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What is Corporatism?

Despite the many thousands of words written in the last ten years on the subject (see Cawson and Ballard, 1984) there is still considerable confusion about the precise meaning of the concept, as Leo Panitch observed several years ago (Panitch, 1980). Following his lead we can identify the major approaches as referring to (1) a novel system of political economy, different from capitalism and socialism (Winkler, 1976); (2) a form of state within capitalist society, where corporatism is seen as emerging alongside, and then dominating, a parliamentary state form (Jessop, 1979); and (3) a distinctive way in which interests are organised and interact with the state (Schmitter, 1974).

I shall examine the first two approaches rather briefly, and then dwell at greater length on the third, since it has been employed most often, and seems to me to be the most fruitful.

Corporatism as post-capitalism

The thesis that we are witnessing the birth pains of a post-capitalist society is hardly a new one, and it has not at all been the monopoly of corporatist writers. The most sustained and systematic version of this thesis under the corporatist label has been developed in Britain by Jack Winkler. Here the most significant change from capitalism is the shift in the role of the state, which Winkler argues to assume in corporatism a directive role over economic-productive units. Under capitalism production takes place within a market system, although one with increasing state interventionism. Under corporatism the freedom of private capital to operate is replaced by a state direction, not unlike Lenin's concept of state capitalism (Lehmbruch, 1982, p. 3).

In Winkler's view the state develops a considerable degree of independence from economic interests, and is able to impose its will

upon producers (the reverse of the state monopoly capitalism thesis in which monopoly capitalism imposes its will on the state; Jessop, 1982, chapter 2). The state is not an instrument of a dominant class, but instead embodies a kind of general will which is enshrined in state policy. 'Corporatism is an economic system in which the state directs predominantly privately-owned business according to four principles: unity, order, nationalism and success' (Winkler, 1976, p. 103). Although capital remains nominally in private hands, there is no large-scale nationalisation which is the essence of the contrasting type of socialism. The system is no longer capitalist because rights over private capital have been abrogated by the state, and the market mechanism has been superseded by oligopolistic power.

Winkler's theory was fashioned in the British context during a period in which there appeared to be a common bipartisan (in practice if not always in theory) approach to managing the economy. The Heath government of 1970–4 had started out with a resolutely liberal approach to economic policy, eschewing incomes policy, price control and the support for ailing enterprises, but had been forced in 1972 to change course and extend the use of these mechanisms in measures such as the Industry Act of 1972 and in its subsequent anti-inflationary policies. Labour had been returned to power in 1974 and had sought to extend controls over industry using non-market and non-bureaucratic instruments, notably the National Enterprise Board and the concept of 'planning agreements'.¹ Unwisely extrapolating these trends, Winkler suggested that 'a corporatist economic system . . . is likely to be instituted during the life of the present government and its successor (whatever its political complexion), that is, over the next five to ten years' (Winkler, 1976, p. 114).

Winkler's prophecies, which placed Britain near the vanguard of the corporatist trend, were proved to have rested on a superficial analysis.² In the wake of economic recession and a resurgence of neo-liberalism culminating in the Thatcher government, corporatism as a new steering mechanism for the whole economy has proved a fragile flower. Sharp deflation, the exclusion of organised labour from decision-making, and the deliberate instrument of unemployment as a means of reducing upwards pressure on wages have been the hallmark of Thatcherism: these are all highly non-corporatist devices. But it would be unwise to assume from this that corporatism has no relevance to the British case. The more reliable inference is that British institutions cannot carry the burden of tripartite economic management, involving the peak organisations of capital and labour agreeing relevant macro-level policies and implementing them through controls on their membership. Thus

the systems of concertation and organised participation in macro-level economic policy-making which have lessened the impact of the recession in, for example, Sweden, West Germany and Austria, can be seen to depend upon interest organisations in those countries possessing certain characteristics which are lacking in Britain. However, as I shall argue in chapter 4, this is but one aspect of corporatism, and the fact that time has discredited the Winkler thesis should not be taken as proof of the irrelevance of corporatism to the analysis of British politics, as long as it is seen, not as a qualitatively distinct economic system, but as a politico-economic structure within capitalism (Panitch, 1979, p. 123).

Corporatism as state form

Bob Jessop's approach to developing a theory of corporatism takes as its starting point a neo-Marxist political economy of capitalism, and in particular Lenin's observation that the bourgeois state form was the best possible political shell for capitalism (Jessop, 1978). Jessop takes the state to be a complex of institutions in which political interests are represented and forms of intervention determined. A parliamentary form involves the representation of citizens within the state by means of elections, and the administration of state policy through bureaucracies in the context of the rule of law. The main characteristic of the parliamentary form is that the process of representation and that of intervention are institutionally separated: the first in parliament, the second in the permanent bureaucracy.³

By contrast, Jessop argues corporatism to be a form of state in which representation and intervention are institutionally fused in the form of 'corporations' constituted on the basis of their members' economic functions. Thus corporations both represent the interests of their members and act as a means of implementing government policies. <

These two abstract pure types of parliamentarism and corporatism appear in reality, at least so far as Britain is concerned, in a hybrid form of 'tripartism' where both parliament (representing citizens' interests) and corporatist bodies (representing functional interests) co-determine interventionist policies. Such policy-making is inherently unstable, because it combines different and antithetical political processes with distinctive structural bases.

Jessop's ideas have the merit of forcing a discussion of the state and its relationship to social forces. In Winkler's account of the state no theoretical (or empirical) warrant is offered for the assertion that the

state directs private capital.⁴ Jessop, however, resolves this problem by shifting the locus of power into the social formation – a curiously ‘stateless’ theory of the state! He refuses to accept any distinction between state power and class power, so that although the state form is corporatist, the state itself is a hollow structure (shell) within which social forces battle. But if we follow Jessop, and the argument that state agencies ‘borrow’ or ‘reflect’ power exercised elsewhere, then the familiar problem with Marxist discussions of capitalist democracies recurs. Organised capital bargains with organised labour at the level of the state, but the state officials are not actually parties to the bargain. They don’t, in Jessop’s version, exercise power but intervene in ways constrained by the power exercised by others.

I will return to these theories as part of an extended discussion of the state in chapter 3. Suffice it to say here that the element of Jessop’s theory which seems most consistent with the bulk of the other writing on corporatism is the fusion of the processes of representation and intervention. It is not a question of interest groups persuading the government of a preferred policy, which is then implemented by civil servants as government policy. Rather, leaders of functionally organised interests negotiate agreed policies with state officials and agencies, and part of that negotiation is that the same leaders agree to implement those policies through their ability to bind the actions of their organisations’ members. There is no separation, except in theory, between making the policy and implementing it.

Corporatism as interest intermediation

➤ The approach which has been most commonly adopted in developing and applying the theory of corporatism is that which focuses on the organisation and structure of political and economic interests in society, and the relationships of those interests to the state. Initially this literature focused on the macro-level and the central state, and defined its concepts at that level, so that corporatism could be used in the comparative study of the political economies of nation states (Schmitter and Lehbruch, eds., 1979; Lehbruch and Schmitter, eds., 1982). More recently, as discussed in chapter 4, more attention has been given to theories of parts of systems, rather than the systems themselves.

An important theoretical goal of this corporatist interest theory is the attempt to differentiate corporatism from pluralism. Although there is a good case for saying that pluralism is an orthodoxy in political science,⁵ it is not easy to define, having a tendency to slip into ideology

and the celebration, rather than critical analysis of liberal democracy.⁶ In the clutches of empirical political science, and in particular of post-war Anglo-American theory, pluralism became a theory of political power and the relationship between groups and governments. I do not say the relationship between groups and the state, because pluralism never had a theory of the state; it took the theory of representative government as adequate for that.

Although there are clear antecedents in the work of Shonfield (1965), Rokkan (1966) and Beer (1969, especially 'Epilogue'), the most systematic presentation of corporatism as interest intermediation has been developed by Schmitter (1974, 1979, 1982) who has provided useful ideal-type definitions of the two concepts. Although these are now well known, it is worth repeating them here for the sake of completeness.

Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports. (Schmitter, 1974, pp. 93-4)

Pluralism can be defined as a system of interest representation in which the constituent units are organized into an unspecified number of multiple, voluntary, competitive, nonhierarchically ordered and self-determined (as to type or scope of interest) categories which are not specially licensed, recognized, subsidized, created or otherwise controlled in leadership selection or interest articulation by the state and which do not exercise a monopoly of representational activity within their respective categories. (Schmitter, 1974, p. 96)

In this chapter I will try to say as clearly as possible what corporatism is and, equally important, what it is not. In doing so I will follow Schmitter's lead in identifying corporatism a way of understanding the relationship between society and state in capitalist democracies, not as a way of portraying a whole system which is in some sense 'post-capitalist'.

Pluralism as an ideal type

Critics of recent corporatist writing have complained that it uses a 'straw man' version of pluralism, and because of this the claim to provide a distinctive approach are inflated and should largely be discounted. Martin (1983) calls it 'a gambit in the oldest of all academic games'. But the problem which Martin fails to surmount is that of adequately defining what is meant by what he calls 'analytical pluralism'. We are told that pluralism should not be confused with group theories of politics, propounded by Bentley, Truman, Latham and others, which leaves as the core of analytical pluralism a residue of pressure group studies (p. 93).

The problem, as Martin is thus forced to concede, is that pluralism in political science is an exercise in the classification and description of interest groups. Apart from those who sought to make the 'group' a building block in the construction of a general theory of politics, most pluralist writers have had little interest in developing political theory. It is perhaps for this reason that Robert A. Dahl's work, particularly *A Preface to Democratic Theory* (1956) and *Who Governs?* (1961),⁶ is often used as representative of pluralist theory against which to contrast corporatism. It is precisely the atheoretical nature of much 'pluralist' writing which makes the attempt to develop corporatist theory so attractive.

The central idea of pluralism in these studies is that power and influence can be understood in terms of the resources which actors are able to command in a political market place. Individuals and groups in politics compete for these resources, and Dahl's argument based on his empirical studies is that the unequal distribution of political resources in different arenas is non-cumulative. It is for this reason Dahl rejected the claims of an earlier set of studies which purported to show the existence of a power elite which controlled local politics. Dahl's evidence suggested that inequalities did not reinforce one another but rather compensated for each other. Although money and prestige were concentrated, the electoral process dispersed political resources to offset their effects.

Now Dahl is clearly no straw man, and his work has proved enormously influential in defining a methodology and a theory of pluralist democracy. The crucial defining characteristics which we shall use here in outlining the differences between pluralism and corporatism are (1) the extent of competition in the group process; (2) the nature of the groups; and (3) their relationship to public authorities. I have based

the following on Dahl's position in his earlier works – since the argument in *Dilemmas of Pluralist Democracy* (1982) is distinctly corporatist!

Competition

Political resources are limited and groups compete with each other to acquire them in the political marketplace. The analogy with market economics is clear: a pure ideal type of pluralism is the political equivalent of the pure market model of economics in which firms compete with each other in the market; none has control over the market; all are subject to the laws of the market.

A pluralist system comprises a large number of groups, competing for members and resources. The more members, the more resources. Inequality of resources is not systematic, in the sense that a Marxist theory would argue that groups representing capitalist class interests are necessarily more powerful than those representing workers' interests. Distributions of power are subject to changes in the political marketplace, and in particular the effects of electoral competition.

Elections play an important part in pluralist models, because of the assumed relationship of the electoral process to the exercise of public authority. Elections not only determine the political leadership, but they ensure that the behaviour of that leadership is both representative and responsible (to borrow from the title of A.H. Birch's (1964) pluralist treatise on British government).

A pluralist theory of the state

The most important point is that pluralist theory does not have a conception of the state as such, but rather relies on a theory of government. The difference is that government officials are assumed not to have an independent interest, nor power of their own, but act as functionaries administering policies determined by elected political leaders. The selection of those leaders by election, and the requirement that they compete for votes in the electoral marketplace, are crucial. We can draw a distinction between the electoral marketplace, in which formal rules exist, competition takes place at specific moments, and definite outcomes follow, and a broader political marketplace where the rules are informal, competition is sporadic and continuous, and outcomes are often indeterminate. A theory of pluralist democracy includes the claim that both markets function competitively, indeed the

electoral marketplace is the mechanism which ensures that political markets continue to function competitively.

A crucial feature of the implicit state theory in pluralism is the separation of the public sphere, where government is responsive to electoral competition, from the private sphere where interest groups form. Government policy-making is often held to be a process where options are considered in a process influenced by electoral outcomes, or anticipated outcomes, and by the exercise of influence by pressure groups. Groups compete for access to government, for the opportunity to persuade policy-makers. Governments act as a kind of referee of the group process, and try to resolve within the policy the competitive and conflicting demands of different groups. A policy decision is then implemented: it may be a set of regulations, an allocation of resources to a new project, or any other act of government. Once a decision is made, the groups might try to get it withdrawn, may accept defeat, may regroup to fight the next issue, and so on. Decisions are implemented through the law, or through the activities of state bureaucracies.

The nature of groups under pluralism

Groups are essentially voluntary associations of individuals, who share a common moral or material interest and organise to further that interest. What differentiates political groups from others, for example, purely private associations like tennis clubs, is that the nature of the interest impinges on the sphere of governmental authority. A pressure group might want to make a claim on public funds, or might seek the enactment of legislation. Or it might form in response to the declared intentions of government. The interest of the group is taken to be the freely expressed preferences of its members. They in turn are free to leave the group, join or set up another, and persuade other members to do likewise.

Those groups which are successful in the political marketplace are the ones which secure favourable policy outcomes. Pluralist theory seeks to explain why some groups are successful, and others fail, according to the power and influence they are able to exert. This in turn depends upon their resources, principally money, staff, knowledge, and above all membership. The leadership of a group which can point to a large following can persuade political leaders that it might have an important effect on electoral processes, and that favourable policy decisions might shift electoral support behind those politicians who are seen by the members to favour their interests. This aspect of group

power clearly depends upon a competitive electoral process: if the incumbent political leadership is in no danger of electoral setbacks the possibility of such influence is reduced. A dominant party regime might shift the political market from the electoral arena into the political party itself.

In pluralist theory power is thus the ability to participate in decision-making successfully, i.e. to secure favourable outcomes even against the resistance of others. The proliferation of groups, each of which has a restricted scope of power shaped by the nature of the interest which unites it, prevents cumulation of power, and thus the domination of policy-making across the board by a single elite. Power relations are fluid and shifting, as the agenda for decision changes and the interests and preferences of individuals change.

Ideal type or straw man?

It might be objected that such a description of pluralism is at best a simplification, and at worst a straw man. Jordan (1983), for example, argues that interest group studies have long recognised the existence of hierarchies of power, the granting of favoured access to privileged groups and the like. Many studies have discovered a 'corporate pluralism' where competitive processes are dominated by a few large groups. The pluralism that is the target of the corporatist attack is an out-of-date version: the corporatist critique fails because it is aimed at the wrong target.

The problem seems to arise from the extent to which ideal-typical constructions are frequently misunderstood by critics as attempts at empirical generalisations. The important issue seems to me to be, not whether corporatism exists or not, for there surely can be no doubt now that corporatist arrangements can be found in some places at some times, but rather in what forms, where, when, with what effects? We need to acknowledge the variety of corporatism which is discussed in chapter 4, and to recognise that the choice for political theory is not between pluralism and corporatism, but between different ways of specifying the relationship between the two.

The pure description of pluralism given above is not intended to portray existing reality, but is a logical purification of its essential features. We do not expect to find in a given case that the political process will be exactly as portrayed above, although we might find a case where these features can be reasonably argued to predominate. If we discover a political system where the majority of observed cases comprise those where pluralism predominates, then we can legitimately

call that system 'pluralist'. Those who criticise the corporatist literature for having an inadequate conception of pluralism are exposed by this requirement. If, as they claim, pluralist theory has adapted to embrace the very phenomena that the corporatist paradigm seeks to capture, then they are left with a description which fails to fit the facts they report. Using the definition above, they would have to show that most pressure group processes resemble the ideal type. To be fair, some corporatist writers are guilty of confining their efforts to defining corporatism and then showing that traces of its exist in political processes. I will argue below that the important task is to provide reliable and systematic explanatory accounts of the relationship between pluralist and corporatist processes.

Ideal types are measuring rods, or yardsticks, against which to compare observations. But the ideal types are not plucked out of thin air; they are useful precisely because they are abstractions from observations of the real world. We do not propose an ideal-typical construct of corporatism for the sake of logical completeness; we suggest it because it seems to fit observed phenomena from which the theoretical reference point of pluralism seems a very long way away. But this is not to say that pluralism can now safely be abandoned and replaced by corporatism, because that would be to accept as permanent the theoretical shortcomings of 'analytical pluralism', with its case study method abstracted from any conception of wholes. The argument of this chapter is that it is helpful to have such types as poles on a continuum: they are the end points, and we should always expect actual cases to fall between the end points. But cases will fall at different points on the continuum, so that the specification helps to evolve a comparative method for the analysis of interest group processes.

Pressure group studies have often been atheoretical and descriptive, having no basis to compare one with the other. They have frequently concentrated on the groups and their environment, and have neglected the structural features of the group universe seen as a whole. The value of the corporatism/pluralism dichotomy is that it is drawn in terms of the structure of the group process and the nature of the relationships between groups (and between them and state agencies). It is of no help in the construction of explanatory theory to have a single ideal type, such as pluralism, or indeed corporatism, for then observation can only tell us whether a given case fits the type. But if we have two types (or more) which stand in logical relationship one to the other, then the differences in the extent to which actual cases combine the features of the two types can provide fertile ground for explanations.

But in order to do this, we must specify what is the most important

variable along the length of the continuum. It is logically possible, of course, to specify a number of variables, which would give rise to a number of different continua, but such complex theoretical constructions increase exponentially the difficulty of research and observation. The continuum here is kept deliberately simple, and is thus unavoidably reductionist. There is clearly a trade-off between complexity and usefulness, and I have opted here for the latter. But this is chiefly because I see corporatism as a partial theory of politics which cannot stand on its own as a theory of the state, still less one of society, as in writing about the corporate state, corporate society and so on. The act of supplementing a middle range theory of corporatism with other theories of politics and political economy undertaken in later chapters will provide sufficient complexity.

Corporatism as an ideal type

> The approach here selects as the major independent variable, not the extent of participation in government policy-making, nor the degree of self-regulation practised by groups, but the degree of concentration in the structure of interest groups. The justification for this approach is derived by proxy from studies of the concentration of industry and the development of oligopoly and monopoly in industrial production. But we are pursuing more than simply an analogy between the economic market and the political market: we are suggesting that there is a relationship between economic and political concentration such that economic power and leverage is a necessary, but not always a sufficient, condition of the exercise of political power.

Concentration

It is not accidental that the theory of corporatism has developed around studies of economic-corporate groups and their role in the political system. Indeed one of the earliest statements of modern corporatism, Beer's *Modern British Politics* (1965), made a fundamental distinction between interest groups based upon their function in terms of the division of labour within the political economy. He identified producer groups with a developing role in negotiating public policies, in part a consequence of the extending reach of the state, and consumer groups which were less powerful: in Offe's (1981) phrase policy-takers rather than policy-makers.

The tendency for the successful producers to acquire market power –

which means power over the market rather than subservience to it – has been a persistent theme in institutional (rather than purely theoretical) economics. Competition leads inexorably to its transcendence by the exercise of power; those rules which guarantee the liberties necessary for market mechanisms to work are, paradoxically and perversely, those which ensure the liberty of the successful competitors to use their power to dominate the weak. But the shift from an impersonal mechanism to a power relationship as the means of allocation within the market leads to two consequences, both vitally important for the argument. One is that the actions of powerful producers have immediate consequences for other producers (which can never be the case in a pure market); as long as there is not a single monopolistic producer (which would in any case imply that all products were equally substitutable) this means that the powerful have to have regard for others as powerful as they are. The relationship between the powerful should be construed as interdependent; only in relation to the powerless are they dominant.⁷ <

Secondly, just as the actions of even the most *laissez-faire* of states are essential for the market to function (in this sense even the purest of pure markets cannot be understood solely in economic terms), the development of market power is both the cause and the effect of a growing state interventionism.

The existence of a concentrative dynamic in the market economy gives rise to increasing state regulation in the public interest; the extending reach of the state in turn gives rise to an organisational imperative within the categories thrown up by the division of labour in capitalist society. In more authoritarian societies, where the penetration of capitalism is less pronounced, externally controlled and thus more dependent, the state is more visibly the sponsor, creator and controller of at least the economic organisations of civil society. But in the context of the coupling of a market society to a liberal state, it is correct to see the intervention of the state as more the consequence – and then the cause as the process reveals its own dynamic – of the growing power of economic organisations than it is to portray the state as a creature or instrument of social forces. <

Pluralist theory has several shortcomings when viewed in this light, and when the focus is on the relationship between economic changes and political organisation. One of the most glaring is in its refusal to recognise fundamental, structural differences in the organisational capacity of different kinds of interests. They are all ‘pressure groups’ or ‘interest groups’ in the pluralist lexicon and there is no particular reason to suspect that their success or failure in the exercise of influence is

constrained by factors other than the overtly visible. Thus Ross Martin's (1980) history of the Trades Union Congress is titled *The Growth of a Pressure Group*, and the implication of its analysis is that given the opportunity any of the myriad pressure groups could rise in the same way. True, the particular influence of the TUC is related to governmental factors and the widening scope of public policy, but the implications of this cannot be fully realised when the central concept of 'pressure group' is so poorly differentiated.⁸

→ The consequences of concentration in the economic sphere have produced a wholly modern phenomenon: the business corporation, with its bureaucratic structure, its market power and its political role. One of the most interesting aspects of corporate power is the last: the emergence of business corporations as interest groups. Grant (1984) provides one of the few discussions of the organisational consequences of this in a review of the extent of specialisation within the corporation, whereby specific bureaus handle relationships with government departments and the lobbying function. Yet the pluralist literature on pressure groups is wholly unaware of this, and the extent to which public policy objectives can be met by bargaining between governments and corporations.⁹

A related process of concentration and oligopoly can be traced in the dynamic of the political market, as long as we are not blinded by the sheer proliferation of interest groups and fall into the trap of supposing that the more groups there are, the more competitive is the relationship between them in the overall system. Indeed Martin's study, cited above, is a good illustration of this process at work. From its early days the TUC was an interest organisation competing with other groups both to represent the interest of labour, and to gain access to and exercise influence upon governments. But its history is one of the development of and consolidation of its political market power, a process of monopolisation and social closure, reaching a zenith during the Second World War when it became, in Middlemas's (1979) – but significantly not Martin's – terms a 'governing institution', having crossed the threshold which separates corporatist organisations from mere pressure groups. More than simply monopoly representation is required for such a role, and Middlemas's study makes much of consensual attitudes on the part of TUC leaders and their capacity to regulate their membership. The persistence of competition with respect to the representation of labour would have made such a transition impossible for any one group. A similar point can be made about the evolution of the CBI: it was precisely when the 1964-70 Labour Government wanted to enmesh employers in the process of economic

planning that the final lurch to monopoly representation took place (Grant and Marsh, 1977, p. 25).

> The corporatist trend is thus one, above all, of concentration in the political marketplace. In Schmitter's terms (cited above, p. 26) the indefinite number of organisations characteristic of pluralism can be contrasted with the limited number of groups characteristic of corporatism, each with its own sphere of competence jealously guarded and reinforced by the state. Their interest domains are related to the division of labour: the economic interdependence discussed above. I will explore further the distinction between pluralism and corporatism in terms of a continuum based upon the extent of competition, but before doing so I will briefly discuss the role of the state which accompanies the concentrative process, and the nature of the groups within corporatism.

A corporatist theory of the state

In chapter 3 I will discuss the implications of corporatism for the theory of the state, and the reverse issue of the extent to which corporatist theory can be advanced by taking cognisance of recent theories of the capitalist state. In this section I will outline the major differences between the concept of the state in pluralism and corporatism.

As discussed above, pluralism is premised on a separation between public and private: between the sphere of government, and the private groups of civil society. By contrast the stress within corporatist writing has been on the growing interpenetration of the public and the private spheres. The crucial concept is that of public policy as the outcome of a bargaining process between state agencies and those organised interests whose power in the political marketplace means that their co-operation is indispensable if agreed policies are to be implemented. The state is not sufficiently powerful for officials to dictate policies and impose them unilaterally, but at the same time it is sufficiently powerful to resist capture by those interests. This notion is clearly implicit in the concept of bargaining: each party must have resources to bargain with; otherwise the relationship is one of subservience or submission.

In spite of assertions to the contrary (e.g. Martin, 1983, p. 96), this idea of bargaining is not inconsistent with the relative absence of competition in the political marketplace. The corporatist idea does not imply that there is no competition within the bargaining process, i.e. between state and organised interests, but it does presuppose the parties to the process are each free of any effective challenge to their own right to bargain. For the state this issue is less problematic than it is for

interest groups: by definition the concept of the state involves unchallengeable monopoly powers in fields such as law-making, taxation, and most importantly, the ultimate sanction of the legitimate use of force. But for interest groups, there is, at least in the longer term, the effect of changes in economic structure and consequent power potential which can erode the value of their bargaining counters. The ideal type of corporatism assumes that specialisation is complete and monopoly effective: the application of the idea to actual cases and historical trends must involve the analysis of observed discrepancies from such stringent conditions.

> The role of the state is thus central to the concept of corporatism: the state is the arena in which the process of corporatist politics takes place. This rules out of the concept processes which take place wholly in civil society without the intervention of public authority or the presence of state actors. Bargaining in which compromises are reached between conflicting class interests, for example in collective bargaining between employers and unions, is not corporatism unless there is a significant state presence. But equally the concept should not be restricted to those instances alone where bargaining takes place within a tripartite structure of business, labour and state. But if we suggest that corporatism can comprise bipartite bargaining between organised interests and state agencies, how are we to define bargaining so as to sift out the important relationships from the myriad of contacts between modern states and interest groups?

The answer I propose concerns the nature of bargaining itself, which in turn is restricted to the particular organisational capacities of corporatist groups, which differ in kind from the voluntary and fluid structures of pluralist groups. It is this feature which get us to the heart of the concept of corporatism itself. Corporatist bargains are those which are negotiated between monopolistic interest organisations and implemented through the self-regulatory actions of those organisations. This stipulation is crucial, and allows us to reject instances where bargaining involves, for example, the content of legislation before parliament, which is then implemented through bureaucratic or legal structures. The bargaining of the welfare lobby over the content of social security legislation is not corporatism: it is quite properly to be seen as part of those pluralist processes which remain an important part of the political life of liberal democracies. What would turn such bargaining from pluralism to corporatism would be if the welfare lobby comprised an interest organisation (or a number with specifically limited domains) with a monopoly representative capacity, and the political cohesion required to itself act as the administrative partner of

the state, disciplining and controlling its membership to accept the compromises worked out in negotiation with state agencies.

In some Scandinavian countries the trade union movement has developed its welfare concerns to such an extent that it does bargain social policy in a corporatist fashion, and does implement public policy, as for example in Sweden (Heidenheimer, 1976). The significance of the fact that such instances involve producer organisations acting in a welfare-conscious role will be developed further later in the book.

Corporatist bargaining is thus qualitatively different from pluralism, where the stress is on interest representation and lobbying, access and influence. The corporatist relationship between state agencies and organised interests is two-way; the pluralist relationship is one-way – from the group to the state – in that policy implementation is the preserve of the state. Under a corporatist arrangement interest organisations are an integral part of administration; they are not merely consulted over the implementation of policy.

The nature of corporate groups

From the remarks in the two foregoing sections, we can draw out the implications of the argument for the nature of what we shall henceforth call ‘corporate groups’, as distinct from ‘preference groups’ which exist in a mutually competitive political environment.

The basis for the organisation of the corporate group is its function. Groups constituted on the basis of a shared value position cannot become corporate groups in the sense used here; they will always remain preference groups, and will always exist within the pluralist sphere of the polity. This does not mean that they can never become powerful, but it does mean that they can never become self-regulating agents of policy implementation.

➤ If our focus is on the sphere of production, then the major differentiating structural characteristic with respect to function will be class. Corporate groups in production represent class interests. This of course does not deny that under certain circumstances, for example in tripartite bargaining, corporatism represents a process of class collaboration. (For some (e.g. Panitch, 1979; 1980) corporatism *is* class collaboration, but this seems unduly restrictive in that it excludes from the corporatist net processes which involve policy formation and implementation of a bipartite character.

Class seen as relationship to the means of production, or the means of administration, does not however comprise the only structural basis

upon which corporate groups form. As Parkin (1979) convincingly argues, following Weber, social closure can take place around skills as well as property ownership so long as the control over the validation of those skills is enforceable. The process of social closure is a part of the concentrative dynamic argued here to be the essential independent variable in the development of corporatism. The most important examples of closure around skills in contemporary politics are the professions, which distinguish themselves by erecting monopolistic barriers to entry to their ranks, and developing effective procedures for self-regulation.¹⁰

The existence of powerful professional groups controlling specific occupations, as with the legal and medical professions, provides fertile ground for the development of bipartite corporatist processes. The administration of legal aid in Britain; the administration of the National Health Service, at least until the triumph of managerialism in the 1960s (Cawson, 1982), and the administration of public land drainage policy (Saunders, 1983) provide good examples of corporatist policy-making.

The chief characteristic then, is monopoly, and with this goes the capacity for self-regulation and the possibility of delivering negotiated agreements through the disciplined co-operation of members. But a wholly private self-regulating body would not come within the present definition of a corporate group. The intervention of the state in the process of closure, and the existence of negotiated agreements between state agencies and groups is crucial. In this respect, as in the others discussed above, the presence of the state is a defining characteristic of corporatism. It may be possible to conceive of corporatism without labour (Pempel and Tsunekawa, 1979), or even without capital, as in the Social Contract phase of British economic management in the 1970s, (Boston, 1985), but it is not possible to conceive of corporatism without the state.

A conceptual definition of corporatism

We can summarise this discussion of the characteristics of corporatism by suggesting the following as a concise definition of the concept:

Corporatism is a specific socio-political process in which organisations representing monopolistic functional interests engage in political exchange with state agencies over public policy outputs which involves those organisations in a role which combines interest representation and policy implementation through delegated self-enforcement.

What must be emphasised is that corporatism is not a phenomenon of the group process (but concentration within that process is a precondition for its development), nor is it a phenomenon of state form (although an interventionist state is also a precondition). >What makes corporatism distinctive is the fusion of representation and intervention in the *relationship* between groups and the state. (See also Cawson, 1985b.) <

A continuum between pluralism and corporatism

So far we have for the purposes of analytical clarity distinguished between pluralism and corporatism in terms of ideal types, and suggested that the existence of corporatist processes within liberal democratic polities weakens the claim of pluralist models to provide an adequate description of those polities. In some of the corporatist literature it is suggested that there is an evolutionary process which is transforming once pluralist societies into corporate ones, and that pluralism as a concept should be abandoned in favour of corporatism.

The view taken in this book is, however, rather different, and involves seeing pluralism and corporatism as distinctive processes *co-existing* in any given society, so that one can speak of a corporate and a competitive sphere of politics. This dualist perspective on modern politics is explored more fully in chapter 7; here I want to pursue the idea that pluralism and corporatism represent end points on a continuum. Once it is recognised that pluralism and corporatism are not rival contenders as explanatory models of whole societies, it is possible to give more attention to specifying the relationship between them. One way of doing this is through the idea of a continuum in which the end points are defined in relation to a particular variable. A recent exchange in *Political Studies* between Ross Martin (1983) and Colin Crouch (1983) helps to clarify the relationship between pluralism and corporatism, and in particular what is the appropriate variable linking the two concepts.

Martin suggests a continuum 'focused on the access and role that groups are accorded by government office-holders' so that the appropriate variable is the degree of importance of interest organisation in public policy-making. The corporatist end would be where 'groups have a formalized and substantial share in formulating and administering government policy'; the pluralist end would be where 'parliamentary channels provide the only means of contact between office-holders and organized interest groups' (Martin, 1983, p. 99).

Crouch rejects Martin's conceptual variable as inadequately conveying the meaning of corporatism as intermediation, i.e. representation of interests *and* disciplining members to accept a general interest beyond their individual interests. Martin's concept of groups sharing in the administration of government policy includes, or rather collapses, the distinction between bargained and authoritarian corporatism. The variable in Martin's continuum is degree of access and role in policy formation/implementation, but the latter seems to include the former and is therefore redundant. A group could hardly shape and administer policy with government if it were excluded from access to government! Thus for Martin what is at stake in the distinction between pluralism and corporatism is the extent to which organised groups are integrated into the policy-making arenas of the state. This would then seem to be consistent with the corporatist literature and highlights the state-group relationship. It can be represented diagrammatically as a continuum of the role of groups in policy formation and implementation. (I have added the mid point, but it is consistent with Martin's argument.)

Liberal ←————→ *Consultation* ←————→ *Pluralism*
corporatism

(formal role in policy formation and implementation)

(role in policy formation, but not implementation)

(‘parliamentary pole’: influence, but no formal role in formation or implementation)

Crouch's continuum focuses on the functions of the groups themselves (discipline/representation) rather than on their role in state policy formation/implementation (1983, p.457). It has as its end points contestation in which groups pursue their demands without any compromise, and authoritarian corporatism, in which groups exercise no representative functions at all but simply discipline their members.

Authoritarian ←————→ Liberal or ←————→ Pluralism: ←————→ Contestation
corporatism bargained bargaining
corporatism

The variable underlying Crouch's continuum is the degree of membership discipline, which is taken to vary inversely with the extent to which the groups represent the interests of their members. Contestation is all representation and no discipline; authoritarian corporatism is all discipline and no representation. Both pluralism and liberal (or bargained) corporatism combine representation and discipline; but the more you move towards the corporatist end of the continuum, the more you find discipline rather than representation as the main function of the group.

For some purposes this is a useful way of highlighting the differences between pluralism and corporatism, but it has the weakness of concentrating less on aspects of structure, and the role of groups in relation to the state, and more on the functions which groups perform and the strategies which they adopt. Thus in his illustration of the use of the continuum, Crouch takes the example of the different positions which a national tobacco trade association could take when faced with the possibility of the regulation of its industry. A group might contest the threat of regulation, or might co-operate in varying degrees up to the point where it simply administers state policy by disciplining its member firms. But what we really want to know is whether the choice between these strategies is voluntary, i.e. is it up to the group to determine its own position along the continuum? What role do state agencies play in this process? Crouch evades this question by saying that a theory of corporatism is about interest intermediation, and not about the whole political system. But this is not really convincing, and scarcely gets beyond the abstracted descriptions of the pluralists. 'Intermediation' implies a concept which logically entails two other concepts: in this case 'state' and 'society'; a theory of intermediation surely cannot remain silent on the effects upon it of either state or society. Corporatism (and pluralism) needs a theory of interests and group formation, and a theory of the state, just as much as it needs a theory of interest organisation.

Closure and the dynamic of concentration

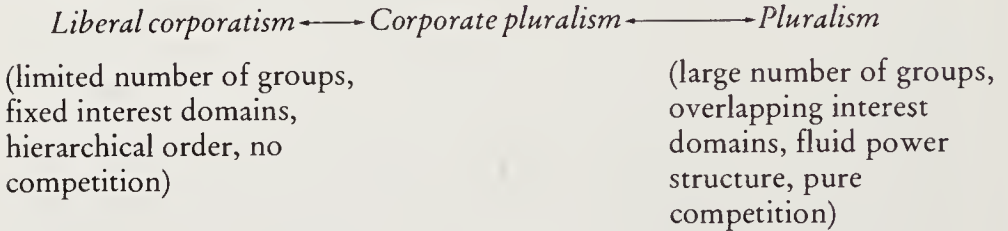
One of the most frequent objections to the use of ideal types in theory construction is that they are static and ahistorical abstractions. They 'freeze' an aspect of social reality, and do not permit the conceptualisation of processes. Now this is more of an objection to the use of ideal types rather than the types themselves. Ideal types do not constitute theories: they are steps towards the construction of theories.

The idea of a continuum allows us to extend the ideal types towards a theory of political processes in two ways. First it introduces the idea of a variable which logically connects the two ideal types at the polar extremes. Second, it allows us to hypothesise that actual historical changes represent movements (not necessarily all in the same direction) along the continuum.

Both Martin's variable (role of groups in policy formation/implementation) and Crouch's (degree of representation/discipline) are useful descriptive attributes for examining distinct areas of interest

intermediation. But they are both argued here to be dependent variables which follow from changes in the independent variable of the degree of concentration of political interests. They will not suffice for a more general theory which seeks to set corporatism within a historical process. (Although more general in one sense, the examples used here are restricted to the historical case of Britain, although the categories are more generally applicable.)

A continuum of competition in the structure of political interests would be:



Corporate pluralism and corporatism: the British case

Corporate pluralism is an intermediate point on the continuum, where the process of concentration has changed the structure of the political market towards the separation of a 'corporate sphere' of groups from a 'pluralist sphere', but interest domains remain imperfectly defined and representational monopoly has not been achieved. Groups in the corporate sphere are frequently consulted by governments, in the stages both of policy formation and implementation, but their role falls short of being an instrument of implementation through their capacity for self-regulation. The pressure politics of influence is, in this ideal type, highly unequal, with much greater access afforded and weight attached to consultation with groups in the corporate sphere. But competitive groups can exert, at least in the short term when issues are alive, considerable influence upon policy by campaigns and mobilisation.

We can readily agree that looking at macro-level political structures and processes in Britain, the process of concentration in interest intermediation and the development of its attendant political institutions, has not approached the corporatist end of the continuum and the empirical reality is a system of corporate pluralism hovering around the mid point. Much more can be said, however, about the complexity of this structure by shifting the focus from the macro-level, and examples

of limited bargaining relationships which, in terms of specified interest domains, can reasonably be placed much further to the left of the continuum.

Many of the critics of corporatism, and in particular its application to relatively pluralistic settings like Britain, the United States and Australia, have complained that empirically there is little evidence for corporatism, and theoretically there is little difference between corporatism as defined here and a modified version of pluralism. The specification of an intermediate point on the continuum, i.e. corporate pluralism, allows us to deal with such objections in a more systematic way than before. Actual cases and episodes will combine features of the ideal types: what is at issue is the makeup of the particular combinations compared, and the way in which they change over time.

If we compare the British case with, to take a strong example, the Austrian one, then we find many more of the elements here defined as corporatism present in Austria; so much so in fact that observers find it hard empirically to distinguish the group process from the state. In the case of Austria it seems that, for once, the ideal type and the empirical case closely coincide (Marin, 1983, p. 201). Concentration and specialisation have developed to such an extent that functional representation has completely overshadowed the independent role of parliament. Many of the important interest organisations have compulsory membership, although interestingly even here there is a parallel system of voluntary associations. Four major monopolistic producer organisations dominate the macro-level political economy, and within them there is a very high degree of concentration and representativeness. The peak trade union organisation, for example the OGB, is a unitary structure. Workers join the central body, and then get allocated to a constituent union (Marin, 1983, p. 212).

It is not necessary, nor helpful, to recoil from this and say that corporatism as an ideal type is inapplicable to the political analysis of Britain or the United States. What can be done is the charting of comparable trends to produce a balanced judgement of the relative weight of different parts of the system: the pluralist sphere and the corporate; the parliamentary arena and the group bargaining process.¹¹ A corporate pluralist label, or 'corporate bias', is appropriate to describe the macro-level British case, but this concept takes its theoretical meaning from its position on the continuum between pluralism and corporatism. This position is subject to change, and not necessarily in the direction of further corporatism.

Middlemas's (1979) careful account of the growth of an 'industrial constitution' in Britain provides a good deal of evidence as to how the

shifts associated with movements along the continuum to corporatism occur. (Concentration and closure are structural preconditions; necessary but not sufficient for such movements.) Middlemas calls it 'corporate bias' rather than corporatism, to underline how distant from the end point the British case is, but in describing the central institutions of policy-making from 1911 to 1945, he in effect shows how concentration amongst the producer interests of capital and labour enabled the development of a representative and responsible role alongside a state interventionism which both fed off and nurtured that role. He suggests that the zenith of corporatist politics in Britain was reached during the Second World War: the integration of organised labour into the structures of the wartime political economy: 'In political terms, these arrangements created something close to parity between unions and employers, and elevated their joint body, the J[oint] C[onsultative] C[ouncil], to the status of an unofficial government department' (p. 280).

The unchallenged priority of the war effort, and the crucial shift in the role of the state as the co-organiser (with employers and labour) of industrial production (the market had in effect been suspended) resulted in a near-corporatism which was the culmination of the process of concentration amongst producer interests that had developed in the period from the turn of the century. It was made possible by the shift to manpower budgeting in resource allocation, the overriding necessity of working class co-operation, and the existence of an external threat which minimised the destabilising effects of class conflict. In the aftermath of the war, none of these survived very long¹² and the system began to revert to a relatively unstable pattern of corporate pluralism, with intermittent corporatist episodes, that has been its characteristic feature since.¹³

But it should be emphasised that this analysis is concerned with the central state and the core features of economic and industrial politics. As Middlemas argues (1979, p. 374), 'Corporate bias can be detected at all levels of political activity.' His study, however, was confined to the central level, where the key associational activity was at the highest level of organisation: the 'peak' bodies representing capital and labour. The judgement about the movements in Britain along the continuum between pluralism and corporatism apply to this macro-level of the political system. Chapter 4 seeks to extend the theory by recognising varieties of corporatism in terms of the level of associational activity and the scope of policy bargaining.