

ASSOCIATIONS AND DEMOCRACY*

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INTRODUCTION

Since the publication of John Rawls's *A Theory of Justice*, normative democratic theory has focused principally on three tasks: refining principles of justice, clarifying the nature of political justification, and exploring the public policies required to ensure a just distribution of education, health care, and other basic resources. Much less attention has been devoted to examining the political institutions and social arrangements that might plausibly implement reasonable political principles.¹ Moreover, the amount of attention paid to issues of organizational and institutional implementation has varied sharply across the different species of normative theory. Neoliberal theorists, concerned chiefly with protecting liberty by taming power, and essentially hostile to the affirmative state,² have been far more sensitive to such issues than egalitarian-democratic theorists, who simultaneously embrace classically liberal concerns with choice, egalitarian concerns with the distribution of resources, and a republican emphasis on the values of citizen participation and public debate (we sketch such a conception below in Section I). Neglect of how such val-

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¹See John Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971), whose own work is an exception to the generalization made in the text. Another prominent exception is Roberto Unger's *False Necessity*, vol. 2 of *Politics* (Cambridge: Cambridge University Press, 1987).

²For examples of the institutional program of "neoliberal constitutionalists" hostile to the affirmative state, see Friedrich A. Hayek, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960); *idem*, *The Mirage of Social Justice*, vol. 2 of *Law, Legislation, and Liberty* (Chicago: University of Chicago Press, 1976); and James M. Buchanan, *The Limits of Liberty: Between Anarchy and Leviathan* (Chicago: University of Chicago Press, 1975).

ues might be implemented has deepened the vulnerability of egalitarian-democratic views to the charge of being unrealistic: "good in theory but not so good in practice."

In this essay we address this vulnerability by examining the constructive role that "secondary"³ associations—labor unions, employer associations, citizen lobbies and advocacy groups, private service organizations, other private groups—can play in a democracy. Our central contention is that, as a practical matter, implementing democratic norms requires a high level of secondary group organization of a certain kind. Roughly speaking, the "level" required is one in which all citizens, irrespective of their initial endowment, enjoy the political benefits of organization; the "kind" required is one which delivers those benefits in ways consistent not only with political equality but with other democratic norms. The problem is that the required level and kind of group activity do not arise naturally, and those groups that do arise often frustrate, rather than advance, democratic aspirations. Our proposed solution to this problem is to supplement nature with artifice: through politics, to alter the environment, incidence, activity, and governing status of associations in ways that strengthen democratic order. We call this deliberate politics of associations "associative democracy."⁴

We would recommend the pursuit of "associative democracy" for a wide range of administrative and property regimes. Here, however, we assume the context of modern capitalism, where markets are the primary mechanism of resource allocation and private, individual decisions are the central determinant of investment. Admitting the limits this context places on the satisfaction of egalitarian-democratic norms, our argument is that associative democracy can improve the practical approximation to those norms.

What motivates our argument are concerns about the likely future of even such approximation. Due principally to changes in the organization of capitalism, many of the most important institutional sources of egalitarian achievement under modern capitalism—from strong unions and employer organizations, to a variety of popular political organizations—have recently fallen into disarray. The egalitarian project is weakened by a widening organizational deficit at its base. Recognizing that most social clocks cannot be turned backward, that new as well as revived institutional structures are needed, we offer associative democracy as a strategy to rebuild that base—to provide egalitarian democracy with necessary associative supports.

³So-called because they are, by convention, the large residual of the "primary" organizations of the family, firm, and state.

⁴We share the term "associative democracy" with John Mathews, *Age of Democracy: The Political Economy of Post-Fordism* (New York: Oxford University Press, 1989). But we arrived at the term independently.

We sketch the associative conception in four steps. First, to identify the need for an associative strategy of democratic reform, we note three barriers to egalitarianism and indicate how each implicates questions of associative order. Second, to underscore the potential contribution of groups to democratic governance, we distinguish four general types of contribution and then draw from comparative experience to illustrate how the potential has been realized in different areas of public policy. Third, we defend the associative strategy for netting this contribution against two objections: that it is impossible, because groups are intractable to reform; and that it is undesirable, because the increase in group power needed to secure contributions poses unacceptably high risks of group abuse of power. Fourth and finally, we illustrate the associative strategy by discussing how it might be used to guide reforms of industrial relations and vocational training in the United States.

1. WHY ASSOCIATIVE REFORM?

Associative democracy aims to further an egalitarian-democratic view of politics defined by simultaneous respect for norms of political equality, popular sovereignty, distributive equity, deliberative politics, and the operation of society for the general welfare. We interpret these norms in the following ways. *Political equality* requires a rough equality across citizens in their chances to hold office and to influence political choices. *Popular sovereignty* requires that the authorization of state action be determined (within the limits set by fundamental civil and political liberties) by procedures in which citizens are represented as equals.⁵ *Distributive equity* obtains when inequalities of advantage, if they exist, are not determined by differences of inherited resources, of natural endowments, or simple good luck. Collective choice is *deliberative* when it is framed by different conceptions of the common good, and public initiatives are defended ultimately by reference to a conception of the public interest. Society operates for the *general welfare* when there is both economic and governmental efficiency.

These norms are routinely frustrated in the everyday politics of contemporary mass democracies. While there are many sources of frustration, here we note three that are of special relevance to our discussion of associations.⁶

⁵ This procedural formulation of the idea of popular sovereignty does not assume a people with a single will, and thus is immune to the criticisms directed against that assumption by, for example, William Riker, *Liberalism against Populism: A Confrontation Between the Theory of Democracy and the Theory of Social Choice* (San Francisco: W. H. Freeman, 1982).

⁶ Among the fundamental issues we will put to the side here are intense national and religious divisions and the destructive conflicts associated with them.

Three problems of egalitarian governance

The first problem is that government programs directed to achieving a more equitable distribution of advantage (e.g., welfare services, active labor-market policies, much economic and social regulation) are widely perceived as unacceptably costly and inefficient. Whatever their theoretical attractions, critics assert, in practice such programs generate economic rigidities and a wasteful expansion of government aims beyond government capacities. During a period of slowed productivity growth and intensified economic competition, this makes egalitarianism at best an unaffordable indulgence, at worst a betrayal of government obligations to "promote the general welfare."

While claims of government inefficiency are often grossly exaggerated, they have sufficient basis in fact to give popular resonance to their constant amplification.⁷ And especially in more liberal societies—where choices about social governance are seen largely as choices between states and markets, and no associative alternative is perceived—popular acceptance of those claims is devastating to the practical pursuit of egalitarian ends. Most publics are unwilling to forgo economic growth in the interest of equality. None enjoys literally wasting its tax dollars. So if state programs are successfully defined as inimical to growth and wasteful, and if market governance is the only alternative, egalitarianism is politically doomed.

The second problem is that egalitarian efforts are deeply compromised by representational inequalities. Capitalist property relations are, of course, defined by inequalities in economic power, and political power is materially conditioned. So economic inequalities characteristically translate into political inequalities in violation of the norm of political equality. Until recently, however, at least in most rich, Western, liberal societies, it was possible to speak of a relatively steady advance in the social democratization of capitalist societies. Gains in political equality accrued from gains in the political representation of economically disadvantaged interests.⁸

Today, any such optimistic assessment needs to be revised. Unions and virtually all other mass popular organizations representing working people are in palpable decline, while success in the organized representation

⁷ For discussion of some prominent exaggerations, see George W. Downs and Patrick D. Larkey, *The Search for Government Efficiency: From Hubris to Helplessness* (New York: Random House, 1986). In the United States, increased public doubt about government capacity to achieve egalitarian ends is coincident with increased support for those ends. The "politics of happiness" that some saw in the reformist projects of the 1960s has been succeeded by a "politics of sadness" in which the public knows that it is not getting what it wants, but has no confidence that government can provide it.

⁸ Many saw this as irreversible. See, for example, Jürgen Habermas, *The Legitimation Crisis of Late Capitalism* (Boston: Beacon Press, 1973).

of the interests reflected in the "new social movements" of feminism, environmentalism, and racial justice is distinctly limited.⁹ With a widening range of interests lacking an effective voice, the defining idiom of much politics is not equality, but exclusion.

The third problem is that those whose voice is organized often speak with a strident particularism. On both sides of the many lines of privilege, the narrow assertion of group interest is very nearly a norm. Whether motivated by simple selfishness or by the fear of cooperation that comes from weakness, the result is a politics of group bargaining that, undisciplined by respect for the common good, inevitably conflicts with norms of popular sovereignty and deliberative politics.¹⁰ Group particularism makes democratic governance more difficult, and it lessens the appeal of inclusive politics by inspiring doubt that inclusion in fact enhances democracy.

The problems of government incompetence, political inequality, and particularism feed one another. Inequalities in representation diminish support for any egalitarian effort. The particularism of existing groups prompts substantial reliance on statist means in those efforts. The adoption of such means, even where ends could in theory be better accomplished by or with the aid of associations, compromises government efficiency. And the fact and perception of government inefficiency, working directly or through the consequent erosion of political support, weakens those efforts and thus underscores inequality.

An associative strategy of reform

The idea of associative democracy is to break this cycle by curing the associative disorders that help to fuel it. Using conventional tools of public policy (taxes, subsidies, legal sanctions), as applied through the familiar decision-making procedures of formal government (legislatures and administrative bodies, as overseen by the courts), it would promote associative reform in each of the three problem areas.¹¹ Where manifest inequalities in political representation exist, it recommends promoting the organized representation of presently excluded interests. Where group particularism undermines democratic deliberation or popular sovereignty, it recommends encouraging the organized to be more other-regarding in their actions. And where associations have greater competence than pub-

⁹ On unions, see Jelle Visser, "Trends in Trade Union Membership," *OECD Employment Outlook*, July 1991, pp. 97-134.

¹⁰ For the American case, see the classic characterization of the resulting "interest group liberalism" offered by Theodore J. Lowi, *The End of Liberalism: The Second Republic of the United States*, 2d ed. (New York: W. W. Norton, 1979).

¹¹ Throughout, respect for the associational liberties of group members, recognition of the resistance of many groups to change, and rejection of concessionist views of associations mean that the strategy stops well short of legislating associative practice or its relation to the state. Associative democracy is not a distinct form of order, but a strategy to reform aspects of current practice.

lic authorities for achieving democratic ends, or where their participation could improve the effectiveness of government programs, it recommends encouraging a more direct and formal governance role for groups.

This last point may be the most immediate. In many areas of economic and social concern—from the environment and occupational safety and health, to vocational training and consumer protection—egalitarian aims are badly served by the state-market dichotomy that still dominates mainstream debate about how those aims should be pursued. Often, the right answer to the question "should the state take care of the problem, or should it be left to the market?" is a double negative.

This seems to be so in three ideal-typical classes of regulatory problems. In the first, nonmarket public standards on behavior are needed, and government has the competence to set them, but the objects of regulation are so diverse or unstable that it is not possible for the government to specify just how those standards should be met at particular regulated sites. Much environmental regulation presents problems of this sort. In the second, public standard-setting is needed, and government has the competence to do it, but the objects of regulation are sufficiently numerous or dispersed to preclude serious government monitoring of compliance. Consider the problems of occupational safety and health enforcement. In the third, uniform public standards are needed, but it lies beyond the competence of either markets or governments to specify and secure them, as doing either requires the simultaneous coordination of private actors and their enlistment in specifying the behavior sought. Here, consider the difficulties of getting private firms to agree on standards for vocational training, and to increase their own training efforts.

Where these sorts of problems are encountered, associative governance can provide a welcome alternative or complement to public regulatory efforts because of the distinctive capacity of associations to gather local information, monitor behavior, and promote cooperation among private actors. In such cases, the associative strategy recommends attending to the possibility of enlisting them explicitly in the performance of public tasks.

In sum, the idea of the associative strategy is to encourage the use of associations to address concerns about unequal representation, particularism, and the excessive cost and inefficiency of egalitarian programs, and through that address to satisfy more fully egalitarian-democratic norms. In the next two sections, we will explore in more detail the features of associations that provide foundations for the strategy and underlie our assessment of its promise.

II. THE POTENTIAL CONTRIBUTION OF GROUPS

The cornerstone of the argument for associative democracy is that groups have a significant contribution to make to democratic gover-

nance. In the ordinary operation of mass democracies, groups are generally acknowledged to be capable of performing at least four useful, democracy-enhancing functions: providing information, equalizing representation, promoting citizen education, and implementing alternative governance.

Information. Associations can provide information to policy makers on member preferences, the impact of proposed legislation, or the implementation of existing law. As the state has become more involved in regulating society, and extended the reach of its regulation to more diverse sites, technically complex areas, and processes subject to rapid change, this information function has arguably become more important. Good information is needed to assess the effectiveness of a myriad of state policies, commonly operating at some distance from the monitoring of state inspectorates, and to adjust policies to changed circumstances or behaviors. This is especially so given social and policy interdependence—the interaction of social welfare policy and economic growth, for example, or environmental regulation and technical change—which underscore the value of accurate, timely intelligence on policy effects. Because of their proximity to those effects, groups are often well positioned to provide such information. When they do, they contribute to satisfying the norm of popular sovereignty, since good information improves citizen deliberation, facilitates the enforcement of decisions, and clarifies the appropriate objects of state policy.

Equalizing representation. Politics is materially conditioned, and inequalities in material advantage, of the sort definitive of capitalism, translate directly to inequalities in political power. Groups can help remedy these inequalities by permitting individuals with low per-capita resources to pool those resources through organization. In making the benefits of organization available to those whose influence on policy is negligible without it, groups help satisfy the norm of political equality. Similarly, groups can promote a more equitable distribution of advantage by correcting for imbalances in bargaining power that follow from the unequal control of wealth. Groups can also represent interests not best organized through territorial politics based on majority rule. These include functional interests, associated with a person's position or activity within a society; "categorical" interests of the sort pursued by the new social movements, interests whose intensity is not registered in voting procedures; and, at least in systems without proportional representation, the interests of political minorities. Here, groups improve an imperfect system of interest representation by making it more fine-grained, attentive to preference intensities, and representative of diverse views. This, too, furthers political equality.

Citizen education. Associations can function as "schools of democracy." Participation in them can help citizens to develop competence, self-confidence, and a broader set of interests than they would acquire in

a more fragmented political society. Alexis de Tocqueville provides the classic statement of this educative power of associations: "Feelings are recruited, the heart is enlarged, and the human mind is developed only by the reciprocal influence of men on one another," and under democratic conditions this influence can "only be accomplished by associations."¹² In performing this educative function, associations help foster the "civic consciousness" on which any egalitarian order, and its deliberative politics, depend. That is, they promote a recognition of the norms of democratic process and equity, and a willingness to uphold them and to accept them as fixing the basic framework of political argument and social cooperation, at least on condition that others do so as well.

Alternative governance. Associations can provide a distinctive form of social governance, alternative to markets or public hierarchies, that permits society to realize the important benefits of cooperation among member citizens. In providing a form of governance, associations figure more as problem solvers than simply as representatives of their members to authoritative political decision makers, pressuring those decision makers on behalf of member interests. They help to formulate and execute public policies, and take on quasi-public functions that supplement or supplant the state's more directly regulatory actions.

Such associations facilitate cooperative dealings in two ways. First, their sheer existence reduces the transaction costs of securing agreement among potentially competing interests. The background of established forms of communication and collaboration they provide enables parties to settle more rapidly and reliably on jointly beneficial actions. Second, groups help to establish the trust that facilitates cooperation. They effectively provide assurances to members that their own willingness to cooperate will not be exploited by others. Often directly beneficial to society, associative governance can also support public efforts to achieve egalitarian aims.

Lessons from comparative experience. While examples of all these sorts of group contributions can be found in the United States, in recent years it is students of comparative politics, in particular the politics of Western Europe, who have been especially attentive to these positive features of associations. They have argued more particularly that certain sorts of group organization play a central role in resolving, in egalitarian fashion, problems of successful governance in mass democracies.

The rediscovery in the 1970s of liberal "corporatist" systems of interest representation in Northern European democracies was the key to one such argument.¹³ Students of liberal corporatism suggested that the in-

¹² Alexis de Tocqueville, *Democracy in America* (New York: Vintage, 1945), vol. 2, p. 117.

¹³ See Philippe C. Schmitter, "Still the Century of Corporatism?" *Review of Politics*, vol. 36 (1974), pp. 85-131; Suzanne Berger, ed., *Organizing Interests in Western Europe: Pluralism, Corporatism, and the Transformation of Politics* (Cambridge: Cambridge University Press, 1981);

corporation of organized interests into the formation of economic policy helped produce, simultaneously, better satisfaction of distributive concerns, improved economic performance, and gains in government efficiency. Of particular note was the negotiation and compromise between organized business and organized labor within such systems, which appeared to permit their joint realization of many gains from cooperation.

The Scandinavian social democracies of Norway and Sweden provided a particularly advanced example of such labor-business cooperation. There, encompassing union and employer federations, both speaking for virtually all of their respective populations of interest, would meet regularly to negotiate the terms of their essentially peaceful coexistence, with the state serving to ratify and support those terms. Unions exchanged wage restraint for guarantees of low unemployment and a high social wage. Employers traded employment security and industrial upgrading for union moderation. The state, backed by both "social partners," calibrated fiscal policy to stabilize employment, social policy to provide insurance against market misfortune, and industrial policy to maintain competitiveness on foreign markets.¹⁴

More recent discussions, even as they have dissented from claims made about corporatism, or paused to note its devolution or collapse, have also stressed the importance of associative activity to economic performance. Students of the successful alternatives to mass production that are marked, simultaneously, by high wages, skills, productivity, and competitiveness have argued that this success requires a dense social infrastructure of secondary association and coordination. This organizational infrastructure provides the basis for cooperation between management and labor, among firms, and between firms and the government on issues of work organization, training, technology diffusion, research and development, and new product ventures. And that cooperation, it is argued, is essential to ensuring economic adjustment that is both rapid and fair.¹⁵

and John H. Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (Oxford: Clarendon Press, 1984).

¹⁴ For useful description and analysis of such coordination in Scandinavia, see Walter Korpi, *The Democratic Class Struggle* (London: Routledge and Kegan Paul, 1983); Gosta Esping-Andersen, *Politics against Markets* (Princeton: Princeton University Press, 1985); for a good comparative treatment of the Swedish and German cases, and the role played by corporatist institutions in facilitating wage stability and industrial upgrading, see Peter Swenson, *Fair Shares: Unions, Pay, and Politics in Sweden and West Germany* (Ithaca: Cornell University Press, 1989); and Lowell Turner, *Democracy at Work: Changing World Markets and the Future of Labor Unions* (Ithaca: Cornell University Press, 1991). For a general review of problems that have beset social democracies since the mid-1970s, see Fritz W. Scharpf, *Crisis and Choice in European Social Democracy* (Ithaca: Cornell University Press, 1991).

¹⁵ See Charles F. Sabel, "Flexible Specialization and the Re-emergence of Regional Economies," in *Reversing Industrial Decline: Industrial Structure and Policy in Britain and Her Competitors*, ed. Paul Q. Hirst and Jonathan Zeitlin (Oxford: Berg, 1989), pp. 17-70; and Wolfgang Streeck, "On the Institutional Conditions of Diversified Quality Production," in *Beyond*

The reemerging (or more newly visible) regional economies of Western Europe—Italy's Emilia-Romagna, Sweden's Smaland, Germany's Baden-Württemberg, Denmark's Jutland peninsula—provide particularly striking examples of such associative economic governance. They feature complex public-private partnerships on training and technology diffusion, flexible manufacturing networks that facilitate inter-firm cooperation in performing discrete and varied production tasks, more formalized consortia and industry associations to realize economies of scale in some functions (e.g., marketing or research and development) among otherwise competing firms, joint training activities among firms, occupational credentialing of labor through industry-wide or regional labor and management associations, and close linkages between regional development and welfare policies. Indeed, the object of state economic development policy in most of these regions prominently includes efforts to build the private associative framework upon which such efforts rely.¹⁶

For an example of the sorts of associations being fostered, consider CITER, an association of small knitwear firms in the town of Carpi, in Emilia-Romagna. Its six hundred dues-paying member firms are generally tiny, averaging fewer than eight workers each. But by pooling resources in the association itself, as well as countless joint-production schemes facilitated by the association, they are able to flourish in the fiercely competitive and unstable business of international fashion. Through CITER, they share information on trends in technology, production processes, and emerging markets, underwrite a sophisticated forecasting service on fashion trends, gain access to and training in the use of sophisticated business software, and enjoy other services no one firm could afford on its own. CITER is not a cartel. Its member firms still compete with one another. They simply do not forsake the obvious gains to all that can come from associative cooperation.¹⁷

The virtues of associative forms of governance are, however, not confined to economic cooperation. Associative governance has also been credited with achieving more effective social regulation and welfare delivery. Within the heavily procedural and litigious "command and control" regulation favored in more liberal systems and particularly dominant in the United States, groups commonly appear to frustrate regulatory efficiency. Evidence from systems in which associations are assigned a

Keynesianism: The Socio-Economics of Production and Employment, ed. Egon Matzner and Wolfgang Streeck (London: Edward Elgar, 1991), pp. 21-61.

¹⁶ For examples of state policy, see Stuart A. Rosenfeld, *Technology Innovation and Rural Development: Lessons from Italy and Denmark* (Washington: Aspen Institute, 1990). We emphasize that state policy is in fact needed in all these cases: the appropriate infrastructure does not emerge naturally from the interactions of economic actors or from favorable cultural tradition. For further discussion, see Section III below.

¹⁷ For this and other examples of "flexible manufacturing networks," see C. Richard Hatch, *Flexible Manufacturing Networks: Cooperation for Competitiveness in a Global Economy* (Washington: Corporation for Enterprise Development, 1988).

more central and open governance function, however, suggests that they can powerfully contribute to the success of regulatory programs. Instead of acting only or chiefly as "special interests" intent either on capturing public powers or limiting their efficacy, groups supplement traditional public authority by helping to define policy, to monitor its implementation, and to enforce it. Rather than acting as obstructions, they serve as private multipliers on public capacities.

Associations have been shown to play this role for a wide range of regulatory purposes, extending from the enforcement of occupational safety and health, wage and hour, and environmental regulation, to the promotion of curricular reform and better learning opportunities in education and training systems. Admitting variations in national success, the general result appears to be a style of regulation, and the affirmative promotion of egalitarian ends, at once more effective, flexible, and efficient than command and control, or simple state administration of programs.

Consider occupational safety and health. Instead of relying exclusively on a centralized state inspectorate to enforce occupational safety and health laws, virtually all European systems supplement their inspectorates with mandated workplace health and safety committees. These committees operate with delegated public powers: they monitor, and in some measure are empowered to enforce, compliance with the regulatory regime. While bringing new costs in its train (e.g., the costs of training worker deputies), the general result of this strategy is a health and safety policy more effective and efficient than an inspectorate-alone approach. It is more effective because it supplements public capacities for monitoring compliance with the capacities of workers themselves. It is more efficient because it permits public efforts to be left largely to standard setting, and enlists the local knowledge of regulated actors in devising the least costly means, in particular settings, of satisfying such standards.¹⁸

Or consider the use of associations in education. A striking example is provided by the German system of youth apprenticeship. Employer associations and unions determine training standards and requirements, monitor the provision of training at both school and work, and provide much of the workplace-based instruction. The role of the state is essentially to inform the social partners about emerging labor-market trends, ratify the results of their deliberations, help enforce the occupational standards that result, and encourage widespread participation in the associa-

¹⁸ For a review of worker participation in safety regulation focusing on Europe, see the contributions to Sabastiano Bagnara, Raffaello Misiti, and Helmut Wintersberger, eds., *Work and Health in the 1980s: Experiences of Direct Workers' Participation in Occupational Health* (Berlin: Edition Sigma, 1985); for a particularly useful country study, see Bjørn Gustavsen and Gerry Hunnius, *New Patterns of Work Reform: The Case of Norway* (Oslo: Universitetsforlaget, 1981); for the contrast with the United States, see Charles Noble, *Liberalism at Work: The Rise and Fall of OSHA* (Philadelphia: Temple University Press, 1986), and Eugene Bardach and Robert Kagan, *Going by the Book* (Philadelphia: Temple University Press, 1982).

tive effort. From top to bottom, the system is driven off the associations, albeit acting in concert with public authority. The result is generally recognized as the most successful and inclusive vocational training program in the developed Western world.¹⁹

Taken together, these different investigations and examples underscore the range of important contributions associations can make to a functioning democratic order. What assures that contribution, moreover, is not the sheer "quantity of associability" found in such systems, but the care of public authorities within them in matching the qualitative characteristics of different groups to public functions, and in working with groups to encourage the appropriate qualitative characteristics.²⁰ The deliberate conditioning of state fiscal and welfare assistance on the outcomes of wage bargaining under corporatism; the explicit state efforts to build the associative infrastructure of regional economies; the laws mandating the workplace safety committees; the support provided by the German state to the social partners in education: here we have examples of the sort of public encouragement of appropriate group forms recommended by the associative strategy.

III. IMPOSSIBILITY AND UNDESIRABILITY: A RESPONSE TO OBJECTIONS

Thus far we have discussed problems of government incompetence, political inequality, and particularism that now thwart egalitarian-democratic politics; we have proposed that a partial remedy for those problems lies in an improved organization of secondary associations pursued through a politics of associations; and we have presented some analytical considerations and comparative experience to support and illustrate our proposal. We want now to consider a pair of related objections to it. Both objections accept (at least for the sake of argument) the attractiveness of egalitarian-democratic norms and both agree that associations can contribute to the satisfaction of those norms. But they reject the use of an associative strategy to engender the "right" sort of associative environment. According to the first objection, it is not possible to create a favorable associative environment through politics; according to the second, efforts to create such an environment are more dangerous than the disease they aim to cure.

¹⁹ For a close examination of the different public powers enjoyed by the "social partners" in the German case, see Wolfgang Streeck, Joseph Hilbert, Karl-Heinz van Kevelaer, Frederike Maier, and Hajo Weber, *The Role of the Social Partners in Vocational Training and Further Training in the Federal Republic of Germany* (Berlin: European Center for the Development of Vocational Training, 1987).

²⁰ The phrase and the point come from Philippe C. Schmitter, "Interest Intermediation and Regime Governability in Contemporary Western Europe and North America," in Berger, ed., *Organizing Interests*, pp. 285-327.

Impossibility

The argument for impossibility begins with the assumption that groups are a product of nature, or culture, or some other unalterable substrate of a country's political life. Just as some countries are blessed with good top soil or a temperate climate, others are blessed with the "right" kinds of groups, at the right level of organization. In countries that are so blessed, group contributions of the sort we note are observed. But since patterns of group organization and behavior lie beyond politics, the observation provides no support at all for an associative strategy for addressing the problems of egalitarianism. Indeed, precisely by highlighting the importance of a favorable social basis for egalitarian democracy, they explain why equality does not travel well.

We think that this objection exaggerates the fixity of the associative environment. Groups are, after all, in important ways political artifacts. Their incidence, character, and patterns of interaction are not merely the result of natural tendencies to association among citizens with like preferences. They reflect structural features of the political economy in which they form—from the distribution of wealth and income, to the locus of policy making in different areas. And they reflect variations across the members of that society along such dimensions as income, information, and density of interaction. Existing political institutions and "culture" may crystallize around certain structural features and patterns of variation along these dimensions. But those features and variations are in no sense natural. They can be changed through public policy.

Public policy can, for example, make the background distribution of wealth and income more or less uneven. It can shift the locus of public decision making from regional to national levels, or concentrate it in a single department, in ways that encourage different sorts of group formation and discourage others. The availability of information can be widened or constricted. The density of interaction among similarly situated citizens can be increased or decreased. The cost of administering joint efforts, or navigating the negotiation antecedent to them, can be subsidized or not. Those subsidies can simply be provided to the most powerful, or tied to antecedent satisfaction of certain requirements of behavior. Consistent with the continued supremacy of formal political institutions, groups can also be assigned public functions, including the power to issue complaints for violations of administrative regulation, to take emergency action in correcting violations, to establish standards for licensing and training in different occupations and industry standards on production, to establish eligibility criteria for receipt of other sorts of benefits (including welfare benefits), and to apply such licensing procedures, standards, and eligibility criteria as part of a general regulatory regime.

All such changes in the environment of group formation, the incentives available to individual groups, and the governing status of groups can manifestly change the group system.

The experience of countries that are now recognized as having the "right" kinds of groups, moreover, bears out the importance of such deliberate efforts to shape the group environment. While corporatist systems of wage bargaining and peak negotiation may have benefited from preexisting religious solidarities, they were commonly built, deliberately, on the wreckage of much more contentious industrial relations. While regional economies may be furthered by the social linkages of independent agrarian communities, today those linkages are fabricated by efforts to seed joint projects and lower information costs. While apprenticeship vocational training may draw on longstanding traditions of craft production and employer obligation, the organizational base of such training, and the base of craft production itself, are secured through legally required memberships in organizations and protection of small producers. There is nothing "natural" about such efforts to secure appropriate associative ends, and nothing in "nature" that has precluded their success.

Undesirability

Still, efforts to enlist associations in democratic governance may be undesirable. While groups can contribute to democratic order, and while their contribution can be secured through public policy, they can also work to undermine democratic order. This threat of "faction" was evident in our own inventory, offered earlier, of the practical problems now faced by democratic egalitarianism. Each problem suggested an impairment of democracy produced by the existing system of secondary association. If our associative strategy entails the further cultivation of groups, and the ceding to them of further public powers, does it not risk making faction truly ruinous?

Before addressing this question, we need to enter some background remarks aimed at clarifying the issues it raises.

The problem of faction has been a particular preoccupation of American politics and democratic theory ever since James Madison announced it as the key issue of American constitutional design.²¹ But it must be faced by any liberal order, by reason of one of the defining features of such order: the protection of associative liberties. Once associative liberties are protected, associations inevitably follow. And, inevitably, legitimately, and without malfeasance, some of those associations will use their powers in pursuit of their aims in ways that frustrate the satisfaction of basic democratic norms. They will represent members in ways that undermine political equality; they will capture areas of policy in ways that undermine popular sovereignty and the promotion of the general welfare; in "doing their job" of advancing member interests, they will

²¹ See James Madison, *Federalist* 10, in *The Federalist* (New York: C. P. Putnam's Sons, 1907), pp. 51-60. We are concerned here only with what Madison called "minority" faction.

inevitably promote particularism in place of deliberative politics. The threat of faction is, then, inescapable in any regime with associative liberties. Moreover, since those liberties are fundamental, the issue is how to mitigate that threat, not how to remove it.

The characteristic forms of faction were suggested earlier. There is, first, a pathology of inequality. Given inequalities in organization arising naturally from the background of market capitalism, group efforts to represent the interests of their members may simply compound political inequality rather than relieve it. Political inequality may then compound material inequality, as groups use their political powers to improve their material position, in a vicious cycle of privilege. Second, there is a pathology of particularism. Groups are, by their very nature, to some degree particularistic. Only some citizens are represented in them, group leaders are (at best) accountable to their members and not others, and the interests and ideals of groups are not shared by all citizens. Representing their members faithfully, particular groups thus often seek policies that impose costs to the society at large even as they provide gains for their own members, and promote a politics of narrow advantage and bargaining that corrupts the ideal of public deliberation about the common good. Commonly, inequality and particularism both thrive, as over-represented interests bargain with one another, divide the political spoils, and so preserve their privileges until the next round of bargaining begins.

The problem of faction is serious, then; it is also inevitable, so long as associative liberties are preserved. Since threats of faction are inevitable, it would be a mistake to attribute them to the associative strategy or to expect that strategy to eliminate faction. But since those problems are serious, it would be objectionable if the associative strategy increased the threat of faction. The question raised by the second objection, then, is whether pursuit of associative strategy would make the problem of faction worse.

To address this question fully, we would need to consider the likely effects of the associative strategy on each of the defining norms of egalitarian democracy: popular sovereignty, political equality, distributive equity, deliberative politics, and the operation of society for the general welfare. In the interests of space, we propose to focus here solely on the norm of popular sovereignty, though our treatment of it will suggest the shape of our more general response. Recall that that norm requires that the authorization of state action be determined (within the limits set by fundamental civil and political liberties) by procedures in which citizens are represented as equals. Our question then becomes: Would the pursuit of our associative strategy undermine the ultimate authority of the people in the formation of policy?

In answering this question, we assume that all associations, including those vested with quasi-public powers, will operate within a political system with encompassing formal institutions organizing representation

along traditional territorial lines. We assume, then, a possibility of "exit" from the group-based system of interest representation to the more traditionally organized system. Moreover, we assume that the group system is itself regulated by the traditional system. Final formal authority resides with traditional institutions. Associations will depend on them for authorizations of certain of their powers, and for material support in carrying such authorizations out.

With these background assumptions in mind, we want first to indicate four sorts of positive-sum relationship between associations and the democratic state—four ways, that is, that the fuller and more explicit incorporation of groups into governance roles might actually enhance the exercise of popular sovereignty through the traditional institutions and practices of territorial representation.

First, groups provide the state with information, thus permitting better definition of problems, and greater precision in the selection of means for addressing them. By thus sharpening policy instruments, and enabling them to be applied with greater precision, groups promote the capacity of the people to achieve its aims. Second, groups provide additional enforcement power, thus increasing the likelihood that decisions made by the people will be implemented.²² Third, in mitigating enforcement problems, groups remove one important constraint on political debate. Instead of proposals being short-circuited with the claim that they are unenforceable, a wider range of proposals can be seriously discussed. Fourth, a more open politics of associations makes explicit a condition which is already a standing feature of even the most liberal of societies, namely that secondary associations do in fact perform a variety of functions that affect the conditions of political order. The associative strategy "exposes and brings out into the open, it institutionalizes a factor in law-making that we have, eagerly in fact, attempted to obscure."²³ By bringing the role of associations "into the open," it would make the exercise of power by associations more accountable. In combination, better and more flexible means, better enforcement, less-constrained debate about ends and their achievement, and more openness and accountability in the exercise of power all count as important gains for popular sovereignty.

These four contributions are, however, accompanied by three sources of serious concern—of negative-sum relations between the powers of associations and egalitarian-democratic order.

First, there are problems of disjunction of interest between the leaderships of groups and their members—the problem of the "iron law of

²² See, for example, the discussion of "fire-alarm" enforcement in Mathew D. McCubbins and Thomas Schwartz, "Congressional Oversight Overlooked: Police Patrols vs. Fire Alarms," *American Journal of Political Science*, vol. 28 (1984), pp. 165-79.

²³ Louis Jaffe, "Law-Making by Private Groups," *Harvard Law Review*, vol. 51 (1937), pp. 220-21.

oligarchy." A dense world of association may make the government more informed about, and more responsive to, the interests of group "oligarchs" but not members. Second, there is the problem of independent powers—what might be called the "Frankenstein" issue. Endowed with quasi-public status, and commonly subsidized by the state, groups that at one point in time contribute to decent policy may continue to exercise power after outgrowing their usefulness, use that power to freeze their position, and so work to distort future debate and choice. Third, increasing the extent of policy making outside of formal legislative arenas increases threats of improper delegation. In particular, powers delegated to associations are bound to be vague. As in the context of legislative delegations to administrative agencies, then, there are problems about the abuse of the discretion permitted by such vagueness.

What are we to make of these problems? To make the case for associative democracy, it should be clear, we do not need to show that the strategy will solve these problems. They already exist, and will remain in place so long as freedom of association is guaranteed. It is enough to show that associative democracy will not plausibly make the problems worse. Moreover, if the same deliberate politics of association that harnesses group contributions can mitigate the threat of faction, that should count as an added support for the argument. In considering the three problems just noted, it appears to us that this burden can be carried, and that the promise of actual advance on curbing faction can be redeemed.

Beginning with internal democracy, the chief threat of the associative strategy appears to be its potential encouragement of large, encompassing, bureaucratic associations of the sort capable of taking broad responsibility for the coordination of social interests. These, it might be thought, are likely to suffer from even greater problems of internal responsiveness than the existing population of organizations. A recurrent example used in critical discussions is the distant, professionalized leadership of centralized trade-union federations, whose "social responsibility" in dealings with employers and the state is seen to come at the expense of the concerns of actual members.

Given the decline of centralized union bargaining, the example may be of diminished empirical relevance. But it suffices to carry the concern. And it remains an instructive test of the intuitive assumption that responsiveness of leadership to group membership must decline as group encompassingness, size, and social responsibility increase. For in fact it suggests that the intuitive assumption is without foundations. There is no correlation between the opportunities for voice and exit that encourage responsiveness and the conditions necessary for peak bargaining. On a variety of measures of internal union democracy, for example, the Norwegian union movement, among the most centralized and encompassing in the world, is more internally democratic than unions in the United Kingdom, comprising one of the least centralized union movements,

which are in turn more democratic than the unions of West Germany, which are intermediate in their level of centralization.²⁴

If the union case is credited, internal responsiveness need not come at the expense of external capacity. Moreover, internal responsiveness can be designed into large organizations through their internal procedures. In combination, these points suggest that oligarchy is more plastic than the "iron law" suggests. More immediately, they suggest a natural response to the problem of disjunction: require greater use of internal democratic procedures among groups that are granted quasi-public status. Operationally, the requirement should be that groups accorded this status provide evidence that they in fact represent their members by showing that they actually use some mechanism of responsiveness. Infinite gradations in degree and differences in judgment are certainly imaginable here, just as they are in ongoing disputes over the representativeness of electoral systems. But as the case of electoral systems also suggests, it is possible to articulate a general principle of legitimacy, in this case internal responsiveness, and to use that general principle to guide debate about specific proposals.

Our second problem, the "Frankenstein" problem of independent powers, also carries a natural response, namely some variant of "sunset legislation." The quasi-public status of groups (and subsidies to them) should be reviewed on a regular basis, with a rebuttable presumption that the status (or subsidies) will be withdrawn or amended as group behavior, or perceived social needs, warrant. The general requirements are reasonably clear, though their precise elaboration is not. On the one hand, the threat of withdrawal must be sufficiently credible, and the gains associated with public status sufficiently great, to induce groups to meet accountability requirements and other conditions on their conduct. On the other hand, since continuity in bargaining relations is an important prerequisite of gains, the requirements must not be so exacting as to make them impossible to satisfy.

Of course, the ultimate guard against independent powers is the vitality of the system dispensing the powers in the first place. This fact is precisely what gives normative force to our assumption, above, that systems relying heavily on group-based representation still rest final authority in encompassing territorial organizations. For evaluating associative democracy, the narrow issue here is whether, *ceteris paribus*, that system is made more or less vital by the increase in its democratic capacity that would follow on its enlistment of the energies of representative groups. And to ask that question is to answer it.

²⁴ See Peter Lange, *Union Democracy and Liberal Corporatism: Exit, Voice, and Wage Regulation in Postwar Europe*, Cornell Studies in International Affairs, Occasional Paper No. 16. The measures include rules governing election to union councils, intermediate organizations, and national office; the incidence and support of informal caucuses; and procedures for debate and vote on strikes, contracts, and other sorts of concerted action.

Finally, we offer two thoughts on the third problem noted above: the problem of vague delegations of power and the attendant risks of abused discretion. The first of these is simply a plea for realism and fairness in evaluation. The threat of vague delegations of powers in our associative scheme should not be contrasted with some ideal world, but the one that exists, and alternative reform proposals for that world. When it is, the contrast does not seem particularly damning. In the existing world, there is already much vague delegation to and exercise of discretion by administrative agencies. If we consider a scheme of more limited government as a means to cabin discretion, then we need to keep in mind that such a scheme is unlikely to serve the egalitarian democratic aims at issue here. If we consider a scheme with stronger legislative controls—less vagueness in delegation and more sharply formulated legislative standards—then we should consider familiar cautions that it may lead to an unwelcome politicization of legislative instruction, reflected in unreasonable goals, improbable deadlines on their achievement, or simple legislative deadlock.²⁵ Nor is there any reason to think that such reasonable requirements as clarity in the statement of statutory goals would be inconsistent with the associative scheme.

Moving now to a more positive engagement with the issue, we propose to address the problem of delegation through performance criteria. Where associations are involved in the enforcement and administration of policy, public institutions should formulate clear performance standards for groups to enforce and administer, while avoiding detailed specification of the means to be used in meeting those standards. For example, in the area of workplace health, there might be performance standards in the form of permissible exposure limits for hazardous chemicals, while decisions about the means for implementing those limits would fall to health and safety committees. When associations are involved in the formation of policy, the discretion ingredient in grants of quasi-public status can again be addressed by setting performance criteria—for example, minimum standards for skills, knowledge, courses, and examinations in vocational training programs whose operation is coordinated by labor and business in particular sectors. Even where groups do not enjoy subsidies for their performance of quasi-public duties, they should be regulated in the conduct of those duties. Where they are officially granted quasi-public status, or material state assistance, then performance criteria can be more exacting.

In sum, then, our response to the undesirability objection is that dangers of faction in the area of popular sovereignty could be mitigated by

²⁵ These effects are noted in Cass Sunstein, "Constitutionalism after the New Deal," *Harvard Law Review*, vol. 101 (1987), pp. 480–81: "The movement toward increased congressional control is not without risks of its own [since] . . . undue specificity may produce regulation riddled by factional tradeoffs."

requirements on internal democracy, legislative and judicial oversight, sunset laws that threaten a group with competition for its position, and performance standards. Moreover, we think that similar measures of internal accountability, external oversight, and competition could be deployed to mitigate problems of faction that arise on the other dimensions of democracy (political equality, etc.). But we have not, of course, argued this here, and to that extent the discussion of faction is importantly incomplete. It might, for example, be argued that an associative strategy for equalizing political representation would generate cartels or other concentrations of economic power that would, in turn, present intolerable threats to economic efficiency. We disagree with this objection, and think that some of the comparative evidence discussed in Section II speaks against it. Nevertheless, we think it raises a serious problem and that a fuller discussion of the associative idea would need to show in detail how it could be met.

IV. THE AMERICAN CASE

Thus far we have argued that associative solutions are, in the abstract, attractive ways of advancing democratic ideals, and that the factional potential of such solutions can be tamed by the same strategy of constructive artifice that enlists group contributions. Still, the idea of associative democracy may seem of little relevance to the United States. More than any other economically advanced mass democracy, the United States has a strongly anti-collectivist political culture, a weak state, and a civil society dominated by (relatively disorganized) business interests. The potential for artifice granted, this context poses obvious problems for the associative strategy. At best, it might be thought, the absence of any initial favoring conditions makes the strategy irrelevant. There is simply not enough to get started down the path of democratic associative reform. At worst, it might be feared, pursuit of the strategy under these conditions would be a political nightmare. Giving new license to a congeries of group privilege and particularism, it would exacerbate inequalities and further corrupt and enfeeble the state.

Such concerns have considerable force, and deserve a fuller answer than we can provide here. Briefly, however, while we acknowledge the anti-collectivism of much American political culture, we also see considerable experimentation now going on with associative solutions to policy problems in such areas as regional health and welfare service delivery, local economic development, education and training, and environmental regulation, among many others.

There is, for example, a tradition of delivering many welfare and social services through secondary associations—community organizations, churches, volunteer agencies, and the like. While such organizations often have substantial autonomy in designing the appropriate service mix

for the communities they are asked to serve, they are also increasingly inextricably dependent on government fees for such services for their own survival.²⁶ Much "public" input in local economic development is decided, for good or ill, in "community development corporations," heavily subsidized by government grants, representing different admixtures of independent neighborhood associations and business firms.²⁷ In education, parent-teacher associations are commonly vested with substantial powers in determining the budget and curriculum of elementary and secondary public schools, and those schools increasingly look to local business interests for support in setting standards on student performance.²⁸ In training, the largest single training program in the United States, the Job Training Partnership Act (JTPA), is almost wholly administered through "private industry councils" dominated, by statute, by local business interests.²⁹ In environmental regulation, from the deliberate promotion of bargaining among industry and environmental groups as a prelude to standard setting at the federal level, to the promotion of bargaining between business and community organizations over the appropriate implementation of environmental standards in local neighborhoods and regions, policy is rife with secondary associations exercising de facto public powers.³⁰

Some of these efforts display the great strengths of associative governance; others display its many dangers. Our point here is simply that such governance in fact goes on, widely, even in this liberal culture. And its incidence provides a natural basis for more deliberate, and democratic, associative strategies.

²⁶ For an instructive discussion of the role of nonprofit organizations in welfare-state service delivery, emphasizing the increased dependence of many of these agencies on their ties to government, see Steven Rathgeb Smith and Michael Lipsky, *The Age of Contracting: Nonprofit Agencies and the Welfare State* (Cambridge: Harvard University Press, forthcoming).

²⁷ A useful (though not impartial) recent survey of local economic development strategies is provided in R. Scott Fosler, *Local Economic Development* (Washington: International City Management Association, 1991).

²⁸ For an enthusiastic review of some of the emerging linkages between schools and private business associations, see Anthony Carnevale, Leila Gainer, Janice Villet, and Shari Holland, *Training Partnerships: Linking Employers and Providers* (Alexandria: American Society for Training and Development, 1990).

²⁹ JTPA has been widely criticized as insufficiently accountable to public needs. Among others, see John D. Donahue, *Shortchanging the Workforce: The Job Training Partnership Act and the Overselling of Privatized Training* (Washington: Economic Policy Institute, 1989); United States General Accounting Office (GAO), *Job Training Partnership Act: Inadequate Oversight Leaves Program Vulnerable to Waste, Abuse, and Mismanagement*, GAO/HRD-91-97 (Washington: General Accounting Office, 1991).

³⁰ Some of the federal experience is reviewed in Charles W. Powers, *The Role of NGOs in Improving the Employment of Science and Technology in Environmental Management* (New York: Carnegie Commission on Science, Technology, and Government, May 1991); the experience of local communities in fostering such environmental bargaining among organized groups is reviewed in Valjean McLenighan, *Sustainable Manufacturing: Saving Jobs, Saving the Environment* (Chicago: Center for Neighborhood Technology, 1990).

Moreover, while we acknowledge the weakness of the American state, we think that at least some sorts of associative reforms can make it stronger. Particularly given a weak state, it is important that group empowerment proceed in a way that is reliably positive-sum with state power. But this merely requires judgment in the choice of associative strategies. It does not generally bar their pursuit. And while we acknowledge, finally, the overwhelming business dominance of the American polity, we think this again simply constrains choice in the groups that are advantaged through the associative strategy. If business is too powerful, then associative resources should be provided to labor or other non-business-dominated groups; the current imbalance is not an argument for abandoning the general idea.

Most generally, we agree that the United States has high levels of inequality, a less-than-competent government, and weak cooperative institutions—that, in brief, it does not work well as a democracy. This, in fact, is the very problem that provides our point of departure. We move, then, to some examples of how an associative strategy might proceed from this point of departure in this distinctive polity. We offer two illustrations of the general look and feel of the associative project: the reform of worker representation and industrial relations in the United States, and the reform of vocational training. In each case we sketch some problems that need to be addressed, indicate the ways that a richer associational setting might help in addressing them, and discuss some measures that might now be taken to promote that setting.

Worker representation

Our goal here—controversial, and surely bitterly contested—would be to improve the organization of American workers. Such improvement would plausibly contribute to the satisfaction of democratic norms in a variety of ways. By extending and deepening the benefits of organized representation to those who are now unorganized or under-organized, it would advance the goal of political equality. It would also have a fair chance of improving distributive equity and economic performance in the United States. At the same time, properly structured worker organization is of particular importance because work is important. The associative framework that determines how it is organized, distributed, and rewarded sets the background and tone for associative action throughout much of the society. So other reforms are more likely to succeed if reforms here succeed.³¹

The system of worker organization in the United States currently suffers from two related problems. First, very few substantive benefits are

³¹ The force of this claim will emerge in our discussion of the role of associations in vocational training.

provided to workers simply as citizens. We have a low "social" wage. Most benefits are instead provided through individual firms. But benefits are costly and firms compete. So there are obvious incentives to skimp on the provision of benefits. The result is comparatively low and uneven substantive protection for workers.

Second, the system discourages cooperation between employers and employees. Part of the reason for this is the generally low level of worker organization. Genuine cooperation is based on mutual respect, which typically depends on recognition of mutual power. With the disorganization of workers limiting their power, however, employees are commonly incapable of extracting from employers the sorts of institutionalized respect for their interests (e.g., a serious commitment to job security, or consultation in advance of work reorganization) needed to elicit genuine cooperation. The other part of the reason has to do with the structure of union organization. In general, mimicking the decentralized benefit system, unions themselves are highly decentralized. Where they have power, then, they have incentives to free-ride on the interests of others, and to seek maximum reward for their particular labor. Decentralization does permit wildcat cooperation. More commonly, however, it—in conjunction with the low social wage—promotes an economic job-control unionism unfavorable to cooperation. Altogether, then, an environment featuring a low social wage, low union density, and highly decentralized union organization is dense with incentives to collectively irrational conflict.³²

This diagnosis suggests four related steps of associative reform of this system: (1) lower the barriers to unionization; (2) encourage alternative forms of self-directed worker organization; (3) raise the social wage; and (4) promote more centralization in wage bargaining, while permitting high levels of decentralization in bargaining over specific work conditions. We consider these in turn.

Even within the current framework of U.S. labor law—which centers on collective bargaining between elected and exclusive worker representatives (unions) and employers—strategies for reducing barriers to worker representation are clear enough. Elections of representatives could be simplified and expedited, bargaining obligations could attach early and survive the arrival of successor employers, the right to use economic force could be enhanced, and, throughout, violations of labor regulation could be remedied with compensatory damages rather than toothless "make whole" remedies. In a more ambitious scheme of reforms, representation

³² For a general review of the U.S. industrial relations system emphasizing these interactions, see Joel Rogers, "Divide and Conquer: Further Reflections on the Distinctive Character of American Labor Law," *Wisconsin Law Review*, 1990, pp. 1-147; for a recent review of the state of the American labor movement, see the contributions to George Strauss, Daniel G. Gallagher, and Jack Fiorito, eds., *The State of the Unions* (Madison: Industrial Relations Research Association, 1991).

might be awarded upon a simple demonstration of support from a majority of affected workers, rather than the elaborate demonstration elections now required; the individual rights of workplace members of unions without majority status might be enhanced; restraints on the coordination of unions in using economic force could be relaxed; greater attention could be given to the practical requirements of union "security" in maintaining a workplace presence; current restraints on the use of member dues for organizing the unorganized, and for political action, could be relaxed.³³

Even with such reforms in place, however, most of the economy will remain nonunion, leaving most workers without representation. We would suggest, then, that forms of workplace representation alternative to, though not in direct competition with, unions also be encouraged. This could be achieved directly through a mandate of workplace committees with responsibilities in, for example, occupational health and safety, or training, or areas of concern apart from wages. Alternatively, or as a supplement, government purchasing contracts might be used to enhance worker voice. Eligibility for such contracts could be conditioned on successful employer demonstration of the existence of a works council or some other acceptable form of autonomous employee representation with real powers in the administration of the internal labor market.

The increased levels of worker organization that could be expected to follow on these two changes would mitigate one of the barriers to cooperation noted earlier, namely the weakness of labor organization. With labor stronger, it is possible to imagine a new social contract in the internal labor market, one that would promote cooperation. The terms of the contract are simple enough: labor offers flexibility on internal-labor-market work rules and greater job commitment in exchange for management's commitment to consultation and heightened job security.

To ensure fairness, however, and to promote the stability of associations that contributes to their beneficial effects, a system of multiple worker organizational forms would need an increase in the social wage—our third initiative. For workers, an increased social wage would provide some assurances of fair treatment and security external to the firm. Aside from its direct distributional benefits, this increase would relieve pressures for the internal rigidity and defensiveness associated with job-control unionism. It would make more flexible, productivity-enhancing strategies of work organization more appealing. For employers, the mitigation of job-control consciousness (and the likely reduction of labor costs) among organized workers would remove one powerful incentive to resist worker association in their firms.

³³ There are many such statements of possible labor-law reform. A good guide to the issues involved, containing both more and less ambitious recommendations for reform, is provided by Paul Weiler, *Governing the Workplace: The Future of Labor and Employment Law* (Cambridge: Harvard University Press, 1990).

Finally, greater coordination of wage contracts would be needed to overcome a second barrier to cooperation and to reap the full benefits for economic performance. As noted earlier, the American system of contract negotiation is highly decentralized. It is unreasonable to expect the United States to approximate the corporatist peak bargaining of the late 1970s (especially since corporatist systems themselves no longer approximate that). Still, some measures could be undertaken to encourage more encompassing associations than now exist, thus generating an environment better suited to some greater centralization and coordination of wage negotiations (at least on a regional basis).

One step would be to amend the law governing multi-employer bargaining, shifting the presumption away from the voluntariness and instability of such arrangements toward their requirement. In addition, pressures within the union movement for consolidation could be strengthened by selective incentives, for example, in the form of funds for (re)training, conditioned on inter-union cooperation. Government support for business cooperation—for example, consortia pursuing joint research and development strategies—could be conditioned on efforts to consolidate wage policies. Or, following common practice in most systems, “extension laws” on bargaining contracts could be enacted, generalizing their results to nonunion settings.

The effect of this combination of increasing the social wage and promoting more generalization of wage patterns across firms would be to discriminate more sharply between the focus of bargaining within the firm and the focus of bargaining outside it. Within the firm, unions would come to look more like employee-participation schemes, and employee-participation schemes would look more like unions. Worker representation would be secured, but with a particular focus on regulating the internal labor market, and increasing productivity within it, through innovation on issues of job design, work organization, access to training on new firm technology, and the like. Outside the firm, more encompassing organizations, suitable to handling matters affecting workers in general, rather than workers in a particular firm, would be more empowered to pursue that object. They would focus more on securing generalizable wage agreements and the content of the social wage.

Such a system, which relies on associative empowerment and artifice throughout, would likely be a vast improvement on current American industrial relations. It would improve representation, increase productivity, generalize the benefits of cooperation, and better integrate the industrial relations system with state economic and welfare policies.

Vocational training

Our second example of constructive group artifice comes from the area of vocational training. In the United States, as in most other rich coun-

tries, intensified international competition and rapid technological change have underscored the need for improvements in workforce skills. To preserve living standards in face of low-wage competition from abroad, labor must be made substantially more productive and firms must become increasingly adept at such “nonprice” aspects of product competition as quality, variety, customization, and service. Success here will require, *inter alia*, that “frontline” production and nonsupervisory workers be equipped with substantially higher and broader skills than they presently possess.

The vocational training problem in the United States consists in the fact that such skills are being provided in insufficient quality and quantity by U.S. schools and firms, and insofar as they are provided, they are directed to college-bound youths and managers. In the public school system, very little occupational training is provided for the “forgotten half” of each high-school cohort that does not go on to college, or the “forgotten three-quarters” of each cohort that does not complete it. And U.S. employers provide their frontline workforce with far less training than do leading foreign competitors. Moreover, the training they do provide is generally narrower than is desirable—for the economy as a whole, for innovative firms drawing from the external labor market, and for individual workers, who typically change employers several times in their working lifetimes.³⁴ With skills more essential than ever to compensation, the failures of U.S. training have powerfully contributed to the decline in production and nonsupervisory worker wages experienced over the last generation, and to rising inequality in U.S. market incomes.³⁵

The problems in the American training system lie on both the “demand” and “supply” sides. We will concentrate here on the supply side, focusing in particular on two central issues.³⁶

³⁴ For general reviews of U.S. training problems, making all these points, see U.S. Congress, Office of Technology Assessment, *Worker Training: Competing in the International Economy*, OTA ITE-457 (Washington: Government Printing Office, 1990); and Commission on the Skills of the American Workforce, *America's Choice: High Skills or Low Wages!* (Rochester: National Center on Education and the Economy, 1990).

³⁵ For a good review of wage trends in the United States, and the more general decline in living standards among nonsupervisory workers, see Lawrence Mishel and David M. Frankel, *The State of Working America*, 1990-91 edition (Armonk: M. E. Sharpe, 1990).

³⁶ A word of explanation on the focus. Demand by American employers for high and broad frontline workforce skills is extremely weak and uneven. Unless this changes, supply-side innovations geared to improving skill delivery to frontline workers will risk having all the effect of “pushing on a string.” Moreover, competitive pressures acting alone cannot be counted on to change the structure of employer demand in the desired way, since employers can choose to respond to those pressures by reducing wages, increasing firm productivity through changes in work organization that “dumb down” most jobs while increasing the human-capital component of a well-paid few, or simply moving away from high-end markets. Most U.S. firms, in fact, have chosen some combination of these “low wage, low skill” competitive strategies. To remedy the demand-side problem, it is essential to foreclose this option. The most obvious way to do this is to build stable floors under wages, and effective linkage between productivity improvements and wage compensation, thus forcing employers to be more attentive to strategies for increasing the productivity of

First, the quality of public-school vocational training is limited by the absence of effective linkages with the economy itself. Most public vocational training in the United States is essentially "stand alone" classroom-based instruction, and while such instruction is certainly important for any training system, it has intrinsic limits.³⁷ As a general matter, the system will lag behind industry practice in its provision of skills. It will be baffled by the need to make large expenditures on capital equipment, of the sort needed to replicate factories inside schools. And it will have difficulty conveying to students the active knowledge they need to flourish in, and can only acquire from, real-world production situations.

To remedy these problems, denser linkages must be forged between schools and students, on the one side, and employers and their workers, on the other. Through such linkages can flow that which the classroom system now lacks: up-to-date knowledge on industry trends, loans and grants of current equipment on which to train, and, all important, access to actual workplaces, and their principals, for work-based instruction complementary to what goes on in the classroom.

Second, while the quantity of training supplied by government could be expected to increase as a result of the reform of worker representation discussed earlier, the effort by employers must also be substantially increased and improved. Here, the problem is in part that employers are uncertain about the sorts of broad-banded skills that would be appropriate to provide, and in part that they have no confidence that they will capture the returns to training in such skills. Employer training suffers, that is, both from a lack of agreed-upon standards for coordinated training, and from the positive externalities that accompany an open external labor market in which workers are able to move freely among firms, so that one firm's trainee can become another firm's asset. The externalities problem is particularly acute for high and broad skills. Since such skills are, by definition, of use in a wide variety of work settings, their possession increases the potential mobility of workers, enabling one firm to

their labor (e.g., skill upgrading). Direct state action can help here, by increasing minimum-wage floors. As regards more specifically associative reform, however—and this is why we do not linger on the demand side—we believe the most important actions are those already outlined in the recommendations just made on improving industrial relations. Deeper and more encompassing worker organizations, especially ones shaped by social interests in improved cooperation, would help create the needed wage floors, wage-productivity linkages, and pressures within firms to upgrade. Moreover, they could be expected to do so in a way that not only raised the aggregate demand for skills and their compensation, but improved the distribution of both. The basic problem on the demand side is that the interests of the bulk of the population, workers, are simply not now centrally in the picture. They are barely represented in the economy, and only very imperfectly represented in the state. The basic solution to under-representation is to improve the conditions of their organization in ways consistent with other democratic norms.

³⁷ The importance of these limits rises where, as in the United States, the public training system lacks any effective industry-based-training complement.

appropriate the benefits of another firm's training efforts. This is part of the reason that when firms do train, they train narrowly, in job-specific or firm-specific skills.

To remedy the problem of coordination, a mechanism for setting common standards and expectations is necessary. To remedy the externality problem, there are two basic solutions. One is to reduce worker mobility across firms. This permits firms to train workers with the confidence that they recoup any investments made. In effect, this is what is done in Japan. The other solution is to socialize the costs of private-firm training, so that individual employers will not care about worker mobility. This can be done with the assistance of the tax system—for example, in the form of "train or tax" rules, requiring firms either to train or to pay into some general fund. Or it can be done through the private collective organization of employers to a point that they can discipline free riders or, at high levels of joint participation (where close to all relevant competitors or poachers train), become indifferent to them. In effect, this is what is done in successful European training systems, which, like those in the United States, operate with relatively open external labor markets and high rates of inter-firm worker mobility.

As the second, European strategy makes clear, the presence of competent, encompassing, employer and labor associations immensely aids both in addressing the problem of linkage between the worlds of school and work, and in increasing the level and quality of employer-sponsored training.

Facilitating linkage, associations provide the state with timely information on emerging industry trends and practices, new technologies, and skill needs, and with access to the insides of firms. They permit industries to speak with a unified voice to public training providers, to negotiate authoritatively with the state over training curricula, access to firms, requirements on skills certification, rules on the use of equipment, and the like. They permit the state to get closure and enforcement on decisions once made—"If you don't like it, talk to your association" being a far more effective retort to second-guessing firms than "Well, that's just what we decided to do"—while providing monitoring and enforcement capacities to supplement any public training effort. And being broad in their representation, and accountable to members, associations are natural vehicles for developing general standards, of wide applicability, of the sort that protect the training investment made by employees themselves.

Facilitating employer training efforts, industry associations help in part by setting general standards on skills—something no single firm can do. The identification of commonly desired competencies assures workers that acquiring those competencies will improve their position on the external labor market. This leads to increased take-up rates on training,

assuring employers of a large pool of workers with high and common skills. And this assurance encourages more proactive industry strategies of upgrading and inter-firm cooperation in implementing those strategies.

But associations also act to facilitate employer training efforts by mitigating the externality problem that discourages those efforts. They require training as a condition of membership, or of receipt of its benefits. They monitor the training that goes on, relieving fears of "suckering." They ease the flow of information about new technology and work practices among members, providing a natural vehicle for voluntary industry benchmarking that creates upward pressures on existing standards. They share training facilities and curricula among themselves, reducing per-capita training costs. More elusive but not less important, they help define and sustain—through means ranging from social gatherings and award dinners to insider gossip and plum subcontracting deals—common norms of "accepted practice." As such norms congeal into obligatory industrial cultures, those who undersupply training come to be seen less as clever businessmen than as social pariahs, to be punished with loss of status and business. This can powerfully discourage even temptations to defection, making the consideration of cooperation more familiar, extending and securing its reach, and lowering monitoring costs. In all these ways, a strong employer association, especially one "kept honest" by a strong union, can provide a powerful boost to the quality and extent of firm training efforts.

How might associative supports be enlisted for a revamped vocational training system in the United States? In general terms, the problems and the instruments at hand to solve them are clear enough. Both labor and employer associations are relatively weak in the United States. Both need to be strengthened, at least in their capacity to discipline their own members, and to deal with one another and with the state effectively, on training matters. Very little public money now goes directly to these purposes, even though the lessons of comparative experience clearly indicate their virtue. Public supports—in the form of direct cash assistance, technical assistance, a greater role in curriculum development, increased legal powers to enforce obligations against their own members—can be provided in exchange for help in carrying out the important public task of training the workforce.

For example, significant improvement in the quality of vocational training will require some recognized occupational standards. But outside a few specialized trades, these do not exist. Joining with public training providers, existing unions and employer associations could be invited, on an industry-by-industry basis, to develop such standards. Their work could be facilitated by the state, in the form of modest financial supports and technical assistance. And it should not be accepted by the state without independent evaluation. But some product should finally be accepted, and enforced as a standard. Such enforcement will naturally

be advanced by the primary authors themselves. Employers would look to demonstrated competence, according to these standards, in the awarding of jobs in internal labor markets. Unions would center on them in wage negotiations, or in rules governing job assignments in those markets. But such private actions can also be supplemented through public means. The standard can be made applicable to all federally funded vocational training programs, for example, and adopted as a standard in arbitration and judicial decisions in labor and employment law.³⁸

The competency of labor and trade associations to provide training services to members may be explicitly promoted by public policy as well. Public subsidies and technical assistance to such organizations for this purpose, utterly routine in other countries and already tried with some success with a handful of trade and labor organizations in the United States, would be a natural supportive policy. Anti-trust law could be relaxed for joint training activities of member firms;³⁹ additional amendments may be needed in labor law, to permit union-management cooperation in training activities involving nonunion firms.⁴⁰

Both of the examples just presented involve efforts to improve training by strengthening existing associations. But the formation of new associations around training might be encouraged as well. Industry or regional training consortia composed of firms and unions, for example, could be encouraged through demonstration grant assistance, technical aid, and discounts on public training services provided to their members.⁴¹ These supports would properly be conditioned on those associations providing training services, participating in standard setting, mounting outreach programs to public schools, providing such schools with technical assistance, expanding existing apprenticeship programs (the best, albeit much neglected, example of vocational training in the United States), and otherwise cooperating with public providers, and each other, to move to a more aggressive and inclusive training agenda. The goal again would be to bring more order, and a critical mass, to private training efforts, and to improve effective linkages to schools.

Given the present weakness of associations in the United States, addressing the externality problem probably requires direct government efforts at socializing costs—through unqualified payroll levies or "play or

³⁸ The Department of Labor's Office of Work-Based Learning is already making qualified moves in this direction—"qualified" in that, outside more heavily unionized industries, it remains unclear what, if any, organized voice workers in the industry will have.

³⁹ Following current practice for joint research and development activities.

⁴⁰ Recommendations on how to do this are made in Margaret Hillon, "Shared Training: Learning from Germany," *Monthly Labor Review*, vol. 114, no. 3 (March 1991), pp. 33-37.

⁴¹ An experiment along these lines is now underway in Milwaukee, where several firms (nonunion and unionized), unions, and public training providers have come together around a Wisconsin Manufacturing Training Consortium designed to do just these things. See Joel Rogers and Wolfgang Streeck, "Recommendations for Action" (Madison: Center on Wisconsin Strategy, 1991).

pay" levy structures. The revenues, however, can be used in ways that strengthen future private capacities for self-governance. Funds might, for example, be given to associations for redistribution. The effect would be to create enormous temptations to associations to organize themselves to take a more active role in training, and for firms and unions to join associations—in effect, an inducement to encompassingness of the sort desired. Or, in a "play or pay" scheme, tax relief could be granted to firms that demonstrate that the training they provide conforms with the standards set by industry associations. This would have the same effect of strengthening a collective associative hand in standards, and strengthening associations themselves.

There are many paths to virtue, but this should be enough to make the point. In principle, at least, the associative supports for a more successful vocational training system could be achieved in the United States with fairly standard policy instruments. Those supports would benefit both workers and "better" firms (i.e., those firms interested in upgrading). And, far from engendering further corruption of the state, they would strengthen public capacities to address problems of manifest public concern.

CONCLUSION

The examples just given provide no more than a couple of illustrations of the directions an associative democratic strategy might take in the United States. But they suffice to underscore the sorts of concerns that define that strategy and the considerations relevant to its execution. What we have argued in this essay, and what is displayed in the examples just given, is straightforward enough. To proceed, egalitarian politics must once again be shown to work. To work, it requires associative supports. Those supports can be developed. And developing them, and realizing their contribution to democratic governance, does not require a naive view of associations as free from the threat of faction, or a dangerous view on the surrender of encompassing public authority. Faction can be mitigated through the same artifice that enlists associative contributions, and the strength and competence of public authorities can be enhanced by their enlistment.

More broadly, by assuring greater equality in organized representation among private citizens, and by more effectively recruiting the energies of their organizations into public governance, the aim of the associative strategy is to forge an egalitarian-democratic order without an oppressive state. That is nice work if you can get it—and we have suggested that you can.

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