

**SOCIETAL PRECONDITIONS OF CORPORATISM AND
SOME CURRENT DILEMMAS OF DEMOCRATIC THEORY**

Claus Offe

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Claus Offe, Professor of Sociology at the University of Bielefeld, is one of the best known German social scientists. He has published extensively on Western European politics, theories of the state, social movements, and corporatism, among others subjects. This paper was presented at the Conference on "Issues on Democracy and Democratization: North and South," sponsored by the Kellogg Institute, November 1983.

Abstract

This paper discusses some practical and normative issues linked to corporatist institutions of representation. The paper begins with a discussion of the problem of order in advanced capitalist societies. The failure of both the market and the welfare state to answer important needs within these societies has led to a new emphasis on social groups and representative interest associations. The author argues that the apparent appeal of these corporatist groups should not be overestimated. On the one hand, they may not function as well as many people have suggested. The corporatist groups may behave in self-interested ways rather than attempting to maximize societal objectives. Also, the potential for conflict rather than cooperation between groups is significant. On the other hand, even if corporatist mechanisms function well, their implications for democracy are of dubious value. Political institutions do not always provide effective channels for representing important concerns, and consequently extra-institutional political practices are sometimes needed. While corporatist institutions preserve the autonomy of societal actors, they frequently replace government regulation with corporatist regulation. Participation in corporatist decision making is generally determined not by rights of individual citizens, but by the functional weight of collective actors; this criterion institutionalizes a discriminatory bias against actors which are of no strategic significance. Corporatist institutions escape democratic legitimation, constrain rather than augment the potential for socio-economic change, and violate individualist notions of autonomy.

Resumen

Este trabajo discute algunos puntos prácticos y normativos ligados a las instituciones corporativas de representación. El trabajo comienza con una discusión de los problemas del orden en las sociedades capitalistas avanzadas. La incapacidad del mercado y del estado de bienestar para responder a importantes necesidades dentro de estas sociedades ha llevado a un nuevo énfasis sobre grupos sociales y asociaciones representativas de intereses. El autor muestra que la aparente capacidad de atracción de estos grupos corporativos no debe ser sobreestimada. Por un lado, ellos pueden no funcionar tan bien como mucha gente ha sugerido. Los grupos corporativos pueden actuar de modo estrechamente particularista antes que intentando maximizar los objetivos de la sociedad. De la - misma forma, es significativo un mayor potencial para el conflicto que para la cooperación entre grupos. Por otro lado, aun cuando los mecanismos corporativos funcionan bien, sus implicaciones para la democracia son de valor dudoso. Dado que las instituciones políticas no siempre proveen canales efectivos para la representación de importantes inquietudes, las prácticas políticas extra-institucionales son a veces necesarias. A pesar de que las instituciones corporativas preservan la autonomía de los actores sociales, ellas frecuentemente reemplazan la regulación gubernamental con la regulación corporativa. La participación en el proceso de decisión corporativa está generalmente determinada no por los derechos de los ciudadanos individuales, sino por el peso funcional de los actores colectivos, lo cual institucionaliza un sesgo discriminatorio contra actores sin importancia estratégica. Las instituciones corporativas escapan de la legitimación democrática, disminuyen antes que aumentan el potencial para cambios socio-económicos, y violan nociones individualistas de autonomía.

The fascination of the concept of “corporatism”, and the wave of theoretical debates and empirical studies centering on this concept which can be observed in virtually all OECD countries. since the mid-seventies, must be interpreted, in my view, as having to do with the ambiguous implications of this concept for normative political theory, or to morally valued designs of political order. Such links between the analysis of corporatist arrangements and their mode of operation, on the one side, and normative political theory are suggested by at least three observations. First, corporatist modes of public policy, such as they have been studied in countries like the UK, West-Germany, Austria, Sweden, Norway, The Netherlands, and Switzerland, appear to operate as a fact without a corresponding constitutional theory; they exist without having much of a legal, constitutional or theoretical justification for doing so. Second, as authors such as Panitch, Jessop, Cawson and others have argued, the “unofficial” operation of corporatist arrangements does have a serious impact upon the balance of power in the polity and wider society due to its alleged function to contain, undermine and discipline the power positions and organized labor. Third, and contrary to this view, corporatist arrangements have been looked upon as promising devices of problem solving for advanced capitalist societies which, with the means provided by their existing political constitutions, are insufficiently equipped solve the problems of regulation, intervention and- control to which they are structurally confronted. Therefore, one is lead to conclude from the empirical and theoretical writings of authors such as Ronge, Streeck, Teubner, Willke and an increasing number of others, that the unique rationality and flexibility of corporatist arrangements should be, or at least could be, adopted as a normative constitutional element of the political order.

All of these most interesting and highly legitimate normative concerns evolving out of our increasing knowledge about the post-pluralist functioning of interest associations and their exchange and bargaining relations with the institutions of public authority presuppose a certain view of the preconditions of the formation of corporate groups, i.e. the economic, institutional, and moral structures and circumstances from which they emerge and which contribute to their viability, stability and growth. It is these preconditions that I want to consider in the first part of these notes-, in the second part, I turn to the normative problems and dilemmas posed by the existence of corporatist modes of societal regulation.

Before I enter into this discussion, I want to define the reference problem of political theory, which is the “problem of order”. The increasing seriousness of this problem is the reverse side of two “discoveries” that

Western political systems had to make in the course of their modernization and secularization that became irreversible in the mid-seventeenth century. The first of these discoveries was the- absence of divine or natural order that would rule and guarantee social order: auctoritas non veritas facit legem. The second was that even auctoritas is incapable of making “the” law, for the political community can no longer be conceived of as unitary corpus, but turns out to be divided into state vs. civil society (the latter being itself divided into class vs. class). Under circumstances such as these, “order” evidently becomes a precarious problem. No “natural” or “spontaneous” convergence can be expected to prevail between 11 rationality of actors (who are no longer bound through either, moral insight into the requirements of order) nor unconditional obedience to a supreme political authority), and the “reasonableness” of collective outcomes, be it conceived of in terms of freedom, peace, stability, or the like. Consequently, the problem of order can be schematically represented as a relationship between actors and outcomes:

systemic out-comes rationality of action	"reasonable"	"unreasonable"
rational pursuit of interest	theories of market equilibrium 1	state authority provides collective goods 2
interest-irrationality (e.g. "passions")	solidarity provides collective goods 3	anomie, systemic crisis 4

Like in all such schemes, the interesting cases are those that combine a “plus” and a “minus”, i.e. boxes 2 and 3. Box 1 represents the “optimistic” case described in theories and market equilibrium, where the rational pursuit of individual interests guarantees unintended, though beneficial and stable outcomes. Box 2 refers to cases in which, while everyone acts rationally, the outcomes range from suboptimal to disastrous, as in the case of any “prisoners dilemma”. Here the problem can be solved only to the extent that some authority exists which sanctions free-riding, either by punishing it (i.e. making contributions toward the collective good compulsory) or by generating “selective incentives” (i.e., making such contributions “worthwhile”). Note that in both of these alternatives the actors still act rationally, while the dilemma is still being solved through the intervention of an authoritative allocation mechanism through which the costs and returns for the actors are altered. Thus the gap between

micro-rationality and macro-irrationality in bridged Box 3 describes a reciprocal problem and the solution associated with it. Here, the situation is such that desirable macro-outcomes can only be achieved if the actors give up at least parts of their self-centered interest rationality and follow social norms such as solidarity, responsibility for the common good, etc., without applying a cost-utility- calculus to such behavior. In such cases, actors would act as parts of a “Gemeinschaft”. Finally, box 4 is of little interest in the present context, since there is the definite impossibility of solving the problem of order. Such failure is analysed in theories of anomie and/or crisis.

What this simple schema seems to confirm is an intuition that prevails anyway in current theories of order: to the extent that market processes do not generate a dynamic and continuous equilibrium, order can only be generated either through the supplementary operation of some authoritative allocation of negative and positive sanctions and/or the activation of social bonds of normative control, solidarity and responsibility. But here the apparent consensus ends. For the current strategies, designs and recommendations for restoring order in advanced capitalist societies can easily be categorized according to their preference for either of the three ways of reconciling action and outcomes. First, there is the supply side orthodoxy that predominantly relies upon the adaptive capacities of, free and unfettered market forces. There is, secondly, the by now somewhat disreputed theory of the Keynesian welfare state and its practise of setting positive and negative parameter s for the private pursuit of economic interest. And, finally, there is the “corporatist” design of tapping the moral resources of interest organizations for the purpose of both controlling their members and taking into account the aggregate macro-outcomes of their collective action in the light of the collective desirability of such outcomes. While certainly all observable cases of “order”, and even most designs for restoring order, do rely on a combination of all three of these mechanisms, there seems to be a clear differential emphasis within current normative theories and doctrines that corresponds to the three boxes of our schema.

Moreover, there also seems to be, at least within individual countries, a certain conjunctural sequence according to which the promise inherent in either of the three solutions is thought to be rising or falling. In this sense, the appeal of etatist or interventionist methods of regulation that rely on the state’s authority to allocate positive and negative sanctions can safely be said to be declining in the course of the late seventies/early eighties in most West European countries. On the other hand, the call for a “return to the market” does not appear to hold much promise either if we look at

the respective experience in Great Britain or, for that matter, West Germany. At least, the widespread enthusiasm for the strategy of abolishing the welfare state and tightening other peoples' belts has not been translated into results of more than a marginal scope, at least as far as the public debt and social programs for large and well organized groups in society are concerned. This discrepancy between neo-liberal rhetoric and actual accomplishments can be understood in terms of some irreversibility of welfare state developments. At least, it appears that to abolish the welfare state where it is once established requires much more than merely to abolish the welfare state, namely, in addition, the abolition of democratic rights (such as the right of labour to organize) and possibly the abolition of party-competition and parliamentary government.

But the inherent difficulties of both the Keynesian and the neo-liberal strategic visions of restoring "order" do not further interest us here. These difficulties will serve here only as the backdrop which possibly could help to understand the increasing attention that is being paid to the third solution, the one that relies on the powers of the community to transcend short term and particularistic interests as the ultimate guidance for action. The innovating potential that remains to be employed is here seen to be neither, the state nor the market, sense of but the responsibility, partnership large and well social groups and its representative interest associations.

To rely on this solution would appear strange to those social theorists coming from a Weberian or Marxian perspective, if less so to those following some of the central ideas of Durkheim (Division of Labour) or even Hegel (Philosophy of Right). The view that these latter authors share with some of the normative proponents of modern corporatism is that organized communities of producers, professions, as well as regional and local governments could in fact serve as the intermediating link between micro-action and macro-outcomes, if only the state grants them authority and status to do so. Thus, a design of the freedom, authority decentralized and cooperative macro-steering performed by a limited number of societal collective actors is seen to be a promising way out of a situation that is beset both by the disequilibria and externalities of the market and the rigidities and plain counter productivities of etatist regulation.

This idea has come under the suspicion that it is (a) too nice to be true and (b) that it is not even so nice should it become true. Partially contradictory as these two objections are, I should admit that I am attracted by both of them, as will become evident in the following. The challenge that remains,

and to which I will respond in but highly unsatisfactory ways, is the question of the conditions under which the idea would look both true and nice.

Every student of corporatist arrangements would probably agree that in order for interest organizations to perform the function of intermediating an intermediating agency between the levels of action and outcome, two sets of favourable conditions must be present, one pertaining to the intra-organizational structure of organized collective actors, the other to the inter-organizational relations they enter into with each other (and, perhaps, the state). Turning to the intra-organizational preconditions first, I want to briefly discuss its size, the cultural homogeneity and sense of collective identity that prevails among its members, and the capacity of the group's leadership to generate the compliance and discipline of its members.

First, size. It is a widely shared theorem that "large" organizations are more likely to behave "responsibly" than small ones. Organizations can be said to be "large" if they have a large number of members, if their field of operation comprises a variety of issues and competences, and if they operate within an extended time-horizon, being aware that the long term consequences of the organizations' action must be such that the organization can live with them in the future. The reason why (in these senses) 'large' organizations can be expected to behave responsibly are fairly obvious: given their broad membership, they have comparatively greater difficulties to "externalize" the costs of their achievements and exploit others. Given the variety of their fields of operation, they become sensitive to interdependencies and trade-offs. And given their extended time horizon and long term planning, they will cautiously anticipate long term adverse effects that could threaten the continuity of their operation. It is, however, equally easy to see that all three of these assumptions are plausible only to the extent one assumes a 'finite universe.' Within 'a finite' universe, the larger the group, the smaller those parts of the universe remaining outside the group. But within a universe that expands with the size of an organization, the "rationalizing" effect of greater "comprehensiveness" will not necessarily occur. The universe expands if the group is able to open up new territory on which to unload its externalities (or the externalities resulting from its agreements with another large group). Like the higher chimney of a power plant, or like the diffuse inflation mechanism, or in the case of protectionist economic and trade policies adopted in inter-group agreements of large groups, their absolute size is not an incentive to behave "responsibly", for as the group becomes larger, so does the universe of its potential victims is there for

The group's absolute size is highly unreliable indicator for its capacity to observe criteria of the "common good".

Furthermore, one is inclined to conclude from a number of examples which range from industrial policy to consumer protection to work humanization policies that large groups, even if they are comprehensive not only in absolute, but also in relative terms, are not necessarily the most appropriate and competent agents on whose regulatory cooperation the state would depend. This has to do with the fact that, particularly under conditions of crisis and stagnation, the problems that require regulation are of a very specific and "disaggregate" nature, such as to require the cooperation and responsible behavior not so much of comprehensive, but of small and specialized groups or even individual firms. For instance, if the problem is not "the steel industry", but sheet metal manufactured at a particular location for a specific automobile firm; or if it is not the chemical industry, but pollutants coming from a particular plant -and causing environmental damage for a particular and limited area; or if the issue is not a global scheme of work time reform, but an arrangement that fits the pattern of work, age structure of the labour force, and cost structure of one particular industry; it is in all these cases, which become increasingly typical in their narrowly focused nature, quite doubtful whether it is the most comprehensive peak association or union to which the respective actors belong that would be the potentially most helpful and effective bearer of self-regulatory-powers, or whether it is, precisely the "small" association which has quite independently of its actual motivation to act responsibly - the highest objective competence and strategic position to-do so.

Whether it does or does not I assume this responsibility can be thought to be dependent upon the sense of internal solidarity and collective identity that is actually felt and perceived by the members of a relatively small 'producer group or professional group. In order for a group to act responsibly, that is, to bracket at least some of the individual material interests of its members for at least some time, presupposes that each member of the group can reasonably expect each other member to comply to the rules as well. The more self-adopted or self-imposed rules there are, the greater the potential profit for individual violators of those rules that are kept by his 'competitors. Unless the members of the groups have reasons to rely on each others honesty, there is the risk of a dual sacrifice: first, the group sacrifices some of its interests for the common good, and second, the compliant members of the group sacrifice some-of their interests to the violators. Consequently, if the association to assume

certain strategic responsibilities in the control of drug abuses, or if an association of Construction firms commits itself to certain standards of quality and safety, it can do so only with a great deal of confidence that actually all its members will feel obliged comply. It is hard to see what the source of such quasi-ethical obligation and reciprocity should be (perhaps even within the professions of which such a code of ethics is often said to be typical),* in a modern social structure characterized by functionally specific and impersonal modes of interaction and high rates of mobility. For the traditional and well-founded assumption of sociologists and political economists in this respect is that two “premodern” conditions would favor such reciprocal commitment: smallness of the group and low-rates of mobility, both of which are thought to lead to frequent and lasting personal contact. And-it is equally hard to believe that those collectivities whose responsible self-regulatory practise would be of the highest strategic significance from the point of view of public policy (e.g., recipients of the medical services that are paid for through compulsory public insurance systems) would coincide with preexisting moral communities whose members are able to overcome the free-rider-problem by a prevailing sense of trust and solidarity.

But, of course, were such normative standards are not to be found to preexist within a functional group, they can be compensated for by the discipline and the sanctions imposed on it by its association. There are numerous examples of associations which, by giving advice and by allocating positive, and negative sanctions, develop some capacity to make their members stick to the rules even if it is in their immediate and short term interest to violate them. But the limits of such imposed discipline are clear, too. They are reached if the benefits of violating the rules are greater than the loss of benefits derived from the association. In order to increase the costs of leaving, the association will usually seek to guarantee the rules through agreements with other associations or, preferably, with the state. For instance, quality and safety standards in construction are much easier to make binding for the association of construction firms if there is some association on the-demand side which agrees that its members will deal with only those firms who comply to the rules. The next difficulty, however, begins with perceived differences in the effectiveness of enforcement between the two sides of such an agreement: if the construction firm association is capable of enforcement, but the association on the demand side (e.g. municipal governments) is not or less so, or even allows its members to deal with “cheaper” firms, than the discipline is likely to break down in the first association, too. The strategic variable here seems to be not the absolute degree bindingness within an association, but the equivalence of the effectiveness of control between two associations,

or one association and the state. The decisive variable would thus appear to be not the absolute power of associations to bind and control their members, but the equal distribution of such power among associations whose members interact and make contracts with each other. In other words, control will work on the basis that there is some well-founded expectation that control within the group of relevant “others” will work, too.. For instance, the state must exercise effective control in order to motivate collective actors to do the same in reciprocal ways. Which seems to indicate that there is no trade-off between state control and the autonomous control of collective actors, but a relationship of co-production.

The balance of control-capacities is particularly precarious in the case of industrial relations and industrial conflict. While unions have a particularly strong capacity to control the demands and conflict-behaviour of their members, less the case with employers associations for the latter are generally incapable to make commitments on behalf of their member firms concerning or price decisions. If unions behave “responsibly”, there is no reason for them to expect that the other side will do the same, - an asymmetry which may undermine the unions, willingness to-behave responsibly in the first place. Employers associations, and business interest associations in general, do often respond to the problem of their relative lack of internal and tie control and disciplining capabilities by resorting to negative, defensive and veto-positions, rather than positive proposals and initiatives. The most they can, oblige their members to is often *a position of rejection, resistance or inaction, rather than ‘much more controversial and divisive strategies and modes of action, which largely disqualifies them, at least on the level of peak associations, as agents of autonomous societal regulation.

Let us now look at the external preconditions of societal self regulation. Studies of corporatist regulation in Austria and Germany emphasize the importance of a common social and educational background, a shared cognitive culture and converging political attitudes among the leadership groups of associations as a factor favouring mutual understanding and compromise. The problem here is, that, wherever such cultural commonalities exist, they are vulnerable to the incidence of personnel. Probably more importantly, there is the second problem of symmetrical awareness and perceptiveness of major social groups for “systemic” problems. Since not all groups are equally affected by systemic imbalances, one can hardly expect them to respond to them with equal degrees of preparedness to act and to find cooperative solutions. Large-scale unemployment is a case in point: while it is normally of very urgent

significance to trade unions, there is little reason to expect employers' associations to adopt this problem as their problem, as its effects on their members will normally range from neutral to beneficial. In general, sensitivity to macro-problems is unequally distributed among associations of economic actors, which means that only those problems will easily find resonance in the negotiations of collective actors which are perceived to affect them to roughly equal extents. Finally, the practises of cooperative self-regulation seem to be highly dependent on the business cycle. Under conditions of full employment and steady growth, slack resources are available to all sides involved which can be invested in compromise and self-regulatory agreements. But a condition of stagnation, heavy under-utilization of industrial capacity, and fierce international competition will probably lead to a rather less cooperative disposition, both within associations and between associations, in spite of the fact that such a unfavourable economic condition would make the achievement of such cooperative agreements even more imperative and indispensable.

It has often been observed that corporatist arrangements seem to function best within political systems that are characterized by a strong democratic hegemony. One plausible interpretation of this relationship is that a social democratic government can be trusted to provide guarantees and compensations to the unions which make it more acceptable to them to behave "responsibly". Another interpretation would be that social democratic governments are typically more prepared than conservative and Christian democratic ones to intervene by strongly etatist nodes of regulation in the case that voluntary and cooperation collective agreements among societal actors should fail to come about. If this latter interpretation is correct, one would again be led to the conclusion that societal self-regulation is a matter that does not replace etatist regulation, but rather depends on its likelihood to be enacted in the case that self-regulation fails. But the social democratic backing and support of corporatist practises does not only itself depend upon the economic and political business cycle; it also is to some extent self-paralyzing in that the credibility of the threat of a switch to state regulation diminishes the longer it remains a unrealised possibility.

As I said before, what interest us in the analysis of "corporatism" is not only the conditions under which it is likely to emerge and the functions it is likely to perform, but equally the normative question of legitimacy and theoretical justification. It is this problem that is to be addressed in the remainder of these notes. For we would probably agree that the two questions cannot be collapsed: even if the societal preconditions for corporatist modes of collective self-regulation could be assumed to be

given as well as self-reproductive, and even if the function of these arrangements could be shown to be unequivocally superior according to criteria of systemic steering, integration and adaptation, the question of normative justification can as little be assumed away as it can be in the case of regimes that pride themselves of making the trains run on schedule.

As Fabio Reis has demonstrated in his paper, all political institutions have the dual character of constraining a space of individual action (thereby violating “autonomy”) and of opening up possibilities of collective action. They are always at the same time a context of control and an indispensable resource for the achievement of collective goods of the community, such as peace, equality, order, or the implementation of any conceivable notion of “progress”. The sociological and philosophical controversies, for instance, about the concept of power can be easily translated into a debate between those who conceive of power primarily as constraining and repressive, and those that conceive of power as a collectively generated means to achieve societal ends. The former perspective on political institutions is the “protective” one that coincides with liberal or libertarian political doctrines; the latter is oriented toward control and instrumental utilization of political institutions and is the underlying idea of democratic and socialist designs of political order. Both of these perspectives apply to the institutions regulating social power relations (production and distribution of material resources) and political relations of domination. If we combine these two dimensions, we get again a simple matrix which helps to specify the design problems of democratic theory.

	social power	political domination
institutions as protection	"peace"	"liberté"
institutions as resources	welfare state ("fraternité")	political democracy ("égalité")

The problem of democratic theory is to develop a design of political order that can be shown to meet the criteria of all for of these boxes in a consistent way. The major difficulty one encounters in thinking about such a design is the dilemma that exists between the protective and the instrumental functions of political institutions. The liberal version of this argument is well known: egalitarian designs of political order and policies

permit-Ling the intervention of the state into the sphere of production and distribution (i.e., the strengthening of instrumental uses of political institutions) must by necessity violate their “protective” potential, thus giving rise to the’ “tyranny of the majority” and to an interference with the owner s’ peaceful enjoyment of their property. But interestingly, there is also a powerful “left” tradition of arguments, dating back to Marx’ political writings of the 1840s, to Robert Michels and Rosa Luxemburg’s critique of political alienation.

In this tradition, a dialectic is postulated which tends to pervert those institutions which are meant to represent the “will of the people” and to turn them into mechanisms that not only fail ail to perform their intended function, but also constrain and violate the autonomy of those whose interests were to be served and promoted. From this point of view, it is argued that, sooner or later, any form of representation must turn into repression, parliamentary government into a distortion of the “real” will of the people, and power claimed on behalf of the people into power used against the people. This “autonomist” perspective must eventually lead to a call for the abolition of any specifically “political” institutions as a “separate” (and therefore alienating set of social arrangements. Hitherto “political” institutions must be reappropriated by society, or else they will turn against society. On the basis of this perspective, it is claimed by new social movements today that political institutions do not provide adequate and effective channels for representing and processing ecological and other humanistic and emancipatory concerns, and that extra-institutional political practises are therefore called for.

Corporatist arrangements are clearly another device for “bypassing” the state and reappropriating political functions by societal actors. However, this “bypassing” of the state takes place in the somewhat paradoxical way that it presupposes to be licensed and guaranteed by the state itself. To what extent does such an arrangement meet the above four criteria of a democratic design for political order, and does it resolve the inherent dilemma of autonomy vs. instrumental utilization of political institutions?

Corporatist modes of societal self-regulation are often thought to be particularly well suited to respond to the Hobbesian version of the problem of order to which the idea of internal peace and the avoidance of unregulated social conflict is so central. The conflict that is avoided by’ corporatist regulation is not the conflict that would threaten individual life and property, but the social status and resources of social collectivities and categories. While bilateral Or tripartite negotiations between large scale collective actors do have a considerable peace-making potential in so far as

they reduce the war of “all against all” to a conflict among a few collective actors, the peaceful outcome of this “limited” war remains contingent upon uncertain circumstances. The problem might be thought of as a trade-off between the authoritarian and therefore certain resolution of ubiquitous but small-scale and dispersed conflict and the voluntary and therefore uncertain resolution of infrequent, but large-scale conflict among big and centralized societal powers. Consequently, the switch from individualist or pluralist modes of conflict-resolution implemented by the state to corporatist modes implemented by societal actors themselves may result not in a net increase in the “peacefulness” of the relations among social actors, but in an exchange of frequent small for rare big confrontations. Such big confrontations can take either the form of irreconcilable conflicts between collective societal actors which then would be amplified ‘through corporatist associations (Jessop) or, more likely, in the confrontation between organized collective actors and those unorganized and therefore non-participating collectivities at whose expense the organized actors try to find an agreement among themselves.

The hypothesis that a stronger reliance on corporatist (as opposed to individualist and statist) modes of regulation will amount to a trade-off rather than to a net gain is also applicable to the criterion of liberty. While corporatist arrangements are often recommended as a means to preserve the liberty and autonomy of collective societal actors and to help them escape excessive and overly detailed forms of state-regulation, it seems also obvious on the basis of our earlier discussion of the problem of internal discipline of corporatist associations that - at least in the absence of those forms of guild-like moral communities that tend to be the exceptional case in modern social structures - the liberty that is won from state authority must be paid for by a subjection of the individual to the quasi-governmental powers of private associations. Moreover, the liberal idea of a public space of authoritatively uninhibited deliberation among individuals would appear to be replaced in such associations by forms of communication which are rather tightly controlled by the leadership and the bureaucratic staff of the association itself.

But it is not only the liberal components and criteria of the idea of social and political order that would be likely to fall victim to corporatist and collectivist, revisions of democracy. The same applies to the more genuinely democratic criteria according to which the political order is not just the context which quarantees peace and freedom, but also the instrumentality for creating justice and welfare. As far as the capacity of corporatist arrangements is concerned to accomplish change and adaptation effectively and flexibly, one may well grant their “technical”

superiority, in terms of competence and expertise, over traditional and often highly rigid forms of legislative decision making and bureaucratic implementation. But we must not overlook, in view of these comparative advantages, the tendency of known forms of corporatist self-regulation to violate egalitarian political premises. This anti-egalitarian implication of corporatism applies both to the input- and the output-sides of a political process that is predominantly controlled by collective societal actors. On the input-side, participation is generally determined not by some right of individual citizens, but by the functional weight and relevance that collective actors can claim for the issues in question. This criterion of participation, while it clearly increases “competence”, equally clearly institutionalizes a discriminatory bias against those “third parties” which are of no strategic significance for any given issue, who are only indirectly affected (or affected in the long term), or who fail to win access to bodies of -functional representation due to their lack of associability. The virtue of corporatist modes of policy making, namely to exclude incompetent, irrelevant or irreconcilable actors and substantive interests, have as their reverse side the normative disadvantage of insulating specific “issue communities” from interests that are only indirectly affected, and from the public eye in general. It may well be that solutions found in this way come about faster and are implemented more readily than those found by legislatures and state bureaucracies. But they also may be narrower in scope, less innovative, more exploitative and less justifiable in normative terms than the latter. They will also be more restricted, as far as the actual output and impact is concerned, to sector-specific or otherwise fragmented solutions.

Finally, the criterion of welfare and solidarity. Any notion of democracy that transcends the protective and defensive notions of liberal political theory is committed to the achievement of societal goals, - goals that are established through the process of egalitarian democratic participation and that include the re-distribution, in the name of justice, of society’s material resources. The greater the involvement of governments into the management of production and distribution, the more the legal-bureaucratic forms of government become insufficient for this task. These forms therefore tend to be complemented by cooperative relations between the state and major functional groups. The greater a government’s ambitions to “manage the economy,” the greater its dependence upon those whose “obstruction potential” must be overcome, or whose collaboration becomes strategically significant. Or, in the words of Sam Beer: “It was primarily because government attempted to control or manage the economy that producer groups acquired power to influence policy.” This functional relationship can also be stated in a paradoxical

way: The more the government attempts to steer, regulate and shape production and distribution for the sake of goals determined by democratic politics, the more it becomes dependent upon forces whose-collaboration is indispensable for the implementation of such programs, and which therefore can obstruct their implementation. The power and scope of action of such functional groups is generated and increased precisely through a process of policy formation that aims at depriving them of some of their control over some of their material resources. This is the self-limiting dynamic of state intervention in capitalist political economies, which eventually leads to the delegation of policy-making powers to corporatist associations. As much as a monopoly can be defined by the fact that it has immunized itself to a large extent from the competitive market, so can a corporatist association be defined as one that has managed to escape from the uncertainties of “normal politics”, i.e., competitive party democracy, territorial representation, and legal-bureaucratic forms of action of the state. Note that it is the state itself and, in particular, ambitious strategies of state intervention which are causally responsible for the shrinking scope of potential achievements of state intervention. In what could be termed the dialectic of allocation and authorization, the state renders its powers to accomplish democratic social change more vulnerable the more of this power it tries to put to work. For whenever the cooperation, support and “responsible” behavior of collective societal actors or associations is functionally required for the implementation of public policy, it will be forthcoming only in exchange for the prior guarantee that the group represented by the association will at least not suffer significant losses, should such losses be to be expected, the “exit” option (i.e., sabotage) is always open.

If, thus, by the criteria of democratic theory - peace, liberty, equality and solidarity - a stronger reliance upon corporatist arrangements does not appear to be a promising idea (apart from a realistic one), democratic theory is in a serious dilemma. On the one side, individualist assumptions of participation and associability have become clearly untenable for quite a number of reasons. Among them, most importantly, the well-founded doubt whether liberal democratic institutions (such as the party system, majority rule, parliamentary representation and control, etc.) which are supposedly designed to absorb, channel and aggregate the political will of the individual citizens does actually and adequately serve this function, rather than the function to alienate, manipulate and pervert the “will of the people”. Equally important, the doubt whether governmental authority is actually in a position to, autonomously implement that “will” (whatever its authenticity). The conclusion an increasing number of citizens seems to draw from these doubts is to engage in the supposedly

non-alienating, extra-institutional, and highly volatile protest politics of the new social movements. On the other side, and contrary to some of the optimistic expectations mentioned at the beginning of these notes, collectivist arrangements, of which liberal corporatism is the most intensely studied and debated example, can hardly be seen as a realistic and stable solution, nor as a way out that would live up to normative criteria of not only democratic, but even liberal political theory. It escapes democratic legitimation, constrains rather than augments the potential for socio-economic change, and violates individualistic notions of autonomy. Its appeal, which leads and also increasing number of the members of political elites to seek for corporatist solutions, is its assumed smoothness, efficiency and low conflictuality, which is, as I tried to show in the first part of these notes, itself quite an heroic assumption.

Let me end with a short, unsystematic and probably incomplete list of normative proposals that can be found in the literature and which attempt to provide institutional solutions to the justificatory and explanatory dilemmas of democratic theory. First, many authors on the democratic Left (from Habermas to Macpherson to a recent article by Cawson) have argued that democratic theory must be expanded from the macro to the meso-level by democratizing the internal structures of those collective actors (parties, associations) that participate in the political process. Second, it has been demanded that major societal actors should first be “equalized” in their institutional and social power bases, so that their participation in the formation of public policy would at least take place on the basis of fairness and parity rather than under the often plausible suspicion of structurally and conjuncturally induced power asymmetries. Thirdly, and as a logical extension of the idea of “institutionalized parity”, one could think of institutional guarantees of “completeness”, which after the model of “Social and Economic Councils”, would help to reduce the probability of the collusive exploitation of excluded third (and possibly unorganized) parties. Fourthly, a further extension of the idea of “institutionalized collectivism” would be to eliminate the exit-option for participating collective actors, which would reduce their potential for blackmail and sabotage, but which would also require a state that is powerful enough to “allocate” and authoritatively impose those solutions that collective actors which are “authorized” with policy making powers fail to put forward.

I hope we can explore some of the difficulties and promises inherent in these proposals in our discussion.