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All about the money? A cross-national study of parties' relations with trade unions in 12 western democracies

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Abstract

This article 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 data set 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 regulation of donations. The findings point to the need for more research on how private and public money affects parties' interactions with civil society actors.

Keywords

donations, interest groups, parties, regulations, state funding, trade unions

Introduction

Political parties and interest groups are alternative intermediary organizations in democracy but often depend on one another to reach their goals (Almond and Powell, 1966; Schattschneider, 1942). Interest groups may provide votes, financial support and organizational assistance to parties,

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while interest groups rely on parties to deliver favourable legislation and policy (Howell et al., 1992: 5; McLean, 1987: 70; Schwartz, 2005: 44; Warner, 2000: 29, 99). 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. Allern and Bale, 2017; Rasmussen and Lindeboom, 2013; Thomas, 2001).

In this article, 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 (Allern et al., 2007; Quinn, 2002; Thomas, 2001), we need more empirical evidence on the relationship between 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 (Hopkin, 2004; Katz and Mair, 1995; 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 manoeuvre, 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 to unions that have not. Equally important, we assume that 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 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 data set 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 to 2014, supplemented by party finance data from election commissions and party accounts, encompass 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 (Allern and Bale, 2012, 2017; Celis et al., 2015; Otjes and Rasmussen 2017; Poguntke, 2015; Streeck and Hassel, 2003; Thomas, 2001). They also indicate that a shared history makes a difference but cannot fully explain party–interest group interaction: resource exchange also plays a part (Allern et al., 2007; Rasmussen and Lindeboom, 2013; Thomas, 2001). 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 article, 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 United States updates its political platform to cater to the preferences of interest groups who 'loyally' donate to the party. Other studies find no such effect (Baumgartner and Leech, 1998; Hojnacki et al., 2012; Smith, 1995). The contradictory findings have led some scholars to argue that money 'buys' access but not influence (Ansolabehere et al., 2003: 126; Kalla and Broockman, 2016; Langbein, 1986).

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, e.g. 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: 165–166). 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 (Allern et al., 2007; Howell et al., 1992: 4; Taylor, 1993: 134).

According to transaction costs theory, however, the resources' level of "asset specificity" 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 organizational links. 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 (Quinn, 2010: 360; Zeigler, 1965: 241). 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 (Brunell, 2005; McMenamin, 2012; Snyder, 1992). 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 survey data set called *Left-of-centre Parties and Trade Unions across the World* (LPTU, Allern and Bale, 2017).

The data set covers parties and unions in 12 mature democratic polities: Australia, Austria, Finland, France, Germany, Israel, Italy, the Netherlands, Sweden, Switzerland, the 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.

Table 1. Descriptive statistics.

Statistic	*N*	Mean	Standard deviation	Min	Max
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

CPO: central party organization; LPG: legislative party group.

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 data set 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 CPOs 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 the Online 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 operationalization 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 of the Online Appendix. 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 Hypothesis 1, 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 5 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 predates 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 (Hypothesis 2), 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 the Online 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 Hypotheses 1 and 2, we run an additional analysis where we use actual donation figures[1] 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 Online Appendix 3).[2] 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.

To test our final hypothesis (Hypothesis 3) on *party finance regulations*, we use the variable *financial restrictions*. The variable is coded based on the study by Casas-Zamora (2005) updated by means of International IDEA (2016) and additional sources to verify that 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 such as European Social Survey (ESS), Comparative Study of Electoral Systems (CSES), World Values Survey (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,[3] using mainly data from the study by Visser (2016). In the Online Appendix 4, we test two different operationalizations 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 (Allern et al., 2007; Panebianco, 1988) 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 but which donate 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 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 data set identifies whether a confederation/union has been known for having (fairly) strong organizational links to the party in question historically or not (see the Online 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 CPO (0) or an LPG (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 be less likely to have organizational ties than CPOs.

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

	(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

Note: Poisson regression. Standard errors clustered by country in parentheses.
***$p < 0.01$; **$p < 0.05$; *$p < 0.1$.

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 the study by Thorlakson (2009: 167–168). 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.[4] Note that only two parties (in the federal systems included) in our data have 'high' state party autonomy.[5] 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 makes 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.

Regression analysis

Table 2 shows the results of the Poisson regression. First, we find support for the Union donations hypothesis (Hypothesis 1). 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).

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 find support for the Donations interaction hypothesis (Hypothesis 2) as illustrated in 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

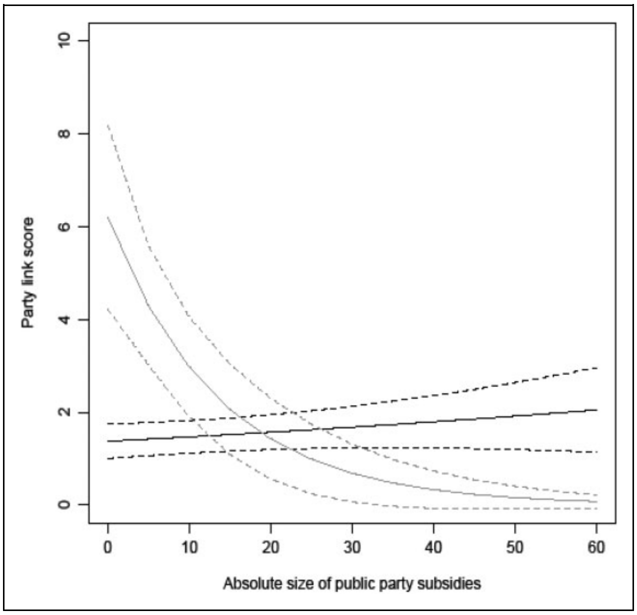

Figure 1. The effect of direct financial contributions on parties' total union link score for different levels of public party subsidies. Black line: no direct financial contributions. Grey line: direct contributions. Estimated values with 95% confidence interval.

value that donations from trade unions have for parties. When subsidies are generous, donations from trade unions appear to be less important.

Thirdly, the existence of *financial restrictions* is indeed associated with fewer party–union links (Hypothesis 3). 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 United States 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.[6] Here, the number of party–union links ranges from 0 to 2. Australia, Austria, Germany, Netherlands, Sweden, Switzerland and the United Kingdom 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 ranges 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, LPGs have fewer links to unions compared to CPOs (*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.[7] Fourth, in the interaction model (model 3), *corporatism* is (significantly) associated with more party–union links.

Additional tests

To validate the results, we also use exact donation figures and relativize these and the subsidies to the party budget (see the Online Appendix 3) for the subsample of the observations included in the main analysis where data were 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 the Online 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 the Online 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 the Online Appendix 5, we test two operationalizations of 'union strike potential'. The results are robust when controlling for this, too. Since it could be argued that CPOs and LPGs 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 the Online Appendix 6.[8] Finally, although fixed 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 the Online 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 takeaway from this article 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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Supplemental Material

Supplemental material for this article is available online.

Notes

1. The exact figures were only available in three of the four countries where unions have donated to parties in recent years, see the Online Appendix 3 for more information on the actual donations
2. 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.
3. The time frame of the control variables is chosen to smooth out yearly fluctuations.
4. Sweden, Finland, Netherlands, the United Kingdom, Italy and Israel.
5. The US Democrats and Swiss CVP.
6. But note that in the United States, unions are able to funnel election funding to parties through Political Action Committees.
7. 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.
8. 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 legislative party groups (or central party organizations (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.

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