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## **Varieties of Capitalist Debates: How Institutions Shape Public Conflicts on Economic Liberalization in the U.K., France, and Germany**

**Bruno R. Wueest**

**University of Zurich**



**Universität  
Zürich** UZH

**ETH**

Eidgenössische Technische Hochschule Zürich  
Swiss Federal Institute of Technology Zurich

# Varieties of Capitalist Debates: How Institutions Shape Public Conflicts on Economic Liberalization in the U.K., France, and Germany

Bruno R. Wueest\*

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## Abstract

Well-known typologies in Comparative Political Economy, like the “Varieties of Capitalism” or the “Three Worlds of Welfare Capitalism,” are criticized for neglecting political conflict, because they selectively focus on institutional characteristics, most notably labor relations and welfare regimes. In doing so, they fall short of grasping the whole meaning of their categories. This analysis moves beyond institutionally defined political-economic arrangements and studies the role of public debates for different capitalist models. Using novel relational data from an extensive content analysis of newspapers from 2004 to 2006, political conflicts on economic liberalization in Britain, France, and Germany are explored. More specifically, the paper assesses the structure of conflicts and the influence of various political actors on the debate about economic liberalization. The results reveal persistent national peculiarities with respect to political contention that can plausibly be attributed to the influence of long-term historical legacies and institutional complementarities as outlined by previous typologies.

## Keywords

Economic liberalization, public debate, institutional complementarities, Varieties of Capitalism, content analysis

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\*PhD candidate in Comparative Politics at the Institute of Political Science, University of Zurich, and Visiting researcher at the New York University (funded by the Swiss National Science Foundation); *e-mail*: bruno.wueest@nyu.edu; *homepage*: bruno-wueest.ch;

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## 1 Introduction

The literature on the various typologies of capitalist production regimes is abundant. In the last years, for example, research on the “Varieties of Capitalism” exponentially has increased, but also Neocorporatist approaches and the “Three Worlds of Welfare Capitalism” are commonly applied to explain national political-economic peculiarities. However, common definitions of these capitalist production regime types heavily rely on institutional configurations as defining characteristics. While much research has been done on institutional settings per se, as well as on the interaction of these institutional settings with socio-economic outcomes like productivity or social protection, work on the relationship between the different institutional arrangements and political conflict remains largely underdeveloped.

Research on how differences in capitalist production regimes translate into debates is not only rare, it is often also restricted to certain arenas of political competition, most of all labor relations and party politics. Furthermore, political conflict mostly is not consistently conceptualized as integral parts of a specific capitalist type but comes as a theoretical byproduct of institutional arrangements. However, as the results will show, differences in the conflict constellation between the countries under study are striking and can plausibly be explained by the entrenched historical legacies as assumed in the different typologies. This analysis thus provides a comprehensive picture of national differences regarding public conflicts. More specifically, the content analysis data derived from mass print media allow one to explore the structure of public contestation, including all actors who have a voice with respect to economic policymaking.

To avoid any misunderstanding, it is not the aim of this contribution to criticize the concepts of capitalist production regime typologies, since their institutional bias can well be justified for most research questions in Comparative Political Economy. In contrast, it is the aim to show that they have more explanatory power for political-economic country differences. In comparing the three biggest Western European economies, the U.K., France, and Germany, this analysis therefore shows how the meaning of these renowned typologies can be enriched by varieties of public debates.

After the presentation of the expectations on the debate analysis and the discussion of the conceptual and methodical issues, the analysis will proceed in two major steps. The first and more comprehensive part is concerned with the overall structure of the debates in the three countries. The second part covers the distinct features in the systems of interest intermediation, i.e., the relationships among public authorities, trade unions, and employers.

## 2 Economic pressures, institutions, and political conflict

### 2.1 The long-term transformation of economic policymaking

Political and economic changes of the last decades brought about important challenges to Western European politics and profoundly shaped the preferences and conflict constellations among political actors (Przeworsky and Yebra, 2005; Berger, 2000). A greatly simplified way of describing these long-term changes is by distinguishing globalization and post-industrialization processes. On the one hand, advancing economic internationalization and intensifying political integration can be subsumed as processes of globalization (Kriesi et al., 2008; Held and McGrew, 2000; Dreher, Gaston and Martens, 2008).<sup>1</sup> Capital has not become completely footloose, but economic activity has become significantly more dynamic on a global scale (Perraton et al., 1997). And after the abandonment of the international Keynesian regime of the “golden” post-war era, advanced economies have integrated into a complex multi-level governance system (Scharpf and Schmidt, 2000: 1f.; Elkins, Guzman, and Simmons, 2006).

On the other hand, terziation, privatization, and welfare state transformation can be understood as processes of post-industrialization (Oesch, 2006; Häusermann, 2010). As regards terziation, technological change, altering consumption patterns, and saturated markets increasingly impaired the opportunities for traditional industries in Western Europe, while the service sectors grew (Iversen and Cusack, 2000: 313f.). At a similar pace, the general direction of the relationship between the state and the economic sphere has shifted from public production in lucrative businesses like telecommunications to regulation and redistribution (Vogel, 1996; Rhodes, 2001; Gilardi, 2005). And finally, labor markets were transformed to incorporate more activating and market conforming employment policies (Anderson and Pontusson, 2007; Rueda, 2005).

There is a heightened debate among Political Economists on the causal relationships and relative weight of these different long-term trends (Kollmeyer, 2009; Iversen and Cusack, 2000; Krugman, Cooper and Srinivasan, 1995), but as Bryan (2007) puts it, in a classical Polanyian perspective, such national and international trends essentially are intertwined and are thus mutually reinforcing each other in exerting transformative pressure on national politics.

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<sup>1</sup> Since cultural and societal aspects of globalization, like increasing immigration from far-away countries or increases in private correspondence, potentially have little influence on debates regarding economic policymaking, these aspects will not be included in the following discussion.

## 2.2 The persistence of national peculiarities

Changes in the political-economic context induced similar transformative pressures on all advanced economies; however, national systems are not on the way to a full-fledged convergence.<sup>2</sup> Although the importance of national differences for policymaking has relatively declined since the 1970s, there still is a multitude of national peculiarities (Schmitter and Grote, 1997; Huber and Stephens, 2001). Accordingly, the co-existence of institutional complementarities which each are both economically efficient and long-living is a main focus of neo-institutional typologies of capitalist production regimes (see Hay, 2004; Hall and Gingerich, 2009). Institutional complementarities between countries are persisting because they are reinterpreted and reinvented by contestation within the political elites (Hall, 1993). Politically relevant actors are crucial “transmitting” points for the diffusion of reforms intended to help economies adapt to new challenges (Thatcher, 2006). As such, the peculiarities of political conflict between countries therefore merit a more thorough study. Moreover, as research on debates over European integration and abortion shows, public debates especially are structured by entrenched historical legacies (Medrano, 2003; Ferree et al., 2002).

## 2.3 The institutional bias of capitalist production regime typologies

Among the many conceptualizations of political-economic arrangements, a recent and influential attempt is the Varieties of Capitalism (VoC) approach (Hall and Soskice, 2001; Hancké, Rhodes and Thatcher, 2007). This approach identifies two diverging patterns of adaptation to economic changes. First, Liberal Market Economies (LME) can be characterized by non-cooperative relations between unions and employers, a market-driven financial system, and arm’s length relations among firms. Second, in Coordinated Market Economies (CME), union-employer relationships are comparatively cooperative, industries traditionally have close ties to banks, and employers are organized in associations.

The parsimony of the VoC dichotomy, like nearly all typologies of capitalist production regimes, comes with at least one major drawback. It is necessary to define a residual category for countries that do not consistently fit into the expected pattern. In the VoC literature, these are the Mixed-Market Economies (MME). Unfortunately, very important countries like Japan or France belong to this category.<sup>3</sup>

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<sup>2</sup> Such a convergence is presumed by the “hyperglobalist” argument, which claims that most countries are forced to adopt a single neo-liberal model until political differences no longer pose locational disadvantages (Ohmae, 1995).

<sup>3</sup> Very similarly, many scholars struggle with fitting Southern European countries into the common welfare state typology (Leibfried and Bonoli, 2001).

Schmidt (2009) convincingly argues that the misconception of the MME is due to the neglect of the state as a central mediating and intervening actor in the economic sphere. In dependence on Shonfield (1965), Schmidt thus extends the usual two Varieties of Capitalism to three—Liberal, Coordinated, and State-influenced Market Economies (SMEs).<sup>4</sup> While in LMEs like Britain the influence of the state is limited to rule setting and conflict settlement, it actively tries to facilitate economic activities in CMEs and SMEs, although in different ways. In CMEs the state acts as a coequal with employers and unions to negotiate employment protection and wages (Schmidt, 2009: 521). In an SME like France, by contrast, the state often appears as an “entrepreneurial state” that actively decides over business activities (Thibergien, 2007). By separating the three new VoC by the relationship between the state and the economic sphere, Schmidt (2009) is able to solidly classify the countries of the vague MME category.

In its extended version, the VoC typology is partly able to incorporate two other renowned classifications in comparative political economy. First, it matches two of the three commonly distinguished welfare regime types (the “Three Worlds of Welfare Capitalism”; see Esping-Andersen, 1990). CMEs and SMEs actually are complemented by conservative or social-democratic welfare states, while LMEs are accompanied by liberal welfare regimes. In the U.K., large social assistance of the last resort, extensive activation measures, and conditioned access schemes to benefits traditionally are important (Scruggs and Allan, 2008). In contrast, as long as they are not Scandinavian countries (the social-democratic welfare regime type), the CMEs’ welfare systems historically rely more strongly on insurance-based unemployment benefits and pensions. A further very important conceptualization of institutional patterns is the neocorporatist distinction of different types of labor relations (Schmitter and Lehbruch, 1979). There is congruence between corporatist regimes and CME, whereas SME and LME are characterized by pluralist interest intermediation, leaving especially unions with a comparatively fragmented position in labor relations (Sapir, 2006). For the sake of simplicity, the different types of capitalist production regimes in the following are collapsed and labeled by their originally introduced abbreviation (LME, SME, and CME). However, all previously discussed characteristics are intended with every notion.

There certainly is a large number of other influential classifications of advanced economies, like the distinction between Rhine capitalism and Anglo-Saxon economies by Albert (1993). It is, however, neither the aim of this contribution to present a

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<sup>4</sup> In Shonfield’s (1965) classical terminology on “Modern Capitalisms,” LMEs are equivalent to the arm’s length capitalism, CMEs stand for an organized capitalism, and SMEs reflect the interventionist capitalism.

comprehensive overview of all typologies nor to review the vast literature that is concerned with one or more typology.<sup>5</sup> The aim herein is to address a common shortcoming: the typologies inherently have a propensity to determinism in their focus on institutions and, in turn, neglect the corresponding power structure in the classified countries. More specifically, research on the numerous institutional regimes and their impacts on social structure is vast, but research on the relationship between institutional settings and political conflict is underdeveloped. The definitions of categories focus almost exclusively on informal or formal institutions, e.g., types of implemented policies in laws or patterns of conduct.

To be precise, some typologies take political contention somehow into account: for example, the distinction between conflictive and cooperative interactions between employers and unions in neocorporatist definitions of labor relations. However, such considerations only very selectively include political conflict. Furthermore, these conflicts are rather understood as behavior patterns and therefore theoretically endogenized informal institutions. There is some research on how public opinion is structured by capitalist production regimes (e.g. Estévez-Abe, 2005; Svallfors, 1997), but with respect to political elites, if any research is done at all, parties are almost exclusively in the spotlight (e.g. Huber and Stephens, 2001). It is an open question whether the systematic study of political conflicts adds substantively new insights to the literature on capitalist production regimes, but the simple fact that conflicts are only insufficiently considered by typologies of capitalist production regimes justifies this contribution.

Other criticism of capitalist production regime type definitions addresses their bias in favor of specific arenas. Some authors call for a more systematic inclusion of foreign actors as well as supra- and international bodies because international levels of policymaking have become more important (Crouch and Farrell, 2004). Others claim that corporations and interest groups from the service sectors have to be subjected to scrutiny (Blyth, 2003). Not only interest groups and state actors but also supra- and international bodies, as well as corporations, are therefore considered as increasingly relevant actors (Hancké, et al., 2007; Zürn and Walter, 2005). Consequentially, the analyses in the second part, which will be concerned with the crucial arena for economic policymaking, will include these so far neglected actors.

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<sup>5</sup> There are, of course, detailed overviews, e.g., Hancké, Rhodes, and Thatcher (2007) or Arts and Gelissen (2002).



### 3 Conceptualizing the debate analysis

To use the words of Ferree, et al. (2002: 4), this study is about the content of the talk on economic policies rather than the policies themselves. In most simple terms, this talk can be defined as a “public debate” that is the sum of all public communications related to a particular issue (Helbling, Hoeglinger and Wuest, 2010). This definition owes a lot to established definitions on public discourse (Ferree et al., 2002; Anderson, 1978).<sup>6</sup> The reason to speak of a debate instead of discourse, however, is that the term “debate” underlines the confrontational character of public communication. Public communication may be, but does not have to be, about informed deliberation on an issue; it probably contains disputes, misunderstandings, and strategic behavior as well.

The content of this debate analysis is conceived as economic liberalization, i.e., all contestation on the freeing of economic markets (Weiss, 2003). As an *a priori* defined concept to guide the analyses, economic liberalization includes a broad range of policies regarding privatization, competition and industrial policy, employment regulation, social partnership, and trade and financial market regulation. In Western European countries, different economic policies historically have different importance within the regulatory regimes (Schwartz, 2001: 31). Yet a comparative study that focuses on several policies at the same time better allows one to explore the scope and intensity of political conflicts on economic policies across different national settings.

#### 3.1 Dimensionality and actor classification

A debate is not an unstructured amalgam of communicative acts. A small number of underlying dimensions usually is sufficient to describe the conflict “space” of a debate, since “while the detailed local substance of political competition varies in idiosyncratic ways from setting to setting, key features of its structure are fairly constant” (Laver and Sergenti, 2010: 17).

For the identification of the number and character of the dimensions in this debate, the actor statements are first aggregated to six issues reflecting at least two competing analytical concepts (see Table 1). This regrouping in consistent categories is necessary since the single coded statements are too different in terms of their level of abstraction. First, the issues were grouped according to the distinction between international and domestic liberalization. In addition to this distinction, freeing, as

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<sup>6</sup> While Ferree et al. (2002: 9) speak of a “public discourse about topics and actors related to either some particular policy domain,” Anderson (1978: 23) defines public communication as the “realm of discourse” in which “the deliberation of public policy” takes place.

the introduction of more competition into markets, and deregulation, as the reduction or elimination of governmental regulations, were discerned (Polanyi, 1944: 140; Vogel, 1996: 3). While the deregulation issues are not further disaggregated, freeing issues need a further differentiation since they still contain very diverse aspects of economic policymaking. Regarding the domestic freeing issues, labor market policies are separated (freeing domestic labor markets) from general market policy domains (privatization). Concerning international freeing issues, locational promotion policies, which cover conflicts on the introduction of more international competition by making national economies more attractive, from internationalization policies, which contain conflicts on the further deepening of the global economy, are separated.

*Table 1: The Issues of the Debate on Economic Liberalization*

<i>concepts</i>	<i>issue</i>	<i>description</i>
domestic/ freeing	privatization	Support for privatization and national market liberalization in general.
domestic/ freeing	freeing domestic labor markets	Support for more flexible labor market regulations (e.g., working time or retirement age).
international/ freeing	locational promotion	Support for the advancement of education, infrastructure; opposition to bailouts, sheltering of national industries or tighter competition policies.
international/ freeing	internationalization	Support for the Single European Market, the internationalization of markets, liberal tax regimes, free movement of labor and foreign investment
domestic/ deregulation	social protection	Support of social compensation plans social partnership, or stricter corporate governance.
international/ deregulation	international regulation	Support for more regulation regarding trade, financial markets, taxes, and labor rights.

*Note:* All labels are formulated in a way that the dimensions and issues have a clear direction in favor of economic liberalization. This is important for the consistency of the analyses, since the meaning of positive and negative with regard to policy statements is always clear.

Subsequently, a factor analysis is applied on these six issues to find the optimal dimensionality of the debate. The results, reported in Table 2, show that only two factors reach an eigenvalue above 1. And the factors seem to reflect the distinction between international and domestic liberalization. The loadings of privatization, locational promotion, labor market deregulation, and anti-social protection are clearly higher for the first factor, whereas internationalization and anti-international regulation clearly load higher on the second factor. Locational promotion was expected to be located on the international dimension. The results lead to the conclusion that locational promotion is a domestic issue that is more explicitly centered on creating a good environment for economic activity within a country, e.g., the establishment and maintenance of infrastructure or supportive regulation for business, rather than enhancing national competitiveness vis-à-vis other economies. For the analyses, lo-

cational promotion is therefore collapsed with the three issues (privatization, labor market deregulation, and anti-social protection) to the domestic dimension.

*Table 2:* Structure of the Debate Space for All Six Countries: Result of Exploratory Factor Analysis with All Six Issue Categories on the Level of Actor Categories

<i>Categories</i>	<i>Factor 1</i>	<i>Factor 2</i>
<i>privatization</i>	<b>-0.67</b>	-0.19
<i>labor market deregulation</i>	<b>0.90</b>	0.13
<i>anti social protection</i>	<b>0.58</b>	0.07
<i>locational promotion</i>	<b>-0.58</b>	0.04
<i>internationalization</i>	-0.20	<b>-0.85</b>
<i>anti international regulation</i>	0.01	<b>0.86</b>
<i>Eigenvalue</i>	1.97	1.53
<i>Proportion</i>	33%	26%
<i>n</i>	26	

*Note:* Principal-component factor analysis based on actor-issue positions weighted by their salience, varimax rotated solution. Only actors with more than 10 statements were included in the calculation.

Similar divides between a rather traditional left-right dimension and the dimension separating profiteers and losers of internationalized markets was also found by other studies (see Zürn and Walter, 2005: 273f.; Kitschelt, 2007: 1183; Hall and Gingerich, 2009).

The actor categorization is a further crucial step of the debate conceptualization, since a simplification of the multitude of speakers heavily preconditions the interpretation of empirical findings. Most notably, the actor categorization should be sensitive to the issue of the debate, since every policy domain entails its own range of potentially relevant actors. That implies for this analysis that economic actors should be paid special attention. Table 3 lists the actor types and how they will be used in the analyses. The classification starts with the very broad distinction between public authority actors, intermediary actors, and actors that are—strictly speaking—external to the political system. This is not to say that the latter have no role in political opinion formation and decision-making processes, but their appearance in the political processes is rather unconventional from a theoretical point of view, since they mainly operate in the economic (companies) or societal spheres (experts and public interest groups). The public authority actors include international governmental organizations like the World Trade Organization (WTO), European Union actors, foreign and domestic executive actors, administrative agencies, judiciary actors, as well as legislative bodies. Intermediary actors, on the other hand, include all actors that aggregate societal problems and demands, and translate them into more or less coherent political claims.

*Table 3: Actor Classification*

Public authority actors	Intern. Govern-mental Org.	General political IGOs (UN etc.); IGOs engaged in economic regulation (IMF, WTO etc.)
	European Union	General EU actors (Europ. Commission, Europ. Council of Ministers, Europ. Council); Economic EU actors (Competition Comm., Europ. Council of Ministers for economic affairs)
	Executive actors	National, regional, and local executives; foreign executives of EU members; OECD countries; transition/developing countr.
	Administratives	Administrative bodies for economic affairs (Economic regulation agencies (e.g. antitrust or social security), central banks); Other administrative bodies (infrastructure, security etc.)
	Judiciary actors	Courts and single judges
	Legislatives	Parliamentary chambers
Intermediary actors	Interest groups	Chambers of commerce; peak employer assoc.; assoc. for small and medium-sized companies; trade unions; professional assoc.
	Parties	Communists/left socialists; greens; social democrats; conservatives and Christian Democrats; radical/populist right; liberals
Actors external to the political system	Business	Multinational corporations; Small and medium-sized business
	Experts	Economic experts (Economists; econ. forecasters; think tanks); other experts (academic experts, journalists, artists)
	Public interest groups	Charity, ecology, and animal rights organizations, global justice movement

### 3.2 Selection of countries and time period

The country sample has to cover as much variance in the introduced typologies as possible. On the one hand, each of the three selected countries (the U.K., France, and Germany) corresponds to one VoC type: the U.K., next to the U.S.A., is the most frequently cited example of an LME (Hall and Soskice, 2001). Most authors point to Germany as a typical CME; and France is an exemplary case of an SME (Schmidt, 2009). On the other hand, the sample also covers two of the three worlds of welfare with Germany and France as two typical cases of a conservative welfare regime and the U.K. as the archetype of a liberal welfare regime. This means that the social-democratic welfare regime unfortunately is not included. This misrepresentation is due to the lack of linguistic skills of the researchers involved in the data collection, which made it impossible to gather data from print media of Scandinavian countries representing the social-democratic case most adequately.<sup>7</sup>

It is the main aim of this analysis to get a comprehensive picture regarding the national peculiarities in economic policy debates. This makes an investigation of the

<sup>7</sup> The content analysis data set was established by the author and his collaborators in the re-search project “National Political Change in a Globalizing World” (Kriesi, et al. 2008).

debate structure in the early 2000s especially interesting, since both mainstream actors pushing liberalization, as well as rising challengers, can simultaneously be studied. The growing opposition is most obviously present with the “global justice movement,” which is on the rise since the first protests at the WTO summit in Seattle in 1999; the radical left, which had a slight revival in the electoral arena (e.g., “die Linke” in Germany), and some populist right-wing parties, which increasingly started to adopt more protectionist policies, e.g., the Front National in France. The reason for this heightened opposition lies in the fact that, in contrast to the rapid liberalization steps seen in the 1990s, a stagnation in the liberalization processes can be observed in the first years of the twenty-first century. This is due to the fact that debates on further liberalization have turned to politically sensitive economic domains like agriculture (e.g., within the framework of the WTO Doha Development Round, actually stalled since 2001) and labor market regulations (e.g., in the form of the fierce conflicts on the “Agenda 2010” in Germany and the “Contrat Première Embauché” in France). Due to the pragmatic need to keep the workload of the content analysis manageable, the observation period does not cover all years of the 2000s, but only the three years 2004, 2005, and 2006.

### 3.3 Varieties of debates?

This section deals with the expectations on how institutions shape debates. The constraints and incentives shaping political conflict are not the same for all actors in every country, since national political-economic arrangements shape political conflict by affecting how much influence different interests have in the policymaking processes (O’Reilly, 2005; Thelen and Steinmo 1992). More specifically, strategies and success for political actors are dependent on institutions (Risse, Cowles, and Caporaso 2001; Brinegar, Jolly, and Kitschelt, 2004: 63f.).

Table 4 presents the main expectations in a condensed format. Corresponding to the differentiation of the broader public debate from the systems of interest intermediation, the expectations on the debates are divided into two parts. On the one hand, expectations on the debate structure in general are developed. On the other hand, to assess varieties of capitalist debates in the decisive arenas, particular attention is paid to the relationships within the systems of economic interest intermediation, as well as the role of the state in the economy (Hall and Soskice, 2001; Schmidt, 2009).

Table 4: Expectations on the Debate Analysis

<i>Label</i>	<i>Description</i>
<i>distinctiveness</i>	The debate is characterized by a <i>low</i> distinctiveness in the U.K., <i>moderate</i> distinctiveness in Germany, and <i>high</i> distinctiveness in France.
<i>overall climate</i>	The debate should overall be more <i>liberal</i> in the U.K., <i>protectionist</i> and <i>interventionist</i> in France, and <i>ambivalent</i> in Germany, i.e. overall centred but highly conflictive.
<i>actor positioning</i>	<i>Left dilemma</i> (labor unions) in the U.K., <i>right dilemma</i> (corporations, and employer organizations) in France, <i>consistency</i> in Germany
<i>actor saliencies</i>	Going public of challengers for <i>mobilization</i> vs. going public of powerful actors to gain bargaining power ( <i>resource argument</i> ).

To begin with the more intuitive expectations, institutional settings shape the degree of *distinctiveness* of public conflicts, i.e., how national debates still run in the different countries. To a large extent, the territorial scope of economic policymaking has extended in two ways beyond the national state (Held et al., 1999: 80f.; Hooghe and Marks, 2001). First, vertical mechanisms of transnationalization are responsible for supra- and international actors and multinational corporations increasingly to enter the debate (Howarth, 2006: 85f.; Lehmkuhl, 2006: 149; Schneider and Grote, 2006: 12). Second, horizontal transnationalization, as the increasing influence of national actors in a country's debate, is a further substantive process (Koopmans and Erbe, 2004; Trouille, 2007). These trends, however, are not expected to uniformly affect all countries in the same ways. In France, the most influential actors are expected to keep the debate as national as possible, since the strong national government (in collaboration with employer associations and business) should be reluctant to give away control over the economy. In Germany, national networks between social partners and administrations should be an important barrier to transnationalization. Since there is, however, also a clear trend to "Europeanize" labor relations (Lehmkuhl, 2006), the distinctiveness of the debate should nevertheless be relatively moderate. In the U.K., finally, labor relations and the influence of national public authorities are kept at a comparatively low level, which should lead to an open debate, i.e., a low *distinctiveness*.

Further, the *overall climate* of the debates should also be influenced by institutional arrangements. Intuitively, the debate should overall be more supportive of economic liberalization in the U.K. The U.K., as the liberal case in this study, has a long-standing tradition as a promoter of free markets due to its legacy as former hegemon and main profiteer of the world trade system (Gifford, 2007). On

the basis of the historical legacy in France, in contrast, the debate is expected to be relatively interventionist and protectionist, i.e., against economic liberalization on both dimensions. In France, modernization strategies traditionally relied on major industrial projects with far-reaching state intervention (Maclean, 2002). In Germany, finally, public conflicts should be relatively balanced between opposing and supporting forces of economic liberalization. As will be discussed below in greater detail, neither trade unions nor employers are stuck in a *policy dilemma*, making them able to consistently enter the debates. This should lead to a balanced yet conflictive debate.

Two sets of expectations with regard to the systems of intermediation are established. The first is concerned with the positions and internal consistency of actors. Western European unions (except in Scandinavia) have to cope with declining membership numbers, since they still have difficulty incorporating welfare state outsiders (Häusermann, 2010; Rueda, 2005; Regini, 2003). Therefore, they have a hard time maintaining social protection at a fairly high level and are facing continuous pressure in negotiations on employment security to make concessions in light of high unemployment numbers and increasing welfare costs (Baccaro and Simoni, 2008). The crucial argument here, again, is that unions experience different strengths of pressure depending on the overall climate in the debates. Thus, unions in the U.K. should be especially forced to make concessions for more flexible market regulations, which is expected to lead to major divides between single unions. In France and Germany, unions are expected to have fewer problems keeping a consistent stance in the debate. Here unions are expected to avoid a *left dilemma*.

In France, employer associations and businesses are expected to experience a *right dilemma*. The overall protectionist and interventionist climate confronts business actors with the incentive that they could opt for oligopolistic strategies, keeping profits within the national economy because public authorities clearly signal their willingness to shelter them (Roach, 2005: 19). This, however, contradicts the common assumption that business principally pushes for liberalization. In Germany, finally, neither business actors nor unions are expected to face an intractable situation. On the contrary, both sides may try to be as consistent as possible to strengthen their position for the next round of labor market negotiations.

The final set of expectations concerns the relationship between the institutional structure and the salencies of actors. It may be rather complex, since political-economic arrangements may enhance the visibility of already powerful actors in a debate (the *resource argument*), or they may give rise to challengers because they are otherwise excluded from the decision-making arenas (the *mobilization argument*)

(Kriesi, 2003). More specifically, the resource argument leads to the expectation that institutionally privileged actors manage to prevail in the debates, since they dispose of large resources in public relations (Wolfsfeld, 1997: 24). By employing public-relations strategies, powerful actors may attempt to impose their specific point of view also in the public debate (Kernell, 2006). A contrasting argument can be made regarding potential challengers in the debate. As long as they face no policy dilemma, challengers can be expected to extensively engage in public campaigns precisely because they are institutionally disadvantaged in the policy-making arenas. For such challengers, “going public” is a survival strategy to influence decision-making by *mobilizing* public support for their arguments (Gamson and Meyer, 1996).

If the most powerful actors in terms of access to a debate are considered, public authority actors can be expected to loom high in every country, but especially high in France. Most political actors are only selectively given access to the centers of power in France, which arguably makes it hard for anyone except the strong state to develop a substantive standing in public debates (Kriesi et al., 1995). The unions, however, are expected to be the radical challengers in France, which could try to influence decision-making on economic policies from outside the negotiation process. Their very high readiness for strikes or demonstrations gives a cue for the *mobilization argument* regarding the unions in France. Since business actors face a dilemma between the sheltering and liberalization of markets, corporations and employer associations are accordingly expected to be less prominent in France relative to the other countries. In Germany the *resource argument* points to a strong presence of both public authority actors and social partners, since these actors traditionally are responsible for the most important economic policy decisions. In light of this importance of the interest intermediation arena, corporations cannot easily influence economic policymaking as directly as in other countries. However, they of course can try to use their know-how in public relations to bypass labor market negotiations.

Research on the EU level has shown that relatively weak networks among interest groups give corporations a competitive edge over employer associations and unions regarding access to the decision-making arenas (Eising, 2007). According to the *resource argument*, corporations should therefore have a higher salience in the U.K. than in Germany and France. Further, in comparison to the role that public authorities have in other countries, the position of the government is weaker. Its role in labor relations is mainly reduced to that of a merely “neutral” regulator, and so it could try to enhance its influence via a *mobilization* strategy. Unions, in contrast, drop out as potential challengers because they suffer from a programmatic dilemma.



## 4 Data and analysis strategies

### 4.1 Sampling and coding of newspaper articles

The basic methodological choice to explore political conflict by means of a content analysis of mass media reports requires some justification, since there are various strategies to analyze political conflicts. First, it is nearly impossible to find existing comparative data sets that encompass all relevant actors. Party manifesto data and most expert surveys, for example, are restricted to parties and ignore unions and business actors (see Keman 2007). A further advantage in relying on print media data is that it captures the competition among, and confrontation between, actors better than other data does (Helbling and Tresch, 2009).

For each country, one quality newspaper was included in the content analyses (*The Times* in the U.K., *Le Monde* in France, and *Die Süddeutsche Zeitung* in Germany). This decision is pragmatically motivated, since the heavy workload of content analyses compelled a restriction of the data collection to only one newspaper per country. The external validity and internal reliability of the data, however, were assessed and are satisfying (see below). Quality newspapers were chosen since they are particularly suitable for the study of debates. They remain the leading medium of political coverage, and in this role, they report the debates in the most detailed manner (Vliegthart and Walgrave, 2008).

The identification of actors and their issues and actor-specific positions was done sentence by sentence, using the Core Sentence Analysis (CSA). This approach is specifically designed to analyze political conflict (Kleinnijenhuis et al., 2007; Kriesi et al., 2008; Axelrod, 1976). Each sentence of an article is reduced to its most basic structure (a “core sentence”) that contains only the subject (the actor), the object (an issue), and the direction of the relationship between the two.<sup>8</sup> The relationship between subject and object is always quantified using a five-point scale ranging from -1 to +1.<sup>9</sup> In the example illustrated in Table 5, two of these actor-issue relationships can be established from a section of an article published in *The Times* on May 31, 2005.

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<sup>8</sup> The number of core sentences in an article, however, does not equal the number of grammatical sentences, as one sentence can include none, one, or several core sentences.

<sup>9</sup> -1 means opposition and 1 means support, with three intermediary positions indicating a vague or an ambiguous relation.

Table 5: CSA Coding Example

<b>Original Text:</b>		
<p>“Mr. Blair has made economic reform the top priority of his presidency, hoping to make labour markets more flexible [...]. However, he is now likely to face challenges from President Chirac, who recently called economic ultra-liberalism the “new communism of our age”.’</p> <p style="text-align: center;"><i>(The Times, May 31 2005, Battle for the heart of Europe).</i></p>		
<b>Core Sentences:</b>		
subject	direction	object
<i>Blair</i>	+1	<i>labor market reform</i>
<i>Chirac</i>	-1	<i>economic liberalization</i>

If the CSA data are collected from several hundred newspaper articles, a debate can be mapped by constructing average positions and saliencies.<sup>10</sup> Since fully computer-based techniques to automatically recognize such complex relational data are still in their infancy, the coding had to be done manually (see Wuest et al., 2010). This, however, has a severe drawback in that the data collection requires an enormous effort of time and costs. To keep the workload tolerable, sophisticated sampling strategies and a custom-designed software framework for the large-scale data collection were applied.<sup>11</sup> The sampling was done in two steps. First, the relevant events of the debates were identified using various yearbooks,<sup>12</sup> as well as the annual reviews of the newspapers, in our sample. These lists formed the basis for an extensive keyword list for each country, helping us to find potentially relevant articles. The advantage of creating such event lists is that many false negative selections are avoided because the lists are adapted in advance to the country-specific characteristics of the debate. Subsequently, a chronological sampling of 1,200 articles per country was drawn.<sup>13</sup> Finally, given the still time-consuming coding procedure, the number of core sentences collected from a single article additionally was limited to twenty.

A second major flaw of most content analyses is their neglect of the need to assess the quality of the gathered data. For the CSA data, however, the external

<sup>10</sup> For the three countries, a total of 4880 core sentences was collected: 1410 in the U.K., 1849 in France, and 1621 in Germany.

<sup>11</sup> The coding software basically is a web-application that is equipped with an administrative panel to organize large-scale data collections and allow simultaneous annotation for several coders. For further information and a tryout of the software framework see <http://www.bruno-wueest.ch/Software.html>. All parts of the framework are open source and, as long as third-party software is not concerned, free to use for scientific purposes.

<sup>12</sup> Keesing’s World Record of Events, Facts on File, World News Digest Yearbook etc.

<sup>13</sup> In contrast to time-invariant selection procedures, a chronological sampling captures the dynamics of a debate by tracking the frequency distribution of relevant articles.

validity and reliability has extensively been established. On the one hand, comparisons of CSA data on party positions, with data from expert judgments, party manifesto coding, and mass surveys, show that all indicators for actor positions are highly correlated (Helbling and Tresch, 2010). The often-mentioned media bias of CSA data—CSA data are collected from only one newspaper—thus seems not to have been a significant problem for the external validity. This also makes intuitive sense, since the core sentences are established around actual occurrences of political actors, and not around interpretations and opinions from journalists. On the other hand, coder disagreement is also potentially hampering the data quality. In a pretest, six coders obtained a coefficient of reliability of 0.77 for coder agreement on the identification of core sentences. Inter-coder agreement for the correct coding of actors and issues was 0.88 and 0.85, respectively. Given that the typical level of acceptance for inter-coder reliability is 0.80, coder agreement was within acceptable limits already before the coding (Lombard, Snyder-Dutch and Bracken, 2002). Additional coder training, refined coding instructions, and a continuous monitoring of the coders during the coding process were provided to address remaining uncertainties for the actual data gathering.

## 4.2 Analysis strategies

Three aspects of the data analysis deserve more specific explanation, since they do not belong to the standard approaches political scientists use. The first is the core sentence related measures for position and saliencies. The basic step of all the analyses is to calculate the position of actors, as well as two salience measures. The position of an actor is calculated simply by taking the average of the directions from all the coded core sentences that contain a relationship between this actor and an issue, dimension, or the whole debate. Positions therefore range between -1 and 1. Further, actor saliencies, defined as the relative frequency with which statements of an actor are reported compared to all other statements, are calculated.

To assess conflict intensity, a measure based on Taylor and Hermann's (1971) index of polarization in a party system is used. The index considers how strong actors vary in terms of their positions on an issue or dimension by simultaneously accounting for the actor's salience. (For a detailed definition, see Table A.1 in the Appendix.) And finally, to identify coalitions of actors in the political spaces that share similar stances on economic liberalization, a modified kmeans clustering is applied. Ordinary kmeans clustering requires the definition of a starting configuration, but the actors used in this analysis are too heterogeneous to suggest one.<sup>14</sup>

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<sup>14</sup> If no starting configuration is given, kmeans randomly draws cluster centers. This, however,

To circumvent this decision, the `kmeans++` algorithm, as proposed by Arthur and Vassilvitskii (2007) is applied, which empirically calculates stable starting configurations.<sup>15</sup> Additionally, in contrast to ordinary `kmeans` clustering, the number of clusters are inductively determined since they are a crucial part of the empirical findings. Previous to the clustering, different solutions are therefore compared by their silhouette width (see Rousseeuw, 1987).<sup>16</sup>

## 5 Varieties of conflict constellations

### 5.1 Transnationality of contestation on economic policies

The beginning of the analysis is concerned with the question of to what degree the debates in the three countries under study are still mainly structured by national politics. If debates predominately run equally in the different countries and if they are dominated by international actors, then an assessment of the “varieties of debates” seems at least contra-intuitive. There are different ways to assess the transnationality or distinctiveness of political conflict in different countries (Koopmans et al., 2005). One could spotlight the addressee of claims, i.e., the regulative level at which the claim for a new policy is directed. However, statements on policy positions, as reported by journalists with a limited time and amount of space in the newspapers, are rarely specific enough to get solid information about addressees. Two more intuitive and practicable ways to compare debates are to contrast issue usage and actor salience across countries. On the one hand, one can focus on the congruence of the issue usage, i.e., if the debate is centered on the same issues at the same time in the different countries. On the other hand, the focus can be on the origin of the actors that shape the debates. Accordingly, Table 6 presents the congruence of the issue usage over the three-year time period under study, while Table 7 lists the share of statements for the different levels of policy-making. The two analyses lead to contrasting insights. In general, this points to the fact that content-driven and actor-driven transnationalization are completely different aspects of distinctiveness.

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returns unstable and often sub-optimal results, both statistically and substantively. For example, it is difficult to say to which coalition the social democratic parties belong: to the supporting or opposing coalition with respect to economic liberalization? Social democrats traditionally were interventionist parties, but they have adopted ever more economically liberal positions, especially when seizing government.

<sup>15</sup> `Kmeans++` calculates optimal cluster centers by minimizing the average squared distances for all data points to the centers before the actual clustering calculation is started.

<sup>16</sup> The silhouette width is the average of the degree of confidence in the clustering assignment of every actor. More precisely, the degree of confidence of every clustering assignment is calculated by comparing the average distance between the actor and all other actors in the same cluster and the average distance between the same actor and all other actors in the “nearest neighbor” cluster, i.e., the cluster next to the own cluster (see Table A.1 in the appendix for a definition).

The correlation coefficients in Table 6 show the relationship between the issue salience in the single countries relative to the countries' weighted overall issue salience. As for all analyses here, it is not clear whether the actual values in absolute terms indicate high or low levels, since there is no solid reference framework. Therefore, all conclusions will be only relatively drawn.

*Table 6: Distinctiveness I: Congruence of Issue Usage Among Countries*

	Pearson's R	n <sup>1</sup>
U.K.	0.74	53
France	0.83	43
Germany	0.77	42

*Note:* Country weights applied for overall calculations. <sup>1</sup> n=average number of actors per year.

The pattern in Table 6 contrasts the distinctiveness expectation, which suggested France as having the most distinct debate: The issue usage in the French debate is closest to the overall mean; the debate in the U.K. runs very distinct; and Germany takes the middle ground. This analysis, however, reveals only what the debates are about and not who prevails in the debate. This distinction makes a big difference, as can be seen in Table 7, where the expectations regarding the distinctiveness are fully met. Overall, 62.7 % of all statements were made by national actors, and 8.5 % came from actors from other countries, which were mostly foreign governments, but to a small degree also foreign companies. Vertical transnationalization is manifest in the considerable share of 10.5 % for actors from the European level (this category captures all EU actors) and 18.3 % for international actors, which consists of actors from international organizations, as well as multinational companies.

*Table 7: Distinctiveness II: Share of Statements by Actor Origin in Percentages*

<i>Origin</i>	<i>Overall</i>	<i>U.K.</i>	<i>France</i>	<i>Germany</i>
<i>national</i>	62.7	55.9	71.8	60.3
<i>foreign</i>	8.5	10.5	6.5	8.2
<i>European</i>	10.5	11.9	9.1	10.6
<i>international</i>	18.3	21.8	12.6	20.9
<i>n</i>	4880	1416	1849	1631
<i>Total</i>	100	100	100	100

*Note:* Country weights applied for overall calculations.

The U.K. is the most open country, especially for international actors. And compared to France, also foreign actors more forcefully enter the debate. Despite the fact that a comparison with a solid benchmark is impossible, it is striking that just above half of all statements are made by national actors in the U.K. On the other end, 71.8 % of the debate in France is occupied by national actors, which

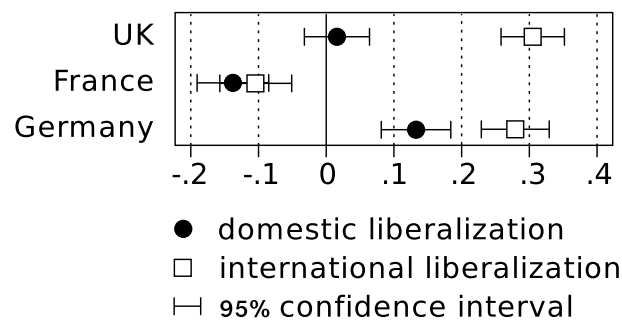
should give them an edge to influence the debate. The differences among the three countries are mostly due to different saliencies of foreign and international actors. European actors, interestingly, have a more or less similar share of statements in every country, revealing a homogenizing role of the EU in the debates.

The relationship between the capitalist production regime type and the distinctiveness therefore has to be reformulated. In France, national actors play a more important role in shaping the debates, while in the U.K., access for foreign, European, and international actors is less difficult. The liberal context in the U.K. opens the debate for non-national actors. However, this has no repercussion on how congruent the debate runs in terms of its content, which is most distinct in the U.K. and closest to the cross-national level in France.

## 5.2 The overall climate in the U.K., France, and Germany

The first analyses have established that there is variation in the distinctiveness of the debates regarding *what* is debated and *who* participates. This section is concerned with a first general assessment of *how* the debate runs in the three countries. For this purpose, Figure 1 presents the average positions of the countries with respect to the two main conflict dimensions. These average positions give a preliminary impression of the overall climate in the debates. France, as expected, is not only protectionist, i.e., anti-international liberalization, but also interventionist, i.e., against domestic liberalization. As we will see throughout the analysis, this hostile climate regarding both aspects of economic liberalization is due to the solid opposition of the majority of actors in France. The U.K. is most liberal only regarding international liberalization. With respect to domestic liberalization, however, the U.K.'s overall position is not different from zero. In Germany, the overall climate of the debate is only partly as expected, as well. On this level of analysis, the debate is solidly liberal on both dimensions instead of balanced around the mean.

Figure 1: Overall Debate Climate: Average Positions and Confidence Intervals per Country



The indices for conflict intensity in Table 8 show that the liberal positions in Germany are heavily contested. Conflict intensity is highest in Germany and also relatively high in France, but substantively lower in the U.K. The liberal character of the debate in the U.K., thus, is not only reflected by its very liberal position regarding international liberalization, but also in the low intensity of contention, since actor positions in the U.K. have not the same variety as in Germany and France.

*Table 8:* Conflict Intensity in the Debates: Polarization on Economic Liberalization by Country, Level of Actors

<i>Overall</i>	<i>U.K.</i>	<i>France</i>	<i>Germany</i>
0.16	0.06	0.20	0.23

*Note:* Country weights applied for overall calculations.

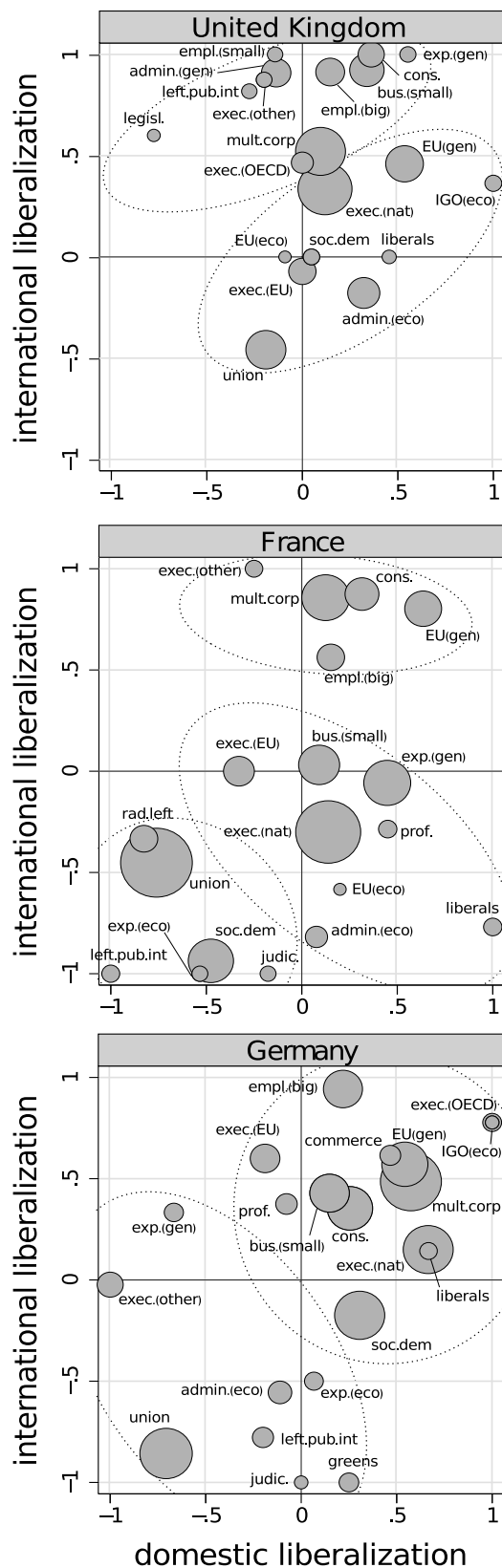
### 5.3 Country-specific policy coalitions on economic policies

The most important insights from the previous section were that, on a highly aggregate level, the debate is distinctively protectionist and interventionist in France and comparatively very low conflictive in the U.K. This section is concerned with possible explanations of these findings. In most general terms, the observed country differences can be explained by different sets of coalitions shaped by actors with similar policy positions. Accordingly, Figure 2 shows the basic indicators for all actors who reached more than ten statements in the debates. While the center of a circle indicates the mean position of an actor on the two dimensions, the size of the circles indicates the relative frequency of the statements made from the respective actor (i.e., actor salience).<sup>17</sup> Further, the dotted circles indicate the coalitions inductively derived from the cluster analysis as described in Table A.2 in the Appendix.

The major single actor type is the national executive. Furthermore, the salience of the national executive is higher in France than in the U.K. or Germany. This points to the dominant position of the national government for policy decisions. As expected, and quite in contrast to the executives in the other countries, the French government is distinctively against international liberalization. This result is even more striking since, during the debate period, France was governed by a conservative executive. The Labour government in the U.K., instead, had a substantively more liberal position in the debate. In Germany, governmental responsibility changed from a social democratic executive under Schröder to the “grand coalition” of the CDU/CSU and the SPD under Angela Merkel. But also here, executive actors generally embrace the liberalization of the economy.

<sup>17</sup> This relative frequency shows the overall importance of the specific actors and, of course, cannot reveal which issue dimension is more important for specific actors.

Figure 2: Conflict Constellations: Actor Positions on the two Dimensions, Actor Salience, and Coalitions per Country



Note: Only actors with more than 10 statements were included in the analyses.



A second big player in the public debates is the unions. They loom highest in France but are also strong in Germany, where they mostly speak out against the breakup of social plans, the transition to flexible working hours, and tax reductions for corporations or relocations. Although they are hostile toward both aspects of economic liberalization in every country, their overall position in the U.K. is comparatively liberal, pointing to ambivalent positions among different unions. The EU, IGO, and foreign executives, on the contrary, mostly are distinct liberalizers. Except for the executives from transitional and developing countries in Germany, they push the debate in a more liberal direction. This effect is strongest for the U.K., where they are relatively more important than in the other two countries. The non-national actors further are joined by conservative and Christian democratic parties in their embrace of more open markets, both domestically and internationally.

Business actors and their interest intermediaries are also strongly present in the debates, although with varying salience and consistency. Regarding salience, Germany has a comparatively strong involvement of economic interest groups. Here, nearly all types of economic interest groups are present. Regarding consistency, business actors and employer associations are solidly economically liberal in their positioning in Germany and the U.K. This sharply contrasts with France, where small businesses and professional organizations are ambivalent or against a further liberalization of the economies. These results may point to the *right dilemma* expectation, but they certainly are too preliminary to really be substantive.

A more comprehensive picture regarding the varieties of capitalist debates is revealed by the cluster analysis.<sup>18</sup> Table 9 shows the average positions and sizes of all coalitions found in the three countries.

Table 9: Size and Position of Coalitions per Country

<i>coalition</i>	<i>Average position</i>						<i>Size in %</i>		
	<i>U.K.</i>		<i>France</i>		<i>Germany</i>		<i>U.K.</i>	<i>France</i>	<i>Germany</i>
	<i>dom.</i>	<i>int.</i>	<i>dom.</i>	<i>int.</i>	<i>dom.</i>	<i>int.</i>			
<i>supporters</i>	0.10/ 0.11	0.15/ 0.76	0.25	0.83	0.41	0.50	52.9/ 47.1	23.4	66.2
<i>opponents</i>	–	–	-0.70	-0.69	-0.30	-0.29	–	35.2	33.8
<i>protectionists</i>	–	–	0.18	-0.24	–	–	–	41.5	–
<i>n</i>	1377		1784		1578		100	100	100

*Note:* Country weights applied for overall calculations. “int.”=international liberalization; “dom.”=domestic liberalization.

<sup>18</sup> Although the coalitions are inductively generated, they nicely match Sabatier’s (1993) widespread definition of advocacy coalitions, since they are calculated using policy positions and issue saliences.

The constellation of the two coalitions in the U.K. reveal why this LME has both a low conflict intensity and a substantively liberal debate. Both coalitions, on average, are supporting economic liberalization and are approximately of equal size (52.9 and 47.1 %). The first coalition, which is dominated by the national executive, however, is much less supportive of international liberalization than the second coalition, which is dominated by multinational corporations but still has a positive stance (0.76 and 0.15, respectively). In sum, there actually is no significant opposition, which sets the U.K. sharply apart from the two continental countries.

In France, there is not only a fiercely oppositional coalition of a considerable size (35.2 %), but also a protectionist coalition which is responsible for 41.5 % of all statements. While the latter is led by the national executive, experts, and small businesses, the former is mainly shaped by unions and social democrats. The truly economically liberal coalition has shrunk to a meager 23.4 %. The debate in France is, as expected, more interventionist, also because the oppositional coalition is more radical than any other coalition in the three countries (-0.70 on domestic and -0.69 on international liberalization). Moreover, there is a clear majority in favor of protectionist measures in France if the biggest and second biggest coalition team up.

With respect to the overall debate climate, Germany has a rather liberal but highly conflictive debate. The reasons for this finding are visible in the cluster results. In contrast to the U.K., there is a consistent oppositional coalition in Germany that is responsible for the high conflictive climate. The unions, however, are the only notable actor in this coalition, which means that the coalition has relatively little weight in the debates. Only about a third of all statements come from this coalition, which contrasts with the prevalence of protectionist forces in France. In comparison with the U.K. with its two not very distinct coalitions and France with its three coalitions, the situation in Germany thus is a clear-cut antagonism between an economically liberal mainstream and left challengers.

## 6 Varieties of labor relations

In the last section, the conflict structure among all forces that appear in the debates has been the subject of analysis. For the second part of the analysis, the system of interest intermediation as the central arena of economic policymaking is the focus. More specifically, the analyses are concerned with the salience of actors in the debates, as well as with the internal consistency in terms of support or opposition.

### 6.1 Who dominates interest intermediation in the three countries?

Table 10 indicates the importance of different actors in terms of the relative frequency of their statements in the debates. While the overall results give reason to support of the resource argument, the results by country rather give edge to the mobilization argument. Overall, the executives and administrations, with their institutionalized channels to mass media coverage, and corporations, with their public relations resources, come first and second with 28.2 and 27.7 %. Strikingly, corporations intervene nearly three times more often than employer associations in public debates, and their salience nearly equals the sum of statements made by employer associations and unions together. While unions also have a substantial salience, employer associations and intra- and supranational actors fall behind.

*Table 10:* Salience of Actors in the Systems of Interest Intermediation: Relative Frequencies of Statements by Country, in Percentages

	<i>Overall</i>	<i>U.K.</i>	<i>France</i>	<i>Germany</i>
<i>intra-/supranational actors</i>	13.3	14.4	11.3	14.7
<i>executive/administration</i>	28.2	36.4	28.1	20.5
<i>corporations</i>	27.7	27.8	23.4	32.5
<i>employer associations</i>	10.3	9.3	6.7	15.3
<i>trade unions</i>	20.5	12.1	30.5	16.9
<i>n</i>	3385	1115	1205	1052
<i>Total</i>	100	100	100	100

*Note:* Country weights applied for overall calculations.

If the saliencies are compared across countries, however, it is peculiarly interesting that the actors, which can be regarded as institutionally disadvantaged by a specific context, have a relatively higher salience than in countries where their access should be facilitated. In the U.K., governmental actors and the administration are responsible for more than one third of all statements. This contrasts with the resource argument, which in light of the lean state approach in LME, would have expected less salient executives in the U.K. than in France and Germany. Additionally, the comparatively low salience of state actors in France and Germany also rather contradict the resource argument, since these actors, in addition to the debate, should take a more central role in decision-making processes on economic policies. In a similar vein, unions and corporations loom highest in the countries where they can be expected to have a weak standing in decision-making processes. In Germany, corporations mainly are integrated into dense corporatist networks and therefore are subject to more constraints regarding their direct influence on policymaking. Their relatively high salience in the debates thus rather reflects a challenging going-public strategy aimed to mobilize support for their own positions.

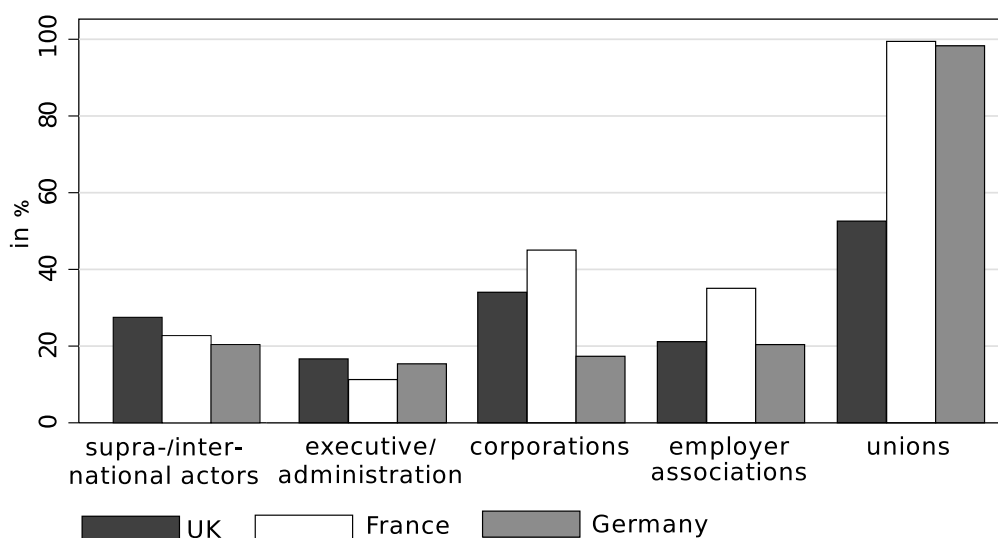
And the unions in France, usually excluded from the decision-making processes, have considerable strength in the debates.

All this lends support to the argument that, regarding industrial relations, institutionally disadvantaged actors can gain a high visibility in public debates, which could—but by no means must—give them more leverage for influencing decision-making processes. However, the mobilization argument cannot explain all differences between countries, as the low salience of the unions in the U.K. and corporations in France shows. The next section will show that these actors face a policy dilemma that prevents them from forcefully entering the debates.

## 6.2 How conflict within business and interest groups is structured

So far, the actors as categorized were treated as homogenous contestants, but they obviously can be divided internally. These actors are aggregated categories, which can be hiding conflicts within the organizations of a specific actor type. Figure 3 shows the share of oppositional forces in the actor categories of the system of interest intermediation. To begin with, the share of oppositional corporations and employer associations is higher in France than in the other countries, pointing to considerable conflict *within* these actors. More specifically, over 40 % of corporations in France and over 30 % of employer associations are opposing economic liberalization. In a similar vein, unions in the U.K. are deeply divided. Even slightly more than 50 % of unions are actually embracing further liberalization steps in the debate.

Figure 3: Strength of Opponents by Country and Actor Category: Share of Organizations with a Negative Average Position in Percentages



As regards the other actors, a quite high consistency can be observed—except for the corporations in the U.K., where roughly a third of these organizations oppose liberalization. The supra- and international actors, as well as the executives and administrations in all countries, are firmly supportive of economic liberalization. Additionally, corporations in Germany and employer associations in the U.K. and Germany are similarly embracing the further opening of markets. Unions in France and Germany, on the other hand, are completely interventionist and protectionist.

If the most important organizations for these actor groups are considered, we get a more intuitive sense of the policy dilemma faced by the corporations (in France and the U.K.), the unions (in the U.K.), and the employers (in France). In both the U.K. and France, two of the most salient corporations are actually opponents of a further opening of markets. Perhaps not surprisingly, three of these four corporations are state-owned companies (Royal Mail, *Électricité de France*, and *Gaz de France*). The fourth company, the Chinese carmaker Nanjing Automobile, was involved in a bidding battle over MG Rover during the time that the data were being collected and probably was eager to calm public concerns. The most salient supporters of economic liberalization, on the other side, in all countries are private multinational corporations, e.g., Nestlé and Renault in France, Siemens and Hewlett-Packard in Germany, and British Airways in the U.K.

With respect to the most important employer associations in France, “*Coordination rurale*,” an important professional organization for farmers, is among the most important organizations and an opponent of economic liberalization. The opposition to economic liberalization of farmers is not surprising and a fact in all three countries, but that the farmers’ association has such a high salience in France is nevertheless noticeable. In the other two countries, the most influential organizations consistently are big industry and moneyed interest groups.

As regards the unions, all big unions are opponents of economic liberalization in Germany and France. In the U.K., however, only the public sector union (PCS) currently opposes economic liberalization. The big private sector unions, Amicus and T&G,<sup>19</sup> actually support economic liberalization. This illustrates the left dilemma of the unions in the U.K., which was already visible in the rather liberal overall position of the unions and the high share of supportive organizations in the debate. Unions in the U.K., thus, seem to be under more intense pressure than are their counterparts in the other three countries.

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<sup>19</sup> In 2007, they merged into Unite.

### 6.3 A test for alternative explanations

So far, it was assumed that national peculiarities are “naturally” relevant for the systems of interest intermediation. Competing explanations for deviating actor positions, however, could be far more influential and might actually diminish country effects if they are controlled for. Regarding the system of interest intermediation, such explanations include sectoral distinctions (Midford, 1993; Frieden, 1991), the differentiation into professional and employer associations (Schneider and Grote, 2006), or the separation between big and small business (Kitschelt, 2007). Table 11 presents a test of alternative explanations and country effects on the support of or opposition to unions, employer associations, and corporations on the level of single statements.<sup>20</sup>

First, two sectoral distinctions are introduced into the models, which are the differentiation between manufacturing and service sectors, as well as between the public and private sector. Second, actor-specific characteristics are added, including a professional organization/employer association dummy, and a distinction is made regarding whether an interest organization is concerned with a special interest or is an umbrella organization representing very broad interests. For corporations, finally, size is an additional indicator that is included by the separation among big, small, and medium-sized businesses.

Regarding unions, they are nearly the same in their positioning regarding the suggested variables. The difference between the unions in the U.K. and Germany is only very slightly significant. The positioning of employer associations, in contrast, differs significantly across various variables. French employer associations are comparatively less inclined to opt for economic liberalization than are German employer associations. Further, employer associations from the service sectors are less supportive of economic liberalization in comparison to manufacturing industries. In a similar vein, professional organizations are far more skeptical toward economic liberalization than are employer associations.

In sum, only employer associations substantively deviate regarding the suggested alternative variables. Most notably corporations, but also employer associations, however, differ in their position across the three countries. Although rather superficially, this test thus does give some support to the idea that country differences still are relevant despite the far-reaching economic and political integration processes over the last decades.

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<sup>20</sup> Since most directions are either completely negative or positive and there are only a few intermediary values, the position was standardized to a dichotomous variable.

*Table 11: The Influence of Country and Sector Affiliations on Support of Economic Liberalization by Social Partners: Logit Regressions on the Level of Statements: Unstandardized Coefficients (log odds), Standard Errors and Levels of Significance*

	<i>Unions</i>			<i>Employer assoc.</i>			<i>Corporations</i>		
	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>z
<i>countries (ref = Germany)</i>									
U.K.	0.930	0.519	+	-0.185	0.366	n.s.	-0.380	0.176	*
France	-0.296	0.613	n.s.	-1.184	0.517	*	-0.789	0.175	***
<i>sectoral distinctions</i>									
service sector ( <i>ref = industries</i> )	-1.228	0.801	n.s.	-1.524	0.493	**	-0.183	0.153	n.s.
public/mixed sector ( <i>ref = private sector</i> )	0.165	0.845	n.s.	0.461	0.517	n.s.	-0.43	0.285	n.s.
<i>actor-specific distinctions</i>									
special interest org. ( <i>ref = umbrella org.</i> )	-0.294	0.548	n.s.	0.102	0.702	n.s.	–	–	–
professional org. ( <i>ref = employer assoc.</i> )	–	–	–	-1.137	0.420	**	–	–	–
big business ( <i>ref = small and medium-sized bus.</i> )	–	–	–	–	–	–	0.073	0.152	n.s.
Intercept	-1.061	0.523	*	1.946	0.520	***	1.099	0.185	***
n	220			230			925		
Pseudo-R <sup>2</sup>	0.04			0.13			0.02		

*Notes:* Country sample weights applied for all models. Levels of significance: \*\*\*=<0.001, \*\*=<0.01, \*=<0.05; +=<0.1. Coefficients show the logarithmic form of the ratio between the probability that a positive statement on economic liberalization occurs and the probability that there is a negative statement on economic liberalization. A positive coefficient thus always means that the independent variable is influencing the dependent toward a more favorable position in terms of economic liberalization in general.

## 7 Conclusion

This analysis has tried to enrich common typologies of capitalist production regimes by the aspect, how political conflict in different institutional settings is structured. Further, not only specific arenas have been studied, but also all actors that have a voice regarding economic liberalization were included in the analysis. Overall, the results clearly indicate a variety and not a congruence of debates. Despite convergence pressures in the last decades, political conflict remains different from country to country, dependent on long-term path dependencies. Furthermore, the relationship between institutional settings and debates may be more complex than intuitively expected: While the overall climate matches the capitalist production regime type quite nicely, the importance of actors in the debate is contrary to their institutional opportunities.

In France, the state-led economy under study, national actors, most notably national public authorities, prevail in the debates. This “exclusion” of non-national participants comes with a substantive interventionist and protectionist climate of contestation, which, in turn, forces business and employer associations into a policy dilemma between support of protectionist measures and the internationalization of economies. Accordingly, France is the only country where protectionist stances find a majority among the policy coalitions. Excluded from the central arenas of decision-making, unions further heavily try to mobilize support over the public debate. Quite in contrast, the open climate in the U.K. facilitates the access of non-national actors to the economic debate. Moreover, the debate in this Liberal Market Economy also merits the label “liberal” since no oppositional coalition challenges the mainstream. The unions, as only noteworthy opponents, are deeply divided between private and public sector unions. And further, executive actors loom much larger in the debate than in France and Germany, although they can institutionally be regarded as disadvantaged in the U.K. Germany, in many respects, takes a middle ground between the two other countries. In contrast to that in the U.K., the situation in Germany is characterized by a clear-cut antagonism between an economically liberal mainstream and left challengers. But unlike the situation in France, the economically liberal forces are in the majority. And corporations are the most prominent actors in Germany.



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## A Appendix

Table A.1: Index Definitions: Polarization and Silhouette Width

<i>Index</i>	<i>Definition</i>
<i>Polarization</i>	$P = \sum_{k=1}^k \omega_k (\chi_k - \bar{\chi})^2;$ <p>where <math>\omega_k</math> is the salience of actor <math>k</math>, <math>\chi_k</math> is the position of actor <math>k</math> on the issue, and <math>\bar{\chi}</math> is the weighted average position on this scale, where weights are again provided by the actor-specific salience.</p>
<i>Silhouette width</i>	$S = \sum_{k=1}^k \frac{\bar{\delta}_k - \bar{\eta}_k}{\max(\delta_k, \eta_k)};$ <p>where <math>\bar{\delta}_k</math> is the average distance between actor <math>k</math> and all other actors in the same cluster, and <math>\bar{\eta}_k</math> is the average distance between actor <math>k</math> and all other actors in the “nearest neighbor” cluster, i.e. the next cluster to the own cluster of actor <math>k</math>. <math>\max(\delta_k, \eta_k)</math>, accordingly, is the maximum of the distances from <math>k</math> to the other actors in the same (<math>\delta_k</math>) and in the next cluster (<math>\eta_k</math>).</p>

Table A.2: Fit of Cluster Analyses for the Coordinates on the two Dimensions and Centers of Optimal Cluster Solution per Country

	<i>Silhouette width</i>			<i>Kmeans++ cluster centers</i>					
	<i>2 cluster</i>	<i>3 cluster</i>	<i>4 cluster</i>	<i>1. center</i>		<i>2. center</i>		<i>3. center</i>	
				<i>int.</i>	<i>dom.</i>	<i>int.</i>	<i>dom.</i>	<i>int.</i>	<i>dom.</i>
<i>U.K.</i>	<b>0.406</b>	0.403	0.351	0.05	0.24	0.82	0.00	–	
<i>France</i>	0.455	<b>0.459</b>	0.429	0.82	0.20	-0.35	0.26	-0.79	-0.63
<i>Germany</i>	<b>0.478</b>	0.459	0.417	0.52	0.44	-0.51	-0.23	–	

*Note:* Country weights applied for overall calculations. “int.”=international liberalization; “dom.”=domestic liberalization.