

## Labor Unions and Good Governance: A Cross-National, Comparative Analysis

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*Using network-based measures of unions' centrality among civic associations, this article builds and tests a theoretical framework that highlights labor unions' central role in enhancing governance. I first construct three measures to capture the connectedness and power of representative voluntary civic associations, membership density, degree centrality (comemberships), and power centrality, based on the affiliation network matrices for 54 countries, using the latest World Values Survey. I then test the key argument that unions' power centrality has significant positive effects on governance, controlling for general socioeconomic and international factors. The findings from standard statistical analyses, as well as from comparative case studies of affiliation networks, support my claims that union-centered or union-linked civic mobilization achieves a balance of class power not only in civil society, but also within state institutions, strengthening reformist parties and policy makers. This article also suggests that this power shift in the state power structure leads to better governance. I highlight the role of labor-based organizations in making governments effective and responsible, and I bring the bottom-up process of civic mobilization and social accountability back into the discussion of social capital and governance.*

Social movements scholarship consistently highlights the importance of interorganizational linkages in accounting for social movement mobilization processes (Diani 1995; Gould 1991; Rosenthal et al. 1985). Focusing on the United States, social movement researchers have explored coalition mechanisms among dif-

ferent social classes and social movements, such as the civil rights movements and their diffusion processes on other social movements, including women's, students', and community activism movements (Meyer and Whittier 1994; Olzak and Uhrig 2001; Pattillo-McCoy 1998). In particular, researchers have investigated how labor movements were revitalized by other social movement insurgencies via bridging, brokerage, and formal or informal channeling (Isaac and Christiansen 2002), as well as the transformation of goals and tactics within oligarchic bureaucracies (Voss and Sherman 2000). Organizational theory has explored the importance of interorganizational linkages and their implications in larger communities and developed the social network concepts of "connectedness," "embeddedness" (Granovetter 1985; Gulati and Gargiulo 1999), and "social legitimacy" (Suchman 1995).

Even though there are a few exceptional approaches on specific policy domains such as communities, energy, health, and labor (Knoke

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et al. 1996; Laumann, Knoke, and Kim 1985), scholars in both fields rarely devote their attention to the important role of interorganizational linkages in shaping broader institutional changes, especially democracy and governance. Social capital literature has extensively researched the sources and determinants of good governance, with its celebrated focus on civic associations (Putnam 1993). With the exception of Paxton's study (2002), which highlights the "bridging" of social capital, however, the theoretical and analytical focus of this literature has been mostly limited to the "stock" of social capital, simply measured by individual affiliation with specific or broader civic associations. In addition, social capital literature has not properly recognized the importance of representative, class-based civic associations and labor unions, and their relationships with other civic associations in promoting democracy and desirable governance.

Since the dawn of industrial capitalism, labor unions have constantly fought for major democratic reform agendas, such as the eight-hour day, universal suffrage, and social provision of welfare. And labor unions are still the main agencies that advocate for the interests of the lower classes and the disadvantaged, those who are most vulnerable to increasingly fierce global market competitions and fluctuations. Given the critical roles of labor unions in civil society and their historical contribution to the development of stable democracies, their significant role in accounting for the performance of government should not be overlooked.

I attempt to fill this lacuna by introducing into the discussion recent social movement literature—literature that argues that interclass organizational connections are essential in boosting the mobilization capacity of civil society. The synthesis of these two areas will lead to the fundamental argument of this article—that the interclass organizational solidarity promoted by labor unions is responsible for improving the quality of government services.

## THEORETICAL DISCUSSIONS

### ELEMENTS OF GOVERNANCE

What kind of government is most desirable in modern capitalist society? No one wants to live in a society where "teachers do not appear in school, mail is delivered irregularly, police extort

bribes, people languish in jails without being judged, social security checks fail to arrive, perhaps even salaries of public employees are not paid on time" (Przeworski 2006:323). What if our government made few or ineffective efforts in a disastrous situation after an earthquake or a hurricane swept our communities? How should our government govern us? What are the elements of good governance?

Drawing from previous scholarly efforts on measuring governance and democracy (Kaufmann, Kraay, and Mastruzzi 2004, 2005; Marshall and Jaggers 2004), I define a good government as one that serves the electorate's needs in an impartial, effective, and democratic way. This definition leads to three key dimensions of governance: institutionalization of transparent bureaucracy, institutionalization of effective bureaucracy, and institutionalization of democratic accountability. Table 1 summarizes these three dimensions of governance.

The first element of governance is transparency and impartiality. State officials should be institutionally monitored to ensure they do not use their power to support clients in exchange for material gains (Sandholtz and Koetzle 2000). In addition, institutional monitoring should ensure that state officials do not act based on cultural or political principles beyond the rule of law (Maravall and Przeworski 2003). There should be institutional monitoring mechanisms within and outside the state institutions to prevent state officials from exploiting private sectors or being influenced by lobbying efforts from private sectors (Diamond, Plattner, and Schedler 1999).

The second element of governance is effectiveness. Bureaucracies should provide competent services for individual citizens, domestic and international entrepreneurs, and agencies of nongovernmental organizations. Although electorates, in principle, are able to evaluate and judge the quality of public services through their votes in periodic elections, there should be external agencies to evaluate "the quality of public service provision, the competence of civil servants" (Kaufmann et al. 2004:3) on a regular basis, regardless of election schedules.

The last dimension, institutionalization of democratic bureaucracy, is an important component, as public administrations in modern capitalist democracies should be accountable to electorates and general citizens' demands, rather

**Table 1.** Three Dimensions of Governance

	Institutionalization of <i>Transparent</i> Bureaucracy	Institutionalization of <i>Effective</i> Bureaucracy	Institutionalization of <i>Democratic</i> <i>Accountability</i>
Detailed Relationships to Civil Society and the Market	(1) <i>The rule of law</i>  (2) Institutionalization of the internal/external mech- anisms that can <i>prevent</i> <i>clientelism and coercive</i> <i>extractions</i>	(1) Institutionalization of the internal/external crite- ria of performance evalua- tion of the <i>quality of public</i> <i>services</i>	(1) Institutionalization of <i>democratic channeling</i> <i>process of demands</i> from civil society to state appa- ratuses  (2) Institutionalization of <i>horizontal accountability</i> within state institutions

than arbitrarily exercise their power for their own interests. Institutionalization of democratic bureaucracy implies first, that both the competitive recruitment process of officials (Evans and Rauch 1999) and the electorate's competitive and open participation are institutionalized between electorates and state institutions, and second, that "horizontal accountability groups and mechanisms" exist within state institutions that can check the potentially arbitrary exercise of state power by incumbents (O'Donnell 1999). These three facets of governance capture key elements of a desirable government requested by both citizens and the broader recipients of government services, such as actors in domestic and global markets and societies.

#### **REDEFINING THE ROLE OF UNIONS: (1) SOCIAL CAPITAL AS CLASS POWER**

Recent scholarly attention has been drawn to a new concept of civil society, social capital, to explain diverse political and economic outcomes, including democracy (Paxton 2002), government performance (Putnam 1993), and economic growth (Knack and Keefer 1997). Social capital, defined as associational memberships and ties, has been considered either conducive or detrimental to liberal democracy, depending on the characteristics of the associational ties (Putnam 2000). Previous studies argue that "bonding associations," such as militias, ethnic separatist groups, and arguably, trade unions and churches, have negative effects on advancing wider community-level public goods (Berman 1997; Paxton 2002). In spite of high social capital within groups, these associations often lock in their own ideas and interests and

are less sensitive to the ideas and interests of other social groups, thereby intensifying social cleavages and conflicts. On the other hand, "bridging associations," such as peace, environmental, animal, human rights, local community, and professional associations, are more likely to contribute to solving general community-level issues and promoting democratic efficacy and citizenship. However, several distinctive features of unions could redefine their roles in promoting institutionalized democracy and government performance. I contend that unions are unique civic associations that play a decisive role in balancing and configuring the relationships between the state, the economy, and civil society.

First, *labor unions, in contrast to other voluntary organizations, can directly affect production activities through institutional or noninstitutional means.* Unions' cooperation with employers and the state can boost overall economic activities, both via nationwide neo-corporatist institutions (Garret 1998) and via firm-level cooperation (Hicks and Kenworthy 1998). National- or industry-level union confederations play a critical role in wage bargaining and restraint (Western 1997), which is indispensable for constant economic growth at a national level. In sum, although the connectedness of unions to other civic organizations is relatively weak, unions' political and economic significance cannot be underrated because unions are the only civic organization that can cooperate with the state and employers to improve the production and distribution of economic resources and interests.

Second, *labor unions are the strongest mass movement organizers that can establish a posi-*

tion against state coercions, and they are the framing centers for alternative viewpoints of the world. Labor unions have the option to withdraw workers from production lines for their own interests or for more general interests. When their economic and political power is exerted beyond factories, unions can have a tremendous impact on the existing power structure and social order in a country (Fantasia and Stepan-Norris 2004) through strikes, wage bargaining, and support for political parties via funding, voting, and resource sharing. In addition, unions build collective identities, coupled with "alternative belief structures," in the process of conflicts and bargaining with employers (Dixon, Roscigno, and Hodson 2004; Fantasia 1988; Roscigno and Danaher 2001).

Third, unions' organizational structure, based on democratic ballots, strengthens workers' involvement with democratic rules and participation, which may lead to organized political participation encouraged by large industrial unions (Marks 1989). Furthermore, the committed staffs of unions, who depend on democratic ballots and material support from workers, also convey strong institutional leadership and resources to the broader community and other social movement organizations (SMOs).

Last, unions are one of the few civic associations that consciously pursue the economic interests of the subordinate or lower classes,<sup>1</sup> which provides a basis for economic justice for democracy and governance. This distributional justice inherently embraced by unions' goals—better working conditions, higher wages, better fringe benefits, higher security for employment, and better provisions for firm- or industry-level welfare schemes—often easily develops into a societal-level general agenda. Unions' connectedness with other SMOs transfers egalitarian ideas and movement resources through organizational and institutional channels within civil society, thereby enhancing the social

legitimacy of union-led reform agendas. When unions are densely connected with other civic associations, the interests of the lower classes are more easily introduced to other political arenas. This ignites and changes the operation of procedural democracy and the way democratic political mechanisms serve the interests of the disadvantaged, as Lipset (1960) pointed out in his concept of "democratic class struggles."

To combine the four points above, unions' unique organizational position and resources, both within civil society and between the state and civil society, afford them greater potential than any other civic association to empower all organizational communities in civil society. Unions' abundant human and material resources can provide other SMOs with organizational resources such as leadership, membership, and egalitarian policy agendas. The long-term solidarity for political and structural reform, or short-term solidarity for policy implementation, between unions and other SMOs greatly reduces the costs of mobilization for marches and demonstrations (Gerhards and Rucht 1992; Rosenthal et al. 1985), in turn strengthening electoral support for reformist parties through ballots and lobbying. In sum, unions can boost the power of entire social movement networks when they are connected to other social movements and community organizations.

### REDEFINING THE ROLE OF UNIONS: (2) A KEY NODE FOR CROSS-CLASS ALLIANCE

Power resource theorists in the area of democracy and welfare state development repeatedly argue that class alliance between the middle class and the working class is critical for the transition to democracy, consolidation of democracy (Collier 1999; Rueschemeyer, Stephens, and Stephens 1992), and development of modern welfare states (Esping-Andersen 1990). Recent turns to "relational approaches to collective action" (Diani 2003) and "social solidarity" (Gould 1995) provide microlevel explanations for class alliances via interorganizational networks. Interorganizational interactions based on shared leaderships and memberships provide an important aspect of social movement mobilization processes (Rosenthal et al. 1985). Unions' connectedness with middle-class and community-based civic

<sup>1</sup> Unions are not the only civic associations that pursue the interests of the lower classes. Poor people's organizations, such as ACORN (the Association of Community Organizations for Reform Now), or immigrant associations in the United States, also advocate for the interests of the lower classes, including immigrants. I thank a reviewer for raising this point.

associations via shared organizational memberships is critical for determining the direction and characteristics of civil society and the state-society relationship.

First, middle-class civic associations help unions acquire knowledge to cope with changing national, regional, and global economic fluctuations; they provide information on global standards of labor and environments that are labor-friendly; and they explore potential but “realistic” policy options that unions can pursue in their collective bargaining or confrontational tactics against employers and the state. Second, alliances with middle-class and class-neutral civic associations provide unions with “reformist agendas” that take into account “general interests” beyond narrow working-class economic interests. For instance, when union leaders discuss environmental issues with new social movement organizations, both groups are likely to draw more support from their communities (Kimeldorf 1999; Rose 2000; Southworth and Stepan-Norris 2003). Third, union members and leaders’ connectedness to prominent middle-class associations, such as professional associations, churches, and other class-neutral associations, allows unions to be more deeply embedded in general community environments, which helps unions build “social legitimacy” (Cornwell and Harrison 2004; Suchman 1995) for their strike activities, collective bargaining, and political campaigns. Historical case studies, such as the Commune of 1871 in Paris (Gould 1995), demonstrate that insurgents’ embeddedness in local communities is critical in the formation of collective identities and mass mobilization. Recent demands to move from traditional “business unionism” to “social movement unionism” in American (Eimer 1999; Fantasia and Voss 2004), South African (Wood 2002), and South Korean (Eun 2005) labor movements also suggest that *forging alliances with community and other social movement groups is critical for the success of unions and the development of broader communities.*

### **REDEFINING THE ROLE OF UNIONS: (3) A KEY NODE FOR AUTONOMY AND COUNTERHEGEMONY**

Both state elites and capitalists attempt to indirectly bridge civic organizations through quasi-civic (state-sponsored) organizations or directly co-opt civic organizations through direct economic incentives or populist ideological framing. In this sense, higher social capital does not lead to a deeper institutionalization of democracy or better governance if either authoritarian or populist state elites succeed in penetrating and co-opting (civic or quasi-civic) organizations. Human history in the twentieth century demonstrates that both democracy and autocracy can be based on strong civic associations. Gramsci drew attention to this dual aspect of civil society, contending that a pre-existing strong associational sphere could serve as a microbasis for fascism rather than as an autonomous space for fostering voluntarism and democratic citizenship (Gramsci 1971). Numerous historical examples—the past and current Peronist regimes in Argentina (Waisman 1999), the fascist regime in 1930s Italy (Riley 2005), and the Nazi infiltration into voluntary associations, including unions, with the voluntary support of German civic associations (Berman 1997)—demonstrate that the relationship between the state and civil society is not as simple as the Tocquevillian one-dimensional scale of civic associationism and its positive relationship with democratic governance.

Several elements are important in maintaining the autonomy of the associational sphere from the co-optation strategies of state elites and capital: the strength of unions, the strength of intellectual-based (mostly middle-class) associations and reformist parties, and most importantly, the solidarity between the two. In particular, solidarity between intellectuals with working-class origins (organic intellectuals in the Gramscian sense) and intellectuals with middle-class origins (traditional intelligentsia) is critical to prevent working-class unions from being relegated to narrow economic interests. In other words, *solidarity with civic organizations from non-working-class origins provides unions with reformist or community-oriented views of struggles and agendas.* While the working class could resort to pure economism, this would only lead to short-term rewards based on capi-

talists' and states' co-optation. Solidarity with reformist middle-class and community-based intellectuals opens a longer horizon of struggles, including the institutionalization of democracy and better governance systems at both local and national levels. Visualization of a package of institutional democracy includes democratic class struggles via parliamentary democracy (Lipset 1960). When the working class and unions are convinced that they have a greater chance to pursue their distributional agendas within procedural democracy, they will either build or join reformist movements, which creates a deeper institutionalization of democracy, as illustrated in Nordic social-democratic countries (Korpi and Shalev 1980). In accounting for the success of the institutionalization of democracy, it is the working class's connections to broader civic associational networks and reformist parties that matter. Cohesive solidarity between unions and other civic associations prevents the possible co-optation of some segments of the working class by the state elites and capitalists, simultaneously deterring both the isolation of unions and the subsequent resort of unions to militant unionism. The preceding discussion of the role of unions leads to the following three hypotheses.

### **HYPOTHESES**

#### *Hypothesis 1: Labor Unions' Role in Achieving Impartial and Transparent State Institutions.*

Societies in which unions are closely interwoven with middle-class and community-based civic associations<sup>2</sup> are more likely to achieve the rule of law and transparent bureaucracy.

When unions play a more central role in social movement organizations, and are therefore more connected with non-working-class associations, governments and their officials

<sup>2</sup> Human rights, environmental, women's, peace, and professional associations may be labeled as middle-class associations, while church, youth, sports, local action, welfare, health, and cultural associations may be classified as community-based (welfare, health, and culture are less obvious than others, in that they could be middle class as well). It is difficult to classify political parties.

are more likely to use their power according to the rule of law in more transparent ways.

I assume that the rule of law is both an intended and an unintended consequence of a more central role of unions in associational activities. First, the combination of two logics creates an unintentional consequence: (1) the strategic choice among competing political actors leads to the rule of law in a particular situation where no party is dominating the other (Maravall and Przeworski 2003); (2) unions' centrality strengthens the electoral power of reformist, previously minority, parties, which intensifies ideological confrontations within legislatures. Given that no party dominates the other, politicians have two options they can resort to: votes and courts. If periodical elections are not due soon, and if the procedural processes of elections are stipulated by constitutional laws, the judgment of the courts is the last resort for both parties, as long as they are convinced that judges, even when they are not entirely independent of political ideology, will be restrained by the impartial law. Although unintentional, unions' central role in civil society is more likely to lead to a strengthening of the rule of law.

Second, unions' central role in civil society encourages the entire civil society to supervise the potential collusions between businesses and state officials. Because unions are more concerned about the collusive transactions between businesses and the legislature or government than are any other actors in civil society, they develop counteracting "watchdog" (Peruzzotti and Smulovitz 2006) forces within both civil society and state institutions. Within civil society, unions' centrality encourages the media, human rights groups, and reformist legal experts to monitor potential collusion and corruption between business and the government. To resolve conflicts with employers, union leaders and their allies also resort directly to the courts, which they believe are more impartial and independent from employers' lobbying power. Even if the judges within theoretically impartial courts are not entirely independent of political ideology and potential corruption, reformist judges, prosecutors, and attorneys within the legal institutions push the courts to stick to the constitutional law as impartially as possible. Eventually, labor unions' central role in civil society, and their greater bargaining power, will force government officials to follow predetermined legal

procedures for resolving labor-related struggles and conflicts, rather than resorting to coercive power. Therefore, the rule of law is a direct intended consequence of unions' connectedness to other civic associations and their central role in civil society.

*Hypothesis 2: Labor Unions' Role in Achieving Effective State Institutions.*

Societies are more likely to achieve effective bureaucracy if unions are deeply embedded in middle-class and community-based civic associations and are therefore more central in associational activities.

There are two causal paths through which unions' more central role in civic organizations leads to more effective bureaucratic performances: predictability and solidarity. First, organizational connectedness between unions and middle-class intellectuals provides unions an awareness of more realistic options within the game. As unions become more aware of possible options under the given political and economic constraints, they are likely to act in more strategic ways and to use different arrays and combinations of tactics, such as nationwide strikes, centralized wage bargaining, policy proposals for a comprehensive social welfare system, electoral support, or opposition to political parties. However, unions' more rational actions within the given constraints allow both employers and the government to predict the potential range of outcomes. This enhanced predictability of powerful civic organizations' political and economic choices allows government officials to seek long-term policy goals in a more effective way.

Second, unions' central role in civic organizations increases the likelihood that policy makers may consider unions to be key interest groups in civil society, thereby reflecting working-class interests in the policy-making process. This channeling process may ensure the success of a specific government policy, as each policy is prebargained and coordinated between the state and civil society, satisfying the interests of larger populations and social forces. In particular, unions' central role in civic organizations should increase the chance that reformist political parties will take over state power, which renders unions more responsible and accountable to the incumbent partisan government. Where unions are more embedded in civic associa-

tions and reformist political parties, they are less likely to resort to strikes and more likely to use institutional channeling procedures to achieve their goals (Korpi and Shalev 1980). In turn, unions' responsible actions will increase confidence from other actors in civil society, employers, and government officials. Therefore, union-led, or at least union-involved, social solidarity is likely to increase social trust among actors, which will eventually encourage government officials to pursue their policy agendas in a more confident and effective way, based on durable consent from civil society. Nordic countries, where unions have built strong alliance networks with other civic associations and social democratic parties, are exemplary cases that demonstrate the close relationship between unions' embeddedness in civil society and effective government services.

*Hypothesis 3: Labor Unions' Role in Achieving Democratic State Institutions.*

Societies in which unions are closely connected with middle-class and community-based civic associations forge cross-class organizational coalitions toward common reformist goals and are more likely to achieve a deeper institutionalization of democratic bureaucracy.

Two components should evolve from civil society to force state bureaucracy to follow the track of institutional democracy. First, alternative political forces with wide and diverse spectrums of policy angles should emerge from civil society before, during, and after the transitional phase of democracy so that citizens substantially have choices. Even after the transition to democracy, citizens in new democracies are often faced with candidates and parties with seemingly different slogans but virtually the same policy orientations. Unions, when connected with middle-class and community-based civic associations, are more likely to convey their distributional demands via other civic associations or left-wing or reformist political parties. As working-class interests are organized and channeled into political arenas, citizens are provided more realistic sets of political alternatives, which drive heated contests between political forces seeking electoral power. Therefore, the embeddedness of unions in associational networks enables labor-based reformist political forces to be more visible and influential in a given procedural political competition.

Second, alternative power mechanisms guaranteeing horizontal accountability among the state organizations should be established during and after the transitional phase of democracy to prevent the arbitrary exercise and abuse of bureaucratic power by incumbent chiefs at the various levels of state institutions (O'Donnell 1999). In a society in which unions are densely connected with other civic associations, the ministries concerned with labor, women, human rights, the environment, culture, and education gain stronger ground inside the government, which used to be dominated by military, security, intelligence, and economy-related ministries. The labor ministry often serves as an intervening coordinator with special interest in preventing bargaining for better wages and working conditions from developing into bigger conflicts. In addition, when civic association networks that embrace unions become denser, civic organizations' potential for policy-related information and coordination also greatly improve, especially regarding labor and social welfare issues. As dense policy networks (Knoke et al. 1996) develop between the state and civil society, they produce and propose alternative labor and welfare policies; disseminate the rationale for new policies to the public, media, and political parties; and eventually press the state to legislate and imple-

ment alternative policies via either lobbying or bargaining. The policy pressure from civil society will greatly enhance the voices and influence of previously marginalized agencies and organizations within the state, thereby "activating the operation of horizontal mechanisms" (Peruzzotti and Smulovitz 2006). Union-inclusive civic association networks will eventually contribute to improving the diversity and balance of power among the state apparatuses by providing labor and welfare-related officials with more work, more voices, and more ideas. Figure 1 summarizes this process.

I hypothesize that the most significant aspect of organizational density in civil society is how deeply labor organizations are embedded in larger voluntary associational environments, and that unions' more central position in an associational network will enhance the quality of governance through three causal paths: (1) through electoral, material, and policy support of reformist parties; (2) through playing the role of watchdog in conjunction with progressive media and civic supervisory groups; and (3) through empowering the previously marginalized segments and agents within state institutions.

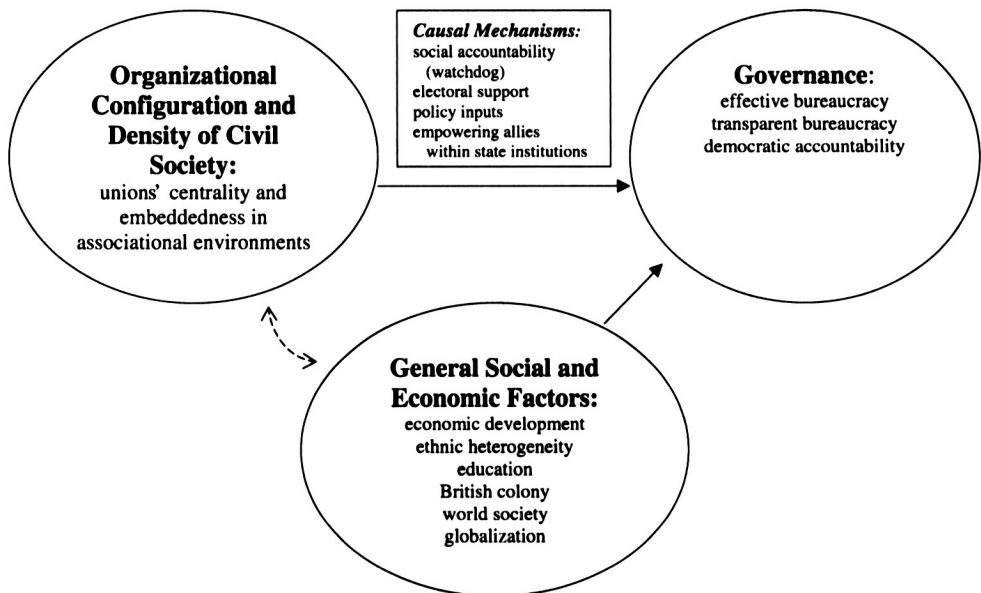


Figure 1. Causal Mechanisms Among Main Independent and Dependent Variables



## DATA, MEASURE, AND METHOD

### DEPENDENT VARIABLE

Based on three conceptual factors of governance (institutionalization of transparent and impartial bureaucracy, efficient bureaucracy, and democratic bureaucracy), I separately test each dimension using Kaufmann and colleagues' (2004) governance indicators measured in 2004. The aggregated governance indicators are constructed from individual citizens, domestic and international market participants, and major multilateral NGO agencies' perceptions of different dimensions of governance (Kaufmann et al. 2005:5).

First, I use two governance indicators, the rule of law and control of corruption, to measure institutionalization of transparent and impartial bureaucracy. Kaufmann and colleagues (2004:3-4) define the rule of law as "the extent to which agents have confidence in and abide by the rules of society," and "the success of a society in developing an environment in which fair and predictable rules form the basis for economic and social interactions." They measure the control of corruption as perceptions of "the exercise of public power for private gain." These measures for the rule of law and control of corruption are expected to capture the essential aspects of "institutionalization of transparent bureaucracy: predictability, impartiality, and transparency of administrative and judiciary mechanisms."

The second dimension of governance, institutionalization of effective government, serves as a performance index of public service. Kaufmann and colleagues' indicator of government effectiveness measures "the quality of public service provisions, the competence of civil servants, and the credibility of the government's commitment to policies," (p. 3) which ideally serve as performance criteria for the quality of public services.

For the third dimension of governance, institutionalization of democratic bureaucracy, I initially use Kaufmann and colleagues' (2004:3) measure of voice and accountability, which captures the "extent to which citizens of a country are able to participate in the selection of governments." Unfortunately, this measure of voice and accountability, in spite of its appropriate treatment of political rights, does not consider horizontal accountability (O'Donnell 1999)

within state institutions.<sup>3</sup> To make up for this measure's lack of validity, I also separately test Marshall and Jagers's (2004) index of institutional democracy (Polity IV), which is highly correlated with Kaufmann's measure of voice and accountability (correlation coefficient = .86). I expect this expert rating of institutional democracy to serve as a safeguard against the potential bias (Kurtz and Schrank 2007) that perception-based measures such as Kaufmann's could cause.

Marshall and Jagers (2004) initially conceive of democracy as three conceptually distinct elements: (1) the presence of institutions and procedures through which citizens can express effective preferences about alternative policies and leaders, (2) the existence of institutionalized constraints on the exercise of power by the executive, and (3) the guarantee of civil liberties to all citizens in their daily lives and in acts of political participation. While conventional measures of democracy, summarized in Kaufmann's measure of voice and accountability, mainly capture the third element, civil rights, Marshall and Jagers focus on operationalizing the first and second elements using the following four indicators: (1) the competitiveness of political participation, (2) the openness of executive recruitment, (3) the competitiveness of executive recruitment, and (4) constraints on

<sup>3</sup> Kaufmann and colleagues' (2004) other measures of governance, regulatory quality and political stability, are highly problematic. First, regulatory quality as judged by the international business community could consider even minimum levels of taxation, duties, documentation, and legal restrictions to protect domestic actors as regulatory, thereby underestimating the "rightful" procedure of governance activities. Second, the political stability index considers even highly authoritarian and repressive societies, such as North Korea and China, as stable, simply because it is hard to find political struggles and nationwide resistant movements in these societies, thereby overrating poor quality of governance in some highly repressive societies. I find both indices highly biased toward the interests of the international business community, while neglecting the interests of domestic actors. (For a more systematic critique of Kaufmann's governance indicators, see Kurtz and Schrank [2007]. See Kaufmann et al. [2005] and Knack and Keefer [2003] for their rationale for using cross-country perception data.)

the chief executive. The composite index of "institutionalized democracy" is an additive scale of these four subindicators ranging from 0 to 10 (Data Users Manual of Marshall and Jagers 2004:19–27; Lee 2005a:166). Their focus on the institutionalization of competitive and open participation in state institutions, and horizontal accountability within these institutions, captures two key elements of democratic bureaucracy: the wide range of democratic channeling processes of citizens' demands through alternative policies and parties, and the presence of horizontal constraining mechanisms within state institutions.<sup>4</sup>

### INDEPENDENT VARIABLES

POWER CENTRALITY OF UNIONS IN CIVIC ASSOCIATIONAL NETWORKS. The primary source of data for the main independent variables, the power centrality of unions in associational membership networks, is the World Values Surveys. In the most recent module, 1999 to 2002 (European Values Study Group & World Values Survey Association 2004), the number of countries surveyed reached 60, with 54 constitutionally independent countries (listed in Table 3) having associational membership data. Wave 4 restores the wide range ( $N = 15$ ) of the types of associations, after inconsistent definitions and changes in the number of associational types in the previous three waves (1981, 1990, and 1995). Considering the wide range of associations, the sufficient sample size for developing countries, and the availability of Kaufmann and col-

leagues' governance indicators, I chose to use only Wave 4 (1999 module) for this study.

The individual-level survey data allow me to draw an analytical map of the structure of associational social capital that illustrates: how individuals in a society are affiliated with different types of voluntary organizations such as church, unions, professional, parties, environmental, human rights, women, youth, and sport groups; how these individuals or organizations are connected to each other through comemberships in different types of voluntary organizations; and how these affiliation networks are aggregated into a distinctive pattern of organizational power structure and configuration. Using UCINET 6 (Borgatti, Everett, and Freeman 2002), this two-mode information ( $m$  individuals  $\times n$  associations) enables me to construct an  $n \times n$  affiliation matrix, in which conventional measures of network structure can be calculated with some modifications (Borgatti and Everett 1997; Faust 1997). In the affiliation network matrix, each cell value represents the number of common and nondirectional memberships shared by two types of organizations.<sup>5</sup>

I initially constructed and tested three measures among several competing measures for affiliation network: (1) membership density of each type of association, (2) degree centrality measured by comembership density of each type of association with all other types of associations, and (3) power centrality (Bonacich 1987) of each type of organization. I calculate membership density as the number of affiliated members of each associational type divided by the number of the total respondents in each country module.<sup>6</sup> Degree centrality or comem-

<sup>4</sup> "Weberianness" of bureaucracy (Evans and Rauch 1999) is another component of governance that potentially relates to the third dimension. This measures the degree to which the principles of meritocratic recruitment and predictable, rewarding long-term careers are employed in the recruitment of core state agencies. One key component of "Weberianness scale," meritocratic recruitment, is also taken into account in Marshall and Jagers's Polity IV scale. Although the other component, predictable and rewarding long-term careers, is not explicitly considered in any of the five indicators, the control of corruption is expected to be a proxy for it, as predictable and rewarding long-term careers are less likely to be vulnerable to bribes from private sectors. The "Weberianness scale" is available for only 35 developing countries.

<sup>5</sup> Although the type of organization does not necessarily mean that members of the associations are affiliated with the same organizations, the associational types have meaningful implications. In a probabilistic sense, members within the same types of associations are more likely to share the same information flows, common resources and goals, and higher levels of confederations. The latent intra-organizational linkage based on the coordinating role of higher organization, especially union confederation, is discussed further in Supplement 4 in the Online Supplement on the ASR Web site: <http://www2.asanet.org/journals/asr/2007/toc058.html>.

<sup>6</sup> Therefore, union density is underestimated compared to the conventional measure, typically meas-

bership density of each association is measured as the sum of the comemberships with all other associational types except for its own membership value divided by its own membership value.<sup>7</sup>

In the main analysis, I chose to rely on Bonacich's power centrality index, as it best reflects my theoretical idea that unions' power in civic association networks will be greatly boosted when they are connected with other influential civic associations, such as churches and culture-related associations. The centrality of an association type  $i$  is given by:

$$C_i = \sum A_{ij}(\alpha + \beta \times c_j)$$

Where  $\beta$ , an attenuation factor, reflects the degree to which an association's power is conditioned by the power ( $c_j$ ) of the other associations to which it is connected. The positive value of  $\beta$  suggests that an association's power should increase when linked to associations with high power.<sup>8</sup>  $A_{ij}$  is the matrix of the valued relationships (comemberships) between all pairs of associations  $i$  and  $j$ . The parameter  $\alpha$ , typically the reciprocal of the largest eigenvalue, is a scale parameter to normalize the measure. Each matrix for each country has been normalized for both columns and rows by forcing the sum of elements to 100, so that an organizational type's centrality scores are not too high simply because

ured as the number of members divided by the total or dependent labor force. In the current measure of union membership density, the denominator, the number of total respondents, is comparable to total adult population. For the purpose of direct comparison with other associational memberships, it is necessary to use the number of total respondents as the common denominator for all associational density measures. Those not currently participating in the labor market, such as students, housewives, and the retired, must be included in the  $m \times n$  affiliation network to capture the comprehensive and exhaustive map of civic association networks.

<sup>7</sup> The formula for comembership density of association  $i$  is as follows:  $CM_i = [\sum (A_k) - N_i] / N_i$ , where  $A_k$  is the size of membership of each association and  $N_i$  is the number of membership of interest. Because there are 15 associational types in the data,  $k = 1 \dots 15$ .

<sup>8</sup> With the smaller  $\beta$ , the more distant ties transfer the smaller power to the actor. I chose .5 for this attenuation factor. Other choices such as .25 and .75 generate similar results.

of its high membership counts (Borgatti et al. 2002; Cornwell and Harrison 2004).

**CONTROL VARIABLES.** The principal third variable is the level of economic development that can potentially affect both the density of civil society and the quality of government. Economic development itself improves the strength of civil society (Lipset 1960; Rueschemeyer et al. 1992) by improving communications, driving a population shift from agricultural to industrial sectors, creating favorable urban environments for mass mobilization, and fostering the reconfiguration of economic interests among social groups. As modernization theory argues, economic development also drives the rationalization of government institutions by increasing functional needs from economic society (Cutright 1963), such as legal and infrastructural services. The level of economic development is measured as GDP per capita. The data are drawn from *World Development Indicators* (World Bank 2002). To smooth economic fluctuations, I use the average value of GDP per capita (constant value for 1995) for the years 1998, 1999, and 2000. To correct for skewness, the variable is logged (base 10).

Previous studies demonstrate that ethnic and linguistic diversity destabilizes the state and is generally harmful to democratic governance (Rueschemeyer et al. 1992). In addition, ethnic fragmentation also crosscuts social classes, greatly increasing the organizing costs for solidarity movements (Lee 2005b). To control for these potential extraneous effects of ethnic heterogeneity, I use Alesina and colleagues' (2003) ethnic fragmentation score as one of the controls.

One flourishing scholarly trend, the World Society School (Meyer et al. 1997), may argue that another fundamental determinant of the rationalization of governance structure is the diffusion of world society values and norms, which are transmitted to the Third World via colonial relationships, local state networks, and international nongovernmental and governmental organizations (INGOs and IGOS) (Wejnert 2005). The World Society School also may argue that INGO ties strengthen civil society, which leads to better governments, while IGO ties improve the quality of government directly. Similar to INGO and IGO ties, trade openness may drive govern-

ment services to approach international standards of quality. Therefore, I control for INGOs, IGOs, and trade openness to see if the World Society School's argument or economic openness nullifies my union-centered internal associational network model. Data on institutional ties to world-polity are drawn from the *Yearbook of International Organizations* (UIA 2000–2001), while the data on trade openness, defined as the sum of exports and imports of goods and services divided by GDP, are drawn from the *World Development Indicators* (World Bank 2002).

I also control for divergent social, political, and historical heterogeneities by including the level of secondary school enrollment (World Bank 2002), whether the country was or is a British colony, whether the country was part of the former Soviet Union, whether the country had a democratic competitive election in 1994,<sup>9</sup> and region indicators such as Africa, South Asia, and Latin America.

### STATISTICAL MODEL

To test the proposed relationship between union centrality and governance, I use linear regression analysis with a heteroskedasticity consistent covariance matrix (HCCM), especially HC3 (Long and Ervin 2000).<sup>10</sup> The specification of the main regression models is:

$$Y_t = \alpha + \beta_1 Z_{t-10} + \sum \gamma_k X_{k, t-5} + \sum \delta_p X_{p, t-5} + \dots + \varepsilon$$

<sup>9</sup> Following Jagers and Gurr's (1995:474) recommendation (principal investigators of Polity I, II, and III), I consider countries with DEMOC scores equal to or higher than 6 as achieving the minimum level of procedural democracy (coded 1, otherwise 0).

<sup>10</sup> Breusch-Pagan/Cook-Weisberg tests reject the null hypothesis (constant variance) for four of five governance indicators (see Table S5-1 in the Online Supplement), which led me to use several variants of HCCM to correct for heteroskedasticity. While the majority of authors still use the HC0 (the standard Huber-White robust estimator of variance matrix), Long and Ervin (2000) strongly recommend that analysts employ HC3 when sample size is smaller than 250. For the results using original OLS standard errors and HC0, see Tables S5-2 (OLS) and S5-3 (HC0). The results show that the effects of key independent variables are robust across different variants of HCCM.

$$\begin{aligned} (\text{Governance})_{2004} = & \alpha + \beta_1 (\text{Procedural} \\ & \text{Democracy})_{1994} + \\ & \sum \gamma_k (\text{Union Centrality})_{1999} + \\ & \sum \delta_p (\text{Economic and Social Factors})_{\text{circa } 1999} + \\ & \dots + \varepsilon \end{aligned}$$

Each indicator for measuring governance is regressed against common key independent variables, measures of union centrality ( $X_{k, t-5}$ ), and measures of economic and other social and historical factors ( $X_{p, t-5}$ ). I introduce lagged procedural democracy,  $Y_{t-10}$ ,<sup>11</sup> to control for potential antecedent effects of democracy on further institutionalization of effective and transparent bureaucracy.<sup>12</sup>

## RESULTS

### CASE STUDIES

Table 2 and Figure 2 explore representative country cases to illustrate divergent patterns of associational networks. Table 2 displays the values of the centrality measures of a top-ranked association, a bottom-ranked association, and a union for each of the five representative countries from Northern Europe, North America, East Asia, South America, and the former Soviet Union. Figure 2 illustrates the structure of the

<sup>11</sup> The lagged procedural democracy is not included for the models testing two indicators of democratic accountability. As the majority of countries in the sample had already experienced transition to and consolidation of democracy by 1994, there are substantially few variations over time in the dependent variable within countries between 1994 and 2004. Technically, procedural democracy, being constructed from the same dependent variable, institutional democracy, is highly correlated with two dependent variables of democracy (.70 and .92 respectively), thereby suppressing all other predictors including union centrality.

<sup>12</sup> There might be simultaneous causal relationships in which the dependent variable, governance, could affect two key regressors, economic development and the strength or popularity of unions. To address these concerns, I employ two-stage least square (2SLS) estimation with instrumental variables (IV) (Wooldridge 2002) and endogeneity test (Hausman 1978) to check whether reverse causal effects yield inconsistent regression estimates for economic development and union centrality (see Supplement 1 in the Online Supplement for further details on the choice of instruments and the 2SLS results).

organizational membership ties among unions and the four associations with the highest membership density for the five countries. The association with the highest power centrality is located at the center of each associational network, and the remaining four associations are placed around it. The circles represent the size of each association, with four different categories, as illustrated at the bottom of Figure 2. Each line represents the comembership between two associations with four different categories. For example, lines denoting comemberships among organizations are thicker when two associations are more densely connected to each other by higher comemberships.

**SWEDEN—STRONG UNIONS WITH STRONG ASSOCIATIONS.** In Sweden, a representative social democratic country, the majority of citizens are involved in either church (70.6 percent) or union (62.4 percent) activities (see Table 2). Although church has the highest memberships, labor unions have the most central position in the associational network (power centrality = 1.072). Members of both associations are least involved in other associations, as shown in the degree centrality column, but their overwhelmingly dominant membership and power centrality records make these two associations more prominent among all types of associations. While their degree centrality score is low (2.7), 633 union members hold more ties with more influential organizations (over 50 percent

of smaller associations), such as sports, culture, and the church, which results in the highest centrality score among all types of associations.

In the first diagram in Figure 2, the union is located at the center of the associational network and has the biggest circle. The majority of union members in Sweden are also jointly affiliated with civic associations of nonclass origin such as church, culture, and sports clubs, as illustrated by the thickest line between the union and each association. Swedish civic associations are big enough to exert influences on policy networks and densely-connected enough to mobilize the full capacity of the resources reserved in the entire associational network. Regarding its size and connections with other associations, the union is at the central position of a large, thick network.

The data support the claim that the Swedish labor movement is actually a network of organizations that embrace a variety of nonprofit voluntary associations and social movements (Rothstein 2002). Swedish unions' embeddedness in the associational community guarantees greater social legitimacy for unions, which has historically led to a more successful realization of union-oriented and union-involved reform projects in the state. Union-led civic participation has achieved unusually high voter turnouts of over 80 percent. Union-centered, highly popularized civic associations, in cooperation with employers' associations, have also

**Table 2.** Memberships and Centrality Measures of Associations for Selected Countries

	Membership Density			Degree Centrality (Comembership)			Power Centrality		
	Highest	Lowest	Union <sup>b</sup>	Highest	Lowest	Union	Highest	Lowest	Union
Sweden (1,015) <sup>a</sup>	70.6 (Church)	1.6 (Peace)	62.4	6.4 (Peace)	2.6 (Church)	2.7	1.07 (Union)	.62 (Peace)	1.07
United States (1,200)	57.8 (Church)	4.3 (Peace)	12.7	6.9 (Peace)	3.1 (Church)	3.8	1.13 (Church)	.80 (Union)	.80
South Korea (1,200)	42.1 (Church)	1.8 (Peace)	5.6	6.2 (Peace)	1.1 (Church)	2.6	.91 (Environment)	.55 (Party)	.67
Argentina (1,280)	15.6 (Church)	.0 (Peace)	2.5	3.4 (Human)	.0 (Peace)	1.1	.61 (Culture)	.00 (Peace)	.35
Russia (2,500)	23.1 (Union)	.1 (Peace)	23.1	3.0 (Human)	.2 (Union)	.2	.48 (Culture)	.19 (Peace)	.38

<sup>a</sup> Number of cases for each country in parentheses.

<sup>b</sup> Union density is underestimated compared to the conventional measure, as the denominator is the number of total respondents, not the number of the total labor force. See note 6 for detailed explanation.

actively participated in both local and central governments' social welfare and labor market policies. The Swedish corporatist model, based on bargaining and cooperation between interest groups and the state, opened the policy-making processes to civil society and greatly enhanced its control of policy resources and outcomes, which guaranteed the highest level of transparency, accountability, and effectiveness in government services.

**THE UNITED STATES—WEAK UNIONS WITH STRONG AND CONNECTED ASSOCIATIONS.** In the United States, on the other hand, the church retains the highest membership and power centrality. Even though church-affiliated groups have witnessed continuously declining mem-

berships over the last couple of decades (Wuthnow 2002), the church is still the most central and embedded association in the associational community (1.13 in power centrality), as well as the most participatory voluntary organization (57.8 percent in membership density). Although its degree centrality (comembership rate) is the lowest among 15 associations within the United States, it is higher (3.1 per churchgoer) than that of any other country in the sample (except for some African and South Asian rural societies), implying that U.S. churchgoers are also heavily involved in other voluntary associational activities. Variations in centrality measures among associations are much smaller in the U.S. civic affiliation network than in any other country. In other words,

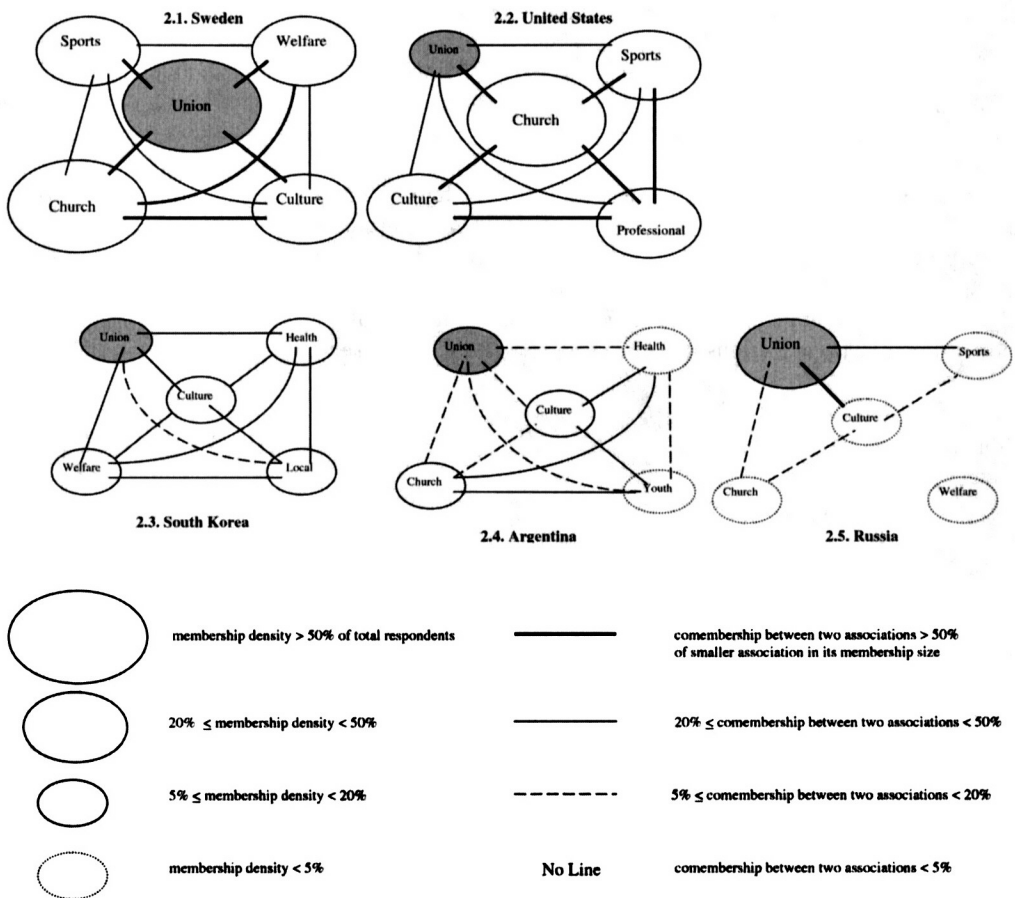


Figure 2. Configuration of Associational Networks for Selected Countries

all types of associations in the United States are more closely interwoven with more members simultaneously associated with other associations than in any other country. Due to this low variation and its close ties with the most central association, the unions' power centrality (.8) is still relatively higher than that of other developed (average union centrality = .73) and developing countries (average union centrality = .61), even though it has the lowest centrality score among voluntary associations within the United States.

Historically, U.S. unions have been confined to business unionism and isolated from the entire associational community, compared to other U.S. associations. The U.S. church-led associational community, in which unions have been marginalized, has not been as successful as the Swedish union-led model in providing comprehensive and effective government services for the lower classes. Yet, despite their relative marginalization, U.S. unions have thick and rich associational environments and are still in a better position to obtain social legitimacy for their economic and political agendas than are unions in other countries. In this sense, U.S. labor unions' recent move to seek solidarity with community-based religious groups and social movement organizations (Fantasia and Voss 2004; Kimeldorf 1999) is timely and appropriate. Based on the data and analysis of this study, unions in the United States are more likely to achieve their socioeconomic agendas when they succeed in building organizational solidarity with local faith-based associations, which hold the most central position in the associational network.

**ARGENTINA—WEAK UNIONS ISOLATED AND CO-OPTED.** Argentina and South Korea share very similar traits in associational environments: (1) political parties are inactive with very low membership and few ties with other associations; (2) church and sport groups have the highest associational memberships within each country but are the least connected with other associations; (3) the most central associations are new social movement organizations such as human rights, environmental, and peace groups, but their membership density is moderate (South Korea) or extremely low (Argentina); (4) both unions' power centrality and unions' comembership belong to the low-

est group within each country (see Table 2); but (5) unions in South Korea are relatively well-connected with other central associations such as culture, welfare, and health, while unions in Argentina are completely isolated from other associations with low memberships (see Figures 2.3 and 2.4).

These general patterns suggest that in Argentina union members are neither involved with other associations in general, nor connected to more central associations in particular. Argentina has the lowest power centrality scores among all countries in the sample, except for Belarus (.33). Civil society in Argentina has been deeply divided by historically dominant Peronism among the lower classes, radicalism among left intellectuals, and moderate sectors of the middle-class that abhor both Peronism and radical intellectuals. Peronian leaders' fragmentation of civic associations and co-optation of the lower classes (Waisman 1999) and trade unions, weak party institutionalization (McGuire 1997), and alternating political powers' non-institutional recruitment and stacking of allies in public and legal institutions (Helmke 2005) have made it impossible to enforce a minimum monitoring mechanism against the corrupted government. Argentina's case illustrates how unions' weak embeddedness in the associational community makes the lower class vulnerable to the state's ideological co-optation and makes it difficult to establish accountable and transparent state bureaucracies.

**SOUTH KOREA—SMALL BUT STRONG UNIONS WITH ALLIES.** South Korean union organizations are more central than unions in countries at a similar level of development, thanks to the historical solidarity developed by dissident students and intellectuals' long-time involvement in labor movements and other social movement organizations. During the 1980s military regime, more than 3,000 college students left school and became factory workers in medium-size manufacturing firms, disguising their identities as college students (Koo 2001). This strong grassroots worker-student alliance, which withstood state repression and its own fractionalization within and across movement organizations, later developed into a strong national-level labor confederation, labor-inclusive social movement networks, and, during the past decade, a reformist labor party. In contrast

to the existing right-wing or centrist parties, unions, the Democratic Labor Party, and their allied civic organizations have consistently criticized Korean big businesses' influence on state officials, political parties, judicial systems, and the mass media through illegal lobbying, informal networks, and formal contributions. Despite South Korea's notorious level of collusion and corruption between political elites and big business throughout the developmental era, the relatively durable solidarity between labor and reformist civic associations, compared with those in Argentina or other countries at a similar developmental level, may account for the recent development of more effective and accountable democratic institutions.

**RUSSIA—BIG UNIONS WITHOUT ALLIES.** In Russia, unions are almost the only meaningfully organized civic association, with 23.1 percent membership of the total respondents, which is the highest rate among developing countries.<sup>13</sup> All other associations, however, suffer from extremely low memberships that seldom exceed 1 percent and are completely isolated from each other with very few comemberships. Even the highest memberships are merely 3.5 percent for sports groups and 2.4 percent for church groups. In spite of a considerably high degree of membership thanks to the role of unions as a resource distributor during the former Soviet Union, union members are not coaffiliated with other civic associations because other civic associations do not substantially exist.<sup>14</sup> As Russian civil society has no basis of autonomous civic organizations (Cook 1997), and unions themselves are geographically and organizationally fragmented (Clarke, Fairbrother, and Borisov 1995), unions in Russia have become scattered islands surrounded by ally-less (un)civil society, confronting state power alone. Unions' power centrality score for Russia is

<sup>13</sup> See Martin and Brady (2007) in this volume for further explanation on relatively high union membership in ex-communist countries.

<sup>14</sup> Although the tie between union and culture is drawn with the thickest line, since there are only 30 members affiliated with "culture-related associations" and merely 16 of those 30 are coaffiliated with unions with 575 members, it is hard to believe that the thick line has substantial meaning.

one of the lowest among all samples in the data set, along with Argentina and Belarus (.33). Due to the weak embeddedness of unions in a weak civil society and associational network, Russian labor movements have not developed institutional channeling mechanisms through which the government could be forced to improve the quality of its public services for the general public and the lower classes.

The recent deterioration of democracy and governance in Russia clearly illustrates how a weakly configured civil society can easily be co-opted by the state. Restrictions on human rights and NGOs, the disappearance of competitive elections, the increasing centralization of political authority around the president's office, and rampant corruption at every level of government coexist with high presidential approval ratings from Russian middle and working classes. The Russian case demonstrates that large unions do not play a significant role in fighting for democracy and good governance when they are not embedded in a strong civic association community.

### DESCRIPTIVE RESULTS

Table 3 displays summary statistics of three measures of union centrality and four indicators of governance. The cases in the data set are sorted into three groups, first by level of economic development, and then into seven groups by the level of unions' power centrality within three income groups. The diverse patterns of associational networks for five representative countries closely match this classification: Sweden in Group 1, the United States in Group 2, South Korea in Group 4, Argentina in Group 5, and Russia in Group 7. The descriptive results initially suggest that the level of economic development should be a potentially strong predictor for governance. In advanced industrial countries, most measures of governance range between 1.0 and 2.0, while they range between .5 and 1.0 in mid-income countries. All governance measures are negative in low-income countries. When each income group is further segmented by the level of unions' power centrality, measures of unions' centrality in associational networks and measures of governance also suggest a potentially strong positive relationship. Group 1, mostly composed of social democratic countries, shows the highest values for all measures



**Table 3.** Descriptive Statistics (Means) of Measures of Centrality and Governance by Economic Development and Power Centrality

Groups of Countries	Measures of Union Strength and Popularity				Measures of Governance			
	Power Centrality	Membership	Degree Centrality	Government Effectiveness	Control of Corruption	The Rule of Law	Voice and Accountability	
Advanced Industrial Countries (GDP pc $\geq$ \$15,000)								
Group 1: Power Centrality $\geq$ .83	.94	46.73	2.31	2.32	2.06	1.90	1.50	
Group 2: $.7 \leq$ Power Centrality $<$ .83	.73	12.81	2.25	1.90	1.81	1.70	1.32	
Group 3: Power Centrality $<$ .7	.52	5.41	1.35	1.51	1.36	1.34	.95	
Mid-income Countries (\$5,000 $\leq$ GDP pc $<$ \$15,000)								
Group 4: Power Centrality $\geq$ .6	.65	8.41	1.91	.88	1.00	.95	1.02	
Group 5: Power Centrality $<$ .6	.43	5.56	1.01	.44	.48	.50	1.00	
Low-income Countries (GDP pc $<$ \$5,000)								
Group 6: Power Centrality $\geq$ .6	.85	10.93	3.61	-.50	-.25	-.49	-.21	
Group 7: Power Centrality $<$ .6	.48	9.10	1.07	-.23	-.05	-.20	-.01	
<i>African and South Asian Countries in Group 6</i>	.92	10.49	4.46	-.32	-.56	-.58	-.44	

Group 1 (N = 5): *Mostly social democratic countries*: Sweden, Iceland, Denmark, Netherlands, and Finland

Group 2 (N = 7): *Mostly liberal countries and small European countries*: Austria, United States, Luxembourg, Belgium, Ireland, Canada, and United Kingdom

Group 3 (N = 6): *Mostly conservative countries and southern European countries*: Spain, France, Italy, Singapore, Japan, and Germany

Group 4 (N = 5): Greece, Slovenia, South Korea, Chile, and Malta

Group 5 (N = 4): Hungary, Czech Republic, Portugal, and Argentina

Group 6 (N = 12): Tanzania, Bangladesh, India, Vietnam, Uganda, Albania, Moldova, South Africa, Philippines, Zimbabwe, Slovakia, and Mexico

Group 7 (N = 15): Bulgaria, China, Macedonia, Lithuania, Peru, Venezuela, Poland, Romania, Morocco, Bosnia and Herzegovina, Turkey, Latvia, Russia, Estonia, and Belarus

*African and South Asian Countries in Group 6*: Tanzania, Bangladesh, India, Philippines, Vietnam, South Africa, Uganda, and Zimbabwe

of centrality: .94 for power centrality, 46.73 percent for membership density, and 2.31 for degree centrality. This group also shows the highest level of governance performance across four indicators. The next group, mostly liberal countries and small European open economies, has intermediate levels of centrality and governance among three groups. Group 3, conservative countries (Esping-Andersen 1990) and southern European countries, lags behind in both centrality and governance measures among advanced industrial countries.

Splitting the mid-income group into two groups, the averages of the centrality measures and governance measures repeat the same pattern as advanced industrial countries: the higher the measures of centrality, the higher the measures of governance. Groups 6 and 7 in the low-income group do not follow the patterns found in the previous cases, but this unexpected pattern is largely due to the outlying cases that belong to African and South Asian rural societies.<sup>15</sup> Once these influential outliers, located at the bottom-right side of Figure 3, are separated, the positive association is more obvious. Except for these extremely poor low-income rural societies, I predict that measures of unions' centrality will have strong positive effects on measures of governance.<sup>16</sup>

### REGRESSION RESULTS

Table 4 presents regression results (using HC3) for the effects of union centrality indices on five indicators of governance. All models include the baseline controls: GDP per capita; region-specific indicator (0,1) variables for Africa, South Asia, Latin America, and the former Soviet Union; procedural democracy (for the first three indicators); Protestant countries; secondary school enrollment; former British colony; ethnic fragmentation; INGO (IGO) ties; and trade open-

ness. As expected, the level of economic development (GDP per capita) is the single strongest predictor for indicators of governance, while other controls are largely statistically nonsignificant. It is noteworthy that, controlling for representative predictors in previous democracy literature, unions' power centrality is statistically significant at  $\alpha = .1$  (model 1) or  $\alpha = .05$  (models 2 to 5).<sup>17</sup> The results are robust regardless of the different aspects of governance: rule of law, control of corruption, government effectiveness, and vertical (both Kaufmann et al.'s [2004] and Marshall and Jagers' [2004]) or horizontal (only Marshall and Jagers') accountabilities. The size of the effect of union centrality on governance indicators is also impressive: in Model 3, a .1 point hypothetical increase in union centrality, which ranges from .33 to 1.19, leads to a .14 increase in government effectiveness, which ranges from -1.2 to 2.25.

I also control for union membership density, to determine if unions' power centrality spuriously reflects the conventional measure of union strength, but union membership variables are negative for all five models. This suggests the presence of multicollinearity or the partial (negative) effects on governance of unusually high union memberships in some poor rural societies.<sup>18</sup> The insignificant INGO (also IGO)<sup>19</sup> ties suggest that diffusion of global standards (INGO ties) or involvement of state institutions in world society (IGO) are not meaningfully associated with better governance. Trade openness is statistically significant only for the control of corruption ( $\alpha = .1$ ), but it does not seriously affect the explanatory power of unions' power centrality.

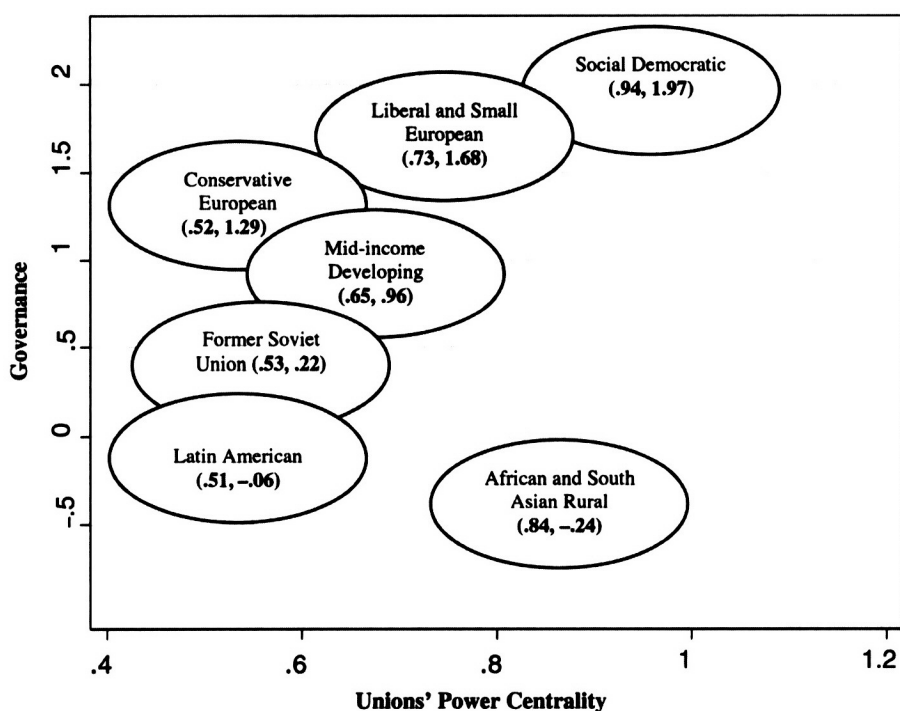
<sup>15</sup> For an explanation of these outlying cases, see Supplement 3 in the Online Supplement.

<sup>16</sup> In the regression analysis, considering the small sample size and the importance of maintaining comprehensive variations for developing countries, I introduce dummy variables to account for these outliers rather than dropping them entirely. I also tested potential "reversing" interaction effects for all models, but they were not statistically significant.

<sup>17</sup> I separately tested two other measures of unions' strength and embeddedness, membership density and degree centrality (comembership), but they were statistically insignificant across most governance indicators.

<sup>18</sup> The correlation between unions' power centrality and membership density is moderate ( $\text{corr} = .48$ ). Unions' comembership (degree centrality) variable is not included in the models, due to its fairly high correlation with unions' power centrality ( $\text{corr} = .83$ ), but its presence does not change the results.

<sup>19</sup> The IGO ties were separately tested but are not statistically meaningful in any model. The IGO variable is not tested with INGO in Table 4 due to its high correlation with INGO ( $\text{corr} = .9$ ).



**Figure 3.** Relationship Between Unions' Power Centrality and Governance by Income and Regions

*Note:* (x, y) in each circle denotes unions' power centrality, the average of Kaufmann and colleagues' (2004) four governance indicators.

In sum, the effects of unions' power centrality on governance are robust and impressive, regardless of the inclusion of unions' strength or popular economic, social, political, and regional factors. The results offer additional support to my argument that unions' connectiveness to other middle-class and community-based civic associations leads to better governance structure by achieving a balance of class power, both in civil society and within state institutions, thereby strengthening reformist parties and policy makers within state institutions.<sup>20</sup>

<sup>20</sup> I present additional regression results (using HC3) that test the effects of the power centrality scores of other civic associations on governance indicators in Table S2 (politicized and nonpoliticized associations) in the Online Supplement. None of their effects were as impressive and consistent (across five governance indicators) as those of union centrality. Table S6 in the Online Supplement presents additional regression results that control for income

## CONCLUSION

My central argument is that working-class organizations, when better connected with other civic organizations, play a critical role in making government more transparent, more effective, and more responsible to its citizens. This article highlights the significance of solidarity among mass mobilization organizations and labor unions (Collier 1999) in the discussion of governance. Inspired by the recent focus of social movement literature on interorganizational and intermovement linkages, I aim to highlight the importance of organizational density and configurations in civil society (Rueschemeyer et al. 1992) in accounting for differences in the quality of regimes. Both goals originate from my fundamental assumption that

inequality (Gini) based on a smaller sample. The results show that the effects of unions' power centrality are robust across different governance indicators in the presence of income inequality.

**Table 4.** Unstandardized Coefficients from the Linear Regression (Using HC3<sup>a</sup>) of Governance Indicators on Economic, Regional, Social, and Political Controls and Unions' Power Centrality

	Model 1	Model 2	Model 3	Model 4	Model 5
	The Rule of Law	Control of Corruption	Government Effectiveness	Voice and Accountability	Institutional Democracy
<b>Economic and Regional Factors</b>					
GDP per Capita (log)	.571 (5.40)**	.627 (6.11)**	.561 (5.13)**	.431 (2.79)**	1.036 (1.40)
Africa (0,1 indicator)	-.077 (.14)	.037 (.08)	-.026 (.05)	-.155 (.26)	-3.877 (1.35)
South Asia (0,1 indicator)	-.027 (.06)	.080 (.18)	.111 (.23)	-.556 (.83)	-2.707 (.75)
Latin America (0,1 indicator)	-.355 (.71)	-.004 (.01)	-.246 (.52)	.190 (.54)	.945 (.80)
The Former Soviet Union (0,1 indicator)	.218 (.89)	.190 (.89)	.231 (1.15)	.706 (2.30)*	2.770 (1.90)†
<b>Social and Political Factors</b>					
Procedural Democracy	.021 (.05)	-.299 (.83)	-.211 (.53)		
Protestant Countries	.456 (2.60)*	.611 (3.35)**	.489 (2.94)**	.354 (1.53)	.387 (.36)
Secondary School Enrollment	-.003 (.66)	-.001 (.21)	.001 (.38)	.003 (.51)	.026 (.86)
Former British Colony	.054 (.17)	.145 (.57)	.074 (.31)	.125 (.31)	.964 (.60)
Ethnic Fragmentation	-.203 (.37)	-.137 (.27)	-.024 (.05)	-.060 (.10)	.145 (.07)
<b>International Factors</b>					
INGO Ties	.004 (.49)	.004 (.61)	-.001 (.21)	.004 (.55)	.007 (.18)
Trade Openness (log)	.257 (1.43)	.281 (1.83)†	.167 (1.24)	.029 (.14)	-.923 (1.12)
<b>Unions' Popularity and Strength</b>					
Unions' Power Centrality	1.317 (1.99)†	1.265 (2.23)*	1.426 (2.61)*	1.874 (2.24)*	8.173 (2.39)*
Unions' Membership Density	-.013 (1.16)	-.008 (.80)	-.012 (1.21)	-.023 (1.66)	-.090 (1.71)†
Constant	-6.062 (6.42)**	-6.656 (7.20)**	-5.727 (5.01)**	-4.765 (3.16)**	-4.348 (.60)
Observations	54	54	54	54	54
R-squared	.86	.89	.87	.76	.69

Note: Absolute value of t statistics in parentheses.

<sup>a</sup> HC3 is a variant of heteroskedasticity consistent covariance matrix (HCCM) (Long and Erwin 2000).

†  $p < .10$ ; \*  $p < .05$ ; \*\*  $p < .01$  (two-tailed tests).

the ultimate causal forces that can change state institutions are mobilizations within civil society, not external global forces, and mobilizations from the bottom, not the elites. Remarkably, the significant effects of unions' power centrality on several indicators of governance are impressive enough to convincingly support my main argument that unions play a critical role

in mobilizing civic association networks and promoting good governance.

Specifically, this article greatly improves the measurement scheme of organizational density and configurations in civil society in explaining governance. Using social network analysis on voluntary association membership data in the World Values Survey, I construct Bonacich's (1987) power centrality measures for all types

of civic associations and test their relationships with governance indicators. In the presence of an overwhelmingly strong predictor for governance, the level of economic development, unions' power centrality is the only measure that is statistically meaningful and robust across multiple governance indicators. It is also striking that unions' power centrality is the most robust and consistent measure, accounting for governance indicators among membership density, degree centrality, and power centrality indices of all 15 types of associations. The findings offer convincing support for my hypothesis that the embeddedness of working-class organizations in existing associational environments accounts for cross-national variations in the quality of government. Based on these findings, I urge future studies of governance to pay serious attention to societal factors, especially the role of labor and its embeddedness in associational environments.

This article's findings relate to a key theoretical issue in political sociology: the relationship between the state and civil society. I initially based my theoretical framework in the Tocquevillian tradition that emphasizes a strictly dichotomous distinction between the state and civil society (Putnam 1993; Tocqueville 1988). I share the basic Tocquevillian position that dense and vibrant civic associations preserve democratic civic resources and efficacy that will eventually lead to good governance—there must be a strong civil society behind a transparent, effective, and accountable state.

However, I incorporate the Gramscian perspective of civil society into my framework. In Gramsci's view, strong civic associationism does not necessarily result in democratic governance, but it could produce populist, authoritarian, or totalitarian state hegemony buttressed by co-opted working or middle classes. Incorporating this Gramscian view into the main theoretical framework, I employ a network-based concept of solidarity among civic associations of different class origins: whether civil society can reform the state hinges not only on the density of the civic associations, but also on the centrality of working-class organizations in the civic associational network.

My causal explanation of associational solidarity may be labeled as a contingency model of the relationship between association networks and the quality of government. The key

concept of this article, unions' centrality or popularity among associational networks, suggests that unions' centrality is contingent on pre-activated central actors and their powers. Unions do not even have a chance to boost their popularity unless they are surrounded by and embedded in other powerful civic associations, as the Russian case illustrates. In an associational environment in which unions stand alone in a weak society without allies, they cannot build their influential power to confront and influence the state power, even if they have a high membership rate. Comparative case studies also show that strong unions build their power by embedding themselves in strong and dense associational environments (Sweden), and that even unions weak in terms of membership may have opportunities to increase their power when they are connected to strong actors holding popular and influential positions in the associational networks (the United States and South Korea). Unions are more likely to achieve high power centrality in a situation in which associational lives are rich and cohesive.

However, I also demonstrate that the power of the entire associational network is contingent upon unions' connectedness to it. The finding that other associations' power centrality scores are not statistically meaningful in accounting for governance indicators suggests that unions play a decisive role in activating middle-class and community-based civic associations toward reformist agendas for desirable government services. In sum, unions and other civic association networks are contingent upon each other. They activate and empower each other when they are jointly aligned for the common cause of better government.

In this way, the celebrated but complex Gramscian concept of hegemony may be reconceptualized by introducing unions' centrality in associational environments. The working class is hegemonic only when its organizational base is interwoven with other middle-class and community-based civic associations. This network-based conceptualization of hegemony could further expand to state hegemony or passive revolution (Gramsci 1971). When unions are disconnected from middle-class and community-based civic associations, the entire working class, or at least a segment of it, is more likely to be co-opted by the state or the ruling block, underpinned by either the landlord or

capitalist class, as the Argentinian case illustrates. This article shows that the quality of state institutions will be more likely to deteriorate under these circumstances. In general, my attempt to connect theories of associationism with social movement and network literature (with the help of Gramscian ideas) advances our understanding of the configuration of civil society and the relationship between the state and civil society.

Cross-national and comparative evidence of unions' roles in strengthening associational communities and promoting better institutional outcomes suggests that current labor movements across the globe should pursue social movement unionism and consciously forge alliances with other social groups such as immigrants, students, environmental and peace activists, and community action groups. To cope with the rapid restructuring of global capitalism, local union leaders might develop policy advisory networks with reformist scholars in local and national universities, which is not unusual in Nordic social democratic countries. Unions could run summer camps in which student activists develop contacts with union staff members, as the AFL-CIO recently did in the United States (Fantasia and Voss 2004). Unions' interest in local environmental issues will help them build solidarity with environmental groups and social legitimacy at broader community levels. Organizational solidarity with reformist civic associations and political parties at higher organizational levels will also strengthen unions' social and political legitimacy.

The role of unions becomes even more significant in the era of globalization. Under the increasingly competitive global market, local citizens need public authorities that are capable of providing them not only with basic needs and services, but also with transparent and effective leadership, so that local communities can survive, compete, and explore the changing international environments. Building a responsible, effective, and impartial government is an essential project for both the working and middle classes. It nurtures the entire national community in the long term, as local and international businesses also increase their trust in the local labor force, institutional environments, and civil society. Citizens in modern capitalist economies want governments that can serve and govern well. This goal depends upon

the extent to which labor unions embed themselves in larger associational communities and whether civic associations of different class origins can build durable interorganizational solidarity.

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