

EUROPEAN UNIVERSITY INSTITUTE, FLORENCE

DEPARTMENT OF POLITICAL AND SOCIAL SCIENCES

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COMMUNITY, MARKET, STATE - AND ASSOCIATIONS?

The Prospective Contribution of
Interest Governance to Social Order

by

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DEPARTMENT OF CHEMISTRY

THE UNIVERSITY OF BRISTOL

REPORT OF THE DEPARTMENT

For the year ending 31st December 1957

By the Director

University of Bristol

The Department of Chemistry, University of Bristol, has been fortunate in receiving a grant from the Science Research Council for the year 1957-58. This grant has enabled the Department to purchase a number of new instruments and to employ additional staff. The Department has also received a grant from the University of Bristol for the purchase of a number of new instruments and for the employment of additional staff. The Department has also received a grant from the University of Bristol for the purchase of a number of new instruments and for the employment of additional staff.

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THREE MODELS OF SOCIAL ORDER - OR FOUR?

Ask a contemporary social scientist the question: "How is social order possible?" and she or he will likely answer--if at all--with a model. No one can possibly observe directly or comprehend totally how such an enormous multitude of independent actors with diverse motives can interact in so many different and changing ways, and yet somehow manage to produce (or better, reproduce) something approaching "order". Even to begin to grasp how something so incredibly complex works requires a feat of great intellectual pretension and radical analytical simplification. Previously, this could be attempted with organic metaphors or mechanistic analogies; today we feel compelled to offer more explicit and complex "models of society" or "social order". These abstractions reduce the variety of actors to a few ideal types, assign to them a restricted menu of passions or interests, allow them to cooperate and conflict with each other according to certain patterns or rules, and postulate that all this interaction will result in something called "an equilibrium"--a state in which the actual behaviour of persons and collectivities is both mutually adjusted and predictably variable. Moreover, such models usually pretend not merely to be empirically correct, but also to be normatively proper, i.e. they postulate that if societies were indeed ordered in the stipulated manner, beneficial results would ensue for most, if not all, of their members who would, therefore, accept such an arrangement as natural and legitimate.

Given the magnitude of the intellectual task involved, it is not surprising that there are few such general models available. Three of them seem to have virtually dominated philosophical speculation and social science thought. They tend to be identified by the central institution which embodies (and enforces) their respective and distinctive guiding principles: the Community, the Market, and the State (or the Bureaucracy)--although it might

be more accurate to label them according to the principles themselves: spontaneous solidarity, dispersed competition and hierarchical control. Clearly, however dominant any one of these three may have been at a given moment and/or for a given set of actors, almost everyone would concede that modern societies/polities/economies can only be analyzed in terms of some mix of them. Today, social scientists in their separate disciplines seem to be groping toward concepts for identifying these multifaceted combinations and interactions. While some point out the conflicts and incompatibilities between the three ordering principles; others emphasize their mutual complementarities. Thus, communities may undermine markets by facilitating informal collusion and supporting clientelistic arrangements; whereas market competition may decompose community bonds and erode common value orientations. But it is also true that communities encourage mutual confidence and "good faith" which are necessary for stable economic exchange, while markets provide communities with opportunities for "extended reproduction". Similarly, state intervention may distort markets, just as the outcome of free contracts and competition may contradict state policies. At the same time, markets require a legal framework and the authoritative enforcement of contracts, and even the most etatistic states seem to require markets as a supplementary mechanism of allocation. Finally, there are a number of ways in which communities may suffer disintegration as a result of state growth and government intervention, just as communitarian "tribalism" can frustrate the development of a stable nation-state. Nevertheless, a state without some kind of spontaneous solidarity among its citizens is no more than a bureaucratic or military conspiracy, and modern communities without a state would always be in danger of losing their identity and independence.

This paper will not explore further the relationships, the linkages and the proper balance between community, market and state. While we agree that it is essentially in different mixes of institutions and in the interaction of

different modes of coordination that the answer to the question of social order is to be found, we suggest that there exists, in advanced industrial/capitalist societies, a distinctive fourth institutional basis of order which is more than a transient and expedient amalgam of the three others and, hence, capable of making a lasting and autonomous contribution to rendering the behavior of social actors reciprocally adjustive and predictable. If we labeled this additional source of social order after its embodying institution, we would call it "the Association" (1)—in contrast to "the Community", "the Market" and "the State". If we were to identify it by its guiding principle of interaction and allocation, we would call it "organizational concertation"--in contrast to "spontaneous solidarity", "dispersed competition" and "hierarchical coordination".

Why assign to associations such an elevated theoretical status, coequal to community, market and state? The background of our argument is the emergence in Western societies of systems of bargained interest accommodation and policy concertation in the 1960s and 1970s (Berger 1981, Crouch and Pizzorno 1978, Goldthorpe forthcoming, Lehbruch and Schmitter 1982, Schmitter and Lehbruch 1979). On the basis of accumulated research, we are now convinced that the logic according to which these systems operate cannot be reduced to the respective logics of community, market and state, or explained by ad hoc mixes of these (2). One purpose of this paper is to explore this "fourth" logic more systematically and to show in what sense it is different from the others. We believe that it is only through an explicit recognition of the specific contribution of associations and organized concertation to social order, that we can arrive at a better understanding of today's "bargained" economies and societies. We also believe that an improved understanding of the actual and potential role of associations may significantly increase the range of strategic alternatives for the solution of public policy problems. We are aware of the fact that, empirically,

associations are of different importance in different countries, sectors and policy areas, but as the same applies no less to the three other ordering principles, we do not think that this, by itself, speaks against our argument.

The idea that associations may provide a distinctive basis for social order is, of course, not entirely new, and we will call upon some prominent witnesses further on. Nevertheless, by the mainstream of modern social and political thought, associations have always been regarded much more as a source of disorder. Usually the history of democratic/industrialized societies is presented as consisting of two main periods: the expansion of markets into pre-existing communities in the nineteenth century, and the expansion of the interventionist state into the new market economy in the twentieth century. Associations were in both periods regarded with suspicion: in the first one, they were seen as impediments to the development of a free market; in the second one, they were viewed as obstacles to the growth of the (democratic) state—a perception that was reinforced by the authoritarian corporatist experiences of some countries in the interwar years. In spite of historical evidence to the contrary and occasional theoretical dissent, this tendency to discuss associations mainly in terms of their actual or potential dysfunctions for the three other, more established bases of order has continued to dominate the scene.

In part, this may be explained by the fact that community, market and state all have their specialized professional advocates within the social sciences, while associations typically had to put up with individual dissidents from a variety of disciplines. Thus, sociologists, following the forceful lead of Robert Michels, have been relentless in demonstrating that modern interest associations tend to become "alienated" from the values of the communities they purport to represent. Similarly, economists—as far as we know, without exception—have treated associations as cartels, and associative action as a major cause of inefficient, suboptimal resource allocation.

Finally, political scientists and public lawyers have, in their great majority, regarded associations as a threat to liberal democracy, parliamentary rule and state sovereignty, pointing to phenomena such as industrial action in defiance of legislation, "colonization" of state regulatory agencies, or the undermining of parliamentary sovereignty by "social pacts" negotiated between the government and strong interest groups.

Our point is not that these observations are entirely mistaken. What we are saying, however, is that they are one-sided. The fact that associative action may be dysfunctional for the three (other) institutional bases of social order—a fact that we by no means wish to contest—does by itself not rule out the possibility that it may also contribute to order. As we have seen, community, market and state have dysfunctions for each other as well. What is important is that they at the same time require one another for their respective functioning; and that there are specific problems of order that each of them is better equipped to resolve than the others. The same, we submit, can be said of associations.

A BRIEF EXCURSUS ON COMMUNITY, MARKET AND STATE

The dominant models of social order are so well known—even if their guiding principles are not often rendered explicit—that we can pass over them quickly. Each of them has its own postulated integrity, autonomy and tendency towards equilibrium and reproductivity. Each has distinctive properties and processes, and each corresponds to distinctive aspects of the human condition. In Table I we have laid out schematically twelve elements which might be said to comprise any comprehensive, if radically simplified, understanding of social order, and then suggested the different "answers" which the three classical models have to offer. Because the market model has been used so

TABLE I: THE PROPERTIES OF 'COMMUNITY', 'MARKET' AND 'STATE' SOCIAL ORDER

	COMMUNITY	MARKET	STATE
1.	Guiding PRINCIPLE of coordination and allocation	Dispersed competition	Hierarchical control
2.	Predominant, modal, collective ACTOR	Firms / Parties	Bureaucratic agencies
	Other ACTORS	Entrepreneurs/Politicians Consumers & Workers / Voters	Subjects (taxpayers, law abiders, conscripts, etc.) Civil Servants, Clients, Claimants
3.	Enabling CONDITIONS for actor entry and inclusion	Ability to pay / Eligibility to vote	Legal authorization, "Jurisdiction"
4.	Principal MEDIUM OF EXCHANGE	Money / Votes	Coercion
5.	Principal PRODUCT OF EXCHANGE	Contracts/Incumbencies	Authoritative regulation
6.	Predominant RESOURCE(S)	Economic/Political entrepreneurship, Calculative rationality	Legitimate control over the means of coercion, authoritative Distribution of positions, Administrative & legal exper- tise, Procedural correctness
7.	Principal MOTIVE(S) of superordinate actors	Profit / Electoral victory	Career advancement, Bureaucratic stability
	Principal MOTIVE(S) of subordinate actors	Material benefit / Exercise of "voice"	Fear of punishment
	Common MOTIVE/CALCULUS	"Maximizing advantage" / "Minimum winning coalition"	"Minimizing risk", "Maximizing predictability"
8.	Principal DECISION RULE(S)	Consumer/Majority preference	Authoritative formal adjudication Imperative certification
9.	Modal TYPE OF GOODS produced and distributed	Private Goods	Collective Goods
10.	Principal LINE OF CLEAVAGE	Sellers vs. Buyers / Parties vs. Voters	Rulers vs. Ruled
	Other CLEAVAGES	Capital vs. Labour / Producers vs. Consumers / Importers vs. Exporters / Incumbents vs. Opposition Territorial, Ethnic, Relig- ious, Linguistic, Ideolo- gical divisions, etc.	Superiors vs. Subordinates Overlaps of jurisdiction Conflicts between levels of govern- ment, Interstate rivalries, etc.
11.	Predominant NORMATIVE-LEGAL FOUNDATION	Property rights/Con- stitutional guarantees	Formal admin- istrative procedures
12.	Principal PAY-OFF(S)	Material prosperity/ Citizen accountability	External security, Equitable and predictable treatment, Efficient mobilization of resources

extensively to explain the structure, not only of the competitive allocation of material goods and services according to consumer preferences in a capitalist economy, but also of the competitive interaction between political parties in pursuit of voter preferences in democratic elections, we have split this column into two parallel sub-routines for the economic and the political market.

At the core of the different assumptions about actors, conditions, means, resources, decision rules, lines of cleavage, types of goods and normative-legal foundations lie the central and controversial questions of what motivates super- and subordinate individuals to engage in social action and what makes them respect and accept the collective outcomes which ensue from their efforts at obtaining their specific satisfactions. In the ideal community, chiefs, notables, leaders, etc., desire the esteem of their followers, while the latter seek a sense of belonging to and participating in the group as such. Together they satisfy their mutual needs for a shared affective existence and a distinctive collective identity. In the perfect economic/electoral market, economic/political entrepreneurs seek to maximize their profits/electoral support in exchange for which their consumers/voters are expected to be content with the material benefits arising from competition/the impact on public policy of electoral "voice". The arrangement is legitimated by greater than otherwise obtainable economic prosperity of consuming publics and political accountability of governing elites. Finally, in the ideal-typical state bureaucracy, allocational decisions are made through "public policies" that are enforced, with the ultimate backing of the state's monopoly on legitimate coercion, by civil servants striving to satisfy their dominant interest in career advancement and bureaucratic stability, on subjects that strive to avoid punishment; both do so by minimizing risks and maximizing predictability through following agreed-upon procedures and regulations. The system "works" if it is successful in

protecting all actors from domination by external actors and in affording equitable and predictable treatment to all.

None of these orders is intrinsically harmonious or conflict-free. All have embedded in them an axial line of cleavage which is a source of continual tension, as well as numerous other cleavages which may arise more episodically. Communities have the general problem of dealing with the relations between native members and "foreigners" who have somehow gotten into their midst or who wish to do so; economic markets have to deal with the basic conflict of interest between sellers and buyers (of products as well as of factors of production, e.g. capital and labor), just as political markets must cope with the conflicting claims of parties and voters; states are divided by the perpetual dispute over the privileges which rulers arrogate to themselves and the obligations which they impose on the ruled. Presumably, however, these lines of cleavage are at least containable, if not resolvable, as long as each order applies and respects its own decision rules. Communities may by common consent incorporate foreigners within their ranks—if properly socialized—or they may expell them if they behave improperly. Markets for goods and services, by responding through investment to the preferences of consumers, may provide for a Pareto-optimal allocation of resources that gives all participants the maximum possible satisfaction, or for sufficient pay-offs to induce workers and consumers to accept the property rights of capitalists and producers. In the electoral market-place, majoritarian winners may gain the contingent consent of minoritarian losers by assuring them that future contests will be fairly conducted and could result in a reversal of fortune in office-holding and policy-making. States can effectively mitigate the tensions between rulers and ruled by following recognized procedures in establishing entitlements to positions and benefits and by adjudicating fairly and authoritatively all disputes that may arise.

The main threats to the integrity, persistence and legitimacy of these three orders are not likely to come from within but from without. The sharpest and most potentially destructive conflicts are generated when the principles, actors, media of exchange, resources, motives, decision rules, and lines of cleavage from the different "orders" compete with each other for the allegiance of specific groups, for the control of scarce resources, for the incorporation of new issues, for the definition of rules regulating exchanges between them, and so forth. Politics with, or within, the respective orders is one thing; politics between them quite another matter.

Nor can such dramatic and uncertain conflicts be avoided. Under the conditions described generically as "modernity", the three orders of community, market and state have come to depend upon each other and to be affected increasingly by each other's unresolved problems and externalities. Communities without states did exist in the past, but there are few left, just as it is hard to imagine even the most isolated or self-encapsulated community which does not draw some of its resources from commercialized economic exchanges. As innumerable analysts have pointed out, capitalist market relations would be self-destructive without the persistence of some degree of trust, deference, esteem and consent rooted in communitarian practices, and they could not even exist if public authority were not present to ensure the policing of contracts--not to mention the myriad of other facilities that the modern state places at the disposition of producers and consumers, capitalists and workers. Even the most ideal-typical bureaucratic state, whatever its linkage with an open, competitive party system and electoral marketplace, must depend upon the performance of "its" economy (and increasingly that of other economies) to generate the financial resources necessary for protecting its "legitimate control over the means of coercion" and for remunerating those who occupy its positions of imperative coordination and authoritative allocation. No matter how "formal-rational" a state's administrative apparatus may seem,

the efficacy of its everyday decisions depends to a substantial extent on the voluntary compliance and socialized identification of its subjects who associate it with a particular nation, ethnic group, religion or "community of fate". Especially in moments of crisis which call for exceptional effort and sacrifice, states will find themselves drawing heavily on their "community account", as well as upon their economic resources and plebiscitary support.

So, to an increasing extent, modern societies find themselves immersed in the interstices between the three "orders". After lamenting "the decline of community", attention was focused on "the politicization and bureaucratic regulation of the economy". More recently, we have become aware of the "limits of state power" when confronted with market adjustments and communitarian identities. One way in which these "immersed" societies have been coping with this situation is by generating an increasing variety and number of institutions of a new type for intermediating between the conflicting demands of these established orders. As part of this effort to control the externalities of the three classical orders, advanced industrialized societies have rediscovered and begun to revive a fourth, additional basis of order, associations and organizational concertation. This development has not been guided by some recognizable, over-arching principle or justified by any comprehensive ideology. It rather consists of disparate, uneven and pragmatic responses to particular dysfunctions and conflicts. The emerging pattern is, therefore, confused and tentative, and it is not at all clear whether it will in fact consolidate itself, or whether it will turn out to be no more than an ad hoc, temporary and contingent set of "mixed" responses to ephemeral crises and events. In the following, we will try to describe and analyze the underlying principles of this pattern as best we can discern them.

AN ASSOCIATIVE MODEL OF SOCIAL ORDER

The idea of a distinctive associative order is not new to modern social and political thought. Hegel, for example, had an elaborate, if not particularly accessible, conception of how Korporationen emerged from civil society as its highest organized expression and laid the basis (the second "sittliche Wurzel", alongside the family) for "the universal, substantial state". He was followed by Fichte, Schlegel, von Ketteler, von Vogelsang, La Tour du Pin, de Mun, von Gierke, Spann and others—all of whom advocated some form of corporative-organic social order as a response to the "anomic" structure of the emerging market. With Rerum Novarum (1891) and Quadragesimo Anno (1931), this became an integral part of Roman Catholic doctrine. On a more secular note, Saint-Simon was promoting the idea of "associationnisme", as early as the 1830s, as an alternative to capitalism. Even more important, perhaps, was Durkheim with his concept of professional corporations as the main institutional basis of "organic solidarity" in modern societies characterized by a highly developed division of labour. Indirectly, these models inspired contemporary institutions such as Mitbestimmung, Autogestion, etc., and have prepared an ideological basis, often via Social Democracy, for the growing importance of associations and organizational concertation.

Of course, the fact of a distinctive associative order has always been on historical display, so-to-speak, in the experience of the late medieval cities of Italy, France, Catalonia, the Rhineland and Northern Europe whose social and political system was based on a guild structure. Hence, when John Maynard Keynes reflected on the consequences of "The End of Laissez-Faire" and searched for a new order "somewhere between the individual and the modern state", he naturally looked backward to those experiences and proposed "a return, it may be said, towards medieval conceptions of separate autonomies".

Let us follow Lord Keynes' suggestion and see what such a neo-medieval order might look like if it were to emerge in the contemporary world.

At its core is a distinctive principle of interaction and allocation among a privileged set of actors. The key actors are (Table II) organizations defined by their common purpose of defending and promoting functionally-defined interests, i.e. class, sectoral and professional associations. The central principle is that of concertation, or negotiation within and among a limited and fixed set of interest organizations that mutually recognize each other's status and entitlements and that are capable of reaching and implementing relatively stable compromises (pacts) in the pursuit of their interests. A corporative-associative order is, therefore, based primarily on interaction within and between interdependent complex organizations. Secondary interactions involve the relations between these associations and their members (including non-members directly affected by the agreements reached) and their interlocutors--outside actors whose resources or support are necessary for the concerted compromise to take effect (often, state agencies), and/or whose interests are indirectly affected by the externalities generated by such agreements (e.g. political parties and social movements).

It is when we turn to "enabling conditions", that the distinctiveness of corporative-associative action becomes most manifest, especially in contrast to pluralist theories of pressure politics. For some time, the predominant way of analyzing associative collective action relied on an uneasy amalgam of community and market models. According to it, "interest groups" sprung into existence "naturally" and acted autonomously on the basis of a unity of shared norms and interest definitions--both communitarian assumptions. They attracted members on a voluntary basis, formed into multiple, overlapping units, entered into shifting "parallelograms of group forces" according to the issue at hand, used whatever means tended to produce the best immediate results, and won influence roughly proportional to the intensity of their

TABLE II: THE PROPERTIES OF AN ASSOCIATIVE MODEL OF SOCIAL ORDER

1. Guiding PRINCIPLE of Interaction and Allocation	Inter- and Intra-organizational concertation
2. Predominant, modal, COLLECTIVE ACTOR Other ACTORS	Functionally defined interest associations, Members (firms, consortia, individuals, social groupings), Interlocutors (state agencies, parties, movements)
3. Enabling CONDITIONS for actor entry and inclusion	Capacity for mutual disruption, Attainment of monopoly status, Willingness and capacity to compromise, Symmetry of organizational capacity
4. Principal MEDIUM OF EXCHANGE	Mutual recognition of status and entitlements; Compliance of members
5. Principal PRODUCT OF EXCHANGE	Pacts
6. Predominant RESOURCE(S)	Guaranteed access, Compulsory contribution and membership, Institutionalized forums of representation, Centralization, Comprehensive scope, Jurisdiction and Control over member behaviour, Delegated tasks, Inter-organizational trust
7. Principal MOTIVE(S) of superordinate actors Principal MOTIVE(S) of subordinate actors Common MOTIVE/CALCULUS	Expansion of organizational role, Organizational development, Career advancement Lessened uncertainty, Proportional shares, "Satisficing (mini-maxing) interests"
8. Principal DECISION RULE(S)	Parity Representation, Proportional adjustment, Concurrent consent
9. Modal TYPE OF GOODS produced and distributed	Categoric goods
10. Principal LINES OF CLEAVAGE Other CLEAVAGES	Members vs. Associational Leaders vs. (State) Interlocutors Included vs. Excluded (social movements) Well organized vs. Less well organized Established vs. Rival Associations Over vs. Under-represented Majority vs. Minority Segments National vs. Regional vs. Local Interests (parties, maverick enterprises, community representatives, local notables)
11. Predominant NORMATIVE-LEGAL FOUNDATION	<u>Pacta sunt servanda</u> , Freedom of association
12. Principal PAY-OFF(S)	Less class exploitation; More symmetric distribution of benefits; Greater predictability and stability of socio-economic outcomes (Social Peace)

preferences and the magnitude of their resources--all characteristics of market-like relations. The neo-corporatist paradigm which emerged in European political science in the mid-1970s attacked these assumptions head-on. First, the assault was made largely on descriptive grounds, showing that the assumptions of "pluralism" did not fit recent empirical developments in the politics of advanced industrial/capitalist societies. Only later, after much conceptual speculation and empirical enquiry, there emerged a growing conviction that the conditions which enable interest associations to enter and be included in certain influence games are so specific, and the rules of these games so distinctive, that they constitute a separate logic of collective action and social order.

In a first approximation, this logic can be characterized as follows. In a community order, actor preferences and choices are interdependent based on shared norms and jointly produced satisfaction. In a market order, the actions of competitors are supposed to be independent since no one singular action can have a determinant and predictable impact upon the eventual allocation of satisfactions. In a state order, the actors are dependent upon hierarchical coordination which makes their choices heteronomously determined and asymmetrically predictable according to the structure of legitimate authority and coercive capability. In a corporative-associative order, actors are contingently or strategically interdependent in the sense that actions of organized collectivities can have a predictable and determinant effect (positive or negative) on the satisfaction of other collectivities' interests, and this induces them to search for relatively stable pacts. To reach this stage, the contracting interest associations have to have attained some degree of symmetry in their respective resources, especially in their capability for representing the interests and controlling the behavior of their members (and where necessary outside mavericks), and an effective monopoly in their status as intermediaries for a given class, sector or profession. As long as

interest associations are fragmented into rival communities, organized into overlapping, competing markets for members and/or resources, completely dependent upon voluntary member support, or manipulated from above by state authority, the enabling conditions for corporative-associative order do not exist.

The medium or "currency" of the associative model consists predominantly of mutual recognition of status and entitlements. Of course, concerted groups may bring to bear on a given issue customary solidarities, monetary resources, bloc votes and even threats of coercion should the negotiative process break down, but, fundamentally, they are making demands on each other--informing each other about the magnitude and intensity of their preferences and their likely courses of action if agreement is not reached--and offering in return for the satisfaction of these interests to deliver the compliance of their members. This scambio politico, to use an expression which has gained considerable currency in Italy, obviously depends on whether the minimal, enabling conditions have been met, but its efficacy is greatly enhanced if, as the result of iterative efforts at concertation, the participating associations have acquired new resources. Many of those listed under this rubrique in Table II: guaranteed access, compulsory membership and/or contributions, institutionalized forums of representation, centralized coordination, comprehensive scope, jurisdiction and control over member behavior and delegated tasks of policy implementation depend crucially on the response of one key interlocutor, namely the state, which must be willing and able to use its key resource: legitimate control over coercion and authoritative distribution of positions, to promote and/or protect such developments. The "motivational structure" of corporative associability is, perhaps, not as distinctive as many of its other attributes, at least for superordinate actors. Like their confrères in state agencies, their motives should be largely determined by the imperatives of the formal organizational

context within which they operate and from which they draw their resources. At the center of these are desires for organizational development, expansion, stability and strategic autonomy (Schmitter and Streeck 1981). Eventually, this should lead to a professionalization of management within interacting associations and a consequent decline in their dependence on voluntary support and elected leadership.

The motives of subordinate actors (i.e. members) are more difficult to discern since they are obviously being forced to give up what may often be opportunistically attractive possibilities for acting individually or through less formal groups, in exchange for accepting to be bound by compromised, longer-term and more general obligations negotiated for them by their respective class, sectoral or professional associations. This may be less of a problem for categories of interest where individual actors are very weak and dispersed (e.g. farmers, workers, petty bourgeois), but could pose a serious challenge in those categories where "going-it-alone" through market power or state influence is a promising alternative (e.g. capitalists and some privileged professions). Presumably, what motivates a subordinate to conform to associationally negotiated pacts is lesser uncertainty about aggregate outcomes and higher assurance of receiving a proportionally more "equitable" share of whatever is disputed. If one adds to these the probability that certain conditions of macro-societal performance (e.g. in terms of inflation, unemployment and strike rates) will be superior in societies whose markets have been "tamed" by associative action, then we have an even greater reason for understanding member conformity. Basically what seems to happen is a shift in the "rationality" of social choice. In communities, the calculus rests on "satisfying identity", in markets, economic or political, on "maximizing advantage"/building "minimum winning coalitions", in states on "minimizing risk" and "maximizing predictability". What associations in a corporative order strive for is something more prosaic, but quite rational

given the structural complexity and informational overload of modern society, namely "satisficing interests". By deliberate mutual adjustment and repeated interaction, these comprehensive, monopolistically privileged actors avoid the temptation to exploit momentary advantages to the maximum, and the pitfall of landing in the worst possible situation. In short, they avoid the prisoner's dilemma through inter-organizational trust backed by what we shall call below "private interest government". The price for this is a lengthy deliberation process and a series of "second-best" compromised solutions which are often difficult to justify on aesthetic or normative grounds.

Communities decide by unanimous consent, markets by consumer or majority preference, states by authoritative adjudication and imperative certification. Corporative associations decide by highly complicated formulae which start with parity representation (regardless of members or functional clout), work through a process of sequential proportional adjustments based either on "splitting-the-difference" or "package-dealing" arrangements, and then ratify the final pact by concurrent consent. All this takes time and is vulnerable to substantive and normative assaults coming from communitarian, market and state sources. Usually, deliberations are kept informal and secretive in an effort to insulate them as much as possible from outside pressures or from dissidents within the associational ranks. The "weighting" of influences and the consequent calculation of proportional justice or equity involve often arbitrary standards and mysterious processes--nothing like the neat decision rules of solidaristic unanimity, consumer sovereignty, minimal winning majority or authoritative decree characteristic of the other orders. These elements of citizen unaccountability and proportional inequality--combined with the unavoidably compromised nature of the decisions made--can create a rather serious "legitimacy deficit" and expose corporative-associative structures to normative challenges by proponents of the competing orders of community, market and state (3).

The final structural element we need to discuss in this exploratory description of an ideal-typical associative social order is its lines of cleavage. Here, the principal configuration is tripolar rather than bipolar as in the three other orders. Associational leaders find themselves, Janus-like, in conflict with their members on one side and their (state) interlocutors on the other. While the behavior and the interests of the members are strongly conditioned by competitive market forces, state officials are primarily concerned with upholding and advancing the hierarchical coordinative capacities and the bureaucratic jurisdiction of the state. This does not necessarily leave those in the middle with much room for manoeuvre. Either economic market forces may prove too strong to be contained by associational compromise; or electoral competition may bring to power parties representing "true" citizen interests which will dismantle associational rule; or state officials, wary of excessive devolution of "their" authority to associations they cannot fully control, will simply outlaw them (not to mention the fact that, in some countries, courts may declare associational pacts illegal under the Constitution or anti-trust laws). It may only be a question of which of these gets sufficiently aroused first: opportunistic capitalists, radically mobilized workers, outraged voters, offended civil servants (or strict constructionist judges). In addition, the corporative-associative order also has a number of secondary cleavages to cope with, not the least of which is that between those interests which are organized into it and those, less organized or less functionally specifiable, which are excluded from it.

PUBLIC POLICY AND THE ASSOCIATIVE MODEL OF SOCIAL ORDER. THE CONCEPT OF
"PRIVATE INTEREST GOVERNMENT".

Although it is possible to construct a model of an associative order that possesses a certain internal logic, a rather complete set of attributes and a vague correspondence to possible solutions to some of the functional problems in the interstices between community, market and state in advanced industrial/capitalist societies, this by itself says nothing about its presence and relative importance in social and political reality. Making such an assumption would be to compound a rationalist with a functionalist fallacy. There is, however, a large and growing body of research on the contribution of associational structures to social order, often but by no means exclusively guided by theories of "neo-corporatism" (Schmitter 1974, 1977) (4). The lively interest which this concept has stimulated among social scientists may in itself be an indication that the associative mode of social order has gained, or is gaining, in importance. Moreover, it seems that many of the present political controversies in Western industrialized countries can be described, and better understood, in terms of a search for a new balance, not just between community, market and state, but also between these three and a growing realm of associative action.

In the past four decades, the politics of many Western countries seem to have been bound up in a continuous oscillation between state interventionism on the one hand and market liberalism on the other. Today, after the "long wave" of increasing state interventionism in the late 1960s and early 1970s, the limits and dysfunctions of public bureaucratic regulation have again become a major issue for both the political right and the political left. Catchwords such as "de-regulation", "de-bureaucratization", "Entstaatlichung", "Staatsentlastung", etc. have come to figure prominently in political discourse. Most of the current proposals for a retrenchment of the role of

the state center on a return to either the market or the community as sources of social order. While it is the reinstatement of the market that is at the core of the demands of the powerful neo-liberal movement, off-loading the welfare state to voluntary community action is by no means incompatible with neo-liberal values. Greater reliance on "community" is also advocated by a wide range of other groups--from adherents to the Catholic doctrine of "subsidiarity", to various "autonomous" and "alternative" social movements that have otherwise little in common with neo-liberalism and that in particular would not want to ally themselves with its call for "more market".

However, for all its powerful influence on the public mind, the widely accepted antinomy of state vs. market/community appears to be insufficiently complex for both analytical and practical purposes. For one thing, the swing of the pendulum of public policy seems to be different in different countries, with some countries being much less torn between the two extremes than others. As it happens, these countries tend to be those that have relatively strong institutions, often described as "neo-corporatist", of associational and inter-associational conflict regulation--e.g. Austria, Norway, Sweden, Switzerland, West Germany. Institutions of this kind, in addition to "mediating" between the state and the market, seem to limit the extent to which the two can invade each other and enlarge their domain at each other's expense. In this way, they seem to inject an element of stability in their respective polities that makes them less subject to changing political fashions. Also, an elaborate intermediary associational structure seems to enlarge a country's répertoire of policy alternatives--its "requisite variety"--and this may enable such countries to respond to new problems without having to undergo dramatic internal realignments.

From the viewpoint of public policy, neo-corporatism amounts to an attempt to assign to interest associations a distinct role between the state and "civil society" (market and community) so as to put to public purposes the

type of social order that associations can generate and embody. As an alternative to direct state intervention and regulation, the "public use of private organized interests" takes the form of the establishment, under state licence and assistance, of "private interest governments" with devolved public responsibilities—of agencies of regulated self-regulation of social groups with special interests that are made subservient to general interests by appropriately designed institutions. The specificity of this strategy lies, above all, in the kind of interests on which it is based, and in the way in which they are treated. This becomes clearer when one compares it to the two alternative strategies of Staatsentlastung. The neo-liberal restoration of the market aims essentially at the liberation of individual self-interests from bureaucratic-regulatory constraints. It is based on the assumption that individuals act most rationally if they are free to pursue their interests as they see fit, and that in the end, this will benefit everybody. Devolving state functions to the community amounts to an attempt to marshal collective other-regarding interests for social purposes; its underlying premise is that people hold solidaristic values and communitarian identities that, just as their self-interests, can contribute to social order directly and without state coordination. Both premises may or may not be correct. What they have in common is that they draw on widely accepted assumptions about the motivation and behavior of individuals. By contrast, the corporative-associative delegation of public policy functions to private interest governments represents an attempt to utilize the collective self-interest of social groups to create and maintain a generally acceptable social order, and it is based on assumptions about the behavior of organizations as transforming agents of individual interests. This makes the idea of responsible associative governance inevitably more abstract and remote from everyday experience than both the neo-liberal appeal to individual self-interest and the neo-communitarian appeal to group altruism, and here—in the intellectual

complexity and, indeed, counterintuitiveness of the idea that organized special interests could be turned into promoters of the public interest--seems to lie one explanation for the lack of public attention that it has so far received.

"Private government" is a concept that has had some currency in the social sciences, and a short definitional excursus may be appropriate. Firstly, the term has been applied to an extremely wide range of phenomena, from subjudicial legal dispute settlement to the Irish Republican Army (Macaulay 1983), large business corporations (McConnell 1966, Buxbaum 1982) and/or their top management (Bauer and Cohen 1983), the professions (Gilb 1966), the universities (Lakoff and Rich 1973), all kinds of para-state agencies, quangoes, community welfare organizations (Thompson 1983) etc., etc.

In this article, we speak of "private interest government" to emphasize that we are exclusively concerned with the self-"government" of categories of social actors defined by a collective self-regarding interest. Secondly, the concept to "private government" is often associated with the notion of an illegitimate use of power (Lowi 1979), for example when Bauer and Cohen (1981) define "private governments" by their capacity to preempt and frustrate public (industrial) policy. For our part, we prefer to reserve the concept for arrangements under which an attempt is made to make associative, self-interested collective action contribute to the achievement of public policy objectives. In generic terms, this is the case where it is in the interest of an organized group to strive for a "categoric good" which is partially compatible or identical with a "collective good" for the society as a whole. We maintain that such compatibility or identity may be more frequent than is commonly held (4). We also maintain that the extent to which categoric and collective goods overlap depends, within limits, on two factors: on the way in which group interests are organized into associative structures and processes, and on a complex bargaining process between organized group

interests and the state--i.e. between the governments of private and public interests.

The following sections of this paper will focus successively on three selected aspects of the phenomenon of "private interest government"--a genetic, a functional and a structural one. Since the genesis of private interest government can in an important sense be conceived of as a process of organizational change, the first part of the discussion will be devoted to the possible contribution of organization theory to an improved understanding of an associative social order. Secondly, in functional terms, we will briefly outline in what sense we think private interest government may contribute to the functioning and, hence, compensate for the deficiencies of community action, market competition, and state intervention. Finally, concerning the structure of private interest government, we want to point out the essential role played within it by elements of spontaneous solidarity, dispersed competition, and hierarchical control.

THE ORGANIZATIONAL DYNAMICS OF PRIVATE INTEREST GOVERNMENTS

Private governance in a corporative-associative order is based on group self-interest. It is the result of an organizational dynamic by which pluralist interest representation is transformed into neo-corporatist interest intermediation. This dynamic can, we suggest, be analysed in three dimensions: the relationship between organizations and interests; the role of public status in the shaping of interest organizational structures and functions; and the impact of political-organizational design. In each of these dimensions, the phenomenon of private government poses difficult problems for organization theory and may demand a re-orientation of prevailing theoretical paradigms.

(1) Organizations and Interests. Mainstream organizational theory has tended to treat interest associations with caution. It has preferred to deal with "harder", more formalized, types of organizations coming from the more established orders of the market and the state: business firms, public agencies, hospitals, prisons, or military units--whose boundaries are easier to define, whose centers of decision-making are easier to locate, and whose performance is easier to assess against an imputed standard of instrumental rationality. Where interest associations have been studied, they have been conceptualized in the pluralist tradition as "voluntary organizations" catering to, and exclusively dependent upon, the perceived interests of a given constituency. Tendencies toward organizational autonomy from members' interest perceptions have generally been regarded as a perversion of "organizational democracy" and have been interpreted, very much in the Michelsian tradition, as oligarchic "goal displacement" under the influence of a "dominant coalition" of power-wielding functionaries.

The negligent treatment of interest associations in organization theory seems less than adequate when confronted with the empirical reality of interest group self-regulation. The important present and potential role of intermediary associations for public policy implementation (Mayntz 1983) makes it costly for a discipline that has a significant contribution to make to implementation theory, to pay so much more attention to public bureaucracies than, say, to business associations--especially in a time when, thanks not least to organization research, the deficiencies of state-bureaucratic regulation have become so obvious. The more public policies are, actually or potentially, administered through private-public interfaces and organizational networks, the smaller becomes the share of reality that is accessible to an organizational theory of implementation that contents itself with its traditional research subjects.

Another apparent shortcoming of organization theory is its reluctance to adopt a political concept of interest. Private interest governments, or neo-corporatist intermediaries, in addition to being mechanisms of policy implementation (Lehmbruch 1977), are also in a very specific sense producers of group interests. Contrary to their dominant image as "voluntary organizations", they are much more than passive recipients of preferences put forward by their constituents and clients. Empirical observations of neo-corporatist practice, as well as theoretical reasoning, show that organized group interests are not given but emerge as a result of a multifaceted interaction between social and organizational structure--whereby the substance of the collective interest depends at least as much on the way it is organized, as does the structure of the organization on the interest it is to represent. This interactive relationship is only partly described as one of organizational goal formation; at the same time, it is one of collective identity formation (Pizzorno 1978) shaped and constrained by established, licensed, "oligopolistic" (or even monopolistic) organizational structures. Oligarchic staff interests undoubtedly are one of the factors that affect the outcome, but more important seem to be the properties of an association as such--its domain, its structure, its resources--which determine the institutional context within which group interests and identities are defined and continuously revised. This essentially political view of organizational structure goes beyond traditional concepts of organization centering on the notion of (efficiency and effectiveness), just as it transcends objectivistic concepts of interest which postulate their existence outside and apart from their organization. The empirical phenomenon of private governance, just as it requires political science to take more seriously the notion of organized interests, seems to (require organizational analysis to come to better terms with the politics of interests.)

(2) Organizations and Public Status. The organizational transformation of "pluralist" pressure groups into private interest governments is an essentially political process that is based on both bargaining between group interests and the state, and on the (potential or actual) use of state authority. A typical "path" by which organized interests move into positions of incorporation and authority begins with disputes between interest groups and state agencies on the necessity and the terms of authoritative state intervention into group members' behavior. In many such cases, the mere presence of a state powerful enough, and willing, to establish direct control adds to the already defined interests of organized collectivities an additional and distinctive interest in preventing that control. This additional interest can be so strong that groups may be prepared to compromise on their substantive interests if this can save them from regulatory state interference. State agencies, on the other hand, are often prepared to accept "voluntary" collective self-regulation as an alternative to authoritative state regulation even if this implies certain substantive concessions and a loss of (direct) control on their part. What the state loses in this respect, it can hope to recover through lower implementation costs and higher implementation effectiveness. Note that the substantive and procedural bargaining between the state and organized interests that may give rise to private interest governments would be impossible without the "Damocles sword" of threatened direct state intervention. (Pluralist pressure politics that result in "agency capture" remove this sword or make it ineffective), and it is here--in the strength and continuing relative autonomy of the state--that private interest government differs most strongly from what Lowi has called "sponsored pluralism" (1979, 60).

As a result of their assumption of self-disciplinary responsibilities as private interest governments, interest associations can come to develop a special relationship to the state and the "legal complex" that can be subsumed

under the concept of "political status" (Offe 1981). This involves much more than just a right to be consulted by the government on legislation. Essentially, it means sharing in the state's authority to make and enforce binding decisions. The delegation of such authority to an association in the course of its transformation into a self-regulating agency will normally be reflected in its structure. But private interest governments may also rely on enforcement mechanisms with which they maintain no formal connection whatsoever--consider, for example, an ostensibly "voluntary" standardization agency whose norms are used by the courts in rulings on liability. The peculiar facilitative role of the state with respect to private interest government--which typically is highly indirect, subtle and unobtrusive (Streeck 1979; Streeck et al. 1981)--does not seem to be adequately captured in terms of a relationship between the association and one environment among others. "Public status" refers to the, direct or indirect, acquisition of a unique resource that no other environment but the state has to offer: the ability to rely on legitimate coercion. Organization theory tends to be "state-free" in the sense that it does not systematically recognize this crucial distinction (Hughes 1983)--crucial, in any case, for understanding the emergence of a corporative-associative order. It appears that, in the same way as organization theory may have to incorporate a political and politicized concept of interest, the reality of modern interest organization confronts it with the need to involve itself more closely with theories of the state.

(3) Organizations and Political-Organizational Design. The emergence of private governments out of pluralist interest representation can in part be reconstructed as the product of direct or indirect, often disintegrated and policy-specific, attempts by state agencies at "political design" (Anderson 1977). State political design of organized private interests is aimed at both the structure of associations as processors of group interests, and their public status; its objective is to keep private interest governments

responsive to general or public interests. Withdrawal by the state from direct regulation in favor of "procedurally" (Mayntz 1983) regulated, self-interested self-regulation, if it is not to result in a loss of public accountability, requires the protection and/or creation of corporative-associative actors and policy-making arrangements that, by their inherent institutional dynamics, arrive at interest definitions that are, at least in part, compatible with the objectives of public policy--i.e. that produce, in the pursuit of "categoric goods", "public goods" for the society as a whole (cf. Teubner 1978). Otherwise, what may have been intended as a devolution of public responsibility to private group interests will end up as a pluralist "colonization" of the state by the very interests that were to be subjected to public discipline.

Organization theory and research have a crucial contribution to make to the political design of responsible interest intermediaries. For example, a central problem of public control over self-regulating groups is to make organized groups internalize as much as possible the costs of their self-interested behavior for other interests. This can be achieved either by the facilitation of "encompassing organization" (Olson 1965) which includes and, therefore, balances internally a wide variety of interests (intra-organizational concertation), or by setting up arrangements for bargaining between a spectrum of narrower organizations mandated with reaching mutual agreement (inter-organizational concertation). Political design, then, seems to have some degree of choice between intra- and inter-organizational relations as politically privileged structures for publicly responsible interest accomodation. What is, in a given case, the adequate mixture between the two? To what extent are they functionally equivalent? How much interest diversity can be brought together under the roof of one comprehensive organization? How do the results of intra-organizational interest negotiation differ from those of inter-organizational bargaining, given the same

underlying group interests? And what are the limits, and the possible unintended side-effects, of the authoritative structuring of, and the award of public status to, organized interest groups in a democratic society? The political theory of neo-corporatism has only begun to address these questions; it will have to absorb much more thoroughly the lessons of organization theory if it is to advance in this difficult territory.

THE FUNCTIONAL ADVANTAGES OF PRIVATE INTEREST GOVERNMENT

"Regulated self-regulation" by organized interests seems to be capable of solving a number of problems that have been found to be associated with either state intervention, market competition, or voluntary community action. As far as the state is concerned, two specific deficiencies stand out as of particular importance. One is the limits of legal regulation, especially in terms of the implementation of regulatory programs (Luhman 1981, Teubner 1983, Voigt 1983, Willke 1983). Private interest government provides for a peculiar amalgamation of policy formation on the one hand and policy implementation on the other, within one and the same organizational structure (Lehmbruch 1977). The same associations that negotiate the terms of regulation of their members' behavior, are charged as private governments with responsibility to enforce them. As a result, not only do considerations of enforceability enter directly into the process of policy formation (on the importance of this, see Mayntz 1983), but the agents of implementation--the professional staff and the officials of the association--are closer to the target group (their members) than state bureaucracies, and they have more intimate knowledge of its situation and concerns. It is likely that this enables them to apply rules less formalistically and to take the specific conditions of individual cases

better into account--which, in turn, tends to increase the acceptance of regulation by those affected by it (Streeck 1983a).

Another problem with state hierarchic coordination is that it has always been associated with specific difficulties of legitimation (Offe 1975). These are basically of two kinds: one involves winning the support and the cooperation of groups that are asked to sacrifice some of their interests in favor of general interests; the other involves presenting a consistent image of the societal role and the "jurisdiction" of legitimate state intervention as such--in other words, a normative definition of the "boundaries" of the modern state. Private interest government, by providing for a close institutionalized interface between public authorities and specific groups in civil society, can make a significant contribution to the solution of both kinds of problems. By turning behavioral regulation into a matter of the organized self-interest of affected groups, it leaves the legitimation of regulatory interference to group representatives who, instead of having to call upon general, society-wide values and obligations, can have recourse to more tangible group-specific norms and interest perceptions. The most well-known, but by no means the only, example is that of the leaders of a trade union and a business association who defend an industrial agreement as viable and equitable to their respective constituents, with each side using very different arguments and appealing to very different common values. This differentiation of legitimation by conflicting social interests relieves the public government of the need to develop a generally acceptable political formula to defend allocational decisions. It amounts to the utilization, for the purpose of creating public order, of divergent interest perceptions whose ideological integration is difficult or impossible.

Secondly, the notion of collective responsibility of interest organizations for controlling their members in the public interest can serve as a general principle demarcating the limits of direct state responsibility.

Here, one comes close to traditional ideas of the state being only "subsidiary" to society--in the sense that it should content itself with assisting smaller collectivities to help themselves, and intervene directly only if such self-help has turned out to be impossible. Of course, Catholic social doctrine, with its underlying concept of "natural law" and its organic, collectivistic image of society, cannot really provide a normative justification for today's secular corporative-associative structures and practices. The most effective legitimation for a withdrawal of the modern state from substantive regulation to the "procedural" regulation of collective actors (Mayntz 1983) is likely to come from accumulated negative experiences with étatiste modes of policy-making--i.e. is pragmatically and empirically rather than normatively based. One implication of this is that, however important the use of private associability for public policy purposes may be or become, it will consist of a series of pragmatic adjustments within the existing ("liberal", "democratic", "capitalist") system of government, not in the latter's wholesale replacement with an "associative" or "corporatist" system (Olsen 1981).

Concerning markets, their obvious and often analysed problem is that the unregulated interaction of self-interested parties may fail to produce certain collective or categoric goods which are a necessary precondition for an effective functioning of the market ("market failure"). In such cases, the rational behavior of market participants needs to be subjected to some form of authoritative control--exercised either by the state or by some other agent--to prevent it from becoming self-destructive. Furthermore, free competition may result in social cleavages and inequalities that give rise in turn to "pluralist" collective action aimed at "distorting" the market. "Factionalism" of this kind is not easy to suppress in a democratic society; a state that would try to do so would have to be so autonomous that it would in effect cease to be democratic (6). In this sense, economic liberalism and

political democracy are indeed ultimately incompatible, as has been argued by observers from both the right (von Hayek 1976-78) and the left (Goldthorpe 1983). The neo-corporatist transformation of pluralist interest groups into publicly responsible self-regulating bodies can be seen, from this perspective, as an attempt not only to provide for the production of categoric/collective goods by other, and more effective, means than state regulation; it is also an attempt to impose discipline on the inevitable factions that arise in a democratic polity combined with a market economy, and, thereby, to make organized interest politics more compatible with the requirements of the market.

Finally, the Achilles heel of community action is that it lacks authoritative means to mobilize resources above and beyond what can be obtained on a voluntary basis. This is a problem that is particularly relevant the less normatively integrated communities are, and there is reason to believe that with increasing mobility of individuals and cultural identities, the sense of altruistic obligation--of "other-regardingness"--has tended to become weaker in most social groups. In fact, this is precisely the rationale behind the modern transfer of traditional community welfare functions to a growing "welfare state". Moreover, communities can be parochial in that their values and accepted mutual obligations may be at odds with the values and requirements of society at large. The backing by public authority of strong intermediary organizations representing specific social groups may offer a way of increasing the latter's self-regulating capacity beyond the limits of voluntarism, and of guiding their collective behavior in accordance with general rather than exclusively group-specific values and interests.

Interest associations that have been transformed into private interest governments compensate for a number of specific state, market and community failures. By relieving the three other orders of problems they are less well

equipped to solve, they not only do not preempt them but in fact contribute to their respective functioning. A state that withdraws, in selected areas, from direct to procedural control does not become as weak state; in terms of the effectiveness of its policies, it may in fact gain in strength. Similarly, markets in order to be efficient mechanisms of allocation need to be protected from distortion by pluralist interest politics, and they require regulatory constraints on competitive behavior as a precondition of stable, long term exchange and competition (e.g. in areas like technical standardization or vocational training). Finally, communities in a society with a strong state and a free market can better preserve their cultural identities and bring them to bear on the political process if they are effectively organized so as to command more and other resources than those that modern communities can generate on their own.

PRIVATE INTEREST GOVERNMENT AS A "MIXED MODE" OF POLICY-MAKING

It is important to emphasize that the state is not absent in the associational mode of social order, and nor is the market or the community. Corporative-associative order emerges in thoroughly "mixed" polities. Typically, institutions of private interest governance are geared to selected sectors, industries and policy areas--with other collectivities and issues being directly governed by the state, left to the forces of the market, or taken care of by community action. Moreover, community, market and state constitute important limiting and facilitating conditions for and inside any given associative arrangement, and without them such arrangements could not exist and function. While we believe that the same can be said, respectively, for each of the four modes of order, we will in the following focus

exclusively on private interest governments and their relationship to the three others.

State. Interest associations can usually govern the interests of their members only with some kind of state facilitation and authorization. At the very least, private interest government requires an Ordnungspolitik of deliberate abstention from interference with the exercise of authority by powerful associations over their members. Where the state strictly upholds the right of individuals not to be organized and not to be subject to any coercion other than that exercised by the state itself, a corporative-associative order cannot exist. As a rule, however, mere abstention is not enough. The power of associations to govern does not normally arise spontaneously from the process of civil associability. To turn into private interest governments, associations need to be supplied with more and stronger authority than they can possibly mobilize by themselves on a voluntary basis. In fact, the limits to autonomous mobilization of authority, just as of other resources such as money, organizational stability and effective recognition, are an important reason why associations are often prepared to trade some of their members' interests against public status when it is offered to them by the state (Streeck 1982). State facilitation of organizational development and the institutionalization of interest associations can take a wide variety of forms, and usually they are much less conspicuous than in a country like Austria where there is compulsory organization of industry, commerce, agriculture and labour in their respective Chambers.

An active role of the state is necessary in yet another respect. One important mechanism by which private interest governments are kept responsive to wider societal needs is the threat by the state to intervene directly if the group fails to adjust the behavior of its members to the public interest. In this sense, the public use of private organized interests requires a strong rather than a weak state. It is true that an associative social order implies

a devolution of state functions to interest intermediaries. But this has to be accompanied by a simultaneous acquisition by the state of a capacity to design, monitor, and keep in check the new self-regulating systems ("procedural control", Mayntz 1983). Moreover, reliance on associative self-regulation in specific cases and at a given time must not undermine the state's general capacity to resort to direct regulation if it so decides; otherwise, an important source of strength for the state in bargaining with organized interests over their acceptance of obligations to the society as a whole disappears. It is only to the extent that the state—by a combination of procedural, instead of substantive, regulation with a credible threat of direct intervention—can hold private governments at least partially accountable to the public, that the associative-corporative mode of social order can become a legitimate alternative to communitarianism, étatisme and market liberalism.

Market. Private governments do not per se eliminate competition. In all Western countries, legal rules about "restraint of trade" impose limits on associations interfering with the market. In principle at least, the subjects of private governments remain free to engage in contractual relations with each other and with members of other groups. Group self-regulation is concerned with the non-contractual preconditions, not with the substitution of private contracts. It is true that such regulation, just as state regulation, often extends to the substantive context of private-law contracts; but it is also true, even in the labour market, that there always remains a significant area of discretion for individual contracting parties ("wage drift") that is protected from associative interference.

The market order continues to be present also in a political sense. The emergence of private interest government is closely related to the acquisition by formerly "voluntary" interest associations of organizational privileges that protect them from competition for members and resources. The element of

interest-political "monopoly" that is inherent in all such arrangements must, however, be seen in perspective. Even associations with compulsory membership, such as continental Chambers of Commerce, depend to a significant extent on voluntary contributions and voluntary compliance by their members. Refusal to participate in associational bodies and to support associational policies remains a strong sanction in the hands of the membership. The authority of private interest governments to compel, even where it is strong, is never strong enough to exempt associations completely from the need to mobilize, on a voluntary basis and in competition with other institutions and collective actors, additional political resources and loyalties. For such mobilization to be possible, associational policies, for all their undoubted autonomy, must be attractive enough to the members to be competitive in the political market—a market that, while it may be highly oligopolistic, nevertheless remains a market.

Community. Private interest governments, however much facilitated and institutionalized by state authority, must be rooted in the values and interest perceptions of existing social collectivities. The (organized) collectivities that are to be drawn into public status cannot be arbitrarily created by state decree; they must have some kind of prior, independent existence and identity. This does not mean that they have to be intact communities; as their organizations acquire further "external" means of control through their assumption of public status, their collective capacity to act and exercise internal discipline depends not only on normative integration. Similarly, the interest perceptions of collectivities that are potential subjects of group governance need not by themselves be clear and unambiguous enough to guide group collective action; in fact, they may become manifest only through authoritative (re-)definition by professional, "established" representatives with monopolistic status. Nevertheless, the leaders of private interest governments, in asking for the compliance of their

constituents to concerted pacts, must be able to draw on some kind of shared norms and collective identity which they cannot create, and the members must recognize in the policies of their leaders some reflection of what they themselves regard as their interests. Moreover, the value systems supporting corporative-associative institutions must include some residual commitment to the society at large that goes beyond the boundaries of just one interest aggregate. Such commitments—for example, to professional norms of good performance or to a group's prestige and respect with other groups—can be, and are likely to be, reinforced by organizational efforts to build a collective identity; but where they are not even residually present, and where community values and identities are exclusively self-regarding and self-sufficient, corporative-associative arrangements become extremely tenuous and unstable.

CONCLUSION

Private interest government is not about to replace community, market and state. Even where a large share of public policy is made by and implemented through intermediary associations, these are always to some important extent dependent on community values and cohesion, kept in check by economic and political market forces, and subject to hierarchical control, political design and the pressure of possible direct state intervention. Moreover, not all social groups and political issues lend themselves equally well to associational self-regulation, and there undoubtedly are social order problems in modern societies for which the three competing institutions offer more appropriate solutions. The idea of a comprehensive corporative-associative social or political "system" is therefore fundamentally misleading. At the same time, there is growing evidence that there is a

certain range of policy areas for which institutions of group self-regulation may produce more socially adjusted and normatively acceptable results than either communal self-help, free trade, or étatisme. Empirical research and theoretical reflection on the preconditions of successful utilization, in a "mixed polity", of corporative associability for public policy purposes has only begun. Increased efforts in this direction may make it possible to employ more consciously an additional mode of ordering social relationships that compensates for important dysfunctions of community, market and state, and may thus significantly enrich the policy repertory of modern societies.

FOOTNOTES

- (1) Actually, it would be more accurate to call it "the Corporative Association" since it differs significantly from "the Voluntary Association" which preceded it in social and political theory. If the concept, "corporation", had not already been appropriated for use to describe a particular type of market institution, we would have preferred to use that term. We were tempted to invent a new noun, "the Corporative", to replace "the Association", but declined to do so on the grounds that there were already too many neo-logisms in this kind of field and that it would, in any case, probably be confused with "the Corporation" or "the Cooperative".
- (2) A similar argument has recently been put forward by Colin Crouch (1981), in a paper from which the present one has greatly profited.
- (3) For a more detailed discussion of the legitimation problems of a corporative-associative order, see Schmitter 1983.
- (4) Part of the relevant literature has been reviewed by Olsen (1981), under the label of "integrated organizational participation in government". Related concepts--of which each stands for another unending list of publications--are "para-state government", "public-private interface", "quangoes", etc. It is impossible to cite all or most of the studies that have in one way or another influenced the ideas presented in this article. A list of recent empirical studies on interest associations as contributors to public policy and social order includes: Ackermann (1981) and other research reports from the Forschungsprojekt Parastaatliche Verwaltung at the Eidgenossische Technische Hochschule, especially Nos. 5, 7, 9, 12 and 13; Atkinson and Coleman (1983); Boddewyn (1981); Coleman and Jacek (1983); Grant (1983a, b); Jacobsson (1983); Ronge (1980); Sargent (1983); Streeck (1983b); Traxler (1983); de Vroom (1983); van Waarden (1983); Willmott (1983). Some of these studies were carried out in the context of a multi-national research project on "The Organization of Business Interests" that is coordinated by the authors (Schmitter and Streeck 1981).
- (5) That it is possible is admitted even by such a formidable critic of "distributional coalitions" as Mancur Olson: "Occasionally there are... situations in which the constituents of special-interest organizations seek to increase social efficiency because they would get a lion's share of the gain in output; this occurs when the special-interest organization provides a collective good to its members that increases their production efficiency and also when it gets the government to provide some public good that generates more income than costs, yet mainly benefits those in the special-interest group" (Olson 1982, 46).
- (6) This seems to be the central "policy" problem in Mancur Olson's recent book, The Rise and Decline of Nations (1982). While Olson demonstrates convincingly the allocational superiority of free competition, his sophisticated knowledge of interest politics prevents him from siding with economists like Milton Friedman in their call for a laissez-faire liberal state. Olson is well aware of the fact that a free market in order to remain free, requires continuous, vigorous state intervention. He even goes as far as to say that, "the absence of government intervention (even if it were invariably desirable) may not

be possible anyway, because of the lobbying of special-interest groups, unless we fly to the still greater evil of continuous instability" (178). But Olson stops still short of explaining what kind of interventionist policy he recommends to governments in relation to group interests, and how a state would have to look like in order to provide politically for "freer trade and fewer impediments to the free movement of factors of production and of firms" (141). Olson does not, at least not explicitly, argue in favor of state support and facilitation of "comprehensive organization" which for him is no more than a second-best solution. Nor does he advocate the abolishment through government repression of the democratic freedom of association. But he does quote Thomas Jefferson's remark that "the tree of liberty must be refreshed from time to time with the blood of patriots and tyrants" (on p. 141)—the latter clearly being, in the context of Olson's argument, the "private tyrants" that govern a society's "distributional coalitions".

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