

**Title of Manuscript:** All about the Money? A Cross-national Study of Individual Parties' Relations with Trade Unions in Twelve Western Democracies

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# All about the Money? A Cross-national Study of Individual Parties' Relations with Trade Unions in Twelve Western Democracies

## **Abstract**

This paper examines political parties' approach to trade unions and the role of private and public party finance in contemporary democracies. We suggest that both unions' direct donations and states' party finance regimes may account for variation in the strength of parties' organizational links to unions. We investigate this argument with a new dataset covering parties historically aligned with trade unions and union confederations in 12 mature democracies. Our empirical analysis provides support for the hypothesis that financial contributions are positively associated with stronger organizational links but also suggests that this relationship is constrained by the level of public subsidies and state regulations of donations. The findings point to the need for more research on how private and public money affects parties' interactions with civil society actors.

**Key words:** Donations, parties, interest groups, trade unions, state funding, regulations

## **Introduction**

Political parties and interest groups are alternative intermediary organizations in democracy, but often depend on one another to reach their goals (Schattschneider, 1942; Almond and Powell, 1966). Interest groups may provide votes, financial support and organizational assistance to parties, while interest groups rely on parties to deliver favourable legislation and policy (McLean, 1987: 70; Howell et al., 1992: 5; Warner, 2000: 29, 99; Schwartz 2005: 44). A widespread assumption is therefore that parties and organized interests enter into organized relationships with one another to stabilize the exchange of such resources, while parties and groups that do not have much to offer each other in terms of ‘goods’ presumably will enjoy significantly weaker links, if any links at all (Quinn 2002). However, it is still open to debate how much resources matter for the nature of party-interest group relations (e.g. Thomas 2001; Rasmussen and Lindeboom 2013; Allern and Bale 2017).

In this paper, we focus on the party side of the relationship and ask whether private and public party finance can account for existing variation in parties’ structured interaction with particular groups in different political systems (Allern and Bale 2012). This is an important question since it tells us whether money plays a part in providing access to important gatekeepers to political power, as well as casting light on the extent to which state finance regimes impinge on such relationships. Although case studies suggest that donations in particular encourage parties to establish or maintain organizational ties like liaison committees and leadership overlaps (Thomas, 2001; Quinn, 2002; Allern et al., 2007), we need more empirical evidence on the relationship interest group donations to political parties and organizational links between interest groups and parties. The widespread introduction of state funding and finance regulations is argued to have lessened the dependence of parties on civil society (Katz

and Mair, 1995; Hopkin, 2004; Van Biezen and Kopecký 2014). A pertinent question therefore is whether differences in such institutional frameworks – the party finance regime – constrain the possible effect of private money on party strategies towards interest groups.

We zoom in on some of the historically most intimate party-group relationships, namely the connections between parties and trade unions at the national level. In this way and in different systems, we are able to compare on the one hand, parties with a history of relations with trade unions, and on the other, interest groups that despite sharing some similarities, not only have distinct origins but also make different choices about whether or not to donate money to political parties.

While union donations can be guided by short-term strategic considerations (Brunell, 2005; McMenamin, 2011, 2012), they may also be seen as investments in relationships with legislators or parties (Victor and Koger 2016). Rooted in a cost-benefit resource model, our approach assumes that financial contributions from trade unions give parties a greater incentive to institutionalize their relationship with them. We posit that such relationships involve costs in terms of reduced freedom of maneuver, but that money might compensate and motivate parties to maintain or establish relatively strong organizational links and thereby make the provision more stable. Thus, we hypothesize that a party will have stronger links to unions that have donated money to it in recent years than it will have to unions that have not. Equally important, we assume the importance of such donations is likely to be constrained by the party finance regime in the different countries. First, what parties receive from the state is, in particular, likely to decrease the actual value of unions' financial contributions to parties. Hence, we hypothesize that state funding weakens the effect that unions' monetary support has on party-union links. In addition, we expect that

stricter party donation rules are associated with weaker party-union ties at the country-level by making donations less likely in the first place.

We take a first step towards examining these hypotheses empirically by means of a new dataset covering left-of-centre and centre-right parties in 12 countries that have historically been aligned with particular trade unions, as well as all contemporary trade union confederations or major unions. Both unions that have traditionally been an ally of (and thus probably shared political goals with) the party in question and unions that have not are hence included, as well as controlled for in the analysis. These unique survey data from 2013-14, supplemented by party finance data from election commissions and party accounts, encompasses more than 180 party-union dyads in nine mature democracies in Europe, as well as Israel, Australia and the United States.

First, after controlling for a number of variables, we find suggestive evidence that a direct financial contribution to a party is positively associated with stronger party-union links in mature democracies. Importantly, this also holds when controlling for whether or not the party and trade union have been historical allies. Second, we find that the association between donations and the strength of party-union links is conditional on state funding: the positive effect weakens as state funding increases. Lastly, the results suggest that restrictions on party donations are associated with weaker party-union links.

The cross-sectional nature of the available data prevents us from identifying causation, and we acknowledge that, from an interest group's perspective, providing financial support might be more attractive once the relationship is more institutionalized. We are not able to address this possible problem of endogeneity perfectly, but make sure donations are measured before the organizational links. Moreover, we only study arrangements that the party either initiates or has agreed to;

what we seek to take account of are party decisions to accept or initiate institutional links to particular unions, not two-way relationships. Hence, the party's incentives are more pertinent theoretically and are what we address empirically. We are able to utilize the variation between parties and across financial regimes to test hypotheses which feature in the literature but have not so far been tested systematically due to issues of data availability. Our analysis is thus an important contribution to the literature on political parties, interest groups and party finance, and illustrates the interplay between different financial regimes and the role of private of money in politics.

### **Existing Research on Donations and Party-interest Group Relationships**

Recent empirical studies confirm that historically strong links between particular parties and interest groups – such as those between left-of-centre parties and trade unions – have declined in many cases, but nevertheless suggest significant variation both within and across countries (Thomas, 2001; Streeck and Hassel, 2003; Allern and Bale 2012; Poguntke, 2015; Celis et al., 2015; Allern and Bale, 2017). They also indicate that a shared history makes a difference but cannot fully explain party-interest group interaction: resource exchange also plays a part (Thomas, 2001; Allern et al., 2007; Rasmussen and Lindeboom, 2013). Allern and Bale (2017), for instance, find that that contemporary links are mainly related to the resources unions might offer parties in the case of traditionally close parties and unions. Their bivariate analyses indicate that strong links are maintained in cases where the resources on offer, such as the potential votes of union members, are greater. Interestingly, however, their admittedly broad survey-based index of financial and material support does not significantly correlate with party-union links. This paper, in contrast, zooms in on direct financial contributions to parties. This is arguably the most tangible resource

that an interest group can provide. Compared to resources offering more uncertain returns it clearly incentivizes the institutionalization of relations.

Scholars of interest groups and lobbying have, of course, always been interested in groups' financial contributions to parties (and in particular to individual legislators) with a major focus on the relationship between contributions and group influence. Victor and Reinhardt (2018), for instance, show that the Democratic Party in the US updates its political platform to cater to the preferences of interest groups who 'loyally' donate to the party. Other studies find no such effect (Smith, 1995; Baumgartner and Leech, 1998; Hojnacki et al., 2012). The contradictory findings have led some scholars to argue that money 'buys' access but not influence (Langbein, 1986; Ansolabehere et al., 2003:126; Kalla and Broockman, 2016).

Others have instead proposed a fundamentally new concept of party, arguing that parties (in the United States) "(...) are best understood as coalitions of interest groups and activists seeking to capture and use government for their particular goals which range from material self-interest to high-minded idealism" (Bawn et al. 2012: 571, see also for example Koger et al. 2009). However, when addressing the stronger, less permeable European parties in addition to the US case, it seems most appropriate to treat interest groups as external actors, which parties choose to deal with or may avoid. Whether donations make parties more likely to get involved in structured interaction with particular, externally created, interest groups – in this case trade unions – is still open to debate.

### **What Parties Gain from Institutional Relationships with Trade Unions**

Why do parties choose to establish organized links with particular trade unions? Those links, after all, are not inevitable: besides time invested, possible drawbacks include repelling voters who are antipathetic to unions, limiting coalition options, and making

policy promises that collide with other policy preferences (Kirchheimer, 1966: 193; McLean, 1987: 70; Warner, 2000: 165–6). Historically, common political interests based on a shared ideology laid the groundwork for party-union alliances. But these relationships soon became more pragmatic in nature. Instead, parties' willingness to forge or maintain organizational links seemed affected by the extent to which unions could offer them resources that might help them win elections. Benefits would need to exceed the costs. Examples would include in-kind contributions, like campaign volunteers or rooms and halls, attempts by union leaders to persuade their members to vote for the party, or money enabling a party to mobilize voters on its own (Taylor, 1993: 134; Howell et al., 1992: 4; Allern et al., 2007).

According to transaction costs theory, however, the degree to which such resources are 'asset specific' is paramount (Warner, 2000: 29-30). Exclusivity in value – in other words, the fact that said resources cannot easily be taken back once given – is likely to increase the probability of close relationships. In-kind contributions, for instance, can easily be withdrawn by, say, preventing the party from using union facilities. Financial donations, in contrast, cannot easily be withdrawn once handed over (Warner, 2000: 29-30). Moreover, few group leaders are able to guarantee that their members will vote according to their recommendations (Zeigler, 1965: 241; Quinn, 2010: 360). The decision to donate money, on the other hand, is something the group controls directly (Quinn, 2010: 365). Finally, in-kind contributions and persuasion are mainly pertinent during election campaigns, and while the latter may be capital-intensive, financial contributions are also valuable to parties between elections. In short, money is the union resource that is of the greatest exclusive value to parties and is therefore our focus.



While larger donations are more valuable than smaller, we assume that what primarily matters, is whether the party receives donations or not. First, every little bit helps when the demand for (campaign) finances exceeds the supply. Second, the monetary contributions might function as a signalling device to voters – just like public endorsements of a party before an election (Binderkrantz, 2015). Hence, a relatively small contribution might still be valuable in terms of votes (Bombardini and Trebbi, 2011: 605).

However, a union might hesitate to transfer money because it feels it cannot trust the party in question, because it worries that its members might be repelled rather than attracted by it, or because another party, especially one in government, looks like a better bet (Snyder, 1992; Brunell, 2005; McMenamin, 2012). Thus, parties have an incentive to establish credible compensation mechanisms with a trade union in order to guarantee a reliable flow of cash from an actor, in spite of the fact that such mechanisms offer it an opportunity for increased policy influence (McMenamin, 2012). A party may also establish links in order to generate more resources in the future, but we assume there must be a significant potential for resources for a party to establish firm ties to interest groups. Accordingly, we hypothesize:

***Union Donations Hypothesis (H1):** a direct financial contribution from a union to a party is associated with stronger organizational links between that party and the union.*

The relative value of donations can, however, be affected by the availability of state funding (Koß, 2010). The latter can be quite generous and, although it may vary according to size of membership and/or electoral strength, it is likely – at least for well-

established parties – to be more reliable than most private funding. Parties that receive generous subventions will presumably be less dependent on and place less value on external funding compared to parties that receive more modest subventions or none at all (Thomas, 2001: 276). Hence, we hypothesize as follows:

***Donations Interaction Hypothesis (H2):** The more subsidies a party receives from the state, the weaker the effect that unions' direct contributions to that party will have on the strength of their links.*

Finally, the *extent of regulations on private donations* to parties varies between countries. Legal restrictions on private financial contributions help constitute a regulatory framework that creates a more or less favourable environment for party-union links at the national level. Such rules make publicly disclosable donations to parties more sensitive (Müller, 2002: 269) and thus potentially costly for both sides. They also make (larger) contributions less likely, as regulations tend to cap or even prohibit private financial contributions to parties. The party finance regime can therefore affect union-party links indirectly. Thus, to account for country-level constraints and variation, we hypothesize:

***Party Finance Regulations Hypothesis (H3):** Parties in countries with more party finance restrictions tend to have weaker links to unions than parties in countries with fewer restrictions.*

## **Research Design and Data**

We concentrate on how the party finance regime in a country relates to parties' organizational relationships with trade unions in terms of contact and interaction at the

national level. We restrict our analysis to party-union dyads in countries that are all economically developed, industrialized and democratic without interruption since World War II and use a new, original dataset called *Left-of-centre Parties and Trade Unions across the World* (LPTU, Allern and Bale, 2017).

The dataset covers parties and unions in 12 mature democratic polities: Australia, Austria, Finland, France, Germany, Israel, Italy, the Netherlands, Sweden, Switzerland, United Kingdom, and the United States. These countries are relevant for the two important dimensions of party finance regimes we identify: whether the government puts limits on donations parties receive and whether the government provides parties with subsidies. As Casas-Zamora (2005) shows, there are three types of party finance regimes: countries that offer no subsidies and put no restrictions on donations; countries that offer subsidies and do not limit donations; and finally, countries that restrict donations and offer subsidies. The LPTU data set offers at least two countries in every one of these groups.

The analysis is furthermore limited to parties with a history of relations with unions: the social democratic/labour/socialist/communist parties associated with the historical labour movement that have survived the 20th century (including splinter groups) and the non-socialist parties with historically strong links to particular unions that still exist (such as Christian democratic parties). The parties' relations to *all* union confederations are examined, and if such associations are very rare and/or relatively unimportant, major individual unions are included as equivalents. Since all surviving parties traditionally aligned with major unions in the countries concerned are covered, there are no sampling errors involved for this particular (sub)-population. As a result, we study parties with a similar history but somewhat different ideological profiles and their relations to unions with different interest profiles and origins.

We study the central party organizations (CPOs) and legislative party groups (LPGs) as separate units (belonging to the same ‘party writ large’). The unit of analysis is the CPOs’ and LPGs’ relationships with the different union confederations/individual unions. There are, altogether, 188 such party-union relationships.

The study builds further on Allern and Bale (2017). While they only compare individual case studies and perform bivariate analysis on a subset of the LPTU dyads, we utilize all units included in their dataset in a multivariate analysis. In addition, we zoom in on direct donations and supplement the LPTU survey data with publicly available party finance data.

### **The Dependent Variable: Strength of Organizational Links**

When trying to measure the strength of organizational links between parties and unions, one might want to capture the basic distinction, ordered by the degree of institutionalization, between *overlapping organizational structures* (regulated by statutes, like formal affiliation), *inter-organizational links* (which can be event-based, reciprocal, or one-way), and *individual-level informal links*. However, we choose to focus on inter-organizational links since these can be readily established and abolished by party elites and are hence most interesting from our theoretical perspective. Overlapping organizational structures, which may only exist with central party organizations and not legislative groups, are excluded to ensure a scale that is comparable across party units. Links initiated by unions (such as invitations to participate in union meetings) are furthermore omitted since we address party incentives. For a list of link items, see Table A1 in Appendix 1.

Key informants – in most cases high-ranking party or union officials – answered the survey underpinning the data. Since the questions were technical in

nature, there is good reason to believe that under-reporting is a minor problem and not one anyway that would affect the relationship between the dependent and major independent variable. Both the parties and the unions were asked about the existence of every link type. To triangulate, to supplement missing answers, and to settle cases of divergence in the answers from the party and union, the academic experts responsible for the survey in each country used follow-up interviews and written sources before finally coding a yes or no for each link type. The wording of the general question to the parties was as follows: ‘Please indicate if your party’s central organization [legislative/parliamentary party group] has had the following kinds of organized links for contact with the following confederations/unions in the last five years’. Hence, while the data set does not include several observations per dyad over time, it covers more than one specific year since some institutional links (routines) materialize over a few years. Taken together, these procedures should ensure a rich and accurate operationalisation of our dependent variable while at the same time minimizing measurement error.

We measure the strength of links based on nine items. The dependent variable, *Party link score*, is an additive index of these links. In order to assess whether such an index is justified, we ran a Mokken scaling analysis (Mokken, 1971; Van der Ark, 2007). Such a scaling technique makes it possible to test whether a single scale runs from the more common weaker (occasional) links to the strongest (most institutionalized) but less ubiquitous ones. The frequency of dyads *where the common links are absent, but the uncommon links are present* is used as the measure of scale quality. An H-value below 0.3 means that the scale is too poor to be used. The results are shown in Table A2. The link items scale very well ( $H = 0.65$ ). Put simply, very strong links are rare but the unions that have them also have the kinds of links that are

weaker and more common. Thus, we have been able to construct a single hierarchical scale by adding the links. As Table 1 shows, the party link score variable ranges from 0 to 9 and includes 159 valid cases.

### **Independent Variables**

In order to examine H1, whether direct financial contributions to parties are associated with stronger party-union links, we use a dichotomous item from the LPTU survey. The country experts validated the answers from the party and union based on other available (public) sources, which makes the item less vulnerable to misleading answers. The variable, *Direct financial contribution*, is coded as 1 when the union has donated to the party's national organization during the last five years, and 0 if the party has received no direct donations nationally. This might be because unions have not donated but would legally be able to do so, but it also captures cases where union donations are banned which we expand on below. As shown in Table 1, the mean value of this variable is 0.15, which indicates that donations from unions to parties are relatively rare. Note that the timing of measuring financial contributions pre-dates the measurement of the dependent variable. All unions that donated did so before the time frame of the survey that the dependent variable relies on. This helps us address the potential issue of endogeneity. Moreover, more recent finance data show that while the majority of the unions also have made recent donations (after the measurement of our dependent variable), among the original donators, the ones with the lowest amount donated and the lowest number of ties did not donate recently. This suggests that greater donations can lead to stronger ties, which again can be an explanation for stable donations.

To be able to address the Donations Interaction Hypothesis (H2), we utilize data on party specific subventions from the Political Party Database (Poguntke et al.,

2016, 2017), measured as *Absolute size of public party subsidies* (in million euros, see Appendix 2 for a detailed account). This presents a great improvement from previous data on party finances.

We do not relativize the size of subsidies to the total party budget as the result would be influenced by the size of donations and we use a dichotomous donation variable. However, we acknowledge that we then do not take account of variation in national price levels. Therefore, to validate and check the robustness of these findings with regard to both H1 and H2, we run an additional analysis where we use actual donation figures<sup>1</sup> and relativize both these and the subsidies to the total party budget on a subsample of the units where these numbers are available (see Table A3 and Figures A1 and A2 in the Appendix 3).<sup>2</sup> In this way, we also take into account that some parties might be more willing to accept the constraint of organizational links with unions if their donations make a substantial difference to the party's budget. Moreover, we account for the fact that state funding is allocated based on party size in terms of votes, seats, and/or members in several countries.

[Table 1 about here]

To test our final hypothesis (H3) on *Party Finance Regulations*, we use the variable *Financial restrictions*. The variable is coded based on Casas-Zamora (2005) updated by means of International IDEA (2016) and additional sources to verify that

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<sup>1</sup> The exact figures were only available in three of the four countries where unions have donated to parties in recent years See Appendix 3 for more information on the actual donations

<sup>2</sup> The donation figures do not always just include direct donations but also, for instance, affiliation fees. To get at direct donations only, several sources had to be consulted (e.g. both the figures the party had reported to the country's Electoral Commission and yearly party accounts). Note that affiliation fees are not included in these figures due to such fees being an indicator of an institutionalized central party organization-union relationship.

we map the relevant time period, and ranges from 0 (no restrictions on donations from individuals or trade unions) to 2 (donations from individuals and trade unions are prohibited).

### **Control Variables**

We control for a number of additional variables. The first is other union resources that may affect parties' incentives to interact with trade unions. We assume that the membership size and the voting record of union members also affect a party's incentives. Comparative surveys (ESS, CSES, WVS) allow one to look at aggregate union voting patterns but it is not possible to differentiate between the different unions within a country. Instead, we measure union membership size as share of total electorate (*Strength of union*). This variable arguably captures latent voting capital in the sense that it measures the possible (maximum) number of votes a union may provide. For membership and electorate numbers we take the average between 2000 and 2012,<sup>3</sup> using mainly data from Visser (2016). In Appendix 4, we test two different operationalisations of 'union strike potential' as a supplementary measure of 'union strength' that may affect party strategies towards unions.

Having a shared history might influence parties' cost-benefit calculations today (Panebianco, 1988; Allern et al., 2007) and can also indicate shared beliefs/ideology. The positive effect of donations on parties' links to unions should hold irrespective of whether the union is a traditional ally or was originally non-partisan or else established in recent years. If trade unions without historical ties to a party donating money enjoy relatively strong links compared to those who do not donate, this would indicate that an association between money and organizational links is not simply spurious due to

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<sup>3</sup> The time frame of the control variables is chosen to smooth out yearly fluctuations.



this possible third factor affecting both. To capture the difference between the dyads in this sense, independent of the exact strength of the historical ties, we control for whether the union traditionally has been considered as aligned with the political party in question (*Traditional Ally*). This measure from the LPTU dataset identifies whether a confederation/union has been known for having (fairly) strong organizational links to the party in question historically or not (see Appendix 2 for detailed coding information).

Next, we control for *Trade union organization type*, separating between individual unions (0) and confederations (1). There may be structural differences between how individual unions and confederations relate to political parties. Moreover, by including both individual unions and confederations in some countries, we count a few unions that are organizationally connected to another unit studied (and vice versa).

We furthermore control for whether the party unit is a central party organization (0) or a legislative party group (1) (*Party unit type*). It is more difficult to establish strong organizational links to a unit made up by individually elected MPs, and LPGs are therefore expected to have a weaker degree of overall linkage than CPOs.

We also check whether the party organizational structure matters in terms of the relative strength of different territorial party levels. Since party decentralization is common in federal systems, party resources are likely to be allocated at the regional state level at the expense of federal activities (Müller, 2002: 253). Accordingly, it may be that well-organized links between federal parties and trade unions are less probable when the federal party is loosely-structured and the state parties have a high degree of autonomy. To control for this we rely on the *State party autonomy* measure (low, moderate or high) of parties at the national level in Thorlakson (2009: 167-68). It takes into account whether regional state parties are constrained by the federal party in

programme development, candidate and leadership selection, as well as in the means of party discipline and intervention. Due to lack of similar data for parties in unitary countries, these parties are simply coded as “low” on state party autonomy.<sup>4</sup> Note that only two parties (in the federal systems included) in our data have “high” state party autonomy.<sup>5</sup> This means that such cases are rare and that the simplified labelling of unitary states as “low” on state (i.e. regional) party autonomy is highly plausible.

Lastly, we include one system-level control variable, namely *the functional aspect of corporatism* – the degree of concertation with the state (Jahn, 2016). This is measured as the level of wage bargaining and degree of routine involvement between 2000 and 2012. Higher values indicate government involvement in wage bargaining and ‘routine involvement of trade unions and employers’ organizations in government decisions on social and economic policy’ (Jahn, 2016; Visser, 2016) as an alternative institutional feature of relevance for party-group relationships (Allern and Bale, 2017).

## **Method**

The dependent variable, *Party link score*, is a count variable with a skewed distribution. Since overdispersion is not found to be an issue, we use a Poisson regression model (Long and Freese, 2014). To account for interdependence between the dyads, we cluster the standard errors at the country level. The limited number of observations and countries make a multilevel model or country fixed effects less relevant. By choosing country-level clustering, we obtain the lowest number of clusters, leading to the largest standard errors, which make the rejection of our hypotheses more likely.

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<sup>4</sup> Sweden, Finland, Netherlands, UK, Italy and Israel

<sup>5</sup> The US Democrats and Swiss CVP.

## Regression Analysis

Table 2 shows the results of the Poisson regression. First, we find support for the Union Donations Hypothesis (H1). Parties that have received *direct financial contributions* from a union nationally in recent years generally have stronger links than those that have not received donations. The association is fairly strong and holds when we introduce control variables in model 2, including the historical variable (status as traditional ally).

[Table 2 about here]

Holding all other variables constant, the predicted number of links for unions that do *not* donate is 1.5 compared to 4.4 for unions that donate.

Secondly, we do, though, find support for the Donations Interaction Hypothesis (H2) as illustrated by Figure 1. The more subsidies a party receives from the state, the weaker the effect of a union's direct contributions on the strength of party-union links. If there are donations, subsidies weaken the links that parties have to unions. If there are no donations, subsidies do not matter much for party-union links. In other words, subsidies seem to weaken the general value that donations from trade unions have for parties. When subsidies are generous, donations from trade unions appear to be less important.

[Figure 1 about here]

Thirdly, the existence of *financial restrictions* is indeed associated with fewer party-union links (H3). Based on model 2, the predicted number of links is 2.2 when

there are no restrictions on donations compared to 1.1 when donations are highly regulated. For instance, France, Israel, and the US have the most regulated party finance regimes in our sample. Direct union donations are prohibited and individual donations are restricted, and we generally observe no donations from unions direct to parties in these cases.<sup>6</sup> Here, the number of party-union links ranges from 0 to 2. Australia, Austria, Germany, Netherlands, Sweden, Switzerland, and the UK are located at the other end of the scale, with a more ‘liberal’ party finance regime. In all these countries, there are no caps on private donations to parties. The number of links range from 0 to 9, and we observe union donations to parties in three of these countries. Hence, restrictions make donations less likely, and might help account for some country-level variation.

Finally, we turn to the control variables. Four of these have significant effects. First, being a traditional ally is associated with more party-union links. A union that shares history with a party is likely to have more links with that party than with other parties. Second, legislative party groups have fewer links to unions compared to central party organizations (*party unit type*). Third, contrary to expectation, parties in countries with *high* and *moderate state party autonomy* have more links to unions than parties in countries with low state party autonomy.<sup>7</sup> Fourth, in the interaction model (model 3), *corporatism* is (significantly) associated with more party-union links.

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<sup>6</sup> But note that in the US, unions are able to funnel election funding to parties through Political Action Committees.

<sup>7</sup> Given the crude measure applied, we should not put too much emphasis on this finding. Few parties are characterized by “high state party autonomy” and that there is greater variation in strength of links among all those with “low state party autonomy”. The variable is not strongly correlated with other variables.

## **Additional Tests**

To validate the results, we also use exact donation figures and relativize these and the subsidies to the party budget (see Appendix 3) for the subsample of the observations included in the main analysis where data was available. Results are similar when both donations and subsidies are relativized to the party budget. Furthermore, large parties in some countries receive fewer subsidies than smaller parties in other countries since some only have electoral subsidies while others have both permanent *and* electoral subsidies (see Appendix 2 for an overview). Hence, public funding cuts across both party and country differences. We thus argue that the difference in the effect of donations does indeed seem to be about state subsidies rather than differences in national economies and party size (as controlled for when relativizing the exact figures of donations and subsidies to the party budget).

Furthermore, results are also similar if we simplify the statistical model (see Appendix 4). A linear model instead of a Poisson model and a Poisson model without clustered standard errors both produce similar results. This is important to note as the limited number of observations could be a greater challenge for computationally more demanding models such as Poisson models with clustered standard errors.

In Appendix 5, we test two operationalisations of ‘union strike potential’. The results are robust when controlling for this, too. Since it could be argued that central party organizations and legislative party groups are not completely independent observations due to belonging to the same party-at-large, we also run an additional analysis on both party unit types separately in Appendix 6.<sup>8</sup> Finally, although fixed

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<sup>8</sup> In general, the results are similar also if we treat each party as one. The positive effect of donations on party link scores also holds if the analysis is conducted on only LPGs (or CPOs). This means that donations can account for the number of links regardless of party unit type. However, the effect is somewhat greater when only CPOs are included in the analysis

effects are not particularly suited for cross-sectional data, we include a simple model showing that the association between donations and strength of links is robust also when country fixed effects are included in Appendix 7. Including country dummies (fixed effects) for the remaining variables underpinning our hypotheses is not possible due to collinearity issues (within a country: country variables and country dummies can take the same value, i.e. 0 or 1).

## **Conclusion**

Working from a cost-benefit resource model and building on previous case studies, we hypothesized that there is an association between the existence and the extent of financial donations from trade unions to parties and parties' organizational links to them, with the caveat that this association is constrained by the national party finance regime. Our findings confirm this expectation. Even when we control for variables like historical alliances and the strength of unions, today's party-union relationships vary systematically according to whether or not parties have received donations from unions in recent years. Parties generally have stronger links to unions that have donated money to them in recent years than to unions that have not. We also find that the effect of donations is contingent on public party finance: state funding to parties seems to reduce the effect of union donations on party-union ties. Finally, as we hypothesized, a more regulated party finance regime appears (indirectly) to reduce the strength of party-union links. Where there are more restrictions on donations to parties, parties generally have fewer links to trade unions. In sum, our findings support the general assumption that money matters when it comes to parties' willingness to institutionalize their relationships with trade unions.

We worked under the assumption that financial support is more likely to result in stronger party-union organizational ties rather than the other way around, and

measured donations prior to measuring organizational links. We cannot claim to have identified a causal relationship based on the available cross-sectional data. Note, however, that trade unions which have not had historical links to parties, but which now donate money to them, also enjoy relatively strong links to parties compared to those unions who do not donate. This suggests that the association between donations and organizational ties is not spurious due to this possible third factor affecting both. The interaction revealed between public funding and donations further strengthens our argument.

However, our empirical analysis does not rule out of course that causality flows in both directions. It may be the case, for instance, that long-established links make it less risky to donate money. Stronger organizational links provide the group with more opportunities to influence the party's positions and probably increase the chances that it will see its preferred policies enacted. Hence, the group is likely to be more invested in the success of a party to which it is linked, as is the case in relationships between lobbyists and legislators (Victor and Koger, 2016). Future studies should try to build on our analysis and examine these – perhaps sequential – dynamics in more detail. It would also be fruitful to try to better explain motivations for and variations in donations in order to examine possible exogenous variation in more detail.

Future research should also try to test whether the results hold if we expand the range of parties and interest groups covered. Trade unions are not the only type of interest groups that support political parties financially, but they might be more likely to align with parties for other reasons – for instance, because of the scope of their policy interests and relative proximity to parties on policy. The question is how important donations are compared to other factors that do not vary that much between trade unions; group-level data on voting behaviour would be a valuable addition to

more precise data on party finance and on the ideological proximity between parties and interest groups today. A broader study could also take the possible impact of party competition into account.

This article has utilized the variation between parties and across financial regimes to test hypotheses that feature in the literature until now have not been tested systematically due to issues of data availability. Our findings speak to the literature on the relationship between financial contributions and access to legislators (Hojnacki et al., 2012; Kalla and Broockman, 2016): donations are not simply short-term and, by encouraging organizational arrangements for securing structured contact and interaction, they may lead to more stable access to particular parties over time. However, we cannot conclude that unions ‘buy’ themselves better and better access to party decision-makers by investing more and more money in parties. Direct financial contributions seemingly make well-organized party-union relationships in the 21st century more likely, yet there also appears to be a limit to the importance of union money in contemporary democracies.

Another take-away from this paper is that government policy on how the state finances parties and regulates private donations to parties might, indirectly, affect the extent to which parties institutionalize relations with particular interest groups. More state funding can diminish the incentives for parties to maintain close contact with interest groups and civil society (Hopkin, 2004). If our conclusions are confirmed by future studies, both across time and a greater universe of parties, groups and countries, then the tendency toward increasing public funding to parties is likely, by limiting the value of donations, to weaken the organizational relationships between particular political parties and groups – just as the “cartel thesis” suggested (Katz and Mair, 1995). By regulating or prohibiting donations, the state makes private money in politics less



important and thereby tempers the incentives for parties to establish or maintain organized links to particular interest groups. Conversely, by allowing donations, states might encourage institutional relationships between parties and interest groups. And, by increasing the level of public funding to parties, states can perhaps also influence how close these relationships become.

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*Table 1. Descriptive statistics*

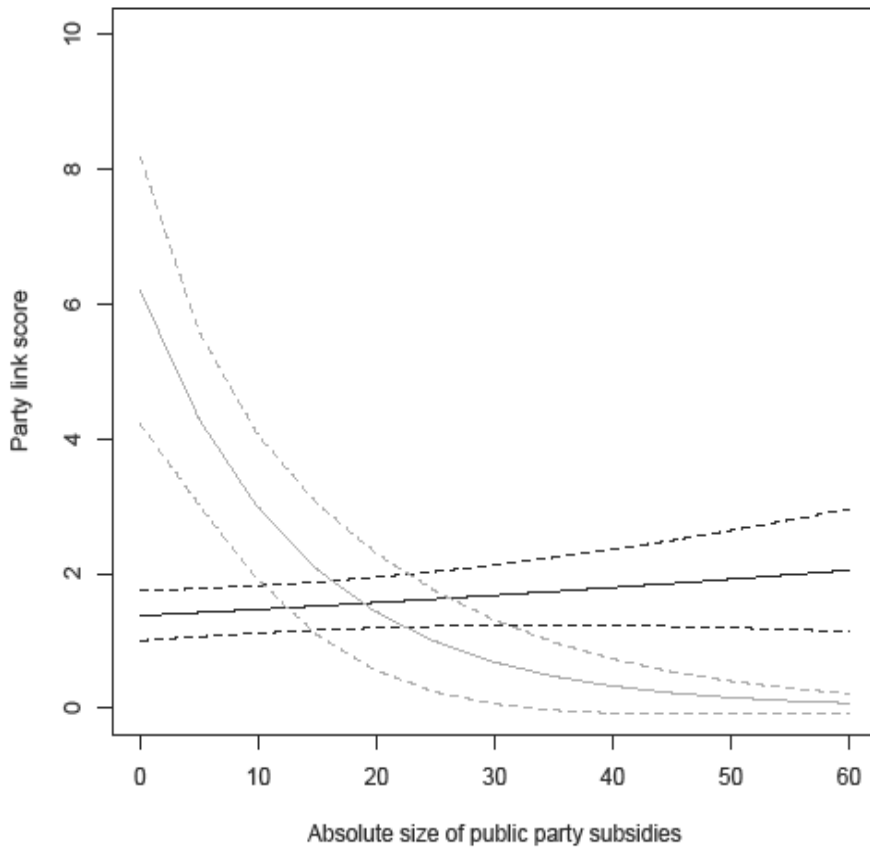
<b>Statistic</b>	<b>N</b>	<b>Mean</b>	<b>St. Dev.</b>	<b>Min</b>	<b>Max</b>
Party link score	159	2.11	2.08	0	9
Direct financial contribution to party	178	0.15	-	0	1
Absolute size of public party subsidies	188	10.2	13.3	0	57.8
Financial restrictions	188	0.56	0.69	0	1.5
Strength of union (members as share of total electorate)	166	0.11	0.13	0.002	0.50
Traditional ally	188	0.33	-	0	1
Trade union organization type (individual union/confederation)	188	0.70	-	0	1
Party unit type (CPO/LPG)	188	0.50	-	0	1
State party autonomy	188	0.28	0.63	0	2
Corporatism (wage bargaining and routine involvement)	188	0.87	0.69	0.00	1.62

Table 2. The effect of direct financial contributions to party and regulated party finance regime on party link scores. Poisson regression

	(1)	(2)	(3)
Direct financial contribution	1.24*** (0.17)	1.06*** (0.24)	1.51*** (0.21)
Financial restrictions	-0.75*** (0.18)	-0.46*** (0.18)	-0.44*** (0.12)
Absolute size of public party subsidies	0.01* (0.01)	0.00 (0.00)	0.01 (0.00)
Strength of union		0.59 (0.81)	1.02 (0.78)
Traditional ally		0.47*** (0.13)	0.51*** (0.15)
Union organization type		-0.27 (0.25)	-0.20 (0.21)
Party unit type		-0.27*** (0.07)	-0.27*** (0.07)
State party autonomy: moderate		0.59** (0.28)	0.69** (0.29)
State party autonomy: high		0.50** (0.23)	0.64*** (0.22)
Corporatism		0.25 (0.18)	0.38** (0.16)
Direct financial contribution*absolute size of public party subsidies			-0.08*** (0.02)
Constant	0.82*** (0.19)	0.47* (0.25)	0.15 (0.27)
Observations	154	154	154
Pseudo log likelihood	-247.37	-231.66	-227.35

Standard errors clustered by country in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1



Black line: No direct financial contributions. Grey line: Direct contributions. Estimated values with 95% confidence interval.

*Figure 1. The effect of direct financial contributions on parties' total union link score for different levels of public party subsidies.*



# Appendix 1

## Link Items Included in Additive Score (dichotomies)

The strongest possible type of links between a central party organization and union are those regulated by union/party statutes since they create overlapping organizational structures (e.g. collective affiliation of unions to party and mutual/one-sided formal representation in union/party decision-making bodies). To ensure comparability, however, only inter-organizational links are a part of our additive score, i.e. ‘joint arrangements/ agreements’ (reciprocal, durable links) and ‘Party-arranged meetings’ (one-way occasional links). These are the ties unions also might have to legislative party groups. The relevant dichotomous link items from the LPTU dataset that we have used, is presented in Table A1, in hierarchical order of strength. One-way occasional links initiated by unions are excluded due to our analytical focus on parties and their incentives. ‘Invitation to organization to participate in the party’s national congress’ is omitted as it only applies to the central party organization.

*Table A1. Sub-groups of inter-organizational links a party unit (CPO/LPG) can have to unions with items listed in hierarchical order of strength.*

<b>Reciprocal, durable: Joint arrangements/ agreements</b>	<b>One-way, occasional: Party-arranged meetings</b>
Tacit (de facto official) agreements about mutual representation in national decision-making bodies	Invitations to organization to participate in ordinary party meetings, seminars, and conferences
Permanent joint committee(s)	Invitations to organization to special consultative arrangements initiated by the party
Temporary joint committee(s)	
Formal (written) agreements about regular meetings between party and union	
Tacit (de facto official) agreements about regular meetings between party and union	
Joint conferences	
Joint campaigns	

Table A2 presents how common these kinds of links are in the LPTU dataset. The results below confirm that these links scale well and can be included in an index measuring the overall *Party link score* (number of links that parties have to unions).

*Table A2. Mokken Scaling*

<b>Link</b>	<b>Type</b>	<b>Share</b>	<b>Hi</b>
Organization has been invited to special consultative meetings and seminars	One-Sided	0.72	0.69
Organization has been invited to ordinary meetings and seminars	One-sided	0.55	0.79
Tacit (but official) agreements about regular meetings	Joint	0.32	0.74
Joint Campaigns	Joint	0.16	0.54
Tacit (but official) agreements about one-side or mutual representation in decision-making bodies	Joint	0.14	0.64
Temporary Joint Committee(s)	Joint	0.12	0.60
Permanent Joint Committee(s)	Joint	0.12	0.58
Joint Conferences	Joint	0.12	0.58
Formal (written) agreements about regular meetings	Joint	0.03	0.80
Entire scale			0.65

\*Joint: Reciprocal, Durable, Joint Arrangements or Agreements

\*One-sided: One-way, Occassional, Party-arranged meetings

## Appendix 2

### Coding information for public party subventions and traditional ally-variables

#### Size of public party subventions (in 1 000 000 euros): Overview of all 12 countries

##### Austria

**Size of subventions:** 13.11 (SPÖ). 12.19 (ÖVP). Only has permanent subsidies.

**Years:** 2008: NA. 2009: NA. 2010: 13.11 (SPÖ). 12.19 (ÖVP). 2011: NA. 2012: NA

**Mean (in 1 000 000 euros):** based on 2010

**Data source for size of subventions:** PPDB

**Subsidy allocation reflects (from PPDB):** proportion or number of votes received in last national legislative election

##### Finland

**Size of subventions:** 5.87 (SDP). 2.03 (VAS). Only has permanent subsidies.

**Years:** 2008: NA. 2009: NA. 2010: NA. 2011: NA. 2012: NA. 2015: 5.87 (SDP). 2.03 (VAS).

**Mean (in 1 000 000 euros):** based on 2015

**Data source for size of subventions:** PAIRDEM-PPDB

**Subsidy allocation reflects (from IDEA Political Finance Database):** funding is proportional to seats won in previous election

##### France

**Size of subventions:** 2.94 (PCF). 22.9 (PS). Both permanent and electoral subsidies.

**Years:** 2008: NA. 2009: NA. 2010: NA. 2011: NA. 2012: 22.9 (PS). NA (PCF). 2014: 2.94 (PCF).

**Mean (in 1 000 000 euros):** PS: based on 2012. PCF: based on 2014

**Data source for size of subventions:** PS: PPDB. PCF: PAIRDEM-PPB.

**Subsidy allocation reflects (from PPDB):** proportion or number of votes received in last national election; proportion or number of seats in lower house of national legislature

##### Germany

**Size of subventions:** 40.69 (SPD). 11.48 (Linke). Only has permanent subsidies.

**Years:** 2008: NA. 2009: NA. 2010: 38.98 (SPD). 10.83 (Linke). 2011: 42.41 (SPD). 12.13 (Linke). 2012: NA

**Mean (in 1 000 000 euros):** based on 2010-2011

**Data source for size of subventions:** PPDB

**Subsidy allocation reflects (from PPDB):** proportion or number of votes received in last national election; number of party members; amount of funds received by party from non-subsidy sources

## **Italy**

**Size of subventions:** 57.83 (PD). Only has electoral subsidies.

**Years:** 2008: NA. 2009: NA. 2010: NA. 2011: 57.83. 2012: NA

**Mean (in 1 000 000 euros):** based on 2011

**Data source for size of subventions:** PPDB.

**Subsidy allocation reflects (from PPDB):** proportion or number of votes received in last national legislative election

## **Netherlands**

**Size of subventions:** 1.65 (CDA) 3.68 (SP). 2.84 (PvdA). 1.1 (GreenLeft). Only has permanent subsidies.

**Years:** 2008: NA. 2009: NA. 2010: NA. 2011: 1.81 (CDA) 3.7 (SP). 2.97 (PvDA). 1.09 (GreenLeft). 2012: 1.49 (CDA). 3.66 (SP). 2.7 (PvDA). 1.12 (GreenLeft).

**Mean (in 1 000 000 euros):** based on 2011-2012

**Data source for size of subventions:** PPDB

**Subsidy allocation reflects (from PPDB):** proportion or number of seats in lower house of national legislature; number of party members

## **Sweden**

**Size of subventions:** 3.59 (VP). 15.45 (SAP). Only has permanent subsidies.

**Years:** 2008: NA. 2009: NA. 2010: NA. 2011: 3.59 (VP). 15.45 (SAP). 2012: NA

**Mean (in 1 000 000 euros):** based on 2011

**Data source for size of subventions:** PPDB

**Subsidy allocation reflects (from PPDB):** proportion or number of votes received in last national legislative election; proportion or number of seats in lower house of national legislature

## **Switzerland**

No public funding

## **UK**

No public funding

## **United States**

**Size of subventions:** 12.92 (Democratic Party). Only has electoral subsidies.

**Years:** 2008: NA. 2009: 0. 2010: 0. 2011: 0. 2012: 68200000 (51690162 euro)

**Mean (in 1 000 000 euros):** based on 2009-2012

**Data source for size of subventions (from IDEA Political Finance Database):**

<https://fas.org/sgp/crs/misc/R43976.pdf> (p. 3-4). total federal funding supporting the 2012 presidential nominating conventions

**Subsidy allocation reflects:** presidential nominating convention (funding is earmarked to be used for presidential nominating conventions)

## **Australia**

**Size of subventions:** 3.23 (ALP). Only has electoral subsidies.

**Years:** 2008: 0. 2009: 0. 2010: \$21 225 869.96 (16158549 euro). 2011: 0. 2012: 0.

**Mean (in 1 000 000 euros):** based on 2008-2012

**Data source for size of subventions:**

[http://www.aec.gov.au/About\\_AEC/Publications/Reports\\_On\\_Federal\\_Electoral\\_Events/2010/fad-report.pdf](http://www.aec.gov.au/About_AEC/Publications/Reports_On_Federal_Electoral_Events/2010/fad-report.pdf) (p. 7)

**Subsidy allocation reflects (from PPDB):** proportion or number of votes received in last national legislative election

## **Israel**

**Size of subventions:** 1.85 (Labour). 4.43 (Likud). 0.63 (Histadrut). Both permanent and electoral subsidies.

**Years:** 2008: NA. 2009: NA. 2010: NA. 2011: 1.85 (Labour). 4.43 (Likud). 0.63 (Histadrut). 2012: NA

**Mean (in 1 000 000 euros):** based on 2011

**Data source for size of subventions:** PPDB

**Subsidy allocation reflects (from PPDB):** proportion or number of seats in lower house of national legislature

## **Traditional ally variable**

The LPTU dataset originally coded union confederations as ‘traditional left-of-centre union ally’ (0), ‘traditional right-of-centre union ally’ (1) and others (2), based on existing historical studies on organizational links. The pairs of historical allies identified are: SPÖ and both PRÖ-GE and ÖGB, ÖVP and GÖD in Austria, SDP and SAK in Finland, PCF and CGT, PS and both CFDT and FO in France, SPD and DGB, IGBCE, GEW, IGMetall, Ver.di in Germany, PD and CGIL in Italy, PvdA and FNV, CDA and CNV in the Netherlands, SAP and LO in Sweden, SP and SGB, CVP and Travail.Suisse in Switzerland, the Labour Party and TUC, GMB, Unite, Unison, NUT and USDAW in the United Kingdom, the Democratic Party and AFL-CIO in the United States, the ALP and ACTU, ANMF, AWU and SDA in Australia, HaAvoda and Histadrut and Likud and HL in Israel. In this paper, these dyads are thus coded as traditional allies (=1) on this particular variable.

## Appendix 3

### Robustness tests with actual available numbers: Re-estimation of interaction effect as: donation/party budget \* subsidy/party budget:

Table A3. The effect of donation/party budget, financial restrictions and public party subsidies/party budget on party link scores. Poisson regression.

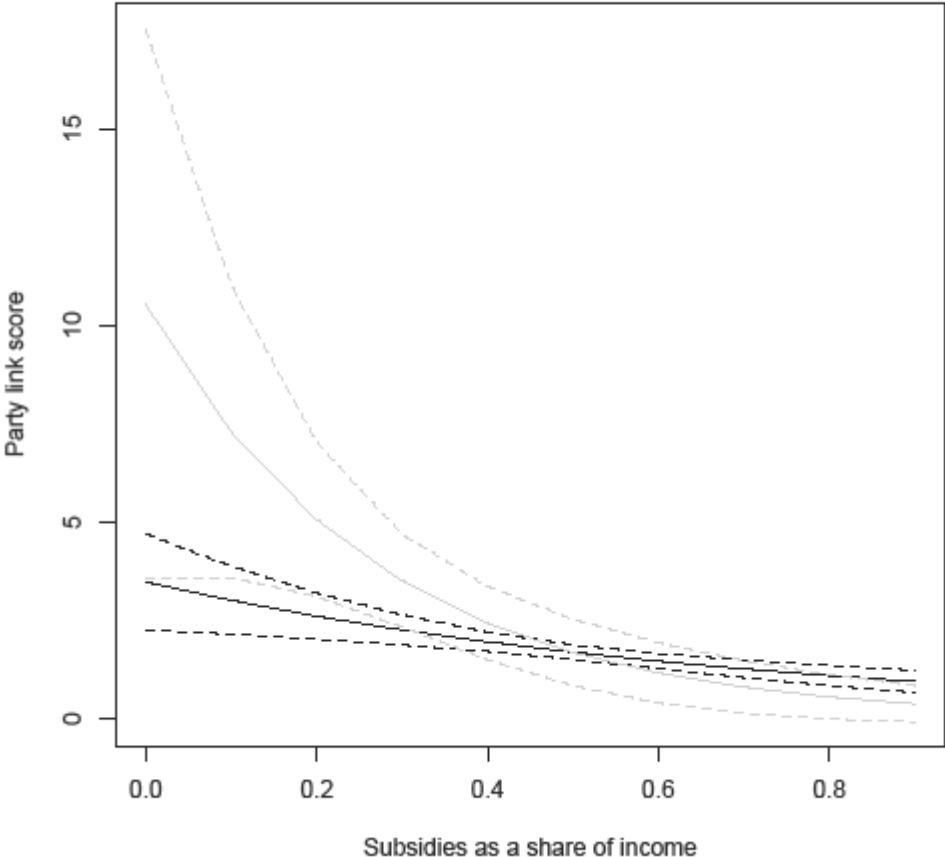
	(1)	(2)	(3)
Donation/party budget	40.62*** (7.77)	15.51 (15.58)	44.26*** (13.17)
Financial restrictions	-0.82*** (0.17)	-0.30* (0.17)	-0.14 (0.17)
Subsidy/party budget	-0.66* (0.39)	-1.31*** (0.37)	-1.43*** (0.34)
Strength of union		2.84** (1.25)	3.20*** (1.16)
Traditional union ally		0.38*** (0.12)	0.46*** (0.11)
Union organization type		-0.65*** (0.25)	-0.62*** (0.23)
Party unit type		-0.15* (0.09)	-0.18** (0.09)
State party autonomy: moderate		0.37* (0.20)	0.46** (0.19)
State party autonomy: high		-0.42 (0.31)	-0.32 (0.28)
Corporatism		0.27** (0.14)	0.48*** (0.17)
Donation/party budget*subsidy/party budget			-88.89*** (30.25)
Constant	1.25*** (0.22)	1.07*** (0.26)	0.73** (0.31)
Observations	142	142	142

Standard errors clustered by country in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Note: Here we lose 6 observations (dyads with CVP, Switzerland) because missing info on party budget and 6 observations due to missing values on Finnish donations. The size of the actual donations/direct financial contributions vary from a yearly average of 4096 euros to a yearly average of 934 801 euros during the time frame 2008-2012 (we take the average corresponding to the time frame (for the direct financial contribution-question) asked about in the survey). Trade unions in Australia, Finland, Sweden and UK donated money. We have identified the actual values through the Australian Electoral Commission (donor and party reports), the British Electoral Commission (donations to parties), GMB's annual returns, Unite's annual returns, and the Swedish Social Democratic Party's annual returns. The

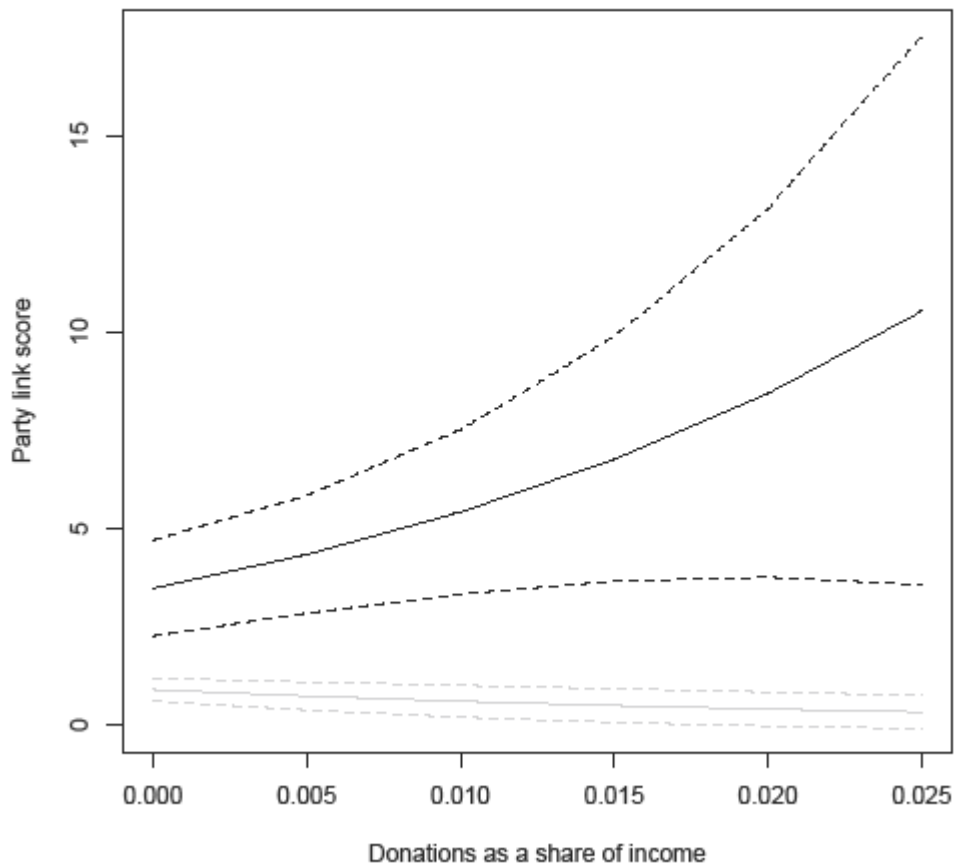
Finnish donations were validated on basis of sources used in Allern and Bale (2017) but the exact (albeit modest) numbers are not available and thus coded as missing in this particular analysis.



Party links score as a function of subsidies at no donations (black line) and the highest level of donations (grey line). Estimated values with 95% confidence interval.

*Figure A1. The effect of donations as share of party income on parties' total union link score for different levels of public party subsidies as share of party income (budget). Both substantial variables as share of party budget to account for both national economic factors and party size (larger parties = larger budget). Because there are not many cases at the highest level of donations, the uncertainty is quite large.*





Party links score as a function of donations at no subsidies (black line) and the highest level of subsidies (grey line). Estimated values with 95% confidence interval.

*Figure A2. The effect of subsidies as share of party income on parties' total union link score for different levels of donations as share of party income (budget). Both substantial variables as share of party budget to account for both national economic factors and party size (larger parties = larger budget).*

## Appendix 4

### Robustness tests with less computationally demanding statistical models: Linear model and Poisson model without clustered standard errors and models with substantial variables only

Table A4. Linear regression model

	(1)	(2)	(3)
Direct financial contribution	4.26*** (0.55)	3.74*** (0.64)	4.71*** (0.64)
Financial contribution: none			
Financial restrictions	-1.31*** (0.32)	-1.13** (0.41)	-1.00** (0.38)
Absolute size of public party subsidies	0.02 (0.02)	0.01 (0.01)	0.01 (0.01)
Strength of union		1.69 (1.87)	1.96 (1.88)
Traditional union ally		0.99** (0.35)	1.05** (0.37)
Union organization type		-0.47 (0.57)	-0.37 (0.54)
Party unit type		-0.56** (0.21)	-0.56** (0.21)
State party autonomy: moderate		1.25 (0.86)	1.37 (0.87)
State party autonomy: high		0.53 (0.56)	0.64 (0.56)
Corporatism		-0.13 (0.37)	0.03 (0.39)
Direct financial contribution*absolute size of public party subsidies			-0.18** (0.07)
Constant	2.42*** (0.49)	2.58*** (0.60)	2.20*** (0.66)
Observations	154	154	154
R-squared	0.52	0.63	0.64

Standard errors clustered by country in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A5. Poisson results without clustered standard errors

	(1)	(2)	(3)
Direct financial contribution	1.24*** (0.13)	1.06*** (0.19)	1.51*** (0.24)
Financial restrictions	-0.75*** (0.10)	-0.46*** (0.15)	-0.44*** (0.15)
Absolute size of public party subsidies	0.01*** (0.00)	0.00 (0.00)	0.01 (0.00)
Strength of union		0.59 (0.60)	1.02* (0.61)
Traditional union ally		0.47*** (0.15)	0.51*** (0.15)
Union organization type		-0.27* (0.16)	-0.20 (0.16)
Party unit type		-0.27** (0.11)	-0.27** (0.11)
State party autonomy: moderate		0.59*** (0.18)	0.69*** (0.18)
State party autonomy: high		0.50** (0.21)	0.64*** (0.21)
Corporatism		0.25 (0.16)	0.38** (0.16)
Direct financial contribution*absolute size of public party subsidies			-0.08*** (0.03)
Constant	0.82*** (0.08)	0.47* (0.25)	0.15 (0.27)
Observations	154	154	154

Standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A6. Poisson results with substantial variables only

	(1)
Direct financial contribution	1.40*** (0.22)
Financial restrictions	-0.75*** (0.18)
Absolute size of public party subsidies	0.01** (0.01)
Direct financial contribution*absolute size of public party subsidies	-0.03* (0.02)
Constant	0.81*** (0.20)
Observations	154
Standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1	

Table A7. Linear regression results with substantial variables only

	(1)
Direct financial contribution	5.15*** (0.67)
Financial restrictions	-1.31*** (0.30)
Absolute size of public party subsidies	0.02 (0.02)
Direct financial contribution*absolute size of public party subsidies	-0.15** (0.06)
Constant	2.41*** (0.49)
Observations	154
R-squared	0.53
Standard errors clustered by country in parentheses *** p<0.01, ** p<0.05, * p<0.1	

## **Appendix 5**

### **Robustness tests with two different measures of union's 'strike potential'**

Table A8 utilizes the country based union strike fund-variable from Visser (2016). Here, 0 = union has no strike fund, 1 = union has small strike funds from which some reimbursement (at less than 70% of the base wage) is guaranteed, and 2 = union has a large strike fund from which striking members are reimbursed at 70% or more of their base wage for each day of strike.

Table A9 uses a survey item from the LPTU data set measuring the type of organized employees. To measure the union's 'strike potential' we separate between unions having (mainly) members that are particularly vital for the functioning of the service sector (i.e. confederations/unions organizing doctors, nurses, teachers etc.) and other unions. The former is coded as 1 and the latter as 0.

Results are robust across both types of measures.

*Table A8. The effect of direct financial contributions to party, financial restrictions and absolute size of public party subsidies on party link scores with union strike fund included as control. Poisson regression.*

	(1)	(2)	(3)
Direct financial contribution	1.17*** (0.21)	0.90*** (0.26)	1.48*** (0.34)
Financial restrictions	-0.74*** (0.12)	-0.62*** (0.14)	-0.44*** (0.16)
Absolute size of public party subsidies	0.01** (0.01)	0.01 (0.01)	0.01* (0.00)
Strength of union		0.41 (0.77)	0.95 (0.80)
Traditional ally		0.47*** (0.12)	0.51*** (0.15)
Union organization type		-0.20 (0.25)	-0.17 (0.23)
Party unit type		-0.27*** (0.07)	-0.27*** (0.07)
State party autonomy: moderate		0.68** (0.29)	0.69** (0.29)
State party autonomy: high		0.73*** (0.25)	0.63** (0.26)
Corporatism		0.34* (0.19)	0.36** (0.18)
Union strike fund: small	0.36 (0.35)	0.33 (0.38)	0.13 (0.40)
Union strike fund: large	0.23 (0.19)	-0.17 (0.33)	0.09 (0.30)
Direct financial contribution*absolute size of public party subsidies			-0.08*** (0.03)
Constant	0.57** (0.22)	0.41 (0.38)	0.07 (0.39)
Observations	154	154	154
Pseudo log likelihood	-246.04	-229.63	-227.21

Standard errors clustered by country in parentheses, ref. cat. Union strike fund: no strike fund.  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

*Table A9. The effect of direct financial contributions to party, financial restrictions and absolute size of public party subsidies on party link scores with union: type of organized*

employees (1 = members particularly vital for functioning of service sector) included as control. Poisson regression.

	(1)	(2)	(3)
Direct financial contribution	1.24*** (0.16)	1.04*** (0.24)	1.50*** (0.20)
Financial restrictions	-0.76*** (0.18)	-0.48*** (0.14)	-0.44*** (0.11)
Absolute size of public party subsidies	0.01** (0.01)	0.00 (0.00)	0.01 (0.00)
Strength of union		0.64 (0.74)	1.03 (0.72)
Traditional ally		0.47*** (0.14)	0.51*** (0.15)
Union organization type		-0.26 (0.24)	-0.20 (0.22)
Party unit type		-0.26*** (0.07)	-0.27*** (0.07)
State party autonomy: moderate		0.59** (0.28)	0.69** (0.29)
State party autonomy: high		0.50** (0.22)	0.64*** (0.22)
Corporatism		0.23 (0.16)	0.37** (0.16)
Union: type of organized employees	0.02 (0.23)	0.05 (0.17)	0.01 (0.14)
Direct financial contribution*absolute size of public party subsidies			-0.08*** (0.02)
Constant	0.82*** (0.20)	0.48* (0.25)	0.16 (0.27)
Observations	154	154	154
Pseudo log likelihood	-247.36	-231.58	-227.35

Standard errors clustered by country in parentheses.

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

## Appendix 6

**Robustness test with central party organizations and legislative party organizations in separate analyses and as one (mean value across party faces if both answered).**

*Table A10. Central party organizations (CPOs) only, all variables*

	(1)	(2)	(3)	(4)	(5)
Direct financial contribution	1.41*** (0.27)	1.46*** (0.34)	1.47*** (0.37)	1.39*** (0.30)	1.70*** (0.29)
Financial restrictions	-0.73*** (0.18)		-0.73*** (0.18)	-0.30* (0.17)	-0.31** (0.15)
Absolute size of public party subsidies	0.02** (0.01)	0.01 (0.01)	0.02** (0.01)	0.01** (0.00)	0.01** (0.00)
Strength of union				-0.36 (0.95)	0.05 (1.04)
Traditional union ally				0.62*** (0.14)	0.63*** (0.16)
Union organization type				-0.11 (0.25)	-0.08 (0.24)
State party autonomy: moderate				0.74*** (0.26)	0.79*** (0.26)
State party autonomy: high				0.71** (0.28)	0.80*** (0.26)
Corporatism				0.52** (0.22)	0.57*** (0.19)
Direct financial contribution*absolute size of public party subsidies		-0.002 (0.02)	-0.01 (0.02)		-0.05*** (0.02)
Constant	0.85*** (0.25)	0.53* (0.30)	0.85*** (0.25)	-0.11 (0.32)	-0.27 (0.27)
Observations	78	78	78	78	78

Standard errors clustered by country in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1



Table A11. Legislative party organizations (LPGs) only, all variables

	(1)	(2)	(3)	(4)	(5)
Direct financial contribution	0.99*** (0.22)	1.51*** (0.33)	1.32*** (0.16)	0.50 (0.36)	1.17*** (0.39)
Financial restrictions	-0.78*** (0.21)		-0.77*** (0.20)	-0.71*** (0.24)	-0.56*** (0.14)
Absolute size of public party subsidies	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)	-0.00 (0.01)	0.00 (0.01)
Strength of union				1.91* (1.04)	2.19** (0.90)
Traditional union ally				0.29* (0.15)	0.39*** (0.15)
Union organization type				-0.48* (0.29)	-0.36 (0.23)
State party autonomy: moderate				0.40 (0.30)	0.58* (0.32)
State party autonomy: high				0.22 (0.24)	0.43 (0.28)
Corporatism				-0.11 (0.23)	0.16 (0.22)
Direct financial contribution*absolute size of public party subsidies		-0.10** (0.05)	-0.07*** (0.01)		-0.12*** (0.04)
Constant	0.79*** (0.16)	0.41 (0.26)	0.76*** (0.16)	0.97*** (0.31)	0.38 (0.38)
Observations	76	76	76	76	76

Standard errors clustered by country in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A12. Mean value between central party organizations (CPOs) and legislative party groups (LPGs), all variables

	(1)	(2)	(3)	(4)	(5)
Direct financial contribution	1.17*** (0.18)	1.42*** (0.31)	1.29*** (0.23)	1.03*** (0.22)	1.42*** (0.18)
Financial restrictions	-0.72*** (0.17)		-0.72*** (0.16)	-0.39*** (0.14)	-0.36*** (0.10)
Absolute size of public party subsidies	0.01* (0.01)	0.01 (0.01)	0.01* (0.01)	0.00 (0.00)	0.01 (0.00)
Strength of union				0.42 (0.83)	0.84 (0.82)
Traditional union ally				0.55*** (0.14)	0.59*** (0.15)
Union organization type				-0.24 (0.22)	-0.17 (0.19)
State party autonomy: moderate				0.67** (0.27)	0.76*** (0.27)
State party autonomy: high				0.46** (0.21)	0.59*** (0.19)
Corporatism				0.28* (0.16)	0.40*** (0.14)
Direct financial contribution*absolute size of public party subsidies		-0.03 (0.02)	-0.02 (0.01)		-0.07*** (0.02)
Constant	0.85*** (0.21)	0.52* (0.27)	0.84*** (0.22)	0.29 (0.23)	-0.02 (0.24)
Observations	79	79	79	79	79

Standard errors clustered by country in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

## Appendix 7

### Robustness test with direct financial contribution and country fixed effects

Table A13. The effect of direct financial contributions to party with country fixed effects.  
Poisson regression.

	(1)
Direct financial contribution	1.24*** (0.23)
Finland	-0.87** (0.34)
France	-1.52*** (0.33)
Germany	-0.08 (0.28)
Italy	-0.98** (0.42)
Netherlands	-0.78*** (0.29)
Sweden	-0.99*** (0.32)
Switzerland	0.00 (0.29)
United Kingdom	-0.56 (0.38)
United States	-1.47*** (0.39)
Australia	-1.01** (0.46)
Israel	-2.67*** (0.51)
Constant	1.39*** (0.25)
Observations	154
Pseudo log likelihood	-225.46

Standard errors in parentheses. Ref. cat. Country: Austria.

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

We have also tested whether the results are dependent on particular countries being included in the analysis. When omitting countries one by one, the interaction term is sensitive to remove some of the countries with donations from the analysis. This highlights the size-of-N

issues. Apart from that, the results remain the same. Note also that models with standard errors clustered *by party* give similar results as *by country*.