

On the applicability of the Cartel-party model

Abstract

Katz and Mair's cartel-party approach is one of the ruling models in the contemporary political sciences. Cartel-formation implies a necessary medium environment of formal and informal institutions that supports this long-term process. This paper's aim was to analyze informal ones by using the conceptual framework of economics (and game theory), namely – using Schelling's concept of focal point. The cartel-formation, and the organizational form of cartel-party together can be considered as a model of development. The model may be applicable in the case of Hungary (and a cartel can be built), if the norms necessary for cartel-formation becomes accepted in the society. The inspection results in the following.

Firstly, the original Katz-Mair model refers only to volume-agreement. However, other type of cartel, namely the one of pricing pact can be observed in the political market as well, where suppliers are political parties, consumers are voters and the income received for the performed product is the vote itself. This kind of collision aims to produce engaged and heated debates on one chosen issue in order to win as many votes as possible. This contradicts the assumption of general toning downs of debates in the original model.

Secondly, it has been showed that one of the most important factor in the evolution and existence of cartel are the social norm that shape the expectation and beliefs of players and thus influence the rules of and their power to bargain. The paper argued that this informal institution is the historical norm of constraining competition based on continental corporatist tradition. The norm is originated from the social comprehension of the relation between competition, cooperation and harmony.

If behind a phenomenon of cartel formation lies not the same reason (not the same norms) in various countries and the difference is not merely due to the intensity of the phenomenon then the tendencies in organizational characteristics should not be the same and be explained based on other reasons.

Thirdly, regarding stability caused by the cartel, collision reflects the equilibrium of social forces, a situation that is realized by the majority of players as an optimum point. Instead of concentrating on the blocked competition, the situation should be analyzed according to the strategic goal of community, which can be reached by the collision during the period of stability. Subsequently, the cartel-formation, and the organizational form of cartel-party together can be considered as a model of development. The Hungarian parties and party-structure show the characteristics of a pricing-cartel. The developmental model may be applicable in the case of Hungary, if the behaviour of long-term cooperation (either implicit or a tacit one) between political parties becomes an accepted norm in the society.