

## Web Appendix for “Coevolution of Capitalism and Political Representation: The Choice of Electoral Systems”

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In addition to his broader points that we address in our printed response, the bulk of Kreuzer’s critique is a repudiation of some of our historical evidence. In our view, with one exception, every historical “inaccuracy” which Kreuzer raises in relation to our original article is incorrect, misplaced, or misleading; and many of his own historical assertions are wrong.

The problems Kreuzer alleges can be summarized as follows (with a preview of our responses):

(1) *Historical inaccuracies in our Table 4.* Kreuzer argues that 12 of the 90 Yes/No entries in our key historical Table 4 are incorrect. These entries all concern economic institutions. If he were right, the consequent changes would be damaging to our theory as well as to our econometric results. But we believe that our entries are perfectly correct in 11 out of 12 of these cases. To do so we use detailed historical evidence which we referenced but did not set out in CIS, and we bring in additional evidence including from Kreuzer’s own sources.

(2) *Party preferences (Kreuzer’s Table 3).* As we point out in our printed response, in only 9 cases out of Kreuzer’s 48 classifications do parties end up with preferences that are contrary to our predictions. When we examine Kreuzer’s 9 contrary cases historically, we find that in each case his classification is misleading or demonstrably incorrect. In several cases there is no reference in Kreuzer’s

own citations to the political party ostensibly being analyzed. After making our corrections to Kreuzer’s Table 3, we believe that there is impressive historical support for the party preference predictions generated by our model, even though we had not examined this evidence beforehand.

(3) *Eastern European cases.* Kreuzer argues that we are wrong to restrict our sample of countries to the advanced industrial democracies, and not to include Eastern European countries (Czechoslovakia, Estonia, Latvia, Lithuania, Hungary, Poland, Rumania) which Kreuzer claims emerged as democracies in the interwar period. He extends our historical Table to include entries for these countries, and concludes that our econometric results no longer hold. We show in Section 6 that these cases, apart from Czechoslovakia, were in fact neither effectively democratized, nor industrialized. Since our model explicitly identifies these conditions as necessary for the argument to apply, six of these cases should be excluded. The Czechoslovakian case appears well-explained by our model.<sup>1</sup> We also note that Kreuzer’s assigned 35 historical values for the East European cases are based on one single citation without page number

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<sup>1</sup> Kreuzer regards these East European cases as “the most significant challenge” to our theory. Given his goal in adjudicating between our model and Boix’s, it is less than even-handed of Kreuzer not to subject Boix’s model to them. We did and found that Boix’s model also collapses.

references. The cited book (Braunias, 1932) is on electoral laws, and says nothing about economic characteristics.

### 1. Kreuzer’s objections to our Table 4 historical classifications.

There are 90 entries in total in Table 4, the possible entries being Yes or No. In some cases Kreuzer states that we provide insufficient information for him to evaluate our entry; in most of these he accepts that our entries appear reasonable, and we do not discuss these cases further. But in a number of others he argues that our classification is incorrect. In the 12 cases involved<sup>2</sup>, he signifies his correction to our entry with Yes>No or No>Yes as the case may be. We hope to show that, with one exception (Finnish export-orientation), our entries are perfectly correct; so that 89 of our 90 classifications hold up fully against Kreuzer’s testing.

#### (1) *Rural cooperatives in France, No>Yes.*

Kreuzer states in Appendix A.1 that “France experienced a rapid growth of agricultural associations from 1890s onwards. Their orientations varied with some being syndicalist, others were imbued with catholic social thought about cross class collaboration, while still others served to provide self-help. Their growth continued during the interwar period. (Cleary 1989, 40-50; Mares 2003, 133-35).”

In relation to rural cooperatives CIS defined Yes as: “Widespread rural cooperatives (as an indicator of close ties between agriculture, industry, and longterm credit institutions).” And we footnoted: “Katzenstein (1985, 165–70, esp. 169) makes clear the importance of rural cooperatives as collective-action-solving institutions in relation not only to purchasing and selling but also to the development of products, links with local industry, and credit. In relation to the latter, it seems to have been difficult to transplant credit cooperatives from

Germany to Ireland and the United States (Guinnane 1994, 2001). And although agricultural cooperatives were important in the United States in the nineteenth century, they were primarily purchasing and selling cooperatives.” (CIS, 385).

The intent behind the rural cooperation index is to indicate whether or not peasant communities had autonomous collective decision-making capacity so that *inter alia* there were substantial investments in agricultural communities which tied together peasant producers with small towns, as well as generating forward and backward linkages between agriculture and related industrial sectors. It would have been simple to get a fuller sense of our meaning from going back to the Katzenstein pages to which our footnote referred, as well as to CIS 380-1 to which the reader is directed at 384.

Kreuzer is correct that agricultural associations expanded in France from the 1890s onwards; they had been unimportant before then, and they did not represent autonomous peasant communities thereafter. Cleary says: “In late nineteenth century France, the representation and organisation of the peasant mass of the population lay largely in the hands of a small elite of landowners and nobility.” Peasant organizations were generally sustained by outside organizations, whether conservative, the catholic church, republican politicians, or the state. As the title of his book suggests agricultural associations became important (to the extent to which they were) after 1918 (Cleary, 1989, 33). He also says that Raffaisen cooperative banks failed to establish themselves in France (1989, 36), as Guinnane also notes for Ireland (Guinnane, 1994); hugely successful in Germany and Austria, they were based on peasant self-help (Guinnane, 2001). Mares notes that agricultural associations in France in the 1920s were defensive and largely concerned with mutual insurance (2003, 134). Zeldin in *France 1848-1945 (Oxford History of Modern Europe)* observes: “Co-operation was definitely a minority movement, affecting mainly specialised growers and certain

<sup>2</sup> Not 13, as Kreuzer incorrectly says.

regions. Moreover, closer scrutiny of the way cooperatives worked reveals the idealism of the leaders was not widely shared. ... Since many of these peasant organisations were led by conservatives, their aim was seldom to be revolutionary, to abolish the normal channels of commerce; ... . In most cases the peasants were unwilling to assume the leadership of these cooperatives, ... . The organisation was therefore in the hands of bureaucrats, nobles or clergymen; the central staff ran the services; and the peasants rejected any collective discipline”, (Zeldin, 1973, 191-2).

(2) *Switzerland, Belgium, Netherlands, Italy: Employer coordination, Yes>No.*

Katzenstein ranks Netherlands and Switzerland highest in terms of business associational centralization and Belgium next highest (Katzenstein, 1985, 106: Table 3). These classifications relate to the post WWII era. Nonetheless we might still be surprised by Kreuzer's reclassifications of employer coordination in *these* three economies to be lower in the early part of the twentieth century than in Denmark, Sweden, Norway and Austria (Katzenstein's other four cases, and which Kreuzer accepts as highly coordinated). Crouch, who Kreuzer cites as his main evidence, offers no support for Kreuzer's reclassifications. Instead Crouch documents the evolution of business organization between the late 19<sup>th</sup> century and the first quarter of the twentieth, with assessments of business coordination and associational activity in 1900, 1914 and 1925. In 1900 business associational activity is limited in these three countries, while by 1925 it is substantial in both Switzerland and the Netherlands (Crouch, 1993, 142). It is not strong in Belgium and integrated into the Fascist state in Italy (1993, 143), but we show below that this is because business coordination operated differently in Belgium and in Italy.

Business in all of the proto-corporatist countries was effectively organized by the early part of the twentieth century and business coordination took four often interlocking forms:

(i) Employer and business associations, as well as chambers of commerce, trade and industry. Of these employer associations are the latest to develop and come with substantial collective bargaining in industry.

(ii) Cartelization, which included price-fixing and market sharing; much of this came as an anti-liberal reaction to the depression of the mid 1870s on, but conformed with the basically Standestaat mentality of the proto-corporatist countries and was indeed under-written by the state.

(iii) The state itself often played a major part in the development of industries, training, technology and rationalization (Germany, Austria, Belgium, Netherlands, Sweden), and there were close linkages between bureaucracy, advanced companies, parties and often royal heads of government.

(iv) Banking systems, especially in Belgium, Sweden and Germany, provided tight interlocking networks across large companies and banks, with banks playing an active and sometimes the dominant role in rationalization of industry and long-term industrial strategy.

In all these ways, business in proto-corporatist countries coordinated with each other, with the state and often within a networked banking system, while maintaining their individual corporate personalities and competitive behavior (especially in an exporting context). Thus a simple focus on formal employer associations misses the point that companies were capable of collective decision-making and needed a consensual political system to provide legislative frameworks for them.

*Switzerland:* In the case of Switzerland, capitalists organized early and were already by the 1870s “in many respects a class of their own” (Crouch, 1993, 70). They not only established an organized, albeit decentralized, bargaining system with unions – fully

institutionalized by the turn of the century – but carried out many public policy functions in terms of training, assessment of tariffs, and collection of economic statistics (93). By the 1920s Swiss employer associations had developed extensive coordination capacity at the national level, including centralized strike funds. While industrial relations developed in a more decentralized fashion than in other northern European countries, Switzerland nevertheless early on developed “a kind of incipient neocorporatism with union leaders and employers being involved with each other and public agencies at a variety of levels” (Crouch, 1993, 134). The study by Gruner that Kreuzer cites as saying that employers did not organize at the national level until after 1917 is in fact entirely consistent with Crouch. Indeed Crouch (1993, 92) builds directly on Gruner (1956) when he reports that “Swiss, and to a similar extent German, employers were highly organized for both industrial-relations and trade-association political work as discussed for 1870 (Gruner, 1956, Leckebusch, 1966).” He also cites Gruner when he concludes, referring to 1870, that “Swiss business had national organizations from a very early stage” (Crouch, 1993, 70). The high level of coordination of Swiss business thus began before the turn of the previous century, and the centralization to the national level also occurred before the adoption of PR in 1919.

*Belgium:* Belgium industry was divided between a powerful big business sector with 1% of the plants and 50% of the industrial workforce, and a very large number of small enterprises at the close of the C19th. The big business sector, primarily focused on heavy industry, operated via a complex web of relationships at the center of which was the Societe Generale bank. “.. Belgium led the way in a development which was to spread throughout Europe ... the close links between banks and home industry and between investment and exports ... As in Germany it was not simply a matter of money and goods but of active grouping and rationalisation of firms, not simply a financing operation but a positive drive to develop Belgian industry” (Milward and Saul, 1977, 180). Big business in

Belgium in the second half of the nineteenth century operated in a way reminiscent of Germany through interlocking relationships between large companies and the big banks, most notably the Societe Generale de Belgique which held through its subsidiaries 40% of bank assets between 1850 and 1914 (Peemans, 1980, 258). This strongly coordinated group of major companies and large banks was closely connected to the Liberals; but, while the Liberals were initially hostile to the wealthy landed bourgeoisie who were largely Catholic, the latter’s interests converged to some extent with industrial sector as they invested in it. “... [T]he increase in the industrial area controlled by the holding company progressively brought together the interests of stockholders, managers and entrepreneurs, Catholic as well as Liberal” (Peemans, 259)<sup>3</sup>. Small enterprises were represented, and could coordinate their interests, through a dense network of Chambres de Commerce; their vibrancy is indicated by their reconstruction on a private basis after Liberal governments had taken away their public law status in the 1850s.

*The Netherlands:* Kreuzer reclassifies the Netherlands citing Crouch (pp 43, 96-7, 112-3 and 180). There is no mention of the Netherlands on p 43; pp 96-7 relate to the power of organized labor in 1900; and p. 180 relates to industrial relations in 1950; only p. 112, in which employer associations in the Netherlands are coded as “weak” is of relevance, the date being 1914. Kreuzer also uses Martin and Swank (2008); they classify Dutch employer organization by 1925 as significantly above all the liberal economies and together with Belgium at the bottom of the range of the proto-corporatist countries, but this is biased downwards for our purposes by the construction of their index<sup>4</sup>.

<sup>3</sup> This goes some way to explaining why the Catholic party accepted PR against its own electoral interest in 1899 to save the Liberals from virtual annihilation at the polls.

<sup>4</sup> Not Swank and Martin, as Kreuzer writes. Kreuzer also supplies no page reference. Kreuzer says Martin and Swank “employ a much detailed [sic] coordination index of just employer

As a late industrializer – it is really the period from 1910 to 1920 that a great upsurge of organization of both union centralization and employer organization takes place – and as an economy of mainly small companies, but with 6 very large companies by the 1920s, employer association and industry-level centralization showed “rapid growth” (Crouch, 1993, 142). Employers and their associations came to recognize unions as collective bargaining partners, and by 1920 collective bargaining was the rule and strikes exceptions (van Voorden, 1992, 309). Companies in employer associations “customarily bound themselves not to break ranks in times of labor trouble ... As a rule, these mutual promises were backed up by heavy fine schedules in legally enforceable contracts” (Windmuller, 1969, 46). The main business association, the VNW, (which absorbed all the other main business associations apart from the confessionals by the mid 1920s), established a separate but linked central employer body, the VCO in 1920. The two confessional business organizations, catholic and Calvinist, were of much less importance than the VNW and VCO; but they were in fact close to the VNW and VCO: “Notwithstanding their spiritual foundation, the denominational employers associations followed labor policies hardly distinguishable from the [VNW and VCO] ... much smaller in membership and less influential ... they tended to follow the lead of the nonconfessional organizations”; and the heads of the three employer associations met regularly (*Kring van Werkgeverscentralen*) to “exchange views and coordinate their activities” (Windmuller, 1969, 50).

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organizations that relies on Crouch, sources cited in Crouch as well as other sources. It thus uses a wider evidentiary basis and a more careful operationalization than CIS”. In fact, as far as the Netherlands is concerned, their index relies on Crouch and on Windmuller and Gladstone, combined with data on collective bargaining and union centralization taken from Crouch. To describe this as a wider evidentiary basis and a more careful operationalisation is thus misleading.

In addition to these formal coordinating mechanisms across employers, the very large companies had close links with the state as well as the associations. Thus employer coordination in the Netherlands just before and during the period in which PR, universal mass suffrage, collective bargaining rules and denominational education all get simultaneously agreed on by all the parties, is important.

*Italy:* It is true that Italy did not have a formal employers association in the period up to 1919 when the PR electoral system with mass universal suffrage was finally (albeit briefly) agreed; nonetheless, the Lega Industriale di Torino (LIT), founded in 1906, becoming the Confederazione Italiana dell’Industria in 1910 and finally Confindustria in 1919, represented the powerful group of large-scale industrial companies which was centered on Turin, and included Agnelli and Olivetti (Morris, 1998, 101). Italian industrialization was late, concentrated in the two decades before the First World War and in Turin. It sought agreements with the socialist CGL, while at the same time maintaining managerial control; and it was increasing loss of control by the reformist socialists which subsequently pushed Confindustria to Mussolini. The industrialists were equally concerned from the beginning to have effective political representation, seeing the interests of the Giollitti Liberals, the largest party, as contrary to their own (Morris, 1998, Sarti, 1968). The complex degree of coordination across large companies was reinforced by huge combines centered around the German-style banking empires of the *Banca Commerciale* and the *Credito Italiano* (Cohen, 1967). And it was further reinforced by the cartelization of much of heavy industry.

(3) *Netherlands, Switzerland: Industrial and centralized unions, Yes>No*

The industrial working-class developed late in both Switzerland (even though rural industrialization came early) and the Netherlands. Moreover, they were both relatively small-firm economies.

*The Netherlands:* Industrialization came late to the Netherlands, and it remained largely an economy of small firms, thus not effective breeding grounds for unions. Nonetheless from 1900, unionization took off rapidly from very low levels to achieve about 15% unionization by 1914 and 30% by 1920. Already by 1914 the main, socialist federation was organized along strongly centralist industrial lines. Kreuzer paints a very different picture:

Netherlands' unions were divided into protestant, catholic and socialist unions. Socialist unions were, especially before 1905, divided into moderate and syndicalist factions. Each of these three labor movement [sic] had national, moderately centralized organizations. But according to Windmuller<sup>5</sup>, they accounted for only 1/3 of the 180,000 (in 1910) union members. (Windmuller 1969, 11-38) The other two were organized “in local and national unions not affiliated with any of the [three] central [labor] organizations]. (Windmuller 1969, 39) He notes “the division or fractionalization of the Dutch labor movement, which sets it off from the labor movements in most countries, began early and remained one of its key features.” (Windmuller 1969, 40)

Windmuller is indeed the main authority on Dutch labor relations. But Kreuzer's selective use of Windmuller (38) quite alters the meaning. Kreuzer did not quote the next two sentences after the data from Windmuller (38) that he referred to: “By 1914 [the NVV] was clearly pre-eminent among all national centers with over 80,000 members. (In fact the NVV succeeded in again doubling its membership over the ensuing four years, so that by 1918 it had risen to 160,000.)” Kreuzer takes the wrong dates, since unionism only began to develop around the start of the twentieth century, and what was to become the dominant union federation the socialist NVV was only

founded in 1906. Moreover, Windmuller's comment on fractionalization refers to the co-existence of the NVV with a catholic and a Calvinist union federation<sup>6</sup>: it does not relate to the centralization and industrial basis of the unions. Van Zanden, a leading Dutch economic historian argues: “To sum up, the two decades before World War 1 saw the rise of the trade unions and their national federations which were to dominate wage bargaining during the rest of the century. ... the socialist federation NVV was strongly centralized and reformist” (van Zanden, 1997, 73). And he uses Windmuller's work at more length as follows:

The diamond workers union “became the first successful example of a centralized union, which built up large reserves and supplied all kinds of services to its members (Windmuller and de Galan 1970, I, 24). ... this model quickly came to dominate the socialist trade union movement. In 1906 fifteen national unions established a federation, the NVV, which was to dominate the socialist trade union movement for the next seventy years. The founders made it clear that their aim was to improve the position of the workers by wage bargaining – especially through the conclusion of collective bargaining agreements .. – and by political action aimed at protective labor legislation (Windmuller 1969, 31). ... Compared with socialist unions which could count on 80,000 members in 1914, the two confessional federations were relatively small; in 1914 their combined membership was about 40,000 or half the size of the NVV (Windmuller and de Galan 1970, I, 25 ff.)”

Kreuzer says that Dutch unions were craft-based, but according to a work for which John Windmuller was consultant editor, the shift

<sup>5</sup> The correct spelling is Windmuller.

<sup>6</sup> The only instance of two (serious) confessional federations in our sample of countries.

from craft to national unions had taken place between 1910 and 1920 (van Voorden, 1992, 309). This transition is confirmed by Crouch's table for union organization in the 1920s where the entry is "branch type" (Table 5.2, 138).<sup>7</sup> And, again, within the NVV, from its inception as a federation, the model of a strong centralized bureaucratic structure was adopted, along the lines of the Diamond workers union (van Voorden, 1992, 309)

*Switzerland:* Switzerland has an usual pattern of industrialization. On the one hand, an early (rural) industrializer; on the other, the nationalization of economic networks came late, and much economic and policy-related networking remained based in cantons or groups of cantons. This was the case for the two major industries in which skilled work was important and unionism strong: watch-making and metal-based industries, including machinery. Watch-making was confined to the French-speaking cantons; and Geneva had already legislated in 1900 the validity of collective agreements between workers' and employers' organizations – "To our knowledge the first piece of legislation in Europe in this field" (Aubert, 1989, 373). Thus unions were initially organized primarily on a cantonal or regional basis by industry. There was moreover a particular reason why stable union organization was based on skilled workers: half of those employed in factories were unskilled Italian workers with a high mobility rate and prone to spontaneous strikes, while most (male) Swiss workers were trained – and indeed already before the First World War Switzerland had the reputation for specialized quality goods. This explains why, when the Federal Code of Obligations was revised in 1911 to incorporate protected collective

agreements between unions and employer associations (the *Gesamtarbeitsvertrag*) these applied only to skilled workers. This can be seen moreover in the light of Swiss vocational training which was also, and from early (1884), a federal area of responsibility (Gonon, 2004, 68-79, Greinert, 2005, 68-79). The Federal government moreover provided direct financing and a secretariat to the Swiss Labour League in 1887, understanding the need for labor to have representation at the federal level (Gruner, 1992, 449).

Swiss employer associations in the key watch, metal and machinery industries rejected collective agreements at the federal level until the peace obligation agreement of 1937, thus culminating a long process of imposing increasing centralized control on locals which had started in the pre war period. Prior cross-cantonal agreements had been concluded in the brewing industry (1906), the printing industry (1907) and the tinplate industry (1911), the latter at least including a peace agreement (Aubert, 1989, 373). Thus, although at first glance Kreuzer's description of Swiss unions as fragmented and crafts-based is understandable, we believe it is wrong in the terms of our argument.

(4) *France, UK: Large skilled-based exporter, No>Yes; Austria, Denmark: Yes>No.*

As our text made clear, our concern here was to identify those countries in which vocational training of workers in manufacturing was of importance in the early twentieth century, and likely to imply framework negotiations ultimately at the political level. A key element for our argument is the combination of a strong manufacturing sector and organised vocational training. Although significant industrialization at the national level is important for our argument – since this is what generates the demand for national public policies and representation -- we were not suggesting that a high share of manufacturing exports is what matters *per se*.

<sup>7</sup> Kreuzer confuses a historical snapshot with a trajectory of historical change. Virtually all unions started out as craft unions, but in proto-corporatist countries they were transformed into industrial unions as they were unable to control their craft due to the organization of the training system (in Denmark it happened through high, employer-induced, centralization). This is the transformation that our theory explains.

*France:* France does not come into the high skill category since it did not have well-trained blue-collar workforce. There is broad consensus that it had no more than the most rudimentary training system at the time of interest: “.. [O]n the eve of the first world war .. the mass of workers .. with very few exceptions began their working lives without training.” (Lequin, 1978, 318). This authoritative study also makes clear the recalcitrant attitude of French employers to training both before and after the WW1.

*UK:* In the case of the *UK*, about one third of the industrial work force was trained through informal apprenticeship systems; but the resultant quality of skills was persistently poor and widely criticized. The apprenticeships typically were “time-served” without examinations, and with limited quality control.

“The remains of guild training had by 1900 become nothing more than a trade union tool for regulating the labour market in England, and were only to be found in a few occupations. This meant that the unions extensively used training, which had become subject to negotiations on wage settlements, to restrict employment opportunities in the heavily segmented labour market. The aim of this policy was to keep wages high and competition low by limiting the numbers of apprentices – the labour force of the future. The few apprentices thus ‘privileged’ often received a poor quality of training, however; they merely ‘served’ their apprenticeship, often without any check on their occupational skills at the end of the period (Deißinger/Greuling 1994, p. 193). ... R.H. Tawney describes the situation of vocational training at this time by using the image of a dichotomy between ‘boy learners’ and ‘boy labourers’, with the majority of arrangements in the industrialised northern English counties often falling into the latter category of relationship. According to Tawney’s data, in Liverpool in 1901 only 3.4% of 14 year olds were in an apprenticeship, while 5.5% were in ‘non-educational employments’ (Tawney, 1909)” (Greiner, 2005, 89).

*Denmark:* While it is true that (until the 1930s) *industrial* exports were relatively low, exports overall were high and the heading ‘agricultural’ exports is quite misleading. As the Cambridge Economic History of Europe notes:

“In the remarkable case of Danish agricultural production, with its transition to more or less industrialized forms of processing, developments were facilitated by the rapid growth of agricultural co-operation. Danish butter achieved an international reputation thanks to a series of well-equipped and hygienically well-supervised co-operative dairies where technical innovations could be applied and production methods progressively developed without a break in the structure of agricultural ownership.” (Hildebrand, 1978, 610)

Moreover, this went with a well-developed training system that became increasingly important as industrialization progressed (the industrial labor force reached 24.4 percent in 1901). Apprenticeship Acts in 1889, 1916, 1920 and 1937 extended and formalized apprenticeships and the role of public vocational training, with formalized roles for employer organisations and unions. In his seminal study of the Danish industrial relations system Galenson roots the training system directly in the guild tradition: “The persistence of the gild tradition is nowhere more manifest than in the structure of the labor market. ... When the guilds were abolished, the formerly closed trades were opened to anyone, one of the results of which was a serious deterioration of training standards. Many of the early trade unions displayed keen interest in the restoration of the old employment monopolies, and though they were not able to advocate such measures per se, they succeeded, in cooperation with their employers, in reinstating a closed occupational system in the skilled trades through the medium of the apprenticeship. A series of laws was enacted to regulate this relationship, culminating in the Apprenticeship Act of 1937” (Galenson, 1952).

Although skilled unions and their support for the apprenticeship system (with lengthy four and a half year training periods) sometimes created tension with employers over flexibility (and the system was later reformed to include vocational schools), Galenson underscores the pervasive cooperation between workers and employers through the training and industrial relations system. In the influential study by Due et al of the “Danish Model” (1994) echo this emphasis on consensus, and they explicitly include the regulatory state policies in their discussion: “The emphasis on mutual agreement is also obvious in the application of the consensus principle in drafting and implementing labour market legislation” (1994, 119). This implied that the main economic actors were granted direct representation in the policy-making bodies: “The main organization (i.e. LO and DA) were both accorded representation on the relevant councils, committees, boards and commissions, and implementation of legislation pertaining to the labour market was usually based on the principle that prior *consensus between the main organizations* was to be a prerequisite for any such measures” (1994,70; emphasis in original).

What we are adding is the proposition that consensus in regulatory policies would have been very difficult without involvement in the legislative process of the parties representing the different interests. And with industrialization at the national level the only electoral system to ensure this was PR. But, again, the transition to PR did not constitute a sharp break with the past, and Due et al.(1994) make exactly the same point with respect to corporatist representation and the centralized industrial relations system. Although the system did not mature until the 1930s, it “shows a virtually linear development from the September Compromise in 1899.”

*Austria:* Kreuzer argues that Austria should be reclassified to No, and uses the low export share (7%) of the Austro-Hungarian empire in 1900 as a whole as a reason; misleadingly he describes this figure as the share of *Austrian* exports (Eddie, 1989, 829). According to the

Flora dataset, which provides data for Austrian exports as a share of GDP in 1913 and then next in 1924, the Austrian export share is 22.8% in 1913 and 26.3% in 1924. Kreuzer also argues that only a small proportion of the population was engaged in manufacturing; Mitchell provides data for the share of the labor force in industry for years just after 1918 and Austria has 33.9% share in industry, putting it 7<sup>th</sup> of our 17 economies (Mitchell, 1992); relatedly the main province of First Republic Austria, Lower Austria, had only 20% of the active labor force in agriculture in 1900 (Eddie, 1989, 860). Finally, Kreuzer points to the low level of Austrian GDP per capita in 1913, but as can be seen from his own table A1a the Austrian level is above the Swedish, Norwegian and Italian, virtually equal to the French and only about 5% below the German.

Austria had moreover a well-developed system of vocational training, with a comprehensive dual system of *Fachschule* together with company apprenticeships, and with a particular focus on industry (Greinert, 2005, 68-78). Eddie notes that under the Dual Monarchy the Austrian government directed all the resources devoted to the promotion of industry on industrial instruction and training (Eddie, 1989, 873-4). In addition, while there was a bias against joint-stock companies (a legacy of the 1873 crash), guild legislation was reintroduced requiring competence certification as a precondition of artisan status this encouraging apprenticeship training (1989, 873). More generally the Viennese *Grossbanken* and the cartels they supported had a powerful influence on most industries (Eddie, 1989, 822). And, specifically in the Alpine Provinces (the future First Republic), agriculture, based on peasant farming in contrast to the rest of the Austro-Hungarian empire, consisted of “highly developed dairying and other intensive forms of agriculture” (1989, 860); this implies both agricultural-industrial linkages and a future supply of skilled labor.

For all of the reclassifications by Kreuzer we believe there is clear evidence that our original

classifications were correct based on the historical evidence. The one case we are less confident about is Finland because it was still a very rural economy by the time of the adoption of PR, and far more so than any of the other countries in our sample. Since the electoral system in our argument only emerges as a salient issue with a significant level of industrialization and nationalization of politics, Finland may not fall under the domain of the theory. We leave this question open to experts on Finland and simply note that whether or not Finland is included makes no difference for our results

## 2. Kreuzer’s nine contrary classifications of party preferences (right-hand side of his Table 3)

In the spirit of Kreuzer’s concern about historical inaccuracies, we ask in this section how historically reliable Kreuzer’s “contrary” classifications party preferences - those which are not Yes or No>Yes<sup>8</sup> in the righthand side of his Table 3. Of the total of 48 entries, there are 9 contrary classifications (either Divided, No or Yes/No). On the basis of our historical examination (including the evidence cited by Kreuzer) we find all 9 contrary classifications to be incorrect. This section spells out the reasons for our reclassifications, with detailed references to the historical literature.

<sup>8</sup> What led us to question Kreuzer’s classifications more broadly was a prior examination of the Belgian Liberal position, which Kreuzer classifies No>Yes; but none of the pages referenced by Kreuzer mentioned this shift. “Containing the left threat explains why the Liberals shifted their support from FTPT to PR after 1893” (Kreuzer, 22). This is referenced to Carstairs (1980, 52-4) and to Stengers (2004, 258-60). Carstairs says nothing about the Liberals shifting support from FTPT to PR on pp 52-4: If anything there is a suggestion in his chapter on Belgium that PR had been a long-standing position of many Liberals. Nor is there any reference to the Liberals having shifted support from FTPT to PR in Stengers (258-60) or elsewhere in his article.

In the spirit of his own concern about historical inaccuracies, we might ask how historically reliable are Kreuzer’s “contrary” classifications - those which are not Yes or No>Yes<sup>9</sup>. Of the total of 48 entries, there are 9 contrary classifications (either Divided, No or Yes/No).

On the basis of our historical examination (including the evidence cited by Kreuzer) we find all 9 contrary classifications incorrect:

(1) In Kreuzer’s Table 3, the Danish Socialist are classified as Divided, but two pages (23) later Kreuzer writes “[Denmark’s] Socialists, .. , were happy at first to keep the FPTP electoral system as long as more urban districts would be added. But the difficulties of [doing so] led them eventually to support PR.” Indeed, the Socialists were part of the cross-party support for the 1915 *de facto* PR legislation, and with the Conservatives and Radical Liberals promoted the 1920 legislation for pure PR (Elklit, 2001). So the case of the Danish Socialists should be reclassified from Divided to No>Yes.

(2) As far as the Danish Liberals (classified No) are concerned, there were two different Liberal groups (Venstre and the breakway Radical

<sup>9</sup> What led us to question Kreuzer’s classifications more broadly was a prior examination of the Belgian Liberal position, which Kreuzer classifies No>Yes; but none of the pages referenced by Kreuzer mentioned this shift. “Containing the left threat explains why the Liberals shifted their support from FTPT to PR after 1893” (Kreuzer, 22). This is referenced to Carstairs (1980, 52-4) and to Stengers (2004, 258-60). Carstairs says nothing about the Liberals shifting support from FTPT to PR on pp 52-4: If anything there is a suggestion in his chapter on Belgium that PR had been a long-standing position of many Liberals. Nor is there any reference to the Liberals having shifted support from FTPT to PR in Stengers (258-60) or elsewhere in his article..

Liberals), of whom the Radical Liberals were early proponents of PR. Moreover, although Venstre (Liberals) had much to lose from PR because of its geographic concentration, it in fact supported the complex all-party agreement of 1915 which introduced *de facto* PR. (The galvanizing event was the 1913 general election when the Conservatives won 23% of the vote but only 6% of the seats<sup>10</sup>.) It is

<sup>10</sup> Boix suggests that the reason for the Conservatives to choose PR in the Danish case was that voters were “unable to determine which nonsocialist party [had] a better chance to defeat [the Social Democrats.]” So far as we can determine there is little support for this claim in the historical record. The Liberals polled more votes than the Conservatives (often with a margin of 20 percent or more) in every election but one until the introduction of PR (the exception was the 1892 election when the party had just split into two). In the election before the PR compromise was reached, the Liberals won 38 districts while the Conservatives won 7. Hardly a difficult coordination game for voters to solve – if that was what they were trying to do, of course. Moreover, it is then difficult to understand why the Social Democrats should have chosen PR in both 1915 and 1921. Separately, the leading expert on the Danish electoral system argued: “This analysis does not give much support to the conventional interpretation of the introduction of PR as being driven by the old, established parties demanding ‘PR to protect their position against the new waves of mobilized voters created by universal suffrage’ (Rokkan, 1970: 157). On the contrary, one can argue (1) that the Danish party system primarily reflected the cleavage system - in its regional manifestation - and that the party system was “frozen” well before 1915, (2) that the change of electoral system from FPTP to MMP in 1915/18 primarily reflected the parties’ striving for parliamentary influence in a complicated parliamentary structure (realizing, obviously, that the Social Democratic vote share was continuously increasing), and (3) that this endeavour only had little - if anything - to do with the chronologically parallel discussion about suffrage expansion (and certainly not in the form of a causal relationship running from suffrage expansion to the introduction of PR)” (Elklit, 2001, 17).

true that Venstre objected to the pure PR extension in 1920 supported by Conservatives, Radical Liberals and Socialists: But Elklit shows that it was the 1915 reform which produced effective proportionality, while the 1920 legislation led to further Liberal losses with an insignificant increase in proportionality (Elklit, 2002, 35-8); and this explains the Liberal opposition in 1920. It is thus misleading to say that the Liberals were in any basic sense opposed to PR.

(3),(4) The Belgian Catholics and Socialists are both classified by Kreuzer as divided. This is perfectly true but misleading. As we point out below, when parties lose by the switch from FTPT to PR, those elements in the party which stand to lose seats complain. The complainants in both parties were powerful minorities with geographically concentrated voters – the Flemish peasant wing of the Catholic party and the radical left-wing of the Socialists. But the main party leaders (Beernaerts and Vandervelde) were firm PR supporters throughout. Moreover in the admittedly confused 1899 legislative vote proposed by a Catholic government in favor of PR, the majority of Catholic representatives voted in favor. In 1899 the Socialists voted against PR, but the Catholics included plural votes for wealthy individuals in the overall package, and to this the Socialists were strongly opposed. A straight vote by Socialists on PR with no strings attached, at a Belgian Socialist party Congress (Louvain, mid 1890s), produced a majority vote in favor (Carstairs, 1980, 54). Kreuzer, who cites Carstairs wrongly on the Belgian Liberals, gives no references for his classifications. A non-misleading classification for both Belgian Socialists and Catholics is in fact Yes with minorities opposed.

(5) The Swedish Social Democrats are classified Yes/No. The reference to Herlitz (1925) as a justification for this classification is incorrect, since Herlitz does not once mention the Social Democrat view of PR, or even the role played by the Social Democrats in the evolution of PR, except to say “No party advocates a return to the majority system; and the best proof that proportional representation is sound is in the fact that its fundamental principle ...accords so well with Swedish political traditions” (Herlitz, 1925, 591), very much in line with our basic argument. The reason for Kreuzer’s classification is presumably that the Social Democrats opposed the Liberal-Conservative PR legislation in 1907-9; but this (complex) legislation maintained plural voting in which wealthier voters had multiple votes and which limited Social Democratic political gains under PR; hence the Social Democrats voted to maintain FPTP in protest. This is a good example of the confusion of the choice of PR before universal suffrage and open access to political power for the left had been secured; it is analogous to the Belgian case in (4) above. Indeed, the Social Democrats were the largest party between 1918 and 1921 and supported the major suffrage reforms and institutional reforms to the Upper House and communal elections which were then carried through, and in coalition government with the Liberals. These included halving the number of constituencies to increase PR (Carstairs, 1980, 104). Branting, the Social Democrat leader was the chair of the committee which made the proposals; not only was there no question of going back on PR, the reforms included the requirement that each second chamber constituency was large enough to have five members (Verney, 1957, 212-3). Verney notes (212) the inclusive nature of

Branting’s committee (Social Democrats, Liberals and Conservatives) and the speed of acceptance of its final conclusions. So the Yes/No classification of the Social Democrats in Sweden is misleading; at the very least it is No>Yes.

(6) The Swiss Liberals are classified No, opposing PR. This is perfectly correct up to the adoption of PR through a national referendum in 1918. Until then, and for the previous 70 years, the Liberals had had an overall majority in the National Assembly, and hence in principle complete control over the 7-member executive. They had opposed PR because they correctly saw that this would deprive them of their overall majority in the National assembly and hence control of the consensus-based executive; they had already and voluntarily admitted a catholic to the executive in 1891; and a major Liberal concern was to hold back the Social Democrats. In our interpretation then, Switzerland was not an effective democracy before 1918 and the introduction of PR; and the Liberal rejection of PR was a mechanism to keep Social democrats out of power. (Thus the determining Liberal choice of majoritarian electoral system to keep out the left goes exactly against the Rokkan-Boix argument, as Lutz notes (2004, 289-90)). Our argument is that when electoral rules are no longer primarily used to impede democratization, then parties in proto-corporatist countries will support PR. This seems to have been the case: “Since the introduction of PR [in 1918] for the National Assembly the question of a return to majority voting has never been seriously discussed in Swiss public life” (Sternberger et al., 1969,1126). So we believe the correct classification for the Swiss liberals is No>Yes.

(7) Kreuzer classifies the Austrian Conservatives as No. There are two issues here. First, the citations which appear to support the classification bear no relation to it. There are two citations provided by Kreuzer, Ziblatt (2009) and Anderson (2000), though without page references.<sup>11</sup> In neither citation are there references to Austria, let alone electoral system preferences of Austrian Conservative parties. Second, Kreuzer says that there were two conservative parties in Austria, that it was the Austrian German National party which opposed PR, and that the German National party was the smaller of the two parties; and the larger party supported PR. So to describe the position of the Austrian Conservatives as opposed to PR is already misleading. In any case, third, all the national conservative parties appear to have supported PR in the final agreement: “On some questions, most importantly the drafting of the first constitution in 1920 [when PR was definitively agreed] a three-camp grand compromise solution could be established such as the ‘super-grand’ coalition of the Christian Socials, the Social Democrats and the German National parties that existed between July and November 1920. Thus on October 1<sup>st</sup> 1920 the new constitution was implemented” (Gerlich and Campbell, 2000, 46). Gerlich and Campbell further note that this was an “all-party coalition” which removes doubt about whichever party it was (presumably the Bauernpartei) not being included (2000, 50). Thus the classification should be: Divided, larger conservative party Yes, smaller No>Yes.

<sup>11</sup> If these citations were meant to support the argument that parties of notables favor FPTP, Kreuzer has provided no reference in support of an important but obscure classification.

(8) The Liberal and Labour parties in the UK are classified by Kreuzer as Yes>No and No>Yes. (Kreuzer incidentally gives no references for these classifications.) On the basis of his classifications, Kreuzer argues that “lack of cross-party support [for majoritarian elections] is particularly evident in [*inter alia*] the UK”. This is a remarkably misleading statement. The two major parties (Conservatives and Liberals, then Conservatives and Labour) have nearly always been in favor of FPTP, at least since 1884. Apart from a very brief flirtation in 1916 in the middle of the war, the only periods in which governments were at all concerned with moving away from FPTP were 1923-4 and 1929-31 during the two minority Labour governments. While some Labour MPs were in favor of PR between 1916 and 1924 (when Labour was moving from third to second party), the Labour leader Ramsey Macdonald was not. In Carstairs’ judgement the great majority of Labour MPs were against it thereafter (1983, 156), as was of course the Conservative party throughout. It was the move of the Liberals into third party status which caused them to campaign for PR: The Liberal Party was overtaken by Labour in the 1920s, and performed disastrously in the 1929 general election, winning only 59 seats (5.3mn votes) against 261 Conservative (8.7mn) and 287 Labour seats (8.4mn votes); the Labour minority administration had tentative Liberal support; the Liberals ambushed the government by demanding PR in 1930 at a critical moment in the Trade Disputes bill – dear to Labour’s heart and opposed by the Conservatives; Labour instead offered the alternative vote, and this passed the Commons in 1931<sup>12</sup>, only predictably to be rejected

<sup>12</sup> Not in 1928 as Kreuzer says (1 664-5) – when there was a Conservative government. Perhaps

by the Lords and then ditched. As is well-known the Liberals split during the formation of the National government in 1931 – the Coalition Liberals allying with the Conservative party (with which they were shortly to amalgamate *de facto* as the National Liberals) against the tiny Independent Liberal Party (of Lloyd George) with 4 seats in the 1931 election (on all this, see Carstairs and Mowat (Carstairs, 1980, 195-7, Mowat, 1955, 366)). It was in fact the Independent Liberal Party which espoused PR from then on<sup>13</sup>. The Labour party flirted with PR in the period 1918-1923; this was the period when Labour was struggling to overtake the Liberals as second party. Until relatively recently, FPTP was questioned only by fringe intellectual movements and minority parties. Again, Kreuzer’s summary is quite misleading. The classification for the Labour party should be Yes.

(9) Kreuzer classifies the Dutch Socialists as divided. It is true that earlier, when electoral rules were being used in the wider struggle for suffrage, the Socialists opposed PR to improve their electoral position in the absence of universal suffrage. But the Dutch Socialist party was one of the signatories to the Pacification accord of 1917 in which the parties agreed to universal male suffrage, state financing of confessionnal schools and proportional representation. The correct classification should be No>Yes.

To sum up, Kreuzer systematically misinterprets the data used in the RHS of his Table 3 on party preferences. He gives few references on which to base his 48

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Kreuzer confused it with the 1928 Representation of the People Act which extended the vote to young women?

<sup>13</sup> Gladstone discussed PR in 1884 but did not support it.

classifications, and some of them as we have shown lead nowhere.

### 3. On sampling and the East European cases

Our aim with the 2007 article was to provide a new explanation for electoral systems in the countries that had been the focus for the analyses of Rokkan, Boix and others. These countries share a range of economic and political conditions that are important to the applicability of our argument. Most obviously they had all reached a high level of industrialization and democracy by the time many switched to PR (with the possible exception of Finland).

Kreuzer tests our model on a larger sample of countries, augmenting the Boix/Rokkan advanced country data set with seven East European cases. Kreuzer himself refers to “... the very limited industrialization of all these economies but Czechoslovakia” (p. 15). With the latter exception all countries were agricultural economies with highly localized production processes.<sup>14</sup>

As CIS explained, when interests are locally or regionally rooted the difference between PR and SMD systems disappears since both systems produce roughly proportional representation of interests. There is consequently no reason to expect the structure of the electoral system to be tightly aligned with the structure of the economy prior to national-level industrialization. So quite aside from problems to which we refer to below with Kreuzer’s construction of the augmented data set, it is not a surprise that it does not fit our model.

It is also noteworthy that two of Kreuzer’s East European cases were clearly not democracies before the Second World War. Using the 0-10 point democracy scores for the interwar period from the Polity IV data base, Hungary and

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<sup>14</sup> According to Michel (1992), the share of the labor force in agriculture varies between 61 and 82 percent in 1920 (or the closest year).

Rumania never scored above 1. A value of “1” means that these countries were autocracies without free elections or party competition; a characterization that is confirmed by Janos (1989, 860). In the case of Hungary a provisional government coming to power after revolutionary conditions following the end of the First World War proclaimed universal suffrage and freedom of the press and assembly, but no national elections were ever held (Janos, 1989); (see also Burant and Keefe (1989) on Hungarian authoritarianism).<sup>15</sup>

Kreuzer gives no explanation of how he arrived at his scores for labor market coordination. The sole source Kreuzer cites for all his European cases is Braunias (1932); even then no page references are supplied.<sup>16</sup> Braunias contains no information about the explanatory variables we use in our Coordination Index: it is compendium of data on interwar electoral systems. Finally, Kreuzer refers to his Appendix A for details on how he measured the independent variables, but Appendix A does not include any information on the East European countries. Our main point, however, is simply that democracy and industrialization (at least within some limits) is a necessary condition for our model to hold.

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<sup>15</sup> With no election we are not even sure what it means when Kreuzer provides a score for the effective threshold of representation (see his Appendix C).

<sup>16</sup> "It is worth reiterating that historical evidence will be more credible and often more valid if scholars hold themselves to a standard of presenting it with references containing actual page numbers" (Kreuzer, 42).

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This varieties of capitalism approach to the political economy is actor-centered, which is to say we see the political economy as a terrain populated by multiple actors, each of whom seeks to advance his interests in a rational way in strategic interaction with others (Scharpf 1997a). The relevant actors may be individuals, firms, producer groups, or governments. The concept of political representation is misleadingly simple: everyone seems to know what it is, yet few can agree on any particular definition. In fact, there is an extensive literature that offers many different definitions of this elusive concept. [Classic treatments of the concept of political representations within this literature include Pennock and Chapman 1968; Pitkin, 1967 and Schwartz, 1988.] Hanna Pitkin (1967) provides, perhaps, one of the most straightforward definitions: to represent is simply to "make present again." On this definition, political representation is the activity of making present again. There are more than 200 countries in the world and even more nations. The world is open now and at your work, during your business trips and studies or just through the Internet you can be involved in the multicultural communication. Someone thinks that for efficient conversation good communicational skills and language proficiency (usually, in English) are enough. However, it's not easy. Political parties and politicians choose electoral systems, and CIS indeed omits a micropolitical logic of electoral choice, one that explains preferences in terms of the career goals of politicians. We agree that short-term politics should be part of the explanation, and later sections of this article are devoted to doing just this. We summarize the key points shortly. He also argues that our model. 2 However, it is a fully rational choice. 393. Coevolution of Capitalism and Political Representation. May 2010. does not t a new set of cases, those of a number of east European countries in the Secondly, electoral systems influence the number of political parties and multipartism can affect efficacy and turnout. Political Efficacy and Participation in Twenty-Seven Democracies 315. Fig. 1. Schematic representation of electoral system effects on efficacy and participation Note: Dashed line indicates that the relationship depends on the electoral system, the type of rules or disproportionality (in the case of small-party preference). 316. Karpan and DuCCI. should expect those who prefer small parties to be more dissatisfied with the political system, have lower levels of efficacy, and, consequently, to be less likely to vote. Therefore, the effects of small-party preference on efficacy depend on