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Embeddedness and the Articulation of Capital Interests in Norway

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This article focuses on organization of capital interests comparatively across sectors and does so by developing an explanatory framework linking organizational patterns to incentives for individual strategies. The key argument is that variations in the political organization of capital interests across sectors, and the linkages between state and capital interests, reflect different degrees of embeddedness. Underlying the embeddedness hypothesis is the notion that the organization of capital can be seen as an alternative to governance through market processes. Organization may replace market governance either by constituting an alternative to internal self-regulation or by channelling regulatory functions through cooperation with public authorities. A set of hypotheses are developed concerning the relationship between degree of embeddedness on the one hand, and organization of capital interest organization and the interface between state-industry, on the other. The overall picture is that we find support for the crux of our argument, but there are important modifications. As for functional differentiation of capital interests we find, in accordance with our hypothesis, that highly embedded capital is associated with organizations that have a broad set of functions. Transient capital, on the other hand, has comparatively less stable ties to production systems as well as other social relations, and is thus more difficult to control organizationally. Concerning vertical integration, our hypotheses is only partially supported.Looking at the interface between state and economic organizations in the primary sectors and non-embedded sectors such as finance and insurance, we find the data quite in accordance with our hypotheses. Cases with a medium level of embeddedness do not, however, fit our hypotheses as well as the sectors at the two extreme ends.

Introduction

There is a comprehensive literature on the political organization of functional economic interests on the national level. This literature, which stresses the difference between pluralism and corporatism, has important biases. First, the organization of labour interests is much better documented than that of capital interests: business interests have primarily been studied in relation to American lobbying (Berry 1977; Schlozman & Tierny 1986; Walker 1991; Pross 1992), and more recently also in Europe (Buksti & Martens 1984; Sargeant 1985; Andersen & Eliassen 1991). However, little has been done on the internal political organization of business or capital

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Introduction

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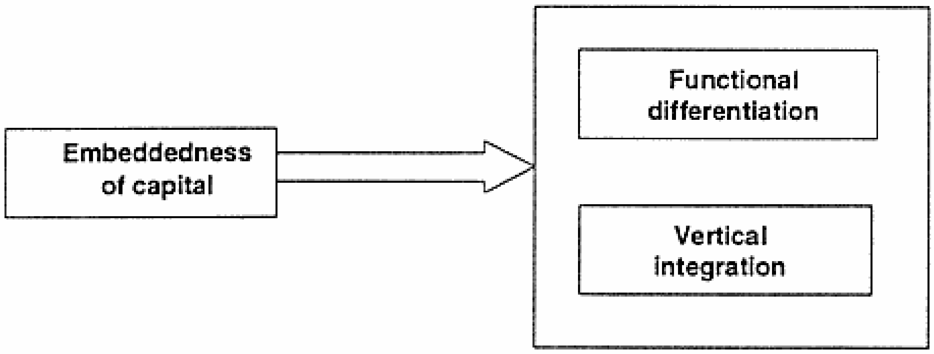

Fig. 1. Embeddedness and the Organization of Capital.

interests. Second, most attention has been given to macrolevel studies; i.e. the broad functional associations cutting across economic sectors (Schmitter 1979, 1981). Since the late 1980s some attention has been paid to the sectorial level, often called meso-corporatism (Cawson 1985). However, and this is our third point, to the degree that sectorial variations have been analysed, little has been offered by way of explanation of the different organizational patterns across economic sectors.

This article focuses on the comparative organization of capital interests across sectors and does so by developing an explanatory framework linking organizational patterns to incentives for individual strategies. In this perspective we think of the organization of capital as reflecting underlying motives and facilitating factors that favour collective solutions, and we see the lack of such organization as a reflection of underlying motives and facilitating factors that favour individual solutions by the firms within the sector. The key argument is that variations in the political organization of capital interests across sectors, and the linkages between state and capital interests, reflect different degrees of embeddedness. Below we present our theoretical argument in more detail.

The Theoretical Argument

In most economic sectors actors seek to further their interests through both collective and individual strategies, but the relative weight of the two strategies varies. The reason why actors in certain sectors pursue collective rather than individual market strategies can be explained by the impact of economic and social constraints.

On the one hand, the lock-in associated with sunk costs in economic terms (Hax & Majluf 1991) provides a basic drive towards monopolization or cartellization where collective sector organization may constitute a

Table 1. The Two Dimensions of Embeddedness

The economic dimension	The sociological dimension	
	High social/legal constraints	Low social/legal constraints
High sunk costs	High level of embeddedness: agriculture, fisheries	Medium level of embeddedness: capital intensive industry
Low sunk costs	Medium level of embeddedness: cornerstone enterprises	Low level of embeddedness: finance

functional alternative. In economics the embeddedness idea focuses on the lack of exit options, often due to relations of dependence (Gunder Frank 1976; Amin 1991). On the other hand, a wider set of social and cultural ties that link investors to sectorial activities give the actors motives to organize collectively to further sector development. This sociological perspective stresses the role of personal relations and structures tying the actor into a larger social and normative context (Granovetter 1985). Given that economic captivity is closely intertwined with social network ties, family traditions, and so on, actors have social motives and resources to maintain them, if necessary through collective action.

While economic and sociological factors are often treated independently, they both refer to an underlying dimension that we have termed embeddedness. We can thus define embeddedness with the aid of a two dimensional continuum with sunk costs or specificity of capital along one dimension and social and legal constraints along the other. To simplify, we can present these dimensions in a two by two table (Table 1). Embeddedness is high when we have a high score on both dimensions, like agriculture and fisheries. Farming capital provides a good example of high embeddedness, as such capital even by law is restricted to pursuing farming (exchange of farming property in Norway is, for example, restricted to persons willing to live on the farm to pursue farming, and who are qualified to do so). Furthermore, farmers are often tied to their jobs through ancient family traditions.

We have a medium level of embeddedness when we have either a high degree of sunk costs and a low degree of social constraints (capital intensive industries), or when we have a high degree of social constraints and a low degree of sunk costs (cornerstone enterprises). Here we find artisans, industry and trade. In these sectors capital is linked to the production of specific goods and services and there is considerable friction related to the transformation of capital from one activity to another.

In cases with low sunk costs as well as a low degree of social constraints we have a low degree of embeddedness (finance). Financial capital illustrates a situation where capital is highly transient, and easily transferable across sectors and functions, and in this sense not embedded in any specific activity.

The concept of embeddedness thus incorporates both sociological and economic elements within a theory of strategic behaviour. However, strategic responses are here institutionally bounded in so far as social embeddedness takes into account that interests are articulated and legitimated within a given social matrix.

So far we have argued that a high degree of embeddedness provides private actors with incentives for collective action as an alterative to individual business strategies. Successful political protection of sectorial interests, however, assumes that organizational efforts at the industry level are matched by state concern. What most often characterizes embedded sectors is their susceptibility to state control. One can hardly offer the general argument that embedded sectors are particularly attractive in terms of valuable assets and that state interference reflects the economic self-interest of the state. This may vary considerably: on the one hand, we have subsidized agriculture, while on the other there is the extraction of valuable natural resources like petroleum and hydropower.

Two further arguments can, however, be advanced to explain state intervention. First, the stability and stationary features of these sectors make them open to bureaucratic governance. Second, the political visibility of embedded sectors, promoted by sector representatives, often creates a political pressure for state intervention in crisis management. Although, in principle, every capital owner would favour state support, some are more dependent upon this than others in order to survive. Thus representatives of highly embedded sectors are more likely to press for political intervention. Such pressure is less likely to emerge in non-embedded "fluid" sectors, where the *exit* option (Hirschman 1977) is readily available, and where state control is more difficult to achieve.

Underlying the embeddedness hypothesis is the notion that the organization of capital can be seen as an alternative to governance through market processes. Organization may replace market governance either by constituting an alternative form of internal self-regulation or by channelling regulatory functions through cooperation with public authorities.

We expect transient capital to have more limited political ambitions and less hierarchical organization. This is because market adaptation and shifts to different fields of activity may be seen by these actors as more attractive than organizing for political support. Furthermore, both private and public interests find it hard to monitor and control such transactions because flexibility and mobility of capital are high.

This article focuses on the sectorial organization of capital interests in Norway; on the scope and degree of hierarchy of sector association as well as the interface between such associations and government institutions. In this context we refer to the organization of capital in a broad sense, including all formal organizations that try to influence economic conditions for the sector. Examining data from the early 1980s, we find that the organization and strategies of capital vary extensively between economic sectors, and that these patterns seem to have been stable for a long time.

In order further to explore the embeddedness hypothesis, as far as the organization of capital is concerned, we have gathered systematic data on two major aspects concerning the organization of capital interests: on the structure of interest organizations in different economic sectors, and on the interface between organized capital interests and the government in the form of public committees. As we have argued above, both these aspects of interests articulation depend on the degree of embeddedness in the sector.

The sources available on the organization of capital in Norway, *Norwegian Organizations* (Hallenstvedt et al. 1983), only allow us to consider sectorial differences in the organization of capital at a fairly aggregate level, such as farming, fishery, crafts, industry, trade, transport and finance. These sectorial divisions, however, conceal considerable variations with respect to embeddedness, and hence provide a meaningful basis for theoretical interpretation.

As far as state involvement is concerned, we have collected data on state-capital interaction in the form of public committees, councils, boards (*Government White Paper No. 7*, 1986–87) of directors and public institutions. The yearly report on public committees and boards allows us to match the sectorial divisions of capital.

Below we will discuss how embeddedness relate to variations in the political organization of political interests of capital across sectors.

Organization of Capital Interests

In specifying the embeddedness argument for operational analysis, our first main hypothesis is that increasing levels of embeddedness in a sector lead to a broader and more hierarchical structure of interest associations.

The theoretical reasons for a positive correlation between embeddedness and a broad spectrum of functional organization may be advanced along two lines. First, as the intransience of capital locks it into the fate of one type of activity there is a motivation among sector capitalist to protect their investment through collective organization. Second, high embeddedness implies stable interaction patterns over a long period of time. This again

Table 2. Functional Types of Organization by Sectors

	Highly embedded		Medium embedded		Low embeddedness	
	Farming	Fishery	Craft	Industry	Trade	Finance
Branch organization	Yes	Yes	Yes	Yes	Yes	Yes
Employer organization		Yes	Yes	Yes	Yes	Yes
Sales organization	Yes	Yes			Yes	
Purchasing organization	Yes	Yes				

Source: The subdivision of organizations into our four functional categories is based on content analyses of mandates and goals found in Norske organisasjoner (1983).

favours the development of a sector-specific social infrastructure, including the sectoral organization of capital.

Higher organizational density in embedded sectors also sets a context for formulation and promotion of a broader set of societal goals than can be handled with a simple market mechanism. Capital organization in highly embedded sectors is therefore expected to handle a broad set of functional tasks, such as the protection of national markets, and the distribution of sector incomes. The latter also often includes the subsidization of selected producer-groups.

The hypothesis is summarized by the following model, where embeddedness has implications for two dimensions of organization structure: functional differentiation and vertical integration.

Translated into comparative sectorial patterns, we therefore expect sectors with a high degree of embeddedness, such as farming and fishery, to be characterized by organizational regulation of a broad spectrum of functions. On the other hand, in sectors with low capital embeddedness, such as the financial sector, we would expect stronger market orientation in most of these functions. This should lead to a more restricted role for interest organizations.

We also expect there to be a connection between the embeddedness of capital and the integration and steepness of the organizational pyramid. The embeddedness hypothesis leads us to expect increasing embeddedness to lead to a greater need for coordinated organizational representation and to facilitate such organizational solutions. High embeddedness in sectors like fishing and farming thus tends to imply a richer and more vertically integrated organizational pyramid. This, for instance, leads us to expect more integrated and multi-levelled organizational pyramids in the organization of agricultural capital than in financial capital.

Embeddedness and the Broadness of Functional Organization

The following four types cover the main span of functions found within organized capital in Norway:

1. "Branch organizations", which represent general sectorial interests.
2. "Sales organizations", which organize the sales function of a sector or subsector.
3. "Purchasing organizations", which organize the purchasing function of a sector or subsector.
4. "Employers' organizations", which generally organize the wage negotiations with labour on behalf of the owners of sector enterprises.

As shown in Table 2, our expectations concerning embeddedness and the scope of interest organizations fit quite well. With the exception of trade, there is a general tendency for sectors with high capital embeddedness, such as farming and fishery, to organize a broader set of functions than sectors with lower embeddedness, such as craft, industry and finance, shipping and services. However, we do not find variation in functional organization between sectors with medium and low embeddedness.

The patterns found in Table 1 can be reflected in both functional needs and organizational capacity; the fragmented production systems of farming and fishery together with the problem of storage of output from these sectors have probably stimulated the organization of the sales function in these sectors. The employment relations, on the other hand, are a critical function across practically all sectors. This is particularly the case in industry, trade and finance. Here large-scale enterprises furnish the basis for strong labour organizations. The organization of the sales function in the trade sector reflects the fact that sales here play a major role for the sector, which leads to organization despite the transience of trade capital.

As for organizational capacity, highly embedded capital makes for stability in the production system, and the social relations tied to it, thus favouring the organization of a broad set of functions. Transient capital, on the other hand, has comparatively less stable ties to production systems as well as other social relations, and is thus much more difficult to control organizationally.

Embeddness and Vertical Integration

Besides predicting a correlation between embeddedness and the broadness of functional sector organization, we have argued that the embeddedness hypothesis also leads us to expect a positive correlation between embeddedness and a richer and more vertically integrated organizational pyramid. The theoretical reason for this can again be subdivided into a functional and an organizational one:

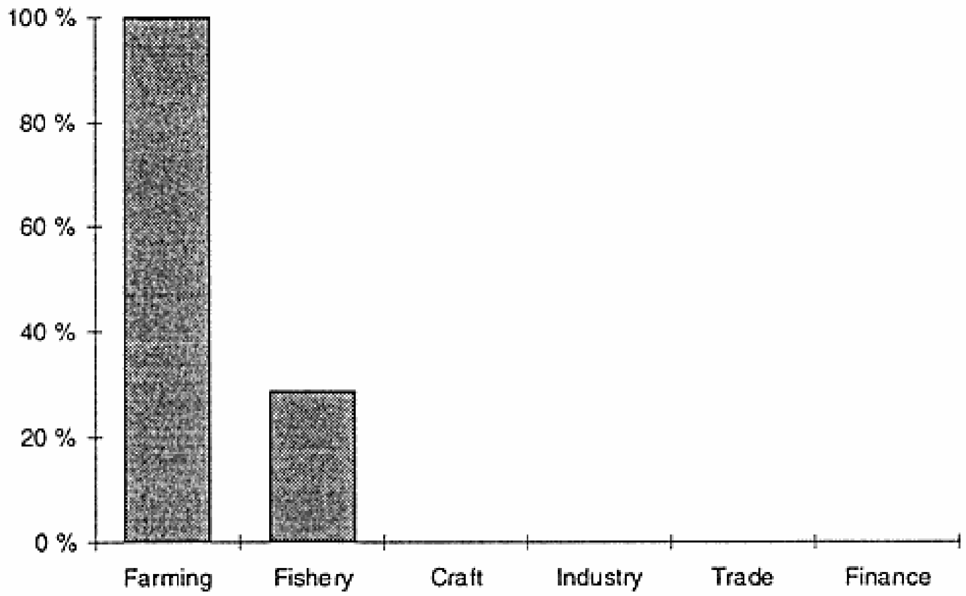

Fig. 2. Vertical Integration in Sales and Purchasing Organizations.

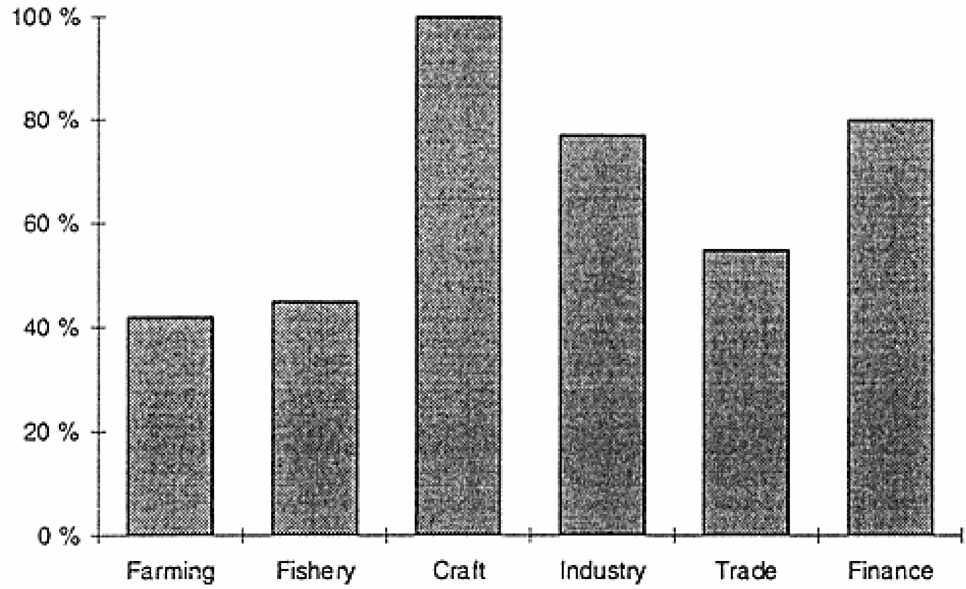

Fig. 3. Vertical Integration in Branch Organization.

On the one hand, vertical integration can be seen as yet another indicator of priority given to organizational rather than market governance. Consequently, we expect the greater emphasis on interest organization in embedded sectors to result in more vertically integrated organizational hierarchies.

On the other hand, the organizational properties of embedded sectors, with higher stability in economic transactions as well as social relations, probably

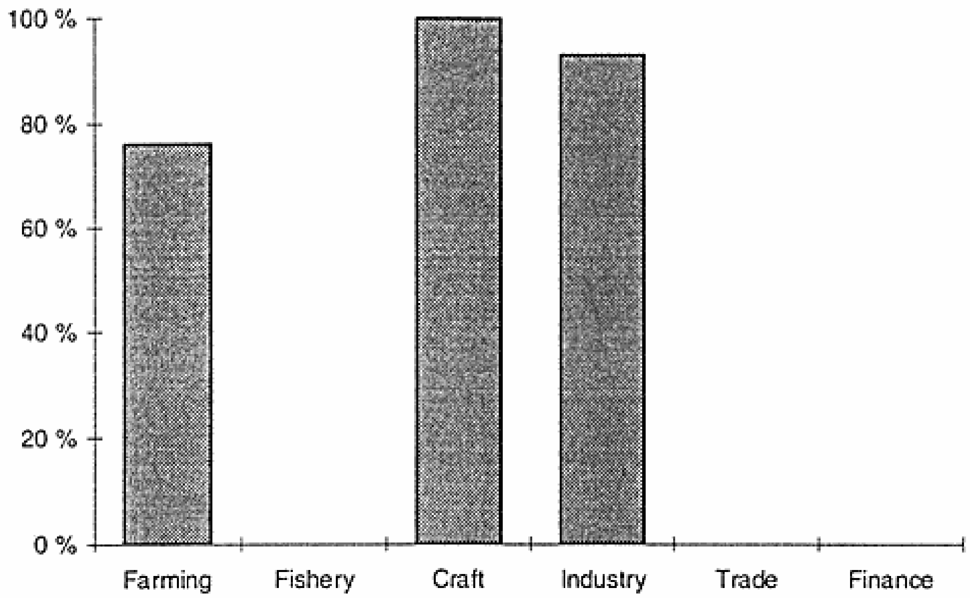

Fig. 4. Vertical Integration in Employers' Organizations.

make for a more conducive environment also for hierarchical integration of organizational pyramids.

To test the hypothesis, we have constructed a measure of vertical integration consisting of the ratio of membership organizations that are also members of higher order organizations. Available data do not allow us to go beyond this crude measure, without extensive recording. The results are presented in Figs. 2–4.[1]

As can be seen from the figures, our hypothesis is only partly supported. The support comes from the sales- and purchasing function where we only find hierarchial organization in the fishery- and farming sectors. As we have seen in the preceding sections, these functions do not exist in craft, industry, finance, transport & services. Within trade there exists one membership organization, but it is not represented at a higher level.

Our hypothesis is, however, not supported by the patterns found in branch and employers' organizations. For the branch organizations, we find a mixed pattern. The highest vertical integration is found in sectors with a medium level of embeddedness. Subsequently, we find low embeddedness sectors with medium level and highly embedded sectors with a low degree of vertical integration. A mixed pattern is also found in the structure of employment organizations. Here again sectors with a medium degree of capital embeddedness, such as industry and craft, have high levels of vertical integration. However, sectors with more transient capital, such as finance & services and trade, do not have an integrated organizational pyramid. The primary sectors here take a middle position with no higher level organization

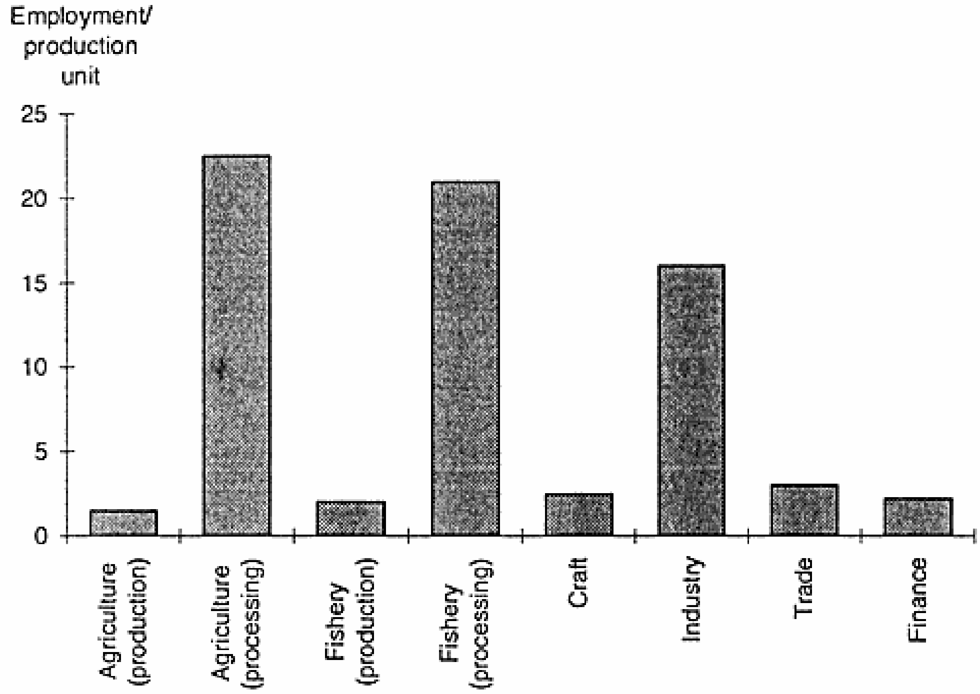

Fig. 5. Sectors by Company Size.

of employment management in the fisheries, and a medium level integration in farming.

If we assume a functional equivalence of all these types of sectorial organization, the embeddedness hypothesis would indeed remain without conclusive support. However, it is possible to argue plausibly for an interpretation based on a functional substitution that would lend the embeddedness hypothesis stronger support.

By organizing the sales and purchasing function through hierarchical rather than market rules, the primary sectors, and particularly agriculture, gain a strategic basis for regulating their economic environment. If the organization of the economic transaction context can play an overriding role, it may be argued that this diminishes the need for other types of functional organization. Such a relation may explain why we do not find higher organizational integration of branch and employers' organizations within the primary sector.

The typical firm size and structure, with small family- or informal network-based firms in the farming and fishing industry, furthermore tend to downplay labour-capital confrontation and thus the salience of employer organization.

A possible objection to the embeddedness hypothesis is that the ranking of sectors according to degree of embeddedness might coincide with plant size. It could then be argued that size and not embeddedness constituted the determining factor. It is known from the literature on industrial organization that big firms tend to represent their interests directly.

An empirical examination of company size in the sectors examined is this article, however, shows that, first, some sectors such as farming and fisheries score ambiguously on the size factor. Whereas farming in Norway is undertaken in small units, the dairy business, also included in our sector definition, is far more concentrated. The same goes for fishery and the fish-processing business (see Fig. 5). Second, company size does not seem to correlate with embeddedness. Sectors with low degree of embeddedness, such as trade and finance, are not on average populated by large companies.[2]

In the next section we shall see that the pattern described there not only characterizes the organization of capital, but also the representation of organized capital vis-à-vis the government.

Embeddedness and the State-Industry Interface

The embeddedness hypothesis, as formulated in the introduction, leads us to expect that not only the organization of capital, but also the state-industry interface should vary systematically across sectors. We have previously argued that the stationary character of embedded sectors makes them more susceptible to state control, and that representatives of embedded sectors like farming and fishery are more likely to mobilize political pressure for state intervention.

A broad network of public committees, councils, and boards of directors of public institutions (hereafter public committees) serves as an interface between the state and economic actors. This interface is a central nexus for interest articulation, particularly in neo-corporatist systems like Norway (Schmitter 1979, 1981). We shall therefore use the public committees as indicators of the state-industry interface.

With increased embeddedness we would expect the number of sectorial committees to increase and a wider set of functions to be covered.

As embeddedness also implies large sunk costs in a given capital allocation, we would further expect to find a large proportion of committees with a strong focus on the distribution of economic means in embedded sectors.

For analytical purposes we will divide the committees into four types according to the main functions:[3]

1. Administrative committees.[4]
2. Regulatory committees.[5]
3. Advisory committees.[6]
4. Control committees.[7]

Table 3. Characteristics of the State-Economy Interface by Sectors

	Highly embedded		Medium embedded		Low embeddedness	
	Farming	Fishery	Artisans & Industry[1]	Trade[2]	Transport	Finance & Insurance
No. of committees	22 (2)	15 (3)	23 (1)	10 (4)	15 (3)	8 (5)
Broadness of functional representation	all (1)	all (1)	all (1)	3 (2)	3 (2)	2 (3)
Relative concern with distribution to own sector	45% (1)	33% (2)	4% (3)	0% (4)	0%(4)	0% (4)[3]
Degree of sector focus	90% (1)	73% (2)	22% (4)	40% (3)	na (5)	0% (5)
Sum rank	5	8	9	13	14	17

Numbers in parentheses represent rank orderings among sectors.
[1] Excluding committees where the Norwegian Employers' Association is represented.
[2] Excluding trade undertaken by farmers' associations that largely follow the logic of the farming sector.
[3] But largely concerned with distribution to others.

Of the committees under the 17 Norwegian ministries we have included all those under the 8 ministries concerned with economic activities, and therefore relevant to our analysis. These include committees under The Ministry of Agriculture, the Ministry of Fisheries, the Ministry of Industry, the Ministry of Oil and Energy, the Ministry of Trade, the Ministry of Finance, the Ministry of Consumer and Administration and the Ministry of Work and Municipal Affairs. The empirical basis for our analysis is provided by *Government White Paper No. 7* (1986–87) which contains a comprehensive overview of state committees, their goals, mandates and members. The functional classification is based on content analyses of this material.

Table 3 shows that the two extreme sectors in terms of embeddedness follow the pattern closely. In farming we find:

1. A large number of sectorial committees.
2. Broad functional representation covering all four functions.
3. A large share of committees concerned with distribution of economic means.
4. A strong sector focus including 90 percent of all committees.

As expected, the policy of the primary sector seems to be aimed at replacing major functions of the market, with respect to both production and distribution, by corporatist institutions that allow for a negotiated rather than competitive political economy.

In a non-embedded sector like finance and insurance, on the other hand, we find:

1. Few committees.
2. A narrow functional orientation, representing only two types.
3. Committees mainly oriented towards regulatory functions.
4. The focus of the committees to be general or cross-sectorial in scope[8].

With a full range of functions represented, a large share of the committees concerned with distribution and 73 percent of sector-specific committees, the fishery sector also fits in well with our hypothesis.

Sectors with a medium level embeddedness do not, however, fit in with our hypothesis as clearly as the sectors at the two extreme ends. The artisans' and the industrial sectors tie in with our hypothesis as far as distribution and degree of sector focus is concerned. But the high number of committees runs somewhat contrary to our expectations. The immense size of this sector, however, may account for this finding. If committee representation had been a size-weighted measure, this sector would have come out at a much lower end of the scale.

Trade and transport also takes up a middle position, but with a somewhat narrow functional representation and low concern with distribution, indicating a middle position leaning towards the non-embedded side. The high level of sector focus on trade, however, puts it in a somewhat contradictory position vis-à-vis our hypothesis.

Nevertheless, the sum of rankings for sectors with high, medium and low levels of embeddedness reveals that the overall tendency is in accordance with the embeddedness hypothesis. The most embedded sectors rank 6.5, the least embedded sectors 15.5 and the medium embedded sectors 11.

Concluding Remarks

The basic question is why the organization of capital interests varies across sectors. The article presents a model with embeddedness as the key explanatory variable. Embeddedness incorporates both an economic (sunk cost) and a sociological (social/legal) dimension. Hypotheses are developed concerning the relationship between degree of embeddedness on the one hand, and the organization of capital interest organization and the interface between state-industry on the other. The overall picture is that we find support for the crux of our argument, but there are important modifications.

As for functional differentiation of capital interests, we find, in accordance with our hypothesis, that highly embedded capital is associated with organizations that have a broad set of functions. Transient capital, on the other hand, has comparatively less stable ties to production systems as well as other social relations, and is thus more difficult to control organizationally.

Concerning vertical integration, our hypotheses are only partially supported. The support comes from the sales and purchasing function where we only find hierarchical organization in the farming and fishing sectors. For the branch organizations we find a mixed pattern. The primary sectors take a middle position with the fishing industry displaying a level of employer-management organization that is not particularly high and with farming testifying to a medium level of integration. However, it is possible to argue plausibly for an interpretation based on functional substitution that would give the embeddedness hypothesis stronger support. By organizing the sales and purchasing function through hierarchical rather than market rules, the primary sectors, and particularly agriculture, gain a stronger basis for regulating their economic environment.

Looking at the interface between state and economic organizations in the primary sectors and non-embedded sectors like finance and insurance, we find the data quite in accordance with our hypotheses. Cases with a medium level embeddednes do not, however, fit our hypotheses as well as the sectors at the two extreme ends. The artisans and industry fit our hypothesis as far as distribution and degree of sector focus are concerned. But the relatively large number of committees runs somewhat counter to our hypothesis.

The findings suggest that the embeddedness hypothesis should be investigated more thoroughly. A study of lobbying in Brussels also lends support to this perspective (Andersen & Eliassen 1991). Our present findings may, however, be coloured by special characteristics of the Norwegian case. To what extent is it representative? Can we imagine other factors that may play a role, but which are not present in Norway? This is a question which deserves more attention. However, at a first sight at least one factor comes to mind, namely the ownership dimension.

Political debate often emphasizes the importance of private vs. public ownership within market-based economies. Consequentially, incentives, opportunities, challenges and governance problems facing public and private companies should differ significantly. If this were the case, we should expect such differences to be reflected in the organization of private and public capital interests. This, however, is not consistent with data on Norway. The clear predominance of embeddedness, rather than public and private ownership as a principle for organization of Norwegian capital may reflect the pragmatic tradition of the Norwegian political economy.

Two major relations in the Norwegian political-economic history seem to be central to this development: (1) The state–society relation, and (2) the role of the state in the economy, particularly linked to ground rent extraction, influencing the production structure.

The state is not only a legal framework, but also an important actor in the Norwegian political economy. The role of the state in the economy again shapes the political strategies that capital can pursue. Farmers and fishermen have a particularly strong position due to the strength of the regional dimension in national politics. The secondary and, to a certain extent, the tertiary sectors reflect the important role of the state as an economic actor, particularly in relation to the extraction of natural resources. This peculiar resource basis of the Norwegian economy also lent itself readily to public ownership (Midttun 1988; Andersen & Arnestad 1986).

Whether or not other factors, such as ownership really play a role in other countries remains to be seen. We know that this is the case in Austria, but again there are special historic reasons why this is so (Marine 1985). In any event, the Norwegian case suggests an underlying logic related to embeddedness which seems likely to play a key role, although there may be other factors modifying or supplementing the general picture.

NOTES

1. An overview over the operational basis for Figs. 2–4 is presented in Appendix 1.
2. In order to describe the average number of employees in each business within each trade we used figures provided by the SSB (Central Bureau of Statistics). In some of the trades (agriculture, crafts, industry, and finance), we were forced to use the number of man-labour years as the variable for the number of employees within each trade. This

might lead to some inaccuracies in the data, but these are seen as marginal as our goal is to give an indication and not a measure of accuracy.

3. Besides these four major types, there are a number of committees of more peripheral interest to this analysis, such as: committees that have research tasks in various fields; boards of a number of educational institutions; and committees that implement welfare activities. These will not be included in the analysis.
4. An example would be the State Bank for Fisheries. Through these types of institutions capital interests in cooperation with public authorities are in a position to engage in direct subsidies of economic actors, and thereby influence the relative competitiveness of sectors and individual firms.
5. An example would be the Council for Taxes and Revenues. Through these committees capital interests, in cooperation with public authorities, are able to influence market conditions through regulations, reforms, rationalization, etc.
6. Such committees suggest measures to better the conditions of sectors, or special issues within sectors. Statements by such committees are important input into the decision-making of ministries. These committees do not, however, have the authority to implement regulations on their own regulatory framework as the regulatory committees do.
7. Their main task consists of ensuring that laws and regulations are implemented, they also often serve as centres of competence in cases where the interpretation of laws are problematic.
8. Data are based on information provided in *Governmental White Paper No. 7* (1986–87).

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might lead to some inaccuracies in the data, but these are seen as marginal as our goal is to give an indication and not a measure of accuracy.

3. Besides these four major types, there are a number of committees of more peripheral interest to this analysis, such as: committees that have research tasks in various fields; boards of a number of educational institutions; and committees that implement welfare activities. These will not be included in the analysis.
4. An example would be the State Bank for Fisheries. Through these types of institutions capital interests in cooperation with public authorities are in a position to engage in direct subsidies of economic actors, and thereby influence the relative competitiveness of sectors and individual firms.
5. An example would be the Council for Taxes and Revenues. Through these committees capital interests, in cooperation with public authorities, are able to influence market conditions through regulations, reforms, rationalization, etc.
6. Such committees suggest measures to better the conditions of sectors, or special issues within sectors. Statements by such committees are important input into the decision-making of ministries. These committees do not, however, have the authority to implement regulations on their own regulatory framework as the regulatory committees do.
7. Their main task consists of ensuring that laws and regulations are implemented, they also often serve as centres of competence in cases where the interpretation of laws are problematic.
8. Data are based on information provided in *Governmental White Paper No. 7* (1986–87).

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APPENDIX 1. Vertical Integration Defined as the Ratio of Membership Organizations that are also Members of Higher Order Organizations.

Table 1. Sales and Purchasing Organizations

	Farming	Fishery	Craft	Industry	Trade	Finance
Members of higher order organizations	10	4	0	0	0	0
Total members	10	14	0	0	0	0
Percent	100%	28.6%	0%	0%	0%	0%

Table 2. Branch Organizations

	Farming	Fishery	Craft	Industry	Trade	Finance
Members of higher order organizations	11	54	40	63	58	7
Total members	28	11	400	77	108	8
Percent	39.3%	45.5%	100%	81.8%	53.7%	87.5%

Table 3. Employers' Organizations

	Farming	Fishery	Craft	Industry	Trade	Finance
Members of higher order organizations	3	0	2	22	0	0
Total members	4	0	2	24	0	0
Percent	75%	0%	100%	91.7%	0%	0%