when labor market institutions are encompassing". Roberts Clark also found that "there is no evidence that inflation is related to the ideological orientation of the government".

[127] Experts in Italian Politics would probably question this statement. It has, in fact, often been argued that the Italian Socialist Party (PSI) was not, and, hence should not be considered, a party of the Left after 1979, that is after Bettino Craxi became the party secretary. Although I am aware of this possible problem, I decided to consider the PSI as a party of the Left in order to operationalize my variables in exactly the same way in which they were operationalized and measured by Hibbs.

[128] An interesting analysis of the unempoyment data in the 1960s can be found in Costance Sorrentino, "Unemployment in the United States and seven foreign countries", *Monthly Labor Review*, vol. 93, (September) 1970, pp. 12-23.

Figure 5.1. Average Inflation and the Left in Government (% of years), 1970-1999.

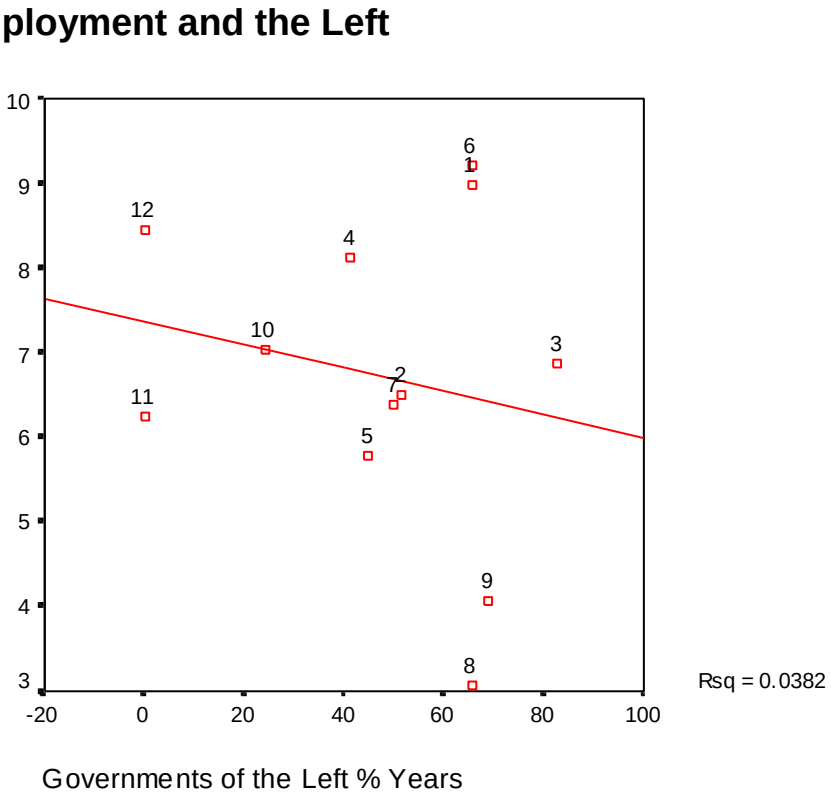


Note: 1 = Belgium, 2 = Denmark, 3 = Finland, 4 = France, 5 = Germany, 6 = Italy, 7 = the Netherlands, 8 = Norway, 9 = Sweden, 10 = United Kingdom, 11 = United States and 12 = Canada.

All these data suggest that in the period under study, the relationship between governments' political configuration and macroeconomic outcomes has come unstuck. This conclusion is supported by correlational analysis. Using highly aggregated data, Hibbs found a strong, positive association between average percent inflation rate and percent of years that parties of the Left have been in office. The data concerning the 1970-1999 period show that that relationship is much weaker (r = +.29) than it was in the period analyzed by Hibbs (r = +.74) and it is not statistically significant. Data are presented in Figure 5.1. Moreover, the data presented in Figure 5.2 suggest that the relationship between average percent unemployment and the percent of years the Left has

been in office for the 1970-1999 period is much weaker (r = -.19) than it was in the 1960-69 period (r = -.68) and, in this case as well, it is not statistically significant.

Figure 5.2. Average Unemployment and the Left in Government (% of years), 1970-1999.

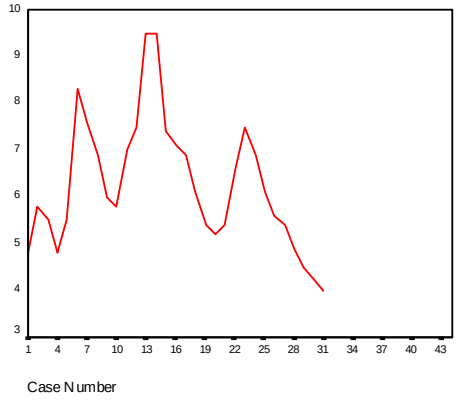


Notes: 1 = Belgium, 2 = Denmark, 3 = Finland, 4 = France, 5 = Germany, 6 = Italy, 7 = the Netherlands, 8 = Norway, 9 = Sweden, 10 = United Kingdom, 11 = United States and 12 = Canada.

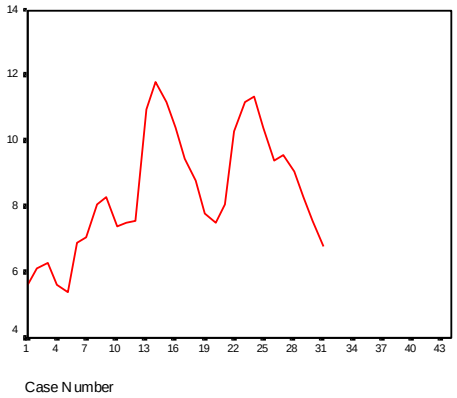
The data presented above sustain the claim that inter-party differences in the management of the economy and of the macroeconomic conditions have declined from the early 1970s onward. In order to assess whether parties' political orientations affect the levels of unemployment, we need a model that permits estimation of the hypothesized effects of government macroeconomic policies on the unemployment rate, net of secular trends. Trends are shown in Figure 5.3.

Figure 5.3. Trends in Unemployment Levels

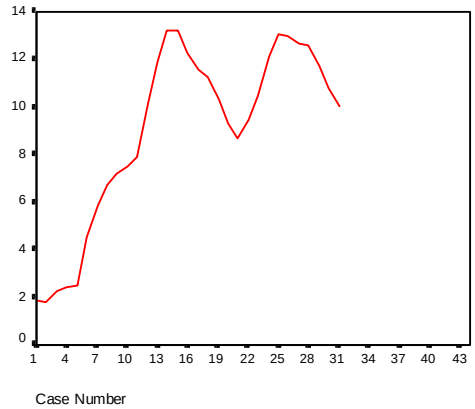
USA



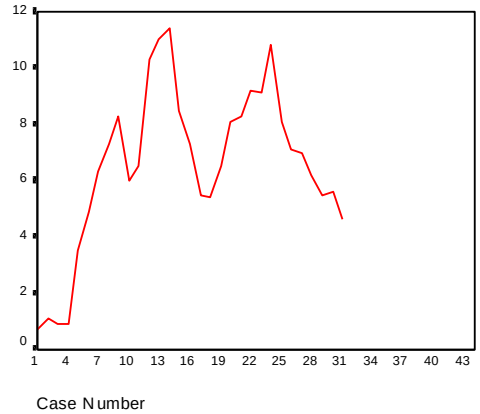
Canada



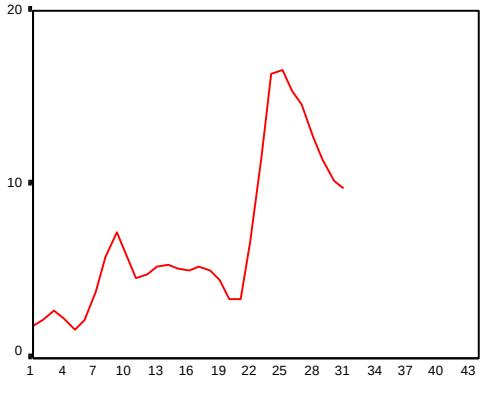
Belgium



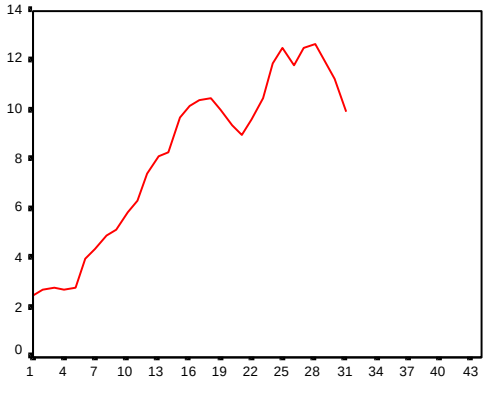
Denmark



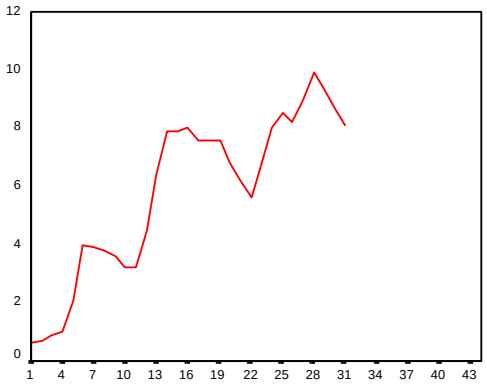
Finland



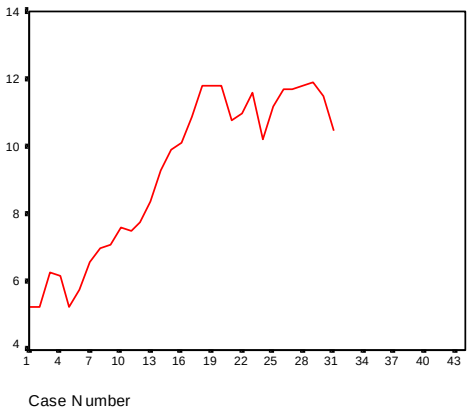
France



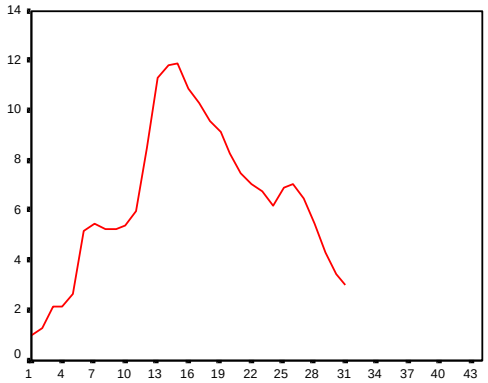
Germany



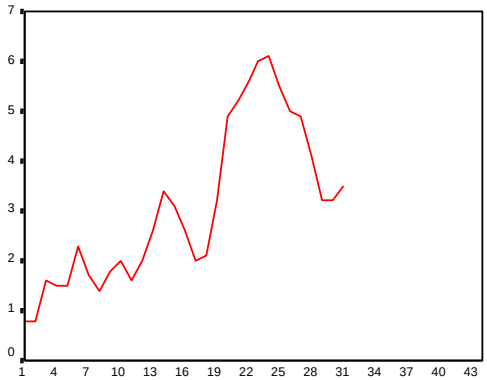
Italy



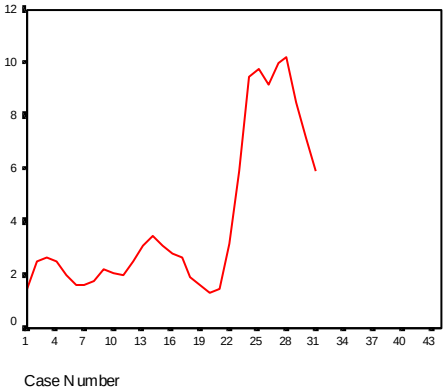
Netherlands



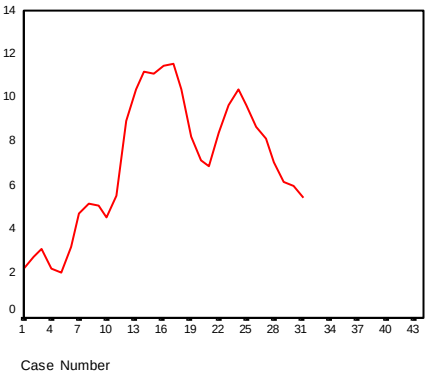
Norway



Sweden



United Kingdom



To investigate whether the levels of unemployment are affected by parties' political orientations, I construct the following model:

$$U_t = a + b_1 \text{ Left} + b_2 U_{t-1} \qquad (1)$$

Where U_t represents the unemployment rate in a given year, and U_{t-1} represents the unemployment rate in the previous year. By constructing this model I am able to control for the effects of secular trends, which could bias my assessment of the influence of party orientation on the levels of unemployment. The results are presented in Table 5.13.

Table 5.13. Does government's political orientation affect unemployment? Regression analysis

Unemployment in country	A	b1	b2	R-squared	Durbin-Watson d
USA	2.084	-.705	.711	.622	1.503
	(.012)	(.048)	(.000)		
UK	1.116	-.369	.872	.872	.842
	(.083)	(.466)	(.000)		
France	.743	.054	.936	.963	1.063
	(.024)	(.845)	(.000)		
Germany	1.256	-.429	.859	.926	1.100
	(.040)	(.300)	(.000)		
Norway	.352	.070	.899	.867	1.228
	(.215)	(.764)	(.000)		
Sweden	1.022	-.996	.964	.909	.971
	(.013)	(.017)	(.000)		
Belgium	1.359	-.342	.904	.941	.678
	(.014)	(.342)	(.000)		
Denmark	1.631	-.282	.801	.754	1.499
	(.033)	(.599)	(.000)		
Netherlands	.918	-.089	.887	.866	.881
	(.104)	(.822)	(.000)		
Finland	4.328	-3.289	.802	.932	1.738
	(.000)	(.000)	(.000)		
Italy	.841	-.088	.934	.935	1.893
	(.070)	(.749)	(.000)		

The data presented in the Table 5.13 suggest that the relationship between unemployment rate and political orientation is not significant in most of the countries under study with the exception of Finland and Sweden. These findings support the claim that there is almost no detectable influence of governments' ideological orientation over the unemployment levels. Yet, these findings might not be as convincing as they appear *prima facie*. All of the regressions presented in Table 5.13 involve time series data and there is a possibility that our dependent and independent variable may be cointegrated and that the results of the regression analysis may be spurious[129]. To check whether this is the case, I perform the Cointegrating Regression Durbin-Watson Test (CRDW). Since all the regression models presented in Table 5.13 have n = 30 and two explanatory variables, the lower limit of *d* (d_L) is 1.284 and the upper limit of *d* (d_U) is 1.567. This means that if the estimated value of *d* is greater than 1.567 there is no evidence of first-order serial correlation. If the estimated value of *d* is lower than 1.284 there is evidence of first order serial correlation. If the estimated value of *d* is between the lower and the upper limit there is inconclusive evidence of either presence or absence of first-order serial correlation. The values of the Durbin-Watson *d* are reported in the last column of Table 5.14 and suggest that in two cases (Finland and Italy) there is no evidence of cointegration. Second, that in two cases the Durbin-Watson *d* fall between the lower and the upper limit (USA and Denmark). Third, in the other cases there is strong evidence of cointegration. This means that the results of the analyses performed for these countries are spurious.

[129] If there is cointegration, the residuals are autocorrelated instead of being randomly distributed. This violates one of the OLS assumptions and generates spurious estimates.

To correct this problem of cointegration I run the following model

$$U_t = a + b_1 \text{ Left} + b_2 U_{t-1} + b_3 \hat{u}_{t-1} \qquad (2)$$

where U_t indicates the unemployment rate in a given year, Left denotes whether a party of the Left is in office, U_{t-1} is the unemployment rate in the previous year and $\hat{u}_{t-1}$ is the one-period lagged of the residual from regression (1) which operates as the equilibrating error[130]. More specifically, the $\hat{u}_{t-1}$ term captures the long-term disturbances and adjusts the short-run behavior of our dependent variable to its long-term value so that, when it is statistically significant, it indicates to what extent the disequilibrium in the dependent variable in one period is corrected in the following period. Hence, by running the regression model (2) for the seven countries in which cointegration was detected, we obtain more reliable estimates—which are presented in Table 5.14. The findings are consistent with those presented in Table 5.14. The relationship between unemployment rate and ideological orientation is generally non-significant, with the exception of Sweden. All these analyses suggest that there is almost no detectable influence of parties over unemployment, that it makes no difference who is in power for the unemployment rate and that this, in turn, contributes to voters' perception of parties' excessive similarity among one another and of cartelization.

[130] To know more about cointegration and error correction term, see Damodar N. Gujarati, *Basic Econometrics*, NewYork, McGraw-Hill, 1995, pp. 728-729.

Table 5.14. Does government's political orientation affect unemployment? Regression Analyses Correcting for Cointegration.

Unemployment in country	A	b1	b2	b3	R-squared
Belgium	1.740	-.070	.844	.737	.967
	(.000)	(.789)	(.000)	(.000)	
France	.983	.137	.900	.508	.968
	(.004)	(.598)	(.000)	(.021)	
Germany	1.643	-468	.799	.493	.937
	(.006)	(.213)	(.000)	(.011)	
Netherlands	1.496	-.159	.807	.632	.913
	(.0100	(.650)	(.000)	(.002)	
Norway	.560	.118	.828	.452	.883
	(.052)	(.593)	(.000)	(.029)	
Sweden	1.056	-.800	.908	.580	.936
	(.004)	(.033)	(.000)	(.006)	
UK	1.935	-.579	.767	.674	.916
	(.000)	(.183)	(.000)	(.000)	

Part Three: Political Parties and Macroeconomic Outcomes. An Explanation

The evidence provided by the previous section is important but *per sé* insufficient. The regression analyses show governments' ideological orientation no longer produces demonstrably different macroeconomic outcomes[131]. Yet, they do not provide an explanation for why that is the case. The purpose of this section is to integrate the

[131] My findings are consistent with the results achieved by previous research. The literature has, in fact, provided considerable evidence that questions partisan effects on macroeconomic conditions. In this respect, see James L. Payne, "Inflation, Unemployment, and Left-Wing Political Parties: A Reanalysis", *American Political Science Review*, vol. 73, 1979, pp. 181-185; Nathaniel Beck, "Parties, Administration, and American Macroeconomic Outcomes", *American Political Science Review*, vol. 76, 1982, pp. 83-93; Louis M. Imbeu, François Pétry and Moktar Lamari, "Left-Right Party Ideology and Government Policies: A Meta-analysis", *European Journal of Political Research*, vol. 40, 2001, pp. 1-29; William Roberts Clark and Mark Hallerberg, "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy", *American Political Science Review*, vol. 94, n. 2, (June) 2000, pp. 323-346; William Roberts Clark, *Capitalism, Not Globalism*, chapter 6 (forthcoming). Hibbs's reply to Payne and Beck can be found respectively in Douglas A. Hibbs, "Communications", *American Political Science Review*, vol. 73, 1979, pp. 185-190 and in Douglas A. Hibbs, "Comment on Beck (vol. 76, March 1982, pp. 83-93)", *American Political Science Review*, vol. 77, 1983, pp. 447-451. Hibbs's more recent assessment of his partisan theory can be found in Douglas A. Hibbs, "Partisan theory after fifteen years", *European Journal of Political Economy*, vol. 8, 1992, pp. 361-373.

quantitative evidence with a qualitative analysis of why macroeconomic outcomes are no longer affected by governments' political orientations.

Why do partisan differences fail to translate into different macroeconomic outcomes? The literature provides three basic answers for this question; conditional partisan theory, liberalization of the markets, and socio-cultural changes. In the rest of the chapter, beside illustrating each of these lines of argument, I will present an alternative explanation.

Scholars working within the 'conditional partisan theory' framework suggest that parties do indeed make a difference in the management of the economy and that there are partisan effects on macroeconomic outcomes, but they also suggest that the partisan effects are conditional. Alt, for example, suggested that partisan effects are constrained by the world levels of economic activity, by whether the economy was a salient issue in the electoral campaign, by whether the government is a single-party government or a coalition-government, and by whether or not the government enjoys the support of a parliamentary majority[132]. Specifically, he argued that if the economy was an important campaign issue, if the government is a majority government, if the government is a single-party government and the world economy is growing, then partisan ideological orientation will have an observable impact on unemployment. Conversely, if the world economy is stagnating, if the economy is not a salient electoral issue, if the government is minority government and if it is a coalition-government, then partisan ideological orientation might not have a noticeable impact on unemployment.

[132] James E. Alt, "Political parties, World Demand, and Unemployment: Domestic and International Sources of Economic Activity", *American Political Science Review*, vol. 79, 1985, pp.1016-1040.

Alesina and his collaborators have argued in a series of works that the condition under which partisan effects are to be observed is uncertainty. Before the elections, voters do not know which party will win the election and, hence, they do not know whether inflation rates will higher or lower than expected. This means electoral results can induce a shock to the economy either because the electoral victory of a party of the Left is conducive to an inflation rate higher than expected and, thus, to a rate of growth higher than the "natural rate" of growth or, conversely, because the electoral victory of a party of the Right is associated with lower levels of inflation and growth[133]. A third version of the conditional partisan theory was proposed by Clark. Clark investigated whether the impact of the government's ideological orientation is mediated by central bank independence, capital market integration and labor market institutions.

Empirical analyses do not provide much evidence in favor of partisan differences, even when conditions are controlled. In his attempt to estimate whether changes in the partisan composition of the government affect macroeconomic outcomes, Alt obtained little evidence supporting the conditional partisan theory. Of the 100 coefficients estimated concerning the impact of partisan changes, 69 were statistically insignificant, two were weakly significant but had the wrong sign and another two were strongly significant but improperly signed. In sum, 73 coefficients out of 100 did not support the notion of partisan influence on macroeconomic outcomes[134]. Alt also provided some evidence as to whether parties' ability to shape macroeconomic outcomes is influenced by whether the economy was an electoral issue or not. By performing this analysis, Alt

[133] See for example, Alberto Alesina and Howard Rosenthal, *Partisan politics, Divided Government and the Economy*, New York, Cambridge University Press, 1995, pp. 165-180.
[134] James E. Alt, "Political parties, World Demand, and Unemployment: Domestic and International Sources of Economic Activity", *op. cit.* , p. 1033 and p. 1035.

found that of the 46 coefficients estimated where the economy had been an issue 21 were not significant and 2 were not properly signed. In other words, in exactly 50% of the cases in which partisan impact should have occurred, it did not materialize[135]. In addition to these analyses, Alt tested whether government characteristics (majority status vs. minority status, single-party government vs. coalition government) affect a government's ability to modify macroeconomic conditions. In this regard, he found that minority status dramatically undermines a government's ability to reduce unemployment, while single party majority governments are only slightly more effective than coalition governments. In this respect, partisan effects are significant and properly signed in 60 % of the cases when the government is a single-party majority government, while partisan effects are significant and properly signed in 55% of the cases when the government is supported by a coalition[136].

Alt's most important finding is the that partisan effect on unemployment is temporary rather than sustained over time[137]. The importance of this finding is due to the fact that it raised a research question that Alesina's conditional partisan theory (or rational partisan theory) explicitly addressed. That is, why partisan effects on macroeconomic conditions are transitory and not sustained. Alesina's explanation is quite straightforward. Electoral uncertainty produces a shock to the economy either because left-of-center governments allow an inflation rate higher than expected or because right-

[135] James E. Alt, "Political parties, World Demand, and Unemployment: Domestic and International Sources of Economic Activity", *op. cit.*, p. 1035.
[136] James E. Alt, "Political parties, World Demand, and Unemployment: Domestic and International Sources of Economic Activity", *op. cit.*, p. 1036.
[137] A similar point is made by Alberto Alesina and Howard Rosenthal, *Partisan Politics*, op. cit, p. 237. In fact, Alesina and Rosenthal argued that "we concur with Hibbs on the existence of partisan effects in macroeconomic policy. We disagree with him on the degree of persistence of partisan policies on the economy. While Hibbs (1987) claims that these effects are relatively permanent we emphasize that they are transitory".

to-center governments are associated with an inflation rate lower than expected. However, this outcome is not permanent. In fact, after the election, the electoral uncertainty is dissipated, uncertainty is no longer able to induce another shock to the economy, and, last but not least, the macroeconomic conditions return then to their natural rate. This is obviously a reasonable theory, but it is not without problems. The evidence that Alesina and Rosenthal provide is not sufficient to support their theory for the several reasons. First, Alesina and Rosenthal do not offer any evidence of the validity of their theory beside the regression results. Yet, these results could also be consistent with alternative explanations which Alesina and Rosenthal do not address and, hence, fail to reject. Therefore, the evidence provided in favor of the rational partisan theory is far from being conclusive.

Second, the regression models designed by Alesina and Rosenthal do not represent an adequate test for the theory that they want to corroborate, that is that electoral uncertainty affects macroeconomic outcomes. To test their theory they run three regressions. All the first equation does is to test the impact of "a dummy (PDUM) assuming the value of +1 in the second year of a Democratic administration, and –1 in the second year of a Republican administration, and zero otherwise" on the yearly rate of growth[138]. The second regression, which applies quarterly data, investigates the impact of three partisan dummy variables on the rate of growth in a given quarter by controlling for the rate of growth in each of three previous quarters[139]. While the third regression investigates the impact of a partisan dummy variable on the quarterly inflation rate controlling for the rate of inflation in each of the previous three quarters, a Bretton

[138] Alesina and Rosenthal, *Divided Politics*, op. cit, p. 181.
[139] Alesina and Rosenthal, *Divided Politics*, op. cit, p. 182.

Woods dummy variable with value 1 for the 1949-1971 period and value 0 otherwise; price of oil dummy assuming value of 1 from the third quarter of 1973 to the fourth quarter of 1974; and from the fourth quarter in 1979 to the fourth quarter in 1980 and assuming value of 0 otherwise. These three equation models tell us that the US economy performs differently depending on whether the administration is Democratic or Republican, but they fail to provide any evidence with regard to the role of electoral uncertainty, and to how it affects the economy. This is, however, what the rational partisan theorists were supposed to test to corroborate their theory.

Third, even if we assumed that the regression analysis provides an adequate test for the influence of electoral uncertainty on economic conditions, the rational partisan theory is confronted with a third problem, that is, uncertainty itself. Rational partisan theorists suggest that the same economic optimizing agents, who are able to correctly predict the natural rate of several macroeconomic variables, are not able to predict which party will win the election or what policies will be implemented and so on. This is a very odd argument, as it implicitly suggests that perfectly informed economic actors are not informed about the existence of pre-election polls, about the fact that these polls provide fairly accurate estimates of electoral results and, that these estimates can minimize the electoral uncertainty which moves macroeconomic conditions away from their natural rate. Because of these three problems, this otherwise fascinating rational partisan theory does not provide much reliable evidence for the conditional partisan effects on the economy. At best, the analyses performed by Alesina and Rosenthal suggest that macroeconomic conditions in the 1949-1991 are sensitive to partisan differences. This means 50 % of the cases investigated by these scholars belong to the pre-1970 period

when, as we know from Hibbs, there were clear unconditional partisan effects on the economy. Therefore, although the regression analyses suggest the existence of an overall partisan effect on macroeconomic conditions, we do not know whether this is because because partisan differences affected the economy before but not after 1970 or because partisan differences affected the economy before and after 1970. Hence, these regression coefficients do not support either the unconditional or the conditional partisan theory past 1970.

Some very interesting research on conditional partisan effects on macroeconomic conditions has been performed by Clark. Clark investigates whether parties of the left and the right once in government are conducive to substantially different rates of growth, unemployment and inflation controlling for contextual factors such as capital mobility, central bank independence and so on. The results of his work are very interesting as they do not provide much evidence in favor of conditional and unconditional partisan differences. Two of Clark's findings are of particular interest for the present discussion. When controlling for conditions such as central bank independence, capital mobility and labor market institutions, Clark does not find much evidence of a linear relationship between parties' ideological orientation and economic growth. Clark argues that "there is no evidence of a linear relationship between left governance and either unemployment or inflation in any of the many specifications used here – which suggests that there is no robust evidence of Hibbsian partisan differences at any level of central bank independence, or degree of capital market integration or national policy autonomy observed in the current sample"[140]. What has been said so far suggests two conclusions. The first is that unconditional partisan effects on the economy have vanished in the past

three decades or, as I have shown in the previous section, have become statistically insignificant. The second is that even when the conditions (under which partisan effects should be observed) are controlled there is not much evidence of partisan differences. This lead me back to my original question that is why have partisan differences disappeared in the course of the past three decades?

For Przeworski, the answer lies in the liberalization of markets. Liberalization undermined the Keynesian framework by giving business a viable rationale to claim a change of the terms of class compromise. In the light of market liberalization, the business class could argue that the world market requires the business sector to stay competitive, that the competitiveness of products mainly relies on low prices, that in order to lower prices – since profits cannot be cut, because they represent the "necessary condition of investment and investment is a necessary condition of continued production, consumption and employment"[141] – costs should be reduced and that, in order to reduce costs, the state had to lower taxes, deregulate, provide the conditions for greater flexibility, to pursue deflationary policies and to cut public spendings[142]. In other words, the business class identified in the Keynesianism demand management the obstacle to competitiveness, demanded that the Keynesian framework were abandoned and as the business class demanded, Western democratic states supplied.

For Kitschelt, the reason why governments (and, above all, the governments of the Left) abandoned their previous commitment to the Keynesian doctrine is socio-cultural. According to Kitschelt, the transformation of the economic structure has

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[140] William Roberts Clark, *Capitalism, Not Globalism*, chapter 6 (forthcoming).
[141] Adam Przeworski, *Capitalism and Social Democracy*, New York, Cambridge University Press, 1986, p. 178.

produced a transformation in the voter distribution. Specifically, "the main axis of voter distribution (has shifted) from a simple alternative between socialist (left) and capitalist (right) politics to a more complex configuration opposing left-libertarian and right-authoritarian alternatives"[143]. Interestingly, "the new axis of voter distribution does not intersect the socialist-capitalist axis at its mid-point, but to its (capitalist) right and does not extend all the way to the socialist extreme". This change in voters' preferences and distribution (in the political space) means that voters' political demands have changed and that parties' (and governments') were forced to change their political supply to adapt to the electoral market's new demands. In other words, for Kitschelt abandoning the traditional Keynesian framework was a strategic necessity for the parties of the Left if they wanted to remain competitive.

However, neither of these explanations is entirely satisfactory. The whole Kitschelt argument is predicated on the assumption that parties of the Left had to abandon their traditional commitment to Keynesianism because they had to adapt to voters' new political demands. Yet, if the transformation of parties' policy supply were simply a function of voters' changing political demands, as Kitschelt more or less overtly suggests, how can we explain that governments have abandoned their commitment to full employment in spite of the fact that unemployment is considered to be the single most important problem in western Europe by a relatively large majority of the voters? And, more importantly, how do we explain that the governments of the Left, which were even more committed to the Keynesian principles, also abandoned a growing number of

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[142] An interesting discussion of competitiveness and its dangers can be found in Paul Krugman et alii, *Competitiveness. An International Reader*, New York, Foreign Affairs, 1994.
[143] Herbert Kitschelt, *The Transformation of European Social Democracy*, New York, Cambridge University Press, 1994, pp. 30-31.

unemployed to their fate? Kitschelt's analysis of the left's strategic transformation leaves these questions unanswered.

These questions are answered by Przeworski's study, which pointed out that the bond between Social-Democratic governments and Keynesian demand management was broken down by the liberalization of markets. Yet, the problem with Przeworski's story is that it inverts the terms of the problem. My analysis suggests that it is not the liberalization of the markets that made governments abandon demand management. It is the other way around. Governments abandoned demand management in the wake of stagflation because the customary Keynesian macroeconomic tools had proved ineffective in a period of high inflation and high unemployment. Governments' inability to cope with stagflation had major implications.

First, it suggested that governments might not be able to provide a solution for a macroeconomic problems and could actually be considered as their cause, as, for example, the political business cycle literature pointed out[144]. Second, it showed the need for new solutions to improve macroeconomic performance and the solution was

[144] William Nordhaus, "The Political Business Cycle", in *Review of Economic Studies*, vol. 42, 1975, pp.169-189. For a more recent discussion of the political business cycle, see Alberto Alesina and Howard Rosenthal, *Partisan Politics, Divided Government and the Economy*, New York, Cambridge University Press, 1995, pp. 161-187. Consensus over the political business cycle is far from being unanimous. Michael Lewis-Beck recently noted that "the pathbreaking efforts of Nordhaus and Tufte certainly developed political business cycle studies. Nevertheless, their empirical work does no give much support to the idea of a traditional business cycle in these Western democracies. Further, more elaborate country-specific efforts have failed to produce positive results (…). In his careful comparative study of seventeen OECD nations, 1948-1975, Paldam likewise uncovers no evidence for what he call the Nordhaus-Macrae model. Other recent work has reached the same conclusion (…). Keech and Pak…summarize these sentiments well: "we do not believe that political business cycle of the Nordhaus or Tufte type exist as systematic, regular and important phenomenon". My analysis, which estimates a general political business cycle model for these five countries – Britain, France, Germany, Italy and the United States – come to the same conclusion". See Michael Lewis-Beck, *Economics and Elections. The Major Western Democracies*, Ann Arbor, University of Michigan Press, 1988, p. 142.

identified in disembedding liberalism[145]. Not surprisingly, the business class, and the conservative parties on both sides of the Atlantic were quick in accepting this paradigmatic shift because for them abandoning the Keynesian paradigm amounted to eliminating a field in which the parties of the Left could be considered to be credible.

But why did the parties of the Left accept this paradigmatic shift? My answer is that after their faith in state intervention in the economy had been shaken by states' seeming inability to cope with stagflation, the only economic alternative to capitalism, the only experiment in non-capitalist economics – the USSR - failed. The implications of this economic failure were broad. It soon became widely believed, regardless of whether it was true or not, that there was no alternative to market economy, that there was no alternative to market society and that, in the absence of these conditions, there was not much room for the traditional parties of the Left and their identity. In the words of Kitschelt, "pure socialist alternatives (have) lost their political attractiveness"[146].

With a shaken confidence in demand management, under the attack of the neo-conservative rhetoric, West-European Social-Democratic parties had to find a new identity, a new *reason d'etre*, which was found, understandably, in the process of European integration[147]. I say understandably because the parties of the Left had

[145] The notion of 'embedded liberalism' was introduced by John Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order", *International Organization*, vol. 36, n. 2, 1982. This notion was applied to describe the international economic order of the post World War 2 era. The peculiarity of embedded liberalism is that unlike economic nationalism of the 1930s was multilateral, and unlike old liberalism, it was predicated upon domestic interventionism in the economy—commitment to growth, development and employment. The expression 'dis-embedding liberalism' refers to the dismantling of the economic order established at Bretton Woods. On the point, see Mark Blyth, *Great Transformations. Economic Ideas and Institutional Change in the Twentieth Century*, New York, Cambridge University Press, 2002, pp. 3-16 and pp. 126- 201.

[146] Herbert Kitschelt, *The Transformation of Social Democracy*, op. cit., p.31

[147] The point is illustrated quite clearly by Massimo D'Alema, *La sinistra nell'Italia che cambia*, Milano, Feltrinelli, 1997, pp. XXIV-XXVI, p. 65-74, and p. 103. The position of D'Alema and the Democratic Party of the Left (PDS) is discussed by Stephen Hellman, "La sinistra italiana dopo le elezioni del 1996", in

traditionally been more internationalist than the parties of the right[148]. Therefore, it was possible for the Left to invoke its traditional European vocation to justify this new identity. Moreover, the new identity could also be justified in the light of more contextual reasons. Europe could represent and/or be presented as a bulwark against the socially disintegrating forces of globalization. If the Left is the political force traditionally concerned with social justice, if the Left is concerned with the protection of the weaker segments of society, if these weaker segments of society are more likely to be hurt by financial speculation and if a unified Europe can provide a defense against speculators, then the Left has not only a political but also a moral commitment to the success of the process of European integration[149]. In brief, a certain idea of itself and its past, the need to confront the new global challenges, the alleged anachronism of old formulae convinced the Left to espouse the European cause.

According to Blyth and Katz, the creation of a tighter Union can be seen "part of a cartelization strategy. By devolving policy to others who are not directly responsible to their electorates (...) politicians are no longer responsible for either creating or managing economic outcomes. As such they cannot be held accountable for their effects. Policy

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Roberto D'Alimonte and David Nelken (eds.), *Politica in Italia. Edizione 97*, Bologna, il Mulino, 1997, pp. 121-122.

[148] On the point see, Hans-Dieter Klingemann, Richard I. Hoffenbert and Ian Budge, *Parties, Policies, and Democracy*, Boulder, Westview, 1994, pp.270-274; Ian Budge, Hans-Dieter Klingemann and Andrea Volkens, *Mapping Policy Preferences*, New York, Oxford University Press, 2001; Riccardo Pelizzo, "Party Positions or Party Direction? An Analysis of Party Manifesto Data", *West European Politics*, vol. 26, n. 2, (April) 2003, pp. 67-89.

[149] This is how Massimo D'Alema, then leader of the major party of the Italian left, the PDS, justified its party commitment to the process of European integration. See Massimo D'Alema, *La sinistra nell'Italia che cambia*, op. cit., p. XXVI. A similar argument could be found in Gianfranco Pasquino, *Critica della Sinistra Italiana*, Bari, Laterza, 2001. For a discussion of Pasquino's ideas, see Riccardo Pelizzo, "Review of Gianfranco Pasquino, Critica della Sinistra Italiana, Bari, Laterza, 2001", in *Nuova Economia e Storia*, anno VIII, n. 1-2, 2001, pp. 107-109.

externaliazation to independent institutions insulates politicians from voters' prefernces and effectively curtails the supply curve for policy, thus cartelizing the party system"[150].

Yet, the creation of the European Union and the introduction of a European single currency had remarkable social costs. The countries willing to join the EMU had to respect the convergence criteria set in the Maastricht Treaty, which required a public deficit of less than 3 per cent of the GDP, a public debt of less than 60 per cent of the GDP, exchange rate stability, an inflation rate not exceeding by more than 1.5 per cent the average of the three states with the lowest inflation and long-term interest rates not exceeding by more than 2 per cent the average of the three states with the lowest interest rates[151]. In spite of marginal differences, the strategy adopted by each of the applicant states to meet the convergence criteria was characterized by a remarkable cross-national homogeneity. The strategy was a simple combination of cuts to public spending and increased fiscal pressure. This increase in fiscal pressure, where it was applied, amounted to reducing the amount of capital that could be used either for consumption or for investment, while the reduction of public spending amounted to depressing both consumption and investment. In other words, the policy of austerity measures quite simply compressed demand, and, by compressing demand, it depressed production and prices and, subsequently, inflation. This is what the policy of austerity wanted to achieve. Yet, this result was achieved and could be achieved only with tremendous social costs. In

[150] Blyth and Katz, "From Catch-all-icism to Reformation: The Political Economy of the Cartel", *cit.*, pp. 20-21.
[151] Kathleen R. McNamara, *The Currency of Ideas: Monetary Politics in the European Union*, Ithaca, NY, Cornell University Press, 1998.

fact, the depression of demand and consumption froze economic growth and generated previously un-heard of levels of unemployment, it created hyper-unemployment[152].

Of course, the parties of the Left which supported this policy of austerity can claim that the short-term social costs will be beneficial in the long run. But the short term has been lasting for the past decade and is probably not over yet. This has two major implications. The first is that by the time the rewarding long run arrives, we will all be dead. The second is that, at least as far as this endless 'short-term' is concerned, the Left's management of the macroeconomic conditions is virtually undistinguishable from that of the parties of the Right, which is what Western European voters, sometimes unhappily, perceive and I have demonstrated.

Conclusions

The conclusions suggested by the analyses performed in this chapter are relatively clear. Parties' (and governments') supply of macroeconomic policies has become increasingly similar as the parties of the Left have abandoned their traditional anti-unemployment stances to become increasingly inflation-averse and thus similar to the parties of the Right. The right-ward movement of the parties of the Left has also contributed to an overall move to the right of European party systems. What is surprising, though, in this right-ward move is that it is a self-defeating choice. It is a self-defeating

[152] Even relatively conservative scholars acknowledge that the unemployment levels recorded in Western Europe in the past decade are simply unacceptable. In this respect Luttwak noted that in Western Europe there are "levels of unemployment that year after year after year deprive millions of young people of the opportunity even to start a career" and he further argues that "the US Congress would legislate the Federal Reserve right out of existence rather than tolerate the horrendous levels of unemployment lomg prevalent in Europe". The quotes are taken from Edward Luttwak, "Central Bankism", in Peter Gowan and Perry Anderson (eds.), *The Question of Europe*, New York, Verso, 1997, p. 222 and p. 220.

choice because it alienates the Left from its traditional voters for whom unemployment is not just a statistic but is often a personal problem. Second, it is a self-defeating choice because if voters are left with a choice between a Left that is moving right-ward and the Right, they might just stick with the parties of the Right which have more experience and, hence, can more credibly play the role of the Right than the parties of the Left. Third, it is a self-defeating choice because if the political offer of the Right and the right-ward oriented Left does not satisfy the electorate's demands, it is more difficult to achieve an equilibrium in which the transaction (vote) can occur between sellers (parties) and buyers (voters). This means that voters might not turn out to vote, might turn out to vote for radical alternatives as in the 2002 Presidential elections in France or both. It is probably more than just a coincidence the fact that the right-ward shift of the Left, the fall in turnout levels and revival of radical parties (mostly of the right) have all occurred in the same time-span[153]. In sum, the right-ward shift of the Left produces socially, electorally and systemically negative consequences.

But there is more than self-defeat in this story. There is some evidence as to why voters perceive that parties are too similar, that there are no clear political alternatives, that the system is neither representative nor terribly democratic and that the patterns of inter-party competition resemble the dynamics of oligopolistic markets. That is because parties are too similar and provide no clear political alternatives. By doing so, this chapter shows, as Blyth and Katz had already shown, that the cartelization of the Western

[153] I discuss the right-wingization of the Left in the previous and in the present chapter. On the falling turnout rates, see Renato Mannheimer and Giacomo Sani, *La conquista degli astenuti*, Bologna, il Mulino, 2001. On the right wing revival see Piero Ignazi, *L'estrema destra in Europa. Da Le Pen a Haider*, Bologna, il Mulino, 2000 (new edition).

European party systems does not have conspiratorial origins[154]. The right-ward move of the Left occurred because the parties of the Left identified themselves with the success of a European Union whose foundation was dependent on the implementation of virtuous macroeconomic austerity. And trapped between a rock (the convergence criteria) and a hard place (the lack of identity on which campaign at election time), the Left accepted the right-ward shift as an easy way out. In the light of the electoral defeats suffered in Austria, France, Italy and Portugal, one wonders whether the right-ward shift was, beside an easy way out, a successful one.

[154] The conspiracy charge against the cartel party hypothesis was made by Herbert Kitschelt, "Citizens, Politicians, and Party Cartelization: Political Representation or State Failure in Post-Industrial Societies", *Europeam Journal of Political Research*, vol. 37, 2000, pp. 149-179. Blyth's and Katz's response to Kitschelt can be found in Mark Blyth and Richard S. Katz, "From Catch-all-icism to Reformation: The Political Economy of the Cartel Party", European Consortium for Politica Research Joint Sessions of Workshops, Grenoble, March 2001.

Chapter 6
The Cartel and the Rise of the New Extreme Right

Introduction

As the thesis has argued, the cartel party hypothesis states that cartel parties create under-representative party systems in which citizens' political demands are not adequately addressed nor satisfied by parties' political offers. The cartel party hypothesis further argues that the emergence of the new extreme right parties represents a reaction against the under-representativeness of the cartel of parties. The purpose of this chapter is to refine this causal argument in the light of the three versions of the cartel party hypothesis identified in Chapters 2 and 4. Specifically, it will be suggested that the systemic version of the cartel party hypothesis argues that the rise of the extreme right is a reaction against the increasing similarity in parties' electoral programs, that for the systemic-subjective version of the cartel party hypothesis the emergence of the extreme right represents a reaction against the centripetal convergence of the Social-Democratic and Moderately-Conservative Parties, while for subjective version of the cartel party hypothesis the electoral fortunes of the new extreme right reflect the perception of a growing distance between the position of the electorate and that of the party system.

The chapter is divided into four parts. The first part reviews the literature on the new extreme right. In doing so three main approaches are identified, the single issue, the socio-psychological and the cultural. Beside exploring the peculiarities of each of these approaches, it is argued that all such approaches are based on an implicit assumption: that

the system parties' political offer is unable to satisfy voters' demands, which is exactly what is suggested by the cartel party hypothesis. Building on this discussion, the second part of the chapter investigates how the systemic, the systemic-subjective, and the subjective versions of the cartel party hypothesis explain the rise of the new extreme right. In the third part of the chapter, I perform some statistical analyses to compare and contrast the explanatory power of the three versions of the cartel party hypothesis. The analysis of the German and the Dutch data shows that the subjective version of the cartel party hypothesis has a greater explanatory power than the systemic and the systemic-subjective. The fourth and the final part of the chapter provides some tentative conclusions.

Part One: The Story So Far

Some of the scholars working on extreme right parties have lamented that the study of these parties has not received much attention for most of the post-war era even in those countries, like Italy, where the extreme right enjoyed considerable electoral strength[155]. This lack of interest in the extreme right parties explains why the rise of the extreme right parties "has been totally unexpected by almost all politicians and opinion leaders but, even more, has not been taken into account as a possible outcome by scholars of party system change"[156]. Indeed, most party scholars were not interested in the parties

[155] Piero Ignazi, *Il Polo Escluso. Profilo del Movimento Sociale Italiano*, Bologna, il Mulino, 1989, pp. 9-10; Marco Tarchi, "Le tre vie del radicalismo di destra", *Trasgressioni*, anno IV, n. 1 (9), Gennaio-Aprile 1989, pp. 3-19; Marco Tarchi, "L'impossibile identitá. Il neofascismo fra destra e sinistra", *Trasgressioni*, anno IV, n. 2 (10), Maggio-Agosto 1989, pp. 3-26.

[156] Piero Ignazi, "The silent counter-revolution: Hypotheses on the emergence of the extreme right-wing parties in Europe", *European Journal of Political Research.*, vol. XXII, 1992, p. 3-34, the quote is from p. 4.

of the right and they did not pay much attention to these parties to see whether these parties could become major political actors in the electoral arena. Thus, they were taken by surprise when the extreme right's upsurge occurred.

The situation has, of course, dramatically changed in the course of the last decade. In the wake of the new right-wing upsurge, shown by the data reported in Table 6.1, growing attention has been paid to the parties of the right, their ideas, ideals, ideological outlook, organization and electoral performance. This attention, in turn, has generated three schools of literature, which has improved the general understanding of these parties.

Table 6.1. The Vote for the New Extreme Right in Western Europe. Selected Countries, 1980-2000.

Year	Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway
1980								
1981		3.8	8.9	0.2			0.2	4.5
1982							0.8	
1983	5.0				.20	6.8		
1984			3.6				2.5	
1985		2.5						3.7
1986	9.7			9.8			0.5	
1987		2.0	4.8		.60	6.1		
1988			9.0	9.6				
1989							0.9	13.0
1990	16.6		6.4		2.40			
1991		7.6						
1992						14.0		
1993				12.3				6.3
1994	22.5		6.4		2.00	21.9	2.9	
1995	21.9	10.1						
1996						25.7		
1997				15.4				15.3
1998			9.8		3.30		0.7	
1999	26.9	11.4						
2000								

Note: The data presented in the table refer to the following parties: the FPÖ in Austria, the Vlaams Blok and the Front National in Belgium, the Progress Party and the Dfp in Denmark, the National Front in France, the NPD, the DVU and the Republikaner in Germany, the Northern League and the Msi-Dn in Italy, the NVU, CP and CD in the Netherlands, the Progress Party in Norway.

Alternative Approaches: Issues, Psychology, Culture

The first approach to the study of the new extreme right parties is what I will call the single issue approach, which identifies the causes of the right wing electoral success

in the right wing parties' ability to adopt in their political discourse, and to exploit at the ballot box, certain salient issues such as opposition to immigration. Both the scholarly literature and journalistic accounts of the electoral success of the new extreme right parties have recognized that the parties of what has alternatively been called the extreme right[157], the new right[158], the far right, the radical right[159], radical right wing populism[160] or the neo-fascist right, have certainly benefited from opposing immigration and the system-parties. For example, with regard to immigration, Ignazi noted that "the ability to 'politicize' a hidden issue is generally recognized as the keystone of its success. In one way or another, the same has happened in countries such as Belgium, Norway, Denmark, the Netherlands, West Germany, Great Britain and Switzerland"[161].

A second approach, that I will call socio-psychological, identifies the major determinant of extreme right success in the "psychological strain associated with uncertainties produced by large-scale socioeconomic and socio-structural change"[162]. Betz suggests a clear causal chain of events that led to the emergence and electoral success of the parties of the new extreme right. The first stage, to which Betz attaches great importance, is represented by the crisis of the Keynesian socioeconomic model that had been hegemonic in the post war era. According to Betz "starting in the mid-1970s,

[157] Piero Ignazi, *L'estrema Destra in Europa*, Bologna, il Mulino, 1994; Aureal Braun and Stephen Scheinberg, *The Extreme Right. Freedom and Security at Risk*, Boulder, Westview Press, 1997.
[158] Michael Minkenberg, "The New Right in France and Germany. Nouvelle Droite, Neue Rechte and the New Right Radical Parties", in Peter Merkl and Leonard Weinberg (eds.), *The Revival of Right-Wing Extremism in the Nineties*, London-Portland, Frank Cass, 1997, pp. 65-90.
[159] Peter Merkl and Leonard Weinberg (eds.), *Encounters with the Contemporary Radical Right*, Boulder, Westview, 1993; Herbert Kitschelt (in collaboration with Anthony J. McGann), *The Radical Right in Western Europe. A Comparative Analysis*, Ann Arbor, The University of Michigan Press, 1995.
[160] Hans-Georg Betz, *Radical Right-Wing Populism in Western Europe*, London, MacMillan, 1994; Hans-Georg Betz and Stefan Immerfall (eds.), The New Politics of the Right. Neo-Populist Parties and Movements in established Democracies, New York, St. Martin's Press, 1998.
[161] Piero Ignazi, "The silent counter-revolution: Hypotheses on the emergence of the extreme right-wing parties in Europe", *op. cit.*, p. 24.

there was a marked decline in productivity (…), real income started to fall in the United States and began to stagnate in Western Europe (…) the gap between rich and the poor started to widen (…), full employment, arguably the most significant achievement of the postwar period, gave way to mass unemployment"[163]. These changes lead to the second stage in the causal chain, namely to what Betz called the "secular transformation of the global economy"[164] "from industrial mass production to flexible manufacturing, from labor-intensive production to capital-intensive "lean" production, and, more, generally, from an industry-centered to a service-oriented economy"[165]. In short, "virtually all Western societies have experienced a dramatic increase in anxieties, insecurity, and pessimism about the future"[166], which, along with the vanishing public faith in parties, governments and political institutions and processes, created fertile soil for rise of the new extreme right parties and their propaganda.

The third approach, that I will call cultural, conceives the emergence and the success of the new extreme right parties as a reaction against the post-material values of the New Left. According to this school, the transformation in the value system of individuals had a major impact on Western European parties and party systems. The emergence of new issues such as participation, self-realization and environmental concerns along with the declining salience of traditional materialist issues such as economic development, government intervention in the economy, and the reduction of

[162] Hans-Georg Betz, "Introduction", in Hans-Georg Betz and Stefan Immerfall (eds.), *The New Politics of the Right*, op. cit., p. 8.
[163] Hans-Georg Betz, "Introduction", in Hans-Georg Betz and Stefan Immerfall (eds.), *The New Politics of the Right*, op. cit., p. 7.
[164] Hans-Georg Betz, "Introduction", in Hans-Georg Betz and Stefan Immerfall (eds.), *The New Politics of the Right*, op. cit., p. 7.
[165] Hans-Georg Betz, "Introduction", in Hans-Georg Betz and Stefan Immerfall (eds.), *The New Politics of the Right*, op. cit., p. 7.

income inequalities, have reshaped the environment in which parties operate. First of all, there has been a decline in the electoral appeal of the traditional platforms, policy proposals and programs of the Left, whose emphasis on material concerns is inherently unappealing for all those voters with post-material concerns. Second, there has been the transformation of the cleavage structure. The traditional economic cleavage has become less divisive, while the cleavage between postmodern and fundamentalist values has become increasingly salient, so that "the once-dominant Left-Right dimension based on social class and religion is increasingly sharing the stage with a Post-modern politics dimension"[167]. These two changes have created the conditions for the emergence of the parties of the so called New Left, which reflect and are the product of this new cleavage line, and also of the new extreme right parties.

This, of course, does not mean that the parties of the new extreme right share the post-material and post-modern concerns. As Ignazi pointed out, the programs, the platforms, the policy proposals of the new extreme right are inconsistent with, but not unrelated to, the post-material value system, because they represent "a reaction to it, a sort of 'silent counter-revolution'"[168]. The opposition to globalization, to multiculturalism, to multiethnic societies and individualism, the (de-legitimizing and, hence, anti-systemic) criticisms of the mechanisms of democratic representation, along with the quest for law and order and traditional values are just different, but related,

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[166] Hans-Georg Betz, "Introduction", in Hans-Georg Betz and Stefan Immerfall (eds.), *The New Politics of the Right*, op. cit., p. 7.
[167] Ronald Inglehart, *Modernization and Postmodernization. Cultural, Economic and Political Change in 43 Societies*, Princeton, Princeton University Press, 1997, p. 248.
[168] Piero Ignazi, "The silent counter-revolution: Hypotheses on the emergence of the extreme right-wing parties in Europe", *European Journal of Political Research*, vol. XXII, 1992, p. 6. In the same vein, Kitschelt suggested that the new extreme right parties "are polar counterparts to the libertarian Left", see Herbert Kitschelt (in collaboration with Anthony J. McGann), *The Radical Right in Western Europe. A Comparative Analysis*, Ann Arbor, The University of Michigan Press, 1995, p. 49.

aspects of the same reaction to the new divisions, conflicts and values of the post-industrial, post-material, post-modern world.

Each of these three approaches to the study of the new extreme right captures some important aspects of this phenomenon. Immigration, new social fears, and the reaction to the post-material values did create the conditions for this unexpected outcome. However, I argue that the existence of fertile soil for the rise of the new extreme right parties represents a necessary yet not sufficient condition for their electoral success. The rise of the new extreme right would not have occurred if the system parties had been able to formulate and provide adequate answers to voters' new political demands. That they were not is testimony to the cartel party hypothesis.

Part Two: The Cartel of Parties and the Rise of the New Extreme Right

Some critics of the cartel party hypothesis have underlined that the transformation that Western European party systems have undergone in the course of the past three decades falsifies the cartel party hypothesis[169]. The not so implicit assumption of this line of criticism is that the emergence and consolidation of cartel party systems should have frozen Western European party systems. Yet, in spite of their great rhetorical value, both the assumption and the criticism are wrong.

As we have already mentioned in Chapters 2 and 4, there are several reasons why firms may decide to form a cartel. They might want to do so because the "cartel can

[169] Karl-Heinz Nassmacher (ed.), *Foundations for Democracy*, Baden-Baden, Nomos Verlagsgesellschaft, 2001, p. 191; Jon Pierre, Lars Svåsand and Anders Widfeldt, "State Subsidies to Political Parties: Confronting Rhetoric with Reality", *West European Politics*, vol. 23, n. 3, (July) 2000, pp. 1-24.

mitigate the effects of a business downturn"[170], because it can "cut down on sales costs and promotion costs"[171],or because it "can reduce price fluctuations"[172] and because, by doing so, the cartel can "maximize joint profits of oligopolistic firms through the restriction of competition"[173]. This means that by increasing the communication and the cooperation between firms, the cartel is expected to facilitate planning and reduce the risks of business enterprise. Hence, the decision to form or join a cartel of firms is in fact associated with the desire to preserve the status quo and the collective survival of the existing firms. But the establishment of a cartel, in the absence of entry barriers, is *per sé* insufficient to prevent other firms from entering the market and challenging the status quo. Cartels survive only if they are efficient, while when they are not efficient "they will suffer losses or invite entry just as other inefficient business will. Competition for profit will check the inefficiency of a cartel in the same way that it checks inefficiency in the internal growth of firms"[174]. This has some obvious implications for the cartel party argument. If the cartel in the market does not necessarily freeze the status quo, and if the functioning of the cartel of parties resembles that of a market cartel, then the cartel of parties will not freeze the party system unless the cartel of parties is efficient. By contrast, if the cartel of parties is inefficient it will create the conditions for the emergence of new, anti-cartel-party parties.

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[170] Jack High, "Bork's Paradox: Static vs. Dynamic Efficiency in Antitrust Analysis", *Contemporary Policy Issues*, 3 (2), Winter 1984-85, pp. 21-32.
[171] Jach High, "Bork's Paradox", *op. cit.*, p. 30.
[172] Jack High, "Bork's Paradox", *op. cit.*, p. 30.
[173] Mark Blyth and Richard S. Katz, "From Catch-all-icism to the Reformation: The Political Economy of the Cartel Party", European Consortium for Political Research Joint Sessions of Workshops, Grenoble, March 2001, p. 7. A revised version of this argument can be found in Mark Blyth, "The Political Economy of Political Parties: Beyond the Catch-all-ic Church?", Paper Prepared for the 2002 Meeting of the Council for European Studies, Chucago, Illinois, 14-17 March (2002).
[174] Jack High, Bork's Paradox, *op. cit.*, pp.30-31.

Critics of the cartel party hypothesis have not only overlooked the fact that the existence of a cartel is consistent with change, but they have also overlooked the fact that under certain circumstances (inefficiency), the cartel may be conducive to change. While critics of the cartel party hypothesis have overlooked this causal link, this link has always been emphasized in the cartel party literature.

The New Extreme Right and the Cartel

The cartel party literature has generally acknowledged that the cartel of parties creates an under-representative system and that the parties of the new extreme right emerge as a reaction against the under-representativeness of the cartel. Yet, why is the cartel under-representative? There are three answers to this question depending on the approach one adopts. The three approaches are respectively Katz and Mair's systemic approach, Kitschelt's systemic-objective approach and my subjective approach.

The cartel party studies developed within the systemic approach argue that cartel party systems are objectively under-representative. According to Katz and Mair, cartel party systems are under-representative because parties' electoral programs and platforms have become increasingly similar and these increasingly similar programs fail to respond to voters' demands. In contrast, the under-representativeness of cartel party systems acquires a different meaning within the systemic-subjective approach developed by Kitschelt. According to Kitschelt, party systems are perceived as under-representative because the SD and MC parties, in order to maximize their electoral returns, have converged centripetally and have thus become increasingly similar. In other words, the under-representativeness of the cartel of parties is associated with a systemic property

(similarity of party programs) or with the perception of a systemic property (centripetal convergence).

Both arguments are however somewhat problematic. Let me begin with the systemic approach. Scholars working within the systemic approach argue that increasing similarity of party programs in Western Europe is a sign of the increasing under-representativeness of these parties and party systems. This claim is vitiated by a theoretical problem. This problem is due to the fact that the increasing similarity of parties' electoral programs hypothesized could be a sign of cartelization as Katz and Mair suggested[175]. Yet, it could also reflect a transformation of voters' political demands and/or their increasing similarity. In this case, the increasing similarity of party programs would not reflect parties' growing under-representativeness, but would reflect instead their willingness to adapt to the changing demands of a more homogeneous society. Obviously, if this were the case, competition would not be distorted and Western European party systems would not resemble oligopolistic markets. Hence, in order to assess whether competition is distorted in Western European party systems, it is necessary to know whether changes in political offers were adjustment to changes in demand or not, that is how political offers changed relative to demands.

Kitschelt's systemic-subjective approach is also problematic. According to Kitschelt , voters' subjective perception of the under-representativeness is generated by (objective) systemic factors, that is by the centripetal convergence of SD and MC parties. This argument presents three basic problems. The first problem is that, in spite of all the attention that party scholars have devoted to developing a method to estimate parties'

[175] Richard S. Katz and Peter Mair, "Changing Models of Party Organization and Party Democracy", *op. cit.*, pp. 5-28.

objective positions in the political space, the objective estimation of parties' spatial positions and movements still remains an unsolved puzzle. The second problem is that even if it were possible to assess parties' objective positions and movements in the political space, voters' perception of parties' positions and movements would be mediated by subjective factors. Hence, the perception of the under-representativeness of the cartel party system would not simply reflect the centripetal convergence of SD and MC, as Kitschelt assumes, but would reflect instead how voters perceive this convergence.

The subjective approach developed here avoids the problems encountered both by the systemic and the systemic-subjective approaches. This subjective approach explains more than the systemic approach because instead of identifying the under-representativeness of the cartel party system in changes of political offer *tout court*, it assesses the under-representativeness of the cartel party system on the basis the changes in parties' offers relative to changes in the electorate's demands. Moreover, the subjective approach is superior to the systemic-subjective approach because it recognizes that the perception of changes parties' political offer (as indicated by parties' centripetal convergence) is always mediated by subjective factors. Voters' perception of the representativeness (or the lack thereof) of the cartel party system reflects voters' assessment of the changes in parties' political offer relative to the changes in voters' and electorate's demands. Specifically, my subjective version of the cartel party hypothesis suggests voters' perception of an increasing under-representativeness of Western European cartel party systems, reflects the perception of an increasing gap between the

demands of the electorate on the one hand and the political offer of the cartel party system on the other hand.

Part Three: Testing the Hypotheses

In the previous part of the chapter we arrived at two major conclusions. The first is that the cartel party hypothesis is not inconsistent with the emergence of the parties of the new extreme right. The second conclusion is that there are some good theoretical reasons to believe that the rise of the new extreme right is better explained by the subjective version of the cartel party hypothesis than it is by either the systemic or the systemic-subjective. The purpose of this part of the chapter is to test whether and to what extent the alleged theoretical superiority of the subjective cartel party hypothesis over the systemic and the systemic-subjective versions of the cartel party hypotheses is also supported by empirical evidence.

In order to do this, I will assess three models. In the first model, I regress the vote for the parties of the extreme right (dependent variable) against what Sartori called the ideological polarization of the party system, that is the distance between the perceived position of the left-most party and the perceived position of the right-most party[176]. Parties' positions on the political spectrum are estimated as indicated in Chapter 4. Having identified the parties that occupy respectively the left-most and the right-most position on the spectrum, the polarization of the party system is estimated by measuring

[176] In this respect Sartori noted that there is polarization when the lateral poles of a party system are literally "*two poles apart*, and the distance between them covers a maximum spread of opinion. This is tantamount to saying that cleavages are likely to be very deep, that consensus is surely low, and that the legitimacy of the political system is widely questioned. Briefly put, we have polarization when we have *ideological*

the distance between these two parties. The distance is measured by subtracting the score of the left-most party from that of the right-most party. The smaller the distance between the two most distant parties, the less polarized is the party system (and the more similar is the political offer), while the greater the distance between the two most-distant parties, the more diversified is the political offer of the party system and the more representative is the cartel party system. Hence, I expect to find that increases in the distance between the two-poles-apart in a party system would lead to a decline in the votes for the new extreme right and, conversely, decreases in the distance between Sartori called the two-poles-apart would lead to an increase in the vote for the new extreme right parties[177].

In the second model, I regress the vote for the parties of the new extreme right (dependent variable) against the distance between the SD and MC parties (independent variable). This variable is measured by calculating the distance between the position of the SD party and that of the MC party. The position of both parties are estimated on the basis of mass survey data as was explained above. In this case, the smaller the distance between the SD and the MC parties, the more similar is their political offer (and the less representative is the system), while the greater the distance between the SD and the MC parties, the more diversified is the political offer and the more representative is the party system. Hence, we expect to find that increases in the distance between SD and MC depress the vote for the new extreme right parties, while decreases in the distance between SD and MC should lead to an increase in the vote for the parties of the new extreme right.

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distance (in contradistinction to ideological proximity)". The quote is taken from Giovanni Sartori, *Parties and Party Systems*, op. cit., p.135.

[177] "*Polarization* can thus be revisited in more detail as a fourth, synthetic characteristic…The fact remains that in all cases the spectrum of political opinion is highly polarized: Its lateral poles are literally *two poles*

In the third model, I regress my dependent variable against the distance between the position of the electorate and that of the party system. Both positions are estimated on the basis of mass survey data as was explained in chapter 4. In this case, I expect to find that when the gap between the position of the electorate and that of the party system widens, which is a sign of the party system's increasing under-representativeness, the vote for the parties of the new extreme right should increase, while when the gap between the position of the electorate and that of the party system narrows, the new extreme right vote should decline.

Some Results

The first set of regression analyses does not support the claim that the vote for the extreme right increases as the polarization of the party system (and the party system's political offer) declines. In fact, when we regress the vote for the Dutch extreme right against the distance between the party system's poles, we find that the B coefficient is negative (as expected), but not statistically significant.

The analysis of the German data does not provide any evidence of an inverse relationship between the ideological polarization of the party system and the vote for the extreme right. In fact, when we regress the vote for the extreme right against the distance between the most ideologically distant parties, we find that the B coefficient is positive, strong and statistically significant in the German case. That is the analysis of the German data shows that in Germany the electoral fortunes of the extreme right flourish as the

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apart, and the distance between them covers a maximum spread of opinion", see Sartori, *Parties and Party Systems,* op. cit., p. 135.

ideological distance increases. Results of the regression analysis are presented in Table 6.2.

Table 6.2. Regression Analysis. The Vote for the New Extreme Right and the Polarization of the Party System (sig.).

Extreme Right Vote	Germany	The Netherlands
Intercept	-11.570	7.653
	(.090)	(.186)
Polarization	2.111	-1.107
	(.071)	(.237)
R-squared	.864	.326
N	5	6

This conclusion needs to be explored. The extreme right prospers, at the electoral level, by its own ability to polarize the political discourse or, to put it in slightly different terms, the extreme right benefits from the polarization that it is able to induce in the party system. In fact, when we remove the extreme right parties from our sample and we compute the distance (polarization) of the remaining parties, we obtain a new estimate of the party system polarization. The values that this variable assumes are presented in Table 6.3.

Table 6.3 Ideological Polarization of the German Party System, excluding the Extreme Right Parties (1976-1998).

Year	Polarization
1980	4.51
1983	5.43
1987	6.15
1990	5.50
1998	4.64

When we regress the vote of the extreme right against this new measure of polarization, we find that as the party system becomes more diversified (polarized), the vote for the extreme right declines as one would expect on the basis of the cartel party hypothesis. By regressing the extreme right vote against this new measure of polarization, the B coefficient are negative, but not statistically significant. This model explains more than 54 percent in the variance of the extreme right vote. Results are presented in Table 6.4.

Table 6.4. Regression Analysis. The Vote for the Extreme Right in Germany and the Polarization of the Party System, excluding the Extreme Right Parties. (sig.)

Extreme Right Vote	Germany
Intercept	11.123
	(.215)
Polarization	-1.749
	(.264)
R-squared	.541
N	5

Does the vote for the extreme right represent a reaction against the centripetal convergence of the SD and MC parties? The results of the regression analysis do provide mixed evidence in this respect. By regressing the extreme right vote against the centripetal convergence, we find that centripetal convergence explains almost 80 per cent of the variance in the extreme right vote in Germany and about 26 per cent in the Netherlands[178]. Results of the regression analysis are presented in Table 6.5.

[178] The size of the sample is relatively small in both the Germand the Dutch case. The statistical analyses were performed on the basis of five observations in the German case and six observations in the Dutch case. Hence these results should be taken with a grain of salt.

Table 6.5. Regression Analysis. The Vote for the New Extreme Right and the Distance between SD and MC Parties. (sig.)

Extreme Right Vote	Germany	The Netherlands
Intercept	11.938	2.561
	(.085)	(.133)
Distance between MC	-2.382	-.409
and SD parties	(.109)	(.298)
R-squared	.794	.263
N	5	6

Is the vote for the new extreme right a function of the increasing gap between the position of the electorate and the perceived position of the party system? By running this third regression model, we find that the gap between the perceived position of the party system and the position of the electorate explains almost 86 per cent of the variance in the extreme right vote in Germany and more than 50 per cent in the Netherlands. In other words, the results of the regression analysis indicate that the electoral fortunes of the parties of the new extreme right are more sensitive to the gap between the perceived position of the party system and the position of the electorate than to the similarity of parties' electoral programs or to the centripetal convergence of SD and MC parties. Regression estimates are presented in Table 6.6.

Table 6.6. Regression Analysis. The Vote for the New Extreme Right and the Distance between the The Position of the Electorate and the Position of the Party System. (sig.)

Extreme Right Vote	Germany	The Netherlands
Intercept	.297	.888
	(.619)	(.047)
Distance between the	2.289	1.318
Center of the Party	(.074)	(.112)
System and the Median		
Voter Position		
R-squared	.858	.507
N	5	6

These findings are very important as they are entirely consistent with my subjective version of the cartel party hypothesis. In fact, if the gap between the perceived spatial

location of the party system and the location of electorate reflects a gap between voters' political demands and parties' perceived offer, and if the gap between supply and demand indicates that competition is distorted, then voters perceive that political competition in Western European party systems is distorted as it is in oligopolistic markets.

Second, the perception of oligopolistic tendencies and behavior in Western European party system does not always reflect oligopolistic practices at the systemic level but it may simply reflect voters' subjective perceptions[179]. It is the voters' subjective perception of the gap between political demands and supply that generates the perception of the cartel.

Third, the vote of the extreme right is indeed a reaction against the cartel as the cartel party literature has consistently argued. However, my findings indicate that by voting for the parties of the new extreme right, voters react against the perceived discrepancy between their desires (and needs) and the party system's perceived ability (or the lack thereof) to satisfy voters' demands.

Conclusions

Several conclusions can be drawn on the basis of what has been said in this chapter. The first, but not necessarily the most important, is that the cartel party hypothesis provides the best analytical framework for understanding the rise of the new extreme right parties. Scholars working within the cartel party framework of analysis have in fact understood (and argued) that what made possible the right wing revival was not just the emergence of new (salient) issues, the development of post-Keynesian social fears and anxieties or the reaction against post-materialist values. These changes, which are exogenous to the

political system, have certainly generated new political demands within the Western European electorate. But the formation of new demands *per sé* would have not been sufficient to pave the way for the right wing surge. The success of the parties of the new extreme right was made possible by the fact that the existing system parties were or were perceived to be unable to recognize, address and provide an answer to the new political demands. Hence, by recognizing the system parties' under-representativeness and failure in satisfying the new political demands, the cartel party literature recognizes a condition without which the right wing surge would not have occurred.

The second conclusion, suggested by the analyses performed in this chapter, is that the vote for the new extreme right parties is not so much a reaction against the cartel at the systemic or the systemic-subjective level, but it is rather a reaction against the cartel at the subjective level. This means that growing distance between the position of the electorate and the perceived position of the party system is a better predictor of the right wing vote than the similarity of the electoral programs or the distance between SD and MC parties. The fact that my subjective approach provides a better explanation than the systemic-subjective is a remarkable finding but not a mysterious one. It simply means that voters are more concerned with the direction of competition, the distance between the perceived position of the party system relative to the position of the electorate, than they are concerned with the centripetal convergence of SD and MC parties or with the declining polarization of the party system.

Having identified in the cartellization of the system parties one of the major determinants of the rise of the new extreme right parties is important not only in theoretical terms (as it provides a better explanation), but also in substantive terms. In

[179] I developed this point in chapter 5.

fact, if we are concerned with substance, that is with the proper functioning of democratic systems, then we should find that cartellization poses a threat to democratic systems. First of all, cartellization poses a threat to the functioning of democratic regimes because it makes political systems under-representative, and to the extent that democracy is dependent on representation, reducing the representativeness of a system amounts to undermining its democraticness[180]. Second, cartellization poses a threat to democracy because it creates the proper conditions for the emergence of extreme right parties that, in the name of democracy and the people, aim at the restriction of those rights, freedoms and principles that make liberal democracies both liberal and democratic[181].

[180] On democracy and representation, see Richard S. Katz, *Democracy and Elections*, New York, Oxford University Press, 1997.
[181] Larry Diamond, "Is the Third Wave Over?", *Journal of Democracy*, July 1996, pp. 20-37.

Chapter 7
Conclusions

The aim of this manuscript has been to present a new, subjective theory of the cartel party. The main claim of my subjective theory of the cartel party is that to know whether Western European party systems resemble the functioning of oligopolistic markets, we need to know whether Western European party systems distort political competition, that is whether political supply is indifferent to changes in political demands or not. Therefore, I suggested that in order to assess whether Western European party systems display oligopolistic tendencies or not it is necessary to look at changes in (political) supply relative to changes in demand[182]. I also noted that, since voters' perception of parties' political supply is mediated by subjective factors, the perception of the oligopolistic character of Western European party systems instead of being generated by parties' objectively oligopolistic behavior could simply be generated by the (perceived) gap between the electorate's demands and the perceived supply of the political market[183]. This is why I underlined the importance of bringing subjectivity back in and why my theory of the cartel party is defined as 'subjective'. These conclusions strengthen this claim in three ways.

First, this chapter revisits the main claims formulated in Chapter 2 and detailed in the subsequent chapters. First, that the existence of the cartel of parties is subjective as

[182] This represents the major difference between my approach and that adopted by Katz and Mair or by Blyth and Katz. See Chapters 2 and 4 infra.

the cartel exists only in voters' perceptions. Second, that the perception of the cartel, in its turn, reflects the increasing gap between the self-reported demands of the electorate and parties' perceived political offers. Third, that voters' perception of distortion and oligopolistic tendencies in the political market is not entirely subjective but it is based on clearly identifiable objective conditions. Fourth, that the perception of a growing distance between voters' demands and party system's supply provides a good explanation for the emergence and the electoral success of the parties of the new right.

Second, this chapter addresses some possible implications of this manuscript not only for the study of party politics but also, and probably more importantly, for the practice of party politics. First, showing that voters care about the position of the party system relative to the position of the electorate does not simply challenge proximity models of electoral choice at the theoretical level but it also suggests the adoption of completely different electoral strategies. Centripetal convergence is a vote-maximizing strategy for proximity models, but it is a self-defeating one for directional models. Second, showing that very large segments of Western European electorates are concerned with (the rising levels of) unemployment suggests that voters' most important concerns are materialist. This, in turn, means that embracing post-materialism might not be the best way to maximize electoral returns. Finally, my manuscript stresses the importance of providing social protection against the distortions of deregulated markets and it presents some reasons why such protection should be provided. Specifically, I argue that social protection should be provided not only because that is what voters want, but also because that could be a vote maximizing strategy for parties.

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[183] This represents the major difference between my subjective version and Kitschelt's systemic-subjective version of the cartel party hypothesis. A more articulated discussion of the differences between my

Cartels, Voters and Subjectivity

Let me begin by re-stating the obvious[184]. The peculiarity of an oligopolistic market is that the cartel of oligopolistic firms distorts competition. This means that supply does not adjust competitively to changes in demand. This also means that the oligopolistic market metaphor can be applied to Western European party systems, only if the political competition in these party systems is distorted. That is, only if political supply does not adjust competitively to changes in demand and voters perceive that their demands are not satisfied.

In order to assess whether political competition is distorted, I analyzed voters' responses collected in several national election surveys as to whether they think that they are given clear alternatives in the political market that could satisfy their demands or not. When asked whether they were given clear alternatives, many Western European voters answered that parties' policy positions and proposals were so similar that they found quite difficult to identify clear alternatives in the political market. Interestingly the perception of the non-competitiveness of the political market was not only quite pervasive among Western European voters but it had also become increasingly pervasive in the course of the last decade.

The direction of competition rather than parties' ideological stance or ideological polarization provides an explanation for the fact that voters perceive parties to be increasingly similar and their political offers to be increasingly inadequate to satisfy their

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approach and Kitschelt's can be found in Chapters 2 and 4 infra.

demands[185]. If we assume, as Russell Dalton suggested, that the position on the left-right dimension provides a synthetic indication of all a voter or a party located in a place stands for, then voters' perception of a party's position indicates what voters perceive is what that party stands for[186]. The obvious consequence of this line of reasoning is that when voters perceive that two parties occupy two different spots on the ideological spectrum, they perceive that these two parties stand for different things. Hence, one would expect the perception of parties' increasing similarity to be associated with one of the two following scenarios. First, the perception of parties' increasing similarity reflects an overall decline in ideological distance of the party system between what voters perceive to be the left-most and right-most parties, that is, what Sartori called ideological

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[184] Obvious in the sense that this is what is taught by economic textbooks. See Terenzio Cozzi and Stefano Zamagni, *Economia Politica*, Bologna, il Mulino, 1989, p. 90 and p. 377.

[185] The idea of 'direction' as opposed to 'position' has received increasing attention in the course of the past few years. However, it is worth noting that the terms 'direction' is used in different contexts with different meanings. I will discuss here three possible meanings of the term 'direction'. In the spatial analysis of voting 'directional models' are opposed to 'proximity models' because while 'proximity model' argue that a voter prefers the candidate (or the party) who is closest to her on a given dimension, 'directional models' argue instead that a voter prefers a candidate who is on her side of the political spectrum and the more the candidate is on the candidate's side the more the voter prefers this candidate to any other candidate. In this context the term 'direction' indicates 'side' or rather how much a candidate (or a party) are on the same side of a given voter. On this point see Jeffrey B. Lewis and Gary King, "No evidence on Directional vs. Proximity Voting", *Political Analysis*, vol. 8, n. 1, (Winter) 2000, pp. 21-34. The development of 'directional models of electoral choice' has sparked an interesting debate. For a criticism of directional models see Andres Westhol, "On the Return of Epicycles: Some Crossroads in Spatial Modeling Revisited", in *Journal of Politics*, vol. 63, n. 2, (May) 2001, pp. 436-481. A defence of 'directional models'can be found in Stuart Elain Macdonald, George Rabinowitz and Ola Listhaug, "Sophistry versus Science: On Further Efforts to Rehabilitate the Proximity Model", *ivi*, pp. 482-500. The term 'direction' has also been used to denote 'movement' or change between a given position at one point in time and a different position in another point in time. This is how the term is used in Riccardo Pelizzo, "Party Positions or Party Direction? An Analysis of Party Manifesto Data", *West European Politics*, vol. 26, n. 2, (April) 2003, pp. 67-89. The term 'direction' is used in this manuscript to denote the fact that the position of the party system and the position of the electorate have changed, that the electorate and the party system have moved and have moved in opposite directions .

[186] Russell Dalton, *Citizens Politics. Public Opinion and Political Parties in Advanced Western Democracies*, Chatham, Chatham House Publishers, 1996. This is also shared by other scholars. See for example Giacomo Sani, and Giovanni Sartori, "Polarisation, Fragmentation and Competition in Western Democracies", in Hans Daalder and Peter Mair (eds.) *Western European Party Systems*, London, Sage, 1983, pp.307-340. See also John D. Huber and Ronald Inglehart, "Expert Interpretations of Party Space and Party Locations in 42 Societies", *Party Politics*, vol. 1, n. 1, 1995, pp. 73-111.

polarization[187]. Second, the perception of parties' increasing similarity reflects a decline in the ideological distance between what Kitschelt called the SD and MC parties, that is those relevant parties of the moderate left and the moderate right that actually have a chance to win office and govern[188].

The analysis of survey data does not provide much evidence in favor of these hypotheses. With regard to the first hypothesis, the data analysis reveals that the polarization has declined only in two of the countries under study: the United Kingdom and Germany, while polarization has increased in France, Italy and the Netherlands. These results indicate that the perception of parties' increasing similarity has developed independently of changes in the polarization of the party system and that the perception of parties' increasing similarity is not determined by the de-polarization of the party system.

With regard to the second hypothesis, the analysis of the survey data indicates that the distance between MC and SD has in fact decreased in the United Kingdom and Germany, while it has remained stable over time in the Netherlands, and it has actually increased in France and Italy. This means that the perception of parties' increasing similarity is not determined and cannot be explained by the vanishing distance between MC and SD parties.

The analyses performed in Chapter 4 suggest a different explanation for why voters perceive parties to be increasingly similar. The analysis of voters' responses

[187] The notion of ideological polarization as the distance between the left-most and right-most parties in a party system was developed by Giovanni Sartori, *Parties and Party Systems. A Framework for Analysis*, New York, Cambridge University Press, 1976, p. 126 and p. 135.

[188] Kitschelt argued that the existence of the cartel of oligopolistic parties is subjective in the sense that it exists only in the perception of the voters. He further argued that this perception is generated by the fact that system parties of the moderate left and of the moderate right converge centripetally in order to

reveals that while Western European electorates, with the exception of the Italian electorate, have moved leftward, Western European party systems are perceived to have shifted to the right. In other words, voters' responses indicate that the electorate's position as well as the perceived position of the party system have changed. They have moved in opposite directions and this has widened the gap between the position of the electorate and that of the party system[189]. This has an important implication. In fact, if the location on the left-right continuum is a sort of super-issue, a synthetic statement of all that a voter or a party stands for, then an increase in the gap between the position of the party system and that of the electorate reflects an increasing gap between the demands of the electorate and the party system's supply. The increasing gap between voters' demands and parties' perceived supply is particularly striking in the realm of macro-economic policy.

Irresponsible Party Government

The analysis of survey data does not provide any evidence as to whether parties' macroeconomic preferences are consistent with those of the voters, but they allow me to assess whether voters perceive that their demands are adequately addressed by parties. Specifically, my analysis of Western European voters' preferences reveals that voters perceive that there is a growing gap between the electorate's most preferred macroeconomic outcome and the perceived macroeconomic preferences of the party

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maximize their electoral returns. See Herbert Kitschelt, *The Radical Right in Western Europe*, Ann Arbor, The University of Michigan Press, 1995, p. 17.

[189] This clarifies what is the meaning of the term 'direction' in this manuscript. To know more about the possible meanings of the term 'direction' see footnote 5.

system. Party systems are perceived to be increasingly more inflation averse and less unemployment averse in spite of voters' persistent concern with unemployment. Surveys conducted in Western European democracies in the past three decades suggest two major conclusions. First, that Western European voters think not only that unemployment represents a very important problem, but also that unemployment is a more serious policy concern than inflation, budget deficits, or immigration. Second, that Western European voters believe that it is possible to fight unemployment, that governments have the political duty to fight unemployment, and that they also have the technical ability to fight unemployment. In sum, a very large percentage of Western European voters has remained solidly unemployment averse[190].

Interestingly the data analysis also reveals that voters perceive that there is a growing gap between the electorate's most preferred macroeconomic outcome and the perceived macroeconomic preferences of the party system. Western European electorates believe that the parties of the Left have become increasingly more inflation averse (and less unemployment averse) and that the transformation of the macroeconomic preferences of the parties of the Left in each of the countries under study has also altered the overall position of the party system with regard to macroeconomic conditions. This is why voters perceive that party systems have become increasingly more inflation averse in spite of voters' persistent concern with unemployment. And this is why I argue that voters perceive party systems to function like oligopolistic markets.

[190] The solidity of the aversion to unemployment cannot be overlooked. Writing in the mid-1970s Hibbs observed that "the British and the American public opinion data clearly show that in the period through 1972 (…) solid majorities of the mass public(s) typically expressed greater aversion to unemployment than inflation". The quote is taken from Douglas Hibbs, "Political Parties and Macroeconomic Policy", *American Political Science Review*, vol. 71, 1977, p. 1470.

The analyses performed in Chapter 5 made clear that there is considerable 'objective' evidence in favor of voters' perception of the cartel. Building on the work of Hibbs, I investigated the relationship between patterns of macroeconomic policies (and outcomes) and governments' political orientation (left-wing or right-wing)[191]. Highly aggregate data on unemployment and inflation outcomes under the political orientation of the 12 Western democracies reveal that a country's macroeconomic configuration is virtually unaffected by whether that country has been regularly governed by parties (and/or coalitions of parties) of the Left or of the Right. Time series analysis of yearly unemployment data for the 1970-1999 period provides additional evidence of the fact that changes in a country's unemployment level are no longer a function of the government's political orientation. Unemployment no longer declines when the Left is in office and no longer increases when the Right is in office. This means that by abandoning their traditional unemployment aversion and their traditional commitment to Keynesianism and full employment, the Parties of the Left have come to resemble the parties of the Right from which they are no longer distinguishable.

The findings presented in Chapters 4 and 5 have two major implications. First, they show that there is an 'objective' foundation for voters' perception of the cartel of parties. Second, they testify to the transition from an age of responsible party government in which the preferences (and the policies) of government parties were consistent with the preferences of the voters that these parties wanted to appeal and represent to what should probably be called irresponsible party government in which the preferences of government parties bear little resemblance of the preferences of the voters.

[191] Douglas Hibbs, "Political Parties and Macroeconomic Policy", *American Political Science Review*, vol. 71, 1977, pp. 1467-1487.

The Cartel and New Extreme Right Parties

The cartel party hypothesis also argues that the rise of the new extreme right parties represents a reaction against the non-responsiveness or under-representativeness of the cartel party system. Chapter 6 investigates the validity of this causal argument. In doing so, I pointed out that this causal argument can assume three different meanings depending on whether the analyst adopts the subjective, the systemic-subjective or the subjective version of the cartel party hypothesis. This point can be clarified as follows.

For the systemic version of the cartel party hypothesis, the distortion of political competition is denoted by the increasing similarity of parties' electoral programs[192]. Therefore, the emergence of the parties of the new extreme right is a reaction against the similarity of party programs and platforms. For the systemic-subjective version of the cartel party hypothesis, the rise of the new extreme right parties represents instead a reaction against the centripetal convergence of the parties of the moderate Left and of the moderate right[193]. In contrast to both the systemic and systemic-subjective versions of the cartel party hypothesis, my subjective cartel party hypothesis hypothesizes that the success of the parties of the new extreme right is a consequence of the growing gap between the position of the electorate and the perceived position of the party system[194].

[192] Richard S. Katz and Peter Mair, "Changing Models of Party Organization and Party Democracy", *op. cit.*, pp. 5-28.
[193] Herbert Kitschelt (in collaboration with Anthony J. McGann), *The Radical Right in Western Europe. A Comparative Analysis*, Ann Arbor, The University of Michigan Press, 1995.
[194] As I have argued in Chapters 2 and 4.

In addition to discussing these three version of the cartel party explanation for the rise of the new extreme right parties, I performed some regression analyses to test the explanatory power of each version of the cartel party hypothesis. The results of regression analyses revealed that the subjective version of the cartel party hypothesis has a greater explanatory power than either the systemic or the systemic-subjective cartel party hypotheses.

A Lesson in Party Politics for Western European Parties?

My manuscript makes several claims. It claims that Western European party systems resemble the functioning of oligopolistic markets and that such a perception reflects the perception of a growing gap between Western European voters' demands and the party systems' perceived offer. It also claims that the perception of a growing gap is not a mere mental construct but it is supported by statistical evidence. It also argues that the perception of a growing gap between party systems and electorates provides the best explanation for the emergence and the success of the parties of the new extreme right. If my claims are correct, then there are some conclusions that can be drawn on the basis of this manuscript.

First Conclusion: Spatial Analyses Reconsidered.

For many years after the publication of Downs' work, proximity models of electoral choice have provided a hegemonic spatial-analytic theory of the electoral choice[195]. Voters are rational utility-maximizers, they vote for the party that is expected to maximize their utility, and utility is considered as a function of the distance between the position of the voter and that of the party or the candidate along a given dimension. Specifically, the utility a voter expects to receive from voting for a party increases as the distance between that voter and that party decreases. This model of voting behavior has an obvious implication. In order to maximize their electoral returns parties need to reduce the distance between their position and the position of the median voter and they do so by converging centripetally.

There are several examples of centripetal convergence by the parties of the Left in the course of the past decade. The transformation of the Labour Party into Blair's New Labour was profoundly influenced by the idea that the electoral competitiveness of the Labour Party could be relaunched only if the Labour abandoned its previous position and placed itself in-between, that is between its previous position and the position of the free-marketeers[196]. In Germany, the Chancellor and secretary of the Social Democratic Party, Gerhard Schroeder, has launched the idea of a *Neue Mitte*, that is of a New Center. From a substantive point of view, that is from a policy point of view, the idea of a New Center was used to denote Schroeder's commitment to economic and social policies that had

[195] Anthony Downs, *An Economic Theory of Democracy*, New York, Harper and Row, 1957.
[196] The notion of in-between was formalized as ' Third Way' by Anthony Giddens. The ' Third Way' is intended to provide a solutions for the contraddictions of our time—contraddictions that according to Giddens cannot be solved by social-democratic doctrines, nor by Keynesianism and not even by the neo-liberal turn of the 1980s. See Anthony Giddens, *La Terza Via. Manifesto per la Rifondazione della Socialdemocrazia*, Milano, il Saggiatore, 1999, p. 9.

nothing to do with the tradition of the Left[197]. But sometimes form is more important than substance and symbols are more important than policies. This is why it is absolutely remarkable that a party of the Left – which should be both to the left of the right and to the left of the center – identifies its new position and, with it, its new political role in a 'center' (*Mitte*) however new. The Italian case is no less interesting in this regard. In Italy, the parties of the center-left coalition called the Olive Tree (*l' Ulivo*) were often reminded by the newspapers that in order to win the 1996 elections, they had to move centripetally, to appeal the moderate voters located at the center of the political continuum, to gain a parliamentary majority and, last but not least, to govern. It is obvious that in order to converge centripetally the parties of the center-left coalition had to move in a right-ward direction because the center is located on the right of the left. Yet, right-ward movement of the Olive Tree coalition was performed so convincingly that it appealed to some notable arch-conservatives and free-marketeers[198].

In any event, the centripetal convergence and/or the right-ward move of the parties of the Left represents a rational and legitimate strategic move only as long as voters are really concerned with parties' positions. But that is not necessarily the case. In

[197] This point was formulated by Gianfranco Pasquino, "*Critica della Sinistra Italiana*", Roma, Laterza, 2001, p. 9.

[198] For instance one of the criticisms that Romano Prodi made of the Berlusconi government was that it had not been sufficiently committed to privatizations, to the principles of free market competition and to restraining the role of the state in the economy. Romano Prodi advocated a break with the past. Let me quote him extensively "beginning with the field of the economic freedoms, the break with the past means to believe definitively in the rules of the competition and of the market, by progressively dismantling the bureaucratic encrusting that have increasingly identified statalism with the oppression of the rights of the citizen and the decrease of her creative capacity. In operational terms this means also a progressive program of privatization which the Berlusconi has instead slowed down", the quote is taken from Romano Prodi, *Governare l' Italia. Manifesto per il Cambiamento*, Roma, Donzelli, 1995, p. 22. The program of Romano Prodi was blessed by the Dean of Italian journalists, and arch-conservative, Indro Montanelli, who argued that the ' Right' that he had in mind, the "right of ethical values and norms" was not represented by the Berlusconi' s center-right coalition but by Prodi. Montanelli' s views can be found in Indro Montanelli, "Ricominciare da Prodi" in Romano Prodi, *Governare l' Italia*, op. cit. pp. 55-57.

the course of the past decades, the validity of proximity models of electoral choice has been questioned and new, 'directional' models have been proposed[199]. According to these 'directional' models a voter does not chose the party which is closest to her position on a given dimension regardless of whether the party (or the candidate) is on the voter's side of that dimension or not, but she chooses instead the party which occupies the most extreme position on her side of a given dimension. See Figure 7.1.

Figure 7.1. Spatial Representation

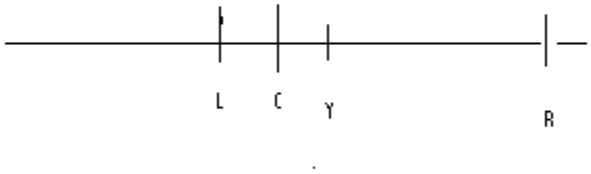

Figure 7.1 portrays the left-right continuum, where L is a party of the Left, C is the center of the political spectrum, Y is where you stand and R indicates a party of the Right. Since the distance between L and Y is smaller than the distance between Y and R, the proximity model of electoral choice predicts that Y will vote for L and not for R- although both R and Y are located right of center. By contrast, the directional model

[199] See footnote 5.

predicts that Y will vote for R because they both are on the same side of the political spectrum-although Y is closer to L than it is to R.

In any event, whether directional models of electoral choice are better than proximity models is still very much under debate[200]. But if they provided a more appropriate explanation of the vote choice as their advocates believe, they would radically undermine the rationality of converging centripetally. In fact, the utility attached to a given party by a given voter diminishes as the party moves closer to center position, the utility-maximizing voter becomes increasingly less likely to vote for that party. And the chances of winning the elections diminish with the decline in the electoral returns. Therefore, if a party adopted the centripetal convergence as a strategy to maximize its electoral returns, it would discover that it is a self defeating strategy.

My research relates more or less directly to this debate between the advocates of proximity and directional models. As I have argued in Chapter 3, voters' perception of the lack of political alternatives is not related to the position of individual parties or to whether these positions have changed but is related instead to what I defined as direction that is (the change in) the position of the party system relative to (the change in) the position of the electorate. If voters' perception of parties' utility is constructed in the same way in which voters perceive political alternatives, that is by paying attention to the direction of competition (as *per* my definition) rather than to individual parties' positions, then the findings of my research do not support the proximity models of electoral choice. And, therefore, they cast some doubts on whether centripetal convergence is a successful strategy to maximize electoral returns. Specifically, the results of my research make us

[200] See footnote 5 above.

wonder whether it is rational for the parties of the Left to move centripetally or right-ward (and to contribute to shifting the center of the whole party systems further to the right) exactly when the electorate is moving left-ward. It does not make any sense for the parties of the Left to attempt to satisfy a demand for Left by turning right.

Second Conclusion: Post-Materialism Reconsidered.

Several arguments have been offered for why the Left had to abandon its former self, its previous identity, its commitment to Keynesianism, and to converge centripetally. One of these arguments was elaborated by Kitschelt who suggested that the preferences and the demands of Western European voters had changed and the parties of the Left had to modify their political offer in order to remain competitive[201]. In contrast to Kitschelt I have argued instead that at least with regard to the macroeconomic conditions, the preferences of Western European voters had not changed[202]. Unemployment has remained the single most important concern for Western European voters. Hence, the fact that the parties of the Left are no longer as committed to fighting unemployment as they used to be in the aftermath of WW II can be defined in many ways, but 'competitive adjustment' to the new demands of the voters is not one of them.

But why did Kitschelt believe that voters' preferences had changed ? And why did he believe that parties had to satisfy voters' new demands? The answer to the second question is quite simple. Kitschelt believes that parties have to adjust to voters' demands for two different, but possibly interrelated, reasons. One is that, unlike other scholars

[201] Herbert Kitschelt, *The Transformation of European Social Democracy*, New York, Cambridge University Press, 1994, pp. 30-31.

working within the cartel party framework, Kitschelt believes that parties are responsive and responsible[203]. So much so, the distortion of party competition is the unwanted consequence of parties' attempts to be responsive rather than the product of inter-party collusion[204]. The other reason is that by adjusting their political supply to voters' changing demands parties remain electorally competitive, which means that if the electorate's demands have become increasingly post-materialist, then parties have to modify their political offer in a post-materialist direction[205]. This is exactly what the Western European Left should do, according to Kitschelt, in order to remain competitive.

The findings of my research point the Western European Left in a quite different direction. My findings suggest that both the centripetal convergence and the post-materialist turn of the Western European Left might be self-defeating strategic move. The reasons why centripetal converge may be a losing strategy were presented above. Here I will present some reasons why the Left should not take a post-materialist turn.

Inglehart's argument concerning the 'silent' or post-materialist revolution is based on two assumptions[206]. The first is that the values of an individual are shaped in her formative years and remain stable over time. The second is that the values developed by an individual are a function of the 'environmental' conditions in which the individual is

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[202] See chapters 2, 3, 4 infra.

[203] Kitschelt's belief in party responsiveness can be found in his criticism of Katz' s and Mair' s version of the cartel party hypothesis. See Herbert Kitschelt, "Citizens, Politicians, and Party Cartellization: Political Representation and the State Failure in Post-industrial Democracies", *European Journal of Political Research*, vol. 37, 2000, pp. 149-179.

[204] Herbert Kitschelt, "Citizens, Politicians, and Party Cartellization", *op. cit*. See also Herbert Kitschelt, *The Radical Right in Western Europe*, op. cit.

[205] The idea that the West had experienced a value change and the emergence of post-materialist values was developed by Inglehart, *The Silent Revolution. Changing Values and Political Styles among Western Publics*, Princeton, Princeton University Press, 1977. The idea that the parties of the Left had to make a left-libertarian turn to respond to this post-materialist value-change was developed by Herbert Kitschelt, see Herbert Kitschelt, *The Transformation of European Social Democracy*, op. Cit.

socialized. Specifically, if the individual grows up in a period characterized by material deprivation and/or physical danger, then she will develop long-lasting materialist values (the economic well-being, personal security, collective security,…). By contrast, if the individual is socialized in a period of security and well-being, in which her material needs are adequately satisfied, she will develop long-lasting post-materialist values (which value the individual's intellectual development, self-realization, …). This is why an increasing number of individuals, socialized in the affluent and relatively peaceful post-war years, abandoned the 'traditional' materialist values in favor of the post-materialist ones[207]. According to Della Porta and Diani, those individuals who developed post-material values remained committed to those values, which have become relatively popular also among younger generations[208].

Della Porta and Diani argue that post-materialist values are popolar among younger generations because those values were transmitted to them by their post-materialist parents. This may well be. But this view is consistent with the Inglehart's theory only with the following caveat. That is, younger generations were also socialized in a period of peace and prosperity- that is the 1980s. Otherwise, if there had been a radical transformation in the material conditions in which younger generations were socialized, the generation of the baby-boomers could not have transmitted its value system for the very same reasons why they did not adopt the value system of their parents' generation.

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[206] Ronald Ingleahart, *The Silent Revolution. Changing Values and Political Styles among Western Publics*, Princeton, Princeton University Press, 1977.
[207] Ronald Ingleahart, *The Silent Revolution*, op. Cit., pp. 285-286.
[208] Donatella Della Porta and M. Diani, *I Movimenti Sociali*, Roma, Cartocci, 1997, pp.79-80.

However, the past 15 years have witnessed a profound transformation in the material conditions in which the young generations were socialized. Increasingly frequent crises in the financial markets, low rates of economic growth and rising unemployment have reduced the economic well-being of several Western countries. With a shaken sense of security and a vanishing economic well-being, on the basis of Inglehart's theory we should find an increasing percentage of the individuals who were socialized in the 1990s abandoning the post-materialist values of their parents for more materialist values. The analyses performed in the course of this research do not allow me to test directly whether there has been a transformation in the value system or not. But my analyses provide at least some indirect evidence as they do indicate that voters' most important concerns are materialist rather than post-materialist. Voters are generally more worried about unemployment than with self-realization. If the value system of Western European voters is moving in a materialist direction, and if voters' demands are - in their turn - increasingly materialist, then we should wonder whether it is (still) rational for parties (and especially for the parties of the Left) to alter their political offer in a post-materialist direction.

Third Conclusion. A Lesson for Parties.

The first two conclusions make quite explicit that what political scientists know has practical implications in the realm of party politics. The fact that voters' electoral behavior can be explained by either proximity models or directional models is important not only for the scholars of political behavior but also important for parties because these models suggest the adoption of radically different strategies to maximize electoral

returns. Similarly, the fact that voters have materialist or post-materialist values is important for parties as well as for political scientists because it suggests the adoption of different electoral strategies. Therefore, given the importance of the science of politics for the practice of party politics, greater scholarly attention should be paid to the study of voters' values, perceptions and electoral choices. More study would produce better knowledge, better knowledge would provide better suggestions, and better suggestions would lead to better party strategies and policies.

But what is the conclusion for political parties? It is the same conclusion that parties and politicians reached in the interwar years[209]. As liberal capitalism, successfully, transforms society into a market society, social relations into market relations, and labor into a commodity "subject to the deleterious effects of market fluctuations", liberal capitalism not only creates disembedded markets, but it threats to destroy the fabric of society[210]. This threat produces a sort of chain reaction. The threat to society generates increasingly widespread social fears, which, in turn, generate widespread demands for greater social protection. Yet social protection is exactly what liberalism, however new, is unable to provide. Liberalism is unable to solve the problems that it creates. This is why liberalism must once again be embedded. That is why markets must be regulated, labor must be decommodified (that is protected from the market fluctuations), and the

[209] Karl Polanyi, *The Great Transformation*, Boston, Beacon Press, 1944.
[210] The quote is taken from Mark Blyth, " Why Do Conservatives Build Welfare States While Social Democrats Dismantle Them?" Towards an Evolutionary Understanding of the State Transformation, paper prepared for the European Consortium for Political Research 1998 Conference, University of Warwick, 23rd-28th March 1998, p. 8.

'safety-net' that embedded liberalism had created in the postwar era for the poorer segments of society must be restored[211].

There are several reasons why Western European parties and politicians should make an effort to re-embed liberalism. The first is that this is what voters demand. When voters observe that parties do not offer clear political alternatives, that party systems are shifting right-ward and that electorates are instead moving to the left, they mean that parties have all converted to the neo-liberal principles, that between-parties differences are differences in degree not in kind, that parties have abandoned their commitment to Keynesianism and the welfare state while electorates still need social protection. The perception of cartelization, that is of a distorted political market, reflects the increasing gap between electorates' quest for protection and parties' inability or rather unwillingness to give voters some shelter. This is what voters have in mind when they observe that there is a growing gap between their position and the position of the party system.

The second reason is that it is in parties' self-interest to satisfy voters' demands of social protection. In fact, when voters perceive that they are not adequately represented by the system parties, and that parties (and party government) are not responsible, they find new channels of representation. In some cases these new channels of representation are identified in anti-system parties such as the parties of the New Extreme Right. In other cases, these new channels of representation are identified in new forms of political participation and, sometimes, of protest. Both solutions, however, produce the same outcome. By undermining the legitimacy, the appeal and the strength of the system parties, these new channels of representation might drive system parties out of business.

[211] Mark Blyth, " Why Do Conservatives Build Welfare States While Social Democrats Dismantle Them?",

Hence, system parties have a great incentive – that is their survival – to adjust their political supply to voters' demands, to protect voters from the market-induced social injustices.

The third reason is that embedding liberalism is not just a protection for society, but also for democracy and the markets. In the interwar years, the countries that were able to embed the markets and to protect their societies remained democratic. By contrast, the countries that were not able to do so suffered democratic breakdowns[212]. In some cases, the democratic breakdown was coupled with the demise of market economy. "The reduction of inequality, the promotion of full employment, and the decommodification of labor …(are quintessential) for capitalism's survival"[213]. This is what was learned in the interwar era and that was forgotten in the 1980s. Yet, this remains one of the most important lessons we teach. And this is what parties should learn.

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op. cit., p. 6.

[212] In fact, according to Polanyi the creation of the welfare state in countries that remained democartic, as well as the rise of Fascism and Communism in those countries which suffered democratic breakdowns, can be explained by a common logic. That is by society' reaction against the uncertainties and the social injusticies produced by the unregulated markets. See Karl Polanyi, *The Great Transformation*, op. Cit.

[213] Mark Blyth, " Why Do Conservatives Build Welfare States While Social Democrats Dismantle Them?", op. Cit., p. 8.