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**PUBLIC OWNERSHIP:
ECONOMIZING DEMOCRACY
OR DEMOCRATIZING ECONOMY?**

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PUBLIC OWNERSHIP:

ECONOMIZING DEMOCRACY OR DEMOCRATIZING ECONOMY?

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I.

In advanced industrial societies at least two subsystems can be distinguished, a political and an economic one. Both of these subsystems generates its own particular disciplines: political and economic science respectively. More recent developments, however, point to a considerable degree of cross fertilization: economists are applying their paradigms to other fields such as politics, while political scientists and sociologists are directing their theoretical paradigms to the economic subsystem. The present study belongs to the latter type.

Economists consider political subsystems as 'markets' and in so doing bring micro-economic assumptions of atomistic and rational behaviour to bear upon their analysis. Political scientists and sociologists (apart from the 'methodological individualists'), on the other hand, conceptualize economic subsystems as structures and institutions with their underlying rules of behaviour, rules of the game, norms, roles, habits, physical environment, legal arrangements, etc. Recently an impressive amount of studies has emerged which clearly illustrates the existence of hierarchies, clans, associations, neo-corporatist structures, systems of generalized political exchange, to name only a few, as forms of institutional ordering within the economic subsystem. These different concepts are often

summarized under the notion of 'organized forms of capital'. This paper concentrates on yet another form of organized capital, i.e. public ownership.

II.

Such organized forms or political organizations of capital are often - in the case of public ownership, very often - evaluated in terms of their economic implications, i.e. efficiency, growth, prosperity, etc. (e.g. Mancur Olsen 1984). In this paper, however, the less common question of the political implications of a specific form of economic organization will be examined, not in an attempt to prove that one form of economic organization is better than the other but rather to improve our understanding of the different systems.

Where studies in efficiency or economic growth start from the principle that efficiency or growth is desirable, this study is based on the idea that democracy in the economic subsystem is desirable. Thus our interest here is to examine the extent to which a specific form of economic organization is compatible with democratic principles. The answer to this question, however, depends on facts, not on values, and therefore becomes amenable to a form of sociological (analytical) rather than normative argumentation. Seen in this light, it is the consequences of

alternative forms of economic organizations that is at issue, and not the desirability of those consequences.

III.

Public ownership as a conception is meaningful at at least three levels. Firstly, on an overall economy level, the conception of public ownership would mean that the total economy is state owned. The effect of such an etatist socialism on democracy has been the theme of many heated (in the first place, normative) discussions. Such discussions may be relevant to comparative analyses of different political systems (capitalist vs communist/socialist) but when our interest concerns public ownership within Western capitalist countries, discussing the effects of public ownership on the total economy becomes very much an academic exercise since there is no country which provides a theoretical or ideological basis for such a transition.

In the past this has been different. During and after the first World war, for example, in Germany the idea of 'Gemeinwirtschaft' as an all-compassing economic system existed (e.g. Moellendorff's "Deutsche Gemeinwirtschaft" (1916) and Neurath's "Sozialistische Verwaltungswirtschaft" (1919). In a later period the 'Gemeinwirtschaft'-conception was used in the context of a democratic-social, i.e. societal, but not totally state-owned and centrally planned

economy (e.g. Naphtali 1928 who, by the way, used the terms 'Gemeinwirtschaft' and 'Wirtschaftsdemokratie' as synonyms). Today the 'Gemeinwirtschaft'-conception is again used, but differently. 'Gemeinwirtschaft' is by and large reduced to a firm-level category, the second level at which public ownership can be conceived and which I will now introduce.

Concentrating our research question on the enterprise level would mainly result in answering the question whether the variable 'publicly/privately owned' had any influence on the enterprise's being more or less democratically governed and to what extent the public enterprises' democratic quality had a spill-over effect for non-public owned units in the economy. Most studies, however, do not show any influence of the private/public owned variable as far as the firm's democratic quality is concerned. For example, Carnoy and Shearer conclude that "In labor relations public enterprises have tended to be more progressive than old-line private firms, particularly in France and Italy. Public firms have a good record in such areas as health and safety and worker's benefits. They have not, however, advanced programs for industrial democracy in any significant way." (Carnoy and Shearer 1980: 78, see also Pateman 1970). Advocates of economic democracy therefore question equally private and public ownership as a functional regulation at the micro level of everyday working life (Abrahamson and

Broestrom 1980). Rus (1984), for example, argues the existing forms are not contested in the old ideological way since both private and state ownership represent an enormous dysfunction with regard to the closer cooperation and greater participation of employees in integrated production systems: "both state and private ownership are simply too rigid for contemporary working life" (Rus 1984: 237).

Variables other than public/private ownership seem to be much more important. There is nothing intrinsic about 'private' or 'public' at the enterprise level as far as economic democracy is concerned (cf. Long 1982): neither of these categories is relevant as opposed to, for example, a factor such as a government in the environment of (public or private) firm which puts constant emphasis on greater participation in public enterprises in order to make them highly democratic (this, for example, is according to Chouderi (1984: 257-258) the case in India).

Almost all of the literature on industrial/economic democracy adopts this level of analysis. But for research interest it does not seem very relevant -apart from the fact that this finding is an interesting conclusion in itself.

So far we have seen that public ownership as a category on neither the macro-level (at least where the study is limited to Western capitalist systems) nor on the micro-

level has any discriminating effect on economic democracy.

The remainder of this study will be devoted to the until now unanswered question about the democratic quality of public ownership when conceptualized at a meso-level of analysis. By public ownership on a meso-level is understood the set of organisations, institutions, bureaucracies, etc. in which public enterprises are embedded. This conception will now be outlined.

IV.

To consider public ownership as an institutional structure is not simply to employ (yet) another analytical mode (such as the micro and macro): such a treatment does reflect a tangible reality. That is to say, public ownership as an institutional structure points to two central empirical facts: firstly, institutional settings, and not so much the overall societal context or the motives of individual actors, are important in understanding the decision making of individual actors and secondly, there is the fact that the institutional settings are more or less independent of other arenas of decision-making. This de-emphasizing of the dependence of the polity or society in favour of an interdependence between relatively autonomous social and political institutions is a central idea in 'Institutionalism' (cf. March and Olsen 1984). Both facts

are mentioned in most works on public enterprises, be it merely as an illustration.

The first point, regarding the importance of the institutional setting for decision making of the enterprises (something which is also true for private enterprises) becomes increasingly popular in the literature. Many works see the distinction between the political level and the economic and technical level as completely unrealistic in a modern capitalist economy. Large industrial groups, whether private or public, always have close links with or even infiltrate the political sphere or other collective actors, and do not limit themselves to finding the best economic and technical solutions. The much vaunted 'rational behaviour' of large industrial groups has always been profoundly conditioned by the concessions granted by their immediate (political) environment 1).

The second point, regarding the relative closedness of the institutional setting in which public enterprises are embedded vis-à-vis broader structures, is a finding with further-reaching consequences for the problematique of this paper. It means that most decisions concerning public enterprises are taken within immediate structures which for the most part exist outside traditional circuits of policy

1) Place does not permit a detailed treatment of this argument. It is in length dealt with in the Ph.D. I am working on at the moment.

making. This means they are not primarily managed and controlled by the political subsystem, i.e. the voters, parliament and government. This does not so much mean that no public bodies or public actors take part in the decision-making (such as governmental, administrative, parliamentary, bureaucratic bodies) as that they themselves act according to the institutional structure's rules of the game instead of according to the logic of the system from which they originate (public enterprise institutions as privatised government) (cf. Seidman's concept of 'agency cultures', 1980).

The detailed description of these public enterprise institutions as systems of decision-making in the different countries and/or different sectors is still unclear (examples could be the 'IRI formula', 'sottogoverno's' (Are 1975: 87) (Italy) the 'indicative planning system' (France) 'National Enterprise Boards' (United Kingdom) 'extensive networks of locally owned public financial institutions and housing authorities' (West-Germany), ...). At the moment - as far as I know for the first time - this is being researched (at least partly, i.e. specifically the structural intermediation of interests of public enterprises) in an international comparative research project ('The Politics of Private Business and Public Enterprises' at the European University Institute under the

direction of Bernd Marin). It would therefore be premature to make statements about the democratic quality of the different possible forms of institutional structures of public ownership.

Here a much more basic question will be examined, i.e. to what extent is the very existence of such institutional structures of public ownership, as described here, compatible with democratic theory, since they do not overlap with one of the traditional organs, but according to their function compete with the known structural element of the political-societal order?

LIBERAL-DEMOCRATIC THEORY: ECONOMISATION OF DEMOCRACY

V.

What can be stated at the outset is that this is a problem for democratic theory: given the existence of such institutional structures having decisive impact on the national economies in liberal-democratic political systems, how can the activity of these institutions be legitimized as democratic?

Liberal-democratic political theory takes the point of view that, to be democratically legitimate, all policy-decisions should be taken by the formal-political institu-

tions like parliament and political parties, indirect representation and periodic elections. Our starting point, however, indicated that such a practice is only exceptionally the case and that most decisions concerning public ownership are made within an institutional shell which should be seen as a part of the economic subsystem.

This phenomenon of decisions taken within the economic subsystem which should, according to liberal-democratic standards, because of their far-reaching objectives and effects belong to the political subsystem (such as controlling monopolies, providing public services, increasing employment, reducing income inequality, promoting regional development, subsidizing necessary commodities, setting of 'modernization' examples, achieving socialism, enhancing political prestige, promoting national security, etc.) could be interpreted as the economisation of democracy. Decisions, originally taken within the democratic subsystem or institutions, are taken in a system (i.e. the economic one) which has a rationality which is different from that of the democratic subsystem (cf. Marin's conception of 'economising politics', 1985a: 115-116). Rather than being a means for the political subsystem in democratic policy-making, we find that public enterprise institutions bypass the democratic channels in making decisions of far reaching importance. A radical liberal-democratic response in such cases would be to create

stringent measures to restore democracy.

When applying such a conception of democracy to the empirical case under study, different counterarguments towards this very conception and thus its conclusion become apparent, which does not of course imply the correctness of the inverse argument, i.e. that public enterprise institutions are democratic.

These counterarguments are being given but a brief outline here. Firstly, it is very often argued that the whole array of democratic institutions - elections, political parties, legislators, forms of participation - are either symbolic (providing a form of democracy without its content) or controlling (blunting mechanisms of participation that might otherwise lead to changes which elites wish to avoid). Edelman, for example, argues that in formally democratic states political quiescence must be induced in the masses of voters, and a main mechanism is the symbolic reassurance that 'something is being done'. Formally democratic institutions preserve stability and order instead of responding to public opinion or class action. Elections, in other words, have very little to do with policy formation. "... the factors that explain voting behaviour can be quite different from the factors that explain resource allocation through government" (Edelman 1964: 43).

Secondly, the democratic conception which lies at the basis of liberal-democratic theories is a very much reduced conception of democracy, something which is based on pragmatic and not on theoretical grounds (Naschold 1968: 504). It presumes that the original normative standards are set too high and should be scaled down to "more realistic" ones (Lipset 1962: 35).

Moreover, the existing (democratic) political system is seen as given and its normative determinants are reduced to the 'control' of policy-making and the 'informating' about alternative policies.

These counterarguments serve to illustrate that even in cases where the decisions might be made in accordance with political-liberal standards, democracy would still not necessarily be assured. One could even go further and ask whether in case these decisions would not be taken within the institutional structure of public enterprises, they would be taken at all, a thesis which is of course very difficult to prove empirically. The institutional approach provides, however, good theoretical arguments for such a doubt. Its arguments are historically grounded: these forms of organization or economy emerged exactly because of the deficiency of other forms. It is no accident that most of them emerged during and immediately after the two world

wars.

I did not wish to argue here that public enterprise institutions are democratic but rather that the standards layed down by liberal-democratic theory to argue that they are undemocratic are unsatisfactory for such an evaluation.

VI.

The liberal economic argument is highly compatible with the previous political liberal model in that it states that the economy and the political system should be divided. It concentrates however on the decision-making within the economic subsystem and argues that within the economic system economic freedom should exist, because of the fact that such an autonomy of economic actors within the framework of the free market enables a highly differentiated coordination of their actions according to the market-price mechanism and as such leads to an optimalization of the factor allocation and a possible demand orientation. Some authors (Röpke 1958, von Hayek 1967) within this tradition have moreover argued that the economic freedom has to be seen as something positive in its meta-economic, social and political effects as well.

Public ownership - at least in the way it has been conceptualized here - is of course hostile to such a conception in which the 'state of nature' (Hobbes) is seen

as equal to economic democracy. Here again, the argumentation is built on a very idealised conception of reality. Since the private economy is also highly structured politically, the question arises again whether this model's strength does not primarily lie with its normative prescriptions instead of its analytical capacity. And again, this does not point to the inverse conclusion but rather to the weakness of the standards outlined by this theory of democracy.

VII.

An alternative conception of democracy which finds its basis in the 'participatory revolution' of the 'sixties represents a reaction to the liberal models outlined above, particularly in its insistence on the extension of the political to untraditional spheres of society. This approach in the literature can best be termed the organizational conception of democracy. Different forms of such organizational democracy which one can find in the literature, are labeled 'collective bargaining', 'industrial democracy', 'worker's representation on boards', 'codetermination', 'joint consultation and information-works councils', 'humanization of work', 'self-management', etc. Without going into details on these different schemes and the discussions which exist between the advocates for the different modes it is important to note here that the principle of 'affected interest' is employed as the main criterion of democratic legitimacy. According to this point of view, organizations offer better possibilities of fulfilling this criterion than do, for instance, a political parties. Participatory democrats, from Rousseau to Pateman, have emphasised the importance of internal democratization of groups while simultaneously arguing that the existence of societal groups of various kinds protects the individual

against an over-powerful state.

The organizational unit of analysis in these industrial-democracy approaches is always the firm or the work-place. Important, however, for such industrial-democracy schemes is not only that there comes about an increased decision-making power on the part of labour with a corresponding decrease in managerial prerogatives and capital-ownership but also that the institutional environment in which these firms exist fulfills specific conditions; the basic thesis of yougoslav authors, for example, is that the market is a precondition for such a self-management. This is because a market economy necessarily presupposes the autonomy of participants in the economy, while self-management is necessarily linked to the autonomy of the manager, so that self-management is thus necessarily linked to the market. If there is no such autonomy, these authors argue, what are the self-managers then making decisions about? (Cf. Sekulic 1986, Vanek 1970, Nutzinger 1978).

A most interesting observation is the fact that in most Western approaches to economic democracy on organizational level, this idea is not as explicitly formulated as with said yougoslav authors. It is nevertheless assumed implicitly. Take, for example, a study of democracy in the International Typographical Union (Lipset et al. 1956). The

preface says that the "larger objective of this book ... is to illuminate the processes that help to maintain democracy in the great society by studying the processes of democracy in the small society of the ITU" (xi). And "the extension of democracy in a industrial society requires the extension of control by men over those institutions they depend upon" (462). The conditions necessary for democracy are thus the same at any level of analysis. Such conceptions thus assume the existence of a 'market' (cf. pluralism), i.e. an aggregate of different (democratic) organisations. This approach, however, fails to consider the fact that these higher levels can be (and are) structured as well.

The formulated conception of democracy asks for (in the case of the yougoslav authors) or presupposes (in the case of Western authors) an economic system in which no institutional structures exist but only atomised firms or organizations. It is naive to presuppose the existence of such an economic system without clans, hierarchies, interlocking directorates, associations, etc. How much effective control possesses a member of a - be it highly democratic - organization, when it is located far down in the 'market hierarchy' (Marin 1985b)?

Worse still, Lipset et al. had to admit that the union was weaker externally because of its internal democracy. It could not negotiate as effectively with employers because

union leaders had to calculate the potential electoral effects of their bargaining behaviour. Internal competition thus weakens an organization's power to compete within a large (democratic) political system. Paradoxically, a larger democratic system may require undemocratic organizations. This paradox is not recognized in approaches where the relations between levels of analysis are unproblematic.

Statements such as "...es scheint die Behauptung gerechtfertigt, dass der Marktmechanismus ... nicht nur die einzige praktikable Form gesellschaftlicher Koordination ist, die mit Arbeiterselbstverwaltung im Betrieb vereinbar ist, sondern das sie auch die einzige wünschenswerte Form ist."

(Nutzinger 1978, emphasis in original) thus immediately makes clear that according to the criteria laid down in this strain of democratic theories public ownership institutions are necessarily undemocratic.

INTERMEZZO

VIII.

So far we have seen that public ownership institutions are incompatible with the different conceptions of democracy which have been briefly reviewed. If we understand the quoted approaches correctly, their criticism against public ownership institutions cannot be directed so much against

their public character as against the fact that they are directed through 'institutions'.

This because the democratic theories reviewed here conceive democracy as 'politics reduced to terms of procedures, rules, or criteria governing the act of choosing instead of the objects of choice, what one might call the substantive ends of the regime' (Cropsey 1986: 5; see also Narr and Naschold 1973: 45 and Medick 1973: 502). A complex conception of democracy should however contain a normative as well as a procedural dimension. The normative dimension should formulate criteria for the normative goal, i.e. the substantial prescription of the criteria for a democratic society.

As far as public ownership institutions are concerned, this would mean stating arguments about questions such as the compatibility of public ownership for democracy and where, how much, what for, etc., public ownership is needed or undesirable for a democratic society. It cannot be stressed enough that such a normative dimension should exist alongside (and even prior to) a procedural one. Such an argumentation will, however, be neglected here; the existence of the nature of public ownership will be presumed as being compatible with democracy. Here, I will limit myself to some comments about the procedural dimension of democracy within institutions.

. According to liberal political democratic theory, institutions are considered undemocratic when they are not controlled by the central political institutions. According to participatory democratic theory, institutions are undemocratic when only some of those directly involved can participate in its decision-making.

Lately, however, there is a growing literature on the theme that 'turbulent fields' (Emery and Trist) of modern societies can less and less be controlled by individuals, single organizations or hierarchies, but increasingly require institutional structures, mostly called inter-organisational networks. Both the formulation and implementation of public policy involve increasingly different governmental levels and agencies, as well as interactions between public authorities and private organizations. A reader by Hanf and Scharpf (1978) takes as a startingpoint precisely the fact that a major task confronting political systems in any advanced industrial country is that of securing coordinated policy actions through more or less stable networks (or what I would call institutional structures) of separate but interdependent organizations. Public enterprise institutions are only one example of this phenomenon of social systems becoming more and more complex, leading to functional specialization and differentiation.

Offe, for example, recognizes such institutional

structures (particularly neo-corporatist structures of policy-making) but critically examines their democratic quality: "Das funktionalistische Argument, dass korporative Strukturen einer dezentralen Makro-Steuerung aus einer Reihe von Gründen die steuerungstechnisch überlegene und problemadäquate Lösung für das versagen von Markt und Staat sind, weil sie die Regelung von Verteilungskonflikten rationalisieren und Kollektivprobleme berücksichtigen können, lässt den normativen Gehalt solcher Strukturen völlig im Dunkeln" (1984: 35, emphasis in original). I totally agree with Offe that arguments for democracy cannot be neutralized by arguments of efficiency and functionality.

But on the other hand, the democratic quality of institutional structures should not be judged by standards developed at other levels of analysis, i.e. the organizational or societal ones.

The alternative proposed here, is the elaboration of specific standards of democracy for the institutional level: something which would allow us to differentiate between the democratic quality of different institutional structures instead of drawing the conclusion that institutional structures (independently of shape or content) are undemocratic by their very nature. One could even go further and state that the acquisition of standards for building institutional structures in a democratic way could lead to a

more democratic society as a whole. Democracy on the institutional level could on the one hand eliminate the inefficiency of and alienation from big democratic institutions and on the other hand broaden the scope of decisions taken within democratic organizations.

Only very few analyses of this hitherto unexplored area of research have appeared. They will now be reviewed in the last part of this paper and the possibilities they contain for formulating an (empirical) theory of democracy for the institutional level will be shown. Further research will need to evaluate the extent to which different institutional structures are compatible with such a conception. Standards should be formulated according to which, for example, public enterprise institutions can be organized more democratically while at the same time the complexity of modern industrial societies is accounted for.

DEMOCRACY AND COMPLEXITY: DEMOCRATISING INSTITUTIONS

IX.

There are different ways to evaluate the extent to which decision-making within institutional structures is democratic. Three of these have been criticized earlier: institutional structures cannot, or with difficulty, be controlled by the traditional political channels, something

and an article with the encouraging title 'Demokratie und Komplexität' (1968) in which he is explicitly concerned with the problem of democracy in complex social systems. Naschold starts criticizing theories of democracy on the following different grounds: 1. some conceptions of democracy (party-competition and representative democracy) reserve very limited space for direct participation of members; 2. the analysed concepts often presuppose an analytical system model, be it the 'goal model' (which leads to an utopian democratism since it is concerned with the fulfillment of only one goal to the total neglect of other system goals) and the 'system survival model' (which is merely concerned with the question of the survival of the present system). Naschold states that only a 'system goal model', which accounts at the same time for a democratic and survival- and efficiency goal-function, would be appropriate; 3. the theoretical potential of most concepts cannot cope with the complexity of organizations in the real world.

Taking this criticisms, which by the way show some similarities to those formulated earlier here, as a starting-point, Naschold pleads in favour of an approach which connects the normative position of the radical liberal notion of participatory democracy, the system goal model and highly complex theoretical concepts. Conceptions for the restitution of the control function of the 'Öffentlichkeit'

which has much to do with the fact of their being, indeed, institutional structures; institutional fields are too complex for decision-making as is advocated in participatory and 'Öffentlichkeit'-conceptions (which are limited to spatially and qua number of members surveyable organizations) and finally, institutional structures possess, independent of their constituent parts or organizations, emergent structures which results in the fact that an institutional structure consisting of exclusively democratic organizations is not necessarily, by this fact alone, democratic in its totality.

A fourth argument states the incompatibility of planning or decision-making and democracy within complex systems (e.g. Schelsky 1966: Luhmann's work (e.g. 1966) has often been interpreted as implicitly supporting such a thesis, see *infra*).

The fifth thesis, and this is the one I want to develop here, sees the possibility of democratization without however, the necessity to abandon the achievements of complex institutions.

X.

This last program has already been formulated in 1969 by Naschold in a book entitled 'Demokratie und Organisation'

supports Luhmann in doing justice to the studied reality in his formulation of complex theoretical approaches (Naschold 1968: 517).

For us it is interesting to note that both Luhmann and Naschold are seriously concerned with finding ways to combine complexity and democracy. Both, however, set about to solve the problem in rather different ways. Whereas Naschold wants at all costs to stick to the normative propositions of the classical democracy conception, Luhmann states the need for "eine radikale Uminterpretation des klassischen Konzepts der Demokratie als Herrschaftsnorm ... wenn man die Demokratie komplexer politischer Systeme als Norm und als Wirklichkeit begreifen will" (1969: 315). Against the argument by Naschold of the use of a shortened conception of democracy, Luhmann places a counterargument which is typical for him; according to which Naschold's critique is itself based on a shortened conception: "Im Begriff der Demokratie werden letzte normative Postulate der Politik symbolisiert - und das gibt anlaß zu zweifeln, ob Demokratie noch angemessen begriffen wird, wenn man sie weiterhin als Herrschaft des Volkes oder, schon reduziert(!) als Entscheidungsbeteiligung des Volkes bestimmt. Mir scheint, daß es nicht um weniger, sondern um mehr geht". (1969: 317)

For Luhmann, democracy means "Erhaltung der Komplexität

(Habermas) thus should from the outset deal with the reality of complex social organizations. They must contain a 'requisite variety', i.e. a complexity consistent with the complexity of the field of enquiry (Naschold 1969: 252). This demand is without doubt realized in the work of Naschold but the application of his approach to the special problem of the democratization of public enterprise institutions is problematic: firstly, a concretization of Naschold's arguments for societal sectors, for which they were not originally developed, is hindered by their formal character and high level of abstraction. Secondly, orients Naschold himself in his works more towards big social organizations such as parties, unions and associations rather than at an analytical higher level, i.e. institutions. Something which is normal when it is recalled that he developed his approach in the 'sixties.

XI.

Another approach to the outlined problem is the one stated by Luhmann (1969) in his answer to the article by Naschold, where Naschold interpreted Luhmann as using a "stark verkürzten Demokratiebegriff, ... der hinter der Erfordernissen der Planung und Entscheidung zurücktrete und (so) ... die humanen Werte unter den technologischen Reduktionsweisen verkümmern lasse" (Naschold, quoted in the reply by Luhmann 1969: 314). On the other hand Naschold

in a complex way and in a multi-party system, to be democratic, election results must lead to varied, political sensible, opportunistic, innovative politically conceptions. Both standards being probably equally seldom in both systems.

Where does it lead to when we apply this approach to the case of public enterprise institutions? The question which should be answered is, in how far are public enterprise institutions constituted in a complex way, i.e. in how far do they represent a structure which guarantees a broad range for ever new selections?

In the private market economy corporate executives function often as "public officials". The decisions they make have wide ranging public consequences beyond the borders of their enterprises. More important than the fact that those decisions are made with little government or other control (as is more or less equally the case for public enterprises) is the fact that the corporate decision makers' only consideration is related to capital accumulation. This is different for public enterprises which are part of institutions which structurally create possible alternative modes of action similarly, the 'economization of politics' (supra) can be interpreted as a trend which leads to a reduction of the possible "no's" within political systems. The point of references toward action can be

trotz laufender Entscheidungsarbeit" (1969: 315), maintaining a widest possible range for continuous new and alternative decisions 1).

For Luhmann there exists no tension between democracy and complexity, rather the other way around, "(das) Erreichen höherer Komplexität im politischen System hat Demokratie zum universell gültigen normativen Postulat (...) werden lassen". (1969: 318) Complexity is desirable for the existence and development of democracy.

Luhmann's definition of democracy leads to as yet still unconventional views such as his illustration of the fact that one-party systems are not per se undemocratic and multi-party systems not per se democratic. Ideologically integrated one party-systems are legitimized by a uniform ideology whereas multi-party systems are legitimized through the existence of competition between different parties. To be democratic, however, for both systems, the standard of complexity has to be fulfilled: for a one-party system, to be democratic, the ideology must be constituted

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- 1) And he adds: "Darin hat Demokratie ihre Rationalität und ihre Menschlichkeit: ihre Vernunft. Denn genau dies zeichnet den sinnvermittelten menschlichen Weltbezug aus, da er zwar auf Leben beruht und deshalb von Augenblick zu Augenblick entscheidend und handelnd gewählt werden muss, da es aber das Nichtgewählte nicht ausmerzt, nicht definitiv unzugänglich macht, sondern im Horizont bleibender Möglichkeiten nur neutralisiert, inaktuell macht, aber aufhebt. (1969: 320).

nicht. differenziert genug negieren. (1969: 324-325). A program, which fifteen years after its formulation is still, and probably more than ever, actual. I hope, this paper has at least been a means of stimulating the revival of such a problematization.

evaluated as reduced to exclusively 'economic' ones. Public enterprise institutions can equally be 'economized', 'bureaucratized' etc. but I feel them to be less susceptible to such a trend.

The short evaluation for public enterprise institutions which has been given here is based purely on negative argumentation, i.e. it has been illustrated that other forms of economic organization have less built-in possibilities for policy choices. A positive argumentation could be, however, more fruitful, i.e. stating when, why, and to what extent different public enterprise institutions are democratic according to Luhmann's criteria. Therefore an abstract, functional problem- and structure-knowledge must be developed and reality has to be understood as the connection of problem-solving structures, problems resulting from such structures, solutions to such resulting problems, etc. and this means problematizing them in consideration with other, functionally equivalent possible solutions. Luhmann himself did not get further than formulating the need for such an approach: "Unsere Institutionen und Verfahren gewährleisten schon Positivität der Entscheidungsprämissen, also Selektivität und Variabilität von Strukturen, aber wir verfügen nicht über eine dieser Chance entsprechende, kompetente Begrifflichkeit, in der wir Strukturen wählen und Erfahrungen machen, kurz: lernen können. Wir sind zur Kritik herausgefordert, aber wir können

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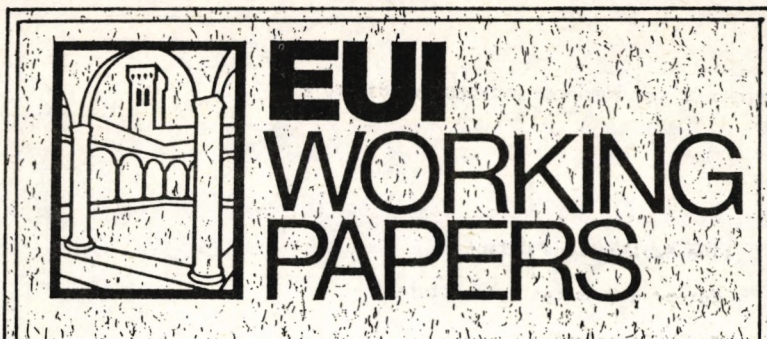
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